



ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023

CITY OF
ROCKWALL, TEXAS

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CITY OF ROCKWALL, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

Prepared by:

Finance Department

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



City of Rockwall

CITY OF ROCKWALL, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2023

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City of Rockwall

INTRODUCTORY SECTION



City of Rockwall



City of Rockwall
The New Horizon

March 18, 2024

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, 2023, is hereby submitted in accordance with Section 7.18 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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

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

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

The City of Rockwall's financial statements have been audited by Brooks, Watson & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rockwall for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent

auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2023, 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 1852. 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 30.09 square miles and an estimated population of 51,171.

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The City of Rockwall is situated in the Dallas/Fort Worth Consolidated Metropolitan Statistical Area. With its concentration of commercial and retail development, the City of Rockwall has long drawn shoppers from surrounding areas. As the national economy began to improve over the last year, Rockwall's local economy benefitted from a mix of new businesses and the renewed success of others. Rockwall saw an increase of 4.87% in our local sales tax revenues in a strengthening local economy and changes in online shopping patterns. While sales tax growth was flat in 2020 both 2021 and 2022 saw significant growth. The city has a varied tax base including a mix of residential, commercial and light industrial properties. The five- and ten-year averages have been 9.3% and 7.1% respectively Total property values rose by 12.1%. The City's largest taxpayers are varied and include industry, retail developments, multi-family properties, and medical facilities. Tables in the Statistical Section provides further information on the principal taxpayers. The Rockwall Economic Development Corporation continues to successfully market Rockwall and assist companies looking to locate their business in the City. The year's highlights included:

- Rockwall Economic Development Corporation neared the completion of development of more than 200 acres of raw land adjacent to their existing Technology Park which bring that land to the point of being "shovel ready" for companies looking to relocate to Rockwall. Work will be completed in fiscal year 2024.
- Rockwall Independent School District began construction of two ninth-grade campuses in 2023. While not adding to the tax rolls these buildings are important to the success of the students as they relieve pressure on the high schools. A top-rated education system in Rockwall has long been one of the most often cited factors when people are asked why they move to Rockwall. These buildings will be open for the 2024-25 school year.
- The Harbor retail development, enjoyed increased foot traffic as the new Condominium projects brought hundreds of new living spaces. Ablon at Harbor Village began leasing in Summer 2022 bringing residents in immediate walking distance to the Harbor restaurant and entertainment offerings. A new parking garage opened for the retail center. Harbor Hills Condo project is under construction and should begin leasing in early 2024. New restaurant construction is nearing completion and should be open in mid-2024 timeframe.
- Other areas of the City saw several new projects including new restaurant offering and shopping opportunities to strengthen our role as a regional destination.

Long-term Planning

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

Financial Policies

The City Council adopted financial policies in 2001 which have guided the City, allowing us to build a strong fund balance, and reinforcing the city's philosophy to budget conservatively for both revenues and expenditures. The general fund reserve policy is reviewed annually. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5-month level were available to fund capital purchases in 2023.

Budget Overview

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

Capital Improvement Planning

In May 2018, voters approved a proposition to begin the rehabilitation and reconstruction of \$85,000,000 of aging residential streets which would include utility relocations and drainage system improvement. A pavement assessment was conducted on all city streets and alleys which gave an index score to each one. This coupled with traffic load data and the condition of the drainage system are factors in the streets chosen for the program. Design work was completed in early 2023 on two projects and the City will receive bids on the work in 2024. Construction work is being phased over several years to minimize the impact of the debt issuance.

Strategic Planning

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

provision that the committee must perform an annual review to adjust the plan as needed. The reconstruction project for I-30 (details below) will result in the largest public works investment in Rockwall County's history. The project's impact to area businesses will be extensive. Recognizing this, the City of Rockwall will be working with area retailers, shopping center owners, the Chamber of Commerce and the other cities along the route to develop a coordinated marketing approach to ensure shoppers know the area is still open for business during the several years of construction activities.

Future Development

Transportation

The majority of the City's main thoroughfares are state facilities. TxDOT has been planning for the widening of SH205 in the three counties it serves. Construction work is underway on the North phase. The City Council and staff worked closely with TxDOT to come to agreement to move the current SH205 to existing John King Boulevard to the East. This had long been the City's desire but previous attempts had not come to fruition. This change will allow the present course of SH205 to become a city street with the ability for traffic flow and speed limits to be managed by the City. This work is projected to begin by 2026. The funding is in place for the project.

TxDOT has begun the construction for the expansion of I-30 which runs through Rockwall County and is the link between the eastern counties and downtown Dallas. The project adds main travel lanes in both directions as well as three-lane service roads extending across Lake Ray Hubbard. This is expected to ease traffic issues when accidents occur on the main lanes. The first phases of the new bridge service lanes across Lake Ray Hubbard is now open to our west. The project limits in Rockwall County were let in 2022 with construction having begun in fiscal year 2023 and continuing for several years; and is fully funded by TxDOT

The City is a member of a County-wide Consortium which allows County government officials to work with officials of each of the seven cities in the county to further transportation planning efforts. The Consortium meets bi-monthly to discuss funding alternatives for the County's transportation needs, which also involve planning and state participation. The County's bond initiatives allow funding for the advance planning and design of several major roadway projects. This allows the projects to be ready to commence as soon as state funding is allocated for construction. The Consortium was successful in securing new state funding for the widening of SH205 through the City. The project when complete will allow the City to exchange John King Boulevard for the current SH205 through the City which is important to maintaining the unique features of our downtown area and residential areas. The Consortium has worked closely with TxDOT on the widening of Interstate 30 through the County helping to guide the process of integrating each city's varying desires into the roadway. The County held a successful bond election in November 2021 to further their efforts to provide planning and engineering funds for state roadways throughout the County thus keeping the list of projects up to date. The work of the Consortium which allows projects to be designed and ready to bid when dollars are available is crucial in getting these new funds. Design work is underway on several of the 2021 bond election roadways.

Retail / Entertainment

“The Harbor” development is situated on the shores of Lake Ray Hubbard at I-30 and has enjoyed increased visitor counts in fiscal year 2023 with added living units within walking distance. The area’s full-service Hilton Hotel and Conference Center and Springhill Suites along with Tru Hilton provide hotel rooms for conference attendees in close proximity to conference space.

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

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

Utilities

The water and wastewater rates were increased in 2019. The City purchases treated water as a founding member city of the North Texas Municipal Water District. Water consumption in fiscal year 2023 was 7.7% higher than the previous year 2022. Retail water sales increased by 3.85% while Wholesale customer revenue increased 14.3% over the prior fiscal year. The City’s water system is recognized with the Texas Commission on Environmental Quality’s “Superior” rating.

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

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

Outstanding General Obligation Debt at 9-30-23	\$101,835,000
Estimated Population	51,171
G.O. Debt Per Capita	\$1,990
Net G.O. Debt per Assessed Value	1.32%

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

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

ACKNOWLEDGEMENTS

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

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

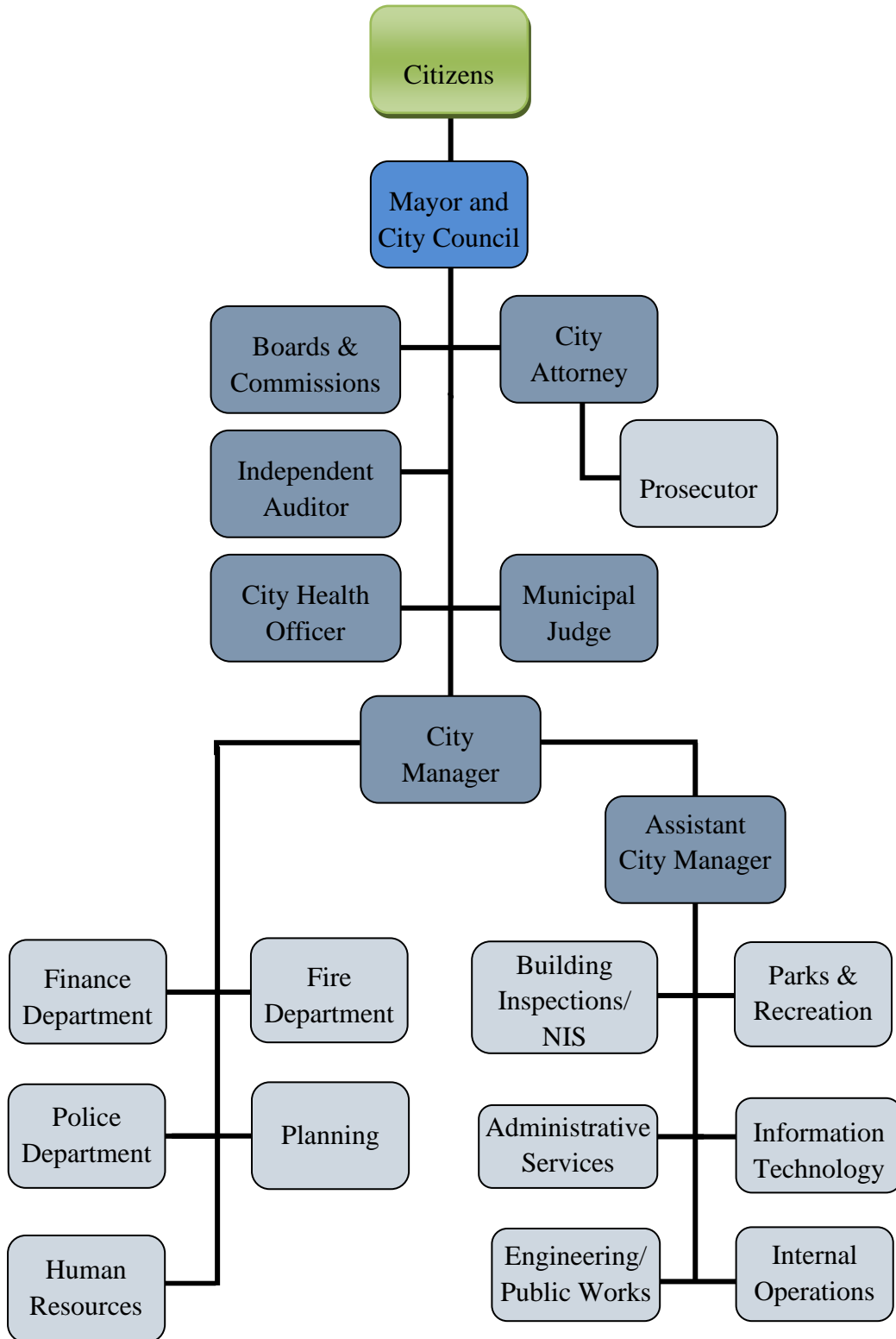
Sincerely,

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

Mary P. Smith, CPA
City Manager

CITY OF ROCKWALL

Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2023

City Council

Trace Johannensen, Mayor

Anna Campbell, Mayor Pro-Tempore

Tim McCallum, Councilmember Place 1

Mark Moeller, Councilmember Place 2

Clarence Jorif, Councilmember Place 3

Sedric Thomas, Councilmember Place 3

Dennis Lewis, Councilmember Place 5

Anna Campbell, Councilmember Place 6

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Rockwall, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Rockwall, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Rockwall, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rockwall, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Rockwall, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rockwall, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of the City of Rockwall, Texas’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rockwall, Texas’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rockwall, Texas’ internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 18, 2024



City of Rockwall

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



City of Rockwall

Management's Discussion and Analysis

As management of the City of Rockwall (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$328,156,818 (net position). Of this amount, \$40,675,015 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation.
- The City's total net position increased by \$36,012,968, primarily caused by increases to property and sales tax revenues as well as utility charges for services.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$60,737,068. 53.66% of this total amount, \$32,594,142 (unassigned fund balance) is available for use at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$32,594,142 or 69.90% of the total general fund expenditures. Sound financial management practices call for at least 25% of unassigned fund balance to general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the City include general administration, public safety, public works, and parks and recreation. The *business-type activities* of the City include water and sewer and sanitation operations.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, Capital Projects Fund, and the Transportation Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregation presentation.

Proprietary Funds. The City maintains two categories of *proprietary funds*-Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. Internal service funds are used to account for employee benefits and workers compensation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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. The notes to the financial statements immediately follow the basic financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund, and information concerning the City's net pension and total OPEB liability.

Combining and individual fund statements and schedules are presented following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$328,156,818 as of September 30, 2023.

The largest portion of the City's net position, \$271,952,672 (82.87%) reflects its investments in capital assets (e.g., land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$15,529,131 (4.73%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$40,675,015 (12.39%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2023, the City was able to report positive balances in all three categories of net position for both governmental activities and business-type activities. The following table shows the condensed Statement of Net Position for the City for the current and prior fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 79,458,719	\$ 47,457,145	\$ 24,799,021	\$ 10,957,036	\$ 104,257,740	\$ 58,414,181
Capital assets	215,499,039	204,357,619	147,929,178	134,896,332	363,428,217	339,253,951
Total assets	294,957,758	251,814,764	172,728,199	145,853,368	467,685,957	397,668,132
Deferred outflows of resources	11,985,447	2,889,177	2,364,800	1,332,993	14,350,247	4,222,170
Long-term liabilities outstanding	97,442,884	58,811,343	34,603,639	17,231,505	132,046,523	76,042,848
Other liabilities	16,595,344	12,874,350	2,478,190	6,708,965	19,073,534	19,583,315
Total liabilities	114,038,228	71,685,693	37,081,829	23,940,470	151,120,057	95,626,163
Deferred inflows of resources	831,868	5,951,452	1,927,461	676,661	2,759,329	6,628,113
Net position:						
Net investment in capital assets	148,415,067	142,755,924	123,537,605	117,322,684	271,952,672	260,078,608
Restricted	13,293,105	23,157,453	2,236,026	2,147,029	15,529,131	25,304,482
Unrestricted	30,364,937	11,153,419	10,310,078	3,099,517	40,675,015	14,252,936
Total net position	\$ 192,073,109	\$ 177,066,796	\$ 136,083,709	\$ 122,569,230	\$ 328,156,818	\$ 299,636,026

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2023. Governmental activities increased the City's net position by \$22,498,489. Business-type activities increased the City's net position by \$13,514,479. The following table shows the condensed Statement of Activities for the current and prior fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,960,214	\$ 4,778,724	\$ 40,690,213	\$ 39,791,917	\$ 45,650,427	\$ 44,570,641
Operating grants and contributions	3,499,961	7,988,335	-	-	3,499,961	7,988,335
Capital grants and contributions	16,072,206	3,339,056	13,654,354	2,121,339	29,726,560	5,460,395
General revenues:						
Property taxes	23,839,645	23,579,113	-	-	23,839,645	23,579,113
Sales taxes	27,720,904	26,433,923	-	-	27,720,904	26,433,923
Franchise taxes	3,916,171	3,839,782	-	-	3,916,171	3,839,782
Hotel occupancy tax	1,879,261	1,642,177	-	-	1,879,261	1,642,177
Investment income	2,790,181	63,365	822,977	-	3,613,158	63,365
Miscellaneous	152,427	531,930	143,171	192,166	295,598	724,096
Total revenues	84,830,970	72,196,405	55,310,715	42,105,422	138,262,424	112,659,650
Expenses:						
General government	7,241,594	12,194,988	-	-	7,241,594	12,194,988
Public safety	28,517,293	20,897,286	-	-	28,517,293	20,897,286
Public works	13,574,806	11,960,837	-	-	13,574,806	11,960,837
Parks and recreation	8,209,949	7,011,359	-	-	8,209,949	7,011,359
Community development	2,764,330	2,160,981	-	-	2,764,330	2,160,981
Interest on long-term debt	2,878,024	2,650,740	-	622,146	2,878,024	3,272,886
Water, sewer, and sanitation	-	-	40,942,721	35,961,565	40,942,721	35,961,565
Total expenses	63,185,996	56,876,191	40,942,721	36,583,711	104,128,717	93,459,902
Increase in net position before transfers	21,644,974	15,320,214	14,367,994	5,521,711	36,012,968	20,841,925
Transfers	853,515	1,284,205	(853,515)	(1,284,205)	-	-
Increase in net position	22,498,489	16,604,419	13,514,479	4,237,506	36,012,968	20,841,925
Net position, beginning	177,066,796	160,462,377	122,569,230	118,331,724	299,636,026	278,794,101
Prior period adjustment	(7,492,176)	-	-	-	(7,492,176)	-
Net position, ending	\$ 192,073,109	\$ 177,066,796	\$ 136,083,709	\$ 122,569,230	\$ 328,156,818	\$ 299,636,026

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported ending fund balances of \$60,737,068. \$32,594,142 (53.66%) of this total amount constitutes unassigned fund balance. The remainder of the fund balance is either non-spendable, restricted or committed to indicate that it is not available for new spending. The most significant restrictions include \$5,751,071 for debt service, \$824,723 restricted for public safety, \$10,289,451 restricted for capital projects, and \$2,762,063 restricted for tourism.

The General Fund is the primary operating fund of the City. The General Fund's fund balance increased by \$4,688,977. This was primarily caused by increased property tax and sales tax revenues that are reflective of the continued growth in the City's population and economy. In contrast, expenditures were relatively flat year-over-year.

The Debt Service Fund's fund balance decreased by \$3,791,156, primarily due to the City's debt service payments increasing from the issuance of bonds in the prior year. An increase in the debt service property tax rate covered most of the increased cost, and management will consider the need for additional tax revenues to cover future debt service.

The Capital Projects Fund balance increased by \$27,247,232, primarily due to the City issuing capital project bonds in the current year. In future years fund balances are expected to decrease as project costs are incurred.

Proprietary fund. As mentioned earlier, the City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds include business-type activity fund and internal service funds.

At September 30, 2023, the water and sewer fund had \$10,310,078 in unrestricted net position and total net position increased by \$13,514,479. The increase in net position was largely due to increases in capital contributions from the development of subdivisions in the City.

At September 30, 2023 the Internal Service Funds had \$924,482 in unrestricted net position and total net position decreased by \$412,690 due to an employee healthcare and workers' compensation claims.

General Fund Budgetary Highlights.

During fiscal year 2023, 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 \$48,276,450 increased to \$48,760,335, while revenue estimates increased from \$49,126,400 to \$51,554,400.

Actual revenues exceeded budget by \$1,732,506 mainly due to increases in sales tax revenues, grants, revenue from interlocal agreements, and an increase investment earnings due to increased interest rates. Expenditures were lower than appropriations by \$2,130,209 primarily due to cost savings in public safety overtime costs.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, was \$363,428,217 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, equipment and vehicles, infrastructure, and construction in progress.

Capital Assets at Year-end, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 21,417,249	\$ 17,756,083	\$ 772,357	\$ 534,078	\$ 22,189,606	\$ 18,290,161
Buildings and improvements	22,431,143	23,952,395	112,688,489	115,553,709	135,119,632	139,506,104
Furniture, equipment, and vehicles	5,433,019	5,166,713	6,137,065	3,024,628	11,570,084	8,191,341
Infrastructure	161,505,679	149,493,538	22,720,374	5,866,333	184,226,053	155,359,871
Right to use	1,139,308	1,101,047	-	-	1,139,308	1,101,047
Construction in progress	3,572,641	6,887,843	5,610,893	9,917,584	9,183,534	16,805,427
Total	<u>\$ 215,499,039</u>	<u>\$ 204,357,619</u>	<u>\$ 147,929,178</u>	<u>\$ 134,896,332</u>	<u>\$ 363,428,217</u>	<u>\$ 339,253,951</u>

Significant events related to capital assets during the year were primarily related to capital contributions relating to developers of subdivisions. In the governmental activities, paving and drainage contributions of approximately \$16 million were made to the City. In the business-type activities, water line contributions made up about \$8.1 million in infrastructure additions and sewer line contributions made up about \$3.3 million in additions.

Additional information on the City's capital assets can be found in the notes to the financial statements.

Debt Administration

At the end of the current fiscal year, the City had total long-term debt of \$112,399,529. This represents an decrease of \$27,907,421 from the prior year due to continued payments of debt service without issuing any new debt in the current year. Business-type activities decreased its debt due to continued payments of debt service without issuing any new debt in the current year.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	\$ 760,000	\$ 4,530,000	\$ 19,860,000	\$ 5,575,000	\$ 20,620,000	\$ 10,105,000
General obligation bonds	72,545,000	55,920,000	8,670,000	10,490,000	81,215,000	66,410,000
Financing arrangements	-	-	1,965,009	2,484,998	1,965,009	2,484,998
Leases	1,139,308	1,101,047	-	-	1,139,308	1,101,047
Premium on bonds	3,044,266	1,150,746	1,935,214	1,134,512	4,979,480	2,285,258
Discount on bonds	(99,869)	(113,810)	(13,719)	(15,049)	(113,588)	(128,859)
Compensated absences	2,408,526	2,075,523	185,794	159,141	2,594,320	2,234,664
Total	<u>\$ 79,797,231</u>	<u>\$ 64,663,506</u>	<u>\$ 32,602,298</u>	<u>\$ 19,828,602</u>	<u>\$ 112,399,529</u>	<u>\$ 84,492,108</u>

The City's bond ratings are "Aa2" by Moody's Investors Service Inc ("Moody's"), and "AA+" by Standard & Poor's ("S&P").

Additional information on the City's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 budget, tax rate, and fees that will be charged for the business-type activities. The City conservatively budgeted flat sales tax when compared to the prior year due to the unknowns associated uncertain economic conditions on a federal level and budgeting other revenues relatively flat in the coming year. In light of the upcoming I-30 widening we cannot be certain our revenues will continue to grow during this prolonged project.

The City of Rockwall's citizens enjoy above-average income levels per household. This combined with the City's proximity to major highways, and the Dallas-Fort Worth SMSA make Rockwall an attractive city in which to locate. The City prides itself on a quality school district and "hometown" atmosphere. The Rockwall Economic Development Corporation works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities. In September 2023, the City's unemployment rate was about 3.9%, which was roughly the same as the State of Texas.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2024. The budgeted revenues for fiscal year 2024 total \$52,166,650 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 27.0245 cents per hundred dollars of assessed value due to growth in assessed values.

The City adopted written financial policies in 2001, which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. These policies were reviewed by the City Council in 2009 and certain provisions related to the City's fund balance were changed. The amended policy provides that the General Fund reserves should be no less than 3 months of recurring operating appropriations. In addition, the policies provide that should an audited fund balance at the end of the fiscal year exceed 3.5 months, the City Council may elect to transfer a portion to a Capital Projects Fund. The ending unrestricted general fund balance for 2023 provided approximately 7.4 months of reserves for the City. The 2024 budget reflects planned expenditures from reserves including multiple vehicle and police taser replacements, updated lighting at the Harbor, and the completion of the upgrade of generators at several city facilities.

The 2024 budget expenditures include twelve additional firefighter positions as we are again a recipient of a SAFER grant for fire staffing as well as one police lieutenant and a clerical staff person along with two Harbor maintenance employees.

A comprehensive water and sewer rate study was developed during 2018 with rate recommendations over the next several years. This included looking at the North Texas Municipal Water District projected rates for treated water over the next five years and well as budget planning and capital planning for the City's own operations and projects. The water and sewer operations budgets continue to increase as federal mandates impact the need for testing and the addition of sewer transmission infrastructure. A comprehensive rate study will be conducted in fiscal year 2024.

Request for Information

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

**BASIC
FINANCIAL STATEMENTS**

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Rockwall EDC	Technology Park
ASSETS					
Cash and cash equivalents	\$ 61,105,044	\$ 5,586,129	\$ 66,691,173	\$ 431,050	\$ 50,303
Investments	9,609,124	-	9,609,124	26,301,693	-
Receivables (net of allowances for uncollectibles):					
Taxes	6,908,987	-	6,908,987	1,570,021	-
Accounts	1,502,947	7,726,022	9,228,969	-	14,918
Accrued interest	24,887	-	24,887	-	-
Due from other governments	292,955	1,799,422	2,092,377	-	-
Internal balances	13,182	(13,182)	-	-	-
Due from primary government	-	-	-	30,501	-
Inventories	1,593	446,572	448,165	-	-
Restricted assets:					
Cash and cash equivalents	-	8,575,617	8,575,617	-	-
Investments	-	678,177	678,177	-	-
Accrued interest receivable	-	264	264	-	-
Land held for sale	-	-	-	38,783,179	-
Capital assets:					
Non-depreciable	24,989,890	6,383,249	31,373,139	-	-
Depreciable, net	<u>190,509,149</u>	<u>141,545,929</u>	<u>332,055,078</u>	<u>12,865</u>	<u>-</u>
Total assets	<u>294,957,758</u>	<u>172,728,199</u>	<u>467,685,957</u>	<u>67,129,309</u>	<u>65,221</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	15,282	1,007,163	1,022,445	333,844	-
Deferred outflow related to TMRS pension	11,811,022	1,339,587	13,150,609	178,612	-
Deferred outflow related to OPEB	<u>159,143</u>	<u>18,050</u>	<u>177,193</u>	<u>2,407</u>	<u>-</u>
Total deferred outflows of resources	<u>11,985,447</u>	<u>2,364,800</u>	<u>14,350,247</u>	<u>514,863</u>	<u>-</u>
LIABILITIES					
Accounts payable	2,436,345	1,548,233	3,984,578	3,134,273	41,785
Due to component unit	30,501	-	30,501	-	-
Accrued liabilities	1,353,584	62,181	1,415,765	18,164	-
Accrued interest payable	489,283	195,061	684,344	246,100	-
Unearned revenue	10,977,065	-	10,977,065	-	-
Developer deposits	1,308,566	-	1,308,566	-	-
Customer deposits	-	672,715	672,715	-	-
Noncurrent liabilities:					
Due within one year:					
Long-term debt	10,210,511	3,510,496	13,721,007	2,620,609	-
Due in more than one year:					
Long-term debt	69,586,720	29,091,802	98,678,522	36,755,154	-
Net pension liability - TMRS	17,073,385	1,936,435	19,009,820	258,192	-
Total OPEB liability	<u>572,268</u>	<u>64,906</u>	<u>637,174</u>	<u>8,654</u>	<u>-</u>
Total liabilities	<u>114,038,228</u>	<u>37,081,829</u>	<u>151,120,057</u>	<u>43,041,146</u>	<u>41,785</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Rockwall EDC	Technology Park
DEFERRED INFLOWS OF RESOURCES					
Deferred resource inflow related to leases	\$ -	\$ 1,833,112	\$ 1,833,112	\$ -	\$ -
Deferred resource inflow related to TMRS pension	526,532	59,718	586,250	7,962	-
Deferred resource inflow related to OPEB	305,336	34,631	339,967	4,618	-
Total deferred inflows of resources	<u>\$ 831,868</u>	<u>\$ 1,927,461</u>	<u>\$ 2,759,329</u>	<u>\$ 12,580</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 148,415,067	\$123,537,605	\$ 271,952,672	\$ 12,865	\$ -
Restricted:					
Public safety	824,723	-	824,723	-	-
Parks	4,335,197	-	4,335,197	-	-
Capital projects	-	1,557,849	1,557,849	-	-
Debt service	5,371,122	-	5,371,122	-	-
Economic development	-	-	-	24,577,581	-
Tourism	2,762,063	678,177	3,440,240	-	-
Unrestricted	<u>30,364,937</u>	<u>10,310,078</u>	<u>40,675,015</u>	<u>-</u>	<u>23,436</u>
Total net position	<u>\$ 192,073,109</u>	<u>\$136,083,709</u>	<u>\$ 328,156,818</u>	<u>\$ 24,590,446</u>	<u>\$ 23,436</u>

CITY OF ROCKWALL, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/Program Activities	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 7,241,594	\$ 3,700,315	\$ 2,102,550	\$ 15,962,208
Public safety	28,517,293	121,815	1,360,041	27,980
Public works	13,574,806	-	-	-
Parks and recreation	8,209,949	1,138,084	-	82,018
Community development	2,764,330	-	37,370	-
Interest and other on long-term debt	2,878,024	-	-	-
Total governmental activities	<u>63,185,996</u>	<u>4,960,214</u>	<u>3,499,961</u>	<u>16,072,206</u>
Business-type activities:				
Water, sewer, and sanitation	<u>40,942,721</u>	<u>40,690,213</u>	<u>-</u>	<u>13,654,354</u>
Total business-type activities	<u>40,942,721</u>	<u>40,690,213</u>	<u>-</u>	<u>13,654,354</u>
Total primary government	<u>\$ 104,128,717</u>	<u>\$ 45,650,427</u>	<u>\$ 3,499,961</u>	<u>\$ 29,726,560</u>
Component units				
Rockwall EDC	\$ 3,952,708	\$ -	\$ -	\$ -
Technology Park	176,825	-	-	-
Total component units	<u>\$ 4,129,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes
 Sales taxes
 Franchise taxes
 Hotel occupancy tax
 Assessments
 Miscellaneous
 Investment earnings
 Transfers
 Total general revenues and transfers

Change in net position
 Net position -- beginning
 Prior period adjustment
 Net position -- beginning, restated
 Net position -- ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue
and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Rockwall EDC	Technology Park
\$ 14,523,479	\$ -	\$ 14,523,479	\$ -	\$ -
(27,007,457)	-	(27,007,457)	-	-
(13,574,806)	-	(13,574,806)	-	-
(6,989,847)	-	(6,989,847)	-	-
(2,726,960)	-	(2,726,960)	-	-
(2,878,024)	-	(2,878,024)	-	-
<u>(38,653,615)</u>	<u>-</u>	<u>(38,653,615)</u>	<u>-</u>	<u>-</u>
-	13,401,846	13,401,846	-	-
-	13,401,846	13,401,846	-	-
<u>\$ (38,653,615)</u>	<u>\$ 13,401,846</u>	<u>\$ (25,251,769)</u>	<u>\$ -</u>	<u>\$ -</u>
			\$ (3,952,708)	\$ -
			-	(176,825)
			<u>\$ (3,952,708)</u>	<u>\$ (176,825)</u>
\$ 23,839,645	\$ -	\$ 23,839,645	\$ -	\$ -
27,720,904	-	27,720,904	9,094,398	-
3,916,171	-	3,916,171	-	-
1,879,261	-	1,879,261	-	-
-	-	-	-	200,479
152,427	143,171	295,598	14,687	-
2,790,181	822,977	3,613,158	1,252,267	-
853,515	(853,515)	-	-	-
<u>61,152,104</u>	<u>112,633</u>	<u>61,264,737</u>	<u>10,361,352</u>	<u>200,479</u>
22,498,489	13,514,479	36,012,968	6,408,644	23,654
177,066,796	122,569,230	299,636,026	18,181,802	(218)
(7,492,176)	-	(7,492,176)	-	-
<u>169,574,620</u>	<u>122,569,230</u>	<u>292,143,850</u>	<u>18,181,802</u>	<u>(218)</u>
<u>\$ 192,073,109</u>	<u>\$ 136,083,709</u>	<u>\$ 328,156,818</u>	<u>\$ 24,590,446</u>	<u>\$ 23,436</u>

CITY OF ROCKWALL, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 39,273,818	\$ 5,450,710
Investments	1,308,313	-
Receivables (net of allowance for uncollectibles):		
Taxes	4,893,793	120,380
Franchise tax	1,697,880	-
Fines	91,241	-
Grants	292,955	-
Accounts	364,889	-
Other	40,076	-
Accrued interest	5,124	-
Due from other funds	23,738	-
Inventory	1,593	-
Total assets	<u>47,993,420</u>	<u>5,571,090</u>
 LIABILITIES		
Accounts payable	1,466,904	-
Seizures payable	-	-
Developer deposits	-	-
Due to other governments	135,802	-
Due to other funds	1,803	14
Due to component units	30,501	-
Accrued liabilities	1,353,584	-
Unearned revenue	10,977,065	-
Total liabilities	<u>13,965,659</u>	<u>14</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	126,399	109,334
Unavailable revenue - fines and forfeitures	62,045	-
Unavailable revenue - franchise taxes	950,627	-
Unavailable revenue - assessments	-	-
Unavailable revenue - grants	292,955	-
Total deferred inflows of resources	<u>1,432,026</u>	<u>109,334</u>
 FUND BALANCES		
Nonspendable:		
Inventories	1,593	-
Committed	-	-
Restricted for:		
Debt service	-	5,461,742
Capital projects	-	-
Parks	-	-
Public safety	-	-
Tourism	-	-
Unassigned	32,594,142	-
Total fund balances	<u>32,595,735</u>	<u>5,461,742</u>
 Total liabilities, deferred inflows, and fund balances	<u>\$ 47,993,420</u>	<u>\$ 5,571,090</u>

The accompanying notes are an integral part of these financial statements.

G/O Bonds Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,348,845	\$ 4,842,297	\$ 59,915,670
-	8,300,811	9,609,124
-	196,934	5,211,107
-	-	1,697,880
-	-	91,241
-	-	292,955
-	697,042	1,061,931
-	-	40,076
-	19,763	24,887
-	619	24,357
-	-	1,593
<u>10,348,845</u>	<u>14,057,466</u>	<u>77,970,821</u>
59,394	139,139	1,665,437
-	59,331	59,331
-	1,308,566	1,308,566
-	-	135,802
-	10,542	12,359
-	-	30,501
-	-	1,353,584
-	-	10,977,065
<u>59,394</u>	<u>1,517,578</u>	<u>15,542,645</u>
-	-	235,733
-	-	62,045
-	-	950,627
-	149,748	149,748
-	-	292,955
<u>-</u>	<u>149,748</u>	<u>1,691,108</u>
-	-	1,593
-	4,178,828	4,178,828
-	289,329	5,751,071
10,289,451	-	10,289,451
-	4,335,197	4,335,197
-	824,723	824,723
-	2,762,063	2,762,063
-	-	32,594,142
<u>10,289,451</u>	<u>12,390,140</u>	<u>60,737,068</u>
\$ 10,348,845	\$ 14,057,466	\$ 77,970,821



City of Rockwall

CITY OF ROCKWALL, TEXAS

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

SEPTEMBER 30, 2023

Total fund balances - governmental funds \$ 60,737,068

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

Internal service funds are used by the City's management for equipment maintenance and vehicle replacement. The assets and liabilities of certain internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level.

924,482

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

215,499,039

Revenue reported as unavailable revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.

Property taxes	235,733
Municipal court fines	62,045
Franchise taxes	950,627
Assessments	149,748
Grants	292,955

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.

(489,283)

Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.

Bonds payable	\$ (73,305,000)
Premiums and discounts on bonds payable	(2,944,397)
Deferred loss on bond refunding	15,282
Leases payable	(1,139,308)
Compensated absences	(2,408,526)
Net pension liabilities	(17,073,385)
Total OPEB liability	(572,268)
Deferred outflows and inflows related to pensions	11,284,490
Deferred outflows and inflows related to other post-employment benefits	<u>(146,193)</u>

(86,289,305)

Net position of governmental activities

\$ 192,073,109

CITY OF ROCKWALL, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
	<u> </u>	<u> </u>
REVENUES		
Property taxes	\$ 13,767,247	\$ 9,636,634
Sales taxes	27,328,015	-
Franchise taxes	3,916,171	-
Hotel occupancy tax	-	-
Licenses and permits	1,379,297	-
Intergovernmental revenues	2,997,297	-
Charges for services	1,434,654	496,426
Fines and forfeitures	466,735	-
Investments earnings	1,773,589	293,389
Miscellaneous	223,901	-
Contributions and donations	-	-
Total revenues	<u>53,286,906</u>	<u>10,426,449</u>
EXPENDITURES		
Current:		
Administration	6,674,998	-
Finance	917,752	-
Mayor/council	131,164	-
Police	16,008,378	-
Fire	7,706,122	-
Municipal court	508,652	-
Public works	6,097,356	-
Parks and recreation	5,871,696	-
Community development	2,356,718	-
Capital outlay	167,882	-
Debt service:		
Principal	129,621	11,702,440
Interest and fiscal charges	59,787	2,515,165
Cost of issue	-	-
Total expenditures	<u>46,630,126</u>	<u>14,217,605</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,656,780</u>	<u>(3,791,156)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of bonds	-	-
Premium on issuance of debt	-	-
Payment to refunding escrow agent	-	-
Issuance of leases	167,882	-
Sale of capital assets	-	-
Transfers in	1,400,000	-
Transfers out	<u>(3,535,685)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,967,803)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,688,977	(3,791,156)
FUND BALANCE - BEGINNING	<u>39,239,241</u>	<u>9,252,898</u>
PRIOR PERIOD ADJUSTMENT	<u>(11,332,483)</u>	<u>-</u>
FUND BALANCE - BEGINNING, RESTATED	<u>27,906,758</u>	<u>9,252,898</u>
FUND BALANCE - ENDING	<u>\$ 32,595,735</u>	<u>\$ 5,461,742</u>

The accompanying notes are an integral part of these financial statements.

G/O Bonds Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 496,794	\$ 23,900,675
-	392,889	27,720,904
-	-	3,916,171
-	1,879,261	1,879,261
-	360,246	1,739,543
-	502,664	3,499,961
-	740,919	2,671,999
-	110,250	576,985
374,497	236,082	2,677,557
-	131,671	355,572
-	109,998	109,998
<u>374,497</u>	<u>4,960,774</u>	<u>69,048,626</u>
-	1,143,561	7,818,559
-	-	917,752
-	-	131,164
-	69,029	16,077,407
-	759	7,706,881
-	-	508,652
-	-	6,097,356
-	668,700	6,540,396
-	-	2,356,718
127,265	1,465,648	1,760,795
-	635,000	12,467,061
-	116,982	2,691,934
365,235	-	365,235
<u>492,500</u>	<u>4,099,679</u>	<u>65,439,910</u>
<u>(118,003)</u>	<u>861,095</u>	<u>3,608,716</u>
32,060,000	-	32,060,000
2,410,742	-	2,410,742
(7,105,507)	-	(7,105,507)
-	-	167,882
-	3,600	3,600
-	354,200	1,754,200
-	(1,325,000)	(4,860,685)
<u>27,365,235</u>	<u>(967,200)</u>	<u>24,430,232</u>
27,247,232	(106,105)	28,038,948
<u>(16,957,781)</u>	<u>8,655,938</u>	<u>40,190,296</u>
-	3,840,307	(7,492,176)
<u>(16,957,781)</u>	<u>12,496,245</u>	<u>32,698,120</u>
<u>\$ 10,289,451</u>	<u>\$ 12,390,140</u>	<u>\$ 60,737,068</u>

CITY OF ROCKWALL, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balances - total governmental funds:	\$ 28,038,948
Amounts reported for governmental activities in the Statement of Activities are different because:	
Internal service funds are used by the City's management for equipment maintenance and vehicle replacement. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(412,690)
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 of capital outlays for the fiscal year.	23,042,462
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(11,901,042)
Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	12,467,061
Certain expenses do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	
Premium on bonds payable	7,362,733
Accrued interest payable	(78,081)
Compensated Absences	(333,003)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(296,088)
Certain pension and other post-employment (OPEB) expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows and inflows. These items relate to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension and OPEB liabilities were amortized.	<u>(753,187)</u>
Change in net position - statement of activities	<u>\$ 22,498,489</u>

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,586,129	\$ 1,189,374
Receivables (net of allowances for uncollectibles):	7,726,022	309,699
Due from other governments	1,799,422	-
Due from other funds	-	1,184
Inventories	446,572	-
Restricted assets:		
Cash and cash equivalents	8,575,617	-
Investments	678,177	-
Receivables (net of allowances for uncollectibles):	264	-
Total current assets	<u>24,812,203</u>	<u>1,500,257</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable	6,383,249	-
Depreciable, net	141,545,929	-
Total noncurrent assets	<u>147,929,178</u>	<u>-</u>
Total assets	<u>172,741,381</u>	<u>1,500,257</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,007,163	-
Deferred outflow related to TMRS pensions	1,339,587	-
Deferred outflow related to OPEB	18,050	-
Total deferred outflows of resources	<u>2,364,800</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,548,233	575,775
Accrued liabilities	62,181	-
Customer deposits	672,715	-
Accrued interest payable	195,061	-
Due to other funds	13,182	-
Compensated absences - current	130,496	-
Note payable obligation - current	555,000	-
Bonds payable - current	2,825,000	-
Total current liabilities	<u>6,001,868</u>	<u>575,775</u>
Noncurrent liabilities:		
Bonds payable	27,626,495	-
Compensated absences	55,298	-
Note payable obligations	1,410,009	-
Net pension liability - TMRS	1,936,435	-
Total OPEB liability	64,906	-
Total noncurrent liabilities	<u>31,093,143</u>	<u>-</u>
Total liabilities	<u>37,095,011</u>	<u>575,775</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred resource inflow related to leases	\$ 1,833,112	\$ -
Deferred resource inflow related to TMRS pension	59,718	-
Deferred resource inflow related to TMRS OPEB	<u>34,631</u>	-
Total deferred inflows of resources	<u>1,927,461</u>	-
NET POSITION		
Net investment in capital assets	123,537,605	-
Restricted for:		
Debt service	1,557,849	-
Capital projects	678,177	-
Unrestricted	<u>10,310,078</u>	<u>924,482</u>
Total net position	<u>\$ 136,083,709</u>	<u>\$ 924,482</u>

CITY OF ROCKWALL, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for services	\$ 39,350,427	\$ 1,959,784
Impact Fees	1,339,786	-
Miscellaneous revenue	<u>143,171</u>	<u>21,500</u>
Total operating revenues	<u>40,833,384</u>	<u>1,981,284</u>
OPERATING EXPENSES		
Personnel services	3,542,228	-
Materials and supplies	988,861	-
Maintenance and repair	385,493	-
Contractual services	29,958,313	6,466,598
Utilities	507,152	-
Depreciation	<u>4,567,665</u>	<u>-</u>
Total operating expenses	<u>39,949,712</u>	<u>6,466,598</u>
OPERATING INCOME (LOSS)	<u>883,672</u>	<u>(4,485,314)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	822,977	112,624
Bond costs	(174,451)	-
Interest expense	<u>(818,558)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(170,032)</u>	<u>112,624</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>713,640</u>	<u>(4,372,690)</u>
Capital contributions	13,654,354	-
Transfers in	460,235	3,960,000
Transfers out	<u>(1,313,750)</u>	<u>-</u>
Total capital contributions and transfers	<u>12,800,839</u>	<u>3,960,000</u>
CHANGE IN NET POSITION	13,514,479	(412,690)
TOTAL NET POSITION - BEGINNING	<u>122,569,230</u>	<u>1,337,172</u>
TOTAL NET POSITION - ENDING	<u>\$ 136,083,709</u>	<u>\$ 924,482</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKWALL, TEXAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 37,389,459	\$ 1,719,951
Payments to suppliers and service providers	(33,171,816)	(6,484,034)
Payments to employees for salaries and benefits	(3,431,752)	-
Net cash provided (used) by operating activities	<u>785,891</u>	<u>(4,764,083)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	460,235	3,960,000
Transfer to other funds	(1,313,750)	-
Net cash provided (used) by noncapital financing activities	<u>(853,515)</u>	<u>3,960,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,946,157)	-
Capital contributions	(1,623,674)	-
Proceeds from the issuance of bonds	16,668,270	-
Payments on long-term debt	(3,564,989)	-
Interest paid on long-term debt	(1,296,119)	-
Net cash provided by capital and related financing activities	<u>6,237,331</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of securities	(178,429)	-
Interest on investments	784,072	112,624
Net cash provided by investing activities	<u>605,643</u>	<u>112,624</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,775,350	(691,459)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>7,386,396</u>	<u>1,880,833</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>14,161,746</u>	<u>1,189,374</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:		
Operating income (loss)	<u>883,672</u>	<u>(4,485,314)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	4,567,665	-
(Increase) decrease in accounts receivable	(2,887,312)	(260,125)
(Increase) decrease in deferred outflows of resources	(1,031,807)	-
Increase (decrease) in accounts payable	(1,394,178)	(17,436)
Increase (decrease) in accrued liabilities	62,181	-
Increase (decrease) in interfund payables	(2,338,315)	(1,208)
Increase (decrease) in customer deposits	(51,410)	-
Increase (decrease) in compensated absences	26,653	-
Increase (decrease) in net pension liability	1,726,117	-
Increase (decrease) in net OPEB liability	(28,175)	-
Increase (decrease) in deferred inflows of resources	<u>1,250,800</u>	<u>-</u>
Total adjustments	<u>(97,781)</u>	<u>(278,769)</u>
Net cash provided (used) by operating activities	<u>\$ 785,891</u>	<u>\$ (4,764,083)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKWALL, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

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

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

Discretely Presented Component Units

Rockwall Economic Development Corporation ("REDC")

The Rockwall Economic Development Corporation ("REDC") is governed by a seven-member Board of Directors appointed, at will, by the City Council. REDC represents the City by promoting it as location for new business; it also acquires and develops land for that purpose. REDC collects a half cent sales tax to support its activities. The funds of REDC are composed of governmental fund types. Stand-alone financial statements for REDC as of and for the fiscal year ended September 30, 2023 are not prepared.

Rockwall Technology Park Association ("RTPA")

The Rockwall Technology Park Association ("RTPA") provides repair and maintenance of the common area within the park being developed by REDC. RTPA's Board of Directors is composed of representatives of the landowners. At September 30, 2019, REDC owned the majority of the land and the Board was therefore composed of REDC board members. When the park becomes 75% or more owned by private landowners, it will become an entity independent of the City. Until then, it is controlled by REDC, a discretely presented component unit of the City. RTPA, is effectively controlled by the City through REDC and thus provides a potential financial benefit or burden to the City. The funds of RTPA are composed of governmental fund types. Stand-alone financial statements RTPA as of and for the fiscal year ended September 30, 2023 are not prepared.

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

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

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

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

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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:

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

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

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

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

D. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

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

Deposits and Investments

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

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools
- SEC registered, no load money market mutual funds

Investments for the City are reported at fair value, except for the position in investment pools, which are reported at net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

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

Inventories

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

Land Held for Sale

Land purchased for sale is capitalized at acquisition cost or net realizable value, if lower.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 30 years
Bulding Improvements	20 to 50 years
Public domain infrastructure	20 years
System infrastructure	50 years
Equipment	3 to 10 years
Right-to-use equipment	3 to 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows/inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and losses on defeasance are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Losses on defeasance are reported as deferred outflows of resources. Bond issuance costs are expensed as incurred.

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. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

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

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

Leases

The City has entered into various lease agreements as either the lessee and lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessee. The City is a lessee for noncancellable lease of a parking lot, building, and office space. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lessor. The City is a lessor in various arrangements allowing the placement of cellular towers on City property. The city initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

Pensions

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

Other Postemployment Benefits ("OPEB")

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

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance represents 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.
- Assigned fund balance represents amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Fund Balance Flow Assumptions

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

Estimates

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

F. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

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

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

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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

IV. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. In addition, irrevocable letters of credit at 100% of the principal amounts of the deposits may be used to collateralize deposits. The City's deposits, as well as those of the City's component units, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2023.

As of September 30, 2023, the primary government and fiduciary funds had the following investments:

Investment Type	Reported Value	Weighted Average Maturity (days)
US Treasury bills	\$ 5,950,301	624
External investment pools	<u>65,639,677</u>	37
Total reported value	<u>\$ 71,589,978</u>	
Portfolio weighted average maturity		86

As of September 30, 2023, the Rockwall Economic Development Corporation had the following investments:

Investment Type	Reported Value	Weighted Average Maturity (days)
Certificate of deposits	\$ 300,000	165
External investment pools	<u>26,001,694</u>	37
Total reported value	<u>\$ 26,301,694</u>	
Portfolio weighted average maturity		38

Interest rate risk: In compliance with the City’s Investment Policy, as of September 30, 2023, the City minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

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

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances.

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

TexasRange

The "TexasTERM Local Government Investment Pool", doing business as the Texas Range Investment Program ("Texas Range"), was established by the Advisory Board as a governmental agency under Chapter 791, Texas Government Code, and as a public funds investment pool under the Public Funds Investment Act, Chapter 2256, Texas Government Code. It is governed by the terms of a Common Investment Contract among the City of Austin, the City of Gonzales, and Lake Dallas Independent School District.

Texas Range consists of various Portfolios and series approved by the Advisory Board. It offers a series of professionally managed Portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas. These currently include the TexasDAILY, TexasDAILY Select and TexasTERM Portfolios. Multiple series may exist within a Portfolio. Participation in the TexasTERM Portfolio requires an open TexasDAILY or TexasDAILY Select account. Texas Range also offers the CD Purchase Program, under which Investors, who have a TexasDAILY and/or a TexasDAILY Select account, can purchase appropriate CDs directly from their issuers or via certain brokers. At September 30, 2023, the fair value of the position in both the TexasTERM and the TexasDAILY approximate fair value of the shares. There were no limitations or restrictions on withdrawals. The TexasDAILY and TexasDAILY Select portfolios have received a AAmmf rating from Fitch Ratings ("Fitch").

B. Receivables

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

	General	Debt Service	Nonmajor Governmental	Water & Sewer	Employee Benefits	Totals
Property taxes	\$ 236,819	\$ 200,633	\$ -	\$ -	\$ -	\$ 437,452
Sales tax	4,751,702	-	47,186	-	-	4,798,888
Franchise taxes	1,697,880	-	-	-	-	1,697,880
Municipal court	152,070	-	-	-	-	152,070
Assessments	-	-	149,748	-	-	149,748
Lease	-	-	-	1,833,112	-	1,833,112
Accounts	404,965	-	704,743	7,983,925	309,699	9,403,332
Other	298,079	-	7,736	1,799,422	-	2,105,237
Allowance	(155,557)	(80,253)	(7,431)	(2,091,015)	-	(2,334,256)
Totals	\$ 7,385,958	\$ 120,380	\$ 901,982	\$ 9,525,444	\$ 309,699	\$ 18,243,463

	Rockwall EDC	Technology Park	Total
Sales tax	\$ 1,570,021	\$ -	\$ 1,570,021
Other	-	14,918	14,918
Totals	\$ 1,570,021	\$ 14,918	\$ 1,584,939

Governmental funds report unearned revenue and deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Lease Receivable

The city has entered into multiple leases as lessor for the placement of cellular antennas on City property by multiple telecommunication companies. The lessees are required to make monthly payments ranging from \$1,260 to \$3,207.

A summary of the City's lease receivables as of September 30, 2023, is as follows:

Purpose of the Lease	Interest Rate	Amount of Initial Receivable	Current Year Interest	Amount Outstanding 9/30/23	Amount Due Within One Year
Cell towers	5%	\$ 2,038,912	\$ 97,272	\$ 1,833,112	\$ 204,482
Totals			\$ 97,272	\$ 1,833,112	\$ 204,482

C. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 17,756,083	\$ 3,661,166	\$ -	\$ 21,417,249
Construction in progress	<u>6,887,843</u>	<u>755,243</u>	<u>(4,070,445)</u>	<u>3,572,641</u>
Total capital assets not being depreciated	<u>\$ 24,643,926</u>	<u>\$ 4,416,409</u>	<u>\$ (4,070,445)</u>	<u>\$ 24,989,890</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 58,368,381	\$ 670,688	\$ 303,204	\$ 59,342,273
Machinery and equipment	21,036,404	1,825,275	(155,643)	22,706,036
Infrastructure	283,513,543	15,962,208	3,767,241	303,242,992
Right-of-use equipment	<u>1,276,410</u>	<u>167,882</u>	<u>-</u>	<u>1,444,292</u>
Total capital assets being depreciated	<u>\$ 364,194,738</u>	<u>\$ 18,626,053</u>	<u>\$ 3,914,802</u>	<u>\$ 386,735,593</u>
Less accumulated depreciation				
Buildings and improvements	\$ (34,415,986)	\$ (2,495,144)	\$ -	\$ (36,911,130)
Machinery and equipment	(15,869,691)	(1,558,969)	155,643	(17,273,017)
Infrastructure	(134,020,005)	(7,717,308)	-	(141,737,313)
Right-of-use equipment	<u>(175,363)</u>	<u>(129,621)</u>	<u>-</u>	<u>(304,984)</u>
Total capital assets being depreciated	<u>\$ (184,481,045)</u>	<u>\$ (11,901,042)</u>	<u>\$ 155,643</u>	<u>\$ (196,226,444)</u>
Net capital assets being depreciated	<u>\$ 179,713,693</u>	<u>\$ 6,725,011</u>	<u>\$ 4,070,445</u>	<u>\$ 190,509,149</u>
Total capital assets	<u>\$ 204,357,619</u>	<u>\$ 11,141,420</u>	<u>\$ -</u>	<u>\$ 215,499,039</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 1,340,553
Public safety	1,441,996
Public works	7,364,857
Parks and recreation	1,696,545
Community development	<u>57,091</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,901,042</u>

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 534,078	\$ 238,279	\$ -	\$ 772,357
Construction in progress	<u>9,917,584</u>	<u>3,257,001</u>	<u>(7,563,693)</u>	<u>5,610,892</u>
Total capital assets not being depreciated	<u>\$ 10,451,662</u>	<u>\$ 3,495,280</u>	<u>\$ (7,563,693)</u>	<u>\$ 6,383,249</u>
Capital assets, being depreciated:				
Buildings and improvements	160,024,292	107,111	-	160,131,403
Machinery and equipment	9,545,690	450,877	3,308,517	13,305,084
Infrastructure	<u>13,734,719</u>	<u>13,547,243</u>	<u>4,230,783</u>	<u>31,512,745</u>
Total capital assets being depreciated	<u>\$ 183,304,701</u>	<u>\$ 14,105,231</u>	<u>\$ 7,539,300</u>	<u>\$ 204,949,232</u>
Less accumulated depreciation				
Buildings and improvements	(44,490,583)	(2,952,330)	-	(47,442,913)
Machinery and equipment	(6,521,062)	(671,350)	24,393	(7,168,019)
Infrastructure	<u>(7,848,386)</u>	<u>(943,985)</u>	<u>-</u>	<u>(8,792,371)</u>
Total capital assets being depreciated	<u>\$ (58,860,031)</u>	<u>\$ (4,567,665)</u>	<u>\$ 24,393</u>	<u>\$ (63,403,303)</u>
Net capital assets being depreciated	<u>\$ 124,444,670</u>	<u>\$ 9,537,566</u>	<u>\$ 7,563,693</u>	<u>\$ 141,545,929</u>
Total capital assets	<u>\$ 134,896,332</u>	<u>\$ 13,032,846</u>	<u>\$ -</u>	<u>\$ 147,929,178</u>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$ 4,567,665
Total Business-type Activities Depreciation Expense	<u>\$ 4,567,665</u>

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, being depreciated:				
Furniture and fixtures	\$ 63,579	\$ -	\$ -	\$ 63,579
Total capital assets being depreciated	\$ 63,579	\$ -	\$ -	\$ 63,579
Less accumulated depreciation				
Furniture and fixtures	\$ (44,646)	\$ (6,068)	\$ -	\$ (50,714)
Total capital assets being depreciated	\$ (44,646)	\$ (6,068)	\$ -	\$ (50,714)
Net capital assets being depreciated	\$ 18,933	\$ (6,068)	\$ -	\$ 12,865
Total capital assets	\$ 18,933	\$ (6,068)	\$ -	\$ 12,865

Depreciation was charged to the following activities as follows:

Rockwall EDC	\$ 6,396
Total Depreciation Expense	\$ 6,396

Rockwall EDC maintains land held for sale and utilizes it for various economic development incentive agreements. The land is classified as land held for sale on the Statement of Net Position. During the year, Rockwall EDC acquired \$12,094,983 worth of land assets. The total acquisition cost of land held for sale amounted to \$38,783,179 as of September 30, 2023.

D. Long-term Liabilities

The City issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. The certificates of obligation will be repaid by the debt service fund in combination with system revenues.

The City issued Certificates of Obligation Bonds, Series 2023 of \$36,005,000 for street and road improvements and other related infrastructure in the City. The bonds bear interest rates ranging from 3.5% to 5.0% and mature over the next 20 years.

The City issued General Obligation Refunding and Improvement Bonds, Series 2023 in the amount of \$32,060,000 for constructing and improving streets, roads and other related infrastructure in the City and refunding existing bonds. The issuance includes \$32,060,000 of bonds with interest rates ranging from 4.0% to 5.0%.

The transaction refunded four existing bonds totaling \$10,950,000 and provided \$27,000,000 of funding for new projects. The bonds refunded had scheduled maturities ranging from 2023 to 2031 and will be callable in fiscal years 2023 through 2031. The net proceeds of \$38,553,182 (including a \$2,410,742 total premium and \$4,082,440 from the City's existing resources on hand) from the new debt in the amount of \$11,187,947 have been placed in an irrevocable escrow account to pay future debt service until the call dates and \$27,000,000 has been deposited at the City for funding of new projects. Thus, the old bonds are considered defeased and have been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$83,071. This amount is not significant to the financial statement therefore expensed in the current year. The refunding reduced the City's total debt service payments by \$1,440,693 to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$680,374.

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2023:

	Beginning Balance	Additions	Refunded/ Retired	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 55,920,000	\$ 32,060,000	\$ (15,435,000)	\$ 72,545,000	\$ 8,020,000
Certificate of obligation bonds	4,530,000	-	(3,770,000)	760,000	80,000
Bond discounts on issuance	(113,810)	-	13,941	(99,869)	-
Bond premiums on issuance	1,150,746	2,410,742	(517,222)	3,044,266	-
Compensated absences	2,075,523	2,001,762	(1,668,759)	2,408,526	1,974,991
Lease liabilities	1,101,047	167,882	(129,621)	1,139,308	135,520
Total governmental activities	\$ 64,663,506	\$ 36,640,386	\$ (21,506,661)	\$ 79,797,231	\$ 10,210,511

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Business-type activities:					
General obligation bonds	\$ 10,490,000	\$ -	\$ (1,820,000)	\$ 8,670,000	\$ 1,900,000
Certificate of obligation bonds	5,575,000	15,510,000	(1,225,000)	19,860,000	925,000
Bond discounts on issuance	(15,049)	-	1,330	(13,719)	-
Bond premiums on issuance	1,134,512	1,158,270	(357,568)	1,935,214	-
Compensated absences	159,141	219,120	(192,467)	185,794	130,496
Note payables	2,484,998	-	(519,989)	1,965,009	555,000
Total business-type activities	\$ 19,828,602	\$ 16,887,390	\$ (4,113,694)	\$ 32,602,298	\$ 3,510,496

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Component unit (Rockwall EDC):					
General obligation bonds	\$ 5,725,000	\$ -	\$ (1,000,000)	\$ 4,725,000	\$ 1,030,000
Certificate of obligation bonds	14,375,000	20,495,000	(1,940,000)	32,930,000	1,570,000
Bond discounts on issuance	(29,644)	-	2,989	(26,655)	-
Bond premiums on issuance	290,104	1,530,486	(98,305)	1,722,285	-
Compensated absences	26,551	34,119	(35,537)	25,133	20,609
Total component unit	\$ 20,387,011	\$ 22,059,605	\$ (3,070,853)	\$ 39,375,763	\$ 2,620,609

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

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

	Interest Rate %	Maturity Date	Original Issue	Outstanding
Governmental activities:				
General obligation bonds:				
Series 2013	2-5	08/01/33	\$ 7,905,000	\$ 4,720,000
Series 2014	2.16-3.65	08/01/25	9,820,000	2,940,000
Series 2015	1.79	08/01/26	2,340,000	730,000
Series 2016	2-5	08/01/37	59,220,000	34,590,000
Series 2023	4-5	08/01/42	32,060,000	29,565,000
Total general obligation bonds			111,345,000	72,545,000
Certificates of obligation:				
Series 2011B	2-5.3	08/01/31	1,330,000	760,000
Total certificates of obligation			1,330,000	760,000
Total governmental bonds			\$ 112,675,000	\$ 73,305,000
Business-type activities:				
General obligation bonds:				
Series 2015	1.79	08/01/25	\$ 2,800,000	\$ 575,000
Series 2016	2-5	08/01/37	15,550,000	8,095,000
Total general obligation bonds			18,350,000	8,670,000
Certificates of obligation:				
Series 2013	2-4.375	08/01/33	3,480,000	2,055,000
Series 2016	2-5	08/01/37	5,570,000	3,090,000
Series 2023	4-5	08/01/42	15,510,000	14,715,000
Total certificates of obligation			24,560,000	19,860,000
Total business-type bonds			\$ 42,910,000	\$ 28,530,000

	Interest Rate %	Maturity Date	Original Issue	Outstanding
Component unit:				
General obligation bonds:				
Series 2015	1.79	08/01/33	\$ 3,565,000	\$ 1,110,000
Series 2016	2-5	08/01/33	3,585,000	1,995,000
Series 2017	3	08/01/39	<u>3,165,000</u>	<u>1,620,000</u>
Total general obligation bonds			<u>10,315,000</u>	<u>4,725,000</u>
Certificates of obligation:				
Series 2013	2-4.375	08/01/33	\$ 7,610,000	\$ 4,505,000
Series 2013 Tax and Revenue	1.648-5.815	08/01/33	4,595,000	450,000
Series 2020	3-3.15	08/01/39	9,780,000	8,530,000
Series 2023	4-5	08/01/42	<u>20,495,000</u>	<u>19,445,000</u>
Total certificates of obligation			<u>42,480,000</u>	<u>32,930,000</u>
Total component unit bonds			<u>\$ 52,795,000</u>	<u>\$ 37,655,000</u>

The annual requirements for the City and Component Unit's outstanding bonds are as follows:

Year ending September 30,	Governmental Activities					
	Certificate of Obligation		General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 80,000	\$ 37,450	\$ 8,020,000	\$ 2,951,387	\$ 8,100,000	\$ 2,988,837
2025	85,000	33,850	7,205,000	2,597,667	7,290,000	2,631,517
2026	90,000	30,025	6,895,000	2,289,773	6,985,000	2,319,798
2027	95,000	25,705	5,550,000	1,967,138	5,645,000	1,992,843
2028	95,000	21,145	5,210,000	1,784,038	5,305,000	1,805,183
2029-2033	315,000	33,620	19,480,000	6,368,838	19,795,000	6,402,458
2034-2038	-	-	13,370,000	2,780,950	13,370,000	2,780,950
2039-2042	-	-	<u>6,815,000</u>	<u>694,800</u>	<u>6,815,000</u>	<u>694,800</u>
	<u>\$ 760,000</u>	<u>\$ 181,795</u>	<u>\$ 72,545,000</u>	<u>\$ 21,434,591</u>	<u>\$ 73,305,000</u>	<u>\$ 21,616,386</u>

Year ending September 30,	Business-Type Activities					
	Certificate of Obligation		General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 925,000	\$ 853,406	\$ 1,900,000	\$ 342,968	\$ 2,825,000	\$ 1,196,374
2025	970,000	814,256	1,990,000	257,116	2,960,000	1,071,372
2026	940,000	773,156	1,785,000	166,925	2,725,000	940,081
2027	985,000	732,406	1,875,000	77,675	2,860,000	810,081
2028	1,025,000	689,656	1,120,000	30,800	2,145,000	720,456
2029-2033	5,845,000	2,731,900	-	-	5,845,000	2,731,900
2034-2038	4,950,000	1,462,500	-	-	4,950,000	1,462,500
2039-2042	<u>4,220,000</u>	<u>430,000</u>	<u>-</u>	<u>-</u>	<u>4,220,000</u>	<u>430,000</u>
	<u>\$ 19,860,000</u>	<u>\$ 8,487,280</u>	<u>\$ 8,670,000</u>	<u>\$ 875,484</u>	<u>\$ 28,530,000</u>	<u>\$ 9,362,764</u>

Year ending September 30,	Component Unit					
	Certificate of Obligation		General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,570,000	\$ 1,361,368	\$ 1,030,000	\$ 148,044	\$ 2,600,000	\$ 1,509,412
2025	1,635,000	1,292,690	1,065,000	114,200	2,700,000	1,406,890
2026	1,705,000	1,221,088	1,105,000	79,127	2,810,000	1,300,215
2027	1,775,000	1,151,688	755,000	42,575	2,530,000	1,194,263
2028	1,845,000	1,079,338	770,000	22,025	2,615,000	1,101,363
2029-2033	10,465,000	4,184,431	-	-	10,465,000	4,184,431
2034-2038	7,895,000	2,169,363	-	-	7,895,000	2,169,363
2039-2042	<u>6,040,000</u>	<u>582,848</u>	<u>-</u>	<u>-</u>	<u>6,040,000</u>	<u>582,848</u>
	<u>\$ 32,930,000</u>	<u>\$ 13,042,814</u>	<u>\$ 4,725,000</u>	<u>\$ 405,971</u>	<u>\$ 37,655,000</u>	<u>\$ 13,448,785</u>

Leases Payable

A summary of leases payable as of September 30, 2023, are as follows:

Purpose of the Lease	Interest Rate	Amount of Initial Liability	Current Year Interest	Amount Outstanding 9/30/23	Amount Due Within One Year
Parking lot and building	5%	\$ 317,455	\$ 10,970	\$ 209,020	\$ 20,003
Office space	5%	958,955	41,840	793,289	83,786
Copiers	5%	167,882	6,977	136,999	31,731
Totals			<u>\$ 59,787</u>	<u>\$ 1,139,308</u>	<u>\$ 135,520</u>

Principal and interest payments to maturity are as follows:

Year ending September 30,	Lease Payable	
	Principal	Interest
2024	\$ 135,520	\$ 53,888
2025	142,454	46,954
2026	149,741	39,667
2027	157,403	32,005
2028	126,716	24,832
2029	427,473	34,542
	<u>\$ 1,139,307</u>	<u>\$ 210,805</u>

Financing Arrangements Payable

A summary of financing arrangements payable as of September 30, 2023, are as follows:

Purpose of the Finance Purchase	Interest Rate	Amount of Initial Liability	Current Year Interest	Amount Outstanding 9/30/23	Amount Due Within One Year
Various equipment	3.75-4.625%	\$ 2,013,434	\$ 27,203	\$ 440,009	\$ 215,000
Various equipment	4.5-4.75%	2,145,000	27,845	470,000	150,000
Various equipment	3.5-5.75%	2,965,000	70,725	1,055,000	190,000
			<u>\$ 125,773</u>	<u>\$ 1,965,009</u>	<u>\$ 555,000</u>

Principal and interest payable to maturity are as follows:

Year ending September 30,	Financing Arrangements	
	Principal	Interest
2024	\$ 555,000	\$ 100,801
2025	580,000	74,020
2026	375,000	45,827
2027	220,000	26,163
2028	235,009	13,513
	<u>\$ 1,965,009</u>	<u>\$ 260,324</u>

E. Interfund Balances and Activity

The composition of interfund balances as of the year ended September 30, 2023, were as follows:

Receivable fund:	Payable fund:				Total
	General	Debt Service	Water and Sewer	Nonmajor Governmental Funds	
General	\$ -	\$ 14	\$ 13,182	\$ 10,542	\$ 23,738
Nonmajor governmental funds	619	-	-	-	619
ISF- Workers' Comp	1,184	-	-	-	1,184
Total	<u>\$ 1,803</u>	<u>\$ 14</u>	<u>\$ 13,182</u>	<u>\$ 10,542</u>	<u>\$ 25,541</u>

The composition of primary government and component unit balances as of the year ended September 30, 2023 were as follows:

Receivable:	Payable:	Amount	Purpose
Rockwall EDC	General Fund	\$ 30,501	Administrative
Total		<u>\$ 30,501</u>	

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

Transfers during fiscal year 2023 were as follows:

Transfer In:	Transfers Out:			Total
	General	Nonmajor Governmental	Water and Sewer	
General	\$ -	\$ 1,100,000	\$ 300,000	\$ 1,400,000
Water and sewer	235,235	225,000	-	460,235
Nonmajor governmental funds	325,450	-	28,750	354,200
Internal service funds	2,975,000	-	985,000	3,960,000
Total	\$ 3,535,685	\$ 1,325,000	\$ 1,313,750	\$ 6,174,435

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

F. Committed Fund Balance

Committed fund balance at year end in the non-major governmental fund was as follows:

	Committed Fund Balance
Public safety	\$ 284,105
Public works	419,886
Parks and recreation	1,696,995
Capital projects	379,954
Capital acquisitions	1,397,888
Total	\$ 4,178,828

G. 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.

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

The outstanding principal balance on the debt issues as of September 30, 2023, is \$1,965,009. See Note IV.D. for the annual requirements to amortize the bonds as of September 30, 2023.

With respect to the ground storage reservoir discussed above, prior to the current year, the Cities of Rockwall and Heath were contractually obligated to make timely payments to the District representing 66.67% and 33.33%, respectively, of the related operating expenses and debt service payments.

V. OTHER INFORMATION

A. Risk Management

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

The City uses a medical self-insurance fund to pay medical and dental claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims in any one year exceeding \$100,000 per covered individual, or approximately \$3,106,472 in the aggregate for the group, are covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee are paid through the fund. The self-insurance fund is funded by operating transfers from other funds and charges to employees for extended benefits at their option. The City does not believe there are material claims incurred but not reported as of September 30, 2023.

The City uses a Self-Insurance and Risk Management Program (as permitted by law and its home rule charter) to insure itself against the various risks of liability or loss to which it is exposed, either through an insurance provider or through a defined self-insurance program. The City issued certificates of obligation, based on an actuarial analysis, to fund a self-insured workers' compensation plan. Under this plan, workers' compensation insurance is provided in accordance with state statutes to all City employees. To protect the assets of the plan from a catastrophic claim, the City has purchased stop loss coverage in the amount of \$100,000 per occurrence, with a maximum City liability of \$300,000 per year.

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

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

	Employee Benefits		Workers' Compensation	
	2023	2022	2023	2022
Claims payable:				
Beginning of the year	\$ 201,360	\$ 479,464	\$ 282,586	\$ 180,920
Claims incurred	4,287,611	4,180,110	59,346	224,685
Payment on claims	<u>(4,036,962)</u>	<u>(4,458,214)</u>	<u>(218,166)</u>	<u>(123,019)</u>
End of the year	<u>\$ 452,009</u>	<u>\$ 201,360</u>	<u>\$ 123,766</u>	<u>\$ 282,586</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. Contingent Liabilities

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

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

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

C. Defined Benefit Pension Plan

Plan Description

The City of Rockwall participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

Benefits Provided

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

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

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:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating transfers
Annual increase to retirees	70% of CIP, repeating

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	139
Inactive employees entitled to but not yet receiving benefits	136
Active employees	<u>313</u>
Total	<u>588</u>

Contributions

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

Employees for the City of Rockwall were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Rockwall were 15.06% and 15.02% in calendar years 2022 and 2023, respectively. The City voluntarily elected to contribute 16.22%, which is more than the required rates. The City’s contributions to TMRS for the year ended September 30, 2023, totaled \$4,499,468, and were \$293,623 more than the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

Discount Rate

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

Changes in the Net Pension Liability

The City's net pension liability is generally liquidated by the General Fund and proprietary funds. As of September 30, 2023, the City reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 115,515,033	\$ 113,454,385	\$ 2,060,648
Changes for the year:			
Service cost	4,782,409	-	4,782,409
Interest	7,831,447	-	7,831,447
Difference between expected and actual experience	1,919,734	-	1,919,734
Change in assumptions	-	-	-
Contributions - employer	-	4,097,763	(4,097,763)
Contributions - employee	-	1,768,456	(1,768,456)
Net investment income	-	(8,295,653)	8,295,653
Benefit payments, including refunds of employee contributions	(3,769,592)	(3,769,592)	-
Administrative expense	-	(71,666)	71,666
Other changes	-	85,518	(85,518)
Net changes	10,763,998	(6,185,174)	16,949,172
Balance at 12/31/2022	\$ 126,279,031	\$ 107,269,211	\$ 19,009,820

At September 30, 2023, the Component Unit reported the following changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 1,568,925	\$ 1,540,937	\$ 27,988
Changes for the year:			
Service cost	64,955	-	64,955
Interest	106,367	-	106,367
Difference between expected and actual experience	26,074	-	26,074
Change in assumptions	-	-	-
Contributions - employer	-	55,656	(55,656)
Contributions - employee	-	24,019	(24,019)
Net investment income	-	(112,672)	112,672
Benefit payments, including refunds of employee contributions	(51,199)	(51,199)	-
Administrative expense	-	(973)	973
Other changes	-	1,162	(1,162)
Net changes	<u>146,197</u>	<u>(84,007)</u>	<u>230,204</u>
Balance at 12/31/2022	<u>\$ 1,715,122</u>	<u>\$ 1,456,930</u>	<u>\$ 258,192</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 37,770,217	\$ 19,009,820	\$ 3,676,257
Component unit's net pension liability	512,995	258,192	49,931
Total	<u>\$ 38,283,212</u>	<u>\$ 19,268,012</u>	<u>\$ 3,726,188</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$5,308,665. Of this amount, \$5,237,529 is related to the primary government and \$71,136 is attributable to discretely presented component units.

As of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,393,314	\$ 586,250
Changes of assumptions	28,173	-
Difference between projected and actual investment earnings	7,361,633	-
Contributions subsequent to the measurement date	<u>3,367,489</u>	<u>-</u>
Total	<u>\$ 13,150,609</u>	<u>\$ 586,250</u>

At September 30, 2023, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 32,506	\$ 7,962
Changes of assumptions	383	-
Difference between projected and actual investment earnings	99,986	-
Contributions subsequent to the measurement date	45,737	-
Total	<u>\$ 178,612</u>	<u>\$ 7,962</u>

The primary government and component units reported \$3,367,489 and \$45,737, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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

For the Year Ended September 30,	City	Component Unit
2024	\$ 614,680	\$ 8,350
2025	2,182,952	29,649
2026	2,450,085	33,277
2027	3,673,027	49,887
2028	276,126	3,750

D. Other Post-Employment Benefits

Plan Description

The City voluntarily participates in a single-employer other post-employment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>313</u>
Total	<u>446</u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2023 and 0.14% for 2022, of which 0.05% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The City and Component Unit’s contributions to the SDBF for the year ended September 30, 2023 was \$13,609 and \$185, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial assumptions

The City and Component Unit’s total OPEB liability of \$637,173 and \$8,654, respectively, were measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Discount rate	4.05% per year
Actuarial cost method	Entry Age Normal Method
Overall payroll growth	3.5% to 11.50% per year

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

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Changes in assumptions reflect the annual change in the municipal bond rate.

Discount Rate

A single discount rate of 4.05% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the City is made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022.

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

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Current Single Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's total OPEB liability	\$ 773,332	\$ 637,174	\$ 531,909
Component unit's total OPEB liability	<u>10,503</u>	<u>8,654</u>	<u>7,224</u>
Total	<u>\$ 783,835</u>	<u>\$ 645,828</u>	<u>\$ 539,133</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB

At September 30, 2023, the City and component unit reported a total OPEB liability of \$637,174 and \$8,654, respectively. The total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City and component unit recognized OPEB expense of \$67,665 and \$919, respectively. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the Total OPEB Liability

As of September 30, 2023, the City reported the following changes in the total OPEB liability:

	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u>
Balance at 12/31/2021	\$ 911,987
Changes for the year:	
Service cost	70,739
Interest	17,315
Difference between expected and actual experience	8,249
Change in assumptions	(358,485)
Benefit payments, including refunds of employee contributions	<u>(12,631)</u>
Net changes	<u>(274,813)</u>
Balance at 12/31/2022	<u>\$ 637,174</u>

At September 30, 2023, the component unit reported the following changes in the total OPEB liability:

	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u>
Balance at 12/31/2021	\$ 12,387
Changes for the year:	
Service cost	961
Interest	235
Difference between expected and actual experience	112
Change in assumptions	(4,869)
Benefit payments, including refunds of employee contributions	<u>(172)</u>
Net changes	<u>(3,733)</u>
Balance at 12/31/2022	<u>\$ 8,654</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 7,162	\$ 44,370
Changes in actuarial assumptions	159,676	295,597
Contributions subsequent to the measurement date	<u>10,355</u>	<u>-</u>
Total	<u>\$ 177,193</u>	<u>\$ 339,967</u>

As of September 30, 2023, the component unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 97	\$ 603
Changes in actuarial assumptions	2,169	4,015
Contributions subsequent to the measurement date	<u>141</u>	<u>-</u>
Total	<u>\$ 2,407</u>	<u>\$ 4,618</u>

The City and component unit reported \$10,355 and \$141, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	<u>City</u>	<u>Component Unit</u>
2024	\$ (20,386)	\$ (276)
2025	(21,610)	(294)
2026	(25,135)	(341)
2027	(26,930)	(366)
2028	(38,031)	(517)
Thereafter	(41,037)	(558)

D. New Accounting Pronouncements

Significant new accounting standards issued by the GASB but not yet implemented by the City include the following:

GASB Statement No. 99, *Omnibus 2022*—The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

E. Prior Period Adjustment

During the fiscal year, the City determined that revenues recorded in the General Fund in prior years should have been recorded as unearned revenues until the city expends grant funds. This resulted in a prior period adjustment that reduced the General Fund's beginning fund balance by \$11,332,483. Additionally, the City reclassified a fiduciary fund to a special revenue in the current year, restating nonmajor governmental fund balance by \$3,840,307.



City of Rockwall

**REQUIRED
SUPPLEMENTARY INFORMATION**



City of Rockwall

CITY OF ROCKWALL, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$14,050,850	\$14,050,850	\$ 13,767,247	\$ (283,603)
Sales taxes	26,000,000	27,070,000	27,328,015	258,015
Franchise taxes	3,440,000	3,908,000	3,916,171	8,171
Licenses and permits	1,537,500	1,317,500	1,379,297	61,797
Intergovernmental revenues	2,800,050	2,380,050	2,997,297	617,247
Charges for services	650,500	1,390,500	1,434,654	44,154
Fines and forfeitures	522,000	522,000	466,735	(55,265)
Investments earnings	50,000	800,000	1,773,589	973,589
Miscellaneous	75,500	115,500	223,901	108,401
Total revenues	<u>49,126,400</u>	<u>51,554,400</u>	<u>53,286,906</u>	<u>1,732,506</u>
EXPENDITURES				
Current:				
Administration	6,677,100	7,062,600	6,674,998	387,602
Finance	1,146,200	1,164,200	917,752	246,448
Mayor/council	147,850	131,350	131,164	186
Police	16,670,600	17,022,600	16,008,378	1,014,222
Fire	8,201,200	7,882,700	7,706,122	176,578
Municipal court	526,150	564,150	508,652	55,498
Public works	6,284,500	6,270,500	6,097,356	173,144
Parks and recreation	6,106,750	6,207,135	5,871,696	335,439
Community development	2,516,100	2,455,100	2,356,718	98,382
Capital outlay	-	-	167,882	(167,882)
Debt service:				
Principal	-	-	129,621	(129,621)
Interest and fiscal charges	-	-	59,787	(59,787)
Total expenditures	<u>48,276,450</u>	<u>48,760,335</u>	<u>46,630,126</u>	<u>2,130,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>849,950</u>	<u>2,794,065</u>	<u>6,656,780</u>	<u>3,862,715</u>
OTHER FINANCING SOURCES (USES)				
Issuance of leases	-	-	167,882	167,882
Transfers in	400,000	400,000	1,400,000	1,000,000
Transfers out	<u>(3,300,450)</u>	<u>(3,300,450)</u>	<u>(3,535,685)</u>	<u>235,235</u>
Total other financing sources (uses)	<u>(2,900,450)</u>	<u>(2,900,450)</u>	<u>(1,967,803)</u>	<u>1,403,117</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,050,500)</u>	<u>\$ (106,385)</u>	<u>4,688,977</u>	<u>\$ 5,265,832</u>
FUND BALANCE - BEGINNING			<u>27,906,758</u>	
FUND BALANCE - ENDING			<u>\$ 32,595,735</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKWALL, TEXAS

SCHEDULE OF CHANGES IN TMRS NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement period ended December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
A. Total pension liability			
Service Cost	\$ 4,847,364	\$ 4,432,467	\$ 4,117,305
Interest (on the Total Pension Liability)	7,937,814	7,313,901	6,834,168
Difference between expected and actual experience	1,945,808	1,251,581	(250,837)
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(3,820,791)</u>	<u>(4,103,690)</u>	<u>(3,398,437)</u>
Net change in total pension liability	10,910,195	8,894,259	7,302,199
Total pension liability - beginning	<u>117,083,958</u>	<u>108,189,699</u>	<u>100,887,500</u>
Total pension liability - ending (a)	<u>127,994,153</u>	<u>117,083,958</u>	<u>108,189,699</u>
B. Plan fiduciary net position			
Contributions - Employer	4,153,419	3,791,675	3,543,361
Contributions - Employee	1,792,475	1,637,323	1,530,139
Net Investment Income	(8,408,325)	13,134,666	6,991,434
Benefit payments, including refunds of employee contributions	(3,820,791)	(4,103,690)	(3,398,437)
Administrative Expenses	(72,639)	(60,678)	(45,176)
Other	<u>86,680</u>	<u>415</u>	<u>(1,761)</u>
Net change in plan fiduciary net position	(6,269,181)	14,399,711	8,619,560
Plan fiduciary net position - beginning	<u>114,995,322</u>	<u>100,595,611</u>	<u>91,976,051</u>
Plan fiduciary net position - ending (b)	<u>108,726,141</u>	<u>114,995,322</u>	<u>100,595,611</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 19,268,012</u>	<u>\$ 2,088,636</u>	<u>\$ 7,594,088</u>
D. Plan fiduciary net position as a percentage of total pension liability	84.95%	98.22%	92.98%
E. Covered payroll	\$ 25,606,782	\$ 23,390,329	\$ 21,819,318
F. Net position liability as a percentage of covered payroll	75.25%	8.93%	34.80%

Note - GASB 68 requires 10 years of data to be reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

2019	2018	2017	2016	2015	2014
\$ 3,889,490	\$ 3,626,966	\$ 3,622,782	\$ 3,383,642	\$ 3,357,626	\$ 2,947,094
6,349,914	5,990,905	5,577,249	5,158,244	4,940,548	4,544,927
(397,251)	(1,650,948)	(306,042)	(357,796)	(458,262)	(114,323)
90,632	-	-	-	(108,126)	-
<u>(2,346,674)</u>	<u>(3,212,408)</u>	<u>(2,323,270)</u>	<u>(1,869,095)</u>	<u>(1,942,137)</u>	<u>(1,920,326)</u>
7,586,111	4,754,515	6,570,719	6,314,995	5,789,649	5,457,372
<u>93,301,389</u>	<u>88,546,874</u>	<u>81,976,155</u>	<u>75,661,160</u>	<u>69,871,511</u>	<u>64,414,139</u>
<u>100,887,500</u>	<u>93,301,389</u>	<u>88,546,874</u>	<u>81,976,155</u>	<u>75,661,160</u>	<u>69,871,511</u>
3,341,210	3,122,311	3,102,508	2,897,712	2,950,480	2,761,413
1,442,842	1,348,315	1,338,937	1,250,554	1,255,523	1,202,324
12,012,212	(2,361,502)	9,340,684	4,123,871	86,617	3,067,672
(2,346,674)	(3,212,408)	(2,323,270)	(1,869,095)	(1,942,137)	(1,920,326)
(67,784)	(45,589)	(48,368)	(46,547)	(52,749)	(32,021)
<u>(2,036)</u>	<u>(2,380)</u>	<u>(2,451)</u>	<u>(2,508)</u>	<u>(2,605)</u>	<u>(2,633)</u>
14,379,770	(1,151,253)	11,408,040	6,353,987	2,295,129	5,076,429
<u>77,596,281</u>	<u>78,747,534</u>	<u>67,339,494</u>	<u>60,985,507</u>	<u>58,690,378</u>	<u>53,613,949</u>
<u>91,976,051</u>	<u>77,596,281</u>	<u>78,747,534</u>	<u>67,339,494</u>	<u>60,985,507</u>	<u>58,690,378</u>
<u>\$ 8,911,449</u>	<u>\$ 15,705,108</u>	<u>\$ 9,799,340</u>	<u>\$ 14,636,661</u>	<u>\$ 14,675,653</u>	<u>\$ 11,181,133</u>
91.17%	83.17%	88.93%	82.15%	80.60%	84.00%
\$ 20,612,029	\$ 19,261,637	\$ 19,127,677	\$ 17,865,058	\$ 17,936,037	\$ 16,626,112
43.23%	81.54%	51.23%	81.93%	81.82%	67.25%

CITY OF ROCKWALL, TEXAS

TMRS SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal year ended September 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarial determined contribution	\$ 4,205,845	\$ 3,941,093	\$ 3,527,492
Contributions in relation to the actuarially determined contribution	<u>4,499,468</u>	<u>4,191,026</u>	<u>3,701,559</u>
Contribution deficiency (excess)	<u>\$ 293,623</u>	<u>\$ (249,933)</u>	<u>\$ (174,067)</u>
Covered payroll	\$ 27,587,171	\$ 25,842,845	\$ 22,835,032
Contributions as a percentage of covered payroll	16.31%	16.22%	16.21%

Note - GASB 68 requires 10 years of data to reported in this schedule. Additional years will be reported in subsequent years as the data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

2020	2019	2018	2017	2016	2015
\$ 3,389,779	\$ 3,200,864	\$ 3,158,177	\$ 2,897,712	\$ 2,950,480	\$ 2,761,413
<u>3,512,213</u>	<u>3,261,764</u>	<u>3,158,177</u>	<u>2,897,712</u>	<u>2,950,480</u>	<u>2,761,413</u>
\$ (122,434)	\$ (60,900)	\$ -	\$ -	\$ -	\$ -
\$ 21,666,950	\$ 20,121,925	\$ 19,304,266	\$ 17,865,058	\$ 17,936,037	\$ 16,626,112
16.21%	16.21%	16.36%	16.22%	16.45%	16.61%

CITY OF ROCKWALL, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM -
SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement period ended December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
A. Total OPEB liability			
Service Cost	\$ 71,700	\$ 63,154	\$ 48,002
Interest (on the Total OPEB Liability)	17,550	17,340	19,621
Changes of assumptions	(363,354)	31,279	121,938
Difference between expected and actual experience	8,361	(15,803)	(34,417)
Benefit payments, including refunds of employee contributions	<u>(12,803)</u>	<u>(14,034)</u>	<u>(4,365)</u>
Net change in Total OPEB liability	(278,546)	81,936	150,779
Total OPEB liability - beginning	<u>924,374</u>	<u>842,438</u>	<u>691,659</u>
Total OPEB liability - ending (a)	<u>\$ 645,828</u>	<u>\$ 924,374</u>	<u>\$ 842,438</u>
 B. Covered-employee payroll	 \$ 25,606,782	 \$ 23,390,329	 \$ 21,819,318
 C. Total OPEB liability as a percentage of covered-employee payroll	 2.52%	 3.95%	 3.86%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB
Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 32,979	\$ 34,671	\$ 30,604
20,725	18,675	17,740
117,635	(44,205)	48,353
(19,759)	(9,879)	-
<u>(4,121)</u>	<u>(3,852)</u>	<u>(3,826)</u>
147,459	(4,590)	92,871
<u>544,200</u>	<u>548,790</u>	<u>455,919</u>
<u>\$ 691,659</u>	<u>\$ 544,200</u>	<u>\$ 548,790</u>
\$ 20,612,029	\$ 19,261,637	\$ 19,127,677
3.36%	2.83%	2.87%

CITY OF ROCKWALL, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budgetary Information - The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for the general fund, debt service fund, harbor debt service fund, cemetery fund, public safety fund, recreational development fund, street improvement fund, hotel occupancy tax fund, fire equipment fund, aviation fund, downtown improvement fund, and the narcotics unit fund.

Budgetary preparation and control are exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end.

Encumbrance accounting, in which appropriations are recorded as budgetary expenditures, is not utilized by the City.

Excess of Expenditures over Budgeted Appropriations - During the fiscal year 2023, expenditures exceeded appropriations in the following funds:

General Fund:		
Capital Outlay	\$	167,882
Debt service:		
Principal		129,621
Interest and fiscal charges		59,787
Debt Service Fund:		
Debt service:		
Principal	\$	4,262,940
Aviation Fund:		
Administration	\$	13,383
Downtown Improvement Fund:		
Administration	\$	351

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

CITY OF ROCKWALL, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>Debt Service</u>	<u>Capital Projects Funds</u>	
	Debt Service Harbor Fund	Capital Projects Fund	Technology Acquisition Fund
ASSETS			
Cash and cash equivalents	\$ 242,143	\$ 379,954	\$ 390,534
Investments	-	-	1,035,029
Accounts receivable, net	-	-	-
Interest receivable, net	-	-	7,736
Taxes receivable, net	47,186	-	-
Due from other funds	-	-	-
Total assets	<u>289,329</u>	<u>379,954</u>	<u>1,433,299</u>
LIABILITIES			
Accounts payable	-	-	35,131
Seizures payable	-	-	-
Developer deposits	-	-	-
Due to other funds	-	-	280
Total Liabilities	<u>-</u>	<u>-</u>	<u>35,411</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - assessments	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed for:			
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital projects	-	379,954	-
Capital acquisitions	-	-	1,397,888
Restricted for:			
Debt service - Harbor	289,329	-	-
Parks	-	-	-
Public safety	-	-	-
Tourism	-	-	-
Total fund balances	<u>289,329</u>	<u>379,954</u>	<u>1,397,888</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 289,329</u>	<u>\$ 379,954</u>	<u>\$ 1,433,299</u>

Special Revenue Funds

Cemetery Fund	Public Safety Fund	Recreational Development Fund	Street Improvement Fund	Hotel Occupancy Tax Fund	Fire Equipment Fund	Aviation Fund
\$ 69,399	\$ 227,478	\$1,190,095	\$ 424,786	\$ 213,626	\$ 229,551	\$ 247,216
-	-	-	-	2,014,909	-	-
-	-	87,277	-	596,565	-	13,187
-	-	-	-	-	-	-
-	-	-	149,748	-	-	-
-	-	-	-	-	-	619
<u>69,399</u>	<u>227,478</u>	<u>1,277,372</u>	<u>574,534</u>	<u>2,825,100</u>	<u>229,551</u>	<u>261,022</u>
-	1,432	19,142	-	62,821	5,387	15,226
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,146	4,900	216	-	-
-	<u>1,432</u>	<u>24,288</u>	<u>4,900</u>	<u>63,037</u>	<u>5,387</u>	<u>15,226</u>
-	-	-	149,748	-	-	-
-	-	-	<u>149,748</u>	-	-	-
-	-	-	-	-	224,164	-
-	-	-	419,886	-	-	-
69,399	-	1,253,084	-	-	-	245,796
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	226,046	-	-	-	-	-
-	-	-	-	2,762,063	-	-
<u>69,399</u>	<u>226,046</u>	<u>1,253,084</u>	<u>419,886</u>	<u>2,762,063</u>	<u>224,164</u>	<u>245,796</u>
<u>\$ 69,399</u>	<u>\$ 227,478</u>	<u>\$1,277,372</u>	<u>\$ 574,534</u>	<u>\$ 2,825,100</u>	<u>\$ 229,551</u>	<u>\$ 261,022</u>

CITY OF ROCKWALL, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds		
	Emergency Siren Fund	Downtown Improvement Fund	Art in Public Places Fund
ASSETS			
Cash and cash equivalents	\$ 45,603	\$ 14,338	\$ 128,703
Investments	-	-	-
Accounts receivable, net	-	-	13
Interest receivable, net	-	-	-
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Total assets	45,603	14,338	128,716
LIABILITIES			
Accounts payable	-	-	-
Seizures payable	-	-	-
Developer deposits	-	-	-
Due to other funds	-	-	-
Total Liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - assessments	-	-	-
Total Liabilities	-	-	-
FUND BALANCES			
Committed for:			
Public safety	45,603	14,338	-
Public works	-	-	-
Parks and recreation	-	-	128,716
Capital projects	-	-	-
Capital acquisitions	-	-	-
Restricted for:			
Debt service - Harbor	-	-	-
Parks	-	-	-
Public safety	-	-	-
Tourism	-	-	-
Total fund balances	45,603	14,338	128,716
Total liabilities, deferred inflows, and fund balances	\$ 45,603	\$ 14,338	\$ 128,716

Special Revenue Funds

<u>Narcotics Unit Fund</u>	<u>Special Escrow</u>	<u>Vehicle Acquisition Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ 658,008	\$ 380,863	\$ -	\$ 4,842,297
-	5,250,873	-	8,300,811
-	-	-	697,042
-	12,027	-	19,763
-	-	-	196,934
-	-	-	619
<u>658,008</u>	<u>5,643,763</u>	<u>-</u>	<u>14,057,466</u>
-	-	-	139,139
59,331	-	-	59,331
-	1,308,566	-	1,308,566
-	-	-	10,542
<u>59,331</u>	<u>1,308,566</u>	<u>-</u>	<u>1,517,578</u>
-	-	-	149,748
-	-	-	149,748
-	-	-	284,105
-	-	-	419,886
-	-	-	1,696,995
-	-	-	379,954
-	-	-	1,397,888
-	-	-	289,329
-	4,335,197	-	4,335,197
598,677	-	-	824,723
-	-	-	2,762,063
<u>598,677</u>	<u>4,335,197</u>	<u>-</u>	<u>12,390,140</u>
<u>\$ 658,008</u>	<u>\$ 5,643,763</u>	<u>\$ -</u>	<u>\$ 14,057,466</u>

CITY OF ROCKWALL, TEXAS

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

SEPTEMBER 30, 2023

	<u>Debt Service</u>	<u>Capital Projects Funds</u>	
	Debt Service Harbor Fund	Capital Projects Fund	Technology Acquisition Fund
REVENUES			
Property taxes	\$ 496,794	\$ -	\$ -
Sales taxes	392,889	-	-
Hotel occupancy taxes	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Intergovernmental revenue	-	-	-
Contributions and donations	-	-	-
Investment income	-	1,220	21,517
Total revenues	<u>889,683</u>	<u>1,220</u>	<u>21,517</u>
EXPENDITURES			
Administration	-	-	-
Police	-	-	-
Fire	-	-	-
Parks and recreation	-	-	-
Debt service:			
Principal	635,000	-	-
Interest	116,982	-	-
Capital outlay	-	206,766	665,811
Total expenditures	<u>751,982</u>	<u>206,766</u>	<u>665,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>137,701</u>	<u>(205,546)</u>	<u>(644,294)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	354,200
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>354,200</u>
NET CHANGE IN FUND BALANCE	137,701	(205,546)	(290,094)
FUND BALANCE - BEGINNING	<u>151,628</u>	<u>585,500</u>	<u>1,687,982</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING, RESTATED	<u>151,628</u>	<u>585,500</u>	<u>1,687,982</u>
FUND BALANCE - ENDING	<u>\$ 289,329</u>	<u>\$ 379,954</u>	<u>\$ 1,397,888</u>

Special Revenue Funds

Cemetery Fund	Public Safety Fund	Recreational Development Fund	Street Improvement Fund	Hotel Occupancy Tax Fund	Fire Equipment Fund	Aviation Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	1,879,261	-	-
-	-	-	-	-	-	-
-	44,617	-	-	-	65,633	-
-	937	3,000	698	-	-	124,676
15,950	-	718,354	-	-	-	-
-	70,415	-	-	-	-	37,370
-	17,980	18,400	-	-	-	-
<u>2,579</u>	<u>3,092</u>	<u>27,421</u>	<u>16,152</u>	<u>17,965</u>	<u>6,443</u>	<u>2,134</u>
<u>18,529</u>	<u>137,041</u>	<u>767,175</u>	<u>16,850</u>	<u>1,897,226</u>	<u>72,076</u>	<u>164,180</u>
-	-	-	-	995,777	-	119,433
-	38,746	-	-	-	-	-
-	-	-	-	-	759	-
47,149	-	519,945	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	274,359	77,472	-	37,282	-
<u>47,149</u>	<u>38,746</u>	<u>794,304</u>	<u>77,472</u>	<u>995,777</u>	<u>38,041</u>	<u>119,433</u>
<u>(28,620)</u>	<u>98,295</u>	<u>(27,129)</u>	<u>(60,622)</u>	<u>901,449</u>	<u>34,035</u>	<u>44,747</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(28,620)	98,295	(27,129)	(60,622)	901,449	34,035	44,747
<u>98,019</u>	<u>127,751</u>	<u>1,280,213</u>	<u>480,508</u>	<u>1,860,614</u>	<u>190,129</u>	<u>201,049</u>
-	-	-	-	-	-	-
<u>98,019</u>	<u>127,751</u>	<u>1,280,213</u>	<u>480,508</u>	<u>1,860,614</u>	<u>190,129</u>	<u>201,049</u>
<u>\$ 69,399</u>	<u>\$ 226,046</u>	<u>\$ 1,253,084</u>	<u>\$ 419,886</u>	<u>\$ 2,762,063</u>	<u>\$ 224,164</u>	<u>\$ 245,796</u>

CITY OF ROCKWALL, TEXAS

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

SEPTEMBER 30, 2023

	Special Revenue Funds		
	Emergency Siren Fund	Downtown Improvement Fund	Art in Public Places Fund
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Sales taxes	-	-	-
Hotel occupancy taxes	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Miscellaneous	-	-	-
Charges for services	6,615	-	-
Intergovernmental	-	-	-
Contributions and donations	-	10,000	63,618
Investment income	136	-	2,779
Total revenues	<u>6,751</u>	<u>10,000</u>	<u>66,397</u>
EXPENDITURES			
Administration	-	28,351	-
Police	-	-	-
Fire	-	-	-
Parks and recreation	-	740	100,866
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>29,091</u>	<u>100,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,751</u>	<u>(19,091)</u>	<u>(34,469)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,751	(19,091)	(34,469)
FUND BALANCE - BEGINNING	<u>38,852</u>	<u>33,429</u>	<u>163,185</u>
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCE - BEGINNING, RESTATED	<u>38,852</u>	<u>33,429</u>	<u>163,185</u>
FUND BALANCE - ENDING	<u>\$ 45,603</u>	<u>\$ 14,338</u>	<u>\$ 128,716</u>

Special Revenue Funds

<u>Narcotics Unit Fund</u>	<u>Special Escrow</u>	<u>Vehicle Acquisition Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 496,794
-	-	-	392,889
-	-	-	1,879,261
-	360,246	-	360,246
-	-	-	110,250
2,360	-	-	131,671
-	-	-	740,919
394,879	-	-	502,664
-	-	-	109,998
-	134,644	-	236,082
<u>397,239</u>	<u>494,890</u>	<u>-</u>	<u>4,960,774</u>
-	-	-	1,143,561
30,283	-	-	69,029
-	-	-	759
-	-	-	668,700
-	-	-	635,000
-	-	-	116,982
<u>203,958</u>	<u>-</u>	<u>-</u>	<u>1,465,648</u>
<u>234,241</u>	<u>-</u>	<u>-</u>	<u>4,099,679</u>
<u>162,998</u>	<u>494,890</u>	<u>-</u>	<u>861,095</u>
3,600	-	-	3,600
-	-	-	354,200
-	-	(1,325,000)	(1,325,000)
<u>3,600</u>	<u>-</u>	<u>(1,325,000)</u>	<u>(967,200)</u>
166,598	494,890	(1,325,000)	(106,105)
<u>432,079</u>	<u>-</u>	<u>1,325,000</u>	<u>8,655,938</u>
-	3,840,307	-	3,840,307
<u>432,079</u>	<u>3,840,307</u>	<u>1,325,000</u>	<u>12,496,245</u>
\$ 598,677	\$ 4,335,197	\$ -	\$ 8,549,833

CITY OF ROCKWALL, TEXAS

**COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2023

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 644,548	\$ 544,826	\$ 1,189,374
Receivables (net of allowances for uncollectibles):	309,699	-	309,699
Due from other funds	<u>-</u>	<u>1,184</u>	<u>1,184</u>
Total assets	<u>954,247</u>	<u>546,010</u>	<u>1,500,257</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>452,009</u>	<u>123,766</u>	<u>575,775</u>
Total liabilities	<u>452,009</u>	<u>123,766</u>	<u>575,775</u>
NET POSITION			
Unrestricted	<u>502,238</u>	<u>422,244</u>	<u>924,482</u>
Total net position	<u>\$ 502,238</u>	<u>\$ 422,244</u>	<u>\$ 924,482</u>

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,959,784	\$ -	\$ 1,959,784
Miscellaneous revenue	<u>21,000</u>	<u>500</u>	<u>21,500</u>
Total operating revenues	<u>1,980,784</u>	<u>500</u>	<u>1,981,284</u>
OPERATING EXPENSES			
Contractual services	<u>5,942,589</u>	<u>524,009</u>	<u>6,466,598</u>
Total operating expenses	<u>5,942,589</u>	<u>524,009</u>	<u>6,466,598</u>
OPERATING INCOME	<u>(3,961,805)</u>	<u>(523,509)</u>	<u>(4,485,314)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	<u>78,625</u>	<u>33,999</u>	<u>112,624</u>
Total nonoperating revenues (expenses)	<u>78,625</u>	<u>33,999</u>	<u>112,624</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(3,883,180)</u>	<u>(489,510)</u>	<u>(4,372,690)</u>
Transfers in	<u>3,670,000</u>	<u>290,000</u>	<u>3,960,000</u>
Total capital contributions and transfers	<u>3,670,000</u>	<u>290,000</u>	<u>3,960,000</u>
CHANGE IN NET POSITION	<u>(213,180)</u>	<u>(199,510)</u>	<u>(412,690)</u>
TOTAL NET POSITION - BEGINNING	<u>715,418</u>	<u>621,754</u>	<u>1,337,172</u>
TOTAL NET POSITION - ENDING	<u>\$ 502,238</u>	<u>\$ 422,244</u>	<u>\$ 924,482</u>

CITY OF ROCKWALL, TEXAS

STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,719,451	\$ 500	\$ 1,719,951
Payments to suppliers and service providers	<u>(6,007,928)</u>	<u>(476,106)</u>	<u>(6,484,034)</u>
Net cash provided (used) by operating activities	<u>(4,288,477)</u>	<u>(475,606)</u>	<u>(4,764,083)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>3,670,000</u>	<u>290,000</u>	<u>3,960,000</u>
Net cash provided by noncapital financing activities	<u>3,670,000</u>	<u>290,000</u>	<u>3,960,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>78,625</u>	<u>33,999</u>	<u>112,624</u>
Net cash provided by investing activities	<u>78,625</u>	<u>33,999</u>	<u>112,624</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(539,852)	(151,607)	(691,459)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,184,400</u>	<u>696,433</u>	<u>1,880,833</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>644,548</u>	<u>544,826</u>	<u>1,189,374</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:			
Operating income (loss)	<u>(3,961,805)</u>	<u>(523,509)</u>	<u>(4,485,314)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	(260,125)	-	(260,125)
Increase (decrease) in accounts payable	(65,339)	47,903	(17,436)
Increase (decrease) in interfund payables	<u>(1,208)</u>	<u>-</u>	<u>(1,208)</u>
Total adjustments	<u>(326,672)</u>	<u>47,903</u>	<u>(278,769)</u>
Net cash provided (used) by operating activities	<u>\$ (4,288,477)</u>	<u>\$ (475,606)</u>	<u>\$ (4,764,083)</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 9,861,600	\$ 9,861,600	\$ 9,636,634	\$ (224,966)
Charges for services	350,000	420,000	496,426	76,426
Investment earnings	<u>30,000</u>	<u>95,000</u>	<u>293,389</u>	<u>198,389</u>
Total revenues	<u>10,241,600</u>	<u>10,376,600</u>	<u>10,426,449</u>	<u>49,849</u>
EXPENDITURES				
Debt service:				
Principal	7,439,500	7,439,500	11,702,440	(4,262,940)
Interest and fiscal charges	<u>3,199,050</u>	<u>3,199,050</u>	<u>2,515,165</u>	<u>683,885</u>
Total expenditures	<u>10,638,550</u>	<u>10,638,550</u>	<u>14,217,605</u>	<u>(3,579,055)</u>
NET CHANGE IN FUND BALANCE	<u>(396,950)</u>	<u>(261,950)</u>	<u>(3,791,156)</u>	<u>(3,529,206)</u>
FUND BALANCE - BEGINNING	<u>9,252,898</u>	<u>9,252,898</u>	<u>9,252,898</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 8,855,948</u>	<u>\$ 8,990,948</u>	<u>\$ 5,461,742</u>	<u>\$ (3,529,206)</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL -
 DEBT SERVICE - HARBOR

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 492,550	\$ 492,550	\$ 496,794	\$ 4,244
Sales taxes	<u>355,000</u>	<u>355,000</u>	<u>392,889</u>	<u>37,889</u>
Total revenues	<u>847,550</u>	<u>847,550</u>	<u>889,683</u>	<u>42,133</u>
EXPENDITURES				
Debt service:				
Principal	655,000	655,000	635,000	20,000
Interest	<u>175,000</u>	<u>175,000</u>	<u>116,982</u>	<u>58,018</u>
Total expenditures	<u>175,000</u>	<u>175,000</u>	<u>751,982</u>	<u>78,018</u>
NET CHANGE IN FUND BALANCE	672,550	672,550	137,701	100,151
FUND BALANCE - BEGINNING	<u>151,628</u>	<u>151,628</u>	<u>151,628</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 824,178</u>	<u>\$ 824,178</u>	<u>\$ 289,329</u>	<u>\$ 100,151</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL -
 CEMETERY

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 12,250	\$ 15,750	\$ 15,950	\$ 200
Investment income	-	2,000	2,579	579
Total revenues	<u>12,250</u>	<u>17,750</u>	<u>18,529</u>	<u>779</u>
EXPENDITURES				
Parks and recreation	<u>40,500</u>	<u>50,500</u>	<u>47,149</u>	<u>3,351</u>
Total expenditures	<u>40,500</u>	<u>50,500</u>	<u>47,149</u>	<u>3,351</u>
NET CHANGE IN FUND BALANCE	(28,250)	(32,750)	(28,620)	4,130
FUND BALANCE - BEGINNING	<u>98,019</u>	<u>98,019</u>	<u>98,019</u>	-
FUND BALANCE - ENDING	<u>\$ 69,769</u>	<u>\$ 65,269</u>	<u>\$ 69,399</u>	<u>\$ 4,130</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL -
 PUBLIC SAFETY

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and fees	\$ 36,000	\$ 44,500	\$ 44,617	\$ 117
Miscellaneous	-	-	937	937
Intergovernmental revenue	34,550	34,550	70,415	35,865
Contributions and donations	1,500	15,950	17,980	2,030
Investment income	-	1,400	3,092	1,692
Total revenues	<u>72,050</u>	<u>96,400</u>	<u>137,041</u>	<u>40,641</u>
EXPENDITURES				
Police	41,650	42,700	38,746	3,954
Total expenditures	<u>41,650</u>	<u>42,700</u>	<u>38,746</u>	<u>3,954</u>
NET CHANGE IN FUND BALANCE	30,400	53,700	98,295	44,595
FUND BALANCE - BEGINNING	<u>127,751</u>	<u>127,751</u>	<u>127,751</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 158,151</u>	<u>\$ 181,451</u>	<u>\$ 226,046</u>	<u>\$ 44,595</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
RECREATIONAL DEVELOPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 3,000	\$ 3,000	\$ -
Charges for services	720,000	660,000	718,354	58,354
Contributions and donations	10,000	18,400	18,400	-
Investment income	-	20,000	27,421	7,421
Total revenues	<u>730,000</u>	<u>701,400</u>	<u>767,175</u>	<u>65,775</u>
EXPENDITURES				
Parks and recreation	597,000	607,250	519,945	87,305
Capital outlay	276,500	286,500	274,359	12,141
Total expenditures	<u>873,500</u>	<u>893,750</u>	<u>794,304</u>	<u>99,446</u>
NET CHANGE IN FUND BALANCE	(143,500)	(192,350)	(27,129)	77,916
FUND BALANCE - BEGINNING	<u>1,280,213</u>	<u>1,280,213</u>	<u>1,280,213</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,136,713</u>	<u>\$ 1,087,863</u>	<u>\$ 1,253,084</u>	<u>\$ 77,916</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
STREET IMPROVEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 5,750	\$ 698	\$ (5,052)
Investment income	-	12,000	16,152	4,152
Total revenues	-	17,750	16,850	(900)
EXPENDITURES				
Capital outlay	-	78,000	77,472	528
Total expenditures	-	78,000	77,472	528
NET CHANGE IN FUND BALANCE	-	(60,250)	(60,622)	(372)
FUND BALANCE - BEGINNING	480,508	480,508	480,508	-
FUND BALANCE - ENDING	\$ 480,508	\$ 420,258	\$ 419,886	\$ (372)

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
HOTEL OCCUPANCY TAX

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Hotel occupancy taxes	\$ 1,000,000	\$ 1,700,000	\$ 1,879,261	\$ 179,261
Investment income	-	-	17,965	17,965
Total revenues	<u>1,000,000</u>	<u>1,700,000</u>	<u>1,897,226</u>	<u>197,226</u>
EXPENDITURES				
Administration	<u>1,034,380</u>	<u>1,226,730</u>	<u>995,777</u>	<u>230,953</u>
Total expenditures	<u>1,034,380</u>	<u>1,226,730</u>	<u>995,777</u>	<u>230,953</u>
NET CHANGE IN FUND BALANCE	(34,380)	473,270	901,449	428,179
FUND BALANCE - BEGINNING	<u>1,860,614</u>	<u>1,860,614</u>	<u>1,860,614</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,826,234</u>	<u>\$ 2,333,884</u>	<u>\$ 2,762,063</u>	<u>\$ 428,179</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
FIRE EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and fees	\$ 65,650	\$ 65,650	\$ 65,633	\$ (17)
Investment income	-	6,000	6,443	443
Total revenues	<u>65,650</u>	<u>71,650</u>	<u>72,076</u>	<u>426</u>
EXPENDITURES				
Fire	5,000	5,000	759	4,241
Capital outlay	<u>45,500</u>	<u>45,500</u>	<u>37,282</u>	<u>8,218</u>
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>38,041</u>	<u>12,459</u>
NET CHANGE IN FUND BALANCE	15,150	21,150	34,035	12,885
FUND BALANCE - BEGINNING	<u>190,129</u>	<u>190,129</u>	<u>190,129</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 205,279</u>	<u>\$ 211,279</u>	<u>\$ 224,164</u>	<u>\$ 12,885</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
AVIATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 124,500	\$ 124,500	\$ 124,676	\$ 176
Intergovernmental revenue	-	36,500	37,370	870
Investment income	-	300	2,134	1,834
Total revenues	<u>124,500</u>	<u>161,300</u>	<u>164,180</u>	<u>2,880</u>
EXPENDITURES				
Administration	<u>93,500</u>	<u>106,050</u>	<u>119,433</u>	<u>(13,383)</u>
Total expenditures	<u>93,500</u>	<u>106,050</u>	<u>119,433</u>	<u>(13,383)</u>
NET CHANGE IN FUND BALANCE	31,000	55,250	44,747	(10,503)
FUND BALANCE - BEGINNING	<u>201,049</u>	<u>201,049</u>	<u>201,049</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 232,049</u>	<u>\$ 256,299</u>	<u>\$ 245,796</u>	<u>\$ (10,503)</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
DOWNTOWN IMPROVEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions and donations	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
EXPENDITURES				
Administration	30,500	28,000	28,351	(351)
Culture and recreation	<u>5,000</u>	<u>2,000</u>	<u>740</u>	<u>1,260</u>
Total expenditures	<u>35,500</u>	<u>30,000</u>	<u>29,091</u>	<u>909</u>
NET CHANGE IN FUND BALANCE	(25,500)	(20,000)	(19,091)	1,260
FUND BALANCE - BEGINNING	<u>33,429</u>	<u>33,429</u>	<u>33,429</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,929</u>	<u>\$ 13,429</u>	<u>\$ 14,338</u>	<u>\$ 1,260</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
NARCOTICS UNIT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 2,360	\$ 2,360
Total revenues	-	-	2,360	2,360
EXPENDITURES				
Police	10,000	31,500	30,283	1,217
Capital outlay	56,950	212,950	203,958	8,992
Total expenditures	66,950	244,450	234,241	10,209
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(66,950)	(244,450)	(231,881)	11,352
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	3,600	3,600
Total other financing sources (uses)	-	-	3,600	3,600
NET CHANGE IN FUND BALANCE	(66,950)	(244,450)	(228,281)	14,952
FUND BALANCE - BEGINNING	432,079	432,079	432,079	-
FUND BALANCE - ENDING	\$ 365,129	\$ 187,629	\$ 203,798	\$ 14,952



City of Rockwall

STATISTICAL SECTION



City of Rockwall

**STATISTICAL SECTION
(UNAUDITED)**

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

	<u>Page Number</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.	81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources. Property taxes are the City's largest source of revenue whose trends are laid out in Tables 6 through 11. Other tax revenues are compared in Table 5. Another large revenue source derives from utility services, including water, sewer, and solid waste charges. Their underlying rates and operating trends are reported between Tables 11 through 16.	86
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.	95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100
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.	103

Sources – Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF ROCKWALL, TEXAS

TABLE 1

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 148,415,067	\$ 142,755,924	\$ 134,803,314	\$ 128,444,419	\$ 116,382,345	\$ 113,288,647	\$ 105,564,842	\$ 95,507,167	\$ 95,193,217	\$ 86,446,064
Restricted	13,293,105	23,157,453	14,974,819	6,558,003	5,903,520	11,813,320	15,629,382	14,270,758	7,930,007	10,584,073
Unrestricted	30,364,937	11,153,419	10,684,244	3,949,974	9,578,113	3,878,658	402,927	2,075,864	4,740,983	11,180,566
Total governmental activities net position	<u>\$ 192,073,109</u>	<u>\$ 177,066,796</u>	<u>\$ 160,462,377</u>	<u>\$ 138,952,396</u>	<u>\$ 131,863,978</u>	<u>\$ 128,980,625</u>	<u>\$ 121,597,151</u>	<u>\$ 111,853,789</u>	<u>\$ 107,864,207</u>	<u>\$ 108,210,703</u>
Business-type activities										
Net investment in capital assets	\$ 123,537,605	\$ 117,322,684	\$ 108,513,535	\$ 98,233,247	\$ 86,807,074	\$ 84,819,687	\$ 73,291,095	\$ 66,473,007	\$ 65,822,647	\$ 61,795,531
Restricted	2,236,026	2,147,029	2,283,448	2,215,307	1,990,887	1,690,582	4,355,395	6,727,108	2,688,018	4,555,652
Unrestricted	10,310,078	3,099,517	7,534,741	8,882,718	12,083,408	11,363,946	7,689,144	3,886,649	3,831,828	1,736,457
Total business-type activities net position	<u>\$ 136,083,709</u>	<u>\$ 122,569,230</u>	<u>\$ 118,331,724</u>	<u>\$ 109,331,272</u>	<u>\$ 100,881,369</u>	<u>\$ 97,874,215</u>	<u>\$ 85,335,634</u>	<u>\$ 77,086,764</u>	<u>\$ 72,342,493</u>	<u>\$ 68,087,640</u>
Primary government										
Net investment in capital assets	\$ 271,952,672	\$ 260,078,608	\$ 243,316,849	\$ 226,677,666	\$ 203,189,419	\$ 198,108,334	\$ 178,855,937	\$ 161,980,174	\$ 161,015,864	\$ 148,241,595
Restricted	15,529,131	25,304,482	17,258,267	8,773,310	7,894,407	13,503,902	19,984,777	20,997,866	10,618,026	15,139,725
Unrestricted	40,675,015	14,252,936	18,218,985	12,832,692	21,661,521	15,242,604	8,092,071	5,962,513	8,572,811	12,917,023
Total primary government net position	<u>\$ 328,156,818</u>	<u>\$ 299,636,026</u>	<u>\$ 278,794,101</u>	<u>\$ 248,283,668</u>	<u>\$ 232,745,347</u>	<u>\$ 226,854,840</u>	<u>\$ 206,932,785</u>	<u>\$ 188,940,553</u>	<u>\$ 180,206,701</u>	<u>\$ 176,298,343</u>

CITY OF ROCKWALL, TEXAS

TABLE 2

CHANGES IN NET POSITION (unaudited)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General Government	\$ 7,241,594	\$ 12,194,987	\$ 12,860,472	\$ 10,863,346	\$ 10,623,023	\$ 12,609,479	\$ 13,354,867	\$ 9,841,674	\$ 11,331,366	\$ 11,713,363
Police / Fire	28,517,293	20,897,287	18,102,100	18,545,117	18,040,820	16,819,647	15,931,984	15,268,593	13,556,363	13,351,763
Public Works	13,574,806	11,960,837	12,106,448	13,238,262	12,631,449	3,195,355	3,517,130	12,889,840	5,438,890	7,653,406
Community Development	2,764,330	2,160,981	2,147,066	2,107,804	2,060,063	1,965,366	1,973,607	1,778,965	1,724,660	1,699,428
Parks and Recreation	8,209,949	7,011,359	5,960,132	6,168,770	6,750,655	5,450,380	5,016,834	2,157,430	3,981,748	3,185,425
Interest on long-term debt	2,878,024	2,650,740	2,722,316	2,990,051	3,286,942	3,828,514	4,027,789	4,165,018	5,302,942	4,853,042
Total governmental activities expenses	<u>63,185,996</u>	<u>56,876,191</u>	<u>53,898,534</u>	<u>53,913,350</u>	<u>53,392,952</u>	<u>43,868,741</u>	<u>43,822,211</u>	<u>46,101,520</u>	<u>41,335,969</u>	<u>42,456,427</u>
Business-type activities:										
Water and Sewer	40,942,721	36,583,711	32,815,181	31,687,906	28,406,975	25,332,638	21,541,809	19,608,273	17,278,731	17,071,406
Total business-type activities expenses	<u>40,942,721</u>	<u>36,583,711</u>	<u>32,815,181</u>	<u>31,687,906</u>	<u>28,406,975</u>	<u>25,332,638</u>	<u>21,541,809</u>	<u>19,608,273</u>	<u>17,278,731</u>	<u>17,071,406</u>
Total primary government expenses	<u>\$ 104,128,717</u>	<u>\$ 93,459,902</u>	<u>\$ 86,713,715</u>	<u>\$ 85,601,256</u>	<u>\$ 81,799,927</u>	<u>\$ 69,201,379</u>	<u>\$ 65,364,020</u>	<u>\$ 65,709,793</u>	<u>\$ 58,614,700</u>	<u>\$ 59,527,833</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 4,960,214	\$ 4,778,724	\$ 4,362,055	\$ 4,219,361	\$ 4,785,850	\$ 7,017,274	\$ 7,522,068	\$ 6,591,258	\$ 5,937,329	\$ 5,161,016
Operating grants & contributions	3,499,961	7,988,335	9,470,637	1,641,907	1,272,678	411,439	1,942,620	196,662	418,309	432,146
Capital grants & contributions	16,072,206	3,339,056	7,318,331	6,272,150	792,240	44,793	-	-	57,286	107,342
Total governmental activities program revenue:	<u>24,532,381</u>	<u>16,106,115</u>	<u>21,151,023</u>	<u>12,133,418</u>	<u>6,850,768</u>	<u>7,473,506</u>	<u>9,464,688</u>	<u>6,787,920</u>	<u>6,412,924</u>	<u>5,700,504</u>
Business-type activities:										
Charges for services	40,690,213	39,791,917	35,866,161	35,598,369	31,769,332	29,691,355	24,519,314	22,163,656	18,573,676	15,506,885
Capital grants & contributions	13,654,354	2,121,339	6,964,238	5,431,979	354,542	7,707,536	6,016,867	3,049,464	4,713,024	4,829,708
Total business-type activities program revenue:	<u>54,344,567</u>	<u>41,913,256</u>	<u>42,830,399</u>	<u>41,030,348</u>	<u>32,123,874</u>	<u>37,398,891</u>	<u>30,536,181</u>	<u>25,213,120</u>	<u>23,286,700</u>	<u>20,336,593</u>
Total primary government program revenues	<u>\$ 78,876,948</u>	<u>\$ 58,019,371</u>	<u>\$ 63,981,422</u>	<u>\$ 53,163,766</u>	<u>\$ 38,974,642</u>	<u>\$ 44,872,397</u>	<u>\$ 40,000,869</u>	<u>\$ 32,001,040</u>	<u>\$ 29,699,624</u>	<u>\$ 26,037,097</u>
Net (Expense)/Revenue										
Governmental activities	(38,653,615)	(40,770,076)	(32,747,511)	(41,779,932)	(46,542,184)	(36,395,235)	(34,357,523)	(39,313,600)	(34,923,045)	(36,755,923)
Business-type activities	13,401,846	5,329,545	10,015,218	9,342,442	3,716,899	12,066,253	8,994,372	5,604,847	6,007,969	3,265,187
Total primary government net expense	<u>\$ (25,251,769)</u>	<u>\$ (35,440,531)</u>	<u>\$ (22,732,293)</u>	<u>\$ (32,437,490)</u>	<u>\$ (42,825,285)</u>	<u>\$ (24,328,982)</u>	<u>\$ (25,363,151)</u>	<u>\$ (33,708,753)</u>	<u>\$ (28,915,076)</u>	<u>\$ (33,490,736)</u>

CITY OF ROCKWALL, TEXAS

TABLE 2

CHANGES IN NET POSITION (unaudited)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Transfers										
Governmental activities:										
Property taxes	\$ 23,839,645	\$ 23,579,113	\$ 23,873,506	\$ 23,183,884	\$ 22,916,157	\$ 21,984,955	\$ 21,470,363	\$ 20,966,521	\$ 20,432,488	\$ 18,438,330
Sales taxes	27,720,904	26,433,923	24,170,729	19,838,209	19,497,488	17,949,999	17,132,733	16,331,411	15,171,326	14,341,277
Other	8,738,040	6,077,254	5,032,743	4,762,107	5,988,792	4,173,705	3,561,607	3,454,314	4,312,446	3,365,885
Transfers	853,515	1,284,205	1,180,514	1,084,150	1,023,100	(329,950)	986,650	949,250	936,500	1,091,950
Total governmental activities	<u>61,152,104</u>	<u>57,374,495</u>	<u>54,257,492</u>	<u>48,868,350</u>	<u>49,425,537</u>	<u>43,778,709</u>	<u>43,151,353</u>	<u>41,701,496</u>	<u>40,852,760</u>	<u>37,237,442</u>
Business-type activities:										
Other	966,148	192,166	165,748	191,611	313,355	142,378	151,304	88,673	11,798	22,017
Transfers	(853,515)	(1,284,205)	(1,180,514)	(1,084,150)	(1,023,100)	329,950	(986,650)	(949,250)	(936,500)	(1,091,950)
Total business-type activities	<u>112,633</u>	<u>(1,092,039)</u>	<u>(1,014,766)</u>	<u>(892,539)</u>	<u>(709,745)</u>	<u>472,328</u>	<u>(835,346)</u>	<u>(860,577)</u>	<u>(924,702)</u>	<u>(1,069,933)</u>
Total primary government	<u>\$ 61,264,737</u>	<u>\$ 56,282,456</u>	<u>\$ 53,242,726</u>	<u>\$ 47,975,811</u>	<u>\$ 48,715,792</u>	<u>\$ 44,251,037</u>	<u>\$ 42,316,007</u>	<u>\$ 40,840,919</u>	<u>\$ 39,928,058</u>	<u>\$ 36,167,509</u>
Change in Net Position										
Governmental activities	\$ 22,498,489	\$ 16,604,419	\$ 21,509,981	\$ 7,088,418	\$ 2,883,353	\$ 7,383,474	\$ 8,793,830	\$ 2,387,896	\$ 5,929,715	\$ 481,519
Business-type activities	<u>13,514,479</u>	<u>4,237,506</u>	<u>9,000,452</u>	<u>8,449,903</u>	<u>3,007,154</u>	<u>12,538,581</u>	<u>8,159,026</u>	<u>4,744,270</u>	<u>5,083,267</u>	<u>2,195,254</u>
Total primary government	<u>\$ 36,012,968</u>	<u>\$ 20,841,925</u>	<u>\$ 30,510,433</u>	<u>\$ 15,538,321</u>	<u>\$ 5,890,507</u>	<u>\$ 19,922,055</u>	<u>\$ 16,952,856</u>	<u>\$ 7,132,166</u>	<u>\$ 11,012,982</u>	<u>\$ 2,676,773</u>

CITY OF ROCKWALL, TEXAS

TABLE 3

FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Non-spendable	\$ 1,593	\$ 2,602	\$ 2,423	\$ 3,088	\$ 2,723	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	11,332,483	5,685,201	-	-	-	-	-	-	-
Unassigned	<u>32,594,142</u>	<u>27,904,156</u>	<u>25,999,158</u>	<u>16,652,449</u>	<u>14,692,432</u>	<u>12,884,778</u>	<u>10,827,051</u>	<u>11,165,872</u>	<u>11,476,929</u>	<u>10,305,640</u>
Total General Fund	<u>\$ 32,595,735</u>	<u>\$ 39,239,241</u>	<u>\$ 31,686,782</u>	<u>\$16,655,537</u>	<u>\$ 14,695,155</u>	<u>\$ 12,884,778</u>	<u>\$ 10,827,051</u>	<u>\$ 11,165,872</u>	<u>\$ 11,476,929</u>	<u>\$ 10,305,640</u>
All Other Governmental Funds										
Restricted	\$ 18,211,434	\$ 2,420,444	\$ 1,941,354	\$ 1,155,519	\$ 1,314,152	\$ 860,725	\$ 592,611	\$ (86,775)	\$ 127,659	\$ (88,096)
Restricted for Debt Service	5,751,071	9,404,526	7,348,264	5,402,484	5,083,470	-	-	-	-	-
Committed	4,178,828	6,083,866	5,709,085	5,316,634	4,291,828	-	-	-	-	-
Committed for Debt Service	-	-	-	-	-	3,277,958	3,828,849	2,201,438	936,770	460,648
Assigned	-	-	-	-	-	9,713,024	12,787,803	13,628,545	8,859,209	12,396,713
Unassigned	<u>-</u>	<u>(16,957,781)</u>	<u>(12,807,929)</u>	<u>(8,253,123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other governmental funds	<u>\$ 28,141,333</u>	<u>\$ 951,055</u>	<u>\$ 2,190,774</u>	<u>\$ 3,621,514</u>	<u>\$ 10,689,450</u>	<u>\$ 13,851,707</u>	<u>\$ 17,209,263</u>	<u>\$ 15,743,208</u>	<u>\$ 9,923,638</u>	<u>\$ 12,769,265</u>

CITY OF ROCKWALL, TEXAS

TABLE 4

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (unaudited)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Ad valorem taxes, penalty and interest	\$ 23,900,675	\$ 23,839,466	\$ 23,869,473	\$ 23,251,697	\$ 22,676,730	\$ 21,889,749	\$ 21,364,031	\$ 20,946,082	\$ 20,441,533	\$ 18,416,548
Sales and hotel occupancy taxes	29,600,165	28,076,100	25,210,545	20,617,027	20,358,483	17,949,998	17,132,733	16,331,411	15,171,325	14,341,278
Franchise taxes	3,916,171	3,649,354	3,244,953	3,245,274	3,408,880	3,255,645	3,154,432	3,186,160	3,927,501	3,016,446
Charges for services	2,671,999	2,627,285	1,934,675	1,835,338	2,405,845	2,364,134	2,431,114	1,765,734	1,802,529	1,346,695
Permits and licenses	1,739,543	1,684,857	1,961,007	1,795,728	1,652,856	1,487,961	1,772,362	1,233,776	1,277,011	1,019,605
Municipal court	576,985	478,671	509,487	571,028	695,536	938,043	1,042,793	1,152,543	1,177,416	1,161,283
Intergovernmental	3,499,961	7,631,057	9,459,883	2,007,478	1,205,426	943,848	1,012,738	831,958	774,205	624,045
Interest income	2,677,557	63,365	7,336	377,092	703,092	401,167	141,210	105,047	88,724	51,672
Miscellaneous	355,572	350,600	631,344	442,603	851,866	611,405	538,312	315,876	440,246	525,865
Contributions and donations	109,998	89,312	85,276	185,056	459,506	424,128	1,780,277	90,812	388,236	527,008
Total Revenues	69,048,626	68,490,067	66,913,979	54,328,321	54,418,220	50,266,078	50,370,002	45,959,399	45,488,726	41,030,445
Expenditures										
Current:										
Mayor/council	131,164	128,635	111,916	88,568	100,810	127,123	130,560	107,998	116,572	94,747
Administration	7,818,559	6,095,742	6,163,346	5,218,346	4,590,328	4,772,422	4,859,771	4,348,317	4,221,318	3,997,844
Finance	917,752	768,490	705,939	737,711	701,499	1,178,791	1,183,815	1,017,359	948,974	985,734
Municipal court	508,652	491,523	412,238	389,693	395,972	429,862	439,986	389,914	396,256	415,220
Police	16,077,407	14,292,617	12,371,408	12,145,881	11,129,210	11,126,009	11,053,569	10,660,642	9,934,841	9,539,572
Fire	7,706,881	7,000,067	6,156,409	5,246,718	4,530,268	4,272,346	3,876,111	3,425,461	3,153,514	2,766,298
Public works	6,097,356	4,791,440	3,392,021	4,776,601	5,370,529	5,102,468	5,796,784	5,036,475	4,559,460	4,174,815
Community development	2,356,718	2,160,981	2,147,066	2,107,804	2,170,931	1,965,366	1,973,607	1,778,733	1,724,660	1,699,428
Parks and recreation	6,540,396	5,772,546	4,971,631	4,694,193	5,280,625	3,990,911	3,974,766	3,157,568	3,227,161	2,907,884
Capital outlay	1,760,795	8,702,502	5,694,711	11,991,170	8,352,381	4,988,574	3,417,903	5,934,578	4,595,717	8,323,244
Debt Service										
Principal	12,467,061	6,553,932	6,205,000	6,690,000	7,095,000	6,040,000	6,040,000	6,560,000	6,809,632	6,803,038
Interest and fiscal charges	2,691,934	2,768,057	2,867,303	3,138,340	3,440,647	3,678,004	3,882,544	3,971,613	5,130,920	4,645,539
Bond issuance costs	365,235	-	-	-	-	-	-	231,376	-	74,581
Total expenditures	65,439,910	59,526,532	51,198,988	57,225,025	53,158,200	47,671,876	46,629,416	46,620,034	44,819,025	46,427,944
Excess (deficiency) of revenues over (under) expenditures	3,608,716	8,963,535	15,714,991	(2,896,704)	1,260,020	2,594,202	3,740,586	(660,635)	669,701	(5,397,499)
Other financing sources (uses):										
Transfers in	1,754,200	1,656,275	874,995	1,985,700	727,443	1,280,466	1,316,687	540,350	689,000	2,769,639
Transfers out	(4,860,685)	(4,307,070)	(2,989,481)	(4,196,550)	(3,339,343)	(5,240,416)	(3,930,037)	(3,131,100)	(3,032,500)	(5,257,689)
Bonds issued	32,060,000	-	-	-	-	-	-	8,076,711	-	9,820,000
Capital Leases	167,882	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	53,221,012	-	-
Premium (discounts) on bonds issued	2,410,742	-	-	-	-	-	-	6,769,228	-	-
Payment to refunded bond escrow agent	(7,105,507)	-	-	-	-	-	-	(59,060,574)	-	(9,745,419)
Sale of capital assets	3,600	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	(7,492,176)	-	-	-	-	-	-	(246,478)	-	-
Total other financing sources (uses)	16,938,056	(2,650,795)	(2,114,486)	(2,210,850)	(2,611,900)	(3,959,950)	(2,613,350)	6,169,149	(2,343,500)	(2,413,469)
Net change in fund balances	\$ 20,546,722	\$ 6,312,740	\$ 13,600,505	\$ (5,107,554)	\$ (1,351,880)	\$ (1,365,748)	\$ 1,127,236	\$ 5,508,514	\$ (1,673,799)	\$ (7,810,968)
Debt service as a percentage of noncapital expenditures	23.8%	18.3%	19.9%	21.7%	23.5%	22.8%	23.0%	25.9%	29.7%	30.0%

CITY OF ROCKWALL, TEXAS

TABLE 5

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2014	\$ 18,438,330	\$ 14,341,277	\$ 3,093,257	\$ 35,872,864
2015	20,441,533	15,171,325	3,927,501	39,540,359
2016	20,946,082	16,331,411	3,186,160	40,463,653
2017	21,364,031	17,132,733	3,154,432	41,651,196
2018	21,889,749	17,949,998	3,255,645	43,095,392
2019	22,676,730	19,497,488	3,408,880	45,583,098
2020	23,251,697	19,838,209	3,245,274	46,335,180
2021	23,869,473	24,170,729	3,244,953	51,285,155
2022	23,839,466	26,433,923	3,649,354	53,922,743
2023	23,900,675	27,720,904	3,916,171	55,537,750

CITY OF ROCKWALL, TEXAS

TABLE 6

UTILITY SERVICE REVENUE

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Retail Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
2014	\$ 8,140,267	\$ 4,901,303	\$ 13,041,570
2015	10,220,088	5,511,705	15,731,793
2016	12,738,912	6,360,126	19,099,038
2017	13,443,511	7,092,057	20,535,568
2018	14,994,386	7,347,007	22,341,393
2019	14,131,403	8,475,098	22,606,500
2020	15,641,898	9,027,765	24,669,662
2021	15,075,298	9,091,893	24,167,191
2022	17,546,807	9,476,006	27,022,813
2023	18,222,523	9,483,833	27,706,356

CITY OF ROCKWALL, TEXAS

TABLE 7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

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			
2014	2013	2,437,302,085	1,126,527,658	385,352,763	280,459,789	3,668,722,717	0.5025
2015	2014	2,645,861,999	1,318,998,496	438,951,140	302,418,574	4,101,393,061	0.4955
2016	2015	2,897,340,628	1,324,784,283	426,923,073	334,889,710	4,314,158,274	0.4853
2017	2016	3,250,135,202	1,410,522,815	457,736,898	400,924,193	4,717,470,722	0.4543
2018	2017	3,693,500,936	1,518,970,591	493,995,150	463,427,475	5,243,039,202	0.4236
2019	2018	4,036,275,136	1,587,770,529	533,531,906	455,282,292	5,702,295,279	0.4021
2020	2019	4,256,220,496	1,654,276,920	582,424,005	436,900,344	6,056,021,077	0.387990
2021	2020	4,534,177,470	1,863,192,042	614,735,337	464,923,141	6,547,181,708	0.370000
2022	2021	4,843,195,962	1,876,481,874	632,803,883	482,270,420	6,870,211,299	0.350000
2023	2022	5,561,855,258	2,104,378,159	641,440,193	584,554,504	7,723,119,106	0.292500

Source: Rockwall Central Appraisal District

CITY OF ROCKWALL, TEXAS

TABLE 8

PROPERTY TAX EXEMPTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Over 65 and Disabled</u>	<u>Disabled Veterans</u>	<u>Agriculture</u>	<u>Freeport Exemption</u>
2014	\$ 139,936,532	\$ 12,780,746	\$ 102,226,360	\$ 25,071,144
2015	148,647,965	14,905,177	109,426,700	22,030,705
2016	162,365,290	20,961,691	107,887,230	28,084,128
2017	162,472,841	23,628,158	109,384,390	25,288,620
2018	169,304,945	28,450,789	120,809,076	27,839,131
2019	177,252,532	39,833,915	126,796,575	34,593,453
2020	190,507,223	48,858,687	115,983,406	29,836,635
2021	194,977,433	56,412,695	102,158,842	34,440,239
2022	205,600,088	70,298,078	107,151,194	45,176,412
2023	214,480,085	93,282,867	126,874,924	68,723,103

CITY OF ROCKWALL, TEXAS

TABLE 9

SALES TAX COLLECTIONS AS COMPARED TO TAX LEVY

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total Sales Tax Collections</u>	<u>Percent of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>
2014	\$ 14,341,277	78.98%	0.39
2015	15,171,325	75.62%	0.37
2016	16,331,411	77.45%	0.35
2017	17,132,733	81.25%	0.36
2018	17,949,999	82.74%	0.34
2019	19,497,488	86.70%	0.34
2020	19,838,209	86.21%	0.33
2021	23,882,051	100.73%	0.36
2022	26,064,361	110.26%	0.38
2023	27,720,904	116.48%	0.36

CITY OF ROCKWALL, TEXAS

TABLE 10

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>City of Rockwall</u>			<u>Overlapping Rates</u>	
	<u>M&O</u>	<u>Debt</u>	<u>Total</u>	<u>School</u>	<u>County</u>
2014	0.23630	0.2662	0.50250	1.4600	0.3959
2015	0.22070	0.2748	0.49550	1.4400	0.3959
2016	0.23420	0.2511	0.48530	1.4400	0.3959
2017	0.23860	0.2157	0.45430	1.4650	0.3759
2018	0.24540	0.1782	0.42360	1.4400	0.3498
2019	0.22290	0.1792	0.40210	1.4300	0.3284
2020	0.21959	0.1684	0.38799	1.3500	0.3250
2021	0.21540	0.1546	0.37000	1.3100	0.3131
2022	0.20542	0.14458	0.35000	1.2736	0.3131
2023	0.17200	0.1205	0.29250	1.2146	0.3131

CITY OF ROCKWALL, TEXAS

TABLE 11

PRINCIPAL PROPERTY TAXPAYERS

LAST TEN FISCAL YEARS
(UNAUDITED)

Taxpayer	2023			2014		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Capital Boulevard LLC (Lollicup USA)	\$ 78,925,940	1	0.95%	\$ -	-	-
Excel Rockwall, LP	56,000,000	2	0.67%	54,672,420	1	1.49%
SPR Packaging	55,955,570	3	0.67%	-	-	-
Star Hubbard LLC	54,900,000	4	0.66%	45,311,463	2	1.24%
Allen Foods/Bimbo Bakeries	54,162,830	5	0.65%	-	-	-
Rockwall Regional Hospital, LLP	53,533,780	6	0.64%	41,871,040	3	1.14%
Channel Corporation	51,410,630	7	0.62%	-	-	-
SWBC RW2, LP	48,158,810	7	0.58%	-	-	-
Whitmore Manufacturing CO	44,313,730	8	0.53%	-	-	-
Stag Rockwall (Pratt)	41,787,310	9	0.50%	-	-	-
Rockwall Crossing LTD	34,769,800	10	0.42%	29,883,620	5	0.81%
2055 Summer Lee Rockwall (Hilton)	-	-	-	30,226,806	4	0.82%
Continental Pet Technology	-	-	-	26,977,710	6	0.74%
Costco	-	-	-	23,536,330	7	0.64%
Wal-mart	-	-	-	22,915,510	8	0.62%
Oncor Electric Delivery Services	-	-	-	22,655,530	9	0.62%
Texas Star Express	-	-	-	21,932,070	10	0.60%
Subtotal	<u>438,992,460</u>		<u>5.28%</u>	<u>319,982,499</u>		<u>8.72%</u>
Total Taxable Value	<u>\$ 8,307,673,610</u>		<u>100.00%</u>	<u>\$ 3,668,722,717</u>		<u>100.00%</u>

Source: Rockwall Central Appraisal District

Note: Includes real property and business personal property for each entity **92**

CITY OF ROCKWALL, TEXAS

TABLE 12

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy
2014	2013	\$ 18,157,980	\$ 18,055,096	99.43%	\$ 136	\$ 18,055,232	99.43%
2015	2014	20,063,663	19,951,271	99.44%	-	19,951,271	99.44%
2016	2015	20,561,430	20,538,371	99.89%	139,707	20,678,078	100.57%
2017	2016	21,086,975	21,119,819	100.16%	218,836	21,338,655	101.19%
2018	2017	21,695,004	21,663,720	99.86%	212,710	21,876,430	100.84%
2019	2018	22,488,162	22,340,361	99.34%	210,436	22,550,797	100.28%
2020	2019	23,011,067	22,948,773	99.73%	279,234	23,228,007	100.94%
2021	2020	23,708,089	23,656,204	99.78%	213,113	23,869,317	100.68%
2022	2021	23,639,571	23,615,341	99.90%	289,591	23,904,932	101.12%
2023	2022	23,798,885	23,796,143	99.99%	-	23,796,143	99.99%

CITY OF ROCKWALL, TEXAS

TABLE 13

TOP TEN WATER CUSTOMERS

LAST TEN FISCAL YEARS
(UNAUDITED)

Customer	2023			2014		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	51,252,600	1	1.10%	28,130,000	1	1.08%
Rockwall I.S.D.	43,852,100	2	0.94%	19,370,800	3	0.74%
Astrochef, Inc DBA Pegasus Foods	19,321,100	3	0.41%	-	-	-
Continental Pet Technology	19,115,600	4	0.41%	8,167,500	10	0.31%
Florence at the Harbor	18,529,000	5	0.40%	-	-	0.00%
923 Yellowjacket LLC	18,163,500	6	0.39%	-	-	-
Star Hubbard LLC	15,682,100	7	0.34%	23,814,300	2	0.91%
S2 Canyon Ridge	14,063,100	8	0.30%	11,295,800	5	0.43%
PA Harbor Retail	9,506,600	9	0.20%	9,459,500	7	0.36%
Mack Sonoma LLC	9,458,900	10	0.20%	-	-	0.00%
D.W.C./Highlife Properties	-	-	-	11,920,100	4	0.46%
Excel Rockwall, L.P.	-	-	-	10,339,600	6	0.40%
Allen Foods Bakeries LLC	-	-	-	8,841,200	8	0.34%
Sabre Realty Manangement Company	-	-	-	8,716,700	9	0.33%
Subtotal	<u>218,944,600</u>		<u>4.69%</u>	<u>55,668,300</u>		<u>2.13%</u>
Total Water Usage	<u>4,668,067,956</u>		<u>100.00%</u>	<u>2,611,244,885</u>		<u>100.00%</u>

CITY OF ROCKWALL, TEXAS

TABLE 14

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Discounts and Premiums	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Water and Sewer Revenue Bonds	Capitalized Lease Obligations	Discounts and Premiums			
2014	\$ 87,404,632	\$ 16,935,000	\$ 1,921,161	\$ 100,855	\$ 25,638	\$ 27,900,000	\$ 3,495,000	\$ 5,485,067	\$ 248,709	\$ 143,516,062	6.72%	3,587
2015	85,790,000	14,610,000	1,817,822	51,525	-	26,220,000	3,235,000	5,041,729	210,342	136,976,418	6.06%	3,347
2016	90,400,000	8,580,000	1,709,884	-	-	31,230,000	-	4,571,724	2,907,590	139,399,198	6.17%	3,406
2017	85,235,000	7,705,000	1,597,726	-	19,830,000	8,910,000	-	4,233,385	2,750,454	130,261,565	5.37%	3,093
2018	79,880,000	7,020,000	1,485,568	-	18,705,000	7,565,000	-	3,881,713	2,312,754	120,850,035	4.70%	2,762
2019	73,500,000	6,305,000	1,373,410	-	16,700,000	6,995,000	-	3,508,374	2,014,431	110,396,215	4.06%	2,480
2020	67,380,000	5,735,000	1,261,252	-	14,720,000	6,395,000	-	3,454,998	1,716,108	100,662,358	3.59%	2,236
2021	61,765,000	5,145,000	1,149,094	-	12,655,000	5,995,000	-	2,997,998	1,417,785	91,106,877	3.07%	1,992
2022	55,920,000	4,530,000	1,036,936	1,101,047	10,490,000	5,575,000	-	2,484,998	1,119,463	82,257,444	2.44%	1,729
2023	72,545,000	760,000	2,944,397	1,139,307	8,670,000	19,860,000	-	1,965,009	1,921,495	109,805,208	2.83%	2,146

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

CITY OF ROCKWALL, TEXAS

TABLE 15

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Governmental and Business Type Activities									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Gross Bonded Debt	Unamortized Premium (Discount)	Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita	
2014	\$ 87,404,632	\$ 44,835,000	\$ 132,239,632	\$ 2,105,454	\$ 460,648	\$ 133,884,438	3.65%	3,346	
2015	85,790,000	40,830,000	126,620,000	1,992,856	936,770	127,676,086	3.11%	3,119	
2016	90,400,000	39,810,000	130,210,000	1,709,884	2,201,438	129,718,446	3.01%	3,169	
2017	105,065,000	16,615,000	121,680,000	1,597,726	3,828,849	119,448,877	2.53%	2,836	
2018	98,585,000	14,585,000	113,170,000	1,485,568	3,284,407	111,371,161	2.12%	2,546	
2019	90,200,000	13,300,000	103,500,000	3,387,841	4,636,663	102,251,178	1.79%	2,297	
2020	82,100,000	12,130,000	94,230,000	2,977,360	5,456,791	91,750,569	1.52%	2,038	
2021	74,420,000	11,140,000	85,560,000	2,566,879	7,348,264	80,778,615	1.23%	1,766	
2022	66,410,000	10,105,000	76,515,000	2,156,399	9,252,898	69,418,501	1.01%	1,459	
2023	81,215,000	20,620,000	101,835,000	3,060,802	5,461,742	99,434,060	1.29%	1,943	

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

CITY OF ROCKWALL, TEXAS

TABLE 16

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2023
(UNAUDITED)

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	\$ <u>81,215,000</u>	100.00%	\$ <u>81,215,000</u>
Indirect:			
Rockwall Independent School District	870,134,869	53.60%	466,392,290
Rockwall County	<u>137,325,000</u>	45.69%	<u>62,743,793</u>
Total Indirect	<u>1,007,459,869</u>		<u>529,136,082</u>
Total Direct and Overlapping Bonded Debt	<u>\$ 1,088,674,869</u>		<u>\$ 610,351,082</u>
Average debt per capita			<u>\$ 15,749</u>

Source: Municipal Advisory Council of Texas Annual Report

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

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

CITY OF ROCKWALL, TEXAS

TABLE 17

LEGAL DEBT MARGIN INFORMATION

**LAST TEN FISCAL YEARS
(UNAUDITED)**

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	0.2925	0.35	0.37	0.38799	0.4021	0.4236	0.4543	0.4853	0.4955	0.5025
Legal Debt Margin	<u>2.2075</u>	<u>2.1500</u>	<u>2.1300</u>	<u>2.1120</u>	<u>2.0979</u>	<u>2.0764</u>	<u>2.0457</u>	<u>2.0147</u>	<u>2.0045</u>	<u>1.9975</u>

CITY OF ROCKWALL, TEXAS

TABLE 18

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			
				Principal	Interest	Total	Coverage
2014	\$ 16,378,963	\$12,610,238	\$ 3,768,725	\$ 260,000	\$ 147,294	\$ 407,294	9.25
2015	19,748,474	13,657,885	6,090,589	270,000	136,894	406,894	14.97
2016	23,406,369	15,252,009	8,154,360	-	-	-	-
2017	26,262,806	17,163,431	9,099,375	-	-	-	-
2018	28,850,782	18,680,374	10,170,408	-	-	-	-
2019	31,813,449	24,104,087	7,709,362	-	-	-	-
2020	35,686,656	27,091,220	8,595,436	-	-	-	-
2021	36,031,909	28,051,932	7,979,977	-	-	-	-
2022	39,984,083	31,845,812	8,138,271	-	-	-	-
2023	40,833,384	35,382,047	5,451,337	-	-	-	-

Note: Direct operating expenses excludes depreciation

CITY OF ROCKWALL, TEXAS

TABLE 19

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

DEMOGRAPHICS

Fiscal Year	Population	Personal Income (thousands of dollars) (3)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (3)
2014	40,008	\$ 2,135,587	\$ 53,379	14,626	4.2
2015	40,929	2,259,553	55,627	15,468	3.3
2016	41,519	2,309,577	55,627	15,512	3.1
2017	42,120	2,424,806	57,569	15,822	3.7
2018	43,750	2,568,869	58,717	16,295	3.3
2019	44,520	2,715,854	61,003	16,587	3.1
2020	45,010	2,801,287	62,237	17,007	5.8
2021	45,740	2,970,493	64,943	16,987	3.9
2022	47,579	3,370,163	70,833	17,926	3.1
2023	51,171	3,881,832	75,860	18,384	2.8

Source: (1) Bureau of Economic Analysis
(2) Rockwall Independent School District - private schools not included
(3) Bureau of Labor Statistics

CITY OF ROCKWALL, TEXAS

TABLE 20

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,944	1	6.67%	1,556	1	7.12%
L-3 Harris Technologies	700	2	2.40%	-	-	-
Texas Health Presbyterian Hospital	700	3	2.40%	592	2	2.71%
Pegasus Foods	700	4	2.40%	-	-	-
Wal-Mart Superstore	450	5	1.54%	492	3	2.25%
Channell Commercial	380	6	1.30%	-	-	-
Rockwall County	364	7	1.25%	299	4	1.37%
City of Rockwall	353	8	1.21%	262	6	1.20%
Texas Star Express	275	9	0.94%	275	5	1.26%
Karat by Lollicup USA	260	10	0.89%	-	-	-
Hilton Bella Harbor	-	-	-	250	7	1.14%
Costco	-	-	-	250	8	1.14%
Special Products Manufacturing	-	-	-	205	9	0.94%
Target	-	-	-	200	10	0.92%
Subtotal	<u>6,126</u>		<u>21.01%</u>	<u>4,381</u>		<u>20.05%</u>
Total	<u>29,157</u>		<u>100.00%</u>	<u>21,850</u>		<u>100.00%</u>

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

CITY OF ROCKWALL, TEXAS

TABLE 21

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Administration	28	26	27	27	28	27	27	27	26	26
Finance	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5	5
Municipal Court	5	5	5	5	5	5	5	5	5	5
Fire	54	51	51	39	36	29	29	26	26	23
Police	120	117	109	109	108	105	103	102	101.5	100.5
Community Development	21	20	20	20	21	20	20	19	19	19
Parks & Recreation	36	35	34	34	30	30	30	30	30	29
Public Works	23	22	21	21	21	21	21	21	21	21
Water/Sewer	<u>43</u>	<u>43</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>38</u>	<u>36</u>	<u>33</u>	<u>33</u>	<u>34</u>
Total	<u>335.50</u>	<u>324.50</u>	<u>314.50</u>	<u>302.50</u>	<u>295.50</u>	<u>280.50</u>	<u>276.50</u>	<u>268.50</u>	<u>266.50</u>	<u>262.50</u>

CITY OF ROCKWALL, TEXAS

TABLE 22

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

Function	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Finance										
Invoices processed	11,148	10,986	11,128	12,290	12,987	12,613	12,940	12,286	13,782	14,518
Payroll checks issued	13,092	12,692	11,757	11,733	11,875	11,476	12,044	11,213	11,093	10,118
Purchase orders issued	2,245	2,518	2,163	2,311	2,437	2,480	2,389	2,141	2,135	1,939
Municipal Court										
Violations Processed	5,202	4,798	5,543	5,690	8,136	10,570	12,124	11,171	13,135	16,950
Fire										
Employees (paid)	54	51	51	39	36	30	29	26	26	23
Volunteers	9	14	20	32	32	32	38	48	34	30
Fire Calls (City and County)	4,475	4,485	2,930	2,715	2,672	2,496	1,684	1,240	902	723
* FY18 includes initial year of First Responder Program calls										
Police										
Employees (uniformed)	95	92	85	85	84	82	81	79	78	78
Employees (civilian)	25	25	24	24	24	23	23	24	22.5	22.5
Calls for Service*	22,109	17,931	18,575	17,171	18,435	16,676	18,101	17,553	18,152	17,391
Community Development										
# permits - New commercial construction	45	20	12	19	21	16	20	16	19	12
Value - New commercial construction	\$335,362,311	\$ 63,581,000	\$ 47,101,200	\$ 46,943,066	\$148,369,487	\$ 80,969,465	\$107,317,132	\$ 34,712,638	\$ 44,764,279	\$ 13,645,795
# permits - New residential construction	162	309	454	332	297	341	370	341	346	257
Value - New residential construction	-	-	-	-	-	\$ 79,618,273	\$ 84,226,817	\$ 80,982,059	\$ 79,262,932	\$ 59,868,007
Parks & Recreation										
The Center facility usage	33,525	31,500	22,250	6,575	25,000	48,052	47,759	46,946	62,991	78,350
Special event attendance	117,300	104,170	94,700	39,020	148,775	90,200	89,450	86,150	80,000	81,000
# recreation participants (youth & adult)	12,942	12,306	11,420	2,989	11,397	8,716	5,600	5,433	4,711	4,900

CITY OF ROCKWALL, TEXAS

TABLE 22

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

Function	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Works										
Streets - sq yd concrete street repair	6,810	3,957	3,713	5,002	6,320	2,248	1,264	1,263	5,407	3,872
\$ spent on concrete/asphalt street repair	\$ 1,947,767	\$ 1,131,734	\$ 804,602	\$ 1,780,215	\$ 2,482,129	\$ 1,015,920	\$ 834,308	\$ 749,128	\$ 806,081	\$ 909,163
Miles of public street maintained by City*	252.85	251.20	230.30	225.99	225.99	225.99	218.45	215.81	211.65	188.18
Water/Sewer										
Water customers	18,060	17,797	17,513	16,861	16,506	16,296	15,902	15,557	15,147	14,874
Sewer customers	15,213	14,945	14,553	14,131	13,802	13,583	13,212	12,944	12,644	13,215
Average daily water consumption (gal)	12,789,227	11,869,009	10,734,044	10,898,274	9,544,744	7,746,687	7,826,181	5,595,421	5,813,542	6,210,113
Peak daily water consumption (gal)	31,876,280	24,474,168	19,016,806	22,031,522	20,877,020	20,871,860	16,631,760	16,342,090	17,497,100	12,930,773
Maximum storage capacity (gal)	13,000,000	13,000,000	13,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

Source: City departments

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

n/a - Data not available

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

Note: Residential Permit Values can no longer be accumulated per Texas Legislature as of FY2019

CITY OF ROCKWALL, TEXAS

TABLE 23

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fire										
Number of stations	4	4	4	4	4	4	4	4	4	4
Number of fire engines/trucks	12	12	12	12	12	12	12	13	13	13
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	41	41	41	41	41	41	41	41	40	42
Parks & Recreation										
Parks acres (developed/undeveloped)	753	702	645	620	620	620	620	598	586	538
Playgrounds	29	28	28	28	28	28	28	26	25	25
Picnic areas	40	39	39	38	38	37	37	35	32	32
Swimming pools	2	2	2	2	2	2	2	2	2	2
Water/Sewer										
Water mains (miles)	368.14	363.02	345.75	341.96	334.27	323.61	318.56	300.69	302.77	287.91
Sanitary sewer mains (miles)	293.18	288.73	284.05	273.36	268.88	255.22	251.66	237.13	241.21	231.91

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