

CITY OF ROCKWALL, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Prepared by:

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

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

CITY OF ROCKWALL, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2014

Table of Contents

	<u>Exhibit/Table</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1
GFOA Certificate of Achievement.....		9
Organizational Chart		10
List of Principal Officials		11
 FINANCIAL SECTION		
Independent Auditor's Report		15
Management's Discussion and Analysis.....		19
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position.....	Exhibit A-1	33
Statement of Activities	Exhibit A-2	34
Fund Financial Statements:		
Balance Sheet – Governmental Funds	Exhibit A-3	35
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit A-4	36
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	Exhibit A-5	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	Exhibit A-6	38
Statement of Net Position – Proprietary Funds	Exhibit A-7	39
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	Exhibit A-8	40
Statement of Cash Flows – Proprietary Funds	Exhibit A-9	41
Statement of Fiduciary Net Assets – Agency Funds	Exhibit A-10	42
Notes to the Financial Statements.....		43
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	Exhibit B-1	74
Schedule of Funding Progress.....	Exhibit B-2	75
Combining Statements and Budgetary Comparison Schedules as Supplementary Information:		
Combining Balance Sheet – Nonmajor Governmental Funds.....	Exhibit C-1	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Nonmajor Governmental Funds	Exhibit C-2	77

CITY OF ROCKWALL, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2014

Table of Contents – continued

	<u>Exhibit/Table</u>	<u>Page</u>
FINANCIAL SECTION – continued		
Special Revenue Funds:		
Combining Balance Sheet – Non-major Special Revenue Funds	Exhibit C-3	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Special Revenue Funds.....	Exhibit C-4	79
Schedules of revenues, Expenditures, and Changes in Fund Balances - Budgetary (GAAP Basis) and Actual:		
Cemetery Fund.....	Exhibit C-5	80
Public Safety Fund.....	Exhibit C-6	81
Recreational Development Fund.....	Exhibit C-7	82
Radio System Fund.....	Exhibit C-8	83
Street Improvements Fund.....	Exhibit C-9	84
Hotel Motel Tax.....	Exhibit C-10	85
Fire Equipment Fund.....	Exhibit C-11	86
Aviation Fund.....	Exhibit C-12	87
Recycling Fund.....	Exhibit C-13	88
Narcotics Unit Fund.....	Exhibit C-14	89
Debt Service Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual		
Debt Service Fund	Exhibit C-15	90
Harbor Debt Service	Exhibit C-16	91
Capital Projects Funds:		
Combining Balance Sheet – Non-major Capital Projects Funds	Exhibit C-17	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Capital Projects Funds	Exhibit C-18	93
Internal Service Funds:		
Combining Statement of Net Position	Exhibit C-19	94
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	Exhibit C-20	95
Combining Statement of Cash Flows.....	Exhibit C-21	96
Agency Funds:		
Statement of Changes in Assets and Liabilities – Special Escrow Agency Fund	Exhibit C-22	97
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source.....	Exhibit C-23	98
Schedule by Function and Activity.....	Exhibit C-24	99
Schedule of Changes by Function and Activity.....	Exhibit C-25	100

CITY OF ROCKWALL, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2014

Table of Contents – continued

	<u>Exhibit/Table</u>	<u>Page</u>
FINANCIAL SECTION – continued		
Discretely Presented Component Units:		
Combining Statement of Net Position	Exhibit C-26	101
Combining Statement of Activities.....	Exhibit C-27	102
Combining Balance Sheet.....	Exhibit C-28	103
Reconciliation of the Discretely Presented Component Units -		
Balance Sheet to the Statement of Net Position	Exhibit C-29	104
Statement of Revenues, Expenditures, and Changes in Fund Balances –		
Discretely Presented Component Units	Exhibit C-30	105
Reconciliation of the Statement of Revenues, Expenditures, and		
Changes in Fund Balances of Discretely Presented Component Units		
to the Statement of Activities	Exhibit C-31	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances –		
Budget (GAAP Basis) and Actual:		
Rockwall Economic Development Corporation.....	Exhibit C-32	107
Rockwall Technology Park Association.....	Exhibit C-33	108
 STATISTICAL SECTION		
Net Position by Component	Table D-1	112
Changes in Net Position.....	Table D-2	113
Governmental Activities Tax Revenues by Source.....	Table D-3	114
Business-Type Activities Revenues by Source	Table D-4	115
Fund Balances of Governmental Funds	Table D-5	116
Changes in Fund Balances, Governmental Funds.....	Table D-6	117
General Governmental Tax Revenues by Source.....	Table D-7	118
Sales Tax Collections as Compared to Tax Levy.....	Table D-8	119
Assessed Value and Estimated Actual Value of Taxable Property	Table D-9	120
Property Tax Exemptions	Table D-10	121
Direct and Overlapping Property Tax Rates	Table D-11	122
Principal Taxpayers	Table D-12	123
Property Tax Levies and Collections	Table D-13	124
Top Ten Water Customers.....	Table D-14	125
Ratio of Outstanding Debt by Type	Table D-15	126
Ratio of General Bonded Debt Outstanding	Table D-16	127
Computation of Direct and Overlapping Debt.....	Table D-17	128
Computation of Legal Debt Margin.....	Table D-18	129
Schedule of Revenue Bond Coverage – Water and Sewer Bonds	Table D-19	130
Demographic and Economic Statistics.....	Table D-20	131
Principal Employers.....	Table D-21	132
Full-Time Equivalent City Government Employees by Function	Table D-22	133
Operating Indicators by Function	Table D-23	134
Capital Asset Statistics by Function.....	Table D-24	135

INTRODUCTORY SECTION



City of Rockwall
The New Horizon

April 20, 2015

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, 2014, is hereby submitted in accordance with Section 7.18 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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

- (1) the cost of a control should not exceed the benefits likely to be derived; and
- (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The City of Rockwall's financial statements have been audited by Fox, Byrd & Company P.C., PC, 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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2014, 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 29.79 square miles and an estimated population of 40,008.

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. 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 10.4% in our local sales tax revenues. The city has a varied tax base including a mix of residential, commercial and light industrial properties. Total property values rose by 4.91%. The most recent five-year average is 2.56% per annum. During the downturn in the economy growth in the tax base slowed but remained positive each year. The City's largest taxpayers are varied and include retail developments, industry, and medical facilities. Table D-12 in the Statistical Section provides further information on the principal taxpayers. The Rockwall Economic Development Corporation continues to successfully market Rockwall and assist companies looking to locate their business in the City. The year's highlights included:

- Trend Tower, completed in 2014, brought the first class-A office space to Rockwall. Tenants include the locally owned and fast growing personnel outsourcing firm Trend HR, as well as medical and corporate offices. The building rises seven stories on the hillside above Lake Ray Hubbard providing impressive views of the area.
- Texas A&M Commerce, having opened a Rockwall campus with classes beginning in 2013, welcomed Collin College students to classes in the Rockwall Technology Park in 2014. Training partnerships are being developed to educate the area's workforce to meet the demand for careers with area industrial and medical employers.
- A number of new restaurants opened for business in 2014 adding to the extensive restaurant mix in town.
- Lake Pointe Medical Center opened a new acute care facility in North Rockwall and Baylor opened a surgical and emergency care facility.
- Downtown Rockwall is undergoing extensive reconstruction during 2014 but still saw several new retail businesses opened including Hazel & Olive, Southern Roots, Simply Kate and restaurants providing new options for downtown dining including 66 BBQ, The Londoner and Oscar Delta. The City benefits from the attention garnered from Rockwall's being a Texas Main Street City. The City has seen a 17.67% increase in sales taxes in the downtown area in the last fiscal year and 91.37% in the last five years.

Long-term Planning

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

Financial Policies

The City Council adopted financial policies in 2001 which have guided the City, allowing us to build a strong fund balance, and reinforcing the city's philosophy to budget conservatively for both revenues and expenditures. The general fund reserve policy is reviewed annually and updated most recently in 2009. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5 month level were available to fund capital projects in 2014 which included the City's participation in the funding of a joint use parking garage facility for the Harbor entertainment area with general fund reserves over that 3.5 month level. The City has, for many years, financed vehicle additions and replacements with short-term debt. A healthy reserve allowed the City to purchase all vehicles on a pay-as-you-go basis. In addition, street maintenance expenditures increased by more than \$300,000 from excess reserves.

Budget Overview

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

Planning Projects

Having identified the downtown area as a critical component of our long range plan, the City and business and community leaders work with the City's Texas Main Street Manager to coordinate planning efforts and develop interest in locating business downtown and to bring events to the Square. The Main Street program has afforded opportunities for businesses to qualify for façade restoration grants which are funded by the City and local financial institution, Community Bank.

The City worked with a consulting firm to prepare an extensive conceptual plan for Planned Development 32 (PD32) which encompasses 60 acres of undeveloped land inside the City's tax increment financing zone and adjacent to the Harbor development. Having recognized the need to have the conceptual plan ready when the economy improved, the area has benefited from the Trend Tower project as well as a proposed condominium project and heightened interest from DFW area development firms has resulted. The City initiated the zoning process to establish a form based code for the area. The area is ready to see the realization of the mixed-use concept with retail, restaurants, office and residential spaces. The new office tower will shortly be joined by condominiums as well as several restaurant sites.

The Rockwall Economic Development Corporation in conjunction with their Destination 2020 plan has refined the focus and role of their planning committee as well. Their marketing program now includes social media components and targeted marketing aimed at site selectors working with desired industries.

Capital Improvement Planning

In May 2012, voters approved propositions to provide downtown accessibility projects, roadway rehabilitation and Interstate 30 ramp adjustments. The City hired design and construction management professionals to work with staff and City Council to develop the vision for the projects and cost estimates to ensure the projects as approved can move forward expeditiously and be completed within budget. Improvements began on the Downtown Square in early 2014. Walkability and accessibility are key components of the project as well as the construction of the San Jacinto plaza which will add an outdoor venue to the area. Voters did not support a new athletic complex but excess reserves allowed the completion of rehabilitation work on the existing complex which allowed the realignment of fields adding two additional fields for youth games.

Strategic Planning

Periodically the City conducts a Citizen Satisfaction Survey to document our progress meeting the needs of our citizens. The City continues to receive good marks on our survey, and positive feedback from our citizens regarding our progress on adopted goals and strategies.

Future Development

Transportation

The majority of the City's main thoroughfares are state facilities. TxDOT has completed design work on the FM3549 overpass project which is expected to get underway in late calendar 2014. FM 3097 – Horizon Road – a heavily traveled roadway in the retail and medical corridor is slated for reconstruction and widening. Utility work has begun with the 24-month construction project expected to begin in 2015. The City and TxDOT have jointly funded the project. The City has funded and TxDOT will shortly begin a project to reverse two ramps on I-30 improving access to the new John King Boulevard and alleviating pressure on other intersections during the FM 3549 overpass project. In addition, the City will begin design in 2015 of a new I-30 access ramp in an area of heavy congestion on the existing Horizon Road ramp.

The City is a member of a County-wide Consortium which allows County government officials to work with officials of each of the seven cities in the county to further transportation planning efforts. The Consortium meets monthly to discuss funding alternatives for the County's transportation needs, which also involve planning and state participation. The County's bond initiatives allow funding for the advance planning and design of 5 major roadway projects. This allows the projects to be ready to commence as soon as state funding is allocated for construction. The Consortium looked at potential additions to the plan and reorganization of priorities in 2013 and will further that effort after the upcoming state transportation funding referendum vote.

Medical Services

The presence of acute care at Presbyterian Hospital of Rockwall kicked off growth in the medical corridor. Several new medical buildings with Doctor's suites and state of the art out-patient diagnostic imaging facilities have allowed Rockwall to become a regional medical services destination with new offices continuing to open each year. Presbyterian Hospital emergency medical facility having opened in 2013 was joined by Lake Pointe Medical Center's new urgent care facility and Baylor Hospital's new surgical center and emergency room which opened in 2014.

Retail / Entertainment

“The Harbor” development is situated on the shores of Lake Ray Hubbard at I-30. A public/private partnership provided opportunities for new retailers in the Bella Harbor development as well as public open space and a full-service Hilton Hotel and Conference Center. The Conference Center continues to attract events including numerous corporate training and retreat sessions and expects many which are scheduled for 2015.

In conjunction with private development, the City established a tax increment financing (TIF) zone on an approximately 103 acre tract which allowed the financing and development of public open space to complement the development and allow citizens access to the Lake Ray Hubbard shore line. The City partnered with Rockwall County, and the Rockwall Economic Development Corporation to establish the TIF to finance the public projects. In a second project, the City collaborated with the Trend Tower developer on construction of the seven-story, 85,000 square foot office tower overlooking the lake. Trend Tower offered Class-A office space to its corporate tenants as it opened in 2014. The City has signed a lease agreement with Trend on use of the parking garage offering much needed public parking for the Harbor events.

The City’s extremely successful Concert on the Lake Series managed by the City’s Recreation Department draws approximately 5,000 attendees each Thursday evening for a free concert. The series extended 13 weeks in 2014. Surveys conducted during the events gather data regarding the distance from which visitors traveled and approximate retail and restaurant dollars expended while here. The term “Live Music Capital of North Texas” has been coined to describe the many opportunities available year round in both public and restaurant venues.

Founder’s Day, which was moved back to Myers Park, due to the downtown construction project drew visitors to shop merchant’s wares, see artist’s exhibits, and enjoy free concerts all day. The event culminates with a concert by a nationally recognized artist, also free to all who attend. Due to great reviews on the 2014 event, the City intends to continue to sponsor Founder’s Day at the park in the years to come.

A Farmer’s Market brings visitors downtown Saturdays from May to October. The annual “Rib Rub and Run” fall 2014 added a car show component this year. The BBQ contest draws more than 50 teams to the downtown square. The Main Street Advisory Board and “Friends of Downtown Rockwall”, citizen volunteer group, are working to plan more special events to bring shoppers downtown. A late evening shopping event called “Night Owls” added late evening hours and musical entertainment once a month to bring shoppers out to enjoy all the area has to offer. 2015 is expected to bring an addition of live music each Friday and Saturday evening May through September on the newly renovated San Jacinto Plaza.

Having completed work on the rehabilitation of Tuttle Park ball fields, the City resumed coordination of the baseball and softball programs which had previously been managed by local non-profit organizations. The Rockwall Baseball and Softball Association inaugural season saw more than 1,625 players. This was a 96% increase over previous seasons.

Utilities

The water and wastewater rates were increased in 2014 and the City intends to raise rates in 2015. The City purchases treated water as a founding member city of the North Texas Municipal Water District. Continued extreme drought and the inability to use water from Lake Texoma due to

ongoing effort to control invasive species, reduced lakes to low levels which would not have been sustainable without the extraordinary efforts of all the member city customers to conserve water. The District asked for a 10-percent reduction in usage and Rockwall customers achieved more than 30 percent in our City. A number of main rehabilitation and wastewater lift station upgrades were begun in 2014.

The City's water system is recognized with the Texas Commission on Environmental Quality's "Superior" rating.

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

Debt Administration: Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since system charges are used to retire the debt.

Outstanding General Obligation Debt at 9-30-14(net of Debt Service)	\$135,759,632
Estimated Population	40,008
G.O. Debt Per Capita	\$3,434
Net G.O. Debt per Assessed Value	3.75%

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

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor's Rating Group	AA+	A-	A-
Moody's Investor Service Inc.	Aa2	Aa3	A1

AWARDS AND ACKNOWLEDGEMENTS

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for each of the last twenty-four consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgement:

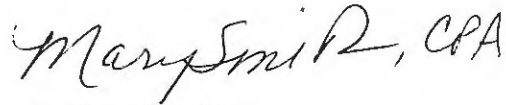
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Sincerely,



Richard R. Crowley
City Manager



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



Government Finance Officers Association

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

Presented to

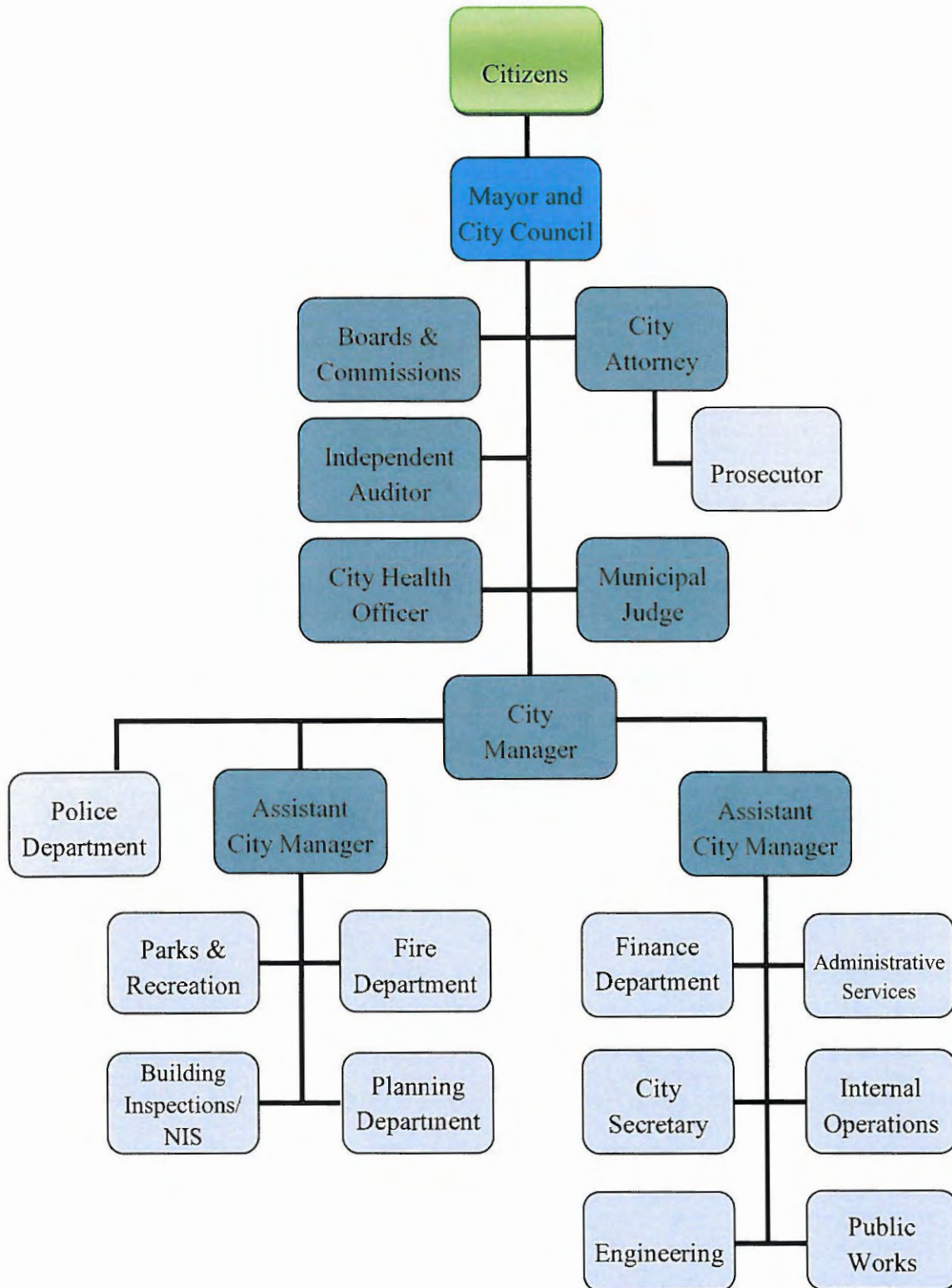
**City of Rockwall
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City of Rockwall Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2014

City Council

David Sweet, Mayor
Jim Pruitt, Mayor Pro-Tempore
Bennie Daniels, Councilmember
Dennis Lewis, Councilmember
Scott Milder, Councilmember
Mike Townsend, Councilmember
David White, Councilmember

City Staff

Rick Crowley, City Manager
Mary Smith, Assistant City Manager
Brad Griggs, Assistant City Manager
Cheryl Dunlop, Director of Administrative Services
Mark Moeller, Chief of Police
Mark Poindexter, Fire Chief
Robert LaCroix, Director of Planning and Zoning
Tim Tumulty, Director of Public Works/City Engineer
Joey Boyd, Director of Internal Operations

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Rockwall, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19-30 and 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rockwall, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Jax, Byrd + Company, P.C.

Dallas, Texas
April 20, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Rockwall’s financial performance provides an overview and analysis of the City’s financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City’s total net position was \$176,298,343 at September 30, 2014.
- During the year, the City’s governmental activities expenses were \$2,080,564 less than the \$37,237,442 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, 2014 by \$108,210,703 (net position).
- At the end of this fiscal year, the unassigned fund balance for the general fund was \$10,305,640 or approximately 36.04 percent of the total general fund operating expenditures and transfers out.
- The City’s total outstanding general obligation bonds and certificates of obligation (excluding enterprise and component unit debt) decreased by \$6,246,377 during fiscal year 2014 with only a refunding debt issued for savings during the year. More detailed information is given in the notes section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

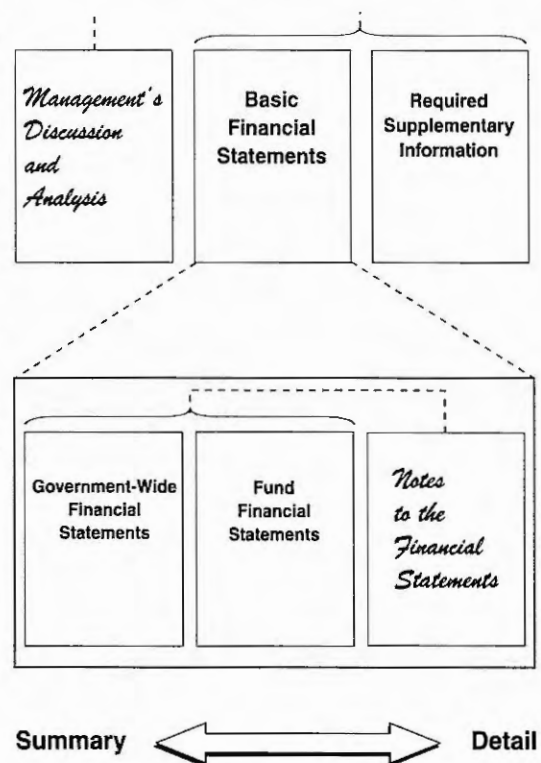
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City’s operations in more detail than the government-wide statements.

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

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

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

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



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

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

<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private business.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance Sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of revenues, expenses & changes in fund net position ◆ Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements are found on pages 33-34 of this report.

Reporting the City’s Most Significant Funds

Fund Financial Statements

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

The City has the following types of funds:

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

The City of Rockwall maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and G.O. Bonds Capital Projects fund, which are considered major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

Other Information

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

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

At the end of fiscal year 2014, the City's net position (assets exceeding liabilities) totaled \$176,298,343. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

The largest portion of the City's net position (77.02 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets, which is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 29,351,075	\$ 37,100,730	\$ 7,794,379	\$ 11,802,419	\$ 37,145,454	\$ 48,903,149
Capital Assets	<u>194,305,696</u>	<u>191,362,677</u>	<u>98,700,966</u>	<u>94,760,405</u>	<u>293,006,662</u>	<u>286,123,082</u>
Total Assets	<u>223,656,771</u>	<u>228,463,407</u>	<u>106,495,345</u>	<u>106,562,824</u>	<u>330,152,116</u>	<u>335,026,231</u>
Deferred Outflows	<u>115,870</u>	<u>115,869</u>	<u>27,673</u>	<u>277,500</u>	<u>143,543</u>	<u>393,369</u>
Non-current liabilities	111,153,867	117,496,526	37,243,832	38,886,878	148,397,699	156,383,404
Other liabilities	<u>4,306,351</u>	<u>4,930,933</u>	<u>1,191,546</u>	<u>2,061,060</u>	<u>5,497,897</u>	<u>6,991,993</u>
Total Liabilities	<u>115,460,218</u>	<u>122,427,459</u>	<u>38,435,378</u>	<u>40,947,938</u>	<u>153,895,596</u>	<u>163,375,397</u>
Deferred Inflows	<u>101,720</u>	<u>21,678</u>	-	-	<u>101,720</u>	<u>21,678</u>
Net Position						
Invested in capital assets,						
net of related debt	86,446,064	89,523,344	61,795,531	60,558,579	148,241,595	150,081,923
Restricted for debt service	372,552	1,165,704	1,325,056	658,326	1,697,608	1,824,030
Restricted for capital projects	10,211,521	1,187,719	3,230,596	1,466,924	13,442,117	2,654,643
Unrestricted	<u>11,180,566</u>	<u>14,253,372</u>	<u>1,736,457</u>	<u>3,208,557</u>	<u>12,917,023</u>	<u>17,461,929</u>
Total net position	<u>\$ 108,210,703</u>	<u>\$ 106,130,139</u>	<u>\$ 68,087,640</u>	<u>\$ 65,892,386</u>	<u>\$176,298,343</u>	<u>\$172,022,525</u>

A portion of the City of Rockwall's governmental activities net position, \$10,584,573 or 9.78% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, \$11,180,566, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table will document key elements of the increase in total net position for the year ended September 30, 2014.

Table 2
Changes in Net Position

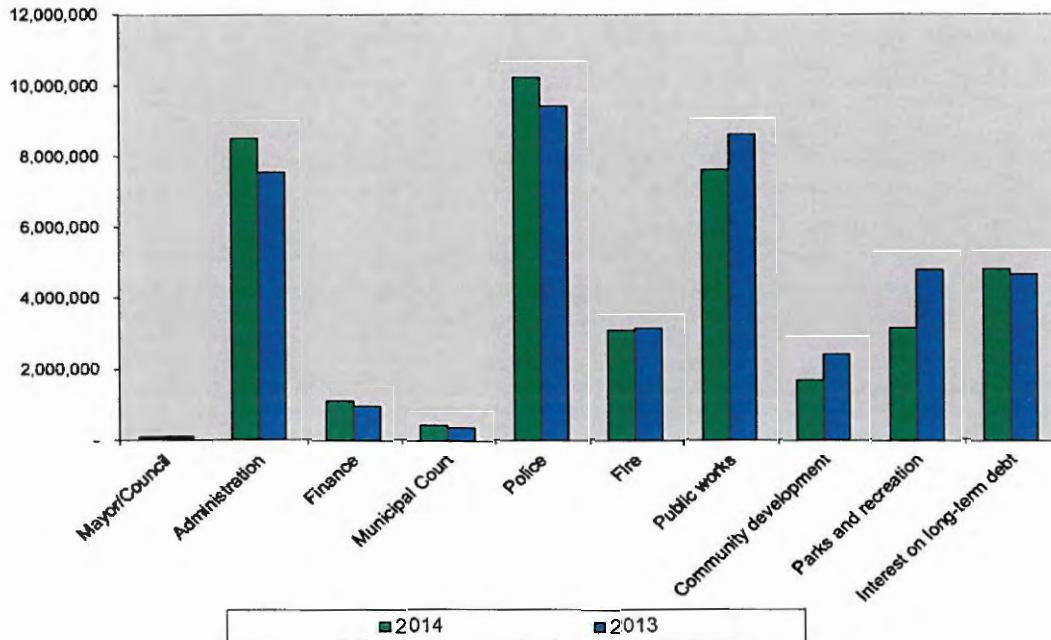
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 5,161,016	\$ 3,462,858	\$ 5,858,682	\$ 5,118,907	\$ 21,019,698	\$ 18,581,765
Operating grants & contributions	432,146	358,808	-	-	432,146	358,808
Capital grants & contributions	107,342	3,411,221	3,991,005	3,426,328	4,098,347	6,837,549
General Revenues:						
Property taxes	18,438,330	17,870,887	-	-	18,438,330	17,870,887
Sales taxes	14,341,277	14,045,093	-	-	14,341,277	14,045,093
Other	3,365,885	3,310,417	22,017	180,858	3,387,902	3,491,275
Total revenues	<u>41,845,996</u>	<u>42,459,284</u>	<u>9,871,704</u>	<u>18,726,093</u>	<u>61,717,700</u>	<u>61,185,377</u>
Program expenses:						
Mayor/Council	94,747	102,993	-	-	94,747	102,993
Administration	13,798,985	7,565,249	-	-	13,798,985	7,565,249
Finance	1,089,078	951,808	-	-	1,089,078	951,808
Municipal Court	415,220	357,208	-	-	415,220	357,208
Police	10,251,116	9,441,521	-	-	10,251,116	9,441,521
Fire	3,100,647	3,172,688	-	-	3,100,647	3,172,688
Public works	2,369,694	8,651,550	-	-	2,369,694	8,651,550
Community development	1,699,428	2,432,153	-	-	1,699,428	2,432,153
Parks and recreation	3,185,425	4,825,050	-	-	3,185,425	4,825,050
Interest on long-term debt	4,853,042	4,714,902	-	-	4,853,042	4,714,902
Water and sewer	-	-	16,584,500	16,723,552	16,584,500	16,723,552
Total expenses	<u>40,857,382</u>	<u>42,215,122</u>	<u>16,584,500</u>	<u>16,723,552</u>	<u>57,441,882</u>	<u>58,938,674</u>
Increase (decrease) in net position						
before transfers	988,614	244,162	3,287,204	2,002,541	4,275,818	2,246,703
Transfers	<u>109,1950</u>	<u>1,217,550</u>	<u>(109,1950)</u>	<u>(1,217,550)</u>	-	-
Increase (decrease) in net position	2,080,564	1,461,712	2,178,254	784,991	4,275,818	2,246,703
Net position, October 1	<u>106,130,139</u>	<u>104,668,427</u>	<u>65,892,386</u>	<u>65,107,395</u>	<u>172,022,525</u>	<u>169,775,822</u>
Net position, September 30	<u>\$ 108,210,703</u>	<u>\$ 106,130,139</u>	<u>\$ 68,087,640</u>	<u>\$ 65,892,386</u>	<u>\$ 176,298,343</u>	<u>\$ 172,022,525</u>

Governmental Activities

The City's total revenues of governmental activities were \$41,845,996. A significant portion 44.06%, of the City's revenues came from property taxes. Another 34.27% of revenue came from sales taxes. Ad valorem property tax revenues as a percent of revenues continue to increase each year due to the addition of new properties and minor increases in assessed valuation throughout the City. The City has chosen to either maintain the current rate or lower the tax rate each of the last five years. Despite the economic downturn, the City's assessed value has increased each year. Total assessed values of the properties in the City increased by 4.91%. The City adopted a property tax rate of 50.25 cents per \$100 of assessed valuation for fiscal year 2014. Growth in the assessed valuation and conservative budgets allowed the City to lower the rate for fiscal year 2015 by .70 cents per hundred dollars of assessed valuation. Sales tax revenue increased over the prior year by 2.1% and while a few retailers were added for 2014, it was most influenced by increases in same stores sales. While housing starts are not expected to return to pre-downturn levels, they are trending upward. Developers

have started infrastructure work on several new subdivisions including phases of Stone Creek, Breezy Hill, Rockwall Downes and others. These phases will begin selling lots in 2015. The permit revenues decreased overall by 9.8% due primarily to new industrial buildings for which permits were paid in 2013 which increased that year's revenues. 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 the fastest growing county in Texas.

Comparative Expenses – Governmental Activities



The total cost of all programs and services were \$40,857,382. Of these costs, \$10,251,116 (25.1%) was for the Police Department. The department has increased the number of telecommunication operators as another adjacent city contracted with Rockwall for dispatch services. In addition, two sworn officers were added in the patrol division to maintain minimum staffing numbers per shift and coverage per population goals of the City. Public Works costs were \$7,653,406 (18.7%) and reflected ongoing road reconstruction projects, the downtown improvements and ongoing street maintenance focused projects Administrative departments including Administration, Human Resources, and Internal Operations which is responsible for building maintenance, the public safety radio system and IT had combined costs of \$8,515,273 (20.8%).

Business-Type Activities

The City's business-type activities recorded an increase of \$2,195,254 in net assets. Retail water sales decreased by 1.78% despite raising rates by 10% in January. Residential consumption remained down due to the significant water conservation measures necessary as extremely hot and dry weather coupled with water supply restrictions from one of the area's supply lakes constrained sales. The City's rates were increased in 2013, 2014 and another increase is expected for 2015. The City implemented a conservation focused water rate structure in 2001 and increases the rate tiers each time new rates are adopted. The rates for sewer were also increased and total sewer charges increased by 15.2% for the fiscal year. The city employs winter averaging to calculate sewer billing so revenues are not affected by restrictions on irrigating lawns. Water and sewer charges were \$15,506,885. The ending working capital, excluding restricted assets and liabilities payable from restricted assets, for the water and sewer fund was \$1,913,101.

Water and wastewater impact fees (Capital recovery fees) revenue totaled \$838,703 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.

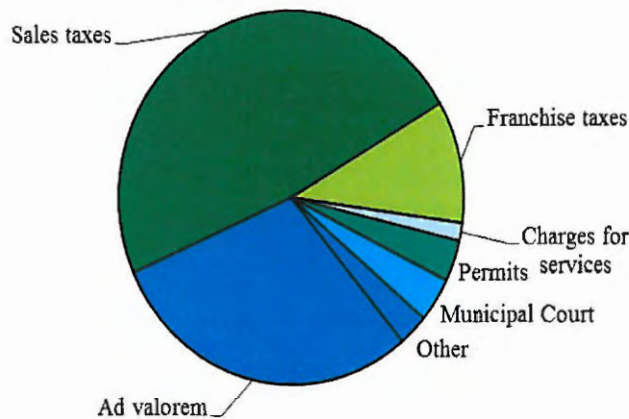
Component Units

The Rockwall Economic Development Corporation (REDC) reported revenues including the ½ cent sales tax, authorized under the Type A Corporation statutes, of \$4,613,509. Assets managed by the corporation include an inventory of over 305 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 \$10,305,640. The largest source of general fund revenue is sales tax, it accounted for \$13,729,967 (48.2%) of total general fund revenue. Ad valorem property taxes account for \$8,413,555 (29.5%) of general fund revenues. The City's property tax rate is split between maintenance/operations and debt service. For fiscal year 2014, the debt service portion of the rate increased causing the dollars assigned to the general fund to decrease when compared to the prior year. The City maintains the unassigned fund balance at or above acceptable levels as defined within the City's financial policies. This "reserve" balance allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows. The City Council elected to use reserves to fund a portion of a shared use parking garage facility adjacent to the Harbor entertainment area in addition to increasing street maintenance funding. This planned use of reserves totaled \$1,283,450. The City's revenues increased sufficiently during the year to see the general fund unassigned balance decrease by only \$970,344 or 8.6%.

Revenues by Source – General Fund



The City's *Debt Service Fund* reported a reduction in fund balance of \$311,397. Property tax collections for debt service requirements were \$9,487,408. This is required in order to pay debt service payments on bonds issued to construct numerous road and parks projects completed since the City's bond election in 2005 authorized more than \$65,031,000 in projects. After extensive study, the City adopted a Roadway Impact Fee

which was further studied and updated in 2014 and which provided \$318,921 in new revenue to this fund in fiscal year 2014. The City Council chooses to budget a portion of this fund balance each year toward meeting the debt service obligations. This allows the use of the debt service fund reserves to lessen the effect of new debt issues on the property tax rate each year.

The *G.O. Bonds Capital Projects Fund* reported an assigned fund balance of \$7,996,297, a decrease of \$2,991,502 from the prior year. Downtown improvements were well underway in fiscal year 2014. Design work for access ramp improvements on Interstate 30 will begin shortly.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2014, 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 \$25,872,650 increased to \$26,017,500 while revenue estimates increased from \$27,232,450 to \$28,001,300. The City of Rockwall had originally estimated the ending general fund unassigned balance to be \$9,481,134 however due to the budget adjustments mentioned above offset by the parking garage participation and street materials increase, the fund balance was re-estimated to be \$9,283,284.

General fund revenues ultimately were \$28,503,084, a positive variance of \$501,784 over the amended budget estimate, reflecting stronger than anticipated sales tax collections and cable franchise fees in the remaining months of the fiscal year. Actual general fund total expenditures were \$25,573,423 or \$444,077 less than final projections. Final expenditures in each department were less than anticipated with no negative variances reported. The City ended the year with a fund balance of \$10,305,640, or \$1,022,456 over the projected balance. The higher fund balance is attributable to management’s conservative projections of both revenues and expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2014 the City had \$293,006,664 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 17,238,772	\$ 14,377,674	\$ 799,533	\$ 799,533	\$ 18,038,305	\$ 15,177,207
Buildings & systems	14,264,225	14,598,734	95,272,166	92,821,925	10,9536,391	107,420,659
Improvements other than buildings	19,776,623	19,713,476	-	-	19,776,623	19,713,476
Machinery & equipment	6,335,672	6,335,672	670,568	788,904	6,542,905	7,124,576
Infrastructure	130,288,217	128,444,647	-	-	130,288,217	128,444,647
Construction in progress	<u>6,865,523</u>	<u>7,892,474</u>	<u>1,958,700</u>	<u>350,043</u>	<u>8,824,223</u>	<u>8,242,517</u>
	<u>\$ 194,305,697</u>	<u>\$ 191,362,677</u>	<u>\$ 98,700,967</u>	<u>\$ 94,760,405</u>	<u>\$293,006,664</u>	<u>\$286,123,082</u>

The City held a bond election in May 2012 at which voters approved propositions to fund several street reconstruction projects as well as infrastructure and accessibility projects in the downtown area in excess of \$27,800,000. Design was completed and construction has commenced on the phased approach to replacing sidewalks and paving in the area as well as the construction of a new events plaza. The interstate ramp projects approved by voters will be under design in 2015 and design of the remaining roadway rehabilitation projects should commence in 2015.

Notably, the construction in progress at fiscal year end for business-type funds reflects the construction of improvements to water and wastewater lines in older areas of the city as well as the rehabilitation of a major wastewater lift station, which is underway. These projects will continue in 2015.

Additional information regarding the City’s capital assets is found in note IV-D on pages 56-59.

Debt

At year-end, the City had \$144,866,192 in bonds and capitalized leases shown in Table 4.

Table 4
City of Rockwall Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 87,404,632	\$ 88,562,670	\$ 25,638	\$ 47,330	\$ 87,430,270	\$ 88,610,000
Certificates of obligation	20,455,000	25,440,000	27,900,000	29,510,000	48,355,000	54,950,000
Revenue bonds	-	-	3,495,000	3,865,000	3,495,000	3,865,000
Capital Lease obligations	100,855	148,083	5,485,067	5,910,072	5,585,922	6,058,155
	<u>\$ 107,960,487</u>	<u>\$ 114,150,753</u>	<u>\$ 36,905,705</u>	<u>\$ 39,332,402</u>	<u>\$ 144,866,192</u>	<u>\$ 153,483,155</u>

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported bonded debt to assessed value of all taxable property is 3.75% or \$3,434 per capita. This is a decrease since the City did not issue new money bonds this fiscal year.

The City’s bond ratings at September 30, 2014 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor’s Rating Group	AA+	A-	A-
Moody’s Investor Service Inc.	Aa2	Aa3	A1

Additional information on the City of Rockwall’s long-term debt may be found in note IV-F, on pages 61-68 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 2015 budget, tax rate, and fees that will be charged for the business-type activities. The major factor affecting all decisions is the impact that mandatory water conservation has caused to revenues. The City Council chose to discontinue the management transfer from the enterprise fund to the general fund as well as approving appropriations, which will pay a portion (\$700,000) of enterprise debt from property taxes. The City conservatively budgeted a 2% increase in sales tax revenue and modest increases in franchise fees. Increases are expected in construction related activity as new subdivision phases are beginning and housing sales are improving. Interviews with local builders led the City to project continued improvement in home starts for the coming year.

The City of Rockwall's citizens enjoy above-average income levels per household. This combined with the City's proximity to major highways, and the Dallas-Ft. Worth SMSA make Rockwall an attractive city in which to locate. The City prides itself on a quality school district and "hometown" atmosphere. The Rockwall Economic Development Corporation works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities. The City's unemployment rate was 4.2%, well below the national levels.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2015. The budgeted revenues for fiscal year 2015 total \$28,864,250 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 49.55 cents per hundred dollars of assessed value.

The City adopted written financial policies in 2001, which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. These policies were reviewed by the City Council in 2009 and certain provisions related to the City's fund balance were changed. The amended policy provides that the General Fund reserves should be no less than 3 months of recurring operating appropriations. In addition, the policies provide that should an audited fund balance at the end of the fiscal year exceed 3.5 months, the City Council may elect to transfer a portion to a Capital Projects Fund. The ending general fund balance for 2014 provides approximately 5 months of reserves for the City. The City Council elected to purchase capital equipment normally financed with short-term debt obligations due in large part to the healthy fund balance. The budget as adopted for fiscal year 2014 projects a fund balance of approximately 4.53 months of recurring operating expenditures. The 2015 budget reflects continued funding for street maintenance projects and continuing to purchase vehicles on pay-as-you-go basis.

The 2015 budget expenditures include the addition of two firefighters. The City continues to transition the Fire Department from predominately volunteer, to a combination department, and the new budget will include the addition of three new Fire Driver positions. A new family violence criminal investigator position was added with grant funding for the first year.

The water and sewer rate study has been updated to reflect increased charges from the North Texas Municipal Water District for treated water and the budget anticipates a significant increase in those rates. A number of capital projects to replace older lines are ongoing into fiscal year 2015. The City's revenues will be impacted by mandatory conservation measures in effect, as the drought persists. System revenues will be affected until lake levels improve and conservation measures are lifted. Operational costs will be closely monitored and controlled to be ready to react to any further reduction in available revenues.

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

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CITY OF ROCKWALL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,951,818	\$ 298,610	\$ 3,250,428	\$ 834,775
Investments	21,417,173	175,351	21,592,524	10,165,390
Receivables (net of allowance for uncollectibles)	2,635,582	2,323,413	4,958,995	32,997
Due from other governments	2,340,768	-	2,340,768	780,256
Inventories	5,734	218,353	224,087	18,603,308
Restricted assets:	-	-	-	-
Cash and cash equivalents	-	968,743	968,743	-
Investments	-	3,809,909	3,809,909	-
Capital assets (net of accumulated depreciation)	-	-	-	-
Land	17,238,772	799,533	18,038,305	-
Building and system	14,264,225	95,272,164	109,536,389	-
Improvements other than buildings	19,776,622	-	19,776,622	-
Machinery and equipment	5,872,338	670,568	6,542,906	38,145
Infrastructure	130,288,216	-	130,288,216	-
Construction in progress	6,865,523	1,958,701	8,824,224	-
Total assets	<u>223,656,771</u>	<u>106,495,345</u>	<u>330,152,115</u>	<u>30,454,871</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond issue cost - insurance	11,392	-	11,392	11,392
Deferred charge on refunding	104,478	27,673	132,151	39,102
Total deferred outflows of resources	<u>115,870</u>	<u>27,673</u>	<u>143,543</u>	<u>50,494</u>
LIABILITIES				
Accounts payable and accrued liabilities	4,054,407	815,646	4,870,053	1,746,379
Due to other governments	251,944	-	251,944	-
Customer deposits	-	375,900	375,900	-
Liabilities payable from restricted assets:				
Noncurrent liabilities:				
Due within one year	7,493,052	2,451,979	9,945,031	1,608,244
Due in more than one year	103,660,815	34,791,853	138,452,668	25,019,356
Total liabilities	<u>115,460,218</u>	<u>38,435,378</u>	<u>153,895,596</u>	<u>28,373,979</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other	101,720	-	101,720	-
Total deferred inflows of resources	<u>101,720</u>	<u>-</u>	<u>101,720</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	86,446,064	61,795,531	148,241,595	38,145
Restricted for:				
Debt service	372,552	1,325,056	1,697,608	-
Capital projects	10,211,521	3,230,596	13,442,117	-
Unrestricted	11,180,566	1,736,457	12,917,023	2,093,241
Total net position	<u>\$ 108,210,703</u>	<u>\$ 68,087,640</u>	<u>\$ 176,298,343</u>	<u>\$ 2,131,386</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
Mayor/council	\$ 94,747	\$ -	\$ -	\$ -	\$ (94,747)		\$ (94,747)	
Administration	8,515,273	799,291	19,575	-	(7,696,407)		(7,696,407)	
Finance	1,089,078	2,875	-	-	(1,086,203)		(1,086,203)	
Municipal court	415,220	1,110,268	-	-	695,048		695,048	
Police	10,251,116	725,857	912	-	(9,524,347)		(9,524,347)	
Fire	3,100,647	79,000	4,257	-	(3,017,390)		(3,017,390)	
Public works	7,653,406	756,113	231,435	107,342	(6,558,516)		(6,558,516)	
Community development	1,699,428	1,113,132	-	-	(586,296)		(586,296)	
Parks and recreation	3,185,425	574,480	175,967	-	(2,434,978)		(2,434,978)	
Interest on long-term debt	4,853,042	-	-	-	(4,853,042)		(4,853,042)	
Total governmental activities	<u>40,857,382</u>	<u>5,161,016</u>	<u>432,146</u>	<u>107,342</u>	<u>(35,156,878)</u>		<u>(35,156,878)</u>	
Business-type activities:								
Water and sewer	17,071,406	15,506,885	-	4,829,708		\$ 3,265,187	3,265,187	
Total business-type activities	<u>17,071,406</u>	<u>15,506,885</u>	<u>-</u>	<u>4,829,708</u>		<u>3,265,187</u>	<u>3,265,187</u>	
Total primary government	<u>\$ 57,928,788</u>	<u>\$ 20,667,901</u>	<u>\$ 432,146</u>	<u>\$ 4,937,050</u>	<u>(35,156,878)</u>	<u>3,265,187</u>	<u>(31,891,691)</u>	
COMPONENT UNITS								
Economic Development Corporation	\$ 3,197,325	\$ -	\$ -	\$ 7,502				\$ (3,189,823)
Rockwall Technology Park Association	141,545	138,341	-	-				(3,204)
Total component units	<u>\$ 3,338,870</u>	<u>\$ 138,341</u>	<u>\$ -</u>	<u>\$ 7,502</u>				<u>(3,193,027)</u>
General revenues:								
Ad valorem taxes, penalty and interest					18,438,330	-	18,438,330	-
Sales taxes					14,341,277	-	14,341,277	4,600,423
Franchise taxes					3,093,257	-	3,093,257	-
Miscellaneous					220,826	19,629	240,455	599
Unrestricted investment earnings					51,802	2,388	54,190	4,989
Transfers					1,091,950	(1,091,950)	-	-
Total general revenues and transfers					<u>37,237,442</u>	<u>(1,069,933)</u>	<u>36,167,509</u>	<u>4,606,011</u>
Change in net position					2,080,564	2,195,254	4,275,818	1,412,984
Net position at beginning of year					106,130,139	65,892,386	172,022,525	718,402
Net position at end of year					<u>\$ 108,210,703</u>	<u>\$ 68,087,640</u>	<u>\$ 176,298,343</u>	<u>\$ 2,131,386</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 943,557	\$ 168,809	\$ 629,579	\$ 1,021,527	\$ 2,763,472
Investments	8,107,764	308,970	8,342,141	3,363,410	20,122,285
Receivables (net of allowances for uncollectibles):					
Taxes - delinquent	171,059	176,200	-	9,337	356,596
Fines	240,237	-	-	-	240,237
Accrued interest	5,440	-	21,946	1,437	28,823
Accounts	137,756	-	-	329,976	467,732
Assessments	-	-	-	86,680	86,680
Other receivables	140,892	-	-	-	140,892
Due from other funds	324,656	-	-	-	324,656
Due from other governments	2,300,264	-	-	40,504	2,340,768
Inventory	2,186	-	-	3,548	5,734
Total assets	\$ 12,373,811	\$ 653,979	\$ 8,993,666	\$ 4,856,419	\$ 26,877,875
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,137,550	\$ -	\$ 997,369	\$ 77,681	\$ 2,212,600
Due to other governments	251,944	-	-	-	251,944
Due to other funds	-	-	-	269,221	269,221
Total liabilities	1,389,494	-	997,369	346,902	2,733,765
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	200,775	193,331	-	9,337	403,443
Unavailable revenue - fines	147,202	-	-	-	147,202
Unavailable revenue - other	330,700	-	-	188,400	519,100
Total deferred inflows of resources	678,677	193,331	-	197,737	1,069,745
Fund balances:					
Restricted	-	-	-	(88,096)	(88,096)
Committed	-	460,648	-	-	460,648
Assigned	-	-	7,996,297	4,399,876	12,396,173
Unassigned	10,305,640	-	-	-	10,305,640
Total fund balances	10,305,640	460,648	7,996,297	4,311,780	23,074,365
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,373,811	\$ 653,979	\$ 8,993,666	\$ 4,856,419	\$ 26,877,875

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

Total fund balances - governmental funds balance sheet	\$ 23,074,365
Amounts reported for governmental activities in the statement of net assets are different because:	
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position	691,318
The following assets are not available to pay for current period expenditures and are deferred in the funds:	
Property taxes receivable	403,443
Assessments receivable	86,680
Intergovernmental receivable	129,925
Contributions receivable	200,775
The following assets are not available to pay for current period expenditures and are not accrued in the funds:	
Franchise taxes receivable	989,966
Court fines receivable	147,202
The following assets are not current financial resources and are not reported in the funds:	
Capital assets used in governmental activities (net of accumulated depreciation of \$101,306,755)	194,305,696
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements	115,870
The following liabilities are not due in the current period and are not reported in the funds:	
Compensated absences	(1,340,861)
Bonds payable	(109,712,151)
Capital leases payable	(100,855)
Accrued interest payable	(780,670)
	<u>\$ 108,210,703</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes, penalty and interest	\$ 8,413,555	\$ 9,487,408	\$ -	\$ 515,585	\$ 18,416,548
Sales taxes	13,729,967	-	-	611,311	14,341,278
Franchise taxes	3,016,446	-	-	-	3,016,446
Charges for services	441,825	318,921	-	585,949	1,346,695
Permits	1,019,130	-	-	475	1,019,605
Municipal court	1,099,459	-	-	61,824	1,161,283
Intergovernmental	580,379	-	-	43,666	624,045
Interest income	25,209	125	21,986	4,352	51,672
Miscellaneous	177,114	17,500	-	331,251	525,865
Contributions and donations	-	107,342	-	419,666	527,008
Total revenues	<u>28,503,084</u>	<u>9,931,296</u>	<u>21,986</u>	<u>2,574,079</u>	<u>41,030,445</u>
Expenditures:					
Current					
Mayor/council	94,747	-	-	-	94,747
Administration	3,783,115	-	-	214,729	3,997,844
Finance	678,198	-	-	307,536	985,734
Municipal court	415,220	-	-	-	415,220
Police	9,361,489	116,004	-	62,079	9,539,572
Fire	2,756,601	-	-	9,697	2,766,298
Public works	3,876,741	-	-	298,074	4,174,815
Community development	1,699,428	-	-	-	1,699,428
Parks and recreation	2,907,884	-	-	-	2,907,884
Total current	<u>25,573,423</u>	<u>116,004</u>	<u>-</u>	<u>892,115</u>	<u>26,581,542</u>
Capital outlay					
Administration	345,656	-	-	129,201	474,857
Finance	-	-	-	103,344	103,344
Police	582,076	-	-	129,468	711,544
Fire	141,389	-	-	192,960	334,349
Public works	41,982	-	4,383,712	1,995,915	6,421,609
Parks and recreation	80,960	-	-	196,581	277,541
Total capital outlay	<u>1,192,063</u>	<u>-</u>	<u>4,383,712</u>	<u>2,747,469</u>	<u>8,323,244</u>
Debt service:					
Principal	-	5,893,038	-	910,000	6,803,038
Interest	-	4,218,851	-	411,888	4,630,739
Bond issuance costs	-	74,581	-	-	74,581
Fiscal charges	-	14,800	-	-	14,800
Total debt service	<u>-</u>	<u>10,201,270</u>	<u>-</u>	<u>1,321,888</u>	<u>11,523,158</u>
Total expenditures	<u>26,765,486</u>	<u>10,317,274</u>	<u>4,383,712</u>	<u>4,961,472</u>	<u>46,427,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,737,598</u>	<u>(385,978)</u>	<u>(4,361,726)</u>	<u>(2,387,393)</u>	<u>(5,397,499)</u>
Other financing sources (uses)					
Transfers in	311,782	-	1,370,224	1,087,633	2,769,639
Transfers out	(3,019,724)	-	-	(2,237,965)	(5,257,689)
Issuance of long-term debt	-	9,820,000	-	-	9,820,000
Payment to bond refunding escrow agent	-	(9,745,419)	-	-	(9,745,419)
Total other financing sources (uses)	<u>(2,707,942)</u>	<u>74,581</u>	<u>1,370,224</u>	<u>(1,150,332)</u>	<u>(2,413,469)</u>
Net change in fund balances	(970,344)	(311,397)	(2,991,502)	(3,537,725)	(7,810,968)
Fund balances, October 1	11,275,984	772,045	10,987,799	7,849,505	30,885,333
Fund balances, September 30	<u>\$ 10,305,640</u>	<u>\$ 460,648</u>	<u>\$ 7,996,297</u>	<u>\$ 4,311,780</u>	<u>\$ 23,074,365</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - governmental funds	\$ (7,810,968)
Amounts reported for governmental activities in the statement of activities are different because:	
The net revenue (expense) of internal service funds is reported with governmental activities in the statement of net assets	325,910
Certain assets are not available to pay for current period expenditures and are not reported as revenues in the funds. The following amounts represent the changes in these assets during the year:	
Property taxes receivable	23,079
Assessments receivable	2,728
Franchise taxes receivable	76,811
Court fines receivable	(43,816)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$10,481,437) exceeded capital outlays (\$8,323,244) and retirements (\$-0-) in the current period	2,943,018
Donations of capital assets increase net assets in the statement of activities, but are not reported in the funds because they do not provide current financial resources.	
Governmental funds report debt issuance costs as expenditures. However, in the statement of activities these costs are allocated over the term of the underlying debt and reported as amortization expense. This is the amount of amortization in the current period, net of additions for debt issue cost incurred.	(115,773)
Governmental funds report proceeds of debt as other financing sources and payments to the escrow agent for refunding of debt as other financing uses. This is the net of other financing sources (\$9,200,000) less other financing uses (\$9,745,419).	(74,581)
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds. This is the amount of the change in accrued interest payable during the year.	(29,583)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments (\$6,803,038) and bond premium amortization (\$12,434) in the current period.	6,815,472
Compensated absences payable do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences during the year.	<u>(31,733)</u>
	<u>\$ 2,080,564</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities Enterprise Fund Water and Sewer	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 298,610	\$ 188,346
Investments	175,351	1,294,888
Receivables (net of allowances for uncollectibles):		
Accounts	2,319,226	-
Other receivables	4,187	-
Inventory	218,353	-
Restricted assets:		
Cash and cash equivalents	968,743	-
Investments	3,809,909	-
Total current assets	7,794,379	1,483,234
Noncurrent assets:		
Capital assets not being depreciated	2,758,234	-
Capital assets being depreciated, net	95,942,732	-
Total noncurrent assets	98,700,966	-
Total Assets	106,495,345	1,483,234
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge on refunding	27,673	-
Total Deferred Outflow of Resource	27,673	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	726,726	751,087
Customer deposits	375,900	-
Due to other funds	-	40,829
General obligation bonds payable - current	1,705,368	-
Liabilities payable from restricted assets:		
Revenue bonds payable - current	260,000	-
Obligations under capital leases - current	443,338	-
Accrued interest payable	88,920	-
Total current liabilities	3,600,252	791,916
Noncurrent liabilities:		
General obligation bonds payable	26,220,000	-
Revenue bonds payable	3,458,131	-
Obligations under capital leases	5,041,729	-
Liability for compensated absences	115,266	-
Total noncurrent liabilities	34,835,126	-
Total Liabilities	38,435,378	791,916
NET ASSETS		
Invested in capital assets, net of related debt	61,795,531	-
Restricted for debt service	1,325,056	-
Restricted for construction	3,230,596	-
Unrestricted	1,736,457	691,318
Total Net Assets	\$ 68,087,640	\$ 691,318

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 15,506,885	\$ 729,969
Total operating revenues	<u>15,506,885</u>	<u>729,969</u>
OPERATING EXPENSES:		
Personnel services	1,916,475	-
Contractual services	9,563,972	4,010,839
Materials and supplies	583,829	-
Operations	188,672	-
Utilities	357,290	-
Depreciation and amortization	2,552,814	-
Total operating expenses	<u>15,163,052</u>	<u>4,010,839</u>
Operating income (loss)	<u>343,833</u>	<u>(3,280,870)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	2,388	130
Miscellaneous income	19,629	26,650
Paying agent fees	11,358	-
Capital Recovery fees	838,703	-
Interest expense	(1,919,712)	-
Total non-operating revenues (expenses)	<u>(1,047,634)</u>	<u>26,780</u>
Loss before transfers and capital contributions	<u>(703,801)</u>	<u>(3,254,090)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Capital contributions	3,991,005	-
Transfers in	-	3,580,000
Transfers out	(1,091,950)	-
Total transfers and capital contributions	<u>2,899,055</u>	<u>3,580,000</u>
Increase (decrease) in net assets	2,195,254	325,910
Net assets, October 1	<u>65,892,386</u>	<u>365,408</u>
Net assets, September 30	<u>\$ 68,087,640</u>	<u>\$ 691,318</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 15,080,756	\$ 939,766
Cash paid to employees for services	(1,907,151)	-
Cash paid to suppliers for goods and services	(10,343,885)	(4,023,244)
Net cash provided (used) by operating activities	<u>2,829,720</u>	<u>(3,083,478)</u>
Cash Flows from Non-Capital Financing Activities:		
Cash paid to other funds	(1,091,950)	-
Cash received from other funds	-	3,620,829
Net cash provided (used) by non-capital financing activities	<u>(1,091,950)</u>	<u>3,620,829</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition or construction of capital assets	(2,502,371)	-
Capital recovery fees received	838,703	-
Principal paid on capital debt	(2,439,756)	-
Interest and fees paid on capital debt	(1,665,223)	-
Net cash used by capital and related financing activities	<u>(5,768,647)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Purchase of investments	-	(517,552)
Proceeds from sales and maturities of investments	4,050,752	-
Interest and dividends received	2,388	130
Net cash provided (used) by investing activities	<u>4,053,140</u>	<u>(517,422)</u>
Net increase in cash and cash equivalents	22,263	19,929
Cash and cash equivalents at beginning of year	1,245,090	168,417
Cash and cash equivalents at end of year	<u>\$ 1,267,353</u>	<u>\$ 188,346</u>
Reported on Statement of Net Position		
Unrestricted cash	\$ 298,610	\$ 188,346
Restricted cash	968,743	-
	<u>\$ 1,267,353</u>	<u>\$ 188,346</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 343,833	\$ (3,280,870)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	2,552,814	-
Miscellaneous income	19,629	26,650
Change in assets and liabilities:		
Decrease (increase) in assets:		
Receivables	(20,762)	183,147
Inventories	(7,306)	-
Prepaid items		
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(122,103)	(12,405)
Customer deposits	61,910	-
Compensated absences	1,705	-
Net cash provided (used) by operating activities	<u>\$ 2,829,720</u>	<u>\$ (3,083,478)</u>
Non-cash investing and financing activities:		
Capital contributions	<u>\$ 3,991,004</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 SEPTEMBER 30, 2014

	Agency Fund
	Special Escrow
	Agency
ASSETS	
Cash and cash equivalents	\$ 221,105
Investments	1,129,426
Accrued interest receivable	964
Total assets	\$ 1,351,495
LIABILITIES	
Due to developers	\$ 1,351,495
Total liabilities	\$ 1,351,495

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Discretely Presented Component Units

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

The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park being developed by REDC. RTPA's Board of Directors is composed of representatives of the landowners. At September 30, 2014, REDC owned the majority of the land and the Board was therefore composed of REDC board members. When the park becomes 75% or more owned by private landowners, it will become an entity independent of the City. Until then, it is controlled by REDC, a discrete component unit of the City. RTPA, is effectively controlled by the City through REDC and thus provides a potential financial benefit or burden to the City.

The funds of both REDC and RTPA are composed of governmental fund types. Stand alone financial statements for REDC and RTPA as of and for the fiscal year ended September 30, 2014, are not prepared.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. The enterprise utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, liabilities, and net position or equity

Deposits and investments

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

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Deposits and investments - continued

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Deposits and investments - continued

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

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

Receivables and payables

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

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

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

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

Inventories and prepaid items

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Restricted assets

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

Capital assets

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

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

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

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

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

Compensated absences

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund equity

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Fund equity - continued

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Deferred outflow of resources are not available to pay for current-period expenditures and are deferred in the funds.” The details of this \$115,870 difference are as follows:

Deferred outflow of resources:	
Bond issue costs – insurance	\$ 11,392
Loss on refunding	<u>104,478</u>
Total	<u>\$ 115,870</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

A. Budgetary information – continued

5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2014, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.
6. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

Emergency Siren Fund
Art in Public Places Fund

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

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations by \$39,091 in the Recreation Development Fund due to advanced planning costs incurred on the Phelps Lake project appropriated in fiscal year 2015.

Expenditures exceeded appropriations by \$216,574 in the Debt Service Fund and \$67,588 in the Harbor Debt Service Fund due to a computation error made during the amended budget process related to the 2014 refunding bond issue.

C. Deficit fund equity

The Harbor Debt Service Fund had a deficit fund balance in the amount of \$88,096 at September 30, 2014, as a result of slower than expected growth in sales tax revenues in the Harbor zone. This will be corrected as new businesses are planned for opening in 2015.

4. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2014, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Deposits - continued

Under a contractual agreement with North Texas Municipal Water District (NTMWD), depository accounts are maintained by NTMWD for interest and sinking, debt, and construction reserves totaling \$968,743, which are separately insured or secured by collateral pledged by NTMWD's depository. This amount is included in restricted cash on the statement of net assets.

The deposits of REDC and RTPA are covered by the City's depository contract and, therefore, at September 30, 2014, these deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the deposits of REDC and RTPA were not exposed to custodial credit risk.

Investments

At September 30, 2014, the City's investments were as follows:

	Carrying Value	Maturity (months)			
		Less than 1	2 - 6	7 - 12	13 - 24+
Primary Government					
U.S. Government Agencies					
Federal Home Loan Mortgage Corp.	\$ 3,669,026	\$ -	\$ -	\$ -	\$ 3,669,026
Federal National Mortgage Assoc.	1,627,421	-	-	-	1,627,421
Federal Farm Credit Bank	446,350	-	-	-	446,350
Federal Home Loan Bank	295,975	-	-	-	295,975
Treasury bills and notes	690,654	-	-	-	690,654
	6,729,426	-	-	-	6,729,426
Money Market Funds	19,802,433	19,802,433	-	-	-
Total Primary Government	26,531,859	19,802,433	-	-	6,729,426
Discretely Presented Component Units					
Rockwall Economic Development					
Money Market Funds	10,124,962	10,124,962	-	-	-
Rockwall Technology Park					
Money Market Funds	40,428	40,428	-	-	-
Total Discrete Component Units	10,165,390	10,165,390	-	-	-
Total Reporting Entity	\$ 36,697,249	\$ 29,967,823	\$ -	\$ -	\$ 6,729,426

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments – continued

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

Governmental activities	\$ 21,417,173
Business-type activities	3,985,260
Fiduciary Fund	1,129,426
Discrete component units:	
Rockwall Economic Development Corporation	10,124,962
Rockwall Technology Park	<u>40,428</u>
	<u>\$ 36,697,249</u>

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

B. Receivables

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

	General	Debt Service	GO Bonds Capital	Nonmajor and Other	Water and Sewer	Internal Service
Taxes receivable - delinquent	\$ <u>171,059</u>	\$ <u>176,200</u>	\$ <u>-</u>	\$ <u>9,337</u>	\$ <u>-</u>	\$ <u>-</u>
Fines receivable	352,327					
Allowance for uncollectibles	\$ <u>(112,090)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
	\$ <u>240,237</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Accrued Interest	\$ <u>5,440</u>	\$ <u>-</u>	\$ <u>21,946</u>	\$ <u>1,437</u>	\$ <u>-</u>	\$ <u>-</u>
Accounts receivable	\$ 137,756	\$ -	\$ -	\$ 329,976	\$ 3,101,086	\$ -
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(781,861)</u>	<u>-</u>
Net other receivables	\$ <u>137,756</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>329,976</u>	\$ <u>2,319,225</u>	\$ <u>-</u>
Assessments receivable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>86,680</u>	\$ <u>-</u>	\$ <u>-</u>
Other receivables	\$ <u>140,892</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,187</u>	\$ <u>-</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

C. Deferred/Unearned Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 200,775	\$ -
Contract receivable not yet due (General Fund)	330,700	-
Fines receivable (General Fund)	147,202	-
Delinquent property taxes receivable (Debt Service Fund)	193,331	-
Delinquent property taxes receivable (Harbor Debt Service)	9,337	-
Assessments receivable not yet due (Street Improvements)	86,680	-
Seizures not awarded (Narcotics Unit)	<u>101,720</u>	<u>101,720</u>
	<u>\$ 1,069,745</u>	<u>\$ 101,720</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets

Capital asset activity of the primary government for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Retirements	Completed Construction	Balance 9/30/2014
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 14,377,674	\$ -	\$ -	\$ 2,861,098	\$ 17,238,772
Construction in progress	7,892,474	6,964,353	-	(7,991,304)	6,865,523
Total capital assets not being depreciated	<u>22,270,148</u>	<u>6,964,353</u>	<u>-</u>	<u>(5,130,206)</u>	<u>24,104,295</u>
Capital assets being depreciated:					
Buildings	19,683,460	177,033	-	148,947	20,009,440
Improvements other than buildings	29,334,932	480,056	-	1,281,259	31,096,247
Machinery and equipment	17,128,172	1,042,898	(423,890)	-	17,747,180
Infrastructure	194,195,174	4,760,116	-	3,700,000	202,655,290
Total capital assets being depreciated	<u>260,341,738</u>	<u>6,460,103</u>	<u>(423,890)</u>	<u>5,130,206</u>	<u>271,508,157</u>
Less accumulated depreciation for:					
Buildings	(5,084,726)	(660,489)	-	-	(5,745,215)
Improvements other than buildings	(9,621,456)	(1,698,168)	-	-	(11,319,624)
Machinery and equipment	(10,792,500)	(1,506,233)	423,890	-	(11,874,843)
Infrastructure	(65,750,527)	(6,616,546)	-	-	(72,367,073)
Total accumulated depreciation	<u>(91,249,209)</u>	<u>(10,481,436)</u>	<u>423,890</u>	<u>-</u>	<u>(101,306,755)</u>
Total capital assets being depreciated, net	<u>169,092,529</u>	<u>(4,021,333)</u>	<u>-</u>	<u>5,130,206</u>	<u>170,201,402</u>
Governmental activities capital assets, net	<u>\$ 191,362,677</u>	<u>\$ 2,943,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,305,697</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

	Balance 9/30/2013	Additions	Retirements	Completed Construction	Balance 9/30/2014
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 799,533	\$ -	\$ -	\$ -	\$ 799,533
Construction in progress	350,043	2,502,371	-	(893,714)	1,958,700
Total capital assets not being depreciated	<u>1,149,576</u>	<u>2,502,371</u>	<u>-</u>	<u>(893,714)</u>	<u>2,758,233</u>
Capital assets being depreciated:					
Buildings	198,109	-	-	-	198,109
Improvements other than buildings	106,567,453	3,991,004	-	893,714	111,452,171
Sewage treatment plants and pump station	12,516,072	-	-	-	12,516,072
Machinery and equipment	4,961,534	-	(12,133)	-	4,949,401
Total capital assets being depreciated	<u>124,243,168</u>	<u>3,991,004</u>	<u>(12,133)</u>	<u>893,714</u>	<u>129,115,753</u>
Less accumulated depreciation for:					
Buildings	(124,743)	(5,434)	-	-	(130,177)
Improvements other than buildings	(20,923,546)	(2,180,196)	-	-	(23,103,742)
Sewage treatment plants and pump station	(5,411,420)	(248,847)	-	-	(5,660,267)
Machinery and equipment	(4,172,630)	(118,336)	12,133	-	(4,278,833)
Total accumulated depreciation	<u>(30,632,339)</u>	<u>(2,552,813)</u>	<u>12,133</u>	<u>-</u>	<u>(33,173,019)</u>
Total capital assets being depreciated, net	<u>93,610,829</u>	<u>1,438,191</u>	<u>-</u>	<u>893,714</u>	<u>95,942,734</u>
Governmental activities capital assets, net	<u>\$ 94,760,405</u>	<u>\$ 3,940,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,700,967</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

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

Governmental activities:

Administration	\$	691,606
Finance		160,674
Municipal Court		64,534
Police		601,008
Fire		852,710
Public Works		6,807,183
Community Development		14,049
Parks & Recreation		<u>1,289,671</u>
 Total depreciation expense - governmental activities	 \$	 <u><u>10,481,435</u></u>

Business-type activities

Water and Sewer	\$	<u><u>2,552,814</u></u>
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Construction commitments

The City has active construction projects as of September 30, 2014. At year end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Harbor Infrastructure Project	\$ 3,678,311	\$ 21,689
Downtown Bond Project	<u>4,136,065</u>	<u>4,488,935</u>
	<u>\$ 7,814,376</u>	<u>\$ 4,510,624</u>
 Utility Project	 <u>\$ 1,461,900</u>	 <u>\$ 688,710</u>
 REDC Infrastructure Project	 <u>\$ 2,034,014</u>	 <u>\$ 1,025,236</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

Capital asset activity of the Rockwall Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2014, was as follows:

	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>9/30/2014</u>
Capital assets being depreciated:					
Furniture and fixtures	\$ 123,424	\$ -	\$ -	\$ -	\$ 123,424
Total capital assets being depreciated	<u>123,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,424</u>
Less accumulated depreciation for:					
Furniture and fixtures	(79,470)	(5,809)			(85,279)
Total accumulated depreciation	<u>(79,470)</u>	<u>(5,809)</u>	<u>-</u>	<u>-</u>	<u>(85,279)</u>
Total capital assets being depreciated, net	<u>\$ 43,954</u>	<u>\$ (5,809)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,145</u>

E. Inter-fund receivables, payables, and transfers

The composition of inter-fund balances as of September 30, 2014, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 324,656	\$ -
Internal Service	-	40,829
Non-major Governmental Funds	-	269,221
Discretely Presented Component Unit	<u>-</u>	<u>14,605</u>
Totals	<u>\$ 324,656</u>	<u>\$ 324,655</u>

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

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

The composition of inter-fund transfers for the year ended September 30, 2014, is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$ 311,782	\$ 3,019,724
G.O. Bonds Capital Projects	1,370,224	-
Non-major Governmental Funds	1,087,633	2,237,965
Water and Sewer Enterprise Fund	-	1,091,950
Internal Service Funds	<u>3,580,000</u>	<u>-</u>
Total	<u>\$ 6,349,639</u>	<u>\$ 6,349,639</u>

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt

General obligation debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City. General obligation debt outstanding as of September 30, 2014, is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2014
Governmental Activities					
General Obligation Bonds:					
Refunding	\$ 4,024,394	2003	2015	2.00% - 4.00%	339,632
Refunding and improvements	13,345,000	2005	2020	3.00% - 4.50%	2,210,000
Improvements	35,775,000	2006	2036	4.50% - 5.50%	27,940,000
Improvements	21,765,000	2007	2037	5.13% - 6.13%	18,130,000
Improvements	9,515,000	2008	2028	2.05% - 2.50%	7,515,000
Improvements	9,065,000	2009	2029	2.00% - 4.60%	6,180,000
Improvements and refunding	8,535,000	2011	2031	2.00% - 5.00%	7,815,000
Improvements	7,905,000	2013	2033	2.00% - 5.00%	7,615,000
Refunding	9,820,000	2014	2025	2.28%	9,660,000
Total General Obligation Bonds					<u>87,404,632</u>
Certificates of Obligation Bonds:					
Improvements	12,415,000	2005	2018	3.00% - 5.00%	6,410,000
Improvements	5,270,000	2006	2026	4.25% - 5.00%	2,845,000
Improvements	820,000	2012	2016	1.215%	415,000
Improvements	5,125,000	2009	2029	2.00% - 4.60%	2,805,000
Improvements	4,675,000	2011	2031	2.00% - 4.25%	4,385,000
Improvements	1,330,000	2011	2031	2.00% - 5.30%	1,330,000
Improvements	2,625,000	2013	2033	2.00% - 4.38%	2,265,000
Total Certificates of Obligation					<u>20,455,000</u>
Total Governmental Activities General Obligation Debt					<u>107,859,632</u>
Business-type Activities					
General Obligation Bonds:					
Refunding	300,606	2003	2015	2.00% - 4.00%	25,638
Certificates of Obligation:					
Improvements	10,310,000	2007	2027	4.25% - 4.50%	7,690,000
Improvements	16,895,000	2008	2028	3.00% - 5.00%	13,325,000
Improvements	5,740,000	2008	2028	3.00% - 5.00%	3,535,000
Improvements	3,480,000	2013	2031	2.00% - 4.38%	3,350,000
Total Certificates of Obligation					<u>27,900,000</u>
Total business-type general obligation debt					<u>27,925,638</u>
Total General Debt					<u>\$ 135,785,270</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

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

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 6,999,632	\$ 4,554,660	\$ 1,705,368	\$ 1,204,716	\$ 14,464,376
2016	6,820,000	4,288,047	1,745,000	1,145,651	13,998,698
2017	6,525,000	4,022,990	1,830,000	1,083,976	13,461,966
2018	6,580,000	3,758,959	1,905,000	1,015,513	13,259,472
2019	6,885,000	3,476,521	1,995,000	941,801	13,298,322
2020 - 2024	31,610,000	13,436,580	9,885,000	3,396,624	58,328,204
2025 - 2029	25,265,000	6,976,847	7,940,000	1,110,751	41,292,598
2030 - 2034	12,310,000	2,701,425	920,000	102,544	16,033,969
2035- 2039	4,865,000	410,213	-	-	5,275,213
Total	\$ 107,859,632	\$ 43,626,242	\$ 27,925,368	\$ 10,001,576	\$ 189,412,818

Revenue bonds

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service. Revenue bonds outstanding as of September 30, 2014, are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2014
Revenue Bonds					
Refunding and improvements	\$ 6,415,000	2005	2025	3.00% - 4.50%	\$ 3,495,000
Total Revenue Bonds					3,495,000
Less unamortized premium (discount) on bonds					<u>38,838</u>
Total Revenue Bonds					<u>\$ 3,533,838</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Annual debt service requirements to maturity for revenue bonds are as follows:

Year	Water and Sewer Fund		Total
	Principal	Interest	
2015	\$ 260,000	\$ 147,294	\$ 407,294
2016	270,000	136,894	406,894
2017	280,000	126,094	406,094
2018	290,000	114,894	404,894
2019	300,000	103,294	403,294
2020 - 2024	1,705,000	315,175	2,020,175
2025 - 2029	390,000	17,550	407,550
Total	3,495,000	\$ 961,195	\$ 4,456,195
Unamortized Discount	38,838		
Total Revenue Bonds	\$ 3,533,838		

Capitalized lease obligations

The City has entered into a contract with a software vendor for an upgrade to the public safety software system. This contract has been treated as a capitalized lease.

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Capitalized lease obligations outstanding as of September 30, 2014, are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2014
Capital Leases					
Governmental activities					
Public safety computer upgrade	\$ 330,870	2010	2016	4.45%	\$ <u>100,855</u>
Business-type activities					
South plant improvements	1,800,000	1996	2016	various	280,000
Ground storage facility	2,013,434	2005	2025	various	1,320,067
Pump station	2,145,000	2006	2026	various	1,530,000
Buffalo Creek plant	2,960,000	2008	2028	various	<u>2,355,000</u>
					<u>5,485,067</u>
Total Capitalized Lease Obligations					<u>\$ 5,585,922</u>

Future minimum lease payments under capitalized lease obligations as of September 30, 2014, are as follows:

Year	Governmental Activities	Business-type Activities	Total
2015	\$ 53,818	\$ 712,304	\$ 766,122
2016	53,818	717,674	771,492
2017	-	563,717	563,717
2018	-	561,522	561,522
2019	-	566,822	566,822
2020 - 2024	-	2,855,559	2,855,559
2025 - 2029	-	1,491,343	1,491,343
Total payments	107,636	7,468,941	7,576,577
Less imputed interest	<u>(6,781)</u>	<u>(1,983,874)</u>	<u>(1,990,655)</u>
Total Capital Lease Obligations	<u>\$ 100,855</u>	<u>\$ 5,485,067</u>	<u>\$ 5,585,922</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Changes in long-term liabilities

Long-term liability activity of the primary government for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Retirements	Balance 9/30/2014	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 88,562,670	\$ 9,820,000	\$ (10,978,038)	\$ 87,404,632	\$ 4,674,632
Certificates of obligation	25,440,000	-	(4,985,000)	20,455,000	2,325,000
Unamortized premium (discount)	<u>2,024,500</u>	<u>-</u>	<u>(103,339)</u>	<u>1,921,161</u>	<u>108,875</u>
Total bonds payable	116,027,170	9,820,000	(16,066,377)	109,780,793	7,108,507
Capital lease obligations	148,083	-	(47,228)	100,855	49,330
Compensated absences	<u>1,309,128</u>	<u>1,465,665</u>	<u>(1,433,932)</u>	<u>1,340,861</u>	<u>335,215</u>
Governmental activity long-term liabilities	<u>\$ 117,484,381</u>	<u>\$ 11,285,665</u>	<u>\$ (17,547,537)</u>	<u>\$ 111,222,509</u>	<u>\$ 7,493,052</u>
Business-type activities:					
General obligation bonds and certificates	\$ 29,557,330	\$ -	\$ (1,631,962)	\$ 27,925,368	\$ 1,705,368
Revenue bonds	3,865,000	-	(370,000)	3,495,000	260,000
Unamortized premium (discount)	<u>235,920</u>	<u>-</u>	<u>(12,789)</u>	<u>223,131</u>	<u>14,457</u>
Total bonds payable	33,658,250	-	(2,014,751)	31,643,499	1,979,825
Capital lease obligations	5,910,072	-	(425,005)	5,485,067	443,338
Compensated absences	<u>113,561</u>	<u>209,182</u>	<u>(207,477)</u>	<u>115,266</u>	<u>28,816</u>
Business-type activities	<u>\$ 39,681,883</u>	<u>\$ 209,182</u>	<u>\$ (2,647,233)</u>	<u>\$ 37,243,832</u>	<u>\$ 2,451,979</u>

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Authorized and unissued debt

The following table details the status of all authorized and unissued debt as of September 30, 2014:

Year Authorized	General Obligation Bonds		Balance Unissued 9/30/2014
	Amount Authorized	Amount Issued	
1985	\$ 1,500,000	\$ (600,000)	\$ 900,000
1994	4,100,000	(3,600,000)	500,000
2012	<u>27,800,000</u>	<u>(7,905,000)</u>	<u>19,895,000</u>
Totals	<u>\$ 33,400,000</u>	<u>\$ (12,105,000)</u>	<u>\$ 21,295,000</u>

Year Authorized	Revenue Bonds		Balance Unissued 9/30/2014
	Amount Authorized	Amount Issued	
1980	\$ 2,000,000	\$ (1,060,000)	\$ 940,000
1985	<u>1,540,000</u>	<u>-</u>	<u>1,540,000</u>
Totals	<u>\$ 3,540,000</u>	<u>\$ (1,060,000)</u>	<u>\$ 2,480,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Discretely presented component units

REDC, a discretely presented component unit, has the following debt outstanding as of September 30, 2014:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2014
Sales Tax Revenue Bonds:					
Improvements	\$ 4,545,000	2008	2028	7.00%	\$ 3,715,000
Improvements	4,595,000	2013	2033	2% - 4.00%	4,430,000
Improvements	2,405,000	2012	2019	2.00%	1,750,000
Total Sales Tax Revenue Bonds					<u>9,895,000</u>
Certificates of Obligation					
Infrastructure improvements	3,225,000	2005	2015	3.00% - 5.00%	390,000
Infrastructure improvements	5,540,000	2006	2026	4.25% - 5.00%	3,905,000
Infrastructure improvements	6,130,000	2008	2028	3.00% - 5.00%	4,835,000
Infrastructure improvements	2,625,000	2013	2033	1.65% - 5.82%	7,325,000
Total Certificates of Obligation					<u>16,455,000</u>
Total					<u>\$ 26,350,000</u>

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

Year	Governmental Activities		Total
	Principal	Interest	
2015	\$ 1,830,000	\$ 1,204,392	\$ 3,034,392
2016	1,495,000	1,138,630	2,633,630
2017	1,550,000	1,086,660	2,636,660
2018	1,605,000	1,029,957	2,634,957
2019	1,670,000	970,569	2,640,569
2020 - 2024	7,525,000	3,843,148	11,368,148
2025 - 2029	7,345,000	1,825,882	9,170,882
2030 - 2034	3,330,000	420,685	3,750,685
Total	<u>\$ 26,350,000</u>	<u>\$ 11,519,923</u>	<u>\$ 37,869,923</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Long-term liability activity of the REDC for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Retirements	Balance 9/30/2014	Due Within One Year
Sales tax revenue bonds	\$ 10,545,000	\$ -	\$ (650,000)	\$ 9,895,000	\$ 660,000
Certificates of obligation	17,590,000	-	(1,135,000)	16,455,000	1,170,000
Unamortized premium (discount)	<u>274,298</u>	<u>-</u>	<u>(19,443)</u>	<u>254,855</u>	<u>22,236</u>
Total bonds payable	28,409,298	-	(1,804,443)	26,604,855	1,852,236
Compensated absences	<u>24,379</u>	<u>13,984</u>	<u>(15,618)</u>	<u>22,745</u>	<u>5,686</u>
Total	<u>\$ 28,433,677</u>	<u>\$ 13,984</u>	<u>\$ (1,820,061)</u>	<u>\$ 26,627,600</u>	<u>\$ 1,857,922</u>

5. 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 \$75,000 per covered individual, or approximately \$2,395,196 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, 2014.

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

A. Risk management – continued

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

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

	Employee Benefits		Worker's Compensation	
	2014	2013	2014	2013
Claims payable beginning of the year	\$ 439,333	\$ 187,894	\$ 10,830	\$ 37,968
Claims incurred	3,062,330	3,693,080	40,705	92,479
Payment on claims	(3,026,488)	(3,441,641)	(46,450)	(119,617)
	<u>\$ 475,175</u>	<u>\$ 439,333</u>	<u>\$ 5,085</u>	<u>\$ 10,830</u>

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

B. North Texas Municipal Water District

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

B. North Texas Municipal Water District – continued

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

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

The outstanding principal balance on the bond issues as of September 30, 2014, is \$5,485,067. See Note 4F for the annual requirements to amortize the bonds as of September 30, 2014.

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

C. Contingent liabilities and commitments

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

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

As described in Note 4F above, the general revenues of the City are contingently liable in the amount of \$29,925,368 for general obligation bonds and certificates of obligation which are currently outstanding and recorded as obligations of the Enterprise Fund.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

C. Contingent liabilities and commitments – continued

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

The Rockwall Economic Development Corporation provides monetary incentives to companies to relocate within the City of Rockwall. At September 30, 2014, these commitments totaled \$6,490,518.

D. Employee retirement systems and pension plans

Texas Municipal Retirement System

Plan Description – The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 850 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publically available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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:

Benefits – Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Employee retirement systems and pension plans – continued

Contributions – The contribution rate for the employees is 7% , and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's amortization period. The Projected Unit Credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2012 valuation is effective for rates beginning January 2014.

	Actuarial Assumptions
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
GASB 24 Equivalent Single Amortization Period	30.0 Years - Closed Period
Amortization Period for New Gains/Losses	30 Years
Asset Valuation Method	10 Year Smoothed Market
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1%

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Employee retirement systems and pension plans – continued

A schedule of funding progress as of the three most recent actuarial valuation dates is as follows:

Actuarial Valuation Date	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
Actuarial Value of Asset	\$ 50,695,022	\$ 45,252,432	\$ 40,528,030
Actuarial Accrued Liabilities	\$ 64,414,139	\$ 57,979,914	\$ 55,019,733
Percentage Funded	78.7%	78.0%	73.7%
Unfunded (Over-funded) Actuarial Accrued Liability	\$ 13,719,117	\$ 12,727,482	\$ 14,491,703
Annual Covered Payroll	\$ 15,053,257	\$ 15,319,206	\$ 15,245,963
UAAL as a Percentage of Covered Payroll	91.1%	83.1%	95.1%
Net Pension Obligation (NPO)	\$ -	\$ -	\$ -

	<u>Fiscal Year Ended September 30,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ 2,404,006	\$ 2,351,862	\$ 2,316,015
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	<u>2,404,006</u>	<u>2,351,862</u>	<u>2,316,015</u>
Contributions Made (100%)	2,404,006	2,351,862	2,316,015
Increase in NPO	-	-	-
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Texas Statewide Emergency Services Personnel Retirement Fund

The City acts as agent for the Texas Statewide Emergency Services Personnel Retirement Fund (the "Fund") which is a component unit of the State of Texas. The City reimbursed the Fund \$40,700 for benefits paid on a pay-as-you-go basis during the year in recognition of services provided to the City by volunteer emergency services personnel. The Fund has a Board of Directors not designated by City officials and is administered by the State Fire Fighters' Pension Commissioner. There are 30 active participants currently covered by the Fund and payments are being made to 25 retirees or their survivors. The Fund does not prepare separate financial statements for participating departments; however, financial statements for the Fund as a whole may be obtained from the administrator at Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, Texas 78711.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKWALL, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 8,387,100	\$ 8,513,000	\$ 8,413,555	\$ (99,445)
Sales taxes	13,158,000	13,427,000	13,729,967	302,967
Franchise taxes	2,755,000	2,912,600	3,016,446	103,846
Charges for services	267,100	333,600	441,825	108,225
Permits	939,000	976,000	1,019,130	43,130
Municipal court	1,042,000	1,072,000	1,099,459	27,459
Intergovernmental	548,750	576,300	580,379	4,079
Interest income	40,000	20,000	25,209	5,209
Miscellaneous	95,500	170,800	177,114	6,314
Total revenues	<u>27,232,450</u>	<u>28,001,300</u>	<u>28,503,084</u>	<u>501,784</u>
Expenditures:				
Current:				
Mayor/council	115,750	98,750	94,747	4,003
Administration	3,992,000	3,790,600	3,783,115	7,485
Finance	688,950	697,750	678,198	19,552
Municipal court	364,550	429,050	415,220	13,830
Police	9,107,850	9,540,950	9,361,489	179,461
Fire	2,928,900	2,805,900	2,756,601	49,299
Public works	3,899,900	3,972,300	3,876,741	95,559
Community development	1,862,000	1,747,400	1,699,428	47,972
Parks and recreation	2,912,750	2,934,800	2,907,884	26,916
Total current	<u>25,872,650</u>	<u>26,017,500</u>	<u>25,573,423</u>	<u>444,077</u>
Capital outlay:				
Administration	354,700	365,200	345,656	19,544
Police	572,150	581,450	582,076	(626)
Fire	195,400	195,400	141,389	54,011
Public works	42,900	42,900	41,982	918
Parks and recreation	83,600	83,600	80,960	2,640
Total capital outlay	<u>1,248,750</u>	<u>1,268,550</u>	<u>1,192,063</u>	<u>76,487</u>
Total expenditures	<u>27,121,400</u>	<u>27,286,050</u>	<u>26,765,486</u>	<u>520,564</u>
Excess of revenues over expenditures	<u>111,050</u>	<u>715,250</u>	<u>1,737,598</u>	<u>1,022,348</u>
Other financing sources (uses):				
Transfers in	737,100	311,800	311,782	(18)
Transfers out	(2,643,000)	(3,019,750)	(3,019,724)	26
Total other financing sources (uses)	<u>(1,905,900)</u>	<u>(2,707,950)</u>	<u>(2,707,942)</u>	<u>8</u>
Net change in fund balances	(1,794,850)	(1,992,700)	(970,344)	1,022,356
Fund balances, October 1	<u>11,275,984</u>	<u>11,275,984</u>	<u>11,275,984</u>	<u>-</u>
Fund balances, September 30	<u>\$ 9,481,134</u>	<u>\$ 9,283,284</u>	<u>\$ 10,305,640</u>	<u>\$ 1,022,356</u>

CITY OF ROCKWALL, TEXAS
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2011	\$ 40,528,030	\$ 55,019,733	73.7%	\$ 14,491,703	\$ 15,245,963	95.1%
12/31/2012	45,252,432	57,979,914	78.0%	12,727,482	15,319,206	83.1%
12/31/2013	50,695,022	64,414,139	78.7%	13,719,117	15,053,257	91.1%

*COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES
AS SUPPLEMENTARY INFORMATION*

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Special Revenue Funds	Harbor Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	\$ 209,320	\$ -	\$ 812,207	\$ 1,021,527
Investments	1,931,450	-	1,431,960	3,363,410
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	-	9,337	-	9,337
Interest	-	-	1,437	1,437
Accounts	189,355	140,621	-	329,976
Assessments	86,680	-	-	86,680
Due from other funds	-	-	-	-
Due from other governments	-	40,504	-	40,504
Inventory	3,548	-	-	3,548
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>2,420,353</u>	\$ <u>190,462</u>	\$ <u>2,245,604</u>	\$ <u>4,856,419</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 47,301	\$ -	\$ 30,380	\$ 77,681
Due to other funds	-	269,221	-	269,221
Total Liabilities	<u>47,301</u>	<u>269,221</u>	<u>30,380</u>	<u>346,902</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	-	9,337	-	9,337
Unavailable revenue - other	188,400	-	-	188,400
Total Deferred Inflows of Resources	<u>188,400</u>	<u>9,337</u>	<u>-</u>	<u>197,737</u>
FUND BALANCES:				
Restricted	-	(88,096)	-	(88,096)
Committed	-	-	-	-
Assigned	2,184,652	-	2,215,224	4,399,876
Total Fund Balances	<u>2,184,652</u>	<u>(88,096)</u>	<u>2,215,224</u>	<u>4,311,780</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>2,420,353</u>	\$ <u>190,462</u>	\$ <u>2,245,604</u>	\$ <u>4,856,419</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds	Debt Service Fund Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Ad valorem taxes, penalty and interest	\$ -	\$ 515,585	\$ -	\$ 515,585
Sales taxes	325,057	286,254	-	611,311
Charges for services	585,949	-	-	585,949
Permits	475	-	-	475
Municipal court	61,824	-	-	61,824
Intergovernmental	43,666	-	-	43,666
Interest income	175	-	4,177	4,352
Miscellaneous	331,051	-	200	331,251
Contributions and donations	189,529	230,137	-	419,666
Total revenues	<u>1,537,726</u>	<u>1,031,976</u>	<u>4,377</u>	<u>2,574,079</u>
Expenditures:				
Current:				
Administration	214,729	-	-	214,729
Finance	307,536	-	-	307,536
Police	62,079	-	-	62,079
Fire	9,697	-	-	9,697
Parks and recreation	298,074	-	-	298,074
Total current	<u>892,115</u>	<u>-</u>	<u>-</u>	<u>892,115</u>
Capital outlay				
Administration	66,374	-	62,827	129,201
Finance	-	-	103,344	103,344
Police	129,468	-	-	129,468
Fire	192,960	-	-	192,960
Parks and recreation	196,581	-	-	196,581
Public works	900,000	-	1,095,915	1,995,915
Total capital outlay	<u>1,485,383</u>	<u>-</u>	<u>1,262,086</u>	<u>2,747,469</u>
Debt service				
Principal	-	910,000	-	910,000
Interest	-	411,888	-	411,888
Bond issuance costs	-	-	-	-
Total debt service	<u>-</u>	<u>1,321,888</u>	<u>-</u>	<u>1,321,888</u>
Total expenditures	<u>2,377,498</u>	<u>1,321,888</u>	<u>1,262,086</u>	<u>4,961,472</u>
Excess of revenues over (under) expenditures	<u>(839,772)</u>	<u>(289,912)</u>	<u>(1,257,709)</u>	<u>(2,387,393)</u>
Other financing sources (uses):				
Transfers in	918,683	-	168,950	1,087,633
Transfers out	(993,965)	-	(1,244,000)	(2,237,965)
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	-
Total other financing sources (uses)	<u>(75,282)</u>	<u>-</u>	<u>(1,075,050)</u>	<u>(1,150,332)</u>
Net change in fund balances	(915,054)	(289,912)	(2,332,759)	(3,537,725)
Fund balances, October 1	3,099,706	201,816	4,547,983	7,849,505
Fund balances, September 30	<u>\$ 2,184,652</u>	<u>\$ (88,096)</u>	<u>2,215,224</u>	<u>\$ 4,311,780</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2014

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Narcotics Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS														
Cash and cash equivalents	\$ 1,500	\$ 15,983	\$ 103,344	\$ 8,844	\$ 4,405	\$ 5,193	\$ 1,137	\$ 19,731	\$ 8,319	\$ 8,590	\$ 1,924	\$ 3,911	\$ 26,439	\$ 209,320
Investments	102,949	189,755	243,038	-	158,175	51,911	266,060	-	103,140	22,998	53,168	-	740,256	1,931,450
Receivables (net of allowances for uncollectibles):														
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	350	-	95,620	87,171	-	3,075	3,121	-	-	18	-	189,355
Assessments	-	-	-	-	86,680	-	-	-	-	-	-	-	-	86,680
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	3,548	-	-	-	-	-	3,548
Total assets	<u>\$ 104,449</u>	<u>\$ 205,738</u>	<u>\$ 346,732</u>	<u>\$ 8,844</u>	<u>\$ 344,880</u>	<u>\$ 144,275</u>	<u>\$ 267,197</u>	<u>\$ 26,354</u>	<u>\$ 114,580</u>	<u>\$ 31,588</u>	<u>\$ 55,092</u>	<u>\$ 3,929</u>	<u>\$ 766,695</u>	<u>\$ 2,420,353</u>
LIABILITIES														
Liabilities:														
Accounts payable and accrued liabilities	\$ -	\$ 818	\$ 32,456	\$ 1,120	\$ -	\$ 135	\$ -	\$ 743	\$ -	\$ -	\$ 1,085	\$ -	\$ 10,944	\$ 47,301
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>818</u>	<u>32,456</u>	<u>1,120</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>743</u>	<u>-</u>	<u>-</u>	<u>1,085</u>	<u>-</u>	<u>10,944</u>	<u>47,301</u>
DEFERRED INFLOWS OF RESOURCES														
Unavailable revenue - other	-	-	-	-	86,680	-	-	-	-	-	-	-	101,720	188,400
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,720</u>	<u>188,400</u>
FUND BALANCES														
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	104,449	204,920	314,276	7,724	258,200	144,140	267,197	25,611	114,580	31,588	54,007	3,929	654,031	2,184,652
Total fund balances	<u>104,449</u>	<u>204,920</u>	<u>314,276</u>	<u>7,724</u>	<u>258,200</u>	<u>144,140</u>	<u>267,197</u>	<u>25,611</u>	<u>114,580</u>	<u>31,588</u>	<u>54,007</u>	<u>3,929</u>	<u>654,031</u>	<u>2,184,652</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 104,449</u>	<u>\$ 205,738</u>	<u>\$ 346,732</u>	<u>\$ 8,844</u>	<u>\$ 344,880</u>	<u>\$ 144,275</u>	<u>\$ 267,197</u>	<u>\$ 26,354</u>	<u>\$ 114,580</u>	<u>\$ 31,588</u>	<u>\$ 55,092</u>	<u>\$ 3,929</u>	<u>\$ 766,695</u>	<u>\$ 2,420,353</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Narcotics Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:														
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 325,057
Charges for services	-	-	482,630	41,798	-	-	58,250	-	-	3,271	-	-	-	585,949
Permits	475	-	-	-	-	-	-	-	-	-	-	-	-	475
Municipal court	-	61,824	-	-	-	-	-	-	-	-	-	-	-	61,824
Intergovernmental	-	36,741	-	-	-	-	-	6,925	-	-	-	-	-	43,666
Interest income	-	-	-	-	175	-	-	-	-	-	-	-	-	175
Miscellaneous	2,400	-	0	-	149,823	-	-	41,123	24,711	-	-	-	112,994	331,051
Contributions and donations	-	912	175,649	-	-	-	-	-	-	-	12,650	318	-	189,529
Total revenues	2,875	99,477	658,279	41,798	149,998	325,057	58,250	48,048	24,711	3,271	12,650	318	112,994	1,537,726
Expenditures:														
Current:														
Administration	-	-	-	175,677	-	-	-	35,547	3,505	-	-	-	-	214,729
Finance	-	-	-	-	-	307,536	-	-	-	-	-	-	-	307,536
Police	-	46,260	-	-	-	-	-	-	-	-	-	-	15,819	62,079
Fire	-	-	-	-	-	-	9,697	-	-	-	-	-	-	9,697
Parks and recreation	-	-	281,710	-	-	-	-	-	-	-	16,364	-	-	298,074
Total current	-	46,260	281,710	175,677	-	307,536	9,697	35,547	3,505	-	16,364	-	15,819	892,115
Capital outlay:														
Police	-	4,141	-	-	-	-	-	-	-	-	-	-	125,327	129,468
Administration	-	-	-	59,559	-	-	-	6,815	-	-	-	-	-	66,374
Fire	-	-	-	-	-	-	192,960	-	-	-	-	-	-	192,960
Public works	-	-	-	-	900,000	-	-	-	-	-	-	-	-	900,000
Parks and recreation	-	-	196,581	-	-	-	-	-	-	-	-	-	-	196,581
Total capital outlay	-	4,141	196,581	59,559	900,000	-	192,960	6,815	-	-	-	-	125,327	1,485,383
Debt Service:														
Total expenditures	-	50,401	478,291	235,236	900,000	307,536	202,657	42,362	3,505	-	16,364	-	141,146	2,377,498
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures	2,875	49,076	179,988	(193,438)	(750,002)	17,521	(144,407)	5,686	21,206	3,271	(3,714)	318	(28,152)	(839,772)
Other financing sources (uses):														
Transfers in	-	-	40,500	185,000	-	-	-	11,000	-	-	-	-	682,183	918,683
Transfers out	-	(707,183)	(110,000)	-	-	-	-	-	-	-	-	-	(176,782)	(993,965)
Total other financing sources (uses)	-	(707,183)	(69,500)	185,000	-	-	-	11,000	-	-	-	-	505,401	(75,282)
Net change in fund balances	2,875	(658,107)	110,488	(8,438)	(750,002)	17,521	(144,407)	16,686	21,206	3,271	(3,714)	318	477,249	(915,054)
Fund balances, October 1	101,574	863,027	203,788	16,162	1,008,202	126,619	411,604	8,925	93,374	28,317	57,721	3,611	176,782	3,099,706
Fund balances, September 30	\$ 104,449	\$ 204,920	\$ 314,276	\$ 7,724	\$ 258,200	\$ 144,140	\$ 267,197	\$ 25,611	\$ 114,580	\$ 31,588	\$ 54,007	\$ 3,929	\$ 654,031	\$ 2,184,652

CITY OF ROCKWALL, TEXAS
CEMETERY FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 500	\$ 500	\$ 475	\$ (25)
Miscellaneous	2,000	2,000	2,400	400
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,875</u>	<u>375</u>
Expenditures:				
Current:				
Parks and recreation	6,000	6,000	-	6,000
Total capital outlay	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net change in fund balances	(3,500)	(3,500)	2,875	6,375
Fund balances, October 1	<u>101,574</u>	<u>101,574</u>	<u>101,574</u>	<u>-</u>
Fund balances, September 30	<u>\$ 98,074</u>	<u>\$ 98,074</u>	<u>\$ 104,449</u>	<u>\$ 6,375</u>

CITY OF ROCKWALL, TEXAS
PUBLIC SAFETY FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 65,500	\$ 65,500	\$ 61,824	\$ (3,676)
Intergovernmental	36,750	36,750	36,741	(9)
Interest income	500	50	-	(50)
Contributions and donations	-	-	912	912
Total revenues	<u>102,750</u>	<u>102,300</u>	<u>99,477</u>	<u>(2,823)</u>
Expenditures:				
Current:				
Police	46,750	70,950	46,260	24,690
Total current	<u>46,750</u>	<u>70,950</u>	<u>46,260</u>	<u>24,690</u>
Capital outlay:				
Police	-	4,200	4,141	59
Total capital outlay	<u>-</u>	<u>4,200</u>	<u>4,141</u>	<u>59</u>
Total expenditures	<u>46,750</u>	<u>75,150</u>	<u>50,401</u>	<u>24,749</u>
Excess of revenues over (under) expenditures	<u>56,000</u>	<u>27,150</u>	<u>49,076</u>	<u>21,926</u>
Other financing sources (uses):				
Transfers out	(25,000)	(707,200)	(707,183)	17
Total other financing sources (uses)	<u>(25,000)</u>	<u>(707,200)</u>	<u>(707,183)</u>	<u>17</u>
Net change in fund balances	31,000	(680,050)	(658,107)	21,943
Fund balances, October 1	<u>863,027</u>	<u>863,027</u>	<u>863,027</u>	<u>-</u>
Fund balances, September 30	<u>\$ 894,027</u>	<u>\$ 182,977</u>	<u>\$ 204,920</u>	<u>\$ 21,943</u>

CITY OF ROCKWALL, TEXAS
RECREATIONAL DEVELOPMENT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 280,000	\$ 447,000	\$ 482,630	\$ 35,630
Permits	-	-	-	-
Interest income	-	-	-	-
Contributions and donations	147,200	173,200	175,649	2,449
Total revenues	<u>427,200</u>	<u>620,200</u>	<u>658,279</u>	<u>38,079</u>
Expenditures:				
Current:				
Parks and recreation	111,000	276,000	281,710	(5,710)
Total current	<u>111,000</u>	<u>276,000</u>	<u>281,710</u>	<u>(5,710)</u>
Capital outlay:				
Parks and recreation	147,200	163,200	196,581	(33,381)
Total capital outlay	<u>147,200</u>	<u>163,200</u>	<u>196,581</u>	<u>(33,381)</u>
Total expenditures	<u>258,200</u>	<u>439,200</u>	<u>478,291</u>	<u>(39,091)</u>
Excess of revenues over (under) expenditures	<u>169,000</u>	<u>181,000</u>	<u>179,988</u>	<u>(1,012)</u>
Other financing sources (uses):				
Transfers in	-	40,500	40,500	-
Transfers out	(110,000)	(110,000)	(110,000)	-
Total other financing sources (uses)	<u>(110,000)</u>	<u>(69,500)</u>	<u>(69,500)</u>	<u>-</u>
Net change in fund balances	59,000	111,500	110,488	(1,012)
Fund balances, October 1	<u>203,787</u>	<u>203,787</u>	<u>203,787</u>	<u>-</u>
Fund balances, September 30	<u>\$ 262,787</u>	<u>\$ 315,287</u>	<u>\$ 314,275</u>	<u>\$ (1,012)</u>

CITY OF ROCKWALL, TEXAS
RADIO SYSTEM FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 47,500	\$ 41,800	\$ 41,798	\$ (2)
Total revenues	<u>47,500</u>	<u>41,800</u>	<u>41,798</u>	<u>(2)</u>
Expenditures:				
Current:				
Administration	181,450	181,450	175,677	5,773
Total expenditures	<u>181,450</u>	<u>181,450</u>	<u>175,677</u>	<u>5,773</u>
Capital outlay:				
Administration	58,150	59,750	59,559	191
Total capital outlay	<u>58,150</u>	<u>59,750</u>	<u>59,559</u>	<u>191</u>
Total expenditures	<u>239,600</u>	<u>241,200</u>	<u>235,236</u>	<u>5,964</u>
Excess of revenues over (under) expenditures	<u>(192,100)</u>	<u>(199,400)</u>	<u>(193,438)</u>	<u>(5,966)</u>
Other financing sources:				
Transfers in	175,000	185,000	185,000	-
Total other financing sources	<u>175,000</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
Net change in fund balances	(17,100)	(14,400)	(8,438)	5,962
Fund balances, October 1	<u>16,162</u>	<u>16,162</u>	<u>16,162</u>	<u>-</u>
Fund balances, September 30	<u>\$ (938)</u>	<u>\$ 1,762</u>	<u>\$ 7,724</u>	<u>\$ 5,962</u>

CITY OF ROCKWALL, TEXAS
STREET IMPROVEMENTS FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ 175	\$ 175
Miscellaneous	200	54,100	149,823	95,723
Total revenues	<u>200</u>	<u>54,100</u>	<u>149,998</u>	<u>95,898</u>
Expenditures:				
Capital outlay:				
Public works	917,500	900,000	900,000	-
Total expenditures	<u>917,500</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Net change in fund balances	(917,300)	(845,900)	(750,002)	95,898
Fund balances, October 1	<u>1,008,202</u>	<u>1,008,202</u>	<u>1,008,202</u>	<u>-</u>
Fund balances, September 30	<u>\$ 90,902</u>	<u>\$ 162,302</u>	<u>\$ 258,200</u>	<u>\$ 95,898</u>

CITY OF ROCKWALL, TEXAS
HOTEL OCCUPANCY TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 275,000	\$ 275,000	\$ 325,057	\$ 50,057
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>325,057</u>	<u>50,057</u>
Expenditures:				
Current:				
Finance	296,550	313,150	307,536	5,614
Total expenditures	<u>296,550</u>	<u>313,150</u>	<u>307,536</u>	<u>5,614</u>
Net change in fund balances	(21,550)	(38,150)	17,521	55,671
Fund balances, October 1	<u>126,619</u>	<u>126,619</u>	<u>126,619</u>	<u>-</u>
Fund balances, September 30	<u>\$ 105,069</u>	<u>\$ 88,469</u>	<u>\$ 144,140</u>	<u>\$ 55,671</u>

CITY OF ROCKWALL, TEXAS
 FIRE EQUIPMENT FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 50,000	\$ 58,250	\$ 58,250	\$ -
Interest income	250	250	-	(250)
Miscellaneous	-	-	-	-
Total revenues	<u>50,250</u>	<u>58,500</u>	<u>58,250</u>	<u>(250)</u>
Expenditures:				
Current:				
Fire	11,000	4,000	9,697	(5,697)
Total current	<u>11,000</u>	<u>4,000</u>	<u>9,697</u>	<u>(5,697)</u>
Capital outlay:				
Fire	312,000	239,000	192,960	46,040
Total capital outlay	<u>312,000</u>	<u>239,000</u>	<u>192,960</u>	<u>46,040</u>
Total expenditures	<u>323,000</u>	<u>243,000</u>	<u>202,657</u>	<u>40,343</u>
Net change in fund balances	(272,750)	(184,500)	(144,407)	40,093
Fund balances, October 1	<u>411,604</u>	<u>411,604</u>	<u>411,604</u>	<u>-</u>
Fund balances, September 30	<u>\$ 138,854</u>	<u>\$ 227,104</u>	<u>\$ 267,197</u>	<u>\$ 40,093</u>

CITY OF ROCKWALL, TEXAS
 AVIATION FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,250	\$ 3,850	\$ 6,925	\$ 3,075
Miscellaneous	6,500	24,000	41,123	17,123
Total revenues	<u>9,750</u>	<u>27,850</u>	<u>48,048</u>	<u>20,198</u>
Expenditures:				
Current:				
Administration	20,850	31,350	35,547	(4,197)
Total expenditures	<u>20,850</u>	<u>31,350</u>	<u>35,547</u>	<u>(4,197)</u>
Capital outlay:				
Administration	-	6,850	6,815	35
Total capital outlay	<u>-</u>	<u>6,850</u>	<u>6,815</u>	<u>35</u>
Total expenditures	<u>20,850</u>	<u>38,200</u>	<u>42,362</u>	<u>(4,162)</u>
Excess of revenues over (under) expenditures	<u>(11,100)</u>	<u>(10,350)</u>	<u>5,686</u>	<u>24,360</u>
Other financing sources (uses):				
Transfers in	11,000	11,000	11,000	-
Total other financing sources (uses)	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>-</u>
Net change in fund balances	(100)	650	16,686	24,360
Fund balances, October 1	<u>8,925</u>	<u>8,925</u>	<u>8,925</u>	<u>-</u>
Fund balances, September 30	<u>\$ 8,825</u>	<u>\$ 9,575</u>	<u>\$ 25,611</u>	<u>\$ 24,360</u>

CITY OF ROCKWALL, TEXAS
 RECYCLING FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 24,711	\$ (5,289)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>24,711</u>	<u>(5,289)</u>
Expenditures:				
Current:				
Administration	14,000	9,000	3,505	5,495
Total expenditures	<u>14,000</u>	<u>9,000</u>	<u>3,505</u>	<u>5,495</u>
Net change in fund balances	16,000	21,000	21,206	206
Fund balances, October 1	<u>93,374</u>	<u>93,374</u>	<u>93,374</u>	<u>-</u>
Fund balances, September 30	<u>\$ 109,374</u>	<u>\$ 114,374</u>	<u>\$ 114,580</u>	<u>\$ 206</u>

CITY OF ROCKWALL, TEXAS
 NARCOTICS UNIT FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	35,600	112,994	77,394
Total revenues	<u>-</u>	<u>35,600</u>	<u>112,994</u>	<u>77,394</u>
Expenditures:				
Current:				
Police	20,000	15,500	15,819	(319)
Total current	<u>20,000</u>	<u>15,500</u>	<u>15,819</u>	<u>(319)</u>
Capital outlay:				
Police	55,400	112,900	125,327	(12,427)
Total capital outlay	<u>55,400</u>	<u>112,900</u>	<u>125,327</u>	<u>(12,427)</u>
Total expenditures	<u>75,400</u>	<u>128,400</u>	<u>141,146</u>	<u>(12,746)</u>
Excess of revenues over (under) expenditures	<u>(75,400)</u>	<u>(92,800)</u>	<u>(28,152)</u>	<u>64,648</u>
Other financing sources:				
Transfers in	-	682,200	682,183	(17)
Transfers out	-	(176,800)	(176,782)	18
Total other financing sources	<u>-</u>	<u>505,400</u>	<u>505,401</u>	<u>1</u>
Net change in fund balances	(75,400)	412,600	477,249	64,649
Fund balances, October 1	<u>176,782</u>	<u>176,782</u>	<u>176,782</u>	<u>-</u>
Fund balances, September 30	<u>\$ 101,382</u>	<u>\$ 589,382</u>	<u>\$ 654,031</u>	<u>\$ 64,649</u>

DEBT SERVICE FUND

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

CITY OF ROCKWALL, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 9,413,200	\$ 9,523,000	\$ 9,487,408	\$ (35,592)
Interest income	1,000	250	125	(125)
Miscellaneous	315,000	341,250	336,421	(4,829)
Contributions and donations	-	-	107,342	107,342
Total revenues	<u>9,729,200</u>	<u>9,864,500</u>	<u>9,931,296</u>	<u>(40,546)</u>
Expenditures:				
Current:				
Police	112,300	116,000	116,004	(4)
Total current	<u>112,300</u>	<u>116,000</u>	<u>116,004</u>	<u>(4)</u>
Debt service:				
Principal	6,003,000	6,053,000	5,893,038	159,962
Interest	3,910,550	3,921,700	4,218,851	(297,151)
Bond issuance costs	-	-	74,581	(74,581)
Fiscal charges	10,000	10,000	14,800	(4,800)
Total debt service	<u>9,923,550</u>	<u>9,984,700</u>	<u>10,201,270</u>	<u>(216,570)</u>
Total expenditures	<u>10,035,850</u>	<u>10,100,700</u>	<u>10,317,274</u>	<u>(216,574)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(306,650)</u>	<u>(236,200)</u>	<u>(385,978)</u>	<u>176,028</u>
Other financing sources (uses):				
Transfers in	-	104,900	-	104,900
Issuance of long-term debt	-	-	9,820,000	(9,820,000)
Payment to bond refunding escrow agent	-	-	(9,745,419)	9,745,419
Total other financing sources (uses)	<u>-</u>	<u>104,900</u>	<u>74,581</u>	<u>30,319</u>
Net change in fund balances	(306,650)	(131,300)	(311,397)	206,347
Fund balances, October 1	<u>772,045</u>	<u>772,045</u>	<u>772,045</u>	<u>-</u>
Fund balances, September 30	<u>\$ 465,395</u>	<u>\$ 640,745</u>	<u>\$ 460,648</u>	<u>\$ 206,347</u>

CITY OF ROCKWALL, TEXAS
HARBOR DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 542,350	\$ 533,350	\$ 515,585	\$ (17,765)
Sales tax	320,000	320,000	286,254	(33,746)
Contributions and donations	173,500	230,100	230,137	37
Total revenues	<u>1,035,850</u>	<u>1,083,450</u>	<u>1,031,976</u>	<u>(51,474)</u>
Expenditures:				
Current:				
Parks and recreation	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service:				
Principal	600,000	600,000	910,000	(310,000)
Interest	666,300	654,300	411,888	242,412
Total debt service	<u>1,266,300</u>	<u>1,254,300</u>	<u>1,321,888</u>	<u>(67,588)</u>
Total expenditures	<u>1,266,300</u>	<u>1,254,300</u>	<u>1,321,888</u>	<u>(67,588)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(230,450)</u>	<u>(170,850)</u>	<u>(289,912)</u>	<u>(119,062)</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(230,450)	(170,850)	(289,912)	(119,062)
Fund balances, October 1	<u>201,816</u>	<u>201,816</u>	<u>201,816</u>	<u>-</u>
Fund balances, September 30	<u>\$ (28,634)</u>	<u>\$ 30,966</u>	<u>\$ (88,096)</u>	<u>\$ (119,062)</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2014

	Capital Projects	Equipment Acquisition	205 Bypass Project	Harbor/ TIF Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS					
Cash and cash equivalents	\$ 226,265	\$ 266,458	\$ 275,504	\$ 43,980	\$ 812,207
Investments	374,938	991,060	-	65,962	1,431,960
Receivables (net of allowances for uncollectibles)	-	-	-	-	-
Accrued interest	516	921	-	-	1,437
Total assets	<u>\$ 601,719</u>	<u>\$ 1,258,439</u>	<u>\$ 275,504</u>	<u>\$ 109,942</u>	<u>\$ 2,245,604</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 8,691	\$ -	\$ 21,689	\$ 30,380
Total liabilities	<u>-</u>	<u>8,691</u>	<u>-</u>	<u>21,689</u>	<u>30,380</u>
FUND BALANCES:					
Assigned	601,719	1,249,748	275,504	88,253	2,215,224
Total fund balances	<u>601,719</u>	<u>1,249,748</u>	<u>275,504</u>	<u>88,253</u>	<u>2,215,224</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 601,719</u>	<u>\$ 1,258,439</u>	<u>\$ 275,504</u>	<u>\$ 109,942</u>	<u>\$ 2,245,604</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Capital Projects	Equipment Acquisition	205 Bypass Project	Harbor/ TIF Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:					
Interest income	\$ 3,436	\$ 591	\$ -	\$ 150	\$ 4,177
Miscellaneous	-	200	-	-	200
Contributions and donations	-	-	-	-	-
Total revenues	<u>3,436</u>	<u>791</u>	<u>-</u>	<u>150</u>	<u>4,377</u>
Expenditures:					
Capital outlay:					
Administration	-	62,827	-	-	62,827
Finance	-	103,344	-	-	103,344
Municipal court	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public works	-	-	42,277	1,053,638	1,095,915
Total capital outlay	<u>-</u>	<u>166,171</u>	<u>42,277</u>	<u>1,053,638</u>	<u>1,262,086</u>
Debt service:					
Bond issuance costs	-	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>166,171</u>	<u>42,277</u>	<u>1,053,638</u>	<u>1,262,086</u>
Excess of revenues over (under) expenditures	<u>3,436</u>	<u>(165,380)</u>	<u>(42,277)</u>	<u>(1,053,488)</u>	<u>(1,257,709)</u>
Other financing sources (uses):					
Transfers in	-	168,950	-	-	168,950
Transfers out	-	-	-	(1,244,000)	(1,244,000)
Issuance of long-term debt	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>168,950</u>	<u>-</u>	<u>(1,244,000)</u>	<u>(1,075,050)</u>
Net change in fund balances	3,436	3,570	(42,277)	(2,297,488)	(2,332,759)
Fund balances, October 1	<u>598,283</u>	<u>1,246,178</u>	<u>317,781</u>	<u>2,385,741</u>	<u>4,547,983</u>
Fund balances, September 30	<u>\$ 601,719</u>	<u>\$ 1,249,748</u>	<u>\$ 275,504</u>	<u>\$ 88,253</u>	<u>\$ 2,215,224</u>

INTERNAL SERVICE FUNDS

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2014

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 188,346	\$ -	\$ 188,346
Investments	964,889	329,999	1,294,888
Receivables (net of allowances for uncollectibles):			
Interest	-	-	-
Accounts	-	-	-
Other	-	-	-
Total assets	<u>1,153,235</u>	<u>329,999</u>	<u>1,483,234</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	724,283	26,804	751,087
Due to other funds	-	40,829	40,829
Total current liabilities	<u>724,283</u>	<u>67,633</u>	<u>791,916</u>
NET ASSETS			
Unrestricted	<u>428,952</u>	<u>262,366</u>	<u>691,318</u>
Total Net Position	<u>\$ 428,952</u>	<u>\$ 262,366</u>	<u>\$ 691,318</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:			
Charges for services	\$ 729,969	\$ -	\$ 729,969
Total operating revenues	<u>729,969</u>	<u>-</u>	<u>729,969</u>
OPERATING EXPENSES:			
Contractual services	3,939,189	71,650	4,010,839
Total operating expenses	<u>3,939,189</u>	<u>71,650</u>	<u>4,010,839</u>
Operating loss	<u>(3,209,220)</u>	<u>(71,650)</u>	<u>(3,280,870)</u>
NON-OPERATING REVENUES:			
Interest income	63	67	130
Miscellaneous income	26,150	500	26,650
Total non-operating revenues	<u>26,213</u>	<u>567</u>	<u>26,780</u>
Loss before transfers and capital contributions	<u>(3,183,007)</u>	<u>(71,083)</u>	<u>(3,254,090)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:			
Capital contributions	-	-	-
Transfers in	3,550,000	30,000	3,580,000
Transfers from component unit	-	-	-
Transfers out	-	-	-
Total transfers and capital contributions	<u>3,550,000</u>	<u>30,000</u>	<u>3,580,000</u>
Increase (decrease) in net assets	366,993	(41,083)	325,910
Net position, October 1	<u>61,959</u>	<u>303,449</u>	<u>365,408</u>
Net position, September 30	<u>\$ 428,952</u>	<u>\$ 262,366</u>	<u>\$ 691,318</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-9)</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 939,264	\$ 500	\$ 939,764
Cash paid to suppliers for goods and services	<u>(3,868,420)</u>	<u>(154,824)</u>	<u>(4,023,244)</u>
Net cash used by operating activities	<u>(2,929,156)</u>	<u>(154,324)</u>	<u>(3,083,480)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash received from other funds	3,550,000	70,829	3,620,829
Cash paid to other funds	-	-	-
Net cash provided by non-capital financing activities	<u>3,550,000</u>	<u>70,829</u>	<u>3,620,829</u>
Cash Flows from Investing Activities:			
Purchase of investments	(587,783)	-	(587,783)
Proceeds from sales and maturities of investments	-	70,233	70,233
Interest and dividends received	<u>63</u>	<u>67</u>	<u>130</u>
Net cash provided (used) by investing activities	<u>(587,720)</u>	<u>70,300</u>	<u>(517,420)</u>
Net increase (decrease) in cash and cash equivalents	33,124	(13,195)	19,929
Cash and cash equivalents at beginning of year	<u>155,222</u>	<u>13,195</u>	<u>168,417</u>
Cash and cash equivalents at end of year	<u>\$ 188,346</u>	<u>\$ -</u>	<u>\$ 188,346</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (3,209,220)	\$ (71,650)	\$ (3,280,870)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Miscellaneous income	26,150	500	26,650
Decrease in assets:			
Receivables	183,147	-	183,147
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	<u>70,767</u>	<u>(83,174)</u>	<u>(12,407)</u>
Net cash used by operating activities	<u>\$ (2,929,156)</u>	<u>\$ (154,324)</u>	<u>\$ (3,083,480)</u>

AGENCY FUND

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

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

CITY OF ROCKWALL, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SPECIAL ESCROW AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
ASSETS				
Cash and cash equivalents	\$ 198,895	\$ 389,468	\$ 367,258	\$ 221,105
Investments	1,093,733	66,995	31,302	1,129,426
Accrued interest receivable	964	-	-	964
	<u>1,293,592</u>	<u>456,463</u>	<u>398,560</u>	<u>1,351,495</u>
Total assets	<u>\$ 1,293,592</u>	<u>\$ 456,463</u>	<u>\$ 398,560</u>	<u>\$ 1,351,495</u>
LIABILITIES				
Due to developers	<u>\$ 1,293,592</u>	<u>\$ 389,468</u>	<u>\$ 331,565</u>	<u>\$ 1,351,495</u>
Total liabilities	<u>\$ 1,293,592</u>	<u>\$ 389,468</u>	<u>\$ 331,565</u>	<u>\$ 1,351,495</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Governmental funds capital assets:		
Land	\$ 17,238,772	\$ 14,377,674
Buildings	20,009,440	19,683,459
Improvements other than buildings	31,096,247	29,334,932
Machinery and equipment	17,747,180	17,128,172
Infrastructure	202,655,290	194,195,174
Construction in progress	<u>6,865,523</u>	<u>7,892,474</u>
Total governmental funds capital assets	<u>\$ 295,612,452</u>	<u>\$ 282,611,885</u>
Investments in governmental funds capital assets by source:		
Bond proceeds	\$ 151,274,707	\$ 145,795,930
General government	47,816,082	45,994,003
Grants and entitlements	3,044,106	2,673,841
Developer contributions	<u>93,477,557</u>	<u>88,148,111</u>
Total investments in governmental funds capital assets	<u>\$ 295,612,452</u>	<u>\$ 282,611,885</u>

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2014

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 6,025,164	\$ 6,436,762	\$ 4,657,900	\$ 3,579,011	\$ -	\$ 6,865,523	\$ 27,564,360
Public works	8,499,781	357,984	1,532,174	1,376,870	202,655,290	-	214,422,099
Public safety	1,020,430	3,476,026	12,802	4,505,544	-	-	9,014,802
Recreation/development	1,693,398	2,293,648	24,893,371	1,383,157	-	-	30,263,574
Fire equipment	<u>-</u>	<u>7,445,018</u>	<u>-</u>	<u>6,902,599</u>	<u>-</u>	<u>-</u>	<u>14,347,617</u>
Total governmental capital assets	<u>\$ 17,238,773</u>	<u>\$ 20,009,438</u>	<u>\$ 31,096,247</u>	<u>\$ 17,747,181</u>	<u>\$ 202,655,290</u>	<u>\$ 6,865,523</u>	<u>\$ 295,612,452</u>

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Function and Activity</u>	<u>Capital Assets Balance 10/1/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Capital Assets Balance 9/30/14</u>
General government	\$ 25,526,480	\$ 2,461,768	\$ (423,888)	\$ -	\$ 27,564,360
Public works	205,928,306	8,493,793	-	-	214,422,099
Public safety	8,651,005	363,797	-	-	9,014,802
Recreation/development	28,416,424	1,847,150	-	-	30,263,574
Fire equipment	<u>14,089,670</u>	<u>257,947</u>	<u>-</u>	<u>-</u>	<u>14,347,617</u>
Total governmental funds capital assets	<u>\$ 282,611,885</u>	<u>\$ 13,424,455</u>	<u>\$ (423,888)</u>	<u>\$ -</u>	<u>\$ 295,612,452</u>

DISCRETELY PRESENTED COMPONENT UNITS

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2014

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 827,601	\$ 7,174	\$ 834,775
Investments	10,124,962	40,428	10,165,390
Receivables (net of allowances for uncollectibles):			
Taxes - delinquent	-	-	-
Interest	106	-	106
Accounts	7,502	25,389	32,891
Assessments	-	-	-
Internal balances	-	-	-
Due from other governments	780,256	-	780,256
Inventory	18,603,308	-	18,603,308
Deposits	-	-	-
Restricted assets:	-	-	-
Capital assets (net of accumulated depreciation)	-	-	-
Machinery and equipment	38,145	-	38,145
Total assets	<u>30,381,880</u>	<u>72,991</u>	<u>30,454,871</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issue cost - insurance	11,392	-	11,392
Deferred charge on refunding	39,102	-	39,102
Total deferred outflows of resources	<u>50,494</u>	<u>-</u>	<u>50,494</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,717,636	28,743	1,746,379
Liabilities payable from restricted assets	-	-	-
Noncurrent liabilities:			
Due within one year	1,857,922	-	1,857,922
Due in more than one year	24,769,678	-	24,769,678
Total liabilities	<u>28,345,236</u>	<u>28,743</u>	<u>28,373,979</u>
NET POSITION			
Net Investment in capital assets	38,145	-	38,145
Unrestricted	2,048,993	44,248	2,093,241
Total net position	<u>\$ 2,087,138</u>	<u>\$ 44,248</u>	<u>\$ 2,131,386</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Component Units		
				Rockwall Economic Development Corporation	Rockwall Technology Park	Total
DISCRETE COMPONENT UNITS:						
Rockwall Economic Development Corporation						
Administration	\$ 1,787,355	\$ -	\$ 7,502	\$ (1,779,853)	\$ -	\$ (1,779,853)
Interest on long-term debt	1,409,970	-	-	(1,409,970)	-	(1,409,970)
Total Rockwall Economic Development Corporation	<u>3,197,325</u>	<u>-</u>	<u>7,502</u>	<u>(3,189,823)</u>	<u>-</u>	<u>(3,189,823)</u>
Rockwall Technology Park Association						
Administration	141,545	138,341	-	-	(3,204)	(3,204)
Repayment of bond principal is an expenditure in the funds but is not an expense	-	-	-	-	-	-
	<u>\$ 3,338,870</u>	<u>\$ 138,341</u>	<u>\$ 7,502</u>	<u>(3,189,823)</u>	<u>(3,204)</u>	<u>(3,193,027)</u>
General revenues:						
Ad valorem taxes, penalty and interest				-	-	-
Sales taxes				4,600,423	-	4,600,423
Franchise taxes				-	-	-
Miscellaneous				599	-	599
Unrestricted investment earnings				4,985	4	4,989
Transfers				-	-	-
Total general revenues and transfers				<u>4,606,007</u>	<u>4</u>	<u>4,606,011</u>
Change in net position				1,416,184	(3,200)	1,412,984
Net position at beginning of year				670,954	47,448	718,402
Net position at end of year				<u>\$ 2,087,138</u>	<u>\$ 44,248</u>	<u>\$ 2,131,386</u>

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2014

	Rockwall Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 827,601	\$ 7,174	\$ 834,775
Investments	10,124,962	40,428	10,165,390
Receivables (net of allowances for uncollectibles):			-
Interest	106	-	106
Accounts	7,502	25,389	32,891
Due from other governments	780,256	-	780,256
Inventory	18,603,308	-	18,603,308
Deposits	-	-	-
	<u>\$ 30,343,735</u>	<u>\$ 72,991</u>	<u>\$ 30,416,726</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,519,356	\$ 28,743	\$ 1,548,099
Due to other funds	14,605	-	14,605
Total liabilities	<u>1,533,961</u>	<u>28,743</u>	<u>1,562,704</u>
Fund balances:			
Nonspendable	11,012,689	-	11,012,689
Restricted	17,797,085	44,248	17,841,333
Total fund balances	<u>28,809,774</u>	<u>44,248</u>	<u>28,854,022</u>
	<u>\$ 30,343,735</u>	<u>\$ 72,991</u>	<u>\$ 30,416,726</u>

CITY OF ROCKWALL, TEXAS
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total fund balances - discretely presented component units	\$ 28,854,022
Amounts reported for discretely presented component units in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	38,145
Payables for bond principal which are not due in the current period are not reported in the funds.	(26,604,856)
Payables for bond interest which are not due in the current period are not reported in the funds.	(183,675)
Payables for compensated balances which are not due in the current period are not reported in the funds.	(22,745)
Deferred resource outflows are not available to pay for current period expenditures and are deferred in the funds.	<u>50,495</u>
Net assets of discretely presented component units	<u>\$ 2,131,386</u>

CITY OF ROCKWALL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Rockwall Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
Revenues:			
Sales taxes	\$ 4,600,423	\$ -	\$ 4,600,423
Franchise taxes	-	-	-
Intergovernmental	7,502	-	7,502
Interest income	4,985	4	4,989
Miscellaneous	599	138,341	138,940
Total revenues	<u>4,613,509</u>	<u>138,345</u>	<u>4,751,854</u>
Expenditures:			
Current:			
Administration	1,012,949	141,545	1,154,494
Total current	<u>1,012,949</u>	<u>141,545</u>	<u>1,154,494</u>
Capital outlay:			
Administration	785,174	-	785,174
Total capital outlay	<u>785,174</u>	<u>-</u>	<u>785,174</u>
Debt service:			
Principal	1,785,000	-	1,785,000
Interest	1,409,970	-	1,409,970
Bond issuance costs	-	-	-
Fiscal charges	4,500	-	4,500
Total debt service	<u>3,199,470</u>	<u>-</u>	<u>3,199,470</u>
Total expenditures	<u>4,997,593</u>	<u>141,545</u>	<u>5,139,138</u>
Excess of revenues over (under) expenditures	<u>(384,084)</u>	<u>(3,200)</u>	<u>(387,284)</u>
Other financing sources:			
Issuance of long-term debt	-	-	-
Premium on bonds issued	-	-	-
Discount on bonds issued	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(384,084)	(3,200)	(387,284)
Fund balances, October 1	<u>29,193,858</u>	<u>47,448</u>	<u>29,241,306</u>
Fund balances, September 30	<u>\$ 28,809,774</u>	<u>\$ 44,248</u>	<u>\$ 28,854,022</u>

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED
 COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - discretely presented component units	\$ (387,284)
Amounts reported for discretely presented component units in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	-
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,809)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,785,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	19,444
(Increase) decrease in accrued interest from beginning of period to end of period.	-
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	1,633
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	-
Bond premiums are reported in the funds but not in the SOA.	-
Bond discounts are reported in the funds but not in the SOA.	-
Change in net assets of discretely presented component units	<u>\$ 1,412,984</u>

CITY OF ROCKWALL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
ROCKWALL ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 4,332,700	\$ 4,410,700	\$ 4,600,423	\$ 189,723
Franchise taxes	-	-	-	-
Intergovernmental	-	7,500	7,502	2
Interest income	3,500	3,500	4,985	1,485
Miscellaneous	-	-	599	599
Total revenues	<u>4,336,200</u>	<u>4,421,700</u>	<u>4,613,509</u>	<u>191,809</u>
Expenditures:				
Current:				
Administration	<u>1,153,350</u>	<u>1,148,750</u>	<u>1,012,949</u>	<u>135,801</u>
Total current	<u>1,153,350</u>	<u>1,148,750</u>	<u>1,012,949</u>	<u>135,801</u>
Capital outlay:				
Administration	<u>8,674,900</u>	<u>3,402,100</u>	<u>785,174</u>	<u>2,616,926</u>
Total capital outlay	<u>8,674,900</u>	<u>3,402,100</u>	<u>785,174</u>	<u>2,616,926</u>
Debt service:				
Principal	1,335,000	1,785,000	1,785,000	-
Interest	924,000	1,409,950	1,409,970	(20)
Bond issuance costs	-	-	-	-
Fiscal charges	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total debt service	<u>2,263,500</u>	<u>3,199,450</u>	<u>3,199,470</u>	<u>(20)</u>
Total expenditures	<u>12,091,750</u>	<u>7,750,300</u>	<u>4,997,593</u>	<u>2,752,707</u>
Excess of revenues over (under) expenditures	<u>(7,755,550)</u>	<u>(3,328,600)</u>	<u>(384,084)</u>	<u>2,944,516</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	-	-
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(7,755,550)	(3,328,600)	(384,084)	2,944,516
Fund balances, October 1	<u>29,193,858</u>	<u>29,193,858</u>	<u>29,193,858</u>	<u>-</u>
Fund balances, September 30	<u>\$ 21,438,308</u>	<u>\$ 25,865,258</u>	<u>\$ 28,809,774</u>	<u>\$ 2,944,516</u>

CITY OF ROCKWALL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 ROCKWALL TECHNOLOGY PARK ASSOCIATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 168,100	\$ 157,100	\$ 138,341	\$ (18,759)
Interest income	-	-	4	4
Total revenues	<u>168,100</u>	<u>157,100</u>	<u>138,345</u>	<u>(18,755)</u>
Expenditures:				
Current:				
Administration	168,100	159,100	141,545	17,555
Total expenditures	<u>168,100</u>	<u>159,100</u>	<u>141,545</u>	<u>17,555</u>
Net change in fund balances	-	(2,000)	(3,200)	(1,200)
Fund balances, October 1	<u>47,448</u>	<u>47,448</u>	<u>47,448</u>	<u>-</u>
Fund balances, September 30	<u>\$ 47,448</u>	<u>\$ 45,448</u>	<u>\$ 44,248</u>	<u>\$ (1,200)</u>

STATISTICAL SECTION

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.

	<u>Pages</u>
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.	112
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	118
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.	126
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.	131
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.	134

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

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

TABLE D-1

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Invested in capital assets, net of related debt	\$ 86,446,064	\$ 89,523,344	\$ 89,851,392	\$ 91,085,278	\$ 89,101,460	\$ 88,367,580	\$ 63,546,273	\$ 49,487,300	\$ 34,020,634	\$ 41,346,180
Restricted	10,584,073	2,353,423	16,124,192	1,774,193	11,788,623	2,306,529	14,222,187	23,258,947	37,748,076	17,051,680
Unrestricted	11,180,566	14,253,372	238,981	13,400,417	4,308,457	12,955,777	13,643,810	13,386,297	11,683,150	11,850,426
Total governmental activities net position	\$ 108,210,703	\$ 106,130,139	\$ 106,214,565	\$ 106,259,888	\$ 105,198,540	\$ 103,629,886	\$ 91,412,270	\$ 86,132,544	\$ 83,451,860	\$ 70,248,286
Business-type activities										
Invested in capital assets, net of related debt	\$ 61,795,531	\$ 60,558,579	\$ 58,888,435	\$ 58,139,970	\$ 54,288,096	\$ 53,418,392	\$ 48,127,382	\$ 47,893,027	\$ 41,923,596	\$ 37,368,956
Restricted	4,555,652	2,125,250	2,306,207	2,992,291	6,221,719	7,568,701	17,888,236	14,620,878	18,060,049	18,350,884
Unrestricted	1,736,457	3,208,557	4,300,793	6,124,975	5,340,103	6,162,163	5,283,929	5,463,619	7,081,727	7,475,827
Total business-type activities net position	\$ 68,087,640	\$ 65,892,386	\$ 65,495,435	\$ 67,257,236	\$ 65,849,918	\$ 67,149,256	\$ 71,299,547	\$ 67,977,524	\$ 67,065,372	\$ 63,195,667
Primary government										
Invested in capital assets, net of related debt	\$ 148,241,595	\$ 150,081,923	\$ 148,739,827	\$ 149,225,248	\$ 143,389,556	\$ 141,785,972	\$ 111,673,655	\$ 97,380,327	\$ 75,944,230	\$ 78,715,136
Restricted	15,139,725	4,478,673	18,430,399	4,766,484	18,010,342	9,875,230	32,110,423	37,879,825	55,808,125	35,402,564
Unrestricted	12,917,023	17,461,929	4,539,774	19,525,392	9,648,560	19,117,940	18,927,739	18,849,916	18,764,877	19,326,253
Total primary government net position	\$ 176,298,343	\$ 172,022,525	\$ 171,710,000	\$ 173,517,124	\$ 171,048,458	\$ 170,779,142	\$ 162,711,817	\$ 154,110,068	\$ 150,517,232	\$ 133,443,953

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

TABLE D-2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
Mayor/Council	\$ 94,747	\$ 102,993	\$ 106,959	\$ 111,494	\$ 116,372	\$ 109,844	\$ 117,366	\$ 111,555	\$ 108,366	\$ 78,114
Administration	8,515,273	7,565,249	7,631,175	7,183,587	6,862,780	6,707,709	7,384,773	5,523,924	6,040,692	4,908,083
Finance	1,089,078	951,808	1,360,201	1,331,943	1,294,888	1,409,054	1,338,894	1,138,210	1,027,654	954,840
Municipal Court	415,220	357,208	358,745	362,149	353,147	334,922	312,601	298,383	304,492	295,379
Police	10,251,116	9,441,521	8,836,213	8,423,470	8,609,827	8,384,774	7,130,698	7,001,771	6,095,435	6,372,344
Fire	3,100,647	3,172,688	3,002,941	2,734,296	2,741,288	2,201,236	2,242,829	2,207,468	1,889,269	1,144,577
Public Works	7,653,406	8,651,550	8,398,043	8,008,701	6,669,448	5,482,571	7,094,068	6,928,067	5,530,219	4,753,190
Community Development	1,699,428	2,432,153	1,185,114	1,203,407	1,210,519	1,350,023	2,229,753	2,018,363	1,781,548	1,680,857
Parks and Recreation	3,185,425	4,825,050	6,003,610	5,843,647	5,805,241	5,250,506	4,025,927	3,088,750	2,583,547	2,329,095
Interest on long-term debt	4,853,042	4,714,902	4,666,567	4,554,433	4,717,319	4,669,459	4,418,519	3,612,523	2,179,950	1,136,584
Total governmental activities expenses	40,857,382	42,215,122	41,549,568	39,757,127	38,380,829	35,900,098	36,295,428	31,929,014	27,541,172	23,653,063
Business-type activities:										
Water and Sewer	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226	8,777,277
Total business-type activities expenses	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226	8,777,277
Total primary government expenses	57,928,788	58,938,674	57,098,816	54,472,737	52,297,021	49,172,982	48,502,170	42,846,721	37,794,398	32,430,340
Program Revenues										
Governmental activities:										
Charges for services:										
Community Development	1,113,132	1,163,945	1,125,092	792,029	664,711	1,025,979	1,072,444	1,118,001	1,318,516	1,687,141
Municipal Court	1,110,268	967,113	1,179,016	1,195,552	1,193,019	1,082,488	974,973	989,677	883,228	917,610
Police	725,857	488,631	463,565	550,947	522,919	516,591	658,015	415,637	649,261	720,395
Parks and Recreation	574,480	421,599	428,461	367,170	376,123	366,360	372,555	300,823	273,747	248,542
Public Works	756,113	162,374	129,562	55,316	62,795	99,753	307,226	464,587	1,010,634	326,476
Other	881,166	259,196	256,464	242,828	267,362	200,978	573,057	510,081	486,916	1,012,518
Operating grants & contributions	432,146	358,808	660,140	366,656	59,303	81,199	151,741	1,059,602	783,317	894,114
Capital grants & contributions	107,342	3,411,221	2,012,936	4,525,403	4,437,478	8,127,487	6,620,540	3,193,554	11,804,857	5,893,301
Total governmental activities program revenues	5,700,504	7,232,887	6,255,236	8,095,901	7,583,710	11,500,835	10,730,551	8,051,962	17,210,476	11,700,097

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

TABLE D-2

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Charges for services:										
Water Sales	\$ 8,140,267	\$ 8,285,306	\$ 7,780,095	\$ 8,547,662	\$ 6,917,587	\$ 6,574,110	\$ 6,060,043	\$ 4,815,631	\$ 6,547,846	\$ 5,379,382
Sewer Charges	4,901,303	4,255,951	3,720,357	3,406,283	2,864,595	2,748,160	2,409,614	2,338,820	2,355,821	2,046,425
Other	2,465,315	2,577,650	2,564,063	2,752,625	2,150,155	1,951,945	1,797,390	1,616,873	2,164,135	2,072,748
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	4,829,708	3,426,328	1,178,672	2,157,402	1,992,680	3,374,321	5,616,869	2,808,528	4,319,065	3,411,639
Total business-type activities program revenues	20,336,593	18,545,235	15,243,186	16,863,972	13,925,017	14,648,536	15,883,916	11,579,852	15,386,867	12,910,194
Total primary government program revenues	26,037,097	25,778,122	21,498,422	24,959,873	21,508,727	26,149,371	26,614,467	19,631,814	32,597,343	24,610,291
Net (Expense)/Revenue										
Governmental activities	(35,156,878)	(34,982,235)	(35,294,332)	(31,661,226)	(30,797,119)	(24,399,263)	(25,564,877)	(23,877,052)	(10,330,696)	(11,952,966)
Business-type activities	3,265,187	1,821,683	(306,062)	2,148,362	8,825	1,375,652	3,677,174	662,145	5,133,641	4,132,917
Total primary government net expense	(31,891,691)	(33,160,552)	(35,600,394)	(29,512,864)	(30,788,294)	(23,023,611)	(21,887,703)	(23,214,907)	(5,197,055)	(7,820,049)
General Revenues and Transfers										
Governmental activities:										
Property taxes	18,438,330	17,870,887	17,321,016	17,204,239	16,735,510	16,422,119	14,780,112	11,827,931	9,063,530	8,111,715
Sales taxes	14,341,277	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,636	8,901,929	8,529,051	7,379,841
Other	3,365,885	3,310,417	3,613,020	3,011,917	3,285,081	3,734,068	4,625,450	4,477,541	3,566,689	2,442,815
Transfers	1,091,950	1,217,550	1,594,950	979,863	1,511,785	6,201,291	1,315,405	1,350,335	2,375,000	1,006,400
Total governmental activities	37,237,442	36,443,947	35,249,009	32,722,574	32,365,773	36,621,879	30,844,603	26,557,736	23,534,270	18,940,771
Business-type activities:										
Other	22,017	180,858	139,212	238,819	203,622	675,348	960,254	1,600,342	1,111,064	506,954
Transfers	(1,091,950)	(1,217,550)	(1,594,950)	(979,863)	(1,511,785)	(6,201,291)	(1,315,405)	(1,350,335)	(2,375,000)	(1,006,400)
Total business-type activities	(1,069,933)	(1,036,692)	(1,455,738)	(741,044)	(1,308,163)	(5,525,943)	(355,151)	250,007	(1,263,936)	(499,446)
Total primary government	36,167,509	35,407,255	33,793,271	31,981,530	31,057,610	31,095,936	30,489,452	26,807,743	22,270,334	18,441,325
Change in Net Position										
Governmental activities	2,080,564	1,461,712	(45,323)	1,061,348	1,568,654	12,222,616	5,279,726	2,680,684	13,203,574	6,987,805
Business-type activities	2,195,254	784,991	(1,761,800)	1,407,318	(1,299,338)	(4,150,291)	3,322,023	912,152	3,869,705	3,633,471
Total primary government	\$ 4,275,818	\$ 2,246,703	\$ (1,807,123)	\$ 2,468,666	\$ 269,316	\$ 8,072,325	\$ 8,601,749	\$ 3,592,836	\$ 17,073,279	\$ 10,621,276

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

TABLE D-3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2005	8,111,715	7,379,841	1,765,509	17,257,065
2006	9,063,530	8,529,051	2,111,798	19,704,379
2007	11,827,931	8,901,929	2,014,845	22,744,705
2008	14,780,112	10,123,636	2,421,094	27,324,842
2009	16,422,119	10,264,401	2,535,846	29,222,366
2010	16,735,510	10,833,397	2,748,483	30,317,390
2011	17,204,239	11,526,555	2,445,762	31,176,556
2012	17,321,016	12,720,023	2,821,451	32,862,490
2013	17,870,887	14,045,093	2,743,839	34,659,819
2014	18,438,330	14,341,277	3,093,257	35,872,864

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

TABLE D-4

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
2005	5,379,382	2,046,425	7,425,807
2006	6,547,846	2,355,821	8,903,667
2007	4,815,631	2,338,820	7,154,451
2008	6,060,043	2,409,614	8,469,657
2009	6,574,110	2,748,160	9,322,270
2010	6,917,587	2,864,595	9,782,182
2011	8,547,662	3,406,283	11,953,945
2012	7,780,095	3,720,357	11,500,451
2013	8,285,306	4,255,951	12,541,257
2014	8,140,267	4,901,303	13,041,570

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

TABLE D-5

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870	\$ 2,446	\$ 1,407	\$ 26,130	\$ 26,980
Restricted	-	-	23,038	-	-	-	-	-	-	-
Non-spendable	-	2,514	1,120	2,116	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	9,159,333	8,293,107	8,264,368	8,335,289	7,692,662	7,301,334
Unassigned	10,305,640	11,273,469	9,893,803	10,085,001	-	-	-	-	-	-
Total general fund	<u>\$ 10,305,640</u>	<u>\$ 11,275,983</u>	<u>\$ 9,917,961</u>	<u>\$ 10,087,117</u>	<u>\$ 9,159,333</u>	<u>\$ 8,295,977</u>	<u>\$ 8,266,814</u>	<u>\$ 8,336,696</u>	<u>\$ 7,718,792</u>	<u>\$ 7,328,314</u>
All other governmental funds										
Restricted	\$ (88,096)	328,435	1,511,561	1,641,992	-	-	-	-	-	-
Committed	-	2,973,086	2,722,094	2,608,081	-	-	-	-	-	-
Committed for Debt Service	460,648	\$ 772,045	\$ -	\$ -	\$ 930,290	\$ 1,077,236	\$ 835,203	\$ 1,083,320	\$ 1,461,294	\$ 1,155,897
Unreserved, reported in:										
Special revenue funds	-	-	-	-	2,320,833	2,399,605	3,145,275	2,797,330	2,422,376	2,046,410
Capital projects funds	-	-	-	-	10,319,501	16,906,340	13,094,614	21,877,706	36,529,256	16,113,095
Assigned	12,396,173	15,535,782	14,549,510	16,652,507	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 12,768,725</u>	<u>\$ 19,609,348</u>	<u>\$ 18,783,165</u>	<u>\$ 20,902,580</u>	<u>\$ 13,570,624</u>	<u>\$ 20,383,181</u>	<u>\$ 17,075,092</u>	<u>\$ 25,758,356</u>	<u>\$ 40,412,926</u>	<u>\$ 19,315,402</u>

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

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

TABLE D-6

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Ad valorem taxes, penalty and interest	\$ 18,416,548	\$ 17,890,435	\$ 17,338,798	\$ 17,329,982	\$ 16,560,766	\$ 16,407,575	\$ 14,708,142	\$ 11,820,994	\$ 8,979,948	\$ 8,140,125
Sales taxes	14,341,278	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,637	8,901,929	8,529,051	7,379,841
Franchise taxes	3,016,446	2,748,707	2,879,585	2,604,569	2,728,251	2,444,296	2,179,847	2,046,674	1,981,016	1,715,242
Charges for services	1,346,695	1,049,134	1,383,158	710,007	713,760	738,146	362,107	417,049	426,996	268,125
Permits	1,019,605	1,119,438	1,076,770	765,500	651,108	1,005,541	1,122,505	1,132,985	1,325,832	1,718,218
Municipal court	1,161,283	1,050,955	1,141,742	1,157,838	1,173,907	1,056,904	1,177,410	1,019,260	987,066	906,634
Intergovernmental	624,045	440,250	835,948	478,037	506,100	428,747	419,700	1,097,790	1,011,739	3,182,350
Interest income	51,672	(21,660)	114,588	136,878	60,429	611,615	1,702,870	2,012,244	1,149,204	304,644
Miscellaneous	525,865	795,304	795,150	661,379	569,258	872,988	837,707	716,896	1,060,866	1,080,366
Contributions and donations	527,008	44,929	727,361	364,975	148,512	2,812,457	775,695	2,241,586	6,251,435	163,635
Total Revenues	41,030,445	39,162,585	39,013,123	35,735,720	33,945,488	36,642,670	33,409,620	31,407,407	31,703,153	24,859,180
Expenditures										
Current:										
Mayor/council	94,747	102,995	106,958	111,494	116,372	109,845	117,366	111,555	108,366	78,114
Administration	3,997,844	3,821,755	3,690,167	3,402,793	3,353,637	3,358,705	3,056,885	2,750,197	2,910,478	2,708,948
Finance	985,734	924,415	1,245,790	1,211,261	1,189,250	1,266,436	1,199,417	1,138,238	1,025,230	952,808
Municipal court	415,220	349,536	337,537	335,082	333,234	318,467	311,706	300,186	303,131	291,348
Police	9,539,572	8,847,655	8,299,514	7,982,280	8,083,075	7,775,622	6,923,679	6,426,957	6,235,463	6,070,311
Fire	2,766,298	2,383,832	2,347,279	2,146,012	2,179,372	1,618,559	1,451,970	1,340,624	1,242,836	1,075,427
Public works	4,174,815	2,153,427	2,285,737	2,122,710	1,577,760	1,528,010	2,824,267	2,427,535	2,411,324	2,050,077
Community development	1,699,428	1,139,859	1,164,786	1,178,982	1,130,169	1,258,030	2,219,167	2,002,767	1,783,961	1,682,480
Parks and recreation	2,907,884	4,892,456	4,689,177	4,590,161	4,529,739	4,493,524	2,907,229	2,473,238	2,318,135	1,826,608
Total current	26,581,542	24,615,930	24,166,945	23,080,775	22,492,608	21,727,198	21,011,686	18,971,297	18,338,924	16,736,121
Capital outlay:										
Administration	474,857	8,431,896	6,649,805	7,168,226	4,746,948	18,427,890	2,373,369	4,028,933	1,580,706	602,847
Finance	103,344	124,302	224,306	101,525	57,653	78,866	137,035	-	-	-
Municipal Court	-	205,947	-	-	-	-	-	-	-	-
Police	711,544	167,587	465,169	274,821	1,316,626	258,623	74,899	225,992	285,150	1,850,771
Fire	334,349	2,167,780	368,805	266,400	434,754	6,462,691	727,795	1,578,623	835,685	711,166
Public works	6,421,609	-	-	-	24,575	90,798	29,051,639	10,609,516	25,733,888	9,756,038
Community development	-	-	-	-	-	-	-	2,105	-	519
Parks and recreation	277,541	65,534	486,159	-	1,095,622	482,177	1,742,004	2,397,348	1,477,499	757,360
Total capital outlay	8,323,244	11,163,046	8,194,244	7,810,972	7,676,178	25,801,045	34,106,741	18,842,517	29,912,928	13,678,701
Debt service:										
Principal	\$ 6,803,038	\$ 5,268,038	\$ 4,933,038	\$ 4,278,038	\$ 4,458,038	\$ 4,670,540	\$ 4,335,462	\$ 3,726,505	\$ 2,620,235	\$ 1,801,369
Interest	4,630,739	4,613,787	4,820,183	4,570,301	4,766,488	4,716,545	4,254,162	3,607,455	1,748,001	977,878

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

TABLE D-6

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Bond issuance costs	74,581	90,615	44,305	150,900	-	242,173	468,837	9,500	500,889	429,728
Fiscal charges	14,800	10,500	8,800	11,200	7,032	15,284	6,384	6,484	6,020	5,063
Total debt services	11,523,158	9,982,940	9,806,326	9,010,439	9,231,558	9,644,542	9,064,845	7,349,944	4,875,145	3,214,038
Total expenditures	46,427,944	45,761,916	42,167,515	39,902,186	39,400,344	57,172,785	64,183,272	45,163,758	53,126,997	33,628,860
Excess (deficiency) of revenues over (under) expenditures	(5,397,499)	(6,599,331)	(3,154,392)	(4,166,466)	(5,454,856)	(20,530,115)	(30,773,652)	(13,756,351)	(21,423,844)	(8,769,680)
Other financing sources (uses):										
Transfers in	2,769,639	2,277,550	2,217,035	3,456,450	1,478,835	8,664,757	1,975,436	2,585,804	4,305,332	2,959,535
Transfers out	(5,257,689)	(4,215,000)	(3,502,085)	(2,913,587)	(2,304,050)	(4,488,966)	(2,715,031)	(2,866,119)	(3,478,832)	(3,416,135)
Bonds issued	9,820,000	10,530,000	2,150,000	13,210,000	-	19,295,000	22,270,000	-	41,045,000	21,200,000
Capital Leases	-	-	-	-	330,870	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	4,805,000	-	-	-	6,095,000
Accrued interest on bonds issued	-	-	-	-	-	-	-	-	176,020	129,913
Premium (discounts) on bonds issued	-	221,417	-	325,248	-	444,623	490,101	-	864,326	271,518
Payment to refunded bond escrow agent	(9,745,419)	-	-	(1,651,905)	-	(4,853,047)	-	-	-	(6,027,109)
Total other financing sources (uses)	(2,413,469)	8,813,967	864,950	12,426,206	(494,345)	23,867,367	22,020,506	(280,315)	42,911,846	21,212,722
Net change in fund balances	\$ (7,810,968)	\$ 2,214,636	\$ (2,289,442)	\$ 8,259,740	\$ (5,949,201)	\$ 3,337,252	\$ (8,753,146)	\$ (14,036,666)	\$ 21,488,002	\$ 12,443,042
Debt service as a percentage of noncapital expenditures	30.0%	28.6%	28.7%	27.6%	29.1%	30.6%	24.0%	22.0%	17.4%	13.5%

From Exhibit A-5

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

TABLE D-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2005	8,140,125	7,379,841	1,715,242	17,235,208
2006	8,979,948	8,529,051	1,981,016	19,490,015
2007	11,820,994	8,901,929	2,046,674	22,769,597
2008	14,708,142	10,123,637	2,179,847	27,011,626
2009	16,407,575	10,264,401	2,444,296	29,116,272
2010	16,560,766	10,833,397	2,728,251	30,122,414
2011	17,329,982	11,526,555	2,604,569	31,461,106
2012	17,338,798	12,720,023	2,879,585	32,938,406
2013	17,890,435	14,045,093	2,748,707	34,684,235
2014	18,438,330	14,341,277	3,093,257	35,872,864

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

TABLE D-8

Fiscal Year	Total Sales Tax Collections	Percent of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2004	\$ 6,736,054	94.08%	0.34
2005	7,379,841	91.93%	0.33
2006	8,286,316	92.22%	0.34
2007	8,901,929	76.69%	0.35
2008	10,123,637	70.46%	0.36
2009	10,264,401	64.30%	0.34
2010	10,833,397	65.80%	0.32
2011	11,526,555	68.74%	0.34
2012	12,720,023	75.10%	0.37
2013	14,045,093	81.16%	0.40
2014	14,341,277	78.98%	0.39

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

TABLE D-9

Fiscal Year	Tax Year	Estimated Market Value			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
2005	2004	1,575,300,640	559,398,654	259,379,370	154,109,966	2,239,968,698	0.3600
2006	2005	1,737,269,340	600,645,738	256,649,235	166,855,259	2,427,709,054	0.3689
2007	2006	1,954,614,420	713,469,923	263,400,375	356,154,448	2,575,330,270	0.4250
2008	2007	2,105,432,149	809,042,172	291,476,021	404,048,791	2,801,901,551	0.4865
2009	2008	2,175,728,205	968,824,057	342,108,871	478,140,905	3,008,520,228	0.5031
2010	2009	2,207,188,025	1,034,428,814	343,770,085	245,497,304	3,339,889,620	0.5031
2011	2010	2,276,011,463	1,042,597,193	337,323,537	249,159,269	3,406,772,924	0.5031
2012	2011	2,316,829,222	1,041,610,117	337,423,698	264,503,280	3,431,359,757	0.5031
2013	2012	2,400,322,618	1,029,298,627	345,365,078	278,144,322	3,496,842,001	0.5025
2014	2013	2,437,302,085	1,126,527,658	385,352,763	280,459,789	3,668,722,717	0.5025

Source: Rockwall Central Appraisal District

CITY OF ROCKWALL
PROPERTY TAX EXEMPTIONS
LAST TEN FISCAL YEARS

TABLE D-10

Fiscal Year	Over 65 and Disabled	Disabled Veterans	Agriculture	Freeport Exemption
2005	84,691,150	1,449,004	51,623,470	14,866,764
2006	87,691,150	1,495,504	50,548,990	18,883,658
2007	96,624,100	1,537,004	61,259,470	16,146,371
2008	104,805,677	1,658,500	66,881,780	13,651,705
2009	111,535,268	1,805,500	79,131,370	24,266,824
2010	117,336,354	6,522,310	101,284,160	25,091,542
2011	123,493,766	8,781,840	99,301,400	20,804,929
2012	130,833,284	10,360,860	105,251,440	20,979,952
2013	133,480,470	10,577,050	106,197,190	23,803,292
2014	139,936,532	12,780,746	102,226,360	25,071,144

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

TABLE D-11

Fiscal Year	City of Rockwall			Overlapping Rates	
	M&O	Debt	Total	School	County
2005	0.2239	0.1361	0.3600	1.8800	0.3507
2006	0.2167	0.1522	0.3689	1.8800	0.3506
2007	0.2067	0.2183	0.425	1.7100	0.3507
2008	0.2243	0.2622	0.4865	1.4700	0.3500
2009	0.2270	0.2761	0.5031	1.4700	0.3750
2010	0.2453	0.2578	0.5031	1.4700	0.3750
2011	0.2562	0.2469	0.5031	1.4700	0.3864
2012	0.2563	0.2468	0.5031	1.4700	0.3864
2013	0.2619	0.2406	0.5025	1.4700	0.3864
2014	0.2363	0.2662	0.5025	1.4600	0.3959

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

TABLE D-12

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Excel Rockwall, LP	\$ 54,672,420	1	1.49%	\$ -	-	-
BRE MF Rockwall, LLC	45,311,463	2	1.24%	-	-	-
Rockwall Regional Hospital, LLP	41,871,040	3	1.14%	-	-	-
Bella Harbor Hotel Venture, LLC	30,226,806	4	0.82%	-	-	-
Rockwall Crossing LTD	29,883,620	5	0.81%	-	-	-
Continental Pet Technology-Graham	26,977,710	6	0.74%	34,268,891	1	1.53%
Costco Wholesale	23,536,330	7	-	-	-	-
Wal-mart	22,915,510	8	0.62%	23,160,475	2	1.03%
Oncor Electric Delivery Service	22,655,530	9	0.62%	15,954,620	4	0.71%
Texas Star Express	21,932,070	10	0.00%	-	-	-
CRP/Arrow Rockwall, LLC	-	-	-	17,130,190	3	0.76%
Rockwall Apartment Associates	-	-	-	14,590,520	5	0.65%
Lowes Home Centers, Inc.	-	-	-	11,685,623	6	0.52%
Steger Towne Crossing, LP	-	-	-	10,468,290	7	0.47%
Bent Tree Realty Co.	-	-	-	9,667,830	8	0.43%
Dayton Hudson/Target	-	-	-	8,575,130	9	0.38%
Texas Star Express	-	-	-	8,365,299	10	0.37%
Subtotal	<u>319,982,499</u>		<u>8.72%</u>	<u>153,866,868</u>		<u>6.87%</u>
Total Taxable Value	<u>\$ 3,668,722,717</u>		<u>100.00%</u>	<u>\$ 2,239,968,698</u>		<u>100.00%</u>

Source: Rockwall Central Appraisal District

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

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

TABLE D-13

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy
2005	2004	8,079,370	8,021,945	99.29%	48,172	8,070,117	99.89%
2006	2005	8,987,722	8,921,613	99.26%	53,935	8,975,548	99.86%
2007	2006	11,607,235	11,433,286	98.50%	155,936	11,589,222	99.84%
2008	2007	14,367,824	14,173,725	98.65%	174,169	14,347,894	99.86%
2009	2008	15,962,353	15,777,483	98.84%	145,366	15,922,849	99.75%
2010	2009	16,465,193	16,182,308	98.28%	233,740	16,416,048	99.70%
2011	2010	16,768,511	16,616,216	99.09%	95,906	16,712,122	99.66%
2012	2011	16,937,674	16,780,370	99.07%	88,353	16,868,723	99.59%
2013	2012	17,306,465	17,205,265	99.42%	-	17,205,265	99.42%
2014	2013	18,157,980	18,055,096	99.43%	-	18,055,096	99.43%

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

TABLE D-14

Customer	2014			2005		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	28,130,000	1	1.08%	36,382,900	2	1.98%
Orion at Lake Ray Hubbard (Mansions)	23,814,300	2	0.91%	-	-	-
Rockwall I.S.D.	19,370,800	3	0.74%	58,683,500	1	3.20%
D.W.C./Highlife Properties	11,920,100	4	0.46%	15,895,600	3	0.87%
Walden Residential	11,295,800	5	0.43%	-	-	-
Excel Rockwall, L.P.	10,339,600	6	0.40%	-	-	-
TF Harbor LLC	9,459,500	7	0.36%	13,274,200	4	0.72%
Allen Food Bakeries, Inc	8,841,200	8	0.34%	8,421,700	9	0.46%
Sabre Realty Management Company	8,716,700	9	0.33%	9,219,400	8	0.50%
Continental Can	8,167,500	10	0.31%	9,776,600	7	0.53%
Rockwall Nursing Home	-	-	-	11,184,700	5	0.61%
Steger Towne Crossing	-	-	-	9,792,700	6	0.53%
SPM/WRI Rockwall LP	-	-	-	8,379,500	10	0.46%
Subtotal	<u>140,055,500</u>		<u>5.36%</u>	<u>181,010,800</u>		<u>9.87%</u>
Total Water Usage	<u>2,611,244,885</u>		<u>100.00%</u>	<u>1,833,542,500</u>		<u>100.00%</u>

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

TABLE D-15

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Water and Sewer Revenue Bonds	Capitalized Lease Obligations			
2005	22,992,564	17,940,000	345,000	-	247,436	-	-	14,910,000	1,385,000	57,820,000	5.43%	2,080
2006	57,632,329	21,825,000	315,000	-	212,671	-	-	14,145,000	1,145,000	95,275,000	7.88%	3,155
2007	55,720,824	20,045,000	280,000	-	184,176	-	-	13,360,000	5,040,094	94,630,094	7.20%	3,013
2008	74,925,362	18,810,000	245,000	-	154,638	9,935,000	-	12,530,000	4,805,090	121,405,090	8.13%	3,824
2009	86,179,822	22,425,000	-	-	135,178	25,890,000	-	11,670,000	7,431,754	153,731,754	10.38%	4,789
2010	83,271,784	20,875,000	-	278,034	113,216	25,005,000	-	10,775,000	7,080,083	147,398,117	8.74%	4,205
2011	88,473,746	23,050,000	-	236,589	91,254	28,205,000	-	5,215,000	6,710,000	151,981,589	8.08%	4,129
2012	84,675,708	24,065,000	-	193,299	69,292	27,145,000	-	4,550,000	6,321,743	147,020,042	7.44%	3,810
2013	88,562,670	25,440,000	-	148,083	47,330	29,510,000	-	3,865,000	5,910,072	153,483,155	7.51%	3,960
2014	87,404,632	20,455,000	-	100,855	25,638	27,900,000	-	3,495,000	5,485,067	144,866,192	6.78%	3,621

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

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

TABLE D-16

Fiscal Year	General Obligation Bonds	Governmental and Business Type Activities			Unamortized Premium (Discount)	Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
		Certificates of Obligation	Contractual Obligations	Gross Bonded Debt					
2005	22,992,564	17,940,000	345,000	41,277,564	-	1,014,713	40,262,851	1.68%	1,448
2006	57,632,329	21,825,000	315,000	79,772,329	1,115,113	1,461,294	79,426,148	3.06%	2,630
2007	55,720,824	20,045,000	280,000	76,045,824	1,072,153	1,083,320	76,034,657	2.95%	2,421
2008	74,925,362	28,745,000	245,000	103,915,362	1,583,018	835,203	104,663,177	3.74%	3,297
2009	86,179,822	48,315,000	-	134,494,822	1,912,382	1,077,236	135,329,968	4.50%	4,215
2010	83,271,784	45,880,000	-	129,151,784	1,859,751	930,290	130,081,245	3.89%	3,711
2011	88,473,746	51,255,000	-	139,728,746	2,004,225	1,426,272	140,306,699	4.12%	3,812
2012	84,675,708	51,210,000	-	135,885,708	2,046,038	1,221,201	136,710,545	3.98%	3,543
2013	88,562,670	54,950,000	-	143,512,670	2,218,052	772,045	144,958,677	4.15%	3,740
2014	87,404,632	48,355,000	-	135,759,632	2,105,454	460,648	137,404,438	3.75%	3,434

Note: See Table 20 for population data and Table 8 for property value data
Deferred amounts include unamortized premium (discount) and loss on refunding

CITY OF ROCKWALL, TEXAS
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 SEPTEMBER 30, 2013
 (unaudited)

TABLE D-17

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to the City of Rockwall (2)	Amounts Applicable to the City of Rockwall
Direct:			
City of Rockwall - debt repaid with property taxes	\$ 107,960,487	100.00%	\$ 107,960,487
Indirect:			
Rockwall Independent School District	337,278,257	59.72%	201,422,575
Rockwall County	103,989,525	50.68%	52,701,891
Total Indirect	441,267,782		254,124,466
Total Direct and Overlapping Bonded Debt	\$ 549,228,269		\$ 362,084,953
Average debt per capita			\$ 9,343

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

- (1) Includes all Governmental Activities General Obligation Bonds, Contractual Obligations, Certificates of Obligation and Capital Leases
- (2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each governmental unit's taxable value that is within the city's boundaries and dividing it by each unit's total taxable value.

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

TABLE D-18

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Maximum Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total Tax Rate	0.5025	0.5025	0.5031	0.5031	0.5031	0.5031	0.4865	0.425	0.3689	0.3600
Legal Debt Margin	1.9975	1.9975	1.9969	1.9969	1.9969	1.9969	2.0135	2.0750	2.1311	2.1400

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

TABLE D-19

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	11,447,810	6,817,094	4,630,716	550,000	453,305	1,003,305	4.62
2006	12,921,162	8,229,674	4,691,488	765,000	635,235	1,400,235	3.35
2007	10,970,532	8,405,774	2,564,758	785,000	606,179	1,391,179	1.84
2008	11,638,576	9,308,603	2,329,973	830,000	575,410	1,405,410	1.66
2009	12,706,804	9,516,940	3,189,864	860,000	542,595	1,402,595	2.27
2010	12,644,083	9,871,989	2,772,094	895,000	507,658	1,402,658	1.98
2011	15,439,747	10,805,039	4,634,708	740,000	360,448	1,100,448	4.21
2012	14,809,266	11,463,657	3,345,609	665,000	219,253	884,253	3.78
2013	16,096,968	11,885,957	4,211,011	685,000	191,306	876,306	4.81
2014	16,378,963	12,610,238	3,768,725	260,000	147,294	407,294	9.25

Note: Direct operating expenses excludes depreciation

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

TABLE D-20

DEMOGRAPHICS					
Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (1)
2005	27,800	1,064,601	38,295	10,545	3.5
2006	30,200	1,209,238	40,041	11,519	3.4
2007	31,407	1,313,786	41,831	12,468	3.9
2008	31,748	1,494,029	47,059	13,027	4.9
2009	32,103	1,480,976	46,132	13,372	7.0
2010	35,050	1,687,272	48,139	13,732	6.6
2011	36,810	1,881,580	51,116	13,965	6.7
2012	38,586	1,976,529	51,224	14,213	5.1
2013	38,755	2,044,742	52,761	14,359	5.3
2014	40,008	2,135,587	53,379	14,626	4.2

Source: (1) Texas Workforce Commission, 2012 and 2013 are estimates
 (2) Rockwall Independent School District - private schools not included

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

TABLE D-21

Employer	2014			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,556	1	7.12%	891	1	5.61%
Presbyterian Hospital	592	2	2.71%	-	-	-
Wal-Mart Superstore	492	3	2.25%	450	3	2.83%
Texas Star Express	275	4	1.26%	455	2	2.86%
Rockwall County	299	5	1.37%	225	4	1.42%
City of Rockwall	262	6	1.20%	223	5	1.40%
Hilton Bella Harbor	250	7	1.14%	-	-	-
Costco	250	8	1.14%	-	-	-
Special Products	205	9	0.94%	180	7	1.13%
Target	200	10	0.92%	200	6	1.26%
Rockwall Nursing Home	-	-	-	150	8	0.94%
Kohl's Department Store	-	-	-	140	9	0.88%
Home Depot	-	-	-	130	10	0.82%
Subtotal	<u>4,381</u>		<u>20.05%</u>	<u>3,044</u>		<u>19.16%</u>
Total	<u>21,850</u>		<u>100.00%</u>	<u>15,886</u>		<u>100.00%</u>

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

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

TABLE D-22

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	26	25	21	21	22	22	22	22	21	21
Finance	5	5	8	8	8	8	8	8	8	7.5
Municipal Court	5	4	4	4	4	4	4	4	4	4
Fire	23	19	17	17	17	17	10	10	9	9
Police	100.5	97	92.5	91.5	90.5	90.5	88	85	80	72
Community Development	19	24.5	29.5	29.5	29.5	29.5	29.5	29.5	28.5	25.5
Parks & Recreation	29	25	26	26	26	26	24.5	24.5	25	24
Public Works	21	21	21	21	21	21	23	23	23	21
Water/Sewer	34	34	37	37	38	38	34	31	29	26
Total	262.50	254.50	256.00	255.00	256.00	256.00	243.00	237.00	227.50	210.00

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

TABLE D-23

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Finance										
Invoices processed	14,518	15,351	15,772	15,582	16,613	16,933	16,696	16,015	15,883	14,919
Payroll checks issued	10118	9,650	10,065	10,500	9,356	9,176	8,765	8,840	8,231	7,579
Purchase orders issued	1,939	2,002	2,150	2,269	2,391	2,572	2,363	2,553	2,468	2,561
Municipal Court										
Violations Processed	16,950	15,208	16,859	16,361	17,261	16,526	12,984	17,455	16,635	15,225
Fire										
Employees (paid)	23	19	17	17	17	17	10	10	9	9
Volunteers	30	29	35	41	38	35	42	37	40	39
Fire Calls (City and County)	723	913	831	1,059	771	771	860	777	718	772
Police										
Employees (uniformed)	78	76	72	71	71	70	69	66	61	55
Employees (civilian)	22.5	21	20	20	20	20	19	18	18	17
Calls for Service*	17,391	16,317	18,267	21,490	30,569	30,610	29,097	27,158	21,121	17,915
* Police Department software was upgraded in Sept. 2010 and utilizes a different criteria to count calls.										
Community Development										
# permits - New commercial construction	12	25	14	21	4	17	26	33	18	51
Value - New commercial construction	13,645,795	55,921,000	36,578,259	15,446,160	10,969,950	71,061,773	40,553,363	104,798,013	39,358,497	49,918,558
# permits - New residential construction	257	272	218	185	212	169	173	192	470	739
Value - New residential construction	59,868,007	56,266,387	39,815,104	36,244,834	40,293,359	30,914,120	31,962,169	40,174,623	82,305,725	123,215,423
Parks & Recreation										
The Center facility usage	78,350	84,000	81,500	84,001	68,665	61,713	76,530	69,988	75,757	71,118
Special event attendance	81,000	83,000	85,000	80,000	95,000	90,680	75,232	54,156	25,231	26,547
# recreation participants (youth & adult)	4,900	4,700	4,500	3,268	3,428	2,155	2,757	2,727	2,381	2,034
Public Works										
Streets - sq yd concrete street repair	3,872.00	2,333.00	4,316.37	2,276.40	2,851.55	5,507.20	3,415.26	739.69	1,967.75	2,961.55
\$ spent on concrete/asphalt street repair	\$ 909,163	\$ 712,451	\$ 654,243	\$ 602,167	\$ 575,446	\$ 541,430	\$ 411,814	\$ 341,685	\$ 478,169	\$ 352,048
Miles of public street maintained by City*	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83	139.52	129.23

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

TABLE D-23

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
* Beginning in 2011, mileage calculations have changed and software advances have allowed for a more accurate count										
Water/Sewer										
Water customers	14,874	14,599	13,416	13,044	12,859	12,471	12,285	12,345	11,985	11,491
Sewer customers	13,215	12,968	12,137	11,891	11,651	11,401	11,106	10,987	10,445	10,020
Average daily water consumption (gal)	6,210,113	8,158,146	8,322,890	9,943,169	7,434,917	8,228,041	8,052,778	6,701,619	5,991,288	5,023,404
Maximum storage capacity (gal)	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	9,500,000	7,500,000	7,500,000	7,500,000

Source: City departments

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

n/a - Data not available

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

TABLE D-24

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Fire										
Number of stations	4	4	4	4	4	2	2	2	2	2
Number of fire engines/trucks	13	13	15	15	14	12	11	11	9	8
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	42	42	42	42	42	42	42	42	42	37
Parks & Recreation										
Parks acres (developed)	538.00	538.00	538.00	538.00	538.00	538.00	538.00	341.50	324.60	307.30
Playgrounds	25	25	25	25	25	23	23	23	18	12
Picnic areas	32	32	32	32	32	31	31	29	27	26
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ Spent on new construction	\$ 4,760,116	\$ 3,567,315	\$ 2,164,305	\$ 1,079,938	\$ 2,596,948	\$ 15,444,384	\$ 24,508,043	\$ 4,885,417	\$ 1,689,445	\$ 2,477,496
Miles of public streets	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83	139.52	129.23
Water/Sewer										
Water mains (miles)	287.91	287.91	276.94	265.82	269.82	255.88	250.40	160.06	155.37	146.32
Sanitary sewers (miles)	231.91	231.91	218.88	222.62	215.88	212.77	209.95	117.51	113.58	107.83

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