

CITY OF ROCKWALL, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Prepared by:

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

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

CITY OF ROCKWALL, TEXAS
Comprehensive Annual Financial Report
For the Year Ended September 30, 2015

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INTRODUCTORY SECTION



City of Rockwall
The New Horizon

May 6, 2016

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, 2015, is hereby submitted in accordance with Section 7.18 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

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

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

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

The City of Rockwall's financial statements have been audited by Fox, Byrd & Company P.C., PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rockwall for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The City currently has a land area of approximately 29.79 square miles and an estimated population of 40,620.

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 5.78% in our local sales tax revenues. The city has a varied tax base including a mix of residential, commercial and light industrial properties. Total property values rose by 11.79%. The most recent five-year average is 4.27% per annum. During the downturn in the economy growth in the tax base slowed but remained positive each year. The City's largest taxpayers are varied and include industry, retail developments, multi-family properties, and medical facilities. Table D-12 in the Statistical Section provides further information on the principal taxpayers. The Rockwall Economic Development Corporation continues to successfully market Rockwall and assist companies looking to locate their business in the City. The year's highlights included:

- Channell Commercial Corporation has begun construction on their new corporate headquarters and manufacturing facility, choosing to relocate their nearly 100-year old business to Rockwall from their location in southern California. The rail-served facility will be 175,000 square feet and will include the largest structural foam machine in Texas. They are an industry leader in thermoplastic enclosures for the telecommunications and broadband industries. The company will begin operations in summer 2016.
- Col-Met Paint Booths will move their state of the art operations from a leased facility to their new 150,000 square foot building in phase II of the Rockwall Technology Park. This move allows the company to expand current operations and provides room to expand the building further in the future.
- A number of new retailers opened in 2015 including Chico, Soma, and James Avery adding to the extensive retail mix in town.
- Medical office construction continues adding Spine Team Texas to the number of physicians and specialty medical offices located near Presbyterian Hospital of Rockwall.
- Downtown Rockwall is undergoing extensive reconstruction during 2015 but still saw several new retail businesses opened including Uptown Downtown Gallery and Studio, Sara Duckworth Photography and Embellished on the Square. The School of Rock opened their new facility in an older building which once housed the City's first fire station. The old rolling doors remain and the school opens the doors for some performances. The school welcomes youth and adult students to learn music in a performance based environment. The City benefits from the attention garnered from Rockwall's being a Texas Main Street City. The City has seen a 13.1% increase in sales taxes in the downtown area in the last fiscal year and 78.2% in the last five years.

Long-term Planning

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

Financial Policies

The City Council adopted financial policies in 2001 which have guided the City, allowing us to build a strong fund balance, and reinforcing the city's philosophy to budget conservatively for both revenues and expenditures. The general fund reserve policy is reviewed annually and updated most recently in 2009. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5 month level were available to fund capital projects in 2015 which included the improvement of parking facilities at the Tuttle ballfield complex and the addition of a new traffic signal at Mims Road and Ralph Hall Parkway. The City had, for many years, financed vehicle additions and replacements with short-term debt. A healthy reserve allowed the City to purchase all vehicles on a pay-as-you-go basis. In addition, street maintenance expenditures increased by more than \$265,000 from excess reserves.

Budget Overview

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

Planning Projects

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

Capital Improvement Planning

In May 2012, voters approved propositions to provide downtown accessibility projects, roadway rehabilitation and Interstate 30 ramp adjustments. The City hired design and construction management professionals to work with staff and City Council to develop the vision for the projects and cost estimates to ensure the projects as approved can move forward expeditiously and be completed within budget. Improvements began on the Downtown Square in early 2014. Walkability and accessibility are key components of the project as well as the construction of the San Jacinto plaza which will add an outdoor venue to the area. Work should be completed in April 2016. Engineering firms were selected for each of the street rehabilitation projects in 2015

and their work is beginning. This work will continue through 2016 with construction starting shortly after.

Strategic Planning

The City Council and staff began work on an updated strategic planning document with the goal of a simplified, easy to understand final product. The initial stage of the plan included looking at the current breakdown between the residential and commercial tax base and whether or not the current land use plan will allow that mix to be maintained or improved in order to decrease the tax burden on residential properties. It was determined that sufficient non-residential land uses are planned but that any change from non-residential to residential zoning needs to be evaluated in light of the city's strategic goals. The City receives higher sales taxes per capita than other area cities, pointing to the City's long standing status as a regional shopping destination. As cities to the east grow and add retailers the City will strive to add specialty retailers to continue the regional draw. The remaining I-30 corridor development will need to be well-planned and executed. The long-term infrastructure needs of the City including streets, water and sewer will need to be planned and funded. A study will be conducted in 2016 to assess the condition of each street and alley in the city to determine the remaining useful life of each one. Improvements will be key to the future of the City. The next stages of the strategic planning will focus on the individual departments of the City and how they address both the goals of the larger plan and strategic needs within the department. The plan is expected to be a significant tool in the budget planning process in 2106.

Future Development

Transportation

The majority of the City's main thoroughfares are state facilities. TxDOT has completed design work on the FM3549 overpass project which had unexpected delays due to problems with the construction contract but after rebidding should get underway in mid-2016. FM 3097 – Horizon Road – a heavily traveled roadway in the retail and medical corridor is slated for reconstruction and widening with utility work begun, the 24-month construction project will continue into 2017. The City and TxDOT have jointly funded the project. The City has funded and TxDOT will shortly begin a project to reverse two ramps on I-30 improving access to John King Boulevard and alleviating pressure on other intersections during the FM 3549 overpass project. In addition, the City will begin design shortly on a new I-30 access ramp in an area of heavy congestion near the existing Horizon Road ramp.

The City is a member of a County-wide Consortium which allows County government officials to work with officials of each of the seven cities in the county to further transportation planning efforts. The Consortium meets monthly to discuss funding alternatives for the County's transportation needs, which also involve planning and state participation. The County's bond initiatives allow funding for the advance planning and design of 5 major roadway projects. This allows the projects to be ready to commence as soon as state funding is allocated for construction. The Consortium was successful in securing new state funding for both SH275 and FM 3549 widening projects after the state-wide referendums provided new dollars for the state's highway system. The fact that the projects were in design and would be ready to bid when dollars were made available was crucial in getting these new funds. The Consortium is continuing to look at other roadways in the County to get the next list of projects vetted.

Medical Services

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

Retail / Entertainment

"The Harbor" development is situated on the shores of Lake Ray Hubbard at I-30. A public/private partnership provided opportunities for new retailers in the Bella Harbor development as well as public open space and a full-service Hilton Hotel and Conference Center. The Conference Center continues to attract events including numerous corporate training and retreat sessions and expects many which are scheduled for 2016. A new Marriott Springhill Suites with 105 suites and conference space broke ground in late 2015. The hotel will be locally owned and operated and will employ a sales director to market the property to mid-size regional conferences and meetings.

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

The City's extremely successful 12-week Concert on the Lake Series managed by the City's Recreation Department draws more than 5,000 attendees each Thursday evening for a free concert. Surveys conducted during the events gather data regarding the distance from which visitors traveled and approximate retail and restaurant dollars expended while here. The term "Live Music Capital of North Texas" has been coined to describe the many opportunities available year round in both public and restaurant venues.

Founder's Day, which was moved back to Myers Park, due to the downtown construction project drew visitors to shop merchant's wares, see artist's exhibits, and enjoy free concerts all day. The event culminates with a concert by a nationally recognized artist, also free to all who attend. Due to great reviews on the 2014 and 2015 events, the City made the decision to continue to sponsor Founder's Day at the park in the years to come.

A Farmer's Market brings visitors downtown Saturdays from May to October. The annual "Rib Rub and Run" BBQ contest draws more than 50 teams to the downtown square. The Main Street Advisory Board and "Friends of Downtown Rockwall", citizen volunteer group, worked to plan more special events to bring shoppers downtown. A late evening shopping event called "Night Owls" added late evening hours and live musical entertainment each Friday and Saturday evening on the newly opened San Jacinto Plaza added in summer 2015 brought good crowds out to enjoy

a relaxing evening downtown. In April 2016, the Downtown merchants will partner with the City to sponsor a day-long grand re-opening of the downtown as the construction project is completed.

Utilities

The water and wastewater rates were increased in 2015 and the City intends to raise rates in 2016. The City purchases treated water as a founding member city of the North Texas Municipal Water District. With extremely heavy spring 2015 rains the drought which had extended over several years and seemed to be worsening was broken and the area lakes filled completely. Excess water was released from Lake Lavon, the City’s principal water source was released for the first time in years. As the drought had worsened the NTMWD asked its member and customer cities to reduce consumption by a minimum of 10%. Rockwall residents were so receptive to the call for conservation that actual consumption was reduced by more than 37%. It was discussed often by city staff whether this represented an adjustment to the perceived need for outdoor watering and whether previous levels of consumption would return when restrictions were lifted. When the lakes filled all mandatory conservation limits were lifted and residents across the region did indeed return to significantly greater outdoor watering. Sales for the City’s water system increased by 25.5%. During the several year periods where sales decreased so significantly, water and wastewater system improvements and large equipment purchases were delayed. Equipment acquisition and improvement design is expected to resume in 2016.

The City’s water system is recognized with the Texas Commission on Environmental Quality’s “Superior” rating.

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

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

Outstanding General Obligation Debt at 9-30-15(net of Debt Service)	\$127,676,086
Estimated Population	40,620
G.O. Debt Per Capita	\$3,143
Net G.O. Debt per Assessed Value	3.11%

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

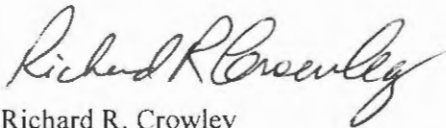
	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor’s Rating Group	AA+	A-	A-
Moody’s Investor Service Inc.	Aa2	Aa3	A1

ACKNOWLEDGEMENTS

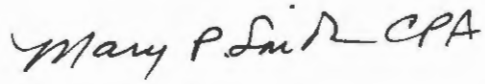
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Sincerely,

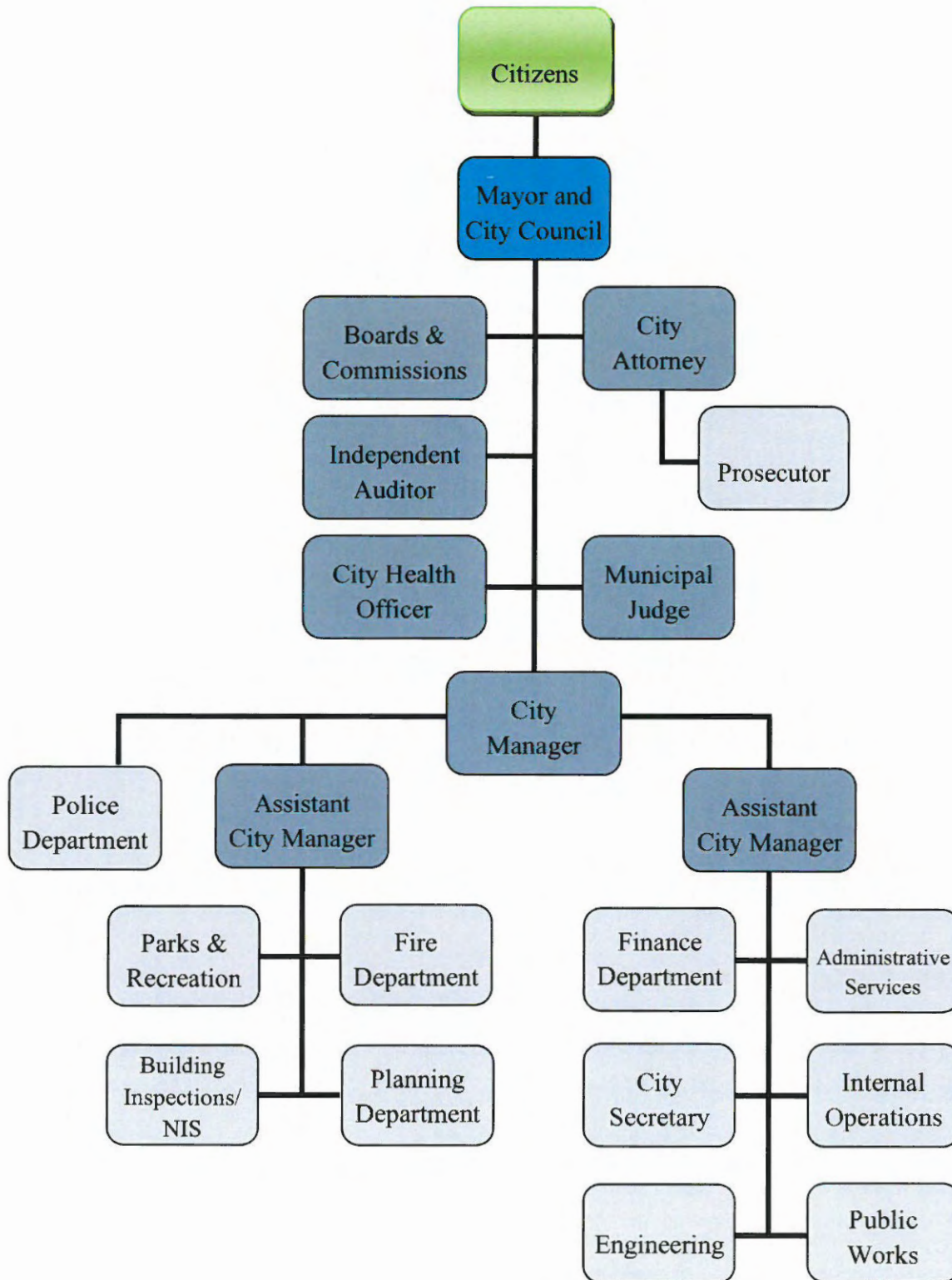


Richard R. Crowley
City Manager



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

City of Rockwall Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

City Council

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

City Staff

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Rockwall, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the changes in net pension liability (asset) and related ratios on pages 13-24 and 70-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Fox, Byrd + Company, P.C.

Dallas, Texas
May 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Rockwall's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position was \$180,206,701 at September 30, 2015.
- During the year, the City's governmental activities expenses were \$7,446,392 less than the \$40,852,760 generated in program revenues, taxes, other revenues and transfers.
- The assets of the City of Rockwall attributable to governmental activities exceeded its liabilities, net of deferred inflows and deferred outflows of resources at the close of the fiscal year ending September 30, 2015 by \$107,864,207 (net position).
- At the end of this fiscal year, the unassigned fund balance for the general fund was \$11,476,929 or approximately 38.6 percent of the total general fund operating expenditures and transfers out.
- The City's total outstanding general obligation bonds and certificates of obligation (excluding enterprise and component unit debt) decreased by \$6,939,632 during fiscal year 2015. More detailed information is given in the notes section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

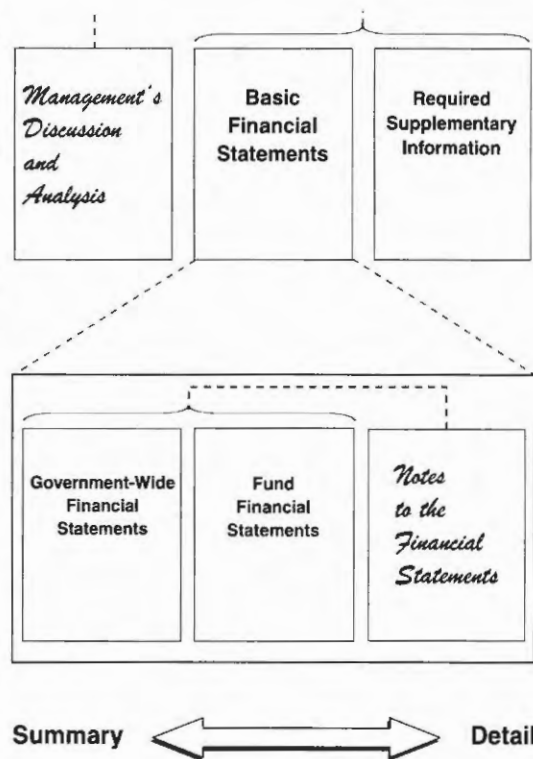
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

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

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

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

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



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

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

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

Government-wide Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements are found on pages 25-26 of this report.

Reporting the City’s Most Significant Funds

Fund Financial Statements

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

The City has the following types of funds:

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

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

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

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

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

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

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

Other Information

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

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

At the end of fiscal year 2015, the City's net position (assets exceeding liabilities) totaled \$180,206,701. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

The largest portion of the City's net position (88.3 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets, which is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 27,450,014	\$ 29,351,075	\$ 8,486,760	\$ 7,794,379	\$ 35,936,774	\$ 37,145,454
Capital Assets	<u>196,053,217</u>	<u>194,305,696</u>	<u>100,319,376</u>	<u>98,700,966</u>	<u>296,372,593</u>	<u>293,006,662</u>
Total Assets	<u>223,503,231</u>	<u>223,656,771</u>	<u>108,806,136</u>	<u>106,495,345</u>	<u>332,309,367</u>	<u>330,152,116</u>
Deferred Outflows	<u>2,489,735</u>	<u>115,870</u>	<u>284,212</u>	<u>27,673</u>	<u>2,773,947</u>	<u>143,543</u>
Non-current liabilities	113,424,286	111,153,867	35,871,767	37,243,832	149,296,053	148,397,699
Other liabilities	<u>4,498,178</u>	<u>4,306,351</u>	<u>866,809</u>	<u>1,191,546</u>	<u>5,364,987</u>	<u>5,497,897</u>
Total Liabilities	<u>117,922,464</u>	<u>115,460,218</u>	<u>36,738,576</u>	<u>38,435,378</u>	<u>154,661,040</u>	<u>153,895,596</u>
Deferred Inflows	<u>206,295</u>	<u>101,720</u>	<u>9,278</u>	<u>-</u>	<u>215,573</u>	<u>101,720</u>
Net Position						
Invested in capital assets						
net of related debt	95,193,217	86,446,064	65,822,647	61,795,531	161,015,864	148,241,595
Restricted for debt service	1,064,429	372,552	1,295,481	1,325,056	2,359,910	1,697,608
Restricted for capital projects	6,865,578	10,211,521	1,392,537	3,230,596	8,258,115	13,442,117
Unrestricted	<u>4,740,983</u>	<u>11,180,566</u>	<u>3,831,828</u>	<u>1,736,457</u>	<u>8,572,811</u>	<u>12,917,023</u>
Total net position	<u>\$107,864,207</u>	<u>\$108,210,703</u>	<u>\$ 72,342,494</u>	<u>\$ 68,087,640</u>	<u>\$180,206,701</u>	<u>\$176,298,343</u>

A portion of the City of Rockwall's governmental activities net position, \$7,930,007 or 7.35% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, \$4,740,983, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table will document key elements of the increase in total net position for the year ended September 30, 2015.

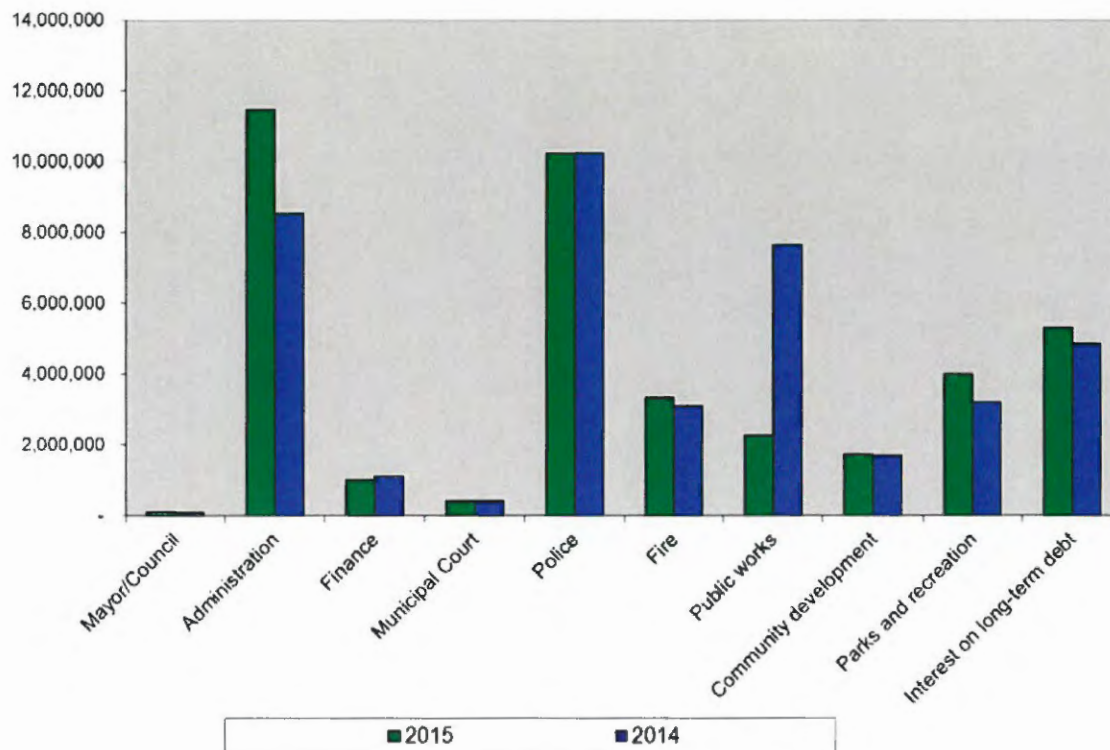
Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 5,937,329	\$ 5,161,016	\$ 19,736,676	\$ 15,858,682	\$ 25,674,005	\$ 21,019,698
Operating grants & contributions	418,309	432,146	-	-	418,309	432,146
Capital grants & contributions	57,286	107,342	3,550,024	3,991,005	3,607,310	4,098,347
General Revenues:						
Property taxes	20,432,488	18,438,330	-	-	20,432,488	18,438,330
Sales taxes	15,171,326	14,341,277	-	-	15,171,326	14,341,277
Other	<u>4,312,446</u>	<u>3,365,885</u>	<u>11,798</u>	<u>22,017</u>	<u>4,324,244</u>	<u>3,387,902</u>
Total revenues	<u>46,329,184</u>	<u>41,845,996</u>	<u>23,298,498</u>	<u>19,871,704</u>	<u>69,627,682</u>	<u>61,717,700</u>
Program expenses:						
Mayor/Council	116,572	94,747	-	-	116,572	94,747
Administration	8,298,012	13,798,985	-	-	8,298,012	13,798,985
Finance	1,003,849	1,089,078	-	-	1,003,849	1,089,078
Municipal Court	396,256	415,220	-	-	396,256	415,220
Police	10,222,333	10,251,116	-	-	10,222,333	10,251,116
Fire	3,334,030	3,100,647	-	-	3,334,030	3,100,647
Public works	5,438,890	2,369,694	-	-	5,438,890	2,369,694
Community development	1,724,660	1,699,428	-	-	1,724,660	1,699,428
Parks and recreation	3,981,748	3,185,425	-	-	3,981,748	3,185,425
Interest on long-term debt	5,302,942	4,853,042	-	-	5,302,942	4,853,042
Water and sewer	-	-	<u>17,278,731</u>	<u>16,584,500</u>	<u>17,278,731</u>	<u>16,584,500</u>
Total expenses	<u>39,819,292</u>	<u>40,857,382</u>	<u>17,278,731</u>	<u>16,584,500</u>	<u>57,098,023</u>	<u>57,441,882</u>
Increase (decrease) in net position before transfers	6,509,892	988,614	6,019,767	3,287,204	12,529,659	4,275,818
Transfers	<u>936,500</u>	<u>1,091,950</u>	<u>(936,500)</u>	<u>(1,091,950)</u>	-	-
Increase (decrease) in net position	7,446,392	2,080,564	5,083,267	2,195,254	12,529,659	4,275,818
Net position, October 1	<u>108,210,703</u>	<u>106,130,139</u>	<u>68,087,640</u>	<u>65,892,386</u>	<u>176,298,343</u>	<u>172,022,525</u>
Prior Period Adjustment-Pension Contributions	<u>(7,792,888)</u>	-	<u>(828,413)</u>	-	<u>(8,621,301)</u>	-
Net position, September 30	<u>\$107,864,207</u>	<u>\$108,210,703</u>	<u>\$ 72,342,494</u>	<u>\$ 68,087,640</u>	<u>\$180,206,701</u>	<u>\$176,298,343</u>

Governmental Activities

The City's total revenues of governmental activities were \$46,329,184. A significant portion 44.10%, of the City's revenues came from property taxes. Another 32.74% of revenue came from sales taxes. Ad valorem property tax revenues as a percent of revenues continue to increase each year due to the addition of new properties and increases in assessed valuation throughout the City. The City Council has chosen to either maintain the current rate or lower the tax rate each of the last five years. Total assessed values of the properties in the City increased by 11.79%. The City adopted a property tax rate of 49.55 cents per \$100 of assessed valuation for fiscal year 2015. Growth in the assessed valuation and conservative budgets allowed the City to lower the rate for fiscal year 2016 by .70 cents per hundred dollars of assessed valuation. Sales tax revenue increased over the prior year by 5.79% and while a few retailers were added for 2015, it was most influenced by increases in same stores sales. While housing starts are not expected to return to pre-downturn levels, they are trending upward. Developers started infrastructure work on several new subdivisions including phases of Stone Creek, Breezy Hill, Rockwall Downes and others in 2014. These new phases or neighborhoods began selling lots in 2015. The permit revenues increased overall by 25.2% due to significantly increased housing starts seen in 2105 along with new industrial buildings in the Rockwall Technology Park and other industrial areas of the City permitted during the fiscal year. Over the past several years, Rockwall County, of which the City of Rockwall is the County seat, was one of the fastest growing counties in America, and the fastest growing county in Texas.

Comparative Expenses – Governmental Activities



The total cost of all programs and services were \$39,819,292. Of this total, \$10,222,333 (25.7%) was for the Police Department. The department had a slight decrease in expenditures for fiscal year 2015 when compared to the prior year. Staffing is being realigned in the Police Department and an officer was promoted to a Sergeant position without filling the vacancy he created. Generally, expenditures from seized funds, which are used for specialized equipment purchases, were decreased in 2015 when compared to the prior year as well.

Public Works costs were \$5,438,890 (13.7%) and reflected ongoing road reconstruction projects, the downtown improvements and ongoing street maintenance focused projects Administrative departments including Administration, Human Resources, and Internal Operations which is responsible for building maintenance, the public safety radio system and IT had combined costs of \$8,298,012 (20.8%).

Business-Type Activities

The City's business-type activities recorded an increase of \$4,254,854 in net assets. Retail water sales increased by 25.5% in part due to raising rates by 10% in January and the long-awaited break in the drought allowed the resumption of outdoor water consumption in the last few months of the fiscal year. Rockwall residents responded to the call for conservation well ahead of stated goals, which significantly reduced the first 8 months revenues though. The City's rates were increased in 2013, 2014, 2015 and another increase is expected for 2016. The City implemented a conservation focused water rate structure in 2001 and increases the rate tiers each time new rates are adopted. The rates for sewer were also increased and total sewer charges increased by 12.5% for the fiscal year. The city employs winter averaging to calculate sewer billing so revenues are largely not affected by restrictions on irrigating lawns. Water and sewer charges were \$15,791,793. The ending working capital, excluding restricted assets and liabilities payable from restricted assets, for the water and sewer fund was \$2,240,816.

Water and wastewater impact fees (Capital recovery fees) revenue totaled \$1,163,000 for the fiscal year. Impact fees, paid by developers, are designed to reduce the system's initial costs in building assets to serve new growth. Residential development is assessed an impact fee at the building permit stage while commercial projects are assessed at the beginning of site development.

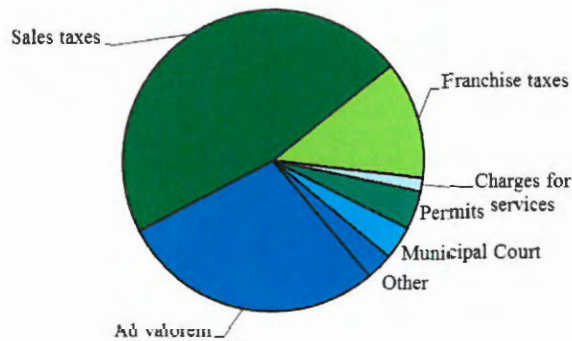
Component Units

The Rockwall Economic Development Corporation (REDC) reported revenues including the ½-cent sales tax, authorized under the Type A Corporation statutes, of \$4,858,633. Assets managed by the corporation include an inventory of over 294 acres of land, zoned for light industrial uses and available for sale. The REDC continues to attract companies to the City through its marketing efforts and ability to match businesses to available land.

ANALYSIS OF INDIVIDUAL FUNDS

The City's *General Fund* reported an ending unassigned fund balance of \$11,476,929. The largest source of general fund revenue is sales tax, it accounted for \$14,545,372 (46.9%) of total general fund revenue. Ad valorem property taxes account for \$8,823,094 (28.4%) of general fund revenues. The City's property tax rate is split between maintenance/operations and debt service. For fiscal year 2015, the debt service portion of the rate increased but the increased assessed valuations caused the dollars assigned to the general fund to increase by 4.9% when compared to the prior year. The City maintains the unassigned fund balance at or above acceptable levels as defined within the City's financial policies. This "reserve" balance allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows. The City Council elected to use reserves to fund an increase in street maintenance, a new traffic signal at Ralph Hall and Mims roads, the improvement of the parking surface at Tuttle ballfields and equipment for Police and other departments. This planned use of reserves totaled \$900,921. The City's revenues increased sufficiently during the year to see the general fund unassigned balance increase by \$1,171,289 or 11.4%.

Revenues by Source – General Fund



The City's *Debt Service Fund* reported an increase in fund balance of \$476,122. Property tax collections for debt service requirements were \$10,939,266. This is required in order to pay debt service payments on bonds issued to construct numerous road and parks projects completed since the City's bond election in 2005 authorized more than \$65,031,000 in projects. After extensive study, the City adopted a Roadway Impact Fee which was further studied and updated in 2014 and which provided \$725,092 in new revenue to this fund in fiscal year 2015. The City Council chooses to budget a portion of this fund balance each year toward meeting the debt service obligations. This allows the use of the debt service fund reserves to lessen the effect of new debt issues on the property tax rate each year.

The *G.O. Bonds Capital Projects Fund* reported an assigned fund balance of \$4,588,837, a decrease of \$3,407,460 from the prior year. Downtown improvements were well underway in fiscal year 2015. Initial funding for access ramp improvements on Interstate 30 at John King was incurred in 2015. Work should begin on the ramps in 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2015, 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 \$26,883,800 increased to \$27,459,350 while revenue estimates increased from \$28,864,250 to \$30,002,750. The City of Rockwall had originally estimated the ending general fund unassigned balance to be \$9,475,040 however due to the budget adjustments mentioned above the fund balance was re-estimated to be \$10,008,590.

General fund revenues ultimately were \$31,021,781, a positive variance of \$1,019,031 over the amended budget estimate, reflecting stronger than anticipated sales tax collections, cable franchise fees and building permits in the remaining months of the fiscal year. Actual general fund total expenditures were \$27,048,584 or \$410,766 less than final projections. Final expenditures in each department were generally less than anticipated. The City ended the year with a fund balance of \$11,476,929, or \$1,171,289 over the prior year's balance. The higher fund balance is attributable to management's conservative projections of both revenues and expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2015 the City had \$296,372,593 (Table 3) invested in a broad range of capital assets, including buildings, parks facilities, roads, police and fire equipment and water and sewer lines. The balances shown below are net of accumulated depreciation.

Table 3
Capital Assets at Year-End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 17,238,772	\$ 17,238,772	\$ 799,533	\$ 799,533	\$ 18,038,305	\$ 18,038,305
Buildings & systems	13,743,910	14,264,225	98,344,141	95,272,166	112,088,051	109,536,391
Improvements other than buildings	18,801,718	19,776,623	-	-	18,801,718	19,776,623
Machinery & equipment	4,732,316	5,872,337	1,036,338	670,568	5,768,654	6,542,905
Infrastructure	132,229,621	130,288,217	-	-	132,229,621	130,288,217
Construction in progress	9,306,880	6,865,523	139,364	1,958,700	9,446,244	8,824,223
	<u>\$ 196,053,217</u>	<u>\$ 194,305,697</u>	<u>\$ 100,319,376</u>	<u>\$ 98,700,967</u>	<u>\$ 296,372,593</u>	<u>\$ 293,006,664</u>

The City held a bond election in May 2012 during which voters approved propositions to fund several street reconstruction projects as well as infrastructure and accessibility projects in the downtown area in excess of \$27,800,000. Design was completed and construction has commenced on the phased approach to replacing sidewalks and paving in the area as well as the construction of a new events plaza. The interstate ramp projects approved by voters will be under design in 2015 and design of the remaining roadway rehabilitation projects should commence in 2016.

Notably, the construction in progress at fiscal year end for business-type funds reflects the slowdown in beginning new projects as revenues for the water system were reduced due to extremely successful conservation efforts on the part of our residents. With the break in the drought and lifting of restrictions in Summer 2015 revenues increased and design of several water line and wastewater lift station projects will be on the table for 2016.

Additional information regarding the City's capital assets is found in note IV-D on pages 48-51.

Debt

At year-end, the City had \$134,948,524 in bonds and capitalized leases shown in Table 4.

Table 4
City of Rockwall Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 85,790,000	\$ 87,404,632	\$ -	\$ 25,638	\$ 85,790,000	\$ 87,430,270
Certificates of obligation	14,610,000	16,935,000	26,220,000	27,900,000	40,830,000	44,835,000
Revenue bonds	-	-	3,235,000	3,495,000	3,235,000	3,495,000
Capital Lease obligations	51,525	100,855	5,041,729	5,485,067	5,093,254	5,585,922
	<u>\$ 100,451,525</u>	<u>\$ 104,440,487</u>	<u>\$ 34,496,729</u>	<u>\$ 36,905,705</u>	<u>\$ 134,948,254</u>	<u>\$ 141,346,192</u>

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported bonded debt to assessed value of all taxable property is 3.11% or \$3,143 per capita. This is a decrease since the City did not issue new money bonds this fiscal year.

The City’s bond ratings at September 30, 2015 were as follows:

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

Additional information on the City of Rockwall’s long-term debt may be found in note IV-F, on pages 53-60 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rate, and fees that will be charged for the business-type activities. The major factor affecting all decisions in 2015 was the impact that mandatory water conservation has caused to revenues. With consumption increasing again, after drought restrictions were lifted the City Council was able to budget for previously delayed equipment replacement and design of several needed water and sewer line projects. Having chosen to discontinue the management transfer from the enterprise fund to the general fund in 2015, this was not reinstated in 2016 budget in order to help restore the reserve levels, which were severely depleted. The City conservatively budgeted a 4% increase in sales tax revenue and modest increases in franchise fees. Increases are expected in construction related activity as new subdivision phases are beginning and housing sales are improving. Interviews with local builders led the City to project continued improvement in home starts for the coming year.

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

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2016. The budgeted revenues for fiscal year 2016 total \$31,589,800 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 48.53 cents per hundred dollars of assessed value.

The City adopted written financial policies in 2001, which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. These policies were reviewed by the City Council in 2009 and certain provisions related to the City’s fund balance were changed. The amended policy provides that the General Fund reserves should be no less than 3 months of recurring operating appropriations. In addition, the policies provide that should an audited fund balance at the end of the fiscal year exceed 3.5 months, the City Council may elect to transfer a portion to a Capital Projects Fund. The ending general fund balance for 2015 provides approximately 5.1 months of reserves for the City. The City Council elected to purchase capital equipment including police vehicles, fire safety

equipment and street patching equipment, normally financed with short-term debt obligations, due in large part to the healthy fund balance. The budget as adopted for fiscal year 2016 projects a fund balance of approximately 4.0 months of recurring operating expenditures. The 2016 budget reflects continued funding for street maintenance projects and continuing to purchase vehicles on a pay-as-you-go basis.

The 2016 budget expenditures include the reassignment of several Police officers to a new deployment unit, which will be able to focus on problem areas as they arise in a focused manner. A new Public Relations/Marketing Manager position was added as well.

The water and sewer rate study has been updated to reflect increased charges from the North Texas Municipal Water District for treated water and the budget anticipates a significant increase in those rates. A number of capital projects to replace older lines were completed in 2015 and new projects were not started due to the decreased reserves and anticipated revenue levels in fiscal year 2015. With the replenishment of area lakes, revenues should more in line with previous years. The last year without some level of restrictions was 2012. Operational costs were increased in order to complete deferred maintenance and the equipment purchases discussed above.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF ROCKWALL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 3,572,144	\$ 2,031,673	\$ 5,603,817	\$ 121,326
Investments	18,170,269	575,739	18,746,008	4,346,435
Receivables (net of allowance for uncollectibles)	2,878,490	2,711,184	5,589,674	19,000
Due from other governments	2,823,943	-	2,823,943	936,435
Inventories	5,168	274,034	279,202	18,040,090
Deferred bond issue cost - insurance	11,392	-	11,392	11,392
Restricted assets:				
Cash and cash equivalents	-	922,271	922,271	-
Investments	-	1,971,859	1,971,859	-
Capital assets (net of accumulated depreciation)				
Land	17,238,772	799,533	18,038,305	-
Building and system	13,743,910	98,344,141	112,088,051	-
Improvements other than buildings	18,801,718	-	18,801,718	-
Machinery and equipment	4,732,316	1,036,338	5,768,654	35,461
Infrastructure	132,229,621	-	132,229,621	-
Construction in progress	9,306,880	139,364	9,446,244	-
Total assets	<u>223,514,623</u>	<u>108,806,136</u>	<u>332,320,759</u>	<u>23,510,139</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	104,478	31,861	136,339	39,102
Pension contributions after 12/31/14	1,888,560	200,761	2,089,321	44,163
Investment experience - Pensions	485,305	51,590	536,895	11,349
Total deferred outflows of resources	<u>2,478,343</u>	<u>284,212</u>	<u>2,762,555</u>	<u>94,614</u>
LIABILITIES				
Accounts payable and accrued liabilities	4,232,500	432,644	4,665,144	399,762
Due to other governments	265,678	-	265,678	-
Customer deposits	-	434,165	434,165	-
Pension liability	9,897,539	3,175,342	13,072,881	231,449
Liabilities payable from restricted assets:				
Due within one year	7,190,054	2,510,988	9,701,042	1,521,577
Due in more than one year	96,336,693	30,185,437	126,522,130	23,245,729
Total liabilities	<u>117,922,464</u>	<u>36,738,576</u>	<u>154,661,040</u>	<u>25,398,517</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - other	119,017	-	119,017	-
Pension actual experience vs assumptions	87,278	9,278	96,556	2,041
Total deferred inflows of resources	<u>206,295</u>	<u>9,278</u>	<u>215,573</u>	<u>2,041</u>
NET POSITION				
Net investment in capital assets	95,193,217	65,822,647	161,015,864	35,461
Restricted for:				
Debt service	1,064,429	1,295,481	2,359,910	-
Capital projects	6,865,578	1,392,537	8,258,115	-
Unrestricted	4,740,983	3,831,828	8,572,811	(1,831,266)
Total net position	<u>\$ 107,864,207</u>	<u>\$ 72,342,494</u>	<u>\$ 180,206,701</u>	<u>\$ (1,795,805)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
Mayor/council	\$ 116,572	\$ -	\$ -	\$ -	\$ (116,572)		\$ (116,572)	
Administration	8,298,012	764,050	19,252	-	(7,514,710)		(7,514,710)	
Finance	1,003,849	3,010	-	-	(1,000,839)		(1,000,839)	
Municipal court	396,256	1,172,154	-	-	775,898		775,898	
Police	10,222,333	860,390	1,745	-	(9,360,198)		(9,360,198)	
Fire	3,334,030	73,365	76,841	-	(3,183,824)		(3,183,824)	
Public works	5,438,890	1,086,223	112,210	57,286	(4,183,171)		(4,183,171)	
Community development	1,724,660	1,351,443	-	-	(373,217)		(373,217)	
Parks and recreation	3,981,748	626,694	208,261	-	(3,146,793)		(3,146,793)	
Interest on long-term debt	5,302,942	-	-	-	(5,302,942)		(5,302,942)	
Total governmental activities	<u>39,819,292</u>	<u>5,937,329</u>	<u>418,309</u>	<u>57,286</u>	<u>(33,406,368)</u>		<u>(33,406,368)</u>	
Business-type activities:								
Water and sewer	17,278,731	18,573,676	-	4,713,024		\$ 6,007,969	6,007,969	
Total business-type activities	<u>17,278,731</u>	<u>18,573,676</u>	<u>-</u>	<u>4,713,024</u>		<u>6,007,969</u>	<u>6,007,969</u>	
Total primary government	<u>\$ 57,098,023</u>	<u>\$ 24,511,005</u>	<u>\$ 418,309</u>	<u>\$ 4,770,310</u>	<u>(33,406,368)</u>	<u>6,007,969</u>	<u>(27,398,399)</u>	
COMPONENT UNITS:								
Economic Development Corporation	\$ 8,611,181	\$ -	\$ -	\$ -				\$ (8,611,181)
Rockwall Technology Park Association	148,056	149,569	-	-				1,513
Total component units	<u>\$ 8,759,237</u>	<u>\$ 149,569</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(8,609,668)</u>
General revenues:								
Ad valorem taxes, penalty and interest					20,432,488	-	20,432,488	-
Sales taxes					15,171,326	-	15,171,326	4,858,633
Franchise taxes					4,035,823	-	4,035,823	-
Miscellaneous					187,538	5,967	193,505	-
Unrestricted investment earnings					89,085	5,831	94,916	6,077
Transfers					936,500	(936,500)	-	-
Total general revenues and transfers					<u>40,852,760</u>	<u>(924,702)</u>	<u>39,928,058</u>	<u>4,864,710</u>
Change in net position					7,446,392	5,083,267	12,529,659	(3,744,958)
Net position at beginning of year					108,210,703	68,087,640	176,298,343	2,131,386
Prior period adjustment - pension contributions					(7,792,888)	(828,413)	(8,621,301)	(182,233)
Net position at end of year					<u>\$ 107,864,207</u>	<u>\$ 72,342,494</u>	<u>\$ 180,206,701</u>	<u>\$ (1,795,805)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,243,215	\$ 190,371	\$ 564,322	\$ 1,488,679	\$ 3,486,587
Investments	8,825,751	302,257	4,688,342	2,954,171	16,770,521
Receivables (net of allowances for uncollectibles):					
Ad valorem taxes	-	-	-	-	-
Taxes - delinquent	195,834	211,393	-	241	407,468
Franchise taxes	1,098,288	-	-	-	1,098,288
Fines	227,784	-	-	-	227,784
Accrued interest	2,010	-	16,763	3,494	22,267
Accounts	121,131	-	-	342,062	463,193
Assessments	-	-	-	88,680	88,680
Other receivables	109,898	-	-	-	109,898
Due from other funds	25,165	435,747	-	-	460,912
Due from other governments	2,507,016	-	-	316,927	2,823,943
Inventory	1,620	-	-	3,548	5,168
	<u>14,357,712</u>	<u>1,139,768</u>	<u>5,269,427</u>	<u>5,197,802</u>	<u>25,964,709</u>
Total assets	\$ 14,357,712	\$ 1,139,768	\$ 5,269,427	\$ 5,197,802	\$ 25,964,709
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,648,760	\$ 3,500	\$ 680,590	\$ 156,087	\$ 2,488,937
Due to other governments	265,678	-	-	-	265,678
Due to other funds	-	-	-	435,747	435,747
Total liabilities	<u>1,914,438</u>	<u>3,500</u>	<u>680,590</u>	<u>591,834</u>	<u>3,190,362</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	185,565	199,498	-	241	385,304
Unavailable revenue - fines	106,299	-	-	-	106,299
Unavailable revenue - other	674,481	-	-	207,697	882,178
Total deferred inflows of resources	<u>966,345</u>	<u>199,498</u>	<u>-</u>	<u>207,938</u>	<u>1,373,781</u>
Fund balances:					
Nonspendable					
Restricted	-	-	-	127,659	127,659
Committed	-	936,770	-	-	936,770
Assigned	-	-	4,588,837	4,270,371	8,859,208
Unassigned	<u>11,476,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,476,929</u>
Total fund balances	<u>11,476,929</u>	<u>936,770</u>	<u>4,588,837</u>	<u>4,398,030</u>	<u>21,400,566</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,357,712	\$ 1,139,768	\$ 5,269,427	\$ 5,197,802	\$ 25,964,709

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet	\$ 21,400,566
Amounts reported for governmental activities in the statement of net assets are different because:	
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position	889,476
The following assets are not available to pay for current period expenditures and are deferred in the funds:	
Property taxes receivable	385,304
Franchise taxes receivable	390,000
Assessments receivable	88,680
Intergovernmental receivable	98,916
Contributions receivable	185,565
Court fines receivable	106,299
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements	115,870
Deferred outflows or resources are not considered available funds and are not recorded in governmental funds:	
Pension contributions after 12/31/14	1,888,560
Investment experience - Pensions	485,305
Deferred inflows of resources are not considered available funds and are not recorded in governmental funds	(87,278)
The following assets are not current financial resources and are not reported in the funds:	
Capital assets used in governmental activities (net of accumulated depreciation of \$111,785,314)	196,053,217
The following liabilities are not due in the current period and are not reported in the funds:	
Compensated absences	(1,373,270)
Bonds payable	(102,101,952)
Capital leases payable	(51,525)
Pension liability	(9,897,539)
Accrued interest payable	(711,987)
	\$ 107,864,207

The accompanying notes are an integral part of this statement.

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

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes, penalty and interest	\$ 8,823,094	\$ 10,939,266	\$ -	\$ 679,173	\$ 20,441,533
Sales taxes	14,545,372	-	-	625,953	15,171,325
Franchise taxes	3,927,501	-	-	-	3,927,501
Charges for services	446,799	725,092	-	630,638	1,802,529
Permits	1,276,001	-	-	1,010	1,277,011
Municipal court	1,118,432	-	-	58,984	1,177,416
Intergovernmental	726,947	-	-	47,258	774,205
Interest income	44,697	2,025	30,498	11,504	88,724
Miscellaneous	112,938	17,977	-	309,331	440,246
Contributions and donations	-	-	-	388,236	388,236
Total revenues	<u>31,021,781</u>	<u>11,684,360</u>	<u>30,498</u>	<u>2,752,087</u>	<u>45,488,726</u>
Expenditures:					
Current:					
Mayor/council	116,572	-	-	-	116,572
Administration	3,977,797	-	-	243,521	4,221,318
Finance	623,300	-	-	325,674	948,974
Municipal court	396,256	-	-	-	396,256
Police	9,700,390	116,380	-	118,071	9,934,841
Fire	3,146,012	-	-	7,502	3,153,514
Public works	4,136,436	-	-	423,024	4,559,460
Community development	1,724,660	-	-	-	1,724,660
Parks and recreation	3,227,161	-	-	-	3,227,161
Total current	<u>27,048,584</u>	<u>116,380</u>	<u>-</u>	<u>1,117,792</u>	<u>28,282,756</u>
Capital outlay:					
Administration	24,415	-	3,177,958	17,762	3,220,135
Finance	-	-	-	54,875	54,875
Police	70,692	-	-	216,800	287,492
Fire	99,158	-	-	81,358	180,516
Public works	-	-	-	98,112	98,112
Parks and recreation	16,143	-	-	738,444	754,587
Total capital outlay	<u>210,408</u>	<u>-</u>	<u>3,177,958</u>	<u>1,207,351</u>	<u>4,595,717</u>
Debt service:					
Principal	-	6,234,632	-	575,000	6,809,632
Interest	-	4,817,976	-	273,694	5,091,670
Fiscal charges	-	39,250	-	-	39,250
Total debt service	<u>-</u>	<u>11,091,858</u>	<u>-</u>	<u>848,694</u>	<u>11,940,552</u>
Total expenditures	<u>27,258,992</u>	<u>11,208,238</u>	<u>3,177,958</u>	<u>3,173,837</u>	<u>44,819,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,762,789</u>	<u>476,122</u>	<u>(3,147,460)</u>	<u>(421,750)</u>	<u>669,701</u>
Other financing sources (uses):					
Transfers in	90,500	-	-	598,500	689,000
Transfers out	<u>(2,682,000)</u>	<u>-</u>	<u>(260,000)</u>	<u>(90,500)</u>	<u>(3,032,500)</u>
Total other financing sources (uses)	<u>(2,591,500)</u>	<u>-</u>	<u>(260,000)</u>	<u>508,000</u>	<u>(2,343,500)</u>
Net change in fund balances	1,171,289	476,122	(3,407,460)	86,250	(1,673,799)
Fund balances, October 1	<u>10,305,640</u>	<u>460,648</u>	<u>7,996,297</u>	<u>4,311,780</u>	<u>23,074,365</u>
Fund balances, September 30	<u>\$ 11,476,929</u>	<u>\$ 936,770</u>	<u>\$ 4,588,837</u>	<u>\$ 4,398,030</u>	<u>\$ 21,400,566</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - governmental funds	\$ (1,673,799)
Amounts reported for governmental activities in the statement of activities are different because:	
The net revenue (expense) of internal service funds is reported with governmental activities in the statement of net assets	198,158
Certain assets are not available to pay for current period expenditures and are not reported as revenues in the funds. The following amounts represent the changes in these assets during the year:	
Property taxes receivable	(9,045)
Assessments receivable	2,000
Franchise taxes receivable	108,322
Court fines receivable	855
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$10,749,162) exceeded capital outlays (\$12,993,669) and retirements (\$ 152,130) in the current period	2,396,637
Governmental funds report debt issuance costs as expenditures. However, in the statement of activities these costs are allocated over the term of the underlying debt and reported as amortization expense. This is the amount of amortization in the current period, net of additions for debt issue cost incurred.	(115,773)
Expenditures are recognized in the governmental funds when paid. However, the Statement of Activities is presented on an accrual basis and expenses are reported when incurred. The following is the net difference in pension costs.	(181,937)
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds. This is the amount of the change in accrued interest payable during the year.	(68,683)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments (\$6,809,632) and bond premium amortization (\$12,434) in the current period.	6,822,066
Compensated absences payable do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences during the year.	<u>(32,409)</u>
	<u>\$ 7,446,392</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Water and Sewer</u>	<u>Governmental Activities</u> <u>Internal</u> <u>Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,031,673	\$ 85,557
Investments	575,739	1,399,748
Receivables (net of allowances for uncollectibles):		
Accounts	2,711,184	-
Other receivables	-	-
Inventory	274,034	-
Restricted assets:		
Cash and cash equivalents	922,271	-
Investments	1,971,859	-
Accrued interest	-	-
Total current assets	<u>8,486,760</u>	<u>1,485,305</u>
Noncurrent assets:		
Capital assets not being depreciated	938,897	-
Capital assets being depreciated, net	<u>99,380,479</u>	<u>-</u>
Total noncurrent assets	<u>100,319,376</u>	<u>-</u>
Total Assets	<u>108,806,136</u>	<u>1,485,305</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge on refunding	31,861	-
Pension contributions after 12/31/14	200,761	-
Pension investment experience	51,590	-
Total Deferred Outflow of Resource	<u>284,212</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	335,436	595,829
Customer deposits	434,165	-
General obligation bonds payable - current	1,745,000	-
Liabilities payable from restricted assets:		
Revenue bonds payable - current	270,000	-
Obligations under capital leases - current	470,005	-
Accrued interest payable	97,208	-
Total current liabilities	<u>3,351,814</u>	<u>595,829</u>
Noncurrent liabilities:		
General obligation bonds payable	24,475,000	-
Revenue bonds payable	3,175,342	-
Obligations under capital leases	4,571,724	-
Pension liability	1,052,145	-
Liability for compensated absences	112,551	-
Total noncurrent liabilities	<u>33,386,762</u>	<u>-</u>
Total Liabilities	<u>36,738,576</u>	<u>595,829</u>
DEFERRED INFLOW OF RESOURCES		
Pension actual experience vs assumptions	9,278	-
NET ASSETS		
Invested in capital assets, net of related debt	65,822,647	-
Restricted for debt service	1,295,481	-
Restricted for construction	1,392,537	-
Unrestricted	<u>3,831,828</u>	<u>889,476</u>
Total Net Assets	<u>\$ 72,342,494</u>	<u>\$ 889,476</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 18,573,676	\$ 704,352
Total operating revenues	<u>18,573,676</u>	<u>704,352</u>
OPERATING EXPENSES:		
Personnel services	1,880,987	-
Contractual services	10,499,887	3,820,171
Materials and supplies	505,608	-
Operations	323,486	-
Utilities	447,917	-
Depreciation and amortization	2,640,518	-
Total operating expenses	<u>16,298,403</u>	<u>3,820,171</u>
Operating income (loss)	<u>2,275,273</u>	<u>(3,115,819)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	5,831	361
Miscellaneous income	5,967	33,616
Capital recovery fees	1,163,000	-
Paying agent fees	(10,369)	-
Interest expense	(969,959)	-
Total non-operating revenues (expenses)	<u>194,470</u>	<u>33,977</u>
Gains (loss) before transfers and capital contributions	<u>2,469,743</u>	<u>(3,081,842)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Capital contributions	3,550,024	-
Transfers in	-	3,280,000
Transfers out	(936,500)	-
Total transfers and capital contributions	<u>2,613,524</u>	<u>3,280,000</u>
Increase (decrease) in net assets	5,083,267	198,158
Net assets, October 1	68,087,640	691,318
Prior period adjustment - pension contributions	<u>(828,413)</u>	<u>-</u>
Net assets, September 30	<u>\$ 72,342,494</u>	<u>\$ 889,476</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and Sewer</u>	<u>Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 18,244,170	\$ 737,968
Cash paid to employees for services	(1,903,043)	-
Cash paid to suppliers for goods and services	<u>(12,223,869)</u>	<u>(3,975,429)</u>
Net cash provided (used) by operating activities	<u>4,117,258</u>	<u>(3,237,461)</u>
Cash Flows from Non-Capital Financing Activities:		
Cash paid to other funds	(936,500)	(40,829)
Cash received from other funds	-	3,280,000
Net cash provided (used) by non-capital financing activities	<u>(936,500)</u>	<u>3,239,171</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition or construction of capital assets	(708,904)	-
Capital recovery fees received	1,163,000	-
Principal paid on capital debt	(2,338,701)	-
Interest and fees paid on capital debt	<u>(1,053,055)</u>	-
Net cash used by capital and related financing activities	<u>(2,937,660)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Purchase of investments	-	(199,590)
Proceeds from sales and maturities of investments	1,437,662	94,730
Interest and dividends received	<u>5,831</u>	<u>361</u>
Net cash provided (used) by investing activities	<u>1,443,493</u>	<u>(104,499)</u>
Net decrease in cash and cash equivalents	1,686,591	(102,789)
Cash and cash equivalents at beginning of year	<u>1,267,353</u>	<u>188,346</u>
Cash and cash equivalents at end of year	<u>\$ 2,953,944</u>	<u>\$ 85,557</u>
Reported on Statement of Net Position		
Unrestricted cash	2,031,673	85,557
Restricted cash	<u>922,271</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 2,953,944</u>	<u>\$ 85,557</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 2,275,273	\$ (3,115,819)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	2,640,518	-
Miscellaneous income	-	33,616
Change in Assets and Liabilities:		
Decrease (increase) in assets:		
Receivables	(387,771)	-
Inventories	(55,681)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(391,290)	(155,258)
Customer deposits	58,265	-
Pension liability	(19,341)	-
Compensated absences	<u>(2,715)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 4,117,258</u>	<u>\$ (3,237,461)</u>
Non-cash investing and financing activities:		
Capital contributions	<u>\$ 3,550,024</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 SEPTEMBER 30, 2015

	Agency Fund
	Special Escrow
	Agency
ASSETS	
Cash and cash equivalents	\$ 157,299
Investments	1,430,095
Total assets	\$ <u>1,587,394</u>
LIABILITIES	
Due to developers	\$ <u>1,587,394</u>
Total liabilities	\$ <u>1,587,394</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Discretely Presented Component Units

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

The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park being developed by REDC. RTPA's Board of Directors is composed of representatives of the landowners. At September 30, 2015, REDC owned the majority of the land and the Board was therefore composed of REDC board members. When the park becomes 75% or more owned by private landowners, it will become an entity independent of the City. Until then, it is controlled by REDC, a discrete component unit of the City. RTPA, is effectively controlled by the City through REDC and thus provides a potential financial benefit or burden to the City.

The funds of both REDC and RTPA are composed of governmental fund types. Stand alone financial statements for REDC and RTPA as of and for the fiscal year ended September 30, 2015, are not prepared.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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

Assets, liabilities, and net position or equity

Deposits and investments

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

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Deposits and investments - continued

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Deposits and investments - continued

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

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

Receivables and payables

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

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

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

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

Inventories and prepaid items

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Restricted assets

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

Capital assets

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

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

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

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

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

Compensated absences

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Long-term obligations

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

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

Fund equity

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

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

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

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Fund equity - continued

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

A. Budgetary information – continued

5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2015, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.
6. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

Emergency Siren Fund
Art in Public Places Fund

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

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations by \$3,563 in the Public Safety Fund due to expenses related to finalizing software changes to enable the Court to begin to accept credit card payments which were not anticipated to be incurred until the next fiscal year.

4. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2015, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Deposits - continued

Under a contractual agreement with North Texas Municipal Water District (NTMWD), depository accounts are maintained by NTMWD for interest and sinking, debt, and construction reserves totaling \$922,271, which are separately insured or secured by collateral pledged by NTMWD's depository. This amount is included in restricted cash on the statement of net assets.

The deposits of REDC and RTPA are covered by the City's depository contract and, therefore, at September 30, 2015, these deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the deposits of REDC and RTPA were not exposed to custodial credit risk.

Investments

At September 30, 2015, the City's investments were as follows:

	Carrying Value	Maturity (months)			
		Less than 1	2 - 6	7 - 12	13 - 24+
Primary Government					
U.S. Government Agencies					
Federal Home Loan Mortgage Corp.	\$ 3,072,579	\$ -	\$ -	\$ -	\$ 3,072,579
Federal National Mortgage Assoc.	2,310,962	-	-	-	2,310,962
Federal Farm Credit Bank	1,251,212	-	-	-	1,251,212
Federal Home Loan Bank	300,069	-	-	-	300,069
Treasury bills and notes	-	-	-	-	-
	<u>6,934,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,934,822</u>
Money Market Funds	15,213,140	15,213,140	-	-	-
Total Primary Government	<u>22,147,962</u>	<u>15,213,140</u>	<u>-</u>	<u>-</u>	<u>6,934,822</u>
Discretely Presented Component Units					
Rockwall Economic Development					
Money Market Funds	4,306,001	4,306,001	-	-	-
Rockwall Technology Park					
Money Market Funds	40,434	40,434	-	-	-
Total Discrete Component Units	<u>4,346,435</u>	<u>4,346,435</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reporting Entity	<u>\$ 26,494,397</u>	<u>\$ 19,559,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,934,822</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments – continued

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

Governmental activities	\$ 18,170,269
Business-type activities	2,547,598
Fiduciary Fund	1,430,095
Discretely presented component units:	
Rockwall Economic Development Corporation	4,306,001
Rockwall Technology Park	<u>40,434</u>
	<u>\$ 26,494,397</u>

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

B. Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>GO Bonds Capital</u>	<u>Nonmajor and Other</u>	<u>Water and Sewer</u>	<u>Internal Service</u>
Taxes receivable - delinquent	\$ <u>195,834</u>	\$ <u>211,393</u>	\$ <u>-</u>	\$ <u>241</u>	\$ <u>-</u>	\$ <u>-</u>
Franchise taxes receivable	\$ <u>1,098,288</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fines receivable	379,640					
Allowance for uncollectibles	\$ <u>(151,856)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
	\$ <u>227,784</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Accrued Interest	\$ <u>2,010</u>	\$ <u>-</u>	\$ <u>16,763</u>	\$ <u>3,494</u>	\$ <u>-</u>	\$ <u>-</u>
Accounts receivable	\$ 121,131	\$ -	\$ -	\$ 342,062	\$ 3,684,084	\$ -
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(972,900)</u>	<u>-</u>
Net other receivables	\$ <u>121,131</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>342,062</u>	\$ <u>2,711,184</u>	\$ <u>-</u>
Assessments receivable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>88,680</u>	\$ <u>-</u>	\$ <u>-</u>
Other receivables	\$ <u>109,898</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

C. Deferred/Unearned Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 185,565	\$ -
Contract receivable not yet due (General Fund)	674,481	-
Fines receivable (General Fund)	106,299	-
Delinquent property taxes receivable (Debt Service Fund)	199,498	-
Delinquent property taxes receivable (Harbor Debt Service)	241	-
Assessments receivable not yet due (Street Improvements)	88,680	-
Seizures not awarded (Narcotics Unit)	<u>119,017</u>	<u>119,017</u>
	<u>\$ 1,373,781</u>	<u>\$ 119,017</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets

Capital asset activity of the primary government for the year ended September 30, 2015, was as follows:

	Balance 9/30/2014	Additions	Retirements	Completed Construction	Balance 9/30/2015
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 17,238,772	\$ -	\$ -	\$ -	\$ 17,238,772
Construction in progress	6,379,404	3,837,136	-	(909,660)	9,306,880
Total capital assets not being depreciated	<u>23,618,176</u>	<u>3,837,136</u>	<u>-</u>	<u>(909,660)</u>	<u>26,545,652</u>
Capital assets being depreciated:					
Buildings	20,009,440		-	121,971	20,131,411
Improvements other than buildings	31,096,247		-	787,689	31,883,936
Machinery and equipment	17,747,180	306,815	(281,471)		17,772,524
Infrastructure	202,655,290	8,849,718	-		211,505,008
Total capital assets being depreciated	<u>271,508,157</u>	<u>9,156,533</u>	<u>(281,471)</u>	<u>909,660</u>	<u>281,292,879</u>
Less accumulated depreciation for:					
Buildings	(5,745,215)	(642,286)	-	-	(6,387,501)
Improvements other than buildings	(11,319,624)	(1,762,594)	-	-	(13,082,218)
Machinery and equipment	(11,874,843)	(1,435,968)	270,603	-	(13,040,208)
Infrastructure	(72,367,073)	(6,908,314)	-	-	(79,275,387)
Total accumulated depreciation	<u>(101,306,755)</u>	<u>(10,749,162)</u>	<u>270,603</u>	<u>-</u>	<u>(111,785,314)</u>
Total capital assets being depreciated, net	<u>170,201,402</u>	<u>(1,592,629)</u>	<u>(10,868)</u>	<u>909,660</u>	<u>169,507,565</u>
Governmental activities capital assets, net	<u>\$ 193,819,578</u>	<u>\$ 2,244,507</u>	<u>\$ (10,868)</u>	<u>\$ -</u>	<u>\$ 196,053,217</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

	Balance 9/30/2014	Additions	Retirements	Completed Construction	Balance 9/30/2015
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 799,533	\$ -	\$ -	\$ -	\$ 799,533
Construction in progress	1,958,700	696,135	-	(2,515,471)	139,364
Total capital assets not being depreciated	<u>2,758,233</u>	<u>696,135</u>	<u>-</u>	<u>(2,515,471)</u>	<u>938,897</u>
Capital assets being depreciated:					
Buildings	198,109	-	-	-	198,109
Improvements other than buildings	111,452,171	3,550,024	-	2,058,968	117,061,163
Sewage treatment plants and pump station	12,516,072	-	-	-	12,516,072
Machinery and equipment	4,949,401	12,770	-	456,503	5,418,674
Total capital assets being depreciated	<u>129,115,753</u>	<u>3,562,794</u>	<u>-</u>	<u>2,515,471</u>	<u>135,194,018</u>
Less accumulated depreciation for:					
Buildings	(130,177)	(5,434)	-	-	(135,611)
Improvements other than buildings	(23,103,742)	(2,285,133)	-	-	(25,388,875)
Sewage treatment plants and pump station	(5,660,267)	(248,847)	-	-	(5,909,114)
Machinery and equipment	(4,278,833)	(101,103)	-	-	(4,379,936)
Total accumulated depreciation	<u>(33,173,019)</u>	<u>(2,640,517)</u>	<u>-</u>	<u>-</u>	<u>(35,813,536)</u>
Total capital assets being depreciated, net	<u>95,942,734</u>	<u>922,277</u>	<u>-</u>	<u>2,515,471</u>	<u>99,380,482</u>
Governmental activities capital assets, net	<u>\$ 98,700,967</u>	<u>\$ 1,618,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,319,379</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

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

Governmental activities:

Administration	\$ 730,173
Finance	171,794
Municipal Court	64,534
Police	578,195
Fire	805,032
Public Works	7,086,764
Community Development	14,049
Parks & Recreation	<u>1,298,621</u>
Total depreciation expense - governmental activities	<u>\$ 10,749,162</u>

Business-type activities

Water and Sewer	<u>\$ 2,640,517</u>
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Construction commitments

The City has active construction projects as of September 30, 2015. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Miles Road Traffic Signal	\$ 175,711	\$ 36,518
Downtown Bond Project	<u>5,962,687</u>	<u>1,331,156</u>
	<u>\$ 6,138,398</u>	<u>\$ 1,367,674</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

Capital asset activity of the Rockwall Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2015, was as follows:

	<u>Balance</u> <u>9/30/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>9/30/2015</u>
Capital assets being depreciated:					
Furniture and fixtures	\$ 123,424	\$ 5,402	\$ (74,059)	\$ -	\$ 54,767
Total capital assets being depreciated	<u>123,424</u>	<u>5,402</u>	<u>(74,059)</u>	<u>-</u>	<u>54,767</u>
Less accumulated depreciation for:					
Furniture and fixtures	<u>(85,279)</u>	<u>(6,033)</u>	<u>72,006</u>		<u>(19,306)</u>
Total accumulated depreciation	<u>(85,279)</u>	<u>(6,033)</u>	<u>72,006</u>	<u>-</u>	<u>(19,306)</u>
Total capital assets being depreciated, net	<u>\$ 38,145</u>	<u>\$ (631)</u>	<u>\$ (2,053)</u>	<u>\$ -</u>	<u>\$ 35,461</u>

E. Inter-fund receivables, payables, and transfers

The composition of inter-fund balances as of September 30, 2015, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 25,165	\$ -
Debt Service	435,747	-
Non-major Governmental Funds	-	435,747
Discretely Presented Component Unit	<u>-</u>	<u>25,165</u>
Totals	<u>\$ 460,912</u>	<u>\$ 460,912</u>

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

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

The composition of inter-fund transfers for the year ended September 30, 2015, is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$ 90,500	\$ 2,682,000
G.O. Bonds Capital Projects	-	260,000
Non-major Governmental Funds	598,500	90,500
Water and Sewer Enterprise Fund	-	936,500
Internal Service Funds	<u>3,280,000</u>	<u>-</u>
Total	<u>\$ 3,969,000</u>	<u>\$ 3,969,000</u>

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt

General obligation debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City. General obligation debt outstanding as of September 30, 2015, is as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2015</u>
Governmental Activities					
General Obligation Bonds:					
Refunding and improvements	\$ 13,345,000	2005	2020	3.00% - 4.50%	\$ 4,815,000
Improvements	35,775,000	2006	2036	4.50% - 5.50%	26,765,000
Improvements	21,765,000	2007	2037	5.13% - 6.13%	17,530,000
Improvements	9,515,000	2008	2028	2.05% - 2.50%	7,130,000
Improvements	9,065,000	2009	2029	2.00% - 4.60%	5,550,000
Improvements and refunding	8,535,000	2011	2031	2.00% - 5.00%	7,550,000
Improvements	7,905,000	2013	2033	2.00% - 5.00%	7,330,000
Refunding	9,820,000	2014	2025	2.28%	9,120,000
Total General Obligation Bonds					<u>85,790,000</u>
Certificates of Obligation Bonds:					
Improvements	12,415,000	2005	2018	3.00% - 5.00%	2,215,000
Improvements	5,270,000	2006	2026	4.25% - 5.00%	2,540,000
Improvements	820,000	2012	2016	1.215%	210,000
Improvements	5,125,000	2009	2029	2.00% - 4.60%	2,370,000
Improvements	4,675,000	2011	2031	2.00% - 4.25%	4,095,000
Improvements	1,330,000	2011	2031	2.00% - 5.30%	1,280,000
Improvements	2,625,000	2013	2033	2.00% - 4.38%	1,900,000
Total Certificates of Obligation					<u>14,610,000</u>
Total Governmental Activities General Obligation Debt					<u>100,400,000</u>
Business-type Activities					
Certificates of Obligation:					
Improvements	10,310,000	2007	2027	4.25% - 4.50%	7,250,000
Improvements	16,895,000	2008	2028	3.00% - 5.00%	12,645,000
Improvements	5,740,000	2008	2028	3.00% - 5.00%	3,100,000
Improvements	3,480,000	2013	2031	2.00% - 4.38%	3,225,000
Total Certificates of Obligation					<u>26,220,000</u>
Total General Debt					<u>\$ 126,620,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

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

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 6,755,000	\$ 4,366,853	\$ 1,745,000	\$ 1,145,651	\$ 14,012,504
2017	6,460,000	4,103,304	1,830,000	1,083,976	13,477,280
2018	6,520,000	3,840,781	1,905,000	1,015,513	13,281,294
2019	6,825,000	3,559,619	1,995,000	941,801	13,321,420
2020	6,395,000	3,268,020	1,970,000	860,676	12,493,696
2021 - 2025	31,810,000	12,412,854	9,905,000	2,945,799	57,073,653
2026 - 2030	21,375,000	5,849,960	6,165,000	740,881	34,130,841
2031 - 2035	11,320,000	2,138,254	705,000	62,563	14,225,817
2036 - 2040	2,940,000	181,919	-	-	3,121,919
Total	\$ <u>100,400,000</u>	\$ <u>39,721,564</u>	\$ <u>26,220,000</u>	\$ <u>8,796,860</u>	\$ <u>175,138,424</u>

Revenue bonds

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service. Revenue bonds outstanding as of September 30, 2015, are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2015
Revenue Bonds					
Refunding and improvements	\$ 6,415,000	2005	2025	3.00% - 4.50%	\$ 3,235,000
Total Revenue Bonds					3,235,000
Less unamortized premium (discount) on bonds					<u>35,308</u>
Total Revenue Bonds					\$ <u>3,270,308</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

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

Year	Water and Sewer Fund		Total
	Principal	Interest	
2016	\$ 270,000	\$ 136,894	\$ 406,894
2017	280,000	126,094	406,094
2018	290,000	114,894	404,894
2019	300,000	103,294	403,294
2020	315,000	90,919	405,919
2021 - 2025	<u>1,780,000</u>	<u>241,806</u>	<u>2,021,806</u>
Total	3,235,000	\$ <u>813,901</u>	\$ <u>4,048,901</u>
Unamortized Discount	<u>35,308</u>		
Total Revenue Bonds	\$ <u>3,270,308</u>		

Year	Governmental Activities		Total
	Principal	Interest	
2016	\$ 1,495,000	\$ 1,138,630	\$ 2,633,630
2017	1,550,000	1,086,660	2,636,660
2018	1,605,000	1,029,957	2,634,957
2019	1,670,000	970,569	2,640,569
2020	1,365,000	904,783	2,269,783
2021 - 2025	7,900,000	3,476,633	11,376,633
2026 -2030	6,380,000	1,451,500	7,831,500
2031 - 2035	<u>2,555,000</u>	<u>256,801</u>	<u>2,811,801</u>
Total	\$ <u>24,520,000</u>	\$ <u>10,315,533</u>	\$ <u>34,835,533</u>

Capitalized lease obligations

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

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Capitalized lease obligations outstanding as of September 30, 2015, are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2015
Capital Leases					
Governmental activities					
Public safety computer upgrade	\$ 330,870	2010	2016	4.45%	\$ <u>51,525</u>
Business-type activities					
South plant improvements	1,800,000	1996	2016	various	145,000
Ground storage facility	2,013,434	2005	2025	various	1,226,729
Pump station	2,145,000	2006	2026	various	1,430,000
Buffalo Creek plant	2,960,000	2008	2028	various	<u>2,240,000</u>
					<u>5,041,729</u>
Total Capitalized Lease Obligations					<u>\$ 5,093,254</u>

Future minimum lease payments under capitalized lease obligations as of September 30, 2015, are as follows:

Year	Governmental Activities	Business-type Activities	Total
2016	\$ 53,818	\$ 717,674	\$ 771,492
2017	-	563,717	563,717
2018	-	561,522	561,522
2019	-	566,822	566,822
2020	-	570,987	570,987
2021 - 2025	-	2,860,412	2,860,412
2026 - 2030	-	<u>915,503</u>	<u>915,503</u>
Total payments	53,818	6,756,637	6,810,455
Less imputed interest	<u>(2,293)</u>	<u>(1,714,908)</u>	<u>(1,717,201)</u>
Total Capital Lease Obligations	<u>\$ 51,525</u>	<u>\$ 5,041,729</u>	<u>\$ 5,093,254</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Changes in long-term liabilities

Long-term liability activity of the primary government for the year ended September 30, 2015, was as follows:

	Balance 9/30/2014	Additions	Retirements	Balance 9/30/2015	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 87,404,632	\$ -	\$ (1,614,632)	\$ 85,790,000	\$ 4,455,000
Certificates of obligation	20,455,000	-	(5,845,000)	14,610,000	2,300,000
Unamortized premium (discount)	<u>1,921,161</u>	<u>-</u>	<u>(103,339)</u>	<u>1,817,822</u>	<u>108,875</u>
Total bonds payable	109,780,793	-	(7,562,971)	102,217,822	6,863,875
Capital lease obligations	100,855	-	(49,330)	51,525	51,525
Compensated absences	<u>1,340,861</u>	<u>1,524,292</u>	<u>(1,491,883)</u>	<u>1,373,270</u>	<u>274,654</u>
Governmental activity long-term liabilities	<u>\$ 111,222,509</u>	<u>\$ 1,524,292</u>	<u>\$ (9,104,184)</u>	<u>\$ 103,642,617</u>	<u>\$ 7,190,054</u>
Business-type activities:					
General obligation bonds and certificates	\$ 27,925,368	\$ -	\$ (1,705,368)	\$ 26,220,000	\$ 1,745,000
Revenue bonds	3,495,000	-	(260,000)	3,235,000	270,000
Unamortized premium (discount)	<u>223,131</u>	<u>-</u>	<u>(12,789)</u>	<u>210,342</u>	<u>14,457</u>
Total bonds payable	31,643,499	-	(1,978,157)	29,665,342	2,029,457
Capital lease obligations	5,485,067	-	(443,338)	5,041,729	470,005
Compensated absences	<u>115,266</u>	<u>217,562</u>	<u>(220,277)</u>	<u>112,551</u>	<u>11,526</u>
Business-type activities	<u>\$ 37,243,832</u>	<u>\$ 217,562</u>	<u>\$ (2,641,772)</u>	<u>\$ 34,819,622</u>	<u>\$ 2,510,988</u>

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Authorized and unissued debt

The following table details the status of all authorized and unissued debt as of September 30, 2015:

<u>Year</u> <u>Authorized</u>	<u>General Obligation Bonds</u>		<u>Balance</u> <u>Unissued</u> <u>9/30/2015</u>
	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Issued</u>	
1985	\$ 1,500,000	\$ (600,000)	\$ 900,000
1994	4,100,000	(3,600,000)	500,000
2012	<u>27,800,000</u>	<u>(7,905,000)</u>	<u>19,895,000</u>
Totals	<u>\$ 33,400,000</u>	<u>\$ (12,105,000)</u>	<u>\$ 21,295,000</u>

<u>Year</u> <u>Authorized</u>	<u>Revenue Bonds</u>		<u>Balance</u> <u>Unissued</u> <u>9/30/2015</u>
	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Issued</u>	
1980	\$ 2,000,000	\$ (1,060,000)	\$ 940,000
1985	<u>1,540,000</u>	<u>-</u>	<u>1,540,000</u>
Totals	<u>\$ 3,540,000</u>	<u>\$ (1,060,000)</u>	<u>\$ 2,480,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Discretely presented component units

REDC, a discretely presented component unit, has the following debt outstanding as of September 30, 2015:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2015</u>
Sales Tax Revenue Bonds:					
Improvements	\$ 4,545,000	2008	2028	7.00%	\$ 3,550,000
Improvements	4,595,000	2013	2033	2% - 4.00%	4,270,000
Improvements	2,405,000	2012	2019	2.00%	<u>1,415,000</u>
Total Sales Tax Revenue Bonds					<u>9,235,000</u>
Certificates of Obligation					
Infrastructure improvements	5,540,000	2006	2026	4.25% - 5.00%	3,655,000
Infrastructure improvements	6,130,000	2008	2028	3.00% - 5.00%	4,585,000
Infrastructure improvements	2,625,000	2013	2033	1.65% - 5.82%	<u>7,045,000</u>
Total Certificates of Obligation					<u>15,285,000</u>
Total					<u>\$ 24,520,000</u>

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

<u>Year</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,495,000	\$ 1,138,630	\$ 2,633,630
2017	1,550,000	1,086,660	2,636,660
2018	1,605,000	1,029,957	2,634,957
2019	1,670,000	970,569	2,640,569
2020	1,365,000	904,783	2,269,783
2021 - 2025	7,900,000	3,476,633	11,376,633
2026 - 2030	6,380,000	1,451,500	7,831,500
2031 - 2035	<u>2,555,000</u>	<u>256,801</u>	<u>2,811,801</u>
Total	<u>\$ 24,520,000</u>	<u>\$ 10,315,533</u>	<u>\$ 34,835,533</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

4. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Long-term liability activity of the REDC for the year ended September 30, 2015, was as follows:

	Balance 9/30/2014	Additions	Retirements	Balance 9/30/2015	Due Within One Year
Sales tax revenue bonds	\$ 9,895,000	\$ -	\$ (660,000)	\$ 9,235,000	\$ 690,000
Certificates of obligation	16,455,000	-	(1,170,000)	15,285,000	805,000
Unamortized premium (discount)	254,855	-	(19,444)	235,411	22,236
Total bonds payable	26,604,855	-	(1,849,444)	24,755,411	1,517,236
Compensated absences	22,745	29,981	(40,831)	11,895	4,341
Total	\$ 26,627,600	\$ 29,981	\$ (1,890,275)	\$ 24,767,306	\$ 1,521,577

G. Subsequent Events - Long-term debt

On December 17, 2015, the City refunded Water and Sewer Revenue bonds originally issued in 2005 in the amount of \$2,800,000 and Certificates of Obligation originally issued in 2006 in the amount of \$5,905,000 by issuing new General Obligation Bonds in the amount of \$8,705,000 to be repaid at 1.79% interest with final maturity on August 1, 2026.

On March 1, 2016, the City refunded the Certificates of Obligation originally issued in 2005 for \$12,415,000; in 2007 for \$10,310,000 and in 2008 for \$16,895,000 and General Obligation Bonds originally issued in 2005 for \$13,345,000; in 2006 for \$35,775,000; in 2007 for \$21,765,000 and in 2008 for \$9,515,000 by issuing \$8,775,000 in new General Obligation Bonds and \$5,570,000 of new Certificates of Obligation. The newly issued General Obligation Bonds bear interest ranging from 2% to 5% and mature on August 1, 2037. The newly issued Certificates of Obligation bear interest ranging from 2% to 3% and mature on August 1, 2035.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION

A. Risk management

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

The City uses a medical self-insurance fund to pay medical and dental claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims in any one year exceeding \$75,000 per covered individual, or approximately \$2,395,196 in the aggregate for the group, are covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee are paid through the fund. The self-insurance fund is funded by operating transfers from other funds and charges to employees for extended benefits at their option. The City does not believe there are material claims incurred but not reported as of September 30, 2015.

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

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

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

	<u>Employee Benefits</u>		<u>Worker's Compensation</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Claims payable beginning of the year	\$ 475,175	\$ 439,333	\$ 5,085	\$ 10,830
Claims incurred	2,973,898	3,062,330	122,797	40,705
Payment on claims	<u>(3,206,152)</u>	<u>(3,026,488)</u>	<u>(45,432)</u>	<u>(46,450)</u>
	<u>\$ 242,921</u>	<u>\$ 475,175</u>	<u>\$ 82,450</u>	<u>\$ 5,085</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.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION - continued

B. North Texas Municipal Water District

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

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

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

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

The outstanding principal balance on the bond issues as of September 30, 2015, is \$5,485,067. See Note 4F for the annual requirements to amortize the bonds as of September 30, 2015.

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

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION - continued

C. Contingent liabilities and commitments

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

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

As described in Note 4F above, the general revenues of the City are contingently liable in the amount of \$26,220,000 for general obligation bonds and certificates of obligation which are currently outstanding and recorded as obligations of the Enterprise Fund.

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

The Rockwall Economic Development Corporation provides monetary incentives to companies to relocate within the City of Rockwall. At September 30, 2015, these commitments totaled \$5,490,340.

D. Defined Benefit Pension Plans

Plan Description:

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION - continued

D. Defined Benefit Pension Plans - continued

Benefits Provided:

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

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

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

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

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Year required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

The City does not participate in Social Security.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION - continued

D. Defined Benefit Pension Plans - continued

Employees covered by benefit terms –

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	73
Active employees	259
	401
	401

Contributions:

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

Employees for the City of Rockwall were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2015, the City made contributions of 16.16%, for calendar year 2014 and 16.58% in 2015 which was the actuarially determined city contribution.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year	
Overall payroll growth	3.0% per year	
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Actuarial assumptions – continued

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 determine using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Discount Rate –

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of each cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 64,414,139	\$ 53,613,949	\$ 10,800,190
Changes for the year:			
Service cost	2,947,094	-	2,947,094
Interest	4,544,927	-	4,544,927
Change in benefit terms	-	-	-
Difference between expected and actual experience	(114,323)	-	(114,323)
Changes in assumptions	-	-	-
Contribution - employer	-	2,761,413	(2,761,413)
Contribution - employee	-	1,202,324	(1,202,324)
Net investment income	-	3,067,672	(3,067,672)
Benefit payments, including refunds of employee contributions	(1,920,326)	(1,920,326)	-
Administrative expense	-	(32,021)	32,021
Other changes	-	(2,633)	2,633
Net changes	<u>5,457,372</u>	<u>5,076,429</u>	<u>380,943</u>
Balance at 12/31/2014	<u>\$ 69,871,511</u>	<u>\$ 58,690,378</u>	<u>\$ 11,181,133</u>

CITY OF ROCKWALL, TEXAS
NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate 6%	Current Single Rate Assumption 7%	1% Increase in Discount Rate 8%
City's net pension liability	\$ 22,442,338	\$ 11,181,133	\$ 2,038,482

Pension Plan Fiduciary Net Position –

Detailed information about the pension plan Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2015, the City recognized pension expense of \$2,692,710. This amount is included as part of Personal Services expenses within the functional program activities.

At September 30, 2015, the City reported deferred outflow and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 2,133,484	\$ -
Difference between projected and actual investment earnings	548,244	-
Differences between actuarial assumptions and actual experience	-	98,597
Changes in actuarial assumptions used	-	-
Total	\$ 2,681,728	\$ 98,597

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

5. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,133,484 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the City's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	Amount
2015	\$ 121,335
2016	121,335
2017	121,335
2018	121,334
2019	(15,726)
Thereafter	(19,967)
Total	<u>\$ 449,646</u>

Subsequent event:

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be as large as originally projected. While the actual impact on the City's valuation for December 31, 2015, is not known, the City does expect some upward pressure on its total pension liability and upward pressure on its 2017 actuarially determine contribution (ADC) due to this change. Accordingly the City has included in its approved fiscal year 2016 budget to continue to fund pension contributions above the required ADC which will help smooth impacts of any increases in the required ADC for fiscal year 2017.

Texas Statewide Emergency Services Personnel Retirement Fund

The City acts as agent for the Texas Statewide Emergency Services Personnel Retirement Fund (the "Fund") which is a component unit of the State of Texas. The City reimbursed the Fund \$50,525 for benefits paid on a pay-as-you-go basis during the year in recognition of services provided to the City by volunteer emergency services personnel. The Fund has a Board of Directors not designated by City officials and is administered by the State Fire Fighters' Pension Commissioner. There are 32 active participants currently covered by the Fund and payments are being made to 26 retirees or their survivors. The Fund does not prepare separate financial statements for participating departments; however, financial statements for the Fund as a whole may be obtained from the administrator at Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, Texas 78711.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKWALL, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 8,700,100	\$ 8,700,100	\$ 8,823,094	\$ 122,994
Sales taxes	13,827,300	14,576,300	14,545,372	(30,928)
Franchise taxes	2,926,000	3,219,000	3,927,501	708,501
Charges for services	440,250	419,250	446,799	27,549
Permits	998,000	1,162,000	1,276,001	114,001
Municipal court	1,072,000	1,078,000	1,118,432	40,432
Intergovernmental	732,100	692,100	726,947	34,847
Interest income	20,000	25,000	44,697	19,697
Miscellaneous	148,500	131,000	112,938	(18,062)
Total revenues	<u>28,864,250</u>	<u>30,002,750</u>	<u>31,021,781</u>	<u>1,019,031</u>
Expenditures:				
Current:				
Mayor/council	112,250	113,550	116,572	(3,022)
Administration	3,885,500	3,966,500	3,977,797	(11,297)
Finance	699,650	652,450	623,300	29,150
Municipal court	436,350	436,450	396,256	40,194
Police	9,630,950	9,834,200	9,700,390	133,810
Fire	3,254,700	3,332,150	3,146,012	186,138
Public works	4,070,050	4,177,850	4,136,436	41,414
Community development	1,745,750	1,798,250	1,724,660	73,590
Parks and recreation	3,048,600	3,147,950	3,227,161	(79,211)
Total current	<u>26,883,800</u>	<u>27,459,350</u>	<u>27,048,584</u>	<u>410,766</u>
Capital outlay:				
Administration	26,800	26,800	24,415	2,385
Police	61,900	61,900	70,692	(8,792)
Fire	120,950	118,350	99,158	19,192
Parks and recreation	16,900	16,900	16,143	757
Total capital outlay	<u>226,550</u>	<u>223,950</u>	<u>210,408</u>	<u>13,542</u>
Total expenditures	<u>27,110,350</u>	<u>27,683,300</u>	<u>27,258,992</u>	<u>424,308</u>
Excess of revenues over expenditures	<u>1,753,900</u>	<u>2,319,450</u>	<u>3,762,789</u>	<u>1,443,339</u>
Other financing sources (uses):				
Transfers in	90,500	90,500	90,500	-
Transfers out	(2,675,000)	(2,707,000)	(2,682,000)	25,000
Total other financing sources (uses)	<u>(2,584,500)</u>	<u>(2,616,500)</u>	<u>(2,591,500)</u>	<u>25,000</u>
Net change in fund balances	(830,600)	(297,050)	1,171,289	1,468,339
Fund balances, October 1	<u>10,305,640</u>	<u>10,305,640</u>	<u>10,305,640</u>	<u>-</u>
Fund balances, September 30	<u>\$ 9,475,040</u>	<u>\$ 10,008,590</u>	<u>\$ 11,476,929</u>	<u>\$ 1,468,339</u>

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

Plan Year	<u>2014</u>
A. Total Pension Liability	
Service cost	\$ 2,947,094
Interest (on the Total Pension Liability)	4,544,927
Changes of benefit terms	-
Difference between expected and actual experience	(114,323)
Change of assumptions	-
Benefits payments, including refunds of employee contributions	<u>(1,920,326)</u>
Net Change in Total Pension Liability	5,457,372
Total Pension Liability - Beginning	<u>64,414,139</u>
Total Pension Liability - Ending (a)	<u><u>\$ 69,871,511</u></u>
B. Plan Fiduciary Net Position	
Contributions - employer	\$ 2,761,413
Contributions - employee	1,202,324
Net investment income	3,067,672
Benefit payments, including refunds of employee contributions	(1,920,326)
Administrative expense	(32,021)
Other	<u>(2,633)</u>
Net Change in Plan Fiduciary Net Position	5,076,429
Plan Fiduciary Net Position - Beginning	<u>53,613,949</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 58,690,378</u></u>
C. Net Pension Liability - Ending (a) - (b)	\$ 11,181,133
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.00%
E. Covered Employee Payroll	16,626,112
F. Net Pension Liability as a Percentage of Total Pension Liability	67.25%

Data presented is based on December 31, 2014

The accompanying notes are an integral part of this statement.

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

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

Notes to Schedule of Contributions

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
 Retirement Age	 Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
 Mortality	 RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

Notes There were no benefit changes during the year.

CITY OF ROCKWALL, TEXAS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funded Ratio (3) (1)/(2)	Unfunded AAL (UAAL) (4) (2)-(1)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (6) (4)/(5)
12/31/2005	\$15,968,994	\$21,310,890	74.9%	\$5,341,896	\$45,252,432	11.8%
12/31/2006	17,878,974	23,911,430	74.8%	6,032,456	10,325,619	58.4%
12/31/2007	20,486,755	32,796,027	62.5%	12,309,272	12,404,225	99.2%
12/31/2008	22,226,747	35,689,690	62.3%	13,462,943	13,582,924	99.1%
12/31/2009	25,780,417	40,255,888	64.0%	14,475,471	14,294,431	101.3%
12/31/2010	35,681,831	50,277,529	71.0%	14,595,698	14,590,752	100.0%
12/31/2011	40,528,030	55,019,733	73.7%	14,491,703	15,245,963	95.1%
12/31/2012	45,252,432	57,979,914	78.0%	12,727,482	15,319,206	83.1%
12/31/2013	53,613,949	64,414,139	83.2%	10,800,190	15,053,257	71.7%
12/31/2014	58,690,378	69,871,511	84.0%	11,181,133	16,626,112	67.3%

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Special Revenue Funds	Harbor Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	\$ 768,170	\$ -	\$ 720,509	\$ 1,488,679
Investments	1,401,433	-	1,552,738	2,954,171
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	-	241	-	241
Interest	-	-	3,494	3,494
Accounts	95,583	246,479	-	342,062
Assessments	88,680	-	-	88,680
Due from other governments	-	316,927	-	316,927
Inventory	3,548	-	-	3,548
	<u>3,548</u>	<u>-</u>	<u>-</u>	<u>3,548</u>
Total assets	<u>\$ 2,357,414</u>	<u>\$ 563,647</u>	<u>\$ 2,276,741</u>	<u>\$ 5,197,802</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 156,087	\$ -	\$ -	\$ 156,087
Due to other funds	-	435,747	-	435,747
Total liabilities	<u>156,087</u>	<u>435,747</u>	<u>-</u>	<u>591,834</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	-	241	-	241
Unavailable revenue - other	207,697	-	-	207,697
Total Deferred Inflows of Resources	<u>207,697</u>	<u>241</u>	<u>-</u>	<u>207,938</u>
FUND BALANCES:				
Restricted	-	127,659	-	127,659
Assigned	1,993,630	-	2,276,741	4,270,371
Total fund balances	<u>1,993,630</u>	<u>127,659</u>	<u>2,276,741</u>	<u>4,398,030</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,357,414</u>	<u>\$ 563,647</u>	<u>\$ 2,276,741</u>	<u>\$ 5,197,802</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds	Debt Service Fund Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Ad valorem taxes, penalty and interest	\$ -	\$ 679,173	\$ -	\$ 679,173
Sales taxes	352,887	273,066	-	625,953
Charges for services	630,638	-	-	630,638
Permits	1,010	-	-	1,010
Municipal court	58,984	-	-	58,984
Intergovernmental	47,258	-	-	47,258
Interest income	24	-	11,480	11,504
Miscellaneous	309,331	-	-	309,331
Contributions and donations	218,740	112,210	57,286	388,236
Total revenues	<u>1,618,872</u>	<u>1,064,449</u>	<u>68,766</u>	<u>2,752,087</u>
Expenditures:				
Current:				
Administration	243,521	-	-	243,521
Finance	325,674	-	-	325,674
Police	118,071	-	-	118,071
Fire	7,502	-	-	7,502
Parks and recreation	423,024	-	-	423,024
Total current	<u>1,117,792</u>	<u>-</u>	<u>-</u>	<u>1,117,792</u>
Capital outlay:				
Administration	-	-	17,762	17,762
Finance	-	-	54,875	54,875
Police	216,800	-	-	216,800
Fire	81,358	-	-	81,358
Parks and recreation	738,444	-	-	738,444
Public works	-	-	98,112	98,112
Total capital outlay	<u>1,036,602</u>	<u>-</u>	<u>170,749</u>	<u>1,207,351</u>
Debt service:				
Principal	-	575,000	-	575,000
Interest	-	273,694	-	273,694
Total debt service	<u>-</u>	<u>848,694</u>	<u>-</u>	<u>848,694</u>
Total expenditures	<u>2,154,394</u>	<u>848,694</u>	<u>170,749</u>	<u>3,173,837</u>
Excess of revenues over (under) expenditures	<u>(535,522)</u>	<u>215,755</u>	<u>(101,983)</u>	<u>(421,750)</u>
Other financing sources (uses):				
Transfers in	435,000	-	163,500	598,500
Transfers out	(90,500)	-	-	(90,500)
Total other financing sources (uses)	<u>344,500</u>	<u>-</u>	<u>163,500</u>	<u>508,000</u>
Net change in fund balances	(191,022)	215,755	61,517	86,250
Fund balances, October 1	<u>2,184,652</u>	<u>(88,096)</u>	<u>2,215,224</u>	<u>4,311,780</u>
Fund balances, September 30	<u>\$ 1,993,630</u>	<u>\$ 127,659</u>	<u>2,276,741</u>	<u>\$ 4,398,030</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2015

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Narcotics Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS														
Cash and cash equivalents	\$ 11,012	\$ 22,888	\$ 211,504	\$ 13,038	\$ 171,182	\$ 58,420	\$ 20,847	\$ 48,203	\$ 47,344	\$ 34,735	\$ 17,500	\$ 4,379	\$ 107,118	\$ 768,170
Investments	92,949	159,755	14,061	-	138,147	41,911	226,047	-	83,308	(1)	-	-	645,256	1,401,433
Receivables (net of allowances for uncollectibles):														
Accounts	-	-	-	-	-	93,763	-	-	1,820	-	-	-	-	95,583
Assessments	-	-	-	-	88,680	-	-	-	-	-	-	-	-	88,680
Inventory	-	-	-	-	-	-	-	3,548	-	-	-	-	-	3,548
Total assets	<u>\$ 103,961</u>	<u>\$ 182,643</u>	<u>\$ 225,565</u>	<u>\$ 13,038</u>	<u>\$ 398,009</u>	<u>\$ 194,094</u>	<u>\$ 246,894</u>	<u>\$ 51,751</u>	<u>\$ 132,472</u>	<u>\$ 34,734</u>	<u>\$ 17,500</u>	<u>\$ 4,379</u>	<u>\$ 752,374</u>	<u>\$ 2,357,414</u>
LIABILITIES														
Liabilities:														
Accounts payable and accrued liabilities	\$ -	\$ 15,316	\$ 94,025	\$ -	\$ -	\$ 22,741	\$ 10,307	\$ 544	\$ -	\$ -	\$ 929	\$ -	\$ 12,225	\$ 156,087
Total liabilities	<u>-</u>	<u>15,316</u>	<u>94,025</u>	<u>-</u>	<u>-</u>	<u>22,741</u>	<u>10,307</u>	<u>544</u>	<u>-</u>	<u>-</u>	<u>929</u>	<u>-</u>	<u>12,225</u>	<u>156,087</u>
DEFERRED INFLOWS OF RESOURCES														
Unavailable revenue - other	-	-	-	-	88,680	-	-	-	-	-	-	-	119,017	207,697
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,017</u>	<u>207,697</u>
FUND BALANCES														
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	103,961	167,327	131,540	13,038	309,329	171,353	236,587	51,207	132,472	34,734	16,571	4,379	621,132	1,993,630
Total fund balances	<u>103,961</u>	<u>167,327</u>	<u>131,540</u>	<u>13,038</u>	<u>309,329</u>	<u>171,353</u>	<u>236,587</u>	<u>51,207</u>	<u>132,472</u>	<u>34,734</u>	<u>16,571</u>	<u>4,379</u>	<u>621,132</u>	<u>1,993,630</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 103,961</u>	<u>\$ 182,643</u>	<u>\$ 225,565</u>	<u>\$ 13,038</u>	<u>\$ 398,009</u>	<u>\$ 194,094</u>	<u>\$ 246,894</u>	<u>\$ 51,751</u>	<u>\$ 132,472</u>	<u>\$ 34,734</u>	<u>\$ 17,500</u>	<u>\$ 4,379</u>	<u>\$ 752,374</u>	<u>\$ 2,357,414</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Crimes Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:														
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,887
Charges for services	-	-	522,038	39,204	-	-	58,250	-	-	3,146	8,000	-	-	630,638
Permits	1,010	-	-	-	-	-	-	-	-	-	-	-	-	1,010
Municipal court	-	58,984	-	-	-	-	-	-	-	-	-	-	-	58,984
Intergovernmental	-	36,741	-	-	-	-	-	10,517	-	-	-	-	-	47,258
Interest income	-	-	24	-	-	-	-	-	-	-	-	-	-	24
Miscellaneous	2,000	-	30	-	54,573	-	-	33,096	22,223	-	-	-	197,409	309,331
Contributions and donations	-	1,745	199,561	-	8,249	-	-	-	-	-	8,735	450	-	218,740
Total revenues	3,010	97,470	721,653	39,204	62,822	352,887	58,250	43,613	22,223	3,146	16,735	450	197,409	1,618,872
Expenditures:														
Current:														
Administration	-	-	-	193,890	11,693	-	-	33,017	4,331	-	590	-	-	243,521
Finance	-	-	-	-	-	325,674	-	-	-	-	-	-	-	325,674
Police	-	102,825	-	-	-	-	-	-	-	-	-	-	15,246	118,071
Fire	-	-	-	-	-	-	7,502	-	-	-	-	-	-	7,502
Parks and recreation	3,498	-	365,945	-	-	-	-	-	-	-	53,581	-	-	423,024
Total current	3,498	102,825	365,945	193,890	11,693	325,674	7,502	33,017	4,331	-	54,171	-	15,246	1,117,792
Capital outlay:														
Police	-	1,738	-	-	-	-	-	-	-	-	-	-	215,062	216,800
Fire	-	-	-	-	-	-	81,358	-	-	-	-	-	-	81,358
Parks and recreation	-	-	738,444	-	-	-	-	-	-	-	-	-	-	738,444
Total capital outlay	-	1,738	738,444	-	-	-	81,358	-	-	-	-	-	215,062	1,036,602
Total expenditures	3,498	104,563	1,104,389	193,890	11,693	325,674	88,860	33,017	4,331	-	54,171	-	230,308	2,154,394
Excess of revenues over (under) expenditures	(488)	(7,093)	(382,736)	(154,686)	51,129	27,213	(30,610)	10,596	17,892	3,146	(37,436)	450	(32,899)	(535,522)
Other financing sources (uses):														
Transfers in	-	-	260,000	160,000	-	-	-	15,000	-	-	-	-	-	435,000
Transfers out	-	(30,500)	(60,000)	-	-	-	-	-	-	-	-	-	-	(90,500)
Total other financing sources (uses)	-	(30,500)	200,000	160,000	-	-	-	15,000	-	-	-	-	-	344,500
Net change in fund balances	(488)	(37,593)	(182,736)	5,314	51,129	27,213	(30,610)	25,596	17,892	3,146	(37,436)	450	(32,899)	(191,022)
Fund balances, October 1	104,449	204,920	314,276	7,724	258,200	144,140	267,197	25,611	114,580	31,588	54,007	3,929	654,031	2,184,652
Fund balances, September 30	\$ 103,961	\$ 167,327	\$ 131,540	\$ 13,038	\$ 309,329	\$ 171,353	\$ 236,587	\$ 51,207	\$ 132,472	\$ 34,734	\$ 16,571	\$ 4,379	\$ 621,132	\$ 1,993,630

CITY OF ROCKWALL, TEXAS
CEMETERY FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 400	\$ 1,100	\$ 1,010	\$ (90)
Miscellaneous	2,000	2,000	2,000	-
Total revenues	<u>2,400</u>	<u>3,100</u>	<u>3,010</u>	<u>(90)</u>
Expenditures:				
Current:				
Parks and recreation	6,000	6,000	3,498	2,502
Total capital outlay	<u>6,000</u>	<u>6,000</u>	<u>3,498</u>	<u>2,502</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>3,498</u>	<u>2,502</u>
Net change in fund balances	(3,600)	(2,900)	(488)	2,412
Fund balances, October 1	<u>104,449</u>	<u>104,449</u>	<u>104,449</u>	<u>-</u>
Fund balances, September 30	<u>\$ 100,849</u>	<u>\$ 101,549</u>	<u>\$ 103,961</u>	<u>\$ 2,412</u>

CITY OF ROCKWALL, TEXAS
PUBLIC SAFETY FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 65,500	\$ 65,000	\$ 58,984	\$ (6,016)
Intergovernmental	41,750	36,750	36,741	(9)
Interest income	50	50	-	(50)
Contributions and donations	-	-	1,745	1,745
Total revenues	<u>107,300</u>	<u>101,800</u>	<u>97,470</u>	<u>(4,330)</u>
Expenditures:				
Current:				
Police	51,750	99,000	102,825	(3,825)
Total current	<u>51,750</u>	<u>99,000</u>	<u>102,825</u>	<u>(3,825)</u>
Capital outlay:				
Police	-	2,000	1,738	262
Total capital outlay	<u>-</u>	<u>2,000</u>	<u>1,738</u>	<u>262</u>
Total expenditures	<u>51,750</u>	<u>101,000</u>	<u>104,563</u>	<u>(3,563)</u>
Excess of revenues over (under) expenditures	<u>55,550</u>	<u>800</u>	<u>(7,093)</u>	<u>(7,893)</u>
Other financing sources (uses):				
Transfers out	(30,500)	(30,500)	(30,500)	-
Total other financing sources (uses)	<u>(30,500)</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Net change in fund balances	25,050	(29,700)	(37,593)	(7,893)
Fund balances, October 1	<u>204,920</u>	<u>204,920</u>	<u>204,920</u>	<u>-</u>
Fund balances, September 30	<u>\$ 229,970</u>	<u>\$ 175,220</u>	<u>\$ 167,327</u>	<u>\$ (7,893)</u>

CITY OF ROCKWALL, TEXAS
RECREATIONAL DEVELOPMENT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 451,000	\$ 458,000	\$ 522,038	\$ 64,038
Interest income	-	-	24	24
Miscellaneous revenue	-	-	30	30
Contributions and donations	248,000	235,950	199,561	(36,389)
Total revenues	<u>699,000</u>	<u>693,950</u>	<u>721,653</u>	<u>27,703</u>
Expenditures:				
Current:				
Parks and recreation	306,900	399,800	365,945	33,855
Total current	<u>306,900</u>	<u>399,800</u>	<u>365,945</u>	<u>33,855</u>
Capital outlay:				
Parks and recreation	396,850	888,850	738,444	150,406
Total capital outlay	<u>396,850</u>	<u>888,850</u>	<u>738,444</u>	<u>150,406</u>
Total expenditures	<u>703,750</u>	<u>1,288,650</u>	<u>1,104,389</u>	<u>184,261</u>
Excess of revenues over (under) expenditures	<u>(4,750)</u>	<u>(594,700)</u>	<u>(382,736)</u>	<u>211,964</u>
Other financing sources (uses):				
Transfers in	-	260,000	260,000	-
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	<u>(60,000)</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	(64,750)	(394,700)	(182,736)	211,964
Fund balances, October 1	<u>314,276</u>	<u>314,276</u>	<u>314,276</u>	<u>-</u>
Fund balances, September 30	<u>\$ 249,526</u>	<u>\$ (80,424)</u>	<u>\$ 131,540</u>	<u>\$ 211,964</u>

CITY OF ROCKWALL, TEXAS
RADIO SYSTEM FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 39,300	\$ 38,750	\$ 39,204	\$ 454
Total revenues	<u>39,300</u>	<u>38,750</u>	<u>39,204</u>	<u>454</u>
Expenditures:				
Current:				
Administration	198,500	200,500	193,890	6,610
Total expenditures	<u>198,500</u>	<u>200,500</u>	<u>193,890</u>	<u>6,610</u>
Total expenditures	<u>198,500</u>	<u>200,500</u>	<u>193,890</u>	<u>6,610</u>
Excess of revenues over (under) expenditures	<u>(159,200)</u>	<u>(161,750)</u>	<u>(154,686)</u>	<u>7,064</u>
Other financing sources:				
Transfers in	160,000	160,000	160,000	-
Total other financing sources	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net change in fund balances	800	(1,750)	5,314	7,064
Fund balances, October 1	<u>7,724</u>	<u>7,724</u>	<u>7,724</u>	<u>-</u>
Fund balances, September 30	<u>\$ 8,524</u>	<u>\$ 5,974</u>	<u>\$ 13,038</u>	<u>\$ 7,064</u>

CITY OF ROCKWALL, TEXAS
STREET IMPROVEMENTS FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	14,700	54,573	39,873
Contributions and donations	-	-	8,249	8,249
Total revenues	<u>-</u>	<u>14,700</u>	<u>62,822</u>	<u>48,122</u>
Expenditures:				
Current:				
Administration	-	11,650	11,693	(43)
Total expenditures	<u>-</u>	<u>11,650</u>	<u>11,693</u>	<u>(43)</u>
Net change in fund balances	-	3,050	51,129	48,079
Fund balances, October 1	<u>258,200</u>	<u>258,200</u>	<u>258,200</u>	<u>-</u>
Fund balances, September 30	<u>\$ 258,200</u>	<u>\$ 261,250</u>	<u>\$ 309,329</u>	<u>\$ 48,079</u>

CITY OF ROCKWALL, TEXAS
HOTEL OCCUPANCY TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 310,000	\$ 346,300	\$ 352,887	\$ 6,587
Total revenues	<u>310,000</u>	<u>346,300</u>	<u>352,887</u>	<u>6,587</u>
Expenditures:				
Current:				
Finance	311,235	358,325	325,674	32,651
Total expenditures	<u>311,235</u>	<u>358,325</u>	<u>325,674</u>	<u>32,651</u>
Net change in fund balances	(1,235)	(12,025)	27,213	39,238
Fund balances, October 1	<u>144,140</u>	<u>144,140</u>	<u>144,140</u>	<u>-</u>
Fund balances, September 30	<u>\$ 142,905</u>	<u>\$ 132,115</u>	<u>\$ 171,353</u>	<u>\$ 39,238</u>

CITY OF ROCKWALL, TEXAS
 FIRE EQUIPMENT FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 58,250	\$ 58,250	\$ 58,250	\$ -
Interest income	50	50	-	(50)
Total revenues	<u>58,300</u>	<u>58,300</u>	<u>58,250</u>	<u>(50)</u>
Expenditures:				
Current:				
Fire	8,000	8,000	7,502	498
Total current	<u>8,000</u>	<u>8,000</u>	<u>7,502</u>	<u>498</u>
Capital outlay:				
Fire	118,850	116,850	81,358	35,492
Total capital outlay	<u>118,850</u>	<u>116,850</u>	<u>81,358</u>	<u>35,492</u>
Total expenditures	<u>126,850</u>	<u>124,850</u>	<u>88,860</u>	<u>35,990</u>
Net change in fund balances	(68,550)	(66,550)	(30,610)	35,940
Fund balances, October 1	<u>267,197</u>	<u>267,197</u>	<u>267,197</u>	<u>-</u>
Fund balances, September 30	<u>\$ 198,647</u>	<u>\$ 200,647</u>	<u>\$ 236,587</u>	<u>\$ 35,940</u>

CITY OF ROCKWALL, TEXAS
 AVIATION FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,100	\$ 18,100	\$ 10,517	\$ (7,583)
Miscellaneous	30,000	36,000	33,096	(2,904)
Total revenues	<u>48,100</u>	<u>54,100</u>	<u>43,613</u>	<u>(10,487)</u>
Expenditures:				
Current:				
Administration	<u>69,650</u>	<u>44,950</u>	<u>33,017</u>	<u>11,933</u>
Total expenditures	<u>69,650</u>	<u>44,950</u>	<u>33,017</u>	<u>11,933</u>
Total expenditures	<u>69,650</u>	<u>44,950</u>	<u>33,017</u>	<u>11,933</u>
Excess of revenues over (under) expenditures	(21,550)	9,150	10,596	1,446
Other financing sources (uses):				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	(6,550)	24,150	25,596	1,446
Fund balances, October 1	<u>25,611</u>	<u>25,611</u>	<u>25,611</u>	<u>-</u>
Fund balances, September 30	<u>\$ 19,061</u>	<u>\$ 49,761</u>	<u>\$ 51,207</u>	<u>\$ 1,446</u>

CITY OF ROCKWALL, TEXAS
 RECYCLING FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 22,223	\$ (7,777)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>22,223</u>	<u>(7,777)</u>
Expenditures:				
Current:				
Administration	14,000	14,000	4,331	9,669
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>4,331</u>	<u>9,669</u>
Net change in fund balances	16,000	16,000	17,892	1,892
Fund balances, October 1	<u>114,580</u>	<u>114,580</u>	<u>114,580</u>	<u>-</u>
Fund balances, September 30	<u>\$ 130,580</u>	<u>\$ 130,580</u>	<u>\$ 132,472</u>	<u>\$ 1,892</u>

CITY OF ROCKWALL, TEXAS
 NARCOTICS UNIT FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	157,000	197,409	40,409
Total revenues	<u>-</u>	<u>157,000</u>	<u>197,409</u>	<u>40,409</u>
Expenditures:				
Current:				
Police	26,000	26,000	15,246	10,754
Total current	<u>26,000</u>	<u>26,000</u>	<u>15,246</u>	<u>10,754</u>
Capital outlay:				
Police	17,500	227,500	215,062	12,438
Total capital outlay	<u>17,500</u>	<u>227,500</u>	<u>215,062</u>	<u>12,438</u>
Total expenditures	<u>43,500</u>	<u>253,500</u>	<u>230,308</u>	<u>23,192</u>
Excess of revenues over (under) expenditures	<u>(43,500)</u>	<u>(96,500)</u>	<u>(32,899)</u>	<u>63,601</u>
Net change in fund balances	(43,500)	(96,500)	(32,899)	63,601
Fund balances, October 1	<u>654,031</u>	<u>654,031</u>	<u>654,031</u>	<u>-</u>
Fund balances, September 30	<u>\$ 610,531</u>	<u>\$ 557,531</u>	<u>\$ 621,132</u>	<u>\$ 63,601</u>

DEBT SERVICE FUND

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

CITY OF ROCKWALL, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 10,794,150	\$ 10,794,150	\$ 10,939,266	\$ 145,116
Interest income	250	250	2,025	1,775
Miscellaneous	340,000	618,000	743,069	125,069
Total revenues	<u>11,134,400</u>	<u>11,412,400</u>	<u>11,684,360</u>	<u>271,960</u>
Expenditures:				
Current:				
Police	118,050	116,550	116,380	170
Total current	<u>118,050</u>	<u>116,550</u>	<u>116,380</u>	<u>170</u>
Debt service:				
Principal	6,349,650	6,349,650	6,234,632	115,018
Interest	4,625,450	4,625,450	4,817,976	(192,526)
Fiscal charges	12,000	12,000	39,250	(27,250)
Total debt service	<u>10,987,100</u>	<u>10,987,100</u>	<u>11,091,858</u>	<u>(104,758)</u>
Total expenditures	<u>11,105,150</u>	<u>11,103,650</u>	<u>11,208,238</u>	<u>(104,588)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,250</u>	<u>308,750</u>	<u>476,122</u>	<u>167,372</u>
Net change in fund balances	29,250	308,750	476,122	167,372
Fund balances, October 1	<u>460,648</u>	<u>460,648</u>	<u>460,648</u>	<u>-</u>
Fund balances, September 30	<u>\$ 489,898</u>	<u>\$ 769,398</u>	<u>\$ 936,770</u>	<u>\$ 167,372</u>

CITY OF ROCKWALL, TEXAS
HARBOR DEBT SERVICE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 661,500	\$ 661,500	\$ 679,173	\$ 17,673
Sales tax	320,000	268,000	273,066	5,066
Contributions and donations	110,150	118,600	112,210	(6,390)
Total revenues	<u>1,091,650</u>	<u>1,048,100</u>	<u>1,064,449</u>	<u>16,349</u>
Debt service:				
Principal	675,000	575,000	575,000	-
Interest	629,900	629,900	273,694	356,206
Total debt service	<u>1,304,900</u>	<u>1,204,900</u>	<u>848,694</u>	<u>356,206</u>
Total expenditures	<u>1,304,900</u>	<u>1,204,900</u>	<u>848,694</u>	<u>356,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(213,250)</u>	<u>(156,800)</u>	<u>215,755</u>	<u>372,555</u>
Other financing sources (uses):				
Transfers in	192,850	247,250	-	(247,250)
Total other financing sources (uses)	<u>192,850</u>	<u>247,250</u>	<u>-</u>	<u>(247,250)</u>
Net change in fund balances	(20,400)	90,450	215,755	125,305
Fund balances, October 1	<u>(88,096)</u>	<u>(88,096)</u>	<u>(88,096)</u>	<u>-</u>
Fund balances, September 30	<u>\$ (108,496)</u>	<u>\$ 2,354</u>	<u>\$ 127,659</u>	<u>\$ 125,305</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2015

	<u>Capital Projects</u>	<u>Equipment Acquisition</u>	<u>205 Bypass Project</u>	<u>Harbor/ TIF Projects</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
ASSETS					
Cash and cash equivalents	\$ 203,435	\$ 194,143	\$ 275,504	\$ 47,427	\$ 720,509
Investments	401,131	1,151,607	-	-	1,552,738
Receivables (net of allowances for uncollectibles):					
Accrued Interest	<u>2,573</u>	<u>921</u>	<u>-</u>	<u>-</u>	<u>3,494</u>
 Total assets	 <u>\$ 607,139</u>	 <u>\$ 1,346,671</u>	 <u>\$ 275,504</u>	 <u>\$ 47,427</u>	 <u>\$ 2,276,741</u>
 LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES:					
Assigned	<u>607,139</u>	<u>1,346,671</u>	<u>275,504</u>	<u>47,427</u>	<u>2,276,741</u>
Total fund balances	<u>607,139</u>	<u>1,346,671</u>	<u>275,504</u>	<u>47,427</u>	<u>2,276,741</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 607,139</u>	 <u>\$ 1,346,671</u>	 <u>\$ 275,504</u>	 <u>\$ 47,427</u>	 <u>\$ 2,276,741</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Capital Projects	Equipment Acquisition	205 Bypass Project	Harbor/ TIF Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:					
Interest income	\$ 5,420	\$ 6,060	\$ -	\$ -	\$ 11,480
Contributions and donations	-	-	-	57,286	57,286
Total revenues	<u>5,420</u>	<u>6,060</u>	<u>-</u>	<u>57,286</u>	<u>68,766</u>
Expenditures:					
Capital outlay:					
Administration	-	17,762	-	-	17,762
Finance	-	54,875	-	-	54,875
Public works	-	-	-	98,112	98,112
Total capital outlay	<u>-</u>	<u>72,637</u>	<u>-</u>	<u>98,112</u>	<u>170,749</u>
Total expenditures	<u>-</u>	<u>72,637</u>	<u>-</u>	<u>98,112</u>	<u>170,749</u>
Excess of revenues over (under) expenditures	<u>5,420</u>	<u>(66,577)</u>	<u>-</u>	<u>(40,826)</u>	<u>(101,983)</u>
Other financing sources (uses):					
Transfers in	-	163,500	-	-	163,500
Total other financing sources (uses)	<u>-</u>	<u>163,500</u>	<u>-</u>	<u>-</u>	<u>163,500</u>
Net change in fund balances	5,420	96,923	-	(40,826)	61,517
Fund balances, October 1	<u>601,719</u>	<u>1,249,748</u>	<u>275,504</u>	<u>88,253</u>	<u>2,215,224</u>
Fund balances, September 30	<u>\$ 607,139</u>	<u>\$ 1,346,671</u>	<u>\$ 275,504</u>	<u>\$ 47,427</u>	<u>\$ 2,276,741</u>

INTERNAL SERVICE FUNDS

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

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2015

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 85,213	\$ 344	\$ 85,557
Investments	<u>1,164,479</u>	<u>235,269</u>	<u>1,399,748</u>
Total current assets	<u>1,249,692</u>	<u>235,613</u>	<u>1,485,305</u>
Total Assets	<u>\$ 1,249,692</u>	<u>\$ 235,613</u>	<u>\$ 1,485,305</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	<u>\$ 513,069</u>	<u>\$ 82,760</u>	<u>\$ 595,829</u>
Total current liabilities	<u>513,069</u>	<u>82,760</u>	<u>595,829</u>
NET ASSETS			
Unrestricted	<u>736,623</u>	<u>152,853</u>	<u>889,476</u>
Total Net Position	<u>\$ 736,623</u>	<u>\$ 152,853</u>	<u>\$ 889,476</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:			
Charges for services	\$ 704,352	\$ -	\$ 704,352
Total operating revenues	<u>704,352</u>	<u>-</u>	<u>704,352</u>
OPERATING EXPENSES:			
Contractual services	<u>3,629,936</u>	<u>190,235</u>	<u>3,820,171</u>
Total operating expenses	<u>3,629,936</u>	<u>190,235</u>	<u>3,820,171</u>
Operating loss	<u>(2,925,584)</u>	<u>(190,235)</u>	<u>(3,115,819)</u>
NON-OPERATING REVENUES:			
Interest income	139	222	361
Miscellaneous income	33,116	500	33,616
Total non-operating revenues	<u>33,255</u>	<u>722</u>	<u>33,977</u>
Loss before transfers and capital contributions	<u>(2,892,329)</u>	<u>(189,513)</u>	<u>(3,081,842)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:			
Transfers in	<u>3,200,000</u>	<u>80,000</u>	<u>3,280,000</u>
Total transfers and capital contributions	<u>3,200,000</u>	<u>80,000</u>	<u>3,280,000</u>
Decrease in net assets	307,671	(109,513)	198,158
Net position, October 1	<u>428,952</u>	<u>262,366</u>	<u>691,318</u>
Net position, September 30	<u>\$ 736,623</u>	<u>\$ 152,853</u>	<u>\$ 889,476</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-9)</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 737,468	\$ 500	\$ 737,968
Cash paid to suppliers for goods and services	<u>(3,841,150)</u>	<u>(134,279)</u>	<u>(3,975,429)</u>
Net cash used by operating activities	<u>(3,103,682)</u>	<u>(133,779)</u>	<u>(3,237,461)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash received from other funds	3,200,000	80,000	3,280,000
Cash paid to other funds	<u>-</u>	<u>(40,829)</u>	<u>(40,829)</u>
Net cash provided by non-capital financing activities	<u>3,200,000</u>	<u>39,171</u>	<u>3,239,171</u>
Cash Flows from Investing Activities:			
Purchase of investments	(199,590)	-	(199,590)
Proceeds from sales and maturities of investments	-	94,730	94,730
Interest and dividends received	<u>139</u>	<u>222</u>	<u>361</u>
Net cash provided (used) by investing activities	<u>(199,451)</u>	<u>94,952</u>	<u>(104,499)</u>
Net increase (decrease) in cash and cash equivalents	(103,133)	344	(102,789)
Cash and cash equivalents at beginning of year	<u>188,346</u>	<u>-</u>	<u>188,346</u>
Cash and cash equivalents at end of year	<u>\$ 85,213</u>	<u>\$ 344</u>	<u>\$ 85,557</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (2,925,584)	\$ (190,235)	\$ (3,115,819)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Miscellaneous income	33,116	500	33,616
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	<u>(211,214)</u>	<u>55,956</u>	<u>(155,258)</u>
Net cash used by operating activities	<u>\$ (3,103,682)</u>	<u>\$ (133,779)</u>	<u>\$ (3,237,461)</u>

AGENCY FUND

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

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

CITY OF ROCKWALL, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SPECIAL ESCROW AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2015</u>
ASSETS				
Cash and cash equivalents	\$ 221,105	\$ 2,072,195	\$ 2,136,001	\$ 157,299
Investments	1,129,426	3,127,153	2,826,484	1,430,095
Accrued interest receivable	<u>964</u>	<u>2,755</u>	<u>3,719</u>	<u>-</u>
Total assets	<u>\$ 1,351,495</u>	<u>\$ 5,202,103</u>	<u>\$ 4,966,204</u>	<u>\$ 1,587,394</u>
LIABILITIES				
Due to developers	<u>\$ 1,351,495</u>	<u>\$ 427,706</u>	<u>\$ 191,807</u>	<u>\$ 1,587,394</u>
Total liabilities	<u>\$ 1,351,495</u>	<u>\$ 427,706</u>	<u>\$ 191,807</u>	<u>\$ 1,587,394</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Governmental funds capital assets:		
Land	\$ 17,238,772	\$ 17,238,772
Buildings	20,131,411	20,009,440
Improvements other than buildings	31,883,936	31,096,247
Machinery and equipment	17,772,524	17,747,180
Infrastructure	211,505,008	202,655,290
Construction in progress	<u>9,306,880</u>	<u>6,865,523</u>
Total governmental funds capital assets	<u>\$ 307,838,531</u>	<u>\$ 295,612,452</u>
Investments in governmental funds capital assets by source:		
Bond proceeds	\$ 153,505,844	\$ 151,274,707
General government	49,245,542	47,816,082
Grants and entitlements	3,044,106	3,044,106
Developer contributions	<u>102,043,039</u>	<u>93,477,557</u>
Total investments in governmental funds capital assets	<u>\$ 307,838,531</u>	<u>\$ 295,612,452</u>

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2015

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 6,025,164	\$ 6,436,762	\$ 6,276,296	\$ 3,594,607	\$ -	\$ 9,278,421	\$ 31,611,250
Public works	8,499,781	357,984	1,586,416	1,376,870	211,505,009	-	223,326,060
Public safety	1,020,430	3,476,026	12,802	4,475,692	-	-	8,984,950
Recreation/development	1,693,398	2,415,619	24,008,422	1,353,930	-	28,459	29,499,828
Fire equipment	<u>-</u>	<u>7,445,018</u>	<u>-</u>	<u>6,971,423</u>	<u>-</u>	<u>-</u>	<u>14,416,441</u>
Total governmental capital assets	<u>\$ 17,238,773</u>	<u>\$ 20,131,409</u>	<u>\$ 31,883,936</u>	<u>\$ 17,772,522</u>	<u>\$ 211,505,009</u>	<u>\$ 9,306,880</u>	<u>\$ 307,838,529</u>

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Function and Activity</u>	<u>Capital Assets Balance 10/1/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Capital Assets Balance 9/30/15</u>
General government	\$ 27,078,240	\$ 2,968,978	\$ -	\$ -	\$ 30,047,218
Public works	214,422,099	8,849,719	-	-	223,271,818
Public safety	9,014,802	185,423	(215,275)	-	8,984,950
Recreation/development	30,263,574	897,275	(42,747)	-	31,118,102
Fire equipment	<u>14,347,617</u>	<u>92,273</u>	<u>(23,449)</u>	<u>-</u>	<u>14,416,441</u>
Total governmental funds capital assets	<u>\$ 295,126,332</u>	<u>\$ 12,993,668</u>	<u>\$ (281,471)</u>	<u>\$ -</u>	<u>\$ 307,838,529</u>

DISCRETELY PRESENTED COMPONENT UNITS

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

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

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF NET POSITION
 DISCRETE COMPONENT UNITS
 SEPTEMBER 30, 2015

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 103,437	\$ 17,889	\$ 121,326
Investments	4,306,001	40,434	4,346,435
Receivables (net of allowances for uncollectibles):			
Interest	106	-	106
Accounts	12,579	6,315	18,894
Due from other governments	936,435	-	936,435
Inventory	18,040,090	-	18,040,090
Machinery and equipment	35,461	-	35,461
Total assets	23,434,109	64,638	23,498,747
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issue cost - insurance	11,392	-	11,392
Deferred charge on refunding	39,102	-	39,102
Pension contributions after 12/31/14	44,163	-	44,163
Investment experience - Pensions	11,349	-	11,349
Total Deferred Outflows of Resources	106,006	-	106,006
LIABILITIES			
Accounts payable and accrued liabilities	380,890	18,872	399,762
Liabilities payable from restricted assets			
Noncurrent liabilities:			
Pension liability	231,449	-	231,449
Due within one year	1,742,306	-	1,742,306
Due in more than one year	23,025,000	-	23,025,000
Total liabilities	25,379,645	18,872	25,398,517
DEFERRED INFLOWS OF RESOURCES			
Pension actual experience vs assumptions	2,041	-	2,041
Total deferred inflows of resources	2,041	-	2,041
NET POSITION			
Net investment in capital assets	35,461	-	35,461
Unrestricted	(1,877,032)	45,766	(1,831,266)
Total Net Position	\$ (1,841,571)	\$ 45,766	\$ (1,795,805)

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Component Units		
				Rockwall Economic Development Corporation	Rockwall Technology Park	Total
DISCRETELY COMPONENT UNITS:						
Rockwall Economic Development Corporation						
Administration	\$ 7,244,936	\$ -	\$ -	\$ (7,244,936)	\$ -	\$ (7,244,936)
Interest on long-term debt	1,366,245	-	-	(1,366,245)	-	(1,366,245)
Total Rockwall Economic Development Corporation	<u>8,611,181</u>	<u>-</u>	<u>-</u>	<u>(8,611,181)</u>	<u>-</u>	<u>(8,611,181)</u>
Rockwall Technology Park Association						
Administration	148,056	149,569	-	-	1,513	1,513
	<u>\$ 8,759,237</u>	<u>\$ 149,569</u>	<u>\$ -</u>	<u>(8,611,181)</u>	<u>1,513</u>	<u>(8,609,668)</u>
General revenues:						
Ad valorem taxes, penalty and interest				-	-	-
Sales taxes				4,858,633	-	4,858,633
Franchise taxes				-	-	-
Miscellaneous				-	-	-
Unrestricted investment earnings				6,072	5	6,077
Transfers				-	-	-
Total general revenues and transfers				<u>4,864,705</u>	<u>5</u>	<u>4,864,710</u>
Change in net position				(3,746,476)	1,518	(3,744,958)
Net position at beginning of year				2,087,138	44,248	2,131,386
Prior period adjustment - pension contributions				(182,233)	-	(182,233)
Net position at end of year				<u>\$ (1,841,571)</u>	<u>\$ 45,766</u>	<u>\$ (1,795,805)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2015

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 103,437	\$ 17,889	\$ 121,326
Investments	4,306,001	40,434	4,346,435
Receivables (net of allowances for uncollectibles):			
Interest	106	-	106
Accounts	12,579	6,315	18,894
Due from other governments	936,435	-	936,435
Inventory	<u>18,040,090</u>	<u>-</u>	<u>18,040,090</u>
 Total assets	 <u>\$ 23,398,648</u>	 <u>\$ 64,638</u>	 <u>\$ 23,463,286</u>
 LIABILITIES			
Accounts payable and accrued liabilities	\$ 170,079	\$ 18,872	\$ 188,951
Due to other funds	<u>25,165</u>	<u>-</u>	<u>25,165</u>
Total liabilities	<u>195,244</u>	<u>18,872</u>	<u>214,116</u>
 Fund balances:			
Nonspendable	18,040,090	-	18,040,090
Restricted	<u>5,163,314</u>	<u>45,766</u>	<u>5,209,080</u>
Total fund balances	<u>23,203,404</u>	<u>45,766</u>	<u>23,249,170</u>
 Total liabilities and fund balances	 <u>\$ 23,398,648</u>	 <u>\$ 64,638</u>	 <u>\$ 23,463,286</u>

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total fund balances - discretely presented component units	\$ 23,249,170
Amounts reported for discretely presented component units in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	35,461
Payables for bond principal which are not due in the current period are not reported in the funds.	(24,755,411)
Payables for bond interest which are not due in the current period are not reported in the funds.	(185,646)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(11,895)
Payables for pension liabilities which are not due in the current period are not reported in the funds.	(231,449)
Deferred outflows or resources are not considered available funds and are not recorded in governmental funds:	
Pension contributions after 12/31/14	44,163
Investment experience - Pensions	11,349
Deferred resource outflows are not available to pay for current period expenditures and are deferred in the funds.	50,494
Deferred inflows of resources are not considered available funds and are not recorded in governmental funds	<u>(2,041)</u>
Net assets of discretely presented component units	<u>\$ (1,795,805)</u>

CITY OF ROCKWALL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Rockwall Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
Revenues:			
Sales taxes	\$ 4,858,633	\$ -	\$ 4,858,633
Interest income	6,072	5	6,077
Assessments	-	149,569	149,569
Total revenues	<u>4,864,705</u>	<u>149,574</u>	<u>5,014,279</u>
Expenditures:			
Current:			
Administration	1,152,938	148,056	1,300,994
Total current	<u>1,152,938</u>	<u>148,056</u>	<u>1,300,994</u>
Capital outlay:			
Administration	5,918,398	-	5,918,398
Total capital outlay	<u>5,918,398</u>	<u>-</u>	<u>5,918,398</u>
Debt service:			
Principal	2,020,000	-	2,020,000
Interest	1,368,216	-	1,368,216
Fiscal charges	11,523	-	11,523
Total debt service	<u>3,399,739</u>	<u>-</u>	<u>3,399,739</u>
Total expenditures	<u>10,471,075</u>	<u>148,056</u>	<u>10,619,131</u>
Excess of revenues over (under) expenditures	<u>(5,606,370)</u>	<u>1,518</u>	<u>(5,604,852)</u>
Net change in fund balances	(5,606,370)	1,518	(5,604,852)
Fund balances, October 1	<u>28,809,774</u>	<u>44,248</u>	<u>28,854,022</u>
Fund balances, September 30	<u>\$ 23,203,404</u>	<u>\$ 45,766</u>	<u>\$ 23,249,170</u>

CITY OF ROCKWALL, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED
 COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - discretely presented component units	\$ (5,604,852)
Amounts reported for discretely presented component units in the statement of activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(6,033)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,830,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	18,851
(Increase) decrease in accrued interest from beginning of period to end of period.	1,971
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	10,850
Expenditures are recognized in the governmental funds when paid. However, the Statement of Activities is presented on an accrual basis and expenses are reported when incurred. This is the net difference in pension costs.	<u>4,255</u>
Change in net assets of discretely presented component units	<u><u>\$ (3,744,958)</u></u>

CITY OF ROCKWALL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 ROCKWALL ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 4,539,100	\$ 4,788,750	\$ 4,858,633	\$ 69,883
Franchise taxes	167,550	167,550	-	(167,550)
Interest income	3,500	3,500	6,072	2,572
Total revenues	<u>4,710,150</u>	<u>4,959,800</u>	<u>4,864,705</u>	<u>(95,095)</u>
Expenditures:				
Current:				
Administration	<u>1,124,950</u>	<u>1,198,550</u>	<u>1,152,938</u>	<u>45,612</u>
Total current	<u>1,124,950</u>	<u>1,198,550</u>	<u>1,152,938</u>	<u>45,612</u>
Capital outlay:				
Administration	<u>6,648,400</u>	<u>5,585,350</u>	<u>5,918,398</u>	<u>(333,048)</u>
Total capital outlay	<u>6,648,400</u>	<u>5,585,350</u>	<u>5,918,398</u>	<u>(333,048)</u>
Debt service:				
Principal	2,020,000	2,020,000	2,020,000	-
Interest	1,368,200	1,368,200	1,368,216	(16)
Fiscal charges	<u>4,500</u>	<u>4,500</u>	<u>11,523</u>	<u>(7,023)</u>
Total debt service	<u>3,392,700</u>	<u>3,392,700</u>	<u>3,399,739</u>	<u>(7,039)</u>
Total expenditures	<u>11,166,050</u>	<u>10,176,600</u>	<u>10,471,075</u>	<u>(294,475)</u>
Excess of revenues over (under) expenditures	<u>(6,455,900)</u>	<u>(5,216,800)</u>	<u>(5,606,370)</u>	<u>(389,570)</u>
Net change in fund balances	(6,455,900)	(5,216,800)	(5,606,370)	(389,570)
Fund balances, October 1	<u>28,809,774</u>	<u>28,809,774</u>	<u>28,809,774</u>	<u>-</u>
Fund balances, September 30	<u>\$ 22,353,874</u>	<u>\$ 23,592,974</u>	<u>\$ 23,203,404</u>	<u>\$ (389,570)</u>

CITY OF ROCKWALL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
 ROCKWALL TECHNOLOGY PARK ASSOCIATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 172,100	\$ 163,100	\$ 149,569	\$ (13,531)
Interest income	-	-	5	5
Total revenues	<u>172,100</u>	<u>163,100</u>	<u>149,574</u>	<u>(13,526)</u>
Expenditures:				
Current:				
Administration	<u>172,100</u>	<u>163,100</u>	<u>148,056</u>	<u>15,044</u>
Total expenditures	<u>172,100</u>	<u>163,100</u>	<u>148,056</u>	<u>15,044</u>
Net change in fund balances	-	-	1,518	1,518
Fund balances, October 1	<u>44,248</u>	<u>44,248</u>	<u>44,248</u>	<u>-</u>
Fund balances, September 30	<u>\$ 44,248</u>	<u>\$ 44,248</u>	<u>\$ 45,766</u>	<u>\$ 1,518</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

	<u>Pages</u>
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	108
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	116
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.	124
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	129
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.	132

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

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

TABLE D-1

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Invested in capital assets, net of related debt	\$ 95,193,217	\$ 86,446,064	\$ 89,523,344	\$ 89,851,392	\$ 91,085,278	\$ 89,101,460	\$ 88,367,580	\$ 63,546,273	\$ 49,487,300	\$ 34,020,634
Restricted	7,930,007	10,584,073	2,353,423	16,124,192	1,774,193	11,788,623	2,306,529	14,222,187	23,258,947	37,748,076
Unrestricted	4,740,983	11,180,566	14,253,372	238,981	13,400,417	4,308,457	12,955,777	13,643,810	13,386,297	11,683,150
Total governmental activities net position	\$ 107,864,207	\$ 108,210,703	\$ 106,130,139	\$ 106,214,565	\$ 106,259,888	\$ 105,198,540	\$ 103,629,886	\$ 91,412,270	\$ 86,132,544	\$ 83,451,860
Business-type activities										
Invested in capital assets, net of related debt	\$ 65,822,647	\$ 61,795,531	\$ 60,558,579	\$ 58,888,435	\$ 58,139,970	\$ 54,288,096	\$ 53,418,392	\$ 48,127,382	\$ 47,893,027	\$ 41,923,596
Restricted	2,688,018	4,555,652	2,125,250	2,306,207	2,992,291	6,221,719	7,568,701	17,888,236	14,620,878	18,060,049
Unrestricted	3,831,828	1,736,457	3,208,557	4,300,793	6,124,975	5,340,103	6,162,163	5,283,929	5,463,619	7,081,727
Total business-type activities net position	\$ 72,342,493	\$ 68,087,640	\$ 65,892,386	\$ 65,495,435	\$ 67,257,236	\$ 65,849,918	\$ 67,149,256	\$ 71,299,547	\$ 67,977,524	\$ 67,065,372
Primary government										
Invested in capital assets, net of related debt	\$ 161,015,864	\$ 148,241,595	\$ 150,081,923	\$ 148,739,827	\$ 149,225,248	\$ 143,389,556	\$ 141,785,972	\$ 111,673,655	\$ 97,380,327	\$ 75,944,230
Restricted	10,618,026	15,139,725	4,478,673	18,430,399	4,766,484	18,010,342	9,875,230	32,110,423	37,879,825	55,808,125
Unrestricted	8,572,811	12,917,023	17,461,929	4,539,774	19,525,392	9,648,560	19,117,940	18,927,739	18,849,916	18,764,877
Total primary government net position	\$ 180,206,701	\$ 176,298,343	\$ 172,022,525	\$ 171,710,000	\$ 173,517,124	\$ 171,048,458	\$ 170,779,142	\$ 162,711,817	\$ 154,110,068	\$ 150,517,232

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

TABLE D-2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
Mayor/Council	\$ 116,572	\$ 94,747	\$ 102,993	\$ 106,959	\$ 111,494	\$ 116,372	\$ 109,844	\$ 117,366	\$ 111,555	\$ 108,366
Administration	11,475,970	8,515,273	7,565,249	7,631,175	7,183,587	6,862,780	6,707,709	7,384,773	5,523,924	6,040,692
Finance	1,003,849	1,089,078	951,808	1,360,201	1,331,943	1,294,888	1,409,054	1,338,894	1,138,210	1,027,654
Municipal Court	396,256	415,220	357,208	358,745	362,149	353,147	334,922	312,601	298,383	304,492
Police	10,222,333	10,251,116	9,441,521	8,836,213	8,423,470	8,609,827	8,384,774	7,130,698	7,001,771	6,095,435
Fire	3,334,030	3,100,647	3,172,688	3,002,941	2,734,296	2,741,288	2,201,236	2,242,829	2,207,468	1,889,269
Public Works	2,260,932	7,653,406	8,651,550	8,398,043	8,008,701	6,669,448	5,482,571	7,094,068	6,928,067	5,530,219
Community Development	1,724,660	1,699,428	2,432,153	1,185,114	1,203,407	1,210,519	1,350,023	2,229,753	2,018,363	1,781,548
Parks and Recreation	3,981,748	3,185,425	4,825,050	6,003,610	5,843,647	5,805,241	5,250,506	4,025,927	3,088,750	2,583,547
Interest on long-term debt	5,302,942	4,853,042	4,714,902	4,666,567	4,554,433	4,717,319	4,669,459	4,418,519	3,612,523	2,179,950
Total governmental activities expenses	39,819,292	40,857,382	42,215,122	41,549,568	39,757,127	38,380,829	35,900,098	36,295,428	31,929,014	27,541,172
Business-type activities:										
Water and Sewer	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226
Total business-type activities expenses	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226
Total primary government expenses	57,098,023	57,928,788	58,938,674	57,098,816	54,472,737	52,297,021	49,172,982	48,502,170	42,846,721	37,794,398
Program Revenues										
Governmental activities:										
Charges for services:										
Community Development	1,351,443	1,113,132	1,163,945	1,125,092	792,029	664,711	1,025,979	1,072,444	1,118,001	1,318,516
Municipal Court	1,172,154	1,110,268	967,113	1,179,016	1,195,552	1,193,019	1,082,488	974,973	989,677	883,228
Police	860,390	725,857	488,631	463,565	550,947	522,919	516,591	658,015	415,637	649,261
Parks and Recreation	626,694	574,480	421,599	428,461	367,170	376,123	366,360	372,555	300,823	273,747
Public Works	1,086,223	756,113	162,374	129,562	55,316	62,795	99,753	307,226	464,587	1,010,634
Other	840,425	881,166	259,196	256,464	242,828	267,362	200,978	573,057	510,081	486,916
Operating grants & contributions	418,309	432,146	358,808	660,140	366,656	59,303	81,199	151,741	1,059,602	783,317
Capital grants & contributions	57,286	107,342	3,411,221	2,012,936	4,525,403	4,437,478	8,127,487	6,620,540	3,193,554	11,804,857
Total governmental activities program revenues	6,412,924	5,700,504	7,232,887	6,255,236	8,095,901	7,583,710	11,500,835	10,730,551	8,051,962	17,210,476

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

TABLE D-2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities:										
Charges for services:										
Water Sales	\$ 10,220,088	\$ 8,140,267	\$ 8,285,306	\$ 7,780,095	\$ 8,547,662	\$ 6,917,587	\$ 6,574,110	\$ 6,060,043	\$ 4,815,631	\$ 6,547,846
Sewer Charges	5,511,705	4,901,303	4,255,951	3,720,357	3,406,283	2,864,595	2,748,160	2,409,614	2,338,820	2,355,821
Other	2,841,883	2,465,315	2,577,650	2,564,063	2,752,625	2,150,155	1,951,945	1,797,390	1,616,873	2,164,135
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	4,713,024	4,829,708	3,426,328	1,178,672	2,157,402	1,992,680	3,374,321	5,616,869	2,808,528	4,319,065
Total business-type activities program revenues	23,286,700	20,336,593	18,545,235	15,243,186	16,863,972	13,925,017	14,648,536	15,883,916	11,579,852	15,386,867
Total primary government program revenues	29,699,624	26,037,097	25,778,122	21,498,422	24,959,873	21,508,727	26,149,371	26,614,467	19,631,814	32,597,343
Net (Expense)/Revenue										
Governmental activities	(33,406,368)	(35,156,878)	(34,982,235)	(35,294,332)	(31,661,226)	(30,797,119)	(24,399,263)	(25,564,877)	(23,877,052)	(10,330,696)
Business-type activities	6,007,969	3,265,187	1,821,683	(306,062)	2,148,362	8,825	1,375,652	3,677,174	662,145	5,133,641
Total primary government net expense	(27,398,399)	(31,891,691)	(33,160,552)	(35,600,394)	(29,512,864)	(30,788,294)	(23,023,611)	(21,887,703)	(23,214,907)	(5,197,055)
General Revenues and Transfers										
Governmental activities:										
Property taxes	20,432,488	18,438,330	17,870,887	17,321,016	17,204,239	16,735,510	16,422,119	14,780,112	11,827,931	9,063,530
Sales taxes	15,171,326	14,341,277	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,636	8,901,929	8,529,051
Other	4,312,446	3,365,885	3,310,417	3,613,020	3,011,917	3,285,081	3,734,068	4,625,450	4,477,541	3,566,689
Transfers	936,500	1,091,950	1,217,550	1,594,950	979,863	1,511,785	6,201,291	1,315,405	1,350,335	2,375,000
Total governmental activities	40,852,760	37,237,442	36,443,947	35,249,009	32,722,574	32,365,773	36,621,879	30,844,603	26,557,736	23,534,270
Business-type activities:										
Other	11,798	22,017	180,858	139,212	238,819	203,622	675,348	960,254	1,600,342	1,111,064
Transfers	(936,500)	(1,091,950)	(1,217,550)	(1,594,950)	(979,863)	(1,511,785)	(6,201,291)	(1,315,405)	(1,350,335)	(2,375,000)
Total business-type activities	(924,702)	(1,069,933)	(1,036,692)	(1,455,738)	(741,044)	(1,308,163)	(5,525,943)	(355,151)	250,007	(1,263,936)
Total primary government	39,928,058	36,167,509	35,407,255	33,793,271	31,981,530	31,057,610	31,095,936	30,489,452	26,807,743	22,270,334
Change in Net Position										
Governmental activities	7,446,392	2,080,564	1,461,712	(45,323)	1,061,348	1,568,654	12,222,616	5,279,726	2,680,684	13,203,574
Business-type activities	5,083,267	2,195,254	784,991	(1,761,800)	1,407,318	(1,299,338)	(4,150,291)	3,322,023	912,152	3,869,705
Total primary government	\$ 12,529,659	\$ 4,275,818	\$ 2,246,703	\$ (1,807,123)	\$ 2,468,666	\$ 269,316	\$ 8,072,325	\$ 8,601,749	\$ 3,592,836	\$ 17,073,279

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

TABLE D-3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2006	9,063,530	8,529,051	2,111,798	19,704,379
2007	11,827,931	8,901,929	2,014,845	22,744,705
2008	14,780,112	10,123,636	2,421,094	27,324,842
2009	16,422,119	10,264,401	2,535,846	29,222,366
2010	16,735,510	10,833,397	2,748,483	30,317,390
2011	17,204,239	11,526,555	2,445,762	31,176,556
2012	17,321,016	12,720,023	2,821,451	32,862,490
2013	17,870,887	14,045,093	2,743,839	34,659,819
2014	18,416,548	14,341,277	3,093,257	35,851,082
2015	20,441,533	15,171,325	4,035,823	39,648,681

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

TABLE D-4

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
2006	6,547,846	2,355,821	8,903,667
2007	4,815,631	2,338,820	7,154,451
2008	6,060,043	2,409,614	8,469,657
2009	6,574,110	2,748,160	9,322,270
2010	6,917,587	2,864,595	9,782,182
2011	8,547,662	3,406,283	11,953,945
2012	7,780,095	3,720,357	11,500,451
2013	8,285,306	4,255,951	12,541,257
2014	8,140,267	4,901,303	13,041,570
2015	10,220,088	5,511,705	15,731,793

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

TABLE D-5

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870	\$ 2,446	\$ 1,407	\$ 26,130
Restricted	-	-	-	23,038	-	-	-	-	-	-
Non-spendable	-	-	2,514	1,120	2,116	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	9,159,333	8,293,107	8,264,368	8,335,289	7,692,662
Unassigned	11,476,929	10,305,640	11,273,469	9,893,803	10,085,001	-	-	-	-	-
Total general fund	<u>\$ 11,476,929</u>	<u>\$ 10,305,640</u>	<u>\$ 11,275,983</u>	<u>\$ 9,917,961</u>	<u>\$ 10,087,117</u>	<u>\$ 9,159,333</u>	<u>\$ 8,295,977</u>	<u>\$ 8,266,814</u>	<u>\$ 8,336,696</u>	<u>\$ 7,718,792</u>
All other governmental funds										
Restricted	\$ 127,659	\$ (88,096)	328,435	1,511,561	1,641,992	-	-	-	-	-
Committed	-	-	2,973,086	2,722,094	2,608,081	-	-	-	-	-
Committed for Debt Service	936,770	460,648	\$ 772,045	\$ -	\$ -	\$ 930,290	\$ 1,077,236	\$ 835,203	\$ 1,083,320	\$ 1,461,294
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	2,320,833	2,399,605	3,145,275	2,797,330	2,422,376
Capital projects funds	-	-	-	-	-	10,319,501	16,906,340	13,094,614	21,877,706	36,529,256
Assigned	8,859,209	12,396,173	15,535,782	14,549,510	16,652,507	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,923,638</u>	<u>\$ 12,768,725</u>	<u>\$ 19,609,348</u>	<u>\$ 18,783,165</u>	<u>\$ 20,902,580</u>	<u>\$ 13,570,624</u>	<u>\$ 20,383,181</u>	<u>\$ 17,075,092</u>	<u>\$ 25,758,356</u>	<u>\$ 40,412,926</u>

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

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

TABLE D-6

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Ad valorem taxes, penalty and interest	\$ 20,441,533	\$ 18,416,548	\$ 17,890,435	\$ 17,338,798	\$ 17,329,982	\$ 16,560,766	\$ 16,407,575	\$ 14,708,142	\$ 11,820,994	\$ 8,979,948
Sales taxes	15,171,325	14,341,278	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,637	8,901,929	8,529,051
Franchise taxes	3,927,501	3,016,446	2,748,707	2,879,585	2,604,569	2,728,251	2,444,296	2,179,847	2,046,674	1,981,016
Charges for services	1,802,529	1,346,695	1,049,134	1,383,158	710,007	713,760	738,146	362,107	417,049	426,996
Permits	1,277,011	1,019,605	1,119,438	1,076,770	765,500	651,108	1,005,541	1,122,505	1,132,985	1,325,832
Municipal court	1,177,416	1,161,283	1,050,955	1,141,742	1,157,838	1,173,907	1,056,904	1,177,410	1,019,260	987,066
Intergovernmental	774,205	624,045	440,250	835,948	478,037	506,100	428,747	419,700	1,097,790	1,011,739
Interest income	88,724	51,672	(21,660)	114,588	136,878	60,429	611,615	1,702,870	2,012,244	1,149,204
Miscellaneous	440,246	525,865	795,304	795,150	661,379	569,258	872,988	837,707	716,896	1,060,866
Contributions and donations	388,236	527,008	44,929	727,361	364,975	148,512	2,812,457	775,695	2,241,586	6,251,435
Total Revenues	45,488,726	41,030,445	39,162,585	39,013,123	35,735,720	33,945,488	36,642,670	33,409,620	31,407,407	31,703,153
Expenditures										
Current:										
Mayor/council	116,572	94,747	102,995	106,958	111,494	116,372	109,845	117,366	111,555	108,366
Administration	4,221,318	3,997,844	3,821,755	3,690,167	3,402,793	3,353,637	3,358,705	3,056,885	2,750,197	2,910,478
Finance	948,974	985,734	924,415	1,245,790	1,211,261	1,189,250	1,266,436	1,199,417	1,138,238	1,025,230
Municipal court	396,256	415,220	349,536	337,537	335,082	333,234	318,467	311,706	300,186	303,131
Police	9,934,841	9,539,572	8,847,655	8,299,514	7,982,280	8,083,075	7,775,622	6,923,679	6,426,957	6,235,463
Fire	3,153,514	2,766,298	2,383,832	2,347,279	2,146,012	2,179,372	1,618,559	1,451,970	1,340,624	1,242,836
Public works	4,559,460	4,174,815	2,153,427	2,285,737	2,122,710	1,577,760	1,528,010	2,824,267	2,427,535	2,411,324
Community development	1,724,660	1,699,428	1,139,859	1,164,786	1,178,982	1,130,169	1,258,030	2,219,167	2,002,767	1,783,961
Parks and recreation	3,227,161	2,907,884	4,892,456	4,689,177	4,590,161	4,529,739	4,493,524	2,907,229	2,473,238	2,318,135
Total current	28,282,756	26,581,542	24,615,930	24,166,945	23,080,775	22,492,608	21,727,198	21,011,686	18,971,297	18,338,924
Capital outlay:										
Administration	3,220,135	474,857	8,431,896	6,649,805	7,168,226	4,746,948	18,427,890	2,373,369	4,028,933	1,580,706
Finance	54,875	103,344	124,302	224,306	101,525	57,653	78,866	137,035	-	-
Municipal Court	-	-	205,947	-	-	-	-	-	-	-
Police	287,492	711,544	167,587	465,169	274,821	1,316,626	258,623	74,899	225,992	285,150
Fire	180,516	334,349	2,167,780	368,805	266,400	434,754	6,462,691	727,795	1,578,623	835,685
Public works	98,112	6,421,609	-	-	-	24,575	90,798	29,051,639	10,609,516	25,733,888
Community development	-	-	-	-	-	-	-	-	2,105	-
Parks and recreation	754,587	277,541	65,534	486,159	-	1,095,622	482,177	1,742,004	2,397,348	1,477,499
Total capital outlay	4,595,717	8,323,244	11,163,046	8,194,244	7,810,972	7,676,178	25,801,045	34,106,741	18,842,517	29,912,928

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

TABLE D-6

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt service:										
Principal	\$ 6,809,632	\$ 6,803,038	\$ 5,268,038	\$ 4,933,038	\$ 4,278,038	\$ 4,458,038	\$ 4,670,540	\$ 4,335,462	\$ 3,726,505	\$ 2,620,235
Interest	5,091,670	4,630,739	4,613,787	4,820,183	4,570,301	4,766,488	4,716,545	4,254,162	3,607,455	1,748,001
Bond issuance costs	-	74,581	90,615	44,305	150,900	-	242,173	468,837	9,500	500,889
Fiscal charges	39,250	14,800	10,500	8,800	11,200	7,032	15,284	6,384	6,484	6,020
Total debt services	11,940,552	11,523,158	9,982,940	9,806,326	9,010,439	9,231,558	9,644,542	9,064,845	7,349,944	4,875,145
Total expenditures	44,819,025	46,427,944	45,761,916	42,167,515	39,902,186	39,400,344	57,172,785	64,183,272	45,163,758	53,126,997
Excess (deficiency) of revenues over (under) expenditures	669,701	(5,397,499)	(6,599,331)	(3,154,392)	(4,166,466)	(5,454,856)	(20,530,115)	(30,773,652)	(13,756,351)	(21,423,844)
Other financing sources (uses):										
Transfers in	689,000	2,769,639	2,277,550	2,217,035	3,456,450	1,478,835	8,664,757	1,975,436	2,585,804	4,305,332
Transfers out	(3,032,500)	(5,257,689)	(4,215,000)	(3,502,085)	(2,913,587)	(2,304,050)	(4,488,966)	(2,715,031)	(2,866,119)	(3,478,832)
Bonds issued	-	9,820,000	10,530,000	2,150,000	13,210,000	-	19,295,000	22,270,000	-	41,045,000
Capital Leases	-	-	-	-	-	330,870	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	4,805,000	-	-	-
Accrued interest on bonds issued	-	-	-	-	-	-	-	-	-	176,020
Premium (discounts) on bonds issued	-	-	221,417	-	325,248	-	444,623	490,101	-	864,326
Payment to refunded bond escrow agent	-	(9,745,419)	-	-	(1,651,905)	-	(4,853,047)	-	-	-
Total other financing sources (uses)	(2,343,500)	(2,413,469)	8,813,967	864,950	12,426,206	(494,345)	23,867,367	22,020,506	(280,315)	42,911,846
Net change in fund balances	\$ (1,673,799)	\$ (7,810,968)	\$ 2,214,636	\$ (2,289,442)	\$ 8,259,740	\$ (5,949,201)	\$ 3,337,252	\$ (8,753,146)	\$ (14,036,666)	\$ 21,488,002
Debt service as a percentage of noncapital expenditures	29.6%	30.0%	28.6%	28.7%	27.6%	29.1%	30.6%	24.0%	22.0%	17.4%

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

TABLE D-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2006	8,979,948	8,529,051	1,981,016	19,490,015
2007	11,820,994	8,901,929	2,046,674	22,769,597
2008	14,708,142	10,123,637	2,179,847	27,011,626
2009	16,407,575	10,264,401	2,444,296	29,116,272
2010	16,560,766	10,833,397	2,728,251	30,122,414
2011	17,329,982	11,526,555	2,604,569	31,461,106
2012	17,338,798	12,720,023	2,879,585	32,938,406
2013	17,890,435	14,045,093	2,748,707	34,684,235
2014	18,438,330	14,341,277	3,093,257	35,872,864
2015	20,441,533	15,171,325	3,927,501	39,540,359

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

TABLE D-8

<u>Fiscal Year</u>	<u>Total Sales Tax Collections</u>	<u>Percent of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>
2005	7,379,841	91.93%	0.33
2006	8,286,316	92.22%	0.34
2007	8,901,929	76.69%	0.35
2008	10,123,637	70.46%	0.36
2009	10,264,401	64.30%	0.34
2010	10,833,397	65.80%	0.32
2011	11,526,555	68.74%	0.34
2012	12,720,023	75.10%	0.37
2013	14,045,093	81.16%	0.40
2014	14,341,277	78.98%	0.39
2015	15,171,325	75.62%	0.37

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

TABLE D-9

Fiscal Year	Tax Year	Estimated Market Value			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
2006	2005	1,737,269,340	600,645,738	256,649,235	166,855,259	2,427,709,054	0.3689
2007	2006	1,954,614,420	713,469,923	263,400,375	356,154,448	2,575,330,270	0.4250
2008	2007	2,105,432,149	809,042,172	291,476,021	404,048,791	2,801,901,551	0.4865
2009	2008	2,175,728,205	968,824,057	342,108,871	478,140,905	3,008,520,228	0.5031
2010	2009	2,207,188,025	1,034,428,814	343,770,085	245,497,304	3,339,889,620	0.5031
2011	2010	2,276,011,463	1,042,597,193	337,323,537	249,159,269	3,406,772,924	0.5031
2012	2011	2,316,829,222	1,041,610,117	337,423,698	264,503,280	3,431,359,757	0.5031
2013	2012	2,400,322,618	1,029,298,627	345,365,078	278,144,322	3,496,842,001	0.5025
2014	2013	2,437,302,085	1,126,527,658	385,352,763	280,459,789	3,668,722,717	0.5025
2015	2014	2,645,861,999	1,318,998,496	438,951,140	302,418,574	4,101,393,061	0.4955

Source: Rockwall Central Appraisal District

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

TABLE D-10

<u>Fiscal Year</u>	<u>Over 65 and Disabled</u>	<u>Disabled Veterans</u>	<u>Agriculture</u>	<u>Freeport Exemption</u>
2006	87,691,150	1,495,504	50,548,990	18,883,658
2007	96,624,100	1,537,004	61,259,470	16,146,371
2008	104,805,677	1,658,500	66,881,780	13,651,705
2009	111,535,268	1,805,500	79,131,370	24,266,824
2010	117,336,354	6,522,310	101,284,160	25,091,542
2011	123,493,766	8,781,840	99,301,400	20,804,929
2012	130,833,284	10,360,860	105,251,440	20,979,952
2013	133,480,470	10,577,050	106,197,190	23,803,292
2014	139,936,532	12,780,746	102,226,360	25,071,144
2015	148,647,965	14,905,177	109,426,700	22,030,705

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

TABLE D-11

Fiscal Year	City of Rockwall			Overlapping Rates	
	M&O	Debt	Total	School	County
2006	0.2167	0.1522	0.3689	1.8800	0.3506
2007	0.2067	0.2183	0.425	1.7100	0.3507
2008	0.2243	0.2622	0.4865	1.4700	0.3500
2009	0.2270	0.2761	0.5031	1.4700	0.3750
2010	0.2453	0.2578	0.5031	1.4700	0.3750
2011	0.2562	0.2469	0.5031	1.4700	0.3864
2012	0.2563	0.2468	0.5031	1.4700	0.3864
2013	0.2619	0.2406	0.5025	1.4700	0.3864
2014	0.2363	0.2662	0.5025	1.4600	0.3959
2015	0.2207	0.2748	0.4955	1.4400	0.3959

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

TABLE D-12

Taxpayer	2015			2006		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Allen Foods/Bimbo Bakeries	\$ 75,000,000	1	1.83%	\$ -	-	-
Excel Rockwall, LP	\$ 54,672,420	2	1.33%	-	-	-
BRE MF Rockwall, LLC	47,438,850	3	1.16%	-	-	-
Rockwall Regional Hospital, LLP	39,195,130	4	0.96%	-	-	-
Bella Harbor Hotel Venture, LLC	33,041,530	5	0.81%	-	-	-
Rockwall Crossing LTD	30,600,000	6	0.75%	-	-	-
Whitmore Manufacturing CO	26,025,840	7	0.63%	-	-	-
Graham Packaging/Continental PET	25,646,310	8	0.63%	28,674,629	1	1.18%
Rockwall Dunhill LLC	24,831,260	9	0.61%	17,130,190	4	0.71%
Oncor Electric Delivery Service	24,023,300	10	0.59%	17,608,030	3	0.73%
Wal-mart	-	-	-	22,262,152	2	0.92%
Rockwall Apartment Associates	-	-	-	14,590,520	5	0.60%
Lowes Home Centers, Inc.	-	-	-	11,859,853	6	0.49%
Steger Towne Crossing, LP	-	-	-	11,340,310	7	0.47%
Bent Tree Realty Co.	-	-	-	9,667,830	8	0.40%
Dayton Hudson/Target	-	-	-	8,856,277	9	0.36%
Texas Star Express	-	-	-	7,929,600	10	0.33%
Subtotal	<u>305,474,640</u>		<u>7.45%</u>	<u>149,919,391</u>		<u>6.18%</u>
Total Taxable Value	<u>\$ 4,101,393,061</u>		<u>100.00%</u>	<u>\$ 2,427,709,054</u>		<u>100.00%</u>

Source: Rockwall Central Appraisal District

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

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

TABLE D-13

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy
2006	2005	8,987,722	8,921,613	99.26%	53,935	8,975,548	99.86%
2007	2006	11,607,235	11,433,286	98.50%	155,936	11,589,222	99.84%
2008	2007	14,367,824	14,173,725	98.65%	174,169	14,347,894	99.86%
2009	2008	15,962,353	15,777,483	98.84%	145,366	15,922,849	99.75%
2010	2009	16,465,193	16,182,308	98.28%	233,740	16,416,048	99.70%
2011	2010	16,768,511	16,616,216	99.09%	95,906	16,712,122	99.66%
2012	2011	16,937,674	16,780,370	99.07%	88,353	16,868,723	99.59%
2013	2012	17,306,465	17,205,265	99.42%	-	17,205,265	99.42%
2014	2013	18,157,980	18,055,096	99.43%	-	18,055,096	99.43%
2015	2014	20,063,663	19,951,271	99.44%	-	19,951,271	99.44%

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

TABLE D-14

Customer	2015			2006		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	44,226,900	1	1.69%	35,693,100	2	1.63%
Rockwall I.S.D.	23,678,400	2	0.91%	84,213,000	1	3.85%
Graham Packaging Continental PET	17,925,600	3	0.69%	-	-	-
Orion at Lake Ray Hubbard (Mansions)	16,590,900	4	0.64%	-	-	-
Excel Rockwall, L.P.	13,147,400	5	0.50%	-	-	-
IX MC 923 Yellow Jacket Lane LP	12,670,000	6	0.49%	-	-	-
Walden Residential	12,014,000	7	0.46%	12,065,000	4	0.55%
Allen Food Bakeries, Inc	11,396,700	8	0.44%	-	-	-
TF Harbor LLC	9,141,200	9	0.35%	-	-	-
D.W.C./Highlife Properties	10,229,600	10	0.39%	18,166,600	3	0.83%
Mission Rockwall	-	-	-	11,863,900	5	0.54%
Sabre Realty Management Company	-	-	-	11,238,600	6	0.51%
Rockwall Nursing Home	-	-	-	9,970,700	7	0.46%
Lake Pointe Church	-	-	-	8,357,000	8	0.38%
Bent Creek Condos HOA	-	-	-	7,855,300	9	0.36%
Steger Towne Crossing	-	-	-	7,576,400	10	0.53%
Subtotal	<u>171,020,700</u>		<u>6.55%</u>	<u>206,999,600</u>		<u>9.47%</u>
Total Water Usage	<u>2,611,244,885</u>		<u>100.00%</u>	<u>2,186,820,120</u>		<u>100.00%</u>

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

TABLE D-15

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Water and Sewer Revenue Bonds	Capitalized Lease Obligations			
2006	57,632,329	21,825,000	315,000	-	212,671	-	-	14,145,000	1,145,000	95,275,000	7.88%	3,155
2007	55,720,824	20,045,000	280,000	-	184,176	-	-	13,360,000	5,040,094	94,630,094	7.20%	3,013
2008	74,925,362	18,810,000	245,000	-	154,638	9,935,000	-	12,530,000	4,805,090	121,405,090	8.13%	3,824
2009	86,179,822	22,425,000	-	-	135,178	25,890,000	-	11,670,000	7,431,754	153,731,754	10.38%	4,789
2010	83,271,784	20,875,000	-	278,034	113,216	25,005,000	-	10,775,000	7,080,083	147,398,117	8.74%	4,205
2011	88,473,746	23,050,000	-	236,589	91,254	28,205,000	-	5,215,000	6,710,000	151,981,589	8.08%	4,129
2012	84,675,708	24,065,000	-	193,299	69,292	27,145,000	-	4,550,000	6,321,743	147,020,042	7.44%	3,810
2013	88,562,670	25,440,000	-	148,083	47,330	29,510,000	-	3,865,000	5,910,072	153,483,155	7.51%	3,960
2014	87,404,632	16,935,000	-	100,855	25,638	27,900,000	-	3,495,000	5,485,067	141,346,192	6.62%	3,533
2015	85,790,000	14,610,000	-	51,525	-	26,220,000	-	3,235,000	5,041,729	134,948,254	5.97%	3,322

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

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

TABLE D-16

Fiscal Year	General Obligation Bonds	Governmental and Business Type Activities			Unamortized Premium (Discount)	Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
		Certificates of Obligation	Contractual Obligations	Gross Bonded Debt					
2006	57,632,329	21,825,000	315,000	79,772,329	1,115,113	1,461,294	79,426,148	3.27%	2,630
2007	55,720,824	20,045,000	280,000	76,045,824	1,072,153	1,083,320	76,034,657	2.95%	2,421
2008	74,925,362	28,745,000	245,000	103,915,362	1,583,018	835,203	104,663,177	3.74%	3,297
2009	86,179,822	48,315,000	-	134,494,822	1,912,382	1,077,236	135,329,968	4.50%	4,215
2010	83,271,784	45,880,000	-	129,151,784	1,859,751	930,290	130,081,245	3.89%	3,711
2011	88,473,746	51,255,000	-	139,728,746	2,004,225	1,426,272	140,306,699	4.12%	3,812
2012	84,675,708	51,210,000	-	135,885,708	2,046,038	1,221,201	136,710,545	3.98%	3,543
2013	88,562,670	54,950,000	-	143,512,670	2,218,052	772,045	144,958,677	4.15%	3,740
2014	87,404,632	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%	3,143

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

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

TABLE D-17

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to the City of Rockwall (2)	Amounts Applicable to the City of Rockwall
Direct:			
City of Rockwall - debt repaid with property taxes	\$ 100,451,525	100.00%	\$ 100,451,525
Indirect:			
Rockwall Independent School District	326,241,461	52.70%	171,929,250
Rockwall County	<u>100,450,000</u>	61.76%	<u>62,037,920</u>
Total Indirect	<u>426,691,461</u>		<u>233,967,170</u>
Total Direct and Overlapping Bonded Debt	<u>\$ 527,142,986</u>		<u>\$ 334,418,695</u>
Average debt per capita			<u>\$ 8,629</u>

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

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

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

TABLE D-18

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	0.4955	0.5025	0.5025	0.5031	0.5031	0.5031	0.5031	0.4865	0.425	0.3689
Legal Debt Margin	2.0045	1.9975	1.9975	1.9969	1.9969	1.9969	1.9969	2.0135	2.0750	2.1311

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

TABLE D-19

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	12,921,162	8,229,674	4,691,488	765,000	635,235	1,400,235	3.35
2007	10,970,532	8,405,774	2,564,758	785,000	606,179	1,391,179	1.84
2008	11,638,576	9,308,603	2,329,973	830,000	575,410	1,405,410	1.66
2009	12,706,804	9,516,940	3,189,864	860,000	542,595	1,402,595	2.27
2010	12,644,083	9,871,989	2,772,094	895,000	507,658	1,402,658	1.98
2011	15,439,747	10,805,039	4,634,708	740,000	360,448	1,100,448	4.21
2012	14,809,266	11,463,657	3,345,609	665,000	219,253	884,253	3.78
2013	16,096,968	11,885,957	4,211,011	685,000	191,306	876,306	4.81
2014	16,378,963	12,610,238	3,768,725	260,000	147,294	407,294	9.25
2015	19,748,474	13,657,885	6,090,589	270,000	136,894	406,894	14.97

Note: Direct operating expenses excludes depreciation

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

TABLE D-20

DEMOGRAPHICS					
Fiscal Year	Population	Personal Income (thousands of dollars) (3)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (1)
2006	30,200	1,209,238	40,041	11,519	3.4
2007	31,407	1,313,786	41,831	12,468	3.9
2008	31,748	1,494,029	47,059	13,027	4.9
2009	32,103	1,480,976	46,132	13,372	7.0
2010	35,050	1,687,272	48,139	13,732	6.6
2011	36,810	1,881,580	51,116	13,965	6.7
2012	38,586	1,976,529	51,224	14,213	5.1
2013	38,755	2,044,742	52,761	14,359	5.3
2014	40,008	2,135,587	53,379	14,626	4.2
2015	40,620	2,259,553	55,627	15,468	3.3

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

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

TABLE D-21

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,700	1	8.27%	1,601	1	10.83%
Texas Health Presbyterian Hospital	600	2	2.92%	-	-	-
Wal-Mart Superstore	450	3	2.19%	450	3	3.04%
Texas Star Express	300	4	1.46%	484	2	3.27%
Rockwall County	307	5	1.49%	235	4	1.59%
City of Rockwall	262	6	1.28%	227	5	1.54%
Special Products	168	7	0.82%	205	6	1.39%
L-3 Communications	150	8	0.73%	-	-	-
Home Depot	140	9	0.68%	-	-	-
Bimbo Bakeries	134	10	0.65%	-	-	-
Target	-	-	-	170	7	1.15%
Rockwall Nursing Home	-	-	-	160	8	1.08%
Kohl's Department Store	-	-	-	140	9	0.95%
Home Depot	-	-	-	130	10	0.88%
Subtotal	<u>4,211</u>		<u>20.50%</u>	<u>3,802</u>		<u>25.72%</u>
Total	<u>20,544</u>		<u>100.00%</u>	<u>14,784</u>		<u>100.00%</u>

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

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

TABLE D-22

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administration	26	26	25	21	21	22	22	22	22	21
Finance	5	5	5	8	8	8	8	8	8	8
Municipal Court	5	5	4	4	4	4	4	4	4	4
Fire	26	23	19	17	17	17	17	10	10	9
Police	101.5	100.5	97	92.5	91.5	90.5	90.5	88	85	80
Community Development	19	19	24.5	29.5	29.5	29.5	29.5	29.5	29.5	28.5
Parks & Recreation	30	29	25	26	26	26	26	24.5	24.5	25
Public Works	21	21	21	21	21	21	21	23	23	23
Water/Sewer	33	34	34	37	37	38	38	34	31	29
Total	266.50	262.50	254.50	256.00	255.00	256.00	256.00	243.00	237.00	227.50

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

TABLE D-23

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Finance										
Invoices processed	13,782	14,518	15,351	15,772	15,582	16,613	16,933	16,696	16,015	15,883
Payroll checks issued	11,093	10,118	9,650	10,065	10,500	9,356	9,176	8,765	8,840	8,231
Purchase orders issued	2,135	1,939	2,002	2,150	2,269	2,391	2,572	2,363	2,553	2,468
Municipal Court										
Violations Processed	13,135	16,950	15,208	16,859	16,361	17,261	16,526	12,984	17,455	16,635
Fire										
Employees (paid)	26	23	19	17	17	17	17	10	10	9
Volunteers	34	30	29	35	41	38	35	42	37	40
Fire Calls (City and County)	902	723	913	831	1,059	771	771	860	777	718
Police										
Employees (uniformed)	79	78	76	72	71	71	70	69	66	61
Employees (civilian)	22.5	22.5	21	20	20	20	20	19	18	18
Calls for Service*	18,152	17,391	16,317	18,267	21,490	30,569	30,610	29,097	27,158	21,121
* Police Department software was upgraded in Sept. 2010 and utilizes a different criteria to count calls.										
Community Development										
# permits - New commercial construction	19	12	25	14	21	4	17	26	33	18
Value - New commercial construction	44,764,279	13,645,795	55,921,000	36,578,259	15,446,160	10,969,950	71,061,773	40,553,363	104,798,013	39,358,497
# permits - New residential construction	346	257	272	218	185	212	169	173	192	470
Value - New residential construction	79,262,932	59,868,007	56,266,387	39,815,104	36,244,834	40,293,359	30,914,120	31,962,169	40,174,623	82,305,725
Parks & Recreation										
The Center facility usage	62,991	78,350	84,000	81,500	84,001	68,665	61,713	76,530	69,988	75,757
Special event attendance	80,000	81,000	83,000	85,000	80,000	95,000	90,680	75,232	54,156	25,231
# recreation participants (youth & adult)	4,711	4,900	4,700	4,500	3,268	3,428	2,155	2,757	2,727	2,381

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

TABLE D-23

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Works										
Streets - sq yd concrete street repair	5,407.00	3,872.00	2,333.00	4,316.37	2,276.40	2,851.55	5,507.20	3,415.26	739.69	1,967.75
\$ spent on concrete/asphalt street repair	\$ 806,081	\$ 909,163	\$ 712,451	\$ 654,243	\$ 602,167	\$ 575,446	\$ 541,430	\$ 411,814	\$ 341,685	\$ 478,169
Miles of public street maintained by City*	211.65	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83	139.52
* Beginning in 2011, mileage calculations have changed and software advances have allowed for a more accurate count										
Water/Sewer										
Water customers	15,147	14,874	14,599	13,416	13,044	12,859	12,471	12,285	12,345	11,985
Sewer customers	12,644	13,215	12,968	12,137	11,891	11,651	11,401	11,106	10,987	10,445
Average daily water consumption (gal)	5,813,542	6,210,113	8,158,146	8,322,890	9,943,169	7,434,917	8,228,041	8,052,778	6,701,619	5,991,288
Peak daily water consumption (gal)	17,497,100	12,930,773	15,728,969	20,230,443	21,739,681	16,969,865	16,900,802	20,114,986	14,305,422	16,755,173
Maximum storage capacity (gal)	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	9,500,000	7,500,000	7,500,000

Source: City departments

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

n/a - Data not available

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

TABLE D-24

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fire										
Number of stations	4	4	4	4	4	4	2	2	2	2
Number of fire engines/trucks	13	13	13	15	15	14	12	11	11	9
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	40	42	42	42	42	42	42	42	42	42
Parks & Recreation										
Parks acres (developed)	586	538	538	538	538	538	538	538	342	325
Playgrounds	25	25	25	25	25	25	23	23	23	18
Picnic areas	32	32	32	32	32	32	31	31	29	27
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ Spent on new construction	\$ 8,751,606	\$ 4,760,116	\$ 3,567,315	\$ 2,164,305	\$ 1,079,938	\$ 2,596,948	\$ 15,444,384	\$ 24,508,043	\$ 4,885,417	\$ 1,689,445
Miles of public streets	211.65	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83	139.52
Water/Sewer										
Water mains (miles)	302.77	287.91	287.91	276.94	265.82	269.82	255.88	250.40	160.06	155.37
Sanitary sewers (miles)	241.21	231.91	231.91	218.88	222.62	215.88	212.77	209.95	117.51	113.58

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