



Comprehensive Annual Financial Report

Year Ended September 30, 2007

City of Round Rock, Texas



ROUND ROCK, TEXAS
PURPOSE. PASSION. PROSPERITY.

CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2007

ELECTED OFFICIALS

Nyle Maxwell, Mayor
Alan McGraw, Mayor Pro-tem
Rufus Honeycutt, Council Member
Joe Clifford, Council Member
Carlos T. Salinas, Council Member
Scott Rhode, Council Member
Kris Whitfield, Council Member

MANAGEMENT STAFF

James R. Nuse, City Manager
David Kautz, Assistant City Manager/Chief Financial Officer

OFFICIAL ISSUING REPORT

David Kautz, Assistant City Manager/Chief Financial Officer



TABLE OF CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal	3
Organization Chart	11
Certificate of Achievement For Excellence In Financial Reporting	13

FINANCIAL SECTION:

Independent Auditors' Report	17
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Management's Discussion and Analysis	19
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Basic Financial Statements

Government Wide Financial Statements:

Statement of Net Assets	34
Statement of Activities	36

Fund Financial Statements:

Governmental Funds Balance Sheet	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	44
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Special Revenue Fund – Round Rock Transportation System Development Corporation Revenue Fund	46
Statement of Net Assets - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	49
Statement of Cash Flows - Proprietary Funds	50
Statement of Fiduciary Net Assets – Fiduciary Fund	52

Notes to Financial Statements	53
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TABLE OF CONTENTS
(continued)

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	99
Combining Balance Sheet – Nonmajor Special Revenue Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	104
Combining Balance Sheet – Nonmajor Capital Projects Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	110

Project-Length Schedule of Construction Projects – All Capital Projects Funds	112
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Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

General Fund	116
Debt Service Fund	120
Nonmajor Special Revenue Funds:	
1981 Community Development Block Grant	121
Street and Bridge	122
Hotel-Motel Occupancy Tax	123
Police	124
Municipal Court	125
Landscape	126
Convention Center Revenue	127
Community Development Block Grant	128
Annexation Fees	129
Library	130

Supplemental Schedules:

Statement of Changes in Assets and Liabilities – Agency Fund	132
Schedule of Capital Assets – by Sources	135
Schedule of Capital Assets – by Function and Activity	136
Schedule of Changes in Capital Assets – by Function and Activity	138

TABLE OF CONTENTS
(continued)

STATISTICAL SECTION (UNAUDITED):

Net Assets by Component – Last Five Fiscal Years	140
Changes in Net Assets – Last Five Fiscal Years	142
Fund Balances of Governmental Funds – Last Ten Fiscal Years	146
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	148
Actual and Taxable Assessed Value of Property – Last Ten Fiscal Years	150
Property Tax Rates – Direct and Overlapping Governments	
Per \$ 100 of Assessed Value – Last Ten Fiscal Years	151
Principal Property Taxpayers – Current Year and Nine Years Ago	152
Property Tax Levies and Collections – Last Ten Fiscal Years	153
Taxable Sales by Category – Last Ten Calendar Years	154
Hotel Taxpayers	156
Hotel Occupancy Tax Collection History by Quarter – Last Ten Fiscal Years	157
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	158
Ratios of Net General Bonded Debt Outstanding	
To Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	159
Computation of Direct and Overlapping Bonded Debt	161
Legal Debt Margin Information – Last Ten Fiscal Years	162
Schedule of Revenue Bond Coverage – Last Ten Fiscal Years	164
Demographic and Economic Statistics – Last Ten Fiscal Years	165
Principal Employers – Current Year and Nine Years Ago	166
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	167
Operating Indicators by Function – Last Ten Fiscal Years	168
Capital Asset Statistics by Function – Last Ten Fiscal Years	170
Top Ten Water Customers	172
Water and Sewer Retail Rates	173



INTRODUCTORY SECTION





ROUND ROCK, TEXAS

PURPOSE. PASSION. PROSPERITY.

November 30, 2007

Honorable Mayor and Members of the
City Council
City of Round Rock, Texas

The Comprehensive Annual Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2007, is submitted herewith. The City's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City Charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants selected by the City Council.

Brockway, Gersbach, McKinnon & Niemeier, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2007. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) can be found immediately following the report of the independent auditors. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Mayor

Nyle Maxwell

Mayor Pro-tem

Alan McGraw

Councilmembers

Rufus Honeycutt

Joe Clifford

Carlos T. Salinas

Scott Rhode

Kris Whitfield

City Manager

James R. Nuse, P.E.

City Attorney

Stephan L. Sheets

- 3 -

City of Round Rock Profile

The City of Round Rock, Texas, established in 1851, is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government with six council members and a mayor. The City Manager is appointed by the City Council and is responsible to them for managing and administering all City affairs.

The Assistant City Manager/Chief Financial Officer and the Finance Director are appointed by the City Manager. The Finance Director is responsible for supervising the operations of the Finance Department. This Department maintains all accounting records of the City.

The financial reporting entity (the government) includes all the funds of the primary government (the City of Round Rock as legally defined) as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services, which includes police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, convention and tourism activities and general administrative services. In addition, the City owns and operates a waterworks and sewer utility system. These activities are included in the accompanying financial statements.

Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, Round Rock Transportation System Development Corporation revenues are reported in a special revenue fund of the City while capital improvements are reported in a capital project fund of the City.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The City had no material encumbrances as of September 30, 2007.

Significant Local Economic Events

As indicated in the body of this report, the City's financial condition remains healthy and has continued to improve year after year. The City's strong financial position is a result of prudent fiscal management as well as growth in the local economy experienced over the past several years. It is important to keep in mind the fact that Round Rock is located within Williamson County, which is one of the fastest growing counties in the nation. Since 1990, Williamson County has soared 172% to 379,979, and the City of Round Rock has grown 11% on an average annual basis, thus making Round Rock one of the fastest growing cities in Texas. The Austin-Round Rock Metropolitan Statistical Area (MSA) has more than doubled in population to 1.58 million since 1990. As of the end of fiscal year 2007, Round Rock's population was estimated at 92,500.

Clearly, this kind of growth sets the stage for not only economic opportunities like job creation and sales tax generation, but also increased demands for City services and infrastructure. Many of the issues Round Rock faces continue to be *regional* issues such as population growth, traffic concerns, road construction and water/wastewater availability, as such, Round Rock makes efforts to address these issues both at the local and regional level. To adequately prepare for the effect of this activity on the City, much effort goes into planning and funding infrastructure and service programs. Strategic planning, biennial budgeting and multi-year capital improvement project programming have become important tools in planning for the financial impact of a fast-growing community.

In 1998, Round Rock entered the ranks of the 20 largest sales tax producing cities in Texas. In 2000, the City led the state's largest cities in sales tax growth, a strong indicator of the vibrant economic activity present in the region over the past several years. As with the national economy, this activity has slowed down somewhat.

General fund sales tax receipts for fiscal year 2007 were \$ 3,039,235 over fiscal year 2006. This figure represents an increase of 6%. Over the past 5 years, sales tax has increased 72% or an average growth rate of 11.5% per year. The sales tax revenue category produced 61% of the total revenue available to the City's general fund for this year, while the property tax levy produced 16.6%. Because of reliance on the sales tax, funding for operations is more sensitive to cyclical economic changes. While no adverse economic change is foreseen, financial operations are managed prudently and in anticipation of these economic influences.

Round Rock continues to see significant single-family building permits issued with 859 permits issued in 2007. Although fewer than the prior year, building activity is expected to remain steady, fueled by in-migration to the community while job creation will continue its healthy growth trends. The current unemployment rate in Round Rock is 3.5% and remains lower than the Austin metro and statewide rates of 3.7% and 4.4%, respectively.

Round Rock has historically been successful in attracting successful global leaders in the high tech industry. Dell, Inc. continues to enjoy steady growth and is the leading employer for Round Rock. Following Dell's success here, KoMiCo, a multinational corporation based in Korea and a Samsung contractor, recently announced the opening of a facility in Round Rock expecting to bring 120 jobs to the community in the next four years.

Retail activity in Round Rock continues to see strength and expansion including the opening of Round Rock Premium Outlets in August 2006. The outlet center provides over 430,000 square feet of retail space containing 130 stores in an outdoor village setting, a movie theater and a planned hotel. From 5 to 7 million shoppers are expected to visit the outlet center annually. Swedish furniture maker IKEA also opened its third Texas store in Round Rock in November 2006. These major destination retail hubs located in north Round Rock on Interstate 35 provide continued expansion and diversification of Round Rock's economy.

Another recent growth related expansion includes a new mixed use development along State Highway 45 at the southwest corner of La Frontera at the southern end of Round Rock. The majority of the project will be office space but will also include some retail and multi-family housing. The mixed use development will aid in job growth and accommodate spin-off expansions.

Round Rock is also continuing to see significant growth in the health care industry. St. David's Round Rock Medical Center, originally constructed in 1983, completed a \$ 58 million expansion in April of 2006 which almost doubled its size. In addition to the new patient tower, the expanded facility includes a full-service cardiovascular center and new intensive care unit. Since 2000, the hospital has spent approximately \$ 98 million on renovations and facility expansions.

Scott & White, a major regional health care organization, has expanded its operations in Round Rock by developing an \$ 81 million Scott & White University Medical Campus in north Round Rock. This complex includes a Scott & White Clinic and private physician medical office building which opened in October 2006, and a 76-bed hospital and diagnostic center which opened in 2007.

The Seton Family of Hospitals has also begun construction on Seton Medical Center Williamson. The 360,000 square foot facility, scheduled to open in early 2008, will be constructed on 74 acres in north Round Rock. The facility is planned to be state of the art in design, technology and delivery of complex care. The first phase of the campus will include a 181-bed hospital, ambulatory surgery center and a diagnostic and imaging center. It will also include the first of several medical office buildings. The medical center will be a hub for new major growth and economic development in the region. In the initial years of operation, the medical center will generate more than 1,400 new jobs and provide an estimated total positive economic impact of more than \$ 190 million.

The City recognizes that a highly educated workforce is an important component of a well-rounded economic foundation. The City was instrumental in successfully obtaining state legislation for funding of the first permanent building for the Round Rock Higher Education Center (RRHEC) in northeast Round Rock. The campus opened in the fall of 2005 with classes provided by Texas State University and Austin Community College (ACC). In conjunction with Texas State University-San Marcos, it is anticipated that the new campus will become a full-service college including a planned nursing school strategically located in close proximity to the growing health care facilities in north Round Rock. In addition, the state legislature has set aside funds for Texas A&M University System Health Science Center to build a clinical campus in Round Rock.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. In 1996, the City had 2 hotels with a total of 181 rooms. At the end of fiscal 2007, 21 hotels with 2,057 rooms were open for business maintaining solid occupancy rates. This strong industry bodes well for the hotel occupancy tax collections that support local tourism events and debt service for the Dell Diamond/United Heritage Convention Center complex. To ensure continued development and success of Round Rock's tourism industry, in 2004 the City created a convention and visitor's bureau (CVB) to market the City's tourism efforts as well as continue to implement the City's long-range tourism plan. With several area sports facilities in place and statewide events being planned, Round Rock is marketing its tourism brand as the "Sports Capital of Texas". Tourism is expected to become an expanded component of the City's overall economic development strategy.

In conjunction with the "Sports Capital of Texas" theme, the success of the City's AAA minor league baseball team, the Round Rock Express, continues to draw a regional fan base and national exposure for Round Rock.

In November 2001, an \$ 89.8 million General Obligation bond authorization for streets, public safety, parks and general improvements was passed by more than a 2-1 margin, or 70%. These capital projects will be financed and constructed over a span of 6-10 years and represent a significant upgrade and expansion of the City's infrastructure. In July of 2007, the City issued the final \$ 34.5 million of the authorization and the improvements are well underway. In addition, \$ 14.9 million in certificates of obligation were issued in 2007 for park improvements.

To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. The City recently updated its comprehensive utility rate study conducted by an independent rate consulting firm. Findings from the study indicated the water and wastewater utility to be in good financial health. However, in order to fund the capital improvement program and to meet increasing system demand, small, multi-year rate increases are projected. Even with these projected increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

In August of 1997 voters of Round Rock approved an increase in the local sales and use tax rate of ½ of 1%. This increase in the sales and use tax rate went into effect January 1, 1998 and the proceeds are to be used for streets, roads, drainage and other related transportation system improvements, including the payment of maintenance expenses associated with such authorized projects. The additional revenues are not part of the operating budget but are budgeted and spent by a non-profit industrial development corporation established expressly to oversee the above purposes with the approval of the City Council. Collections for the past year exceeded \$ 17.2 million. Next year, revenue from this sales tax source is estimated to be higher than last year. These funds will help provide major improvements to the City's transportation system, significantly benefiting the local and regional economy.

Because traffic congestion is one of the central problems of Round Rock and the region, road projects are a high priority. Project completions over the past year have brought significant improvement to local and commuter traffic, thereby helping to protect the region's economic well being. Work on Texas State Highway 45, a major highway project funded by state and local funds, is completed. This extremely important road project is adjacent to Dell Computer and the La Frontera development. Also recently completed is the A.W. Grimes arterial that connects north and south Round Rock, as well as IH 35 improvements to facilitate access to several major retail developments. Many other local road projects, also funded with local and state funds, are in planning or construction phases. Total current expenditure estimates for these various projects approximate \$ 430 million. The local portion, \$ 148 million, is funded largely by the one-half percent sales tax mentioned earlier. The City's road development is closely following the Comprehensive Transportation Master Plan which developed a short-term (10 year), a long-term (20 year) and ultimate term (build-out) transportation plans to serve the community needs. These efforts, along with the development of funding sources for transportation improvements, discussed above, are indicative of the City's commitment to preserving its economic base and quality of life.

Relevant Financial Policies

Accounting System and Controls

It is the policy of the City to maintain a General Fund balance equivalent to at least three months of operations. Working capital in the Water/Wastewater Utility Fund is also maintained at a minimum of three months of operations. Balances in excess of the above levels are earmarked for future uses or reduced to the target levels over an appropriate length of time.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. 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 evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Cash Management

The City's cash management and investment policy emphasizes the goals of maintaining safety and liquidity. The primary objective of all investment activity is the preservation of capital and the safety of principal in the overall portfolio. Each investment transaction shall seek to ensure first that capital losses are avoided, whether they result from securities defaults or erosion of market value. The investment portfolio will also remain sufficiently liquid to meet the cash flow requirements that might be reasonably anticipated. Liquidity is achieved by matching investment maturities with anticipated cash flow requirements, investing in securities with active secondary markets and maintaining appropriate portfolio diversification.

Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool. The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage.

Long-Term Financial Planning

An underlying budgetary influence is the City's business model. More than 60% of the General Fund revenue is provided by the sales tax. A half-cent component of the two-cent local sales tax rate exists for the sole purpose of reducing the property tax rate. The result is a heavy reliance upon the sales tax as a revenue source for operations and reduced reliance upon the property tax. The sales tax is a less stable revenue source than the property tax but provides more discretion to the taxpayer. Because of this revenue makeup, the City tends to carry higher fund balances, estimate sales tax revenue conservatively and introduce new programs somewhat more cautiously until projected revenue levels are established. The City is also more attentive to the health of its economy because of the reliance upon commerce to produce the sales tax.

The City recognizes its reliance on sales tax revenue and continues to take measures to effectively manage this significant revenue source. A financial management policy was enacted by the City in fiscal year 2005. It is designed to reduce operational reliance on sales tax generated from Dell Computer and to redirect some of those funds for long-term capital improvement projects thus reducing the amount of debt to be issued. This long-term approach to property tax rate management will allow the City to continue to benefit from the presence of Dell in the community for years to come. In addition, the City proactively monitors legislation at both the state and federal levels that may affect the collection of sales tax.

Round Rock is taking a proactive approach to the financial planning for its future operations by developing a comprehensive 10-year operations plan. This plan identifies future service levels for the City's core functions defined as legislative and regulatory, police, fire, emergency medical response, open space and park facilities, recreation, library, urban infrastructure and water/wastewater utilities. Through this process, costs associated with maintaining a certain level of service were estimated, public input was utilized and options on how to control costs and develop revenue sources to pay for services were explored. The final result provides the City with a comprehensive tool for the City's future financial planning.

Prospects for the Future

A growing population directly influences the housing industry and, ultimately, the property tax base. A significant trend in the number of housing starts has prevailed for the past several years and is expected to continue into the near future. It is important to note that Round Rock's extra-territorial jurisdiction (ETJ) contains over 9,000 acres of undeveloped property which will influence the demand for City services into the future.

The City of Round Rock is proud of its progressive and achievement-oriented history. However, the City continues to place strong emphasis on long-range planning and development so that traditional and future services for its citizens are provided at the highest level of reliability and quality. For the next fiscal year and into the near future, programs designed to effectively manage growth and stimulate economic activity will be continued.

Economic development and diversification continues to be the City's top strategic priority. The City and the Round Rock Chamber of Commerce partnered to update the City's economic development plan. In accordance with this increased strategic emphasis on economic development, the economic development agreement between the City and the Chamber of Commerce was also updated and funding was increased. These funds will be leveraged with the Chamber of Commerce Momentum funding to create a public/private partnership for economic development priorities. This reinvigorated partnership is expected to yield a new, inspired approach to economic development for Round Rock.

As stated earlier, the local region and Round Rock saw rapid, unprecedented growth over the past decade. Population growth projections are expected to remain steady as the area economy continues show signs of continued expansion. Correspondingly, the City's infrastructure, streets, utility systems and service delivery must be rapidly developed to serve a growing population. For the past several years, infrastructure expansions have concentrated on water and wastewater facilities. Streets and transportation improvements will continue to be a priority in the future as the City manages the significant growth discussed above.

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. The first building of a planned full-service university campus has opened. The community development and opportunities presented by this type of institution are virtually unlimited. Round Rock is also experiencing a significant investment in the medical industry including several state-of-the-art medical facilities expansions as well as state funding for a university health science center clinical campus. Not only will these initiatives shape the physical development of the City but they will also influence the knowledge base and creativity in the community.

With the City's natural commercial attractiveness, a strong economic development plan and a strengthening economy, the future of the community is bright.

Awards and Acknowledgements

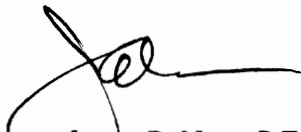
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the twenty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Round Rock also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its presentation. Acknowledgement is also given to Brockway, Gersbach, McKinnon & Niemeier, P.C. for their valuable assistance in production of the report. We would also like to thank the Mayor and Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

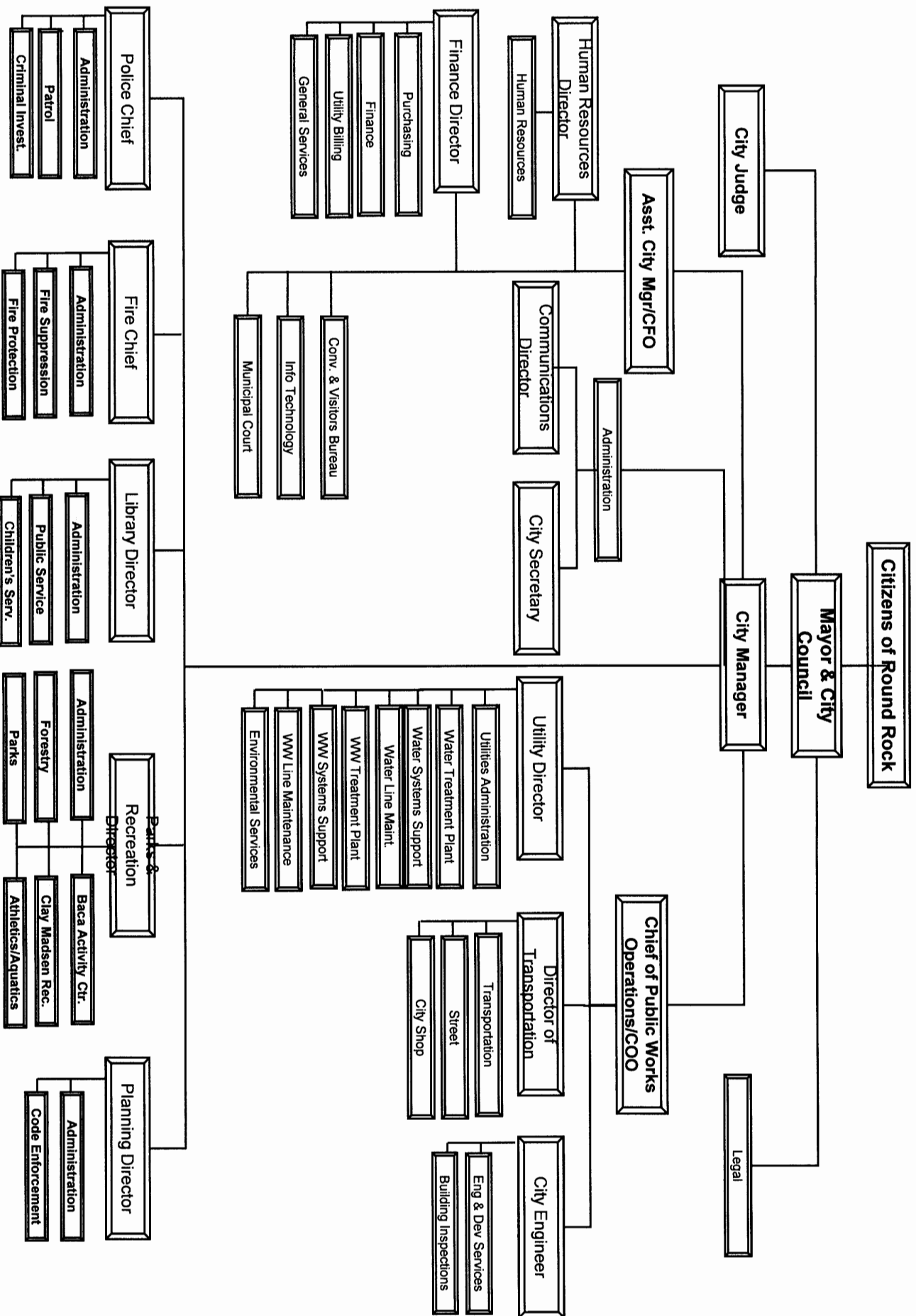


James R. Nuse, P.E.
City Manager



David Kautz, CGFO
Assistant City Manager/
Chief Financial Officer

City Organization Chart





Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Round Rock
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Chloe S. Cox

President

Jeffrey R. Enen

Executive Director



FINANCIAL SECTION





BROCKWAY, GERSBACH, MCKINNON & NIEMEIER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Honorable Mayor and
City Council
City of Round Rock, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Round Rock, Texas as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Round Rock's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information for the City of Round Rock, Texas as of September 30, 2007, and the respective changes in financial position, and, where applicable cash flows, thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2007, on our consideration of the City of Round Rock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction in assessing the results of our audit.

Independent Auditors' Report
(continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Round Rock's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical section of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Brockway Arnold McMillan, Jr. Treasurer PC

November 30, 2007

City of Round Rock, Texas
Management's Discussion and Analysis
September 30, 2007

The discussion and analysis of the City of Round Rock's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2007. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Round Rock exceeded its liabilities at the close of the most recent fiscal year by \$ 681,405,413 (*net assets*). Of this amount, \$ 131,174,895 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$ 69,307,958. Approximately 34.9 percent of this increase is a result of contributions from developers.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$ 190,984,941, an increase of \$ 49,573,868 in comparison with the prior year. The increase is primarily a result of the issuance of \$ 49,390,000 in general and certificate of obligation debt late in the fiscal year as further described below. Approximately 38 percent of the total fund balance amount, \$ 72,239,789, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 34,340,001, or 50 percent of the total general fund expenditures.
- The City of Round Rock's total debt increased by \$ 37,829,754 during the current fiscal year. The increase is largely due to the issuance of \$ 49,390,000 in general and certificate of obligation debt. Other factors include regularly scheduled debt retirement and savings from various refunding bond issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

The City of Round Rock maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the Round Rock Transportation System Development Corporation (RRTSDC) revenue and project funds, the self-financed construction fund and the 2007 General Obligation Bond fund, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

Proprietary funds-The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility and for its golf course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

**City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility and for the golf course. The water and sewer utility is considered a major fund of the City. Since the golf course fund is the only remaining enterprise fund, it is being presented as a major fund even though it does not meet the criteria of a major fund established in GASB Statement Number 34. The internal service fund is a single presentation in the proprietary fund financial statements.

Fiduciary funds-Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Public Improvement Districts agency fund is reported in the statement of fiduciary net assets. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the City's operations. Consequently, the City is responsible for ensuring that these resources are used only for their intended purpose.

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

The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund schedules are presented immediately following the notes to the financial statements.

Additional information on capital assets used in the operation of governmental funds is provided following the individual fund schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Round Rock, assets exceeded liabilities by \$ 681,405,413 as of September 30, 2007.

The largest portion of the City's net assets (60.4%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net assets (20.3%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets \$ 131,174,895 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2007 and 2006, the City was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

The following table provides a comparative summary of the City's net assets as of September 30, 2007 and 2006.

Net Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 218,332	\$ 162,365	\$ 74,434	\$ 65,717	\$ 292,766	\$ 228,082
Capital assets	409,871	379,703	203,897	184,271	613,767	563,973
Total assets	628,203	542,069	278,331	249,987	906,534	792,055
Long term liabilities	204,926	162,522	2,048	1,373	206,974	163,896
Other liabilities	13,875	13,281	4,279	2,781	18,154	16,062
Total liabilities	218,801	175,803	6,327	4,154	225,128	179,958
Net assets:						
Invested in capital assets, net of related debt	207,796	218,160	203,542	184,271	411,338	402,431
Restricted	116,955	72,856	21,938	17,534	138,893	90,390
Unrestricted	84,651	75,249	46,524	44,027	131,175	119,276
Total net assets	\$ 409,401	\$ 366,265	\$ 272,004	\$ 245,832	\$ 681,406	\$ 612,097

Analysis of Changes in Net Assets

The following table summarizes the changes in the City's net assets from its activities for the fiscal year ended September 30, 2007 with comparisons to the previous year.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Changes in Net Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 8,445	\$ 7,942	\$ 31,445	\$ 31,042	\$ 39,890	\$ 38,984
Operating grants and contributions	931	1,058	-	-	931	1,058
Capital grants and contributions	17,323	12,548	4,384	2,310	21,707	14,858
General revenues:						
Property taxes	24,410	21,632	-	-	24,410	21,632
Franchise taxes	5,499	4,990	-	-	5,499	4,990
Sales tax	68,988	64,936	-	-	68,988	64,936
Hotel occupancy tax	2,839	2,269	-	-	2,839	2,269
Public service taxes	257	228	-	-	257	228
Impact fees	-	-	10,609	9,261	10,609	9,261
Grants and contributions not restricted to specific programs	-	-	9,389	8,135	9,389	8,135
Investment earnings	9,913	7,233	1,055	2,364	10,968	9,597
Miscellaneous	153	122	-	49	153	171
Total revenues	<u>138,758</u>	<u>122,956</u>	<u>56,882</u>	<u>53,161</u>	<u>195,640</u>	<u>176,117</u>
Expenses:						
General government	21,926	21,635	-	-	21,926	21,635
Public safety	28,880	27,724	-	-	28,880	27,724
Public works	27,114	24,804	-	-	27,114	24,804
Culture and recreation	11,906	11,714	-	-	11,906	11,714
Interest on long-term debt	7,464	7,950	-	-	7,464	7,950
Water and sewer utility	-	-	28,874	27,783	28,874	27,783
Golf course	-	-	168	150	168	150
Total expenses	<u>97,290</u>	<u>93,828</u>	<u>29,042</u>	<u>27,933</u>	<u>126,333</u>	<u>121,761</u>
Increases in net assets before transfers	41,468	29,130	27,840	25,227	69,309	54,357
Transfers	1,668	1,840	(1,668)	(1,840)	-	-
Increase in net assets	43,136	30,971	26,172	23,387	69,309	54,357
Net assets, at beginning of the year	366,265	335,295	245,832	222,445	612,097	557,740
Net assets, at the end of the year	<u>\$ 409,401</u>	<u>\$ 366,265</u>	<u>\$ 272,004</u>	<u>\$ 245,832</u>	<u>\$ 681,406</u>	<u>\$ 612,097</u>

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental activities

Governmental activities increased the City's net assets by \$ 43,135,972 or 62 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase are as follows:

- Developer contributions of subdivision improvements approximated \$ 14.8 million and are included in program revenues of public works activities.
- Amounts received for property taxes increased from last year by 12.8 percent primarily due to reduced reliance on sales tax and increased debt service requirements on recently issued bonds. Other factors included the addition of new property, an increase in assessed valuations and continued aggressive collection efforts.
- Sales taxes increased by about 6.2 percent over the prior year as a result of strong population and economic growth along with an improving technology sector and additional major retail outlets.

Overall, general revenues, while not shown by program, are used to fund governmental program activities citywide. Of these, sales taxes are the largest single source of funds comprising 49.7 percent of total revenues, while property taxes make up 17.6 percent of total revenues.

Expenses for governmental activities for the City totaled \$ 97,289,202 for the year ended September 30, 2007. Significant factors include the following:

- General government costs reflect a continuing multi-year economic development agreement with Dell Computer Corp. The City and Dell have developed a revenue sharing agreement whereby Dell and the City share sales tax generated by taxable computer sales within the state. Additional costs of general government operations include primarily personnel costs and professional services.
- Public safety program costs including police and fire department activities totaled almost \$ 29 million, or over 29 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$ 22.9 million.
- Public works program costs totaling \$ 27.1 million reflect primarily depreciation charges on infrastructure along with expansion of the City's street maintenance and improvement programs and significant personnel costs.

Business-type activities

Business-type activities increased the City's net assets by \$ 26,171,986 or 38 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase follow.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's water and sewer utility continues to show improvement in the number of customers and operating revenues. Scheduled uses of impact fees received have allowed current rates to remain stable while still providing adequate times coverage of utility bonded debt service. Comparative data for the past two fiscal years are presented as follows:

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 30,968,868	\$ 30,566,103
Operating income	\$ 1,788,833	\$ 2,366,423
Income available for debt service	\$ 10,551,767	\$ 12,023,158
Annual debt service	\$ 5,966	\$ 284,310
Coverage	1,768.65	42.29

The City recently completed an update to its comprehensive utility rate study. Findings from the study indicated the water/wastewater utility to be in good financial health. However, in order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year rate increases will be necessary. This fiscal year saw a 3% utility rate increase effective in January 2007. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

Although an unusually rainy year reduced consumption levels, the rate adjustment and growth in the customer base combined to provide modest revenue growth over the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

For the fiscal year ended September 30, 2007, the City's governmental funds reported combined ending fund balances of \$ 190,984,941. Approximately 38 percent of this total amount (\$ 72,239,789) constitutes unreserved fund balance and is available for spending at the City's discretion. The remainder of fund balances is reserved to indicate that it is not available for new spending because it has already been committed to 1) pay debt service (\$ 3,058,395), 2) fund authorized capital projects (\$ 115,324,128), or 3) a variety of other restricted purposes (\$ 362,629).

The general fund is the chief operating fund of the City. At the close of the current fiscal year, fund balance of the general fund reached \$ 34,340,001, all of which was unreserved. Unreserved fund balance represented 50 percent of total general fund expenditures.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

The fund balance of the general fund increased by \$ 1,867,317 during the current fiscal year. The primary reasons for the increase mirror those highlighted in the analysis of governmental activities in the government-wide statements.

The debt service fund had a total fund balance of \$ 3,058,395 at the end of the fiscal year, all of which is reserved for the payment of debt service. The net scheduled decrease in fund balance during the year was minimal (\$ 142,113). Debt service expenditure requirements increased by \$ 4,913,302 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTSDC revenue fund was \$ 43,043,676, an increase of \$ 478,256 over the prior year. The increase reflects sales tax collections dedicated to transportation system improvements and related maintenance and debt service costs.

The RRTSDC project fund, the self-financed construction fund and the 2007 general obligation bond fund had a combined total fund balance at year-end of \$ 66,144,659. The collective increase of \$ 36,030,391 occurred as a result of the funding of \$ 34,475,000 in bond proceeds and transfers in for scheduled project construction expenditures.

Proprietary funds-The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer utility totaled \$ 44,440,246 at September 30, 2007. The total growth in net assets for the utility was \$ 25,171,360. The unrestricted net assets represented 16.8 percent of the utility's total net assets. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were a net increase in appropriations of \$ 7,300,000 or 9.3 percent. The amendment was primarily to reallocate available cash to fund specified capital purchases totaling \$ 10,586,500.

Funding sources for the above items were provided by revenue budget amendments netting a total of \$ 7,300,000 along with various operational savings and delays implementing budgeted programs. Sales tax revenue amendments were the primary source of additional revenues as described previously.

Overall, actual revenues and financing sources exceeded budgetary estimates and expenditures including transfers were less than budgeted amounts, thus eliminating any need to draw upon existing fund balance.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounted to \$ 613,767,202 (net of accumulated depreciation). This investment includes land, buildings and improvements, improvements other than buildings (including infrastructure), machinery and equipment and construction in progress.

Major capital asset events during the year ended September 30, 2007, included the following:

- Work was completed on Fire Stations 2 and 7 at a total cost of \$ 4.1 million. Both stations opened in mid 2007.
- The southwest downtown area infrastructure improvement project, phase one consisting of utility relocation and drainage improvements was completed in July 2007 at a cost of \$ 2.2 million.
- Work continued on the new police station; total cost is estimated at \$ 21.5 million; construction in progress had reached \$ 17 million at year-end. Completion is expected for early 2008.
- Various park improvement projects are underway at a total estimated cost of \$ 4.5 million and are in various stages of completion.
- Major arterial and road projects are underway and are in various stages of completion; construction in progress at year-end approximated \$ 28.8 million.
- Various street, sidewalk and drainage improvement projects were underway with completions totaling \$ 19.6 million and construction in progress at \$ 7.8 million at year-end.
- Developers contributed infrastructure improvements for governmental activities of \$ 14.8 million and \$ 9.4 million for water and sewer system infrastructure improvements.
- Construction of the east side water main transmission line continues at an estimated cost of \$ 8.1 million and was approximately 55% complete at year-end.
- Construction of raw water delivery system improvements was underway at an estimated cost of \$ 13.5 million and was approximately 15% complete at year-end.
- Various major water line projects are underway with completions totaling \$ 1.9 million and construction in progress at \$ 5.5 million at year-end.
- Phase 5 of the sanitary sewer evaluation and rehabilitation program was completed at a cost of \$ 2.5 million. Phase 6 is underway at a total estimated cost of \$ 2.5 million.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

- Construction of a major wastewater interceptor is underway at total estimated cost of \$ 12.7 million and was about 78% complete at year-end.
- Preliminary engineering has begun on a regional water project. Construction of Phase 1 is scheduled to get underway in late 2008.

	Capital Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$ 20,554	\$ 19,948	\$ 2,545	\$ 2,545	\$ 23,099	\$ 22,493
Buildings and Improvements	61,288	57,126	22,386	21,778	83,674	78,904
Improvements Other Than Buildings	428,184	392,557	207,788	194,207	635,972	586,764
Machinery and Equipment	40,763	35,461	7,031	6,804	47,794	42,265
Accumulated Depreciation	(193,631)	(170,664)	(61,686)	(53,831)	(255,317)	(224,495)
Construction in Progress	52,712	45,274	25,834	12,768	78,546	58,042
Total	<u>\$ 409,871</u>	<u>\$ 379,702</u>	<u>\$ 203,898</u>	<u>\$ 184,272</u>	<u>\$ 613,768</u>	<u>\$ 563,974</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV(C) to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$ 195,888,372. Of this amount, \$ 141,080,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds and bank loans).

The City of Round Rock's total debt increased by \$ 37,829,754 during the current fiscal year. The net increase is largely due to the issuance of \$ 49,390,000 in general and certificate of obligation debt for street, bridge and sidewalk projects, equipment for fire, a recreation center, municipal office facilities and park improvements. Regularly scheduled debt principal was retired as well.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

During the current fiscal year, The City refinanced various existing debt issues to take advantage of favorable interest rates. Details of the refunding issues can be found in Note IV(E) to the financial statements.

	Long-Term Debt (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 124,960	\$ 95,020	\$ -	\$ -	\$ 124,960	\$ 95,020
Certificates of obligation	16,120	2,968	-	-	16,120	2,968
Hotel tax revenue bonds	8,920	8,450	-	-	8,920	8,450
Sales tax revenue bonds	21,345	21,610	-	-	21,345	21,610
State infrastructure bank loans	24,188	30,011	-	-	24,188	30,011
Water and wastewater revenue bonds	-	-	355	-	355	-
Total	<u>\$ 195,533</u>	<u>\$ 158,059</u>	<u>\$ 355</u>	<u>\$ -</u>	<u>\$ 195,888</u>	<u>\$ 158,059</u>

The City of Round Rock benefits substantially in reduced interest costs resulting from recently upgraded bond ratings by Moody's Investors Service of Aa2, and Standard & Poor's of AA.

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$ 2.50 per \$ 100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$ 1.50 of the \$ 2.50 maximum tax rate for general obligation debt service. Assuming the maximum tax rate for debt service of \$ 1.50 on the January 1, 2006 certified assessed valuation of \$ 6,514,968,603 at 100% collection, tax revenue of \$ 97,724,529 would be produced. This revenue could service the debt on \$ 1,167,845,500 issued as 20-year serial bonds at 5.50% (with level debt service payment). The resulting legal debt margin is \$ 1,035,354,328.

The City had authorized but unissued water and wastewater system revenue bonds totaling \$ 1,585,000 at September 30, 2007.

Additional information on the City's long-term debt can be found in Note IV(E) to the financial statements.

**City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The development of the City's budget is guided by several factors including the City's strategic plan, prevailing economic conditions and by the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2007-2008 budget plan adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service.

Revenue assumptions for fiscal year 2007-2008 are expected to generally follow the growth curve of job creation, population growth, retail sales activity and housing starts. Some specific revenues, such as property tax revenue and sales tax revenue, are forecast using historical results or specific calculations.

Major new programs in the general fund continue to focus on public safety and transportation. The new programs include the addition of 35.5 new full-time equivalent positions. Of that number, 20 positions are for public safety personnel including 7 new police officers, 2 detective positions, 1 sergeant, 4 new firefighters and 6 public safety support positions. To address transportation concerns, additional funding for street maintenance programs as well as funding for the implementation of a park and ride express connector shuttle from south Round Rock to north Austin is included. The City continues to invest significant funds in Old Settlers Park. In 2007, the City issued \$12.5 million in certificates of obligation to fund the construction of a sports complex. The debt service on those bonds is included in the budget. This budget also provides funding for additional costs of practice field maintenance and lighting and 2 additional personnel in the forestry division. Other budget highlights include funding for the City's information technology department for 2 new positions to enhance services in the areas of software and database administration and geographical information services for public safety. Planning & community development will add 2 positions to improve the development services process. Additional funding is also included for finance, purchasing, human resources and engineering & development services to add positions supporting the core operating departments.

The following items highlight other priorities in the City's effort to develop the general fund operating budget:

- Economic development funding;
- Fleet and equipment replacement;
- Storm sewer management program;
- Specialized transit services.

Faced with a significant capital improvement program, increased operating costs and increasing system demand, the utility budget includes a 5.8% rate increase effective in January 2008. The City has updated the comprehensive rate study completed in 2003. Results of this update are expected to indicate continued scheduled rate increases to fund future capital improvement projects.

Additionally, the City has begun a regional water project that will provide treated water from Lake Travis to the cities of Round Rock, Leander and Cedar Park. This regional approach is expected to provide significant cost savings for the construction as well as economies of scale for the ongoing operations as one plant will be constructed to serve all three communities. The first phase of this project is expected to be completed by 2010 and future financial requirements of this project are incorporated in the City's rate planning model.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The City's water and sewer utility expenditures are largely driven by the needs of a growing industrial and residential customer base as well as aging utility plants and lines. New expenditures are necessitated by the increase in water costs and additional water supply reserves. Additionally, cost increases are expected in pumping costs, materials and supplies.

The Brazos River Authority has constructed a 30 mile pipeline from Lake Stillhouse to Lake Georgetown for the benefit of the City of Round Rock and others. The Brazos River Authority owns, operates and maintains the water line. This budget includes capital and operating costs associated with this regional water line.

Like the water system mentioned above, the wastewater system costs are reflective of expansions required to meet the needs of a larger, growing population. Of particular significance, the wastewater treatment plant budget reflects a continuation of facilities construction and operation by the Lower Colorado River Authority/Brazos River Authority Alliance. The Alliance operates and expands the plants as necessary to accommodate a regional treatment concept, which currently includes the cities of Round Rock, Austin, and Cedar Park. The Fern Bluff and Brushy Creek Municipal Utility Districts are also customers of this regional system.

Costs for wastewater treatment are expected to increase each year. These costs reflect the significant capital construction costs and increased debt incurred by the Alliance to finance plant acquisition and expansion. However, while growth in the City's customer base and the addition of new regional customers are expected to help the City meet these costs, they will be closely monitored to assess their impact on future utility rates.

While the City has transferred its wastewater plant and major collector operations to the Alliance, the City still maintains responsibility for wastewater lines maintenance. This responsibility includes maintaining and rehabilitating the City's wastewater lines in compliance with Texas Commission on Environmental Quality (TCEQ) Edwards Aquifer Regulations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Round Rock, 221 East Main Street, Round Rock, Texas 78664.



BASIC FINANCIAL STATEMENTS

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 29,163,945	\$ 18,760,256	\$ 47,924,201
Investments	60,416,440	24,780,978	85,197,418
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	386,331	-	386,331
Accounts & other	1,036,225	6,108,441	7,144,666
Loans	379,870	-	379,870
Accrued interest	1,199,640	272,054	1,471,694
Internal balances	(1,304,196)	1,304,196	-
Assessments	1,156,030	-	1,156,030
Intergovernmental	549,259	-	549,259
Inventories	80,978	382,621	463,599
Other current assets	140,962	757,226	898,188
Restricted assets -			
Cash and cash equivalents	95,429,499	21,588,532	117,018,031
Investments	23,032,563	-	23,032,563
Property taxes receivable	334,509	-	334,509
Accounts receivable	-	480,148	480,148
Accrued interest	66,257	-	66,257
Deferred charges, net	6,263,644	-	6,263,644
Capital assets -			
Land and construction in progress	73,265,716	28,378,417	101,644,133
Capital assets, net of accumulated depreciation	336,604,928	175,518,141	512,123,069
 Total assets	 <u>628,202,600</u>	 <u>278,331,010</u>	 <u>906,533,610</u>

The accompanying notes are an integral part of this financial statement.

(Continued)

CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2007

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 10,253,237	\$ 4,256,141	\$ 14,509,378
Accrued payroll	91,793	21,809	113,602
Unearned revenue	2,102,068	-	2,102,068
Accrued interest payable	1,427,891	1,302	1,429,193
Noncurrent liabilities:			
Due within one year	12,334,519	331,800	12,666,319
Due in more than one year	192,591,873	1,715,764	194,307,637
Total liabilities	<u>218,801,381</u>	<u>6,326,816</u>	<u>225,128,197</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	207,796,040	203,541,558	411,337,598
Temporarily restricted for:			
Debt service	1,630,504	17,736	1,648,240
Capital projects	115,324,128	21,920,552	137,244,680
Unrestricted	<u>84,650,547</u>	<u>46,524,348</u>	<u>131,174,895</u>
Total net assets	<u>\$ 409,401,219</u>	<u>\$ 272,004,194</u>	<u>\$ 681,405,413</u>

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 21,926,050	\$ 1,766,153	\$ 883,803	\$ -
Public safety	28,879,882	2,851,787	42,812	-
Public works	27,114,039	1,337,371	-	16,292,242
Culture and recreation	11,905,643	2,489,438	4,654	1,030,309
Interest on long-term debt	7,463,588	-	-	-
Total governmental activities	97,289,202	8,444,749	931,269	17,322,551
Business-type activities:				
Water and sewer utility	28,873,665	30,968,868	-	4,383,669
Golf course	167,906	476,025	-	-
Total business-type activities	29,041,571	31,444,893	-	4,383,669
Total primary government	\$ 126,330,773	\$ 39,889,642	\$ 931,269	\$ 21,706,220

The accompanying notes are an integral part of this financial statement.

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (19,276,094)	\$ -	\$ (19,276,094)
Public safety	(25,985,283)	-	(25,985,283)
Public works	(9,484,426)	-	(9,484,426)
Culture and recreation	(8,381,242)	-	(8,381,242)
Interest on long-term debt	(7,463,588)	-	(7,463,588)
Total governmental activities	<u>(70,590,633)</u>	<u>-</u>	<u>(70,590,633)</u>
Business-type activities:			
Water and sewer utility	-	6,478,872	6,478,872
Golf course	-	308,119	308,119
Total business-type activities	<u>-</u>	<u>6,786,991</u>	<u>6,786,991</u>
Total primary government	<u>(70,590,633)</u>	<u>6,786,991</u>	<u>(63,803,642)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purpose	14,248,795	-	14,248,795
Property taxes, levied for debt service	10,160,740	-	10,160,740
Franchise taxes	5,499,222	-	5,499,222
Sales tax	68,988,092	-	68,988,092
Hotel occupancy tax	2,838,689	-	2,838,689
Public service taxes	257,384	-	257,384
Impact fees	-	10,609,090	10,609,090
Grants and contributions not restricted to specific programs	-	9,388,762	9,388,762
Investment earnings	9,912,657	1,055,364	10,968,021
Miscellaneous	152,805	-	152,805
Transfers	1,668,221	(1,668,221)	-
Total general revenues and transfers	<u>113,726,605</u>	<u>19,384,995</u>	<u>133,111,600</u>
Change in net assets	43,135,972	26,171,986	69,307,958
Net assets-beginning	<u>366,265,247</u>	<u>245,832,208</u>	<u>612,097,455</u>
Net assets-ending	<u>\$ 409,401,219</u>	<u>\$ 272,004,194</u>	<u>\$ 681,405,413</u>

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2007**

			Round Rock Transportation System Development Corporation Revenue Fund
	General Fund	Debt Service Fund	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,192,208	\$ -	\$ -
Investments	57,415,463	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	386,331	-	-
Accounts and other	1,021,852	-	-
Loans	-	-	-
Accrued interest	703,339	-	-
Interfund receivables	218,739	23,545	-
Assessments	-	-	-
Intergovernmental	311,159	-	-
Inventories	80,978	-	-
Other current assets	53,462	-	-
Restricted assets -			
Cash and cash equivalents	-	3,049,827	36,217,059
Investments	-	-	7,944,360
Receivables -			
Property taxes, including interest and penalties	-	334,509	-
Accrued interest	-	-	66,257
Total assets	<u>\$ 68,383,531</u>	<u>\$ 3,407,881</u>	<u>\$ 44,227,676</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities-			
Accounts payable	\$ 4,769,830	\$ 500	\$ -
Accrued payroll	91,793	-	-
Interfund payables	28,831,509	34,739	1,184,000
Deferred revenue	350,398	314,247	-
Total liabilities	<u>34,043,530</u>	<u>349,486</u>	<u>1,184,000</u>
Fund balances -			
Reserved for federal seizure	-	-	-
Reserved for non-current loans receivable	-	-	-
Reserved for debt service	-	3,058,395	-
Reserved for authorized construction	-	-	43,043,676
Unreserved, reported in-			
General fund	34,340,001	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>34,340,001</u>	<u>3,058,395</u>	<u>43,043,676</u>
Total liabilities and fund balances	<u>\$ 68,383,531</u>	<u>\$ 3,407,881</u>	<u>\$ 44,227,676</u>

The accompanying notes are an integral part of this financial statement.

Round Rock Transportation System Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,414,887	\$ 5,022,585	\$ -	\$ 7,229,440	\$ 21,859,120
-	-	-	1,000,000	58,415,463
-	-	-	-	386,331
-	-	-	14,373	1,036,225
-	360,689	-	19,181	379,870
-	-	142,003	323,242	1,168,584
1,000,000	28,719,153	-	17,888	29,979,325
-	-	-	1,156,030	1,156,030
-	238,100	-	-	549,259
-	-	-	-	80,978
-	-	-	-	53,462
-	-	24,651,766	31,510,847	95,429,499
-	-	9,558,789	5,529,414	23,032,563
-	-	-	-	334,509
-	-	-	-	66,257
<u>\$ 2,414,887</u>	<u>\$ 34,340,527</u>	<u>\$ 34,352,558</u>	<u>\$ 46,800,415</u>	<u>\$ 233,927,475</u>
\$ 1,686,484	\$ 3,276,829	\$ -	\$ 300,136	\$ 10,033,779
-	-	-	-	91,793
-	-	-	-	30,050,248
-	-	-	2,102,069	2,766,714
<u>1,686,484</u>	<u>3,276,829</u>	<u>-</u>	<u>2,402,205</u>	<u>42,942,534</u>
-	-	-	343,448	343,448
-	-	-	19,181	19,181
-	-	-	-	3,058,395
728,403	-	34,352,558	37,199,491	115,324,128
-	-	-	-	34,340,001
-	-	-	5,876,872	5,876,872
-	31,063,698	-	959,218	32,022,916
<u>728,403</u>	<u>31,063,698</u>	<u>34,352,558</u>	<u>44,398,210</u>	<u>190,984,941</u>
<u>\$ 2,414,887</u>	<u>\$ 34,340,527</u>	<u>\$ 34,352,558</u>	<u>\$ 46,800,415</u>	<u>\$ 233,927,475</u>



CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Total Fund Balances - Governmental Funds	\$ 190,984,941
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

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

Land	\$ 20,553,925	
Building and improvements	489,472,393	
Equipment	40,763,497	
Construction in progress	52,711,791	
Accumulated depreciation	(193,630,962)	
Total capital assets	\$ 409,870,644	409,870,644

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.

Current and prior year property		
taxes not collected	\$ 664,646	
Total unearned revenues reclassified	\$ 664,646	664,646

Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	7,971,627
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Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. They are detailed in Note III A.	(200,090,639)
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Net Assets of Governmental Activities	\$ 409,401,219
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The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2007**

	General Fund	Debt Service Fund	Round Rock Transportation System Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 71,692,792	\$ 10,160,740	\$ 17,247,023
Licenses, permits and fees	1,181,210	-	-
Charges for services	3,569,077	-	-
Fines and forfeitures	1,701,302	-	-
Intergovernmental	697,696	-	-
Hotel occupancy tax	-	-	-
Investment and other	5,998,198	498,903	2,471,979
Contributions	-	-	-
Total revenues	<u>84,840,275</u>	<u>10,659,643</u>	<u>19,719,002</u>
Expenditures -			
Current -			
General government	21,953,505	-	-
Public safety	28,124,088	-	-
Public works	8,535,201	-	184,500
Culture and recreation	10,073,155	-	-
Debt service -			
Principal retirement	-	11,940,981	-
Issuance costs	-	709,241	-
Interest and fiscal charges	-	7,052,015	-
Advance refunding escrow	-	2,547,568	-
Capital projects	-	-	-
Total expenditures	<u>68,685,949</u>	<u>22,249,805</u>	<u>184,500</u>
Excess (deficiency) of revenues over expenditures	<u>16,154,326</u>	<u>(11,590,162)</u>	<u>19,534,502</u>
Other financing sources (uses) -			
Lease purchase proceeds	750,000	-	-
Issuance of debt	-	30,720,000	-
Issuance of premium/discount	-	203,596	-
Payment to refunding agent	-	(30,175,015)	-
Transfers in	1,690,000	10,709,481	-
Transfers out	(16,727,009)	(10,013)	(19,056,246)
Total other financing sources (uses)	<u>(14,287,009)</u>	<u>11,448,049</u>	<u>(19,056,246)</u>
Net changes in fund balance	<u>1,867,317</u>	<u>(142,113)</u>	<u>478,256</u>
Fund balances, October 1, 2006	32,472,684	3,200,508	42,565,420
Fund balances, September 30, 2007	<u>\$ 34,340,001</u>	<u>\$ 3,058,395</u>	<u>\$ 43,043,676</u>

The accompanying notes are an integral part of this financial statement.

Round Rock Transportation System Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 99,100,555
-	-	-	403,881	1,585,091
-	-	-	-	3,569,077
-	-	-	148,221	1,849,523
1,153,320	536,565	-	191,099	2,578,680
-	-	-	2,838,689	2,838,689
179,835	156,630	255,558	1,863,885	11,424,988
-	493,745	-	333,062	826,807
<u>1,333,155</u>	<u>1,186,940</u>	<u>255,558</u>	<u>5,778,837</u>	<u>123,773,410</u>
-	-	-	254,399	22,207,904
-	-	-	332,804	28,456,892
-	-	-	-	8,719,701
-	-	-	638,641	10,711,796
-	-	-	-	11,940,981
-	-	495,303	242,576	1,447,120
-	-	-	-	7,052,015
-	-	-	-	2,547,568
<u>12,766,071</u>	<u>16,866,656</u>	<u>420,000</u>	<u>6,489,492</u>	<u>36,542,219</u>
<u>12,766,071</u>	<u>16,866,656</u>	<u>915,303</u>	<u>7,957,912</u>	<u>129,626,196</u>
<u>(11,432,916)</u>	<u>(15,679,716)</u>	<u>(659,745)</u>	<u>(2,179,075)</u>	<u>(5,852,786)</u>
-	2,500,000	-	-	3,250,000
-	-	34,475,000	14,915,000	80,110,000
-	-	537,303	(167,451)	573,448
-	-	-	-	(30,175,015)
14,055,046	16,727,009	-	2,499,614	45,681,150
<u>(3,941,590)</u>	<u>(550,000)</u>	<u>-</u>	<u>(3,728,071)</u>	<u>(44,012,929)</u>
<u>10,113,456</u>	<u>18,677,009</u>	<u>35,012,303</u>	<u>13,519,092</u>	<u>55,426,654</u>
<u>(1,319,460)</u>	<u>2,997,293</u>	<u>34,352,558</u>	<u>11,340,017</u>	<u>49,573,868</u>
<u>2,047,863</u>	<u>28,066,405</u>	<u>-</u>	<u>33,058,193</u>	<u>141,411,073</u>
<u>\$ 728,403</u>	<u>\$ 31,063,698</u>	<u>\$ 34,352,558</u>	<u>\$ 44,398,210</u>	<u>\$ 190,984,941</u>

**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2007**

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

Net Change in Fund Balances-Total Governmental Funds	\$ 49,573,868
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	12,318,196
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.	17,849,647
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	53,678
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(37,819,767)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(558,690)
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Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>1,719,040</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 43,135,972</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 71,692,792	\$ 69,149,000	\$ 71,982,800	\$ (290,008)
Licenses, permits and fees	1,181,210	1,059,000	1,174,100	7,110
Charges for services	3,569,077	3,100,000	3,211,100	357,977
Fines and forfeitures	1,701,302	1,118,000	1,574,000	127,302
Intergovernmental	697,696	137,000	421,300	276,396
Investment and other	5,998,198	1,861,000	5,360,700	637,498
Total revenues	<u>84,840,275</u>	<u>76,424,000</u>	<u>83,724,000</u>	<u>1,116,275</u>
Expenditures -				
Current -				
General government	21,953,505	23,901,621	22,091,321	137,816
Public safety	28,124,088	29,073,118	28,246,298	122,210
Public works	8,535,201	12,965,106	8,908,210	373,009
Culture and recreation	10,073,155	10,717,802	10,185,802	112,647
Total expenditures	<u>68,685,949</u>	<u>76,657,647</u>	<u>69,431,631</u>	<u>745,682</u>
Excess (deficiency) of revenues over expenditures	<u>16,154,326</u>	<u>(233,647)</u>	<u>14,292,369</u>	<u>1,861,957</u>
Other financing sources (uses) -				
Lease purchase proceeds	750,000	750,000	750,000	-
Transfers in	1,690,000	1,690,000	1,690,000	-
Transfers out	<u>(16,727,009)</u>	<u>(2,201,000)</u>	<u>(16,727,016)</u>	<u>7</u>
Total other financing sources (uses)	<u>(14,287,009)</u>	<u>239,000</u>	<u>(14,287,016)</u>	<u>7</u>
 Excess of revenues and other financing sources over expenditures and other uses	 1,867,317	 <u>\$ 5,353</u>	 <u>\$ 5,353</u>	 <u>\$ 1,861,964</u>
 Fund balance, October 1, 2006	 <u>32,472,684</u>			
 Fund balance, September 30, 2007	 <u>\$ 34,340,001</u>			

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
ROUND ROCK TRANSPORTATION SYSTEM DEVELOPMENT CORPORATION
REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 17,247,023	\$ 16,600,000	\$ 16,600,000	\$ 647,023
Investment and other	2,471,979	801,000	801,000	1,670,979
Total revenues	<u>19,719,002</u>	<u>17,401,000</u>	<u>17,401,000</u>	<u>2,318,002</u>
Expenditures -				
Current -				
Public works	<u>184,500</u>	<u>190,000</u>	<u>190,000</u>	<u>5,500</u>
Total expenditures	<u>184,500</u>	<u>190,000</u>	<u>190,000</u>	<u>5,500</u>
Excess of revenues over expenditures	<u>19,534,502</u>	<u>17,211,000</u>	<u>17,211,000</u>	<u>2,323,502</u>
Other financing uses-				
Transfers out	<u>(19,056,246)</u>	<u>(19,056,246)</u>	<u>(19,056,246)</u>	<u>-</u>
Total other financing uses	<u>(19,056,246)</u>	<u>(19,056,246)</u>	<u>(19,056,246)</u>	<u>-</u>
Excess of revenues over expenditures and other financing uses	<u>478,256</u>	<u>\$ (1,845,246)</u>	<u>\$ (1,845,246)</u>	<u>\$ 2,323,502</u>
Fund balance, October 1, 2006	<u>42,565,420</u>			
Fund balance, September 30, 2007	<u>\$ 43,043,676</u>			

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 17,850,984	\$ 909,272	\$ 18,760,256	\$ 7,304,825
Investments	24,780,978	-	24,780,978	2,000,977
Receivables (net of allowance for uncollectibles of \$ 1,108,463) -				
Accounts	6,103,998	4,443	6,108,441	-
Accrued interest	272,054	-	272,054	31,056
Interfund	70,923	-	70,923	-
Inventories	382,621	-	382,621	-
Other current assets	757,226	-	757,226	87,500
Total current assets	<u>50,218,784</u>	<u>913,715</u>	<u>51,132,499</u>	<u>9,424,358</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Customer deposits	1,170,986	-	1,170,986	-
Revenue bond covenant accounts	17,736	-	17,736	-
Impact fees	13,867,880	-	13,867,880	-
Construction	6,531,930	-	6,531,930	-
Restricted accounts and accrued interest receivable:				
Impact fees	480,148	-	480,148	-
Capital assets:				
Land and construction in progress	26,459,930	1,918,487	28,378,417	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 61,686,313)	<u>171,606,857</u>	<u>3,911,284</u>	<u>175,518,141</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>198,066,787</u>	<u>5,829,771</u>	<u>203,896,558</u>	<u>-</u>
Total noncurrent assets	<u>220,135,467</u>	<u>5,829,771</u>	<u>225,965,238</u>	<u>-</u>
Total assets	<u>\$ 270,354,251</u>	<u>\$ 6,743,486</u>	<u>\$ 277,097,737</u>	<u>\$ 9,424,358</u>

The accompanying notes are an integral part of this financial statement.

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2007**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accounts payable	\$ 4,193,255	\$ 62,886	\$ 4,256,141	\$ 219,458
Accrued payroll	21,809	-	21,809	-
Accrued interest	1,302	-	1,302	-
Current portion of bonds payable	125,000	-	125,000	-
Accrued compensated absences payable	206,800	-	206,800	-
Total current liabilities	<u>4,548,166</u>	<u>62,886</u>	<u>4,611,052</u>	<u>219,458</u>
Noncurrent liabilities:				
Unearned revenue	259,811	-	259,811	-
Bonds payable	230,000	-	230,000	-
Accrued compensated absences payable	54,967	-	54,967	-
Customer deposits	<u>1,170,986</u>	<u>-</u>	<u>1,170,986</u>	<u>-</u>
Total noncurrent liabilities	<u>1,715,764</u>	<u>-</u>	<u>1,715,764</u>	<u>-</u>
Total liabilities	<u>6,263,930</u>	<u>62,886</u>	<u>6,326,816</u>	<u>219,458</u>
Net assets:				
Invested in capital assets, net of related debt	197,711,787	5,829,771	203,541,558	-
Restricted for:				
Debt service	17,736	-	17,736	-
Capital projects	21,920,552	-	21,920,552	-
Unrestricted	<u>44,440,246</u>	<u>850,829</u>	<u>45,291,075</u>	<u>9,204,900</u>
Total net assets	<u>\$ 264,090,321</u>	<u>\$ 6,680,600</u>	<u>270,770,921</u>	<u>\$ 9,204,900</u>

Reconciliation to government-wide statement of net assets:

Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.	1,233,273
Net assets of business-type activities	<u>\$ 272,004,194</u>

The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities- Enterprise Funds		Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Internal Service
Operating revenues -			
Charges for services	\$ 30,968,868	\$ 476,025	\$ 31,444,893
Total operating revenues	30,968,868	476,025	31,444,893
Operating expenses -			
Personnel services	6,185,782	-	6,185,782
Contractual services	11,923,412	-	11,923,412
Supplies	857,894	-	857,894
Materials	708,217	-	708,217
Heat, light and power	1,694,450	-	1,694,450
Claims expense	-	-	-
Depreciation	7,810,280	167,906	7,978,186
Total operating expenses	29,180,035	167,906	29,347,941
Operating income	1,788,833	308,119	2,096,952
Nonoperating revenues (expenses) -			
Investment and other revenues	952,654	102,710	1,055,364
Interest and fiscal charges	(28,401)	-	(28,401)
Total nonoperating revenues (expenses)	924,253	102,710	1,026,963
Income before contributions and transfers	2,713,086	410,829	3,123,915
Contributions and transfers -			
Contributions - impact fees	10,609,090	-	10,609,090
Contributions - other	4,383,669	-	4,383,669
Developer contributions - infrastructure	9,388,762	-	9,388,762
Transfers in	-	550,000	550,000
Transfers out	(1,923,247)	(294,974)	(2,218,221)
Total contributions and transfers	22,458,274	255,026	22,713,300
Change in net assets	25,171,360	665,855	25,837,215
Net assets, October 1, 2006	238,918,961	6,014,745	7,151,089
Net assets, September 30, 2007	\$ 264,090,321	\$ 6,680,600	\$ 9,204,900

Reconciliation to government-wide statement of activities:

Adjustment to reflect the net profit of the internal
service fund that was allocated to enterprise fund functions.

334,771
\$ 26,171,986

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2007**

	Business Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 30,236,929	\$ 471,582	\$ 30,708,511	\$ 304,288
Cash received from other funds for services provided	-	-	-	6,351,317
Cash payments to suppliers for goods and services	(13,612,687)	-	(13,612,687)	(5,055,963)
Cash payments to employees for services	(5,401,452)	-	(5,401,452)	-
Cash payments to other funds for services	(852,666)	-	(852,666)	-
Net cash provided by operating activities	<u>10,370,124</u>	<u>471,582</u>	<u>10,841,706</u>	<u>1,599,642</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	550,000	550,000	-
Transfers to other funds	(1,923,247)	(294,974)	(2,218,221)	-
Net cash provided by (used for) noncapital financing activities	<u>(1,923,247)</u>	<u>255,026</u>	<u>(1,668,221)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from capital debt	355,000	-	355,000	-
Receipts of capital contributions	13,576,914	-	13,576,914	-
Bond issuance costs	(422,673)	-	(422,673)	-
Acquisition and construction of capital assets	(17,504,897)	(564,038)	(18,068,935)	-
Proceeds from sale of capital assets	6,837	-	6,837	-
Collection of loans	45,604	-	45,604	-
Interest and fiscal charges paid	(5,966)	-	(5,966)	-
Net cash used by capital and related financing activities	<u>(3,949,181)</u>	<u>(564,038)</u>	<u>(4,513,219)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(21,224,015)	-	(21,224,015)	(2,479,138)
Proceeds from sale of investments	18,870,000	-	18,870,000	1,500,000
Investment and other income	636,738	102,710	739,448	365,235
Net cash provided by (used for) investing activities	<u>(1,717,277)</u>	<u>102,710</u>	<u>(1,614,567)</u>	<u>(613,903)</u>
Net increase in cash and cash equivalents	2,780,419	265,280	3,045,699	985,739
Cash and cash equivalents at beginning of year	<u>36,659,097</u>	<u>643,992</u>	<u>37,303,089</u>	<u>6,319,086</u>
Cash and cash equivalents at end of year	<u>\$ 39,439,516</u>	<u>\$ 909,272</u>	<u>\$ 40,348,788</u>	<u>\$ 7,304,825</u>

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2007**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Assets</u>				
Cash and cash equivalents	\$ 17,850,984	\$ 909,272	\$ 18,760,256	\$ 7,304,825
Restricted assets -				
Cash and cash equivalents	<u>21,588,532</u>	<u>-</u>	<u>21,588,532</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 39,439,516</u>	<u>\$ 909,272</u>	<u>\$ 40,348,788</u>	<u>\$ 7,304,825</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 1,788,833	\$ 308,119	\$ 2,096,952	\$ 1,625,931
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	7,810,280	167,906	7,978,186	-
Provision for bad debts	107,134	-	107,134	-
(Increase) decrease in receivables	(889,095)	(4,443)	(893,538)	-
(Increase) decrease in inventory	(36,920)	-	(36,920)	-
(Increase) decrease in other assets	(201,450)	-	(201,450)	-
Increase (decrease) in accounts payable	1,719,510	-	1,719,510	(26,289)
Increase (decrease) in accrued payroll	(87,434)	-	(87,434)	-
Increase in payables				
from restricted assets	140,168	-	140,168	-
Increase in compensated absences	<u>19,098</u>	<u>-</u>	<u>19,098</u>	<u>-</u>
Total adjustments	<u>8,581,291</u>	<u>163,463</u>	<u>8,744,754</u>	<u>(26,289)</u>
Net cash provided by operations	<u>\$ 10,370,124</u>	<u>\$ 471,582</u>	<u>\$ 10,841,706</u>	<u>\$ 1,599,642</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2007, the Water and Sewer Fund had \$ 9,388,762 in capital assets contributed and recognized \$ 219,887 in unrealized investment gains.

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2007**

	<u>AGENCY FUND</u>
	Public <u>Improvement Districts</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 797,244</u>
Total assets	<u><u>\$ 797,244</u></u>
<u>LIABILITIES</u>	
Liabilities -	
Due to participants	<u>\$ 797,244</u>
Total liabilities	<u><u>\$ 797,244</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS



**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Round Rock, Texas is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. REPORTING ENTITY

The City provides various services and performs many different functions. These include a police force, a fire fighting and protection force, emergency medical services, a parks and recreation system, a municipal golf course, a public library, convention and tourism support, planning and zoning, a waterworks and sewer utility system. The City's staff provides the necessary support for the services provided. All are responsible to the Citizens of Round Rock and are therefore included within the reporting entity.

As required by generally accepted accounting principles, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended component unit

The Round Rock Transportation System Development Corporation, an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The City Council maintains budgetary control of the Corporation. For financial reporting purposes the Round Rock Transportation System Development Corporation is presented as a part of the City's operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues of the corporation and its administrative expenditures are accounted for in a special revenue fund, while the capital improvements are accounted for in a capital projects fund.

B. BASIS OF PRESENTATION-GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. GASB Statement No. 34 requires certain supplementary information. Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the adopted and amended budgets of the General Fund and the Round Rock Transportation System Development Corporation Special Revenue Fund with their actual results.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Government-wide Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally 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.

The City's statement of net assets includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, and the component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION—GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements:

Separate fund based 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. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the general fund, the debt service fund, the Round Rock Transportation System Development Corporation's special revenue and capital project funds, the self-financed construction fund and the 2007 General Obligation Bond capital projects fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The internal service fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. Because the principal users are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements.

C. GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those, if any, which should be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination. The City maintains the following governmental fund types:

General Fund - The General Fund accounts for financial resources in use for general types of operations, which are not encompassed within other funds. The general fund is considered a major fund in the fund financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

There are eleven groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement sales tax and funds designated for specific service programs. They are as follows:

- *1981 Community Development Block Grant Fund*
- *Street and Bridge Fund*
- *Hotel-Motel Occupancy Tax Fund*
- *Police Fund*
- *Municipal Court Fund*
- *Landscape Fund*
- *Convention Center Revenue Fund*
- *Round Rock Transportation System Development Corporation Revenue Fund*
- *Community Development Block Grant Fund*
- *Annexation Fees Fund*
- *Library Fund*

The Round Rock Transportation System Development Corporation special revenue fund is considered a major fund in the fund financial statements. It accounts for sales tax monies received for streets, drainage and other transportation system improvements, including maintenance costs associated with such authorized projects.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest and related costs. The debt service fund is considered a major fund in the fund financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

Capital Projects Funds - The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by proprietary funds).

There are twelve groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

- *Streets and Drainage*
- *2004 General Obligation Bonds*
- *Park Development*
- *2007 Series Certificates of Obligation*
- *2002 Series General Obligation Bonds*
- *Self-Financed Construction*
- *1998 Series General Obligation Bonds (Public Works, Police and Parks Facilities Improvements)*
- *Round Rock Transportation System Development Corporation Project*
- *1999 Series Hotel Tax Revenue Bonds (Convention Center Complex)*
- *2000 Series Certificates of Obligation (Municipal Complex, Park Land & Streets)*
- *Tourism Development Fund*
- *2007 General Obligation Bond Fund*

The Round Rock Transportation System Development Corporation capital projects fund, the Self-Financed construction fund and the 2007 Series General Obligation Bonds are considered major funds in the fund financial statements. The Round Rock Transportation System Development Corporation fund accounts for transportation system improvements funded by sales tax revenues. The Self-Financed Construction fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources. The 2007 Series GO Bonds fund accounts for street, traffic safety and sidewalk improvement projects, parks and recreation facilities, public safety facilities and improvements, municipal office facilities and public works improvements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPRIETARY FUND TYPES

The Proprietary Funds are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is upon capital maintenance and upon determination of net income, financial position and cash flows. The City maintains the following Proprietary Fund types.

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Enterprise Fund consists of the Water and Sewer Utility Fund and the Golf Course Fund. These funds are primarily supported by user charges.

E. OTHER FUND TYPES

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other City departments or agencies on a cost-plus basis. The City's Internal Service Fund is the Self-Funded Health Insurance Fund, which is used to account for the activities of the City's self-funded health insurance program.

Agency Fund - The Agency Fund is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations. The Agency Fund is the Public Improvement Districts Fund.

F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net assets.

G. BASIS OF ACCOUNTING

Government-wide Statements

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Fund Financial Statements

In the fund financial statements, all governmental funds are accounted for using a modified accrual basis of accounting. Governmental funds use the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Governmental Funds

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recorded when deemed both measurable and available. Measurable means that the amount of the transaction can be determined. Available means the amount of the transaction is collectible within the current period or soon enough thereafter to be used 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 year.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue.

Sales and hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. Licenses and permits, charges for services, fines and forfeitures and other revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Earnings on investments are recorded on the accrual basis in all funds. Unrealized gains or losses on investments are also recognized in accordance with GASB Statement No. 31.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual grant programs are used for guidance. Monies received are generally unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are recognized as revenues at the time of receipt, or sooner, if the susceptible to accrual criteria are met.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

Revenue Recognition (Continued)

The City reports deferred revenue on its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on governmental long-term debt which are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

Proprietary and Agency Funds

In the fund financial statements and the government-wide statements, proprietary and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

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 fund, the golf course fund and the internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary funds follow GAAP prescribed by GASB and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its proprietary funds as prescribed by the GASB.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CASH AND CASH EQUIVALENTS

In accordance with GASB Statement 9, for reporting purposes, the City has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments with the State Investment Pool, repurchase agreements, obligations of the United States government and its agencies, commercial paper and certificates of deposit with original maturities of three months or less.

I. INVENTORIES AND PREPAID ITEMS

Inventories for all funds are valued the lower of cost or market. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory items are used. Cost is determined for inventories of supplies on the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as **prepaid items** (other current assets) in both the government-wide and fund financial statements.

J. CAPITAL ASSETS

Capital assets are stated at historical cost. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is any individual item with a total cost greater than \$ 2,000 and a useful life of at least 5 years. Contributed assets are recorded at the estimated fair market value at the time received.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks and drainage systems.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. CAPITAL ASSETS (CONTINUED)

In the government-wide statements, depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

<i>Buildings</i>	<i>30 – 50 years</i>
<i>Improvements other than buildings</i>	<i>10 – 40 years</i>
<i>Machinery and equipment</i>	<i>5 – 10 years</i>

When capital assets are retired or otherwise disposed of, a gain or loss on disposal of assets is recognized.

In the fund financial statements, because of the application of the current financial resources focus and the use of modified accrual accounting for governmental funds, depreciation is only recognized for the Enterprise Funds.

For the Enterprise Fund's capital assets, interest is capitalized on construction costs. The amount of interest cost capitalized for assets constructed with tax-exempt borrowings is equal to the cost of borrowing, less interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings. The total amount of interest expense incurred and expensed was \$ 28,401.

K. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. LONG-TERM DEBT (CONTINUED)

Hotel Occupancy Tax Revenue Bonds were issued to fund the City's portion of the construction of a convention center complex. The project costs were shared with a private corporation in accordance with the Master Agreement Regarding Convention Center Development. The Hotel Occupancy Tax Revenue Bonds are to be repaid from the hotel tax revenues.

Loans from the State Infrastructure Bank have been received to fund transportation improvements. The loans are to be repaid from revenues of the Round Rock Transportation System Development Corporation.

Revenue bonds, which have been issued to fund capital projects of the Enterprise Fund are to be repaid from net revenues of the utility systems.

Sales tax revenue bonds have been issued to fund transportation improvements. The bonds are to be repaid from revenues of the Round Rock Transportation System Development Corporation.

L. UNPAID COMPENSATED ABSENCES

Each employee may accumulate a total of two years vacation eligibility. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, a liability for sick pay is not recorded since sick pay does not vest.

The City accrues a liability for accumulated vacation and sick leave benefits, which meet the following criteria:

- *The City's obligation to fund accumulated vacation and sick leave benefits is attributable to employees' services already rendered*
- *The obligation relates to rights that vest or accumulate*
- *Payment of the compensation is probable*
- *The amount can be reasonably estimated*

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. TRANSACTIONS BETWEEN FUNDS

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

As a rule, the effect of interfund activity has been eliminated from the government-wide statement of net assets. Exceptions to this rule are cost reimbursement transactions between the enterprise fund and various other functions of the government for utilities and for reimbursement of personnel costs for employees administering grant programs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

N. RESTRICTED ASSETS

Certain bond proceeds, as well as resources set aside for their repayment, are classified as restricted assets because their use is limited by bond covenants. Other assets are restricted due to City Ordinance restrictions on their use.

Net assets have been restricted for the excess of restricted assets over related liabilities to the extent such restricted assets were accumulated from revenues (i.e., in some cases, restricted assets were obtained in total or in part from the proceeds of bond sales or grants).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

O. FUND BALANCE/NET ASSETS

Fund balance and net assets represent the difference between assets and liabilities. Fund balance reservations identify the portion of fund balance that is segregated for a future purpose or not available for expenditure in the following period.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. FUND BALANCE/NET ASSETS (CONTINUED)

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

1) Fund balance components:

- i. Federal seizure – reserved for expenditures on law enforcement expenditures as authorized by state law for asset forfeiture monies.
- ii. Non-current loans receivable – reserved for loans receivable that are not due within the next year.
- iii. Debt service – reserved for the retirement of general long-term debt.
- iv. Authorized construction – reserved to fund capital projects.
- v. Unreserved & undesignated – funds available for expenditure in the following period.

2) Net asset categories :

- i. Invested in capital assets, net of related debt — capital assets, net of accumulated depreciation, reduced by
 - a) the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.
 - b) unspent bond proceeds.
- ii. Debt service – restricted for the retirement of bonds.
- iii. Capital projects – funds whose source is restricted for future capital improvements.
- iv. Unrestricted – no limitations are imposed on the use of net assets.

P. TAP-IN (CONNECTION FEES) AND IMPACT FEES

Water and sewer tap-in fees (connection fees) represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service.

The impact fee substantially exceeds the cost of connection to the water and sewer system, and is therefore viewed as a contribution. Effective with the implementation of Governmental Accounting Standards Board Statement 33, impact fees are recorded as contributions in the Enterprise Fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year has not been presented. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY ACCOUNTING

The City follows these procedures in establishing the appropriated budget as reflected in the accompanying financial statements:

- (1) At least sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget may be heard.
- (3) The budget is legally enacted by the City Council through passage of an appropriation ordinance and tax-levying ordinance not later than the final day of the last month of the fiscal year.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the individual office, department, or agency level.
- (5) Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.
- (6) Amendments that alter total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control at which expenditures may not exceed the budget is at the fund level. The reported budgetary data has been revised for amendments authorized.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

- (7) Any appropriation balances in the General Fund and Special Revenue Funds lapse or revert to the undesignated fund balances at the close of each fiscal year.

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above.

Budgeted amounts are as originally adopted, or as amended by the City Council on October 25, 2007. Amendments to Special Revenue and Debt Service Funds were not material to the original appropriations. The original budget of the General Fund was amended once during 2007. The following table compares original to final budgets. The largest amendment was to reallocate \$ 10,586,500 of available cash to fund specified capital purchases.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 69,149,000	\$ 2,833,800	\$ 71,982,800
Licenses, permits and fees	1,059,000	115,100	1,174,100
Charges for services	3,100,000	111,100	3,211,100
Fines and forfeitures	1,118,000	456,000	1,574,000
Intergovernmental	137,000	284,300	421,300
Investment and other	1,861,000	3,499,700	5,360,700
Total revenues	<u>76,424,000</u>	<u>\$ 7,300,000</u>	<u>83,724,000</u>
Expenditures -			
Current -			
General government	23,901,621	(1,810,300)	22,091,321
Public safety	29,073,118	(826,820)	28,246,298
Public works	12,965,106	(4,056,896)	8,908,210
Culture and recreation	10,717,802	(532,000)	10,185,802
Total expenditures	<u>76,657,647</u>	<u>(7,226,016)</u>	<u>69,431,631</u>
Excess (deficiency) of revenues over expenditures	<u>(233,647)</u>	<u>14,526,016</u>	<u>14,292,369</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

	Original Budget	Amendments Increase (Decrease)	Final Budget
Other financing sources (uses) -			
Lease purchase proceeds	\$ 750,000	\$ -	\$ 750,000
Transfers in	1,690,000	-	1,690,000
Transfers out	(2,201,000)	(14,526,016)	(16,727,016)
Total other financing sources (uses)	239,000	(14,526,016)	(14,287,016)
Excess of revenues and other financing sources over expenditures and other uses	\$ 5,353	\$ -	\$ 5,353

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end.

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

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

Bonds payable	\$ 195,533,372
Plus: Issuance premium (to be amortized against interest expense)	2,915,392
Less: Issuance discount (to be amortized against interest expense)	(238,862)
Less: Deferred charge from issuance costs (to be amortized over life of debt)	(2,795,517)
Less: Deferred charge on refundings (to be amortized over life of debt)	(3,468,127)
Accrued interest payable	1,427,891
Capital leases payable	3,864,702
Compensated absences	2,851,788
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 200,090,639</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 36,542,219
Depreciation expense	<u>(24,224,023)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 12,318,196</u></u>

Another element of the reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.” The details of this difference are as follows:

Donations	\$ 17,849,647
Reclassifications, disposals, and transfers	<u>-</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 17,849,647</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED)

Another element of the reconciliation states that "The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Issuance of GO Bonds	\$ 44,770,000
Issuance of Certificates of Obligation	14,915,000
Issuance of hotel tax revenue bonds	8,920,000
Capital lease proceeds	3,250,000
Governmental bonded debt payments/refundings	(42,635,246)
Capital leases payments	(588,735)
Issuance of sales tax revenue bonds	11,505,000
Bond premium/discount	573,453
Bond issue costs	<u>(2,889,705)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 37,819,767</u></u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Amortization of bond premium/discount	\$ 177,331
Change in compensated absences	(144,115)
Change in accrued interest	(170,502)
Amortization of issuance costs	<u>(421,404)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ (558,690)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2007, the carrying amount of deposits was a credit balance of \$ 2,732,447 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 567,841. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name.

Investments –

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares. The increase in the fair value of investments during the year ended September 30, 2007 is as follows:

Fair value at September 30, 2007	\$ 108,229,981
Add: Proceeds of investments matured this fiscal year	57,928,107
Less: Cost of investments purchased this fiscal year	(80,927,282)
Less: Fair value at September 30, 2006	<u>(84,118,555)</u>
Change in fair value of investments	<u><u>\$ 1,112,251</u></u>

Reconciliation of cash and investments to the statement of net assets amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ (2,732,447)
Investments	<u>275,904,660</u>
Total cash and investments	<u><u>\$ 273,172,213</u></u>

Statement of net assets presentation:

Cash and cash equivalents	\$ 47,924,201
Investments	85,197,418
Restricted assets -	
Cash and cash equivalents	117,018,031
Investments	<u>23,032,563</u>
Total cash and cash equivalents and investments	<u><u>\$ 273,172,213</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Investments are classified as follows:

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 108,229,981	\$ 108,229,981	390
Investments in State Investment Pools	167,674,679	167,674,679	1
	<u>\$ 275,904,660</u>	<u>\$ 275,904,660</u>	
Portfolio weighted average maturity			152

In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its portfolio to less than 300 days.

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments are as follows:

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City’s deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City’s policy is to be collateralized. The City was fully collateralized during the year.
3. Interest Rate Risk – The City has no debt securities which have interest rate risk.
4. Other Credit Risk Exposure – The City does not invest in debt securities directly; however there are some in the pools the City invests in.
5. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2007, the City minimized credit risk losses due to default of security issuer or backer by:
 - a) limiting investments to the safest rated securities. All the City’s purchased investments in U. S. Agencies were rated AAA, AAA, and Aaa by Standard & Poors, Fitch and Moody’s respectively;
 - b) using a registered investment advisor to provide investment and market advice; and
 - c) diversifying the investment portfolio so that potential losses on individual securities were minimized.

The City invests on a short term basis in two investment pools. At September 30, 2007, \$ 134,297,529 was invested in Texpool. The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the state investment pool. The Comptroller maintains oversight of all operations of the pool. The state investment pool is rated AAAm by Standard and Poor’s.

In addition, \$ 33,377,150 was invested in the Texas Short Term Asset Reserve Program (TexSTAR). TexSTAR is an investment pool that is authorized under Chapters 791 (Cooperation Act) and 2256 (Investment Act) of the Texas Government Code. The investment pool is managed by a five member board of directors and a nine member advisory board. Participants have representation on the board. TexSTAR is rated AAAm by Standard & Poors.

Concentration Risk – The City invests only in pools and U. S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper and certificates of deposit of any state or federally chartered bank. All investments made in 2007 were of the aforementioned categories. There are no positions of 5 percent or more in the securities of a single issuer.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature.

The City Council levies taxes based upon the appraised values. The Round Rock Independent School District bills and collects the City's property taxes.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2006 tax roll. The tax rate, based on total taxable assessed valuation of \$ 6,514,968,603 was \$.37105 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$.21635 and \$.15470 respectively.

Property taxes receivable at September 30, 2007, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 115,322	\$ 82,460	\$ 197,782
Prior years' levies	316,709	284,817	601,526
	<u>432,031</u>	<u>367,277</u>	<u>799,308</u>
Less - allowance for uncollectible taxes	(45,700)	(32,768)	(78,468)
	<u>\$ 386,331</u>	<u>\$ 334,509</u>	<u>\$ 720,840</u>

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

	October 1, 2006	Additions/ Completions	Retirements/ Adjustments	September 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 19,948,449	\$ 605,476	\$ -	\$ 20,553,925
Construction in progress	45,274,424	36,235,139	(28,797,772)	52,711,791
Total capital assets not being depreciated	65,222,873	36,840,615	(28,797,772)	73,265,716
Capital assets being depreciated:				
Buildings and improvements	449,682,927	39,789,466	-	489,472,393
Equipment	35,461,439	6,608,622	(1,306,564)	40,763,497
Total capital assets being depreciated	485,144,366	46,398,088	(1,306,564)	530,235,890
Less accumulated depreciation for:				
Buildings and improvements	145,960,203	20,079,086	-	166,039,289
Equipment	24,704,235	4,144,937	(1,257,499)	27,591,673
Total accumulated depreciation	170,664,438	24,224,023	(1,257,499)	193,630,962
Total capital assets being depreciated, net	314,479,928	22,174,065	(49,065)	336,604,928
Governmental activities capital assets, net	<u>\$ 379,702,801</u>	<u>\$ 59,014,680</u>	<u>\$(28,846,837)</u>	<u>\$ 409,870,644</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 2,544,504	\$ -	\$ -	\$ 2,544,504
Construction in progress	12,767,577	17,777,109	(4,710,773)	25,833,913
Total capital assets not being depreciated	15,312,081	17,777,109	(4,710,773)	28,378,417
Capital assets being depreciated:				
Buildings and improvements	215,985,278	14,188,629	-	230,173,907
Equipment	6,803,822	378,362	(151,637)	7,030,547
Total capital assets being depreciated	222,789,100	14,566,991	(151,637)	237,204,454
Less accumulated depreciation for:				
Building and improvements	48,640,117	7,387,086	-	56,027,203
Equipment	5,190,434	591,100	(122,424)	5,659,110
Total accumulated depreciation	53,830,551	7,978,186	(122,424)	61,686,313
Total capital assets being depreciated, net	168,958,549	6,588,805	(29,213)	175,518,141
Business-type activities capital assets, net	<u>\$ 184,270,630</u>	<u>\$ 24,365,914</u>	<u>\$ (4,739,986)</u>	<u>\$ 203,896,558</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 1,512,396
Public safety	2,126,375
Public works	18,650,559
Culture and recreation	1,934,693
Total depreciation expense-governmental activities	<u>\$ 24,224,023</u>

Business-type activities:

Water and sewer utility	\$ 7,810,280
Golf course	167,906
Total depreciation expense-business-type activities	<u>\$ 7,978,186</u>

Major construction contracts in progress from inception to September 30, 2007, consisted of the following:

	Project Authorization	Expended to 9/30/2007	Committed	Future Financing
Projects funded principally by general obligation debt -				
Streets, parks, library, public safety and general improvements	\$ 10,697,608	\$ 10,450,070	\$ 247,538	None
Parks and recreation facilities	14,089,973	-	14,089,973	None
Parks, public safety, streets and public service facilities	42,591,502	28,697,732	13,893,770	None
Municipal complex, parkland and streets	11,016,441	10,462,284	554,157	None
Municipal complex, public safety and street improvements	16,759,557	10,840,584	5,918,973	None
Self-financed construction	57,519,191	56,144,566	1,374,625	None
Round Rock Transportation System- road improvements	149,468,612	115,343,944	34,124,668	None
Convention Center Complex	485,899	485,899	-	None
	<u>\$302,628,783</u>	<u>\$ 232,425,079</u>	<u>\$ 70,203,704</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 1,638,615	\$ 1,572,982	\$ 65,633	None
Self-financed construction	98,472,913	60,736,276	37,736,637	None
	<u>\$100,111,528</u>	<u>\$ 62,309,258</u>	<u>\$ 37,802,270</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2007 were as follows:

Receivable Fund	Payable Fund	Amount
General	Debt service	\$ 34,739
	Round Rock Transportation System	
	Development Corporation Revenue	184,000
Debt Service	General Fund	23,545
Round Rock Transportation System	Round Rock Transportation System	
Development Corporation Project Fund	Development Corporation Revenue	1,000,000
Self-Financed Construction	General Fund	28,719,153
Police	General Fund	17,888
Water and Sewer	General Fund	<u>70,923</u>
		<u>\$ 30,050,248</u>

The balance of \$ 28,719,153 due to the self-financed construction fund from the general fund resulted from scheduled transfers to fund approved capital programs.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds. For the year ended September 30, 2007, transfers were as follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 1,690,000	\$ -
Self-financed Construction	-	16,727,009
	<u>1,690,000</u>	<u>16,727,009</u>
Debt Service Fund -		
Water and Sewer Fund	233,247	-
Golf Course Fund	294,974	-
Round Rock Transportation Development Corporation Revenue Fund	5,319,395	-
Round Rock Transportation System Development Corporation Project Fund	3,941,590	-
Nonmajor Governmental Funds	920,275	10,013
	<u>10,709,481</u>	<u>10,013</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	13,736,851
Debt Service Fund	-	5,319,395
	<u>-</u>	<u>19,056,246</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	13,736,851	-
Nonmajor Governmental Funds	318,195	-
Debt Service Fund	-	3,941,590
	<u>14,055,046</u>	<u>3,941,590</u>
Self-Financed Construction -		
General Fund	16,727,009	-
Golf Course Fund	-	550,000
	<u>16,727,009</u>	<u>550,000</u>
Nonmajor Governmental Funds -		
Round Rock Transportation Development Corporation Project Fund	-	318,195
Debt Service Fund	10,013	920,275
Nonmajor Governmental Funds	2,489,601	2,489,601
	<u>2,499,614</u>	<u>3,728,071</u>
Water and Sewer Fund-		
General Fund	-	1,690,000
Debt Service Fund	-	233,247
	<u>-</u>	<u>1,923,247</u>
Golf Course Fund-		
Self-financed construction	550,000	-
Debt Service Fund	-	294,974
	<u>550,000</u>	<u>294,974</u>
	<u>\$ 46,231,150</u>	<u>\$ 46,231,150</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion of the City for the year ended September 30, 2007:

	Balance October 1, 2006	Additions	Refundings/ Retirements	Balance September 30, 2007	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 95,020,000	\$ 44,770,000	\$ (14,830,000)	\$ 124,960,000	\$ 4,900,000
Certificates of obligation	2,968,000	14,915,000	(1,763,000)	16,120,000	820,000
Hotel tax revenue bonds	8,450,000	8,920,000	(8,450,000)	8,920,000	345,000
State infrastructure bank loans	30,010,618	-	(5,822,246)	24,188,372	2,142,110
Sales tax revenue bonds	21,610,000	11,505,000	(11,770,000)	21,345,000	1,130,000
Plus deferred amount:					
For issuance premium	2,280,408	825,994	(191,010)	2,915,392	191,010
For issuance discount	-	(252,541)	13,679	(238,862)	(13,679)
Lease purchase payable	1,203,437	3,250,000	(588,735)	3,864,702	965,378
Compensated absences	2,707,673	2,188,153	(2,044,038)	2,851,788	1,854,700
Total governmental activities	<u>164,250,136</u>	<u>86,121,606</u>	<u>(45,445,350)</u>	<u>204,926,392</u>	<u>12,334,519</u>
<u>Business-Type Activities</u>					
Revenue bonds	-	355,000	-	355,000	125,000
Compensated absences	242,669	252,540	(233,442)	261,767	206,800
Total business-type activities	<u>242,669</u>	<u>607,540</u>	<u>(233,442)</u>	<u>616,767</u>	<u>331,800</u>
 Total government	 <u>\$ 164,492,805</u>	 <u>\$ 86,729,146</u>	 <u>\$ (45,678,792)</u>	 <u>\$ 205,543,159</u>	 <u>\$ 12,666,319</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2007 is comprised of the following:

	Governmental Activities	Business - Type Activities
General obligation bonds:		
\$ 8,905,000 1998 bonds due in annual installments of \$ 225,000 through 2008, interest at 6.75%	\$ 225,000	\$ -
\$ 45,465,000 2002 GO and refunding bonds due in annual installments of \$ 315,000 to \$ 2,495,000 through 2027; interest at 3.25% to 5.5%	30,195,000	-
\$ 31,945,000 2004 GO and refunding bonds due in annual installments of \$ 60,000 to \$ 2,470,000 through 2024; interest at 2.0% to 5.25%	30,840,000	-
\$ 19,915,000 2005 refunding bonds due in annual installments of \$ 100,000 to \$ 2,275,000 through 2022; interest at 2.25% to 5%	19,460,000	-
\$ 44,770,000 2007 GO and refunding bonds due in annual installments of \$ 720,000 to \$ 3,455,000 through 2032; interest at 4.0% to 5.0%	44,240,000	-
	<u>124,960,000</u>	<u>-</u>
Certificates of obligation:		
\$ 2,550,000 1998 certificates due in annual installments of \$ 110,000 to \$ 150,000 through 2008; interest at 4.40% to 6.40%	120,000	-
\$ 10,750,000 2000 certificates due in annual installments of \$ 100,000 to \$ 405,000 through 2010; interest at 5.00% to 5.5%	1,085,000	-
\$ 14,915,000 2007 Combination tax and revenue certificates of obligation due in installments of \$ 375,000 to \$ 1,100,000 through 2027; interest at 4.0% to 4.625%	14,915,000	-
	<u>16,120,000</u>	<u>-</u>
State Infrastructure Bank Loans:		
\$ 16,000,000 2000 note due in annual installments of \$ 1,500,081 through 2015 including interest at 4.6%	9,854,066	-
\$ 15,000,000 2002 loan due in annual installments of \$ 1,153,142 through 2017 including interest at 4.5%	8,442,633	-
\$ 6,201,377 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	5,891,673	-
	<u>24,188,372</u>	<u>-</u>
Hotel Tax Revenue Bonds:		
\$ 8,920,000 2007 refunding bonds due in annual installments of \$ 345,000 to \$ 690,000 through 2025; interest at 4.0% to 4.5%	8,920,000	-
	<u>8,920,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business - Type Activities
Utility System Revenue Bonds:		
\$ 355,000 2006 bonds due in annual installments of \$ 125,000 to \$ 230,000 through 2009; interest at 2.2%	\$ -	\$ 355,000
	-	355,000
Sales Tax Revenue Bonds:		
\$ 25,890,000 2001 bonds due in annual installments of \$ 915,000 to \$ 1,460,000 through 2015; interest at 3.9-5.0%	10,010,000	-
\$ 11,505,000 2006 refunding bonds due in annual installments of \$ 60,000 to \$ 1,980,000 through 2021; interest at 4.0-4.5%	11,335,000	-
	21,345,000	-
Compensated absences	2,851,788	261,767
Issuance premium	2,915,392	-
Issuance discount	(238,862)	-
Lease purchases payable:		
\$ 4,450,000 leases due in semi annual installments of \$ 548,708 including interest ranging from 3.36% -4.07% due in 2014. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 4,450,000 at September 30, 2007.	3,864,702	-
Total primary government debt	\$ 204,926,392	\$ 616,767

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2007, including interest, are as follows:

Governmental Activities:

Year Ended September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
2008	\$ 5,720,000	\$ 6,693,369	\$ 12,413,369
2009	5,160,000	6,381,463	11,541,463
2010	5,365,000	6,188,438	11,553,438
2011	5,755,000	5,951,535	11,706,535
2012	5,980,000	5,709,973	11,689,973
2013-2017	34,280,000	24,200,911	58,480,911
2018-2022	39,235,000	15,312,506	54,547,506
2023-2027	29,590,000	6,466,978	36,056,978
2028-2032	9,995,000	1,536,020	11,531,020
	<u>\$ 141,080,000</u>	<u>\$ 78,441,193</u>	<u>\$219,521,193</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

Year Ended September 30,	State Infrastructure Bank Loans		
	Principal	Interest	Total
2008	\$ 2,142,110	\$ 1,068,872	\$ 3,210,982
2009	2,237,942	973,040	3,210,982
2010	2,338,069	872,914	3,210,983
2011	2,442,685	768,296	3,210,981
2012	2,551,993	658,989	3,210,982
2013-2017	10,446,914	1,544,874	11,991,788
2018-2021	2,028,659	206,429	2,235,088
	<u>\$ 24,188,372</u>	<u>\$ 6,093,414</u>	<u>\$ 30,281,786</u>

Year Ended September 30,	Sales Tax Revenue		
	Principal	Interest	Total
2008	\$ 1,130,000	\$ 940,668	\$ 2,070,668
2009	1,180,000	893,864	2,073,864
2010	1,230,000	843,876	2,073,876
2011	1,280,000	790,326	2,070,326
2012	1,345,000	727,026	2,072,026
2013-2017	7,725,000	2,631,970	10,356,970
2018-2021	7,455,000	832,986	8,287,986
	<u>\$ 21,345,000</u>	<u>\$ 7,660,716</u>	<u>\$ 29,005,716</u>

Year Ended September 30,	Hotel Tax Revenue		
	Principal	Interest	Total
2008	\$ 345,000	\$ 361,536	\$ 706,536
2009	360,000	347,436	707,436
2010	370,000	332,836	702,836
2011	390,000	317,636	707,636
2012	405,000	301,736	706,736
2013-2017	2,280,000	1,246,980	3,526,980
2018-2022	2,790,000	737,514	3,527,514
2023-2025	1,980,000	134,730	2,114,730
	<u>\$ 8,920,000</u>	<u>\$ 3,780,404</u>	<u>\$ 12,700,404</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

Year Ended September 30,	Lease Purchases		
	Principal	Interest	Total
2008	\$ 965,378	\$ 138,035	\$ 1,103,413
2009	788,432	103,058	891,490
2010	602,686	74,320	677,006
2011	356,143	53,675	409,818
2012	369,731	40,087	409,818
2013-2014	782,332	37,310	819,642
	<u>\$ 3,864,702</u>	<u>\$ 446,485</u>	<u>\$ 4,311,187</u>

Business-type Activities:

Year Ended September 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2008	\$ 125,000	\$ 7,810	\$ 132,810
2009	230,000	5,060	235,060
	<u>\$ 355,000</u>	<u>\$ 12,870</u>	<u>\$ 367,870</u>

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2007, \$ 30,365,000 of bonds outstanding are considered defeased.

Bond ordinances also provide for other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the various bond ordinances.

Bonds authorized and unissued at September 30, 2007, amounted to \$ 1,585,000.

In March of 1997, the City issued \$ 2,690,000 in special assessment debt for which it is not obligated in any manner beyond the resources provided by the Encino Plaza Public Improvement District. For purposes of this debt, the City is merely acting as an agent for property owners in collecting the assessments and forwarding them to the bondholders. At September 30, 2007, the amount of debt outstanding was \$ 955,000.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

(1) UTILITY REVENUE BONDS

The City is required by bond ordinances to pledge the net revenues of the waterworks and sewer system for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purposes to maintain debt service funds and bond reserve funds for all outstanding revenue bonds.

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and sewer system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve funds for revenue bond retirement are also restricted within the Enterprise Fund. The City is in compliance with the requirement to maintain a combined reserve fund containing cash and investments in an amount equal to the average annual principal and interest requirements of all bonds then outstanding. The City also covenants under the bond indentures that reserve funds shall be invested in time deposits, certificates of deposit and direct or guaranteed obligations of the United States of America.

(2) HOTEL TAX REVENUE BONDS

The debt service fund for the hotel tax revenue bonds, aggregating \$ 706,471 at September 30, 2007, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$ 706,665 at September 30, 2007. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

(3) SALES TAX REVENUE BONDS

The Round Rock Transportation System Development Corporation issued the sales tax revenue bonds. The Corporation is a blended component unit of the City of Round Rock, which collects ½ of 1% of the sales tax collected by the State on its behalf. Although the Corporation is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of the Round Rock Transportation System Development Corporation.

The debt service fund for the sales tax revenue bonds, aggregating \$ 345,847 at September 30, 2007, is reported in the governmental funds. Bond covenants require that the Corporation's share of the sales tax is pledged as security for the bonds. The Corporation provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

(3) SALES TAX REVENUE BONDS (CONTINUED)

A reserve fund was not established for these bonds. The Corporation purchased bond insurance to provide for payment of the principal and interest requirements in the event that pledged revenues are not sufficient.

(4) 2007 REFUNDINGS/ISSUANCES

In October, 2006 the City issued Series 2006 Sales Tax Revenue Refunding Bonds. The net proceeds of the \$ 11,505,000 of the bonds (after payment of fees, insurance and costs) were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 19 years by \$ 513,771, and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 383,170.

In January, 2007 the City issued Series 2007 Hotel Tax Revenue Refunding Bonds. The net proceeds of the \$ 8,920,000 of the bonds (after payment of underwriters discount, insurance and costs) were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 18 years by \$ 852,527, and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 557,651.

In July, 2007 the City issued \$ 34,475,000 in General Obligation Bonds Series 2007 for street, bridge and sidewalk improvement projects, equipment for fire, a recreation center and municipal office facilities. Simultaneously, \$ 14,915,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007 were issued for park improvements.

In addition, the City advance refunded portions of Combination Tax and Revenue Certificates of Obligation and General Obligation Bonds. The net proceeds of the \$10,295,000 of general obligation refunding bonds (after payment of underwriting fees, insurance and other issuance costs) plus an additional \$ 2,325,000 of interest and sinking fund monies were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. LONG-TERM DEBT (CONTINUED)

(4) 2007 REFUNDINGS/ISSUANCES (CONTINUED)

This advance refunding will reduce the total debt service payments over the next 20 years by \$ 2,066,458, and will result in an economic gain (ie. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 664,183.

F. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2007, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2006	\$ 2,707,673	\$ 242,669
Additions	2,188,153	252,540
Reductions	(2,044,038)	(233,442)
Balance, September 30, 2007	<u>\$ 2,851,788</u>	<u>\$ 261,767</u>

Accrued compensated absences due within one year were \$ 1,854,700 for governmental activities and \$ 206,800 for business-type activities. Liabilities for accrued compensated absences are funded from general revenue for the governmental activities and program revenues for the business-type activities.

G. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2007:

	Cash & Cash Equivalents	Investments	Accrued Interest Receivable	Property Taxes Receivable
Governmental Activities:				
Debt Service fund	\$ 3,049,827	\$ -	\$ -	\$ 334,509
Restricted by debt covenants-				
Round Rock Transportation				
System Development Corp.	36,217,059	7,944,360	66,257	-
2007 General Obligation Bond Fund	24,651,766	9,558,789	-	-
Nonmajor capital projects funds	31,510,847	5,529,414	-	-
Total Governmental Activities	<u>\$ 95,429,499</u>	<u>\$ 23,032,563</u>	<u>\$ 66,257</u>	<u>\$ 334,509</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. RESTRICTED ASSETS (CONTINUED)

	<u>Cash & Cash Equivalents</u>	<u>Accounts Receivable</u>
Business-Type Activities:		
Water and sewer fund-		
Revenue bond debt service	\$ 17,736	\$ -
Construction	6,531,930	-
Impact fees	13,867,880	480,148
Customer deposits	1,170,986	-
Total Business-Type Activities	<u>\$ 21,588,532</u>	<u>\$ 480,148</u>

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with the Round Rock Independent School District to collect City taxes and deposit monies to the City's accounts. For this service, the School District was paid a contract amount of \$ 10,580.

Commitments for Road Construction

The City's component unit, the Round Rock Transportation System Development Corporation has entered into various commitments with the State of Texas, Department of Transportation relative to the construction of roadways.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Water Supply Agreements

On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority ("the Authority"), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2007, the City's cost under this contract was \$ 352,800.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the Authority, wherein it received the right to purchase 8,134 acre-feet of water per year from Lake Stillhouse Hollow. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996 "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2007, the City's cost under this contract was \$ 952,035.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the Authority, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2007, the City's cost under these contracts was \$ 1,334,958.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the Authority.

Regional Sewer Project

In 1985, the City entered into a Wastewater Disposal Contract with Brushy Creek Water Control and Improvement District No. 1 of Williamson and Milam Counties ("District"), the City of Austin, and two Municipal Utility Districts. The agreement provided for the District to construct a pipeline and a treatment plant for the collection and treatment of wastewater. In subsequent years, the two Municipal Utility Districts withdrew from the project. In 1989, the City sold certain facilities to the District for approximately \$ 3,300,000. In 1991, the City and the City of Austin postponed further construction until such time that demand was greater.

In October 1996, as part of a plan for a regional wastewater collection, treatment and disposal system, the City and the City of Cedar Park entered into agreements with an alliance ("Alliance") formed by the Brazos River Authority ("BRA") and the Lower Colorado River Authority ("LCRA"). In 1998, LCRA acquired the treatment facilities of the City. BRA will operate and maintain the regional system to collect wastewater from the City and other participants for the purpose of treating and disposing of such wastewater. Based on demand, the Alliance will acquire and/or construct additional facilities. Acquisition and construction funding, as well as debt servicing, is the responsibility of the Alliance.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Regional Sewer Project (continued)

As a customer of the system, the City has an unconditional obligation to pay fees to the Alliance. Fees are calculated from capital and flow components based on reserved capacity and proportional flows. The capital charge component is paid for the term of Alliance bonds used to construct or purchase system facilities. The flow charge component continues as long as the City uses the system.

For the year ended September 30, 2007, the City has paid fees totaling \$ 6,917,562 for use of the regional facilities.

Other

The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees. Total damages claimed are substantial; however, it has been the City's experience that such actions are usually dismissed or settled for amounts substantially less than the claimed amounts. The City Attorney estimates that the potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

Self-Funded Health Insurance Fund

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with a lifetime maximum of \$ 1,000,000 per employee. The City purchases commercial insurance for claims in excess of a contractual City liability limit. Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$ 1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-funded Health Insurance Fund (continued)

An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Year-End</u>
2000	\$ 151,117	\$ 1,915,324	\$ 2,000,304	\$ 66,137
2001	\$ 66,137	\$ 2,952,298	\$ 2,336,888	\$ 681,547
2002	\$ 681,547	\$ 2,966,461	\$ 3,533,818	\$ 114,190
2003	\$ 114,190	\$ 3,642,536	\$ 3,594,523	\$ 162,203
2004	\$ 162,203	\$ 4,554,772	\$ 4,449,644	\$ 267,331
2005	\$ 267,331	\$ 4,906,037	\$ 4,948,949	\$ 224,419
2006	\$ 224,419	\$ 3,786,901	\$ 3,765,573	\$ 245,747
2007	\$ 245,747	\$ 4,013,488	\$ 4,039,777	\$ 219,458

The liability is estimated based upon claims settled within the next month.

Post employment Healthcare Benefits

The City does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

Economic Development Agreement

The City has entered into an economic development agreement with a computer manufacturer. Under the terms of the agreement, the City refunds approximately 31% of sales tax collections on sales made by the computer manufacturer in the State of Texas. The computer manufacturer represents approximately 44% of the City's sales tax collections for the year ended September 30, 2007.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage and all billed premiums upon the coverage have been paid. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide *Texas Municipal Retirement System (TMRS)*, one of 821 administered by *TMRS*, an agent multiple-employer public employee retirement system.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Plan Description (continued)

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit rate:	7%
Matching Ratio (City to Employee):	2-1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service to the City.
The Service Retirement Eligibilities for the City are: with 5 yrs/age 60
with 20 yrs/any age

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions

Under the state law governing *TMRS*, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2006 valuation is effective for rates beginning January 2008).

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006
Actuarial Value of Assets	\$ 30,949,360	\$ 36,402,438	\$ 41,575,455	\$ 47,476,091	\$ 52,370,089
Actuarial Accrued Liability	\$ 39,737,830	\$ 48,363,968	\$ 54,775,757	\$ 61,893,557	\$ 68,668,989
Percentage Funded	77.9%	75.3%	75.9%	76.7%	76.26%
Unfunded Actuarial					
Accrued Liability	\$ 8,788,470	\$ 11,961,530	\$ 13,200,302	\$ 14,417,466	\$ 16,298,900
(UAAL)					
Annual Covered Payroll	\$ 24,466,510	\$ 26,243,938	\$ 28,634,361	\$ 31,010,467	\$ 33,121,304
UAAL as a Percentage					
of Covered Payroll	35.9%	45.6%	46.1%	46.5%	49.21%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost:					
Annual required contribution (ARC)	\$ 2,713,534	\$ 3,005,291	\$ 3,553,633	\$ 3,952,961	\$ 3,948,014
Interest on NPO	-	-	-	-	-
Adjustment to the ARC	-	-	-	-	-
Subtotal	2,713,534	3,005,291	3,553,633	3,952,961	3,948,014
Contributions Made	(2,713,534)	(3,005,291)	(3,553,633)	(3,952,961)	(3,948,014)
Increase in NPO	-	-	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (continued)

The following assumptions utilized by *TMRS*, and applicable 6-year trend information are contained in the 2006 *TMRS Comprehensive Annual Financial Report*, a copy of which can be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Actuarial Cost Method –	Unit Credit
Amortization Method –	Level Percent of Payroll
Remaining Amortization Period –	25 Years – Open Period
Asset Valuation Method –	Amortized Cost (to accurately reflect the requirements of GASB Stmt. No. 25 paragraphs 36e and 138)
Investment Rate of Return –	7%
Projected Salary Increases –	None
Includes Inflation At –	3.5%
Cost of Living Adjustments	None

D. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of agreements dated 1989, 1995 and 2000. On May 1, 2005, the City entered into a New Management Agreement with the operator for a period of five years. Under conditions set forth in the New Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn a variable fee based upon gross receipts of the golf course. Gross receipts from operations are agreed to be used, in order, for monthly scheduled debt payments, payments to a capital reserve account, current operating expenses, an operating reserve, the base management fee, a 1% distribution to the City, the variable fee and any unpaid obligations limited by available gross receipts. Any remaining gross receipts are to be distributed to the City.

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for major capital projects (other than those financed by the proprietary fund). General obligation bonds are the primary funding source for capital projects.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,388,500	\$ 1,840,940	\$ 7,229,440
Investments	1,000,000	-	1,000,000
Receivables -			
Accounts and other	8,738	5,635	14,373
Loans	19,181	-	19,181
Accrued interest	20,000	303,242	323,242
Assessments	-	1,156,030	1,156,030
Interfund receivables	17,888	-	17,888
Restricted assets-			
Cash and cash equivalents	-	31,510,847	31,510,847
Investments	-	5,529,414	5,529,414
Total assets	<u>\$ 6,454,307</u>	<u>\$ 40,346,108</u>	<u>\$ 46,800,415</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 95,393	\$ 204,743	\$ 300,136
Deferred revenue	119,413	1,982,656	2,102,069
Total liabilities	<u>214,806</u>	<u>2,187,399</u>	<u>2,402,205</u>
Fund balances -			
Reserved for federal seizure	343,448	-	343,448
Reserved for non-current loans receivable	19,181	-	19,181
Reserved for authorized construction	-	37,199,491	37,199,491
Unreserved - undesignated	5,876,872	959,218	6,836,090
Total fund balances	<u>6,239,501</u>	<u>38,158,709</u>	<u>44,398,210</u>
 Total liabilities and fund balances	 <u>\$ 6,454,307</u>	 <u>\$ 40,346,108</u>	 <u>\$ 46,800,415</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2007**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 403,881	\$ -	\$ 403,881
Fines and forfeitures	148,221	-	148,221
Intergovernmental	191,099	-	191,099
Hotel occupancy tax	2,838,689	-	2,838,689
Investment and other	228,151	1,635,734	1,863,885
Contributions	5,177	327,885	333,062
Total revenues	<u>3,815,218</u>	<u>1,963,619</u>	<u>5,778,837</u>
Expenditures -			
Current -			
General government	254,399	-	254,399
Public safety	332,804	-	332,804
Culture and recreation	638,641	-	638,641
Bond issuance costs	-	242,576	242,576
Capital projects	-	6,489,492	6,489,492
Total expenditures	<u>1,225,844</u>	<u>6,732,068</u>	<u>7,957,912</u>
Excess (deficiency) of revenues over expenditures	<u>2,589,374</u>	<u>(4,768,449)</u>	<u>(2,179,075)</u>
Other financing sources /(uses) -			
Issuance of discount	-	(167,451)	(167,451)
Issuance of debt	-	14,915,000	14,915,000
Transfers in	1,909,114	590,500	2,499,614
Transfers out	<u>(3,401,800)</u>	<u>(326,271)</u>	<u>(3,728,071)</u>
Total other financing sources/(uses)	<u>(1,492,686)</u>	<u>15,011,778</u>	<u>13,519,092</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>1,096,688</u>	<u>10,243,329</u>	<u>11,340,017</u>
Fund balances, October 1, 2006	<u>5,142,813</u>	<u>27,915,380</u>	<u>33,058,193</u>
Fund balances, September 30, 2007	<u>\$ 6,239,501</u>	<u>\$ 38,158,709</u>	<u>\$ 44,398,210</u>



NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

1981 CDBG Fund – To account for operations of projects involving economic and community development.

Street and Bridge Fund – To account for funds due from improvements within the North Industrial Parkway Public Improvement District.

Hotel – Motel Occupancy Tax Fund – To account for the levy and use of the hotel – motel bed tax. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements and promotion of the City.

Police Fund – To account for amounts received through drug enforcement actions.

Municipal Court Fund – To account for amounts received through child safety fines, court security, and court technology fees.

Landscape Fund – To account for amounts received through the City's landscape ordinance.

Convention Center Revenue Fund – To account for pledged revenues related to the Hotel Occupancy Tax Revenue Bonds.

Community Development Block Grant Fund – To account for grant monies received for programs benefiting persons of low to moderate income.

Annexation Fees Fund – To account for amounts received through annexation and development agreements for specified improvements.

Library Fund – To account for contributions to the City's library for specific programs.

**CITY OF ROUND ROCK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

	1981 Community Development Block Grant	Street and Bridge	Hotel-Motel Occupancy Tax	Police	Municipal Court
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ 732,942	\$ 3,613,725	\$ 344,414	\$ 221,008
Investments	-	-	1,000,000	-	-
Receivables -					
Accounts and other	-	-	-	-	-
Loans	19,181	-	-	-	-
Accrued interest	-	-	20,000	-	-
Interfund receivables	-	-	-	17,888	-
Total assets	<u>\$ 19,181</u>	<u>\$ 732,942</u>	<u>\$ 4,633,725</u>	<u>\$ 362,302</u>	<u>\$ 221,008</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities -					
Accounts payable	\$ -	\$ -	\$ 56,591	\$ 18,854	\$ 65
Deferred revenue	-	-	119,413	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>176,004</u>	<u>18,854</u>	<u>65</u>
Fund balances -					
Reserved for federal seizure	-	-	-	343,448	-
Reserved for non-current loans receivable	19,181	-	-	-	-
Unreserved - undesignated	-	732,942	4,457,721	-	220,943
Total fund balances	<u>19,181</u>	<u>732,942</u>	<u>4,457,721</u>	<u>343,448</u>	<u>220,943</u>
Total liabilities and fund balances	<u>\$ 19,181</u>	<u>\$ 732,942</u>	<u>\$ 4,633,725</u>	<u>\$ 362,302</u>	<u>\$ 221,008</u>

<u>Landscape</u>	<u>Convention Center Revenue</u>	<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 398,161	\$ -	\$ 1,054	\$ 62,340	\$ 14,856	\$ 5,388,500
-	-	-	-	-	1,000,000
-	-	8,738	-	-	8,738
-	-	-	-	-	19,181
-	-	-	-	-	20,000
-	-	-	-	-	17,888
<u>\$ 398,161</u>	<u>\$ -</u>	<u>\$ 9,792</u>	<u>\$ 62,340</u>	<u>\$ 14,856</u>	<u>\$ 6,454,307</u>
\$ 10,050	\$ -	\$ 9,792	\$ -	\$ 41	\$ 95,393
-	-	-	-	-	119,413
<u>10,050</u>	<u>-</u>	<u>9,792</u>	<u>-</u>	<u>41</u>	<u>214,806</u>
-	-	-	-	-	343,448
-	-	-	-	-	19,181
388,111	-	-	62,340	14,815	5,876,872
<u>388,111</u>	<u>-</u>	<u>-</u>	<u>62,340</u>	<u>14,815</u>	<u>6,239,501</u>
<u>\$ 398,161</u>	<u>\$ -</u>	<u>\$ 9,792</u>	<u>\$ 62,340</u>	<u>\$ 14,856</u>	<u>\$ 6,454,307</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2007**

	1981 Community Development Block Grant	Street and Bridge	Hotel-Motel Occupancy Tax	Police	Municipal Court
Revenues -					
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ 88,446
Fines and forfeitures	-	-	-	148,221	-
Intergovernmental	-	-	-	-	-
Hotel occupancy tax	-	-	2,838,689	-	-
Investment and other	-	24,421	155,356	15,503	7,427
Contributions	-	-	1,292	-	-
Total revenues	<u>-</u>	<u>24,421</u>	<u>2,995,337</u>	<u>163,724</u>	<u>95,873</u>
Expenditures -					
Current-					
General government	-	-	-	-	59,989
Public safety	-	-	-	332,804	-
Culture and recreation	-	-	638,641	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>638,641</u>	<u>332,804</u>	<u>59,989</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>24,421</u>	<u>2,356,696</u>	<u>(169,080)</u>	<u>35,884</u>
Other financing sources /(uses) -					
Transfers in	-	-	847,062	-	-
Transfers out	-	-	(2,312,868)	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>(1,465,806)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>-</u>	<u>24,421</u>	<u>890,890</u>	<u>(169,080)</u>	<u>35,884</u>
Fund balances, October 1, 2006	<u>19,181</u>	<u>708,521</u>	<u>3,566,831</u>	<u>512,528</u>	<u>185,059</u>
Fund balances, September 30, 2007	<u>\$ 19,181</u>	<u>\$ 732,942</u>	<u>\$ 4,457,721</u>	<u>\$ 343,448</u>	<u>\$ 220,943</u>

<u>Landscape</u>	<u>Convention Center Revenue</u>	<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 315,435	\$ -	\$ -	\$ -	\$ -	\$ 403,881
-	-	-	-	-	148,221
-	-	191,099	-	-	191,099
-	-	-	-	-	2,838,689
5,350	17,593	-	2,005	496	228,151
524	-	-	-	3,361	5,177
<u>321,309</u>	<u>17,593</u>	<u>191,099</u>	<u>2,005</u>	<u>3,857</u>	<u>3,815,218</u>
-	-	191,099	-	3,311	254,399
-	-	-	-	-	332,804
-	-	-	-	-	638,641
<u>-</u>	<u>-</u>	<u>191,099</u>	<u>-</u>	<u>3,311</u>	<u>1,225,844</u>
<u>321,309</u>	<u>17,593</u>	<u>-</u>	<u>2,005</u>	<u>546</u>	<u>2,589,374</u>
-	1,062,052	-	-	-	1,909,114
-	(1,088,932)	-	-	-	(3,401,800)
<u>-</u>	<u>(26,880)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,492,686)</u>
<u>321,309</u>	<u>(9,287)</u>	<u>-</u>	<u>2,005</u>	<u>546</u>	<u>1,096,688</u>
<u>66,802</u>	<u>9,287</u>	<u>-</u>	<u>60,335</u>	<u>14,269</u>	<u>5,142,813</u>
<u>\$ 388,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,340</u>	<u>\$ 14,815</u>	<u>\$ 6,239,501</u>



NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for major capital projects (other than those financed by the proprietary fund). General obligation bonds are the primary funding source for capital projects.

Streets and Drainage Fund - To account for street and drainage improvements in the Arterial II section of the City. Financing is provided by general resources.

2004 General Obligation Funds – To account for street, traffic safety and sidewalk improvement projects, improvements and equipment for police, fire and municipal office facilities.

Park Development Fund – To account for the development and improvements to various neighborhood parks. Financing is provided by general government resources.

2007 Certificates of Obligations – To account for costs of various parks and recreational facilities and improvements including a portion of the construction of a swimming pool complex.

2002 General Obligation Bonds Fund – To account for costs of public service and public safety facilities and streets and related improvements.

1998 Series General Obligation Bonds (Public Works, Police and Parks Facilities Improvements Fund) – To account for improvements to public safety, public works and parks department facilities and improvements to the City's streets, sidewalks and traffic signal systems.

Convention Center Complex Fund – To account for construction and expansion of convention center complex. Funding is provided by the 1999 Series Hotel Tax Revenue Bonds, hotel tax revenues and private contributions.

2000 Series Certificates of Obligation (Municipal Complex, Park Land & Streets Fund) – To account for costs of constructing municipal office buildings, improving streets, drainage, sidewalks, City parks and fire department facilities.

Tourism Development Fund – To account for the development of tourism. Funding is provided by hotel tax revenues.

**CITY OF ROUND ROCK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2007**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
<u>ASSETS</u>				
Cash and cash equivalents	\$ 643,711	\$ -	\$ 925,895	\$ -
Receivables -				
Accounts and other	5,635	-	-	-
Accrued interest	210,716	-	-	92,526
Assessments	1,156,030	-	-	-
Restricted assets-				
Cash and cash equivalents	-	10,402,998	-	8,992,552
Investments	-	-	-	5,529,414
Total assets	<u>\$ 2,016,092</u>	<u>\$ 10,402,998</u>	<u>\$ 925,895</u>	<u>\$ 14,614,492</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Accounts payable	\$ 113	\$ 50,136	\$ -	\$ -
Deferred revenue	1,156,030	-	826,626	-
Total liabilities	<u>1,156,143</u>	<u>50,136</u>	<u>826,626</u>	<u>-</u>
Fund balances -				
Reserved for authorized construction	-	10,352,862	-	14,614,492
Unreserved - unrestricted	859,949	-	99,269	-
Total fund balances	<u>859,949</u>	<u>10,352,862</u>	<u>99,269</u>	<u>14,614,492</u>
Total liabilities and fund balances	<u>\$ 2,016,092</u>	<u>\$ 10,402,998</u>	<u>\$ 925,895</u>	<u>\$ 14,614,492</u>

<u>2002 General Obligation Bonds Fund</u>	<u>1998 Series GO</u>	<u>Convention Center Complex</u>	<u>2000 Series CO</u>	<u>Tourism Development Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ 271,334	\$ -	\$ -	\$ 1,840,940
-	-	-	-	-	5,635
-	-	-	-	-	303,242
-	-	-	-	-	1,156,030
10,092,465	462,403	-	801,453	758,976	31,510,847
-	-	-	-	-	5,529,414
<u>\$ 10,092,465</u>	<u>\$ 462,403</u>	<u>\$ 271,334</u>	<u>\$ 801,453</u>	<u>\$ 758,976</u>	<u>\$ 40,346,108</u>
\$ 119,862	\$ -	\$ -	\$ 34,632	\$ -	\$ 204,743
-	-	-	-	-	1,982,656
<u>119,862</u>	<u>-</u>	<u>-</u>	<u>34,632</u>	<u>-</u>	<u>2,187,399</u>
9,972,603	462,403	271,334	766,821	758,976	37,199,491
-	-	-	-	-	959,218
<u>9,972,603</u>	<u>462,403</u>	<u>271,334</u>	<u>766,821</u>	<u>758,976</u>	<u>38,158,709</u>
<u>\$ 10,092,465</u>	<u>\$ 462,403</u>	<u>\$ 271,334</u>	<u>\$ 801,453</u>	<u>\$ 758,976</u>	<u>\$ 40,346,108</u>

CITY OF ROUND, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2007

	2004	2004	2004	2007	2002
	Streets and Drainage	General Obligation Bonds	Park Development	Series CO	General Obligation Bonds Fund
Revenues -					
Investment and other	\$ 76,021	\$ 581,211	\$ 32,281	\$ 109,519	\$ 760,504
Contributions	209,646	-	-	-	91,989
Total revenues	<u>285,667</u>	<u>581,211</u>	<u>32,281</u>	<u>109,519</u>	<u>852,493</u>
Expenditures -					
Bond issuance costs	-	-	-	242,576	-
Capital projects	70,160	854,433	-	-	5,027,092
Total expenditures	<u>70,160</u>	<u>854,433</u>	<u>-</u>	<u>242,576</u>	<u>5,027,092</u>
Excess (deficiency) of revenues over expenditures	<u>215,507</u>	<u>(273,222)</u>	<u>32,281</u>	<u>(133,057)</u>	<u>(4,174,599)</u>
Other financing sources /(uses) -					
Issuance of discount	-	-	-	(167,451)	-
Issuance of debt	-	-	-	14,915,000	-
Transfers in	-	-	-	-	-
Transfers out	(318,195)	-	-	-	-
Total other financing sources/(uses)	<u>(318,195)</u>	<u>-</u>	<u>-</u>	<u>14,747,549</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(102,688)</u>	<u>(273,222)</u>	<u>32,281</u>	<u>14,614,492</u>	<u>(4,174,599)</u>
Fund balances, October 1, 2006	<u>962,637</u>	<u>10,626,084</u>	<u>66,988</u>	<u>-</u>	<u>14,147,202</u>
Fund balances, September 30, 2007	<u>\$ 859,949</u>	<u>\$ 10,352,862</u>	<u>\$ 99,269</u>	<u>\$ 14,614,492</u>	<u>\$ 9,972,603</u>

1998 Series GO	Convention Center Complex	2000 Series CO	Tourism Development Fund	Total Nonmajor Capital Projects Funds
\$ 16,702	\$ 10,887	\$ 31,640	\$ 16,969	\$ 1,635,734
-	-	-	26,250	327,885
<u>16,702</u>	<u>10,887</u>	<u>31,640</u>	<u>43,219</u>	<u>1,963,619</u>
-	-	-	-	242,576
<u>46,341</u>	<u>191,362</u>	<u>124,729</u>	<u>175,375</u>	<u>6,489,492</u>
<u>46,341</u>	<u>191,362</u>	<u>124,729</u>	<u>175,375</u>	<u>6,732,068</u>
<u>(29,639)</u>	<u>(180,475)</u>	<u>(93,089)</u>	<u>(132,156)</u>	<u>(4,768,449)</u>
-	-	-	-	(167,451)
-	-	-	-	14,915,000
-	100,000	-	490,500	590,500
-	(8,076)	-	-	(326,271)
<u>-</u>	<u>91,924</u>	<u>-</u>	<u>490,500</u>	<u>15,011,778</u>
<u>(29,639)</u>	<u>(88,551)</u>	<u>(93,089)</u>	<u>358,344</u>	<u>10,243,329</u>
<u>492,042</u>	<u>359,885</u>	<u>859,910</u>	<u>400,632</u>	<u>27,915,380</u>
<u>\$ 462,403</u>	<u>\$ 271,334</u>	<u>\$ 766,821</u>	<u>\$ 758,976</u>	<u>\$ 38,158,709</u>

CITY OF ROUND ROCK, TEXAS
PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –
ALL CAPITAL PROJECTS FUNDS
BEGINNING OF PROJECTS TO SEPTEMBER 30, 2007

	Streets and Drainage	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction
Total funding authorization	<u>\$ -</u>	<u>\$ 5,997,000</u>	<u>\$ 941,316</u>	<u>\$ 14,500,000</u>	<u>\$ 65,761,894</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ -	\$ 80,366	\$ -	\$ 1,136,901
Contributions	-	-	125,315	-	9,521,372
Investment and other	-	255,558	603,279	109,519	639,825
Lease purchase proceeds	-	-	-	-	4,033,453
Issuance of general obligation bonds	-	34,475,000	-	14,915,000	-
Transfers in	-	-	231,620	-	78,398,264
Other sources/transfers	-	537,303	-	-	1,423,235
	<u>\$ -</u>	<u>\$ 35,267,861</u>	<u>\$ 1,040,580</u>	<u>\$ 15,024,519</u>	<u>\$ 95,153,050</u>
Expenditures and other uses -					
Capital projects	\$ -	\$ 420,000	\$ 831,316	\$ -	\$ 56,144,566
Transfers out	-	-	110,000	-	8,242,703
Other costs/transfers	-	495,303	-	410,027	-
	<u>\$ -</u>	<u>\$ 915,303</u>	<u>\$ 941,316</u>	<u>\$ 410,027</u>	<u>\$ 64,387,269</u>

1998 Series GO	Round Rock Transportation System Development Corporation	Convention Center Complex	2000 Series CO	2002 Series GO	2004 Series GO	Tourism Development Fund
<u>\$11,227,407</u>	<u>\$153,865,202</u>	<u>\$ 515,767</u>	<u>\$ 11,174,950</u>	<u>\$ 37,379,107</u>	<u>\$ 17,449,451</u>	<u>\$ 236,375</u>
\$ 400,000	\$ 1,153,320	\$ -	\$ 50,000	\$ -	\$ -	\$ -
-	-	-	-	91,989	-	37,500
1,249,339	2,013,755	35,091	743,827	3,117,764	1,757,640	28,851
-	-	-	-	-	-	-
8,905,000	62,565,709	-	10,493,786	35,000,000	19,435,000	-
887,934	54,736,152	752,010	100,000	329,885	-	929,000
-	-	-	-	-	690,600	-
<u>\$11,442,273</u>	<u>\$120,468,936</u>	<u>\$ 787,101</u>	<u>\$ 11,387,613</u>	<u>\$ 38,539,638</u>	<u>\$ 21,883,240</u>	<u>\$ 995,351</u>
\$10,450,070	\$115,343,944	\$ 485,899	\$ 10,462,284	\$ 28,277,732	\$ 10,840,584	\$ 236,375
529,799	3,941,590	29,868	-	-	329,885	-
-	455,000	-	158,509	289,302	359,909	-
<u>\$10,979,869</u>	<u>\$119,740,534</u>	<u>\$ 515,767</u>	<u>\$ 10,620,793</u>	<u>\$ 28,567,034</u>	<u>\$ 11,530,378</u>	<u>\$ 236,375</u>



**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

**GENERAL, DEBT SERVICE
AND NONMAJOR SPECIAL REVENUE FUNDS**

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2006**

	Actual	Budgeted Amounts		Variance - Positive (Negative)	2006 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
General property tax	\$ 14,110,618	\$ 13,786,000	\$ 14,085,000	\$ 25,618	\$12,046,795
Penalty and interest	84,501	65,000	78,300	6,201	69,283
City sales tax	51,741,069	49,800,000	51,741,000	69	48,701,834
Franchise	5,499,220	5,280,000	5,819,500	(320,280)	4,990,445
Bingo tax	26,028	28,000	28,000	(1,972)	25,932
Mixed drink tax	231,356	190,000	231,000	356	201,852
Total taxes and franchise	71,692,792	69,149,000	71,982,800	(290,008)	66,036,141
Licenses, permits and fees -					
Building permits	497,693	400,000	497,000	693	460,056
Other permits	28,058	-	-	28,058	27,600
Fees	655,459	659,000	677,100	(21,641)	347,120
Total licenses, permits and fees	1,181,210	1,059,000	1,174,100	7,110	834,776
Charges for services -					
Trash collection fees	1,215,562	943,000	926,600	288,962	1,093,723
Swimming pool fees	437,747	411,000	415,400	22,347	458,363
Recreation program fees	1,832,736	1,695,000	1,768,500	64,236	1,611,357
Filing and reproduction fees	17,625	16,000	16,000	1,625	291,595
Other	65,407	35,000	84,600	(19,193)	856,115
Total charges for services	3,569,077	3,100,000	3,211,100	357,977	4,311,153
Fines and forfeitures	1,701,302	1,118,000	1,574,000	127,302	1,543,537
Intergovernmental	697,696	137,000	421,300	276,396	474,890
Investment and other -					
Investment income	4,057,987	976,000	3,664,600	393,387	2,600,098
Other	1,940,211	885,000	1,696,100	244,111	1,522,743
Total investment and other	5,998,198	1,861,000	5,360,700	637,498	4,122,841
Total revenues	84,840,275	76,424,000	83,724,000	1,116,275	77,323,338

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL - CONTINUED
YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2006**

	Actual	Budgeted Amounts		Variance - Positive (Negative)	2006 Actual
		Original	Final		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 6,457,140	\$ 6,917,778	\$ 6,523,778	\$ 66,638	\$ 6,284,843
Contractual services	2,231,832	2,545,562	2,292,412	60,580	2,252,146
Supplies and materials	265,997	288,516	293,543	27,546	230,657
Other services and charges	12,170,994	13,225,408	12,142,608	(28,386)	12,249,523
Capital outlay	211,135	265,455	204,578	(6,557)	134,780
Total executive	21,337,098	23,242,719	21,456,919	119,821	21,151,949
Judicial -					
Personnel services	501,829	539,032	514,532	12,703	423,228
Contractual services	90,217	85,189	85,189	(5,028)	132,547
Supplies and materials	19,422	24,411	24,411	4,989	25,065
Other services and charges	4,939	10,270	10,270	5,331	3,770
Total judicial	616,407	658,902	634,402	17,995	584,610
Total general government	21,953,505	23,901,621	22,091,321	137,816	21,736,559
Public safety					
Police-					
Personnel services	14,282,247	14,639,473	14,489,473	207,226	13,541,248
Contractual services	646,074	597,619	621,619	(24,455)	601,045
Supplies and materials	1,062,754	1,014,939	1,016,284	(46,470)	966,855
Other services and charges	597,659	552,429	514,329	(83,330)	424,243
Capital outlay	1,239,349	1,342,049	1,279,954	40,605	716,387
Total police	17,828,083	18,146,509	17,921,659	93,576	16,249,778
Fire -					
Personnel services	8,667,503	9,179,017	8,657,762	(9,741)	8,410,078
Contractual services	323,219	345,582	321,521	(1,698)	303,686
Supplies and materials	753,149	754,109	742,811	(10,338)	641,052
Other services and charges	108,412	134,055	113,105	4,693	125,536
Capital outlay	443,722	513,846	489,440	45,718	23,489
Total fire	10,296,005	10,926,609	10,324,639	28,634	9,503,841
Total public safety	28,124,088	29,073,118	28,246,298	122,210	25,753,619

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CONTINUED
YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2006**

	Actual	Budgeted Amounts		Variance - Positive (Negative)	2006 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 2,860,008	\$ 3,400,222	\$ 2,979,522	\$ 119,514	\$ 2,950,868
Contractual services	175,700	434,431	175,431	(269)	181,011
Supplies and materials	157,861	185,817	173,349	15,488	134,450
Other services and charges	28,219	64,213	39,713	11,494	27,170
Capital outlay	43,037	72,098	55,066	12,029	73,933
Total administration	3,264,825	4,156,781	3,423,081	158,256	3,367,432
Streets -					
Personnel services	2,089,148	2,241,473	2,154,973	65,825	2,158,371
Contractual services	1,309,190	4,485,367	1,474,541	165,351	1,035,353
Supplies and materials	684,365	633,127	633,127	(51,238)	616,686
Other services and charges	10,815	34,171	34,171	23,356	35,125
Capital outlay	202,395	326,617	209,597	7,202	226,511
Total streets	4,295,913	7,720,755	4,506,409	210,496	4,072,046
Maintenance shop -					
Personnel services	815,230	860,708	819,388	4,158	719,140
Contractual services	52,084	57,534	52,534	450	56,033
Supplies and materials	81,254	88,428	79,578	(1,676)	81,046
Other services and charges	11,539	10,500	10,500	(1,039)	10,640
Capital outlay	14,356	70,400	16,720	2,364	16,657
Total maintenance shop	974,463	1,087,570	978,720	4,257	883,516
Total public works	8,535,201	12,965,106	8,908,210	373,009	8,322,994

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL - CONTINUED
YEAR ENDED SEPTEMBER 30, 2007
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2006**

	Actual	Budgeted Amounts		Variance - Positive (Negative)	2006 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,464,619	\$ 1,497,815	\$ 1,469,815	\$ 5,196	\$ 1,413,842
Contractual services	193,258	208,578	208,578	15,320	184,179
Supplies and materials	104,798	101,350	98,350	(6,448)	77,411
Other services and charges	75,520	87,488	80,488	4,968	74,035
Capital outlay	405,337	396,600	406,600	1,263	348,919
Total library	<u>2,243,532</u>	<u>2,291,831</u>	<u>2,263,831</u>	<u>20,299</u>	<u>2,098,386</u>
Parks and recreation -					
Personnel services	4,576,989	5,047,419	4,747,419	170,430	4,368,158
Contractual services	1,639,965	1,680,638	1,614,438	(25,527)	1,476,521
Supplies and materials	1,085,121	1,108,312	1,021,054	(64,067)	1,054,439
Other services and charges	188,062	245,604	194,104	6,042	158,088
Capital outlay	339,486	343,998	344,956	5,470	211,437
Total parks and recreation	<u>7,829,623</u>	<u>8,425,971</u>	<u>7,921,971</u>	<u>92,348</u>	<u>7,268,643</u>
Total culture and recreation	<u>10,073,155</u>	<u>10,717,802</u>	<u>10,185,802</u>	<u>112,647</u>	<u>9,367,029</u>
Total expenditures	<u>68,685,949</u>	<u>76,657,647</u>	<u>69,431,631</u>	<u>745,682</u>	<u>65,180,201</u>
Excess (deficiency) of revenues over expenditures	<u>16,154,326</u>	<u>(233,647)</u>	<u>14,292,369</u>	<u>1,861,957</u>	<u>12,143,137</u>
Other financing sources (uses) -					
Lease purchase proceeds	750,000	750,000	750,000	-	600,000
Transfers in	1,690,000	1,690,000	1,690,000	-	1,690,000
Transfers out	(16,727,009)	(2,201,000)	(16,727,016)	7	(10,665,470)
Total other financing sources (uses)	<u>(14,287,009)</u>	<u>239,000</u>	<u>(14,287,016)</u>	<u>7</u>	<u>(8,375,470)</u>
Excess of revenues and other sources over expenditures and other uses	<u>1,867,317</u>	<u>\$ 5,353</u>	<u>\$ 5,353</u>	<u>\$ 1,861,964</u>	<u>\$ 3,767,667</u>
Fund balance, October 1, 2006	<u>32,472,684</u>				
Fund balance, September 30, 2007	<u>\$ 34,340,001</u>				

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Original and Final Budgeted Amounts</u>	<u>Variance - Positive (Negative)</u>
Revenues -			
Property taxes, including interest and penalties	\$ 10,160,740	\$ 9,860,000	\$ 300,740
Investment and other	498,903	250,000	248,903
Total revenues	<u>10,659,643</u>	<u>10,110,000</u>	<u>549,643</u>
Expenditures -			
Debt service -			
Principal retirement	11,940,981	11,940,981	-
Interest and fiscal charges	7,052,015	7,613,252	561,237
Advance refunding escrow	2,547,568	2,547,568	-
Issuance costs	709,241	709,241	-
Total expenditures	<u>22,249,805</u>	<u>22,811,042</u>	<u>561,237</u>
Excess (deficiency) of revenues over expenditures	<u>(11,590,162)</u>	<u>(12,701,042)</u>	<u>1,110,880</u>
Other financing sources (uses) -			
Issuance of debt	30,720,000	30,720,000	-
Issuance of premium/discount	203,596	203,596	-
Payment to refunding agent	(30,175,015)	(30,175,015)	-
Transfers in	10,709,481	10,709,481	-
Transfers out	(10,013)	-	(10,013)
Total other financing sources (uses)	<u>11,448,049</u>	<u>10,709,481</u>	<u>(10,013)</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other uses	 <u>(142,113)</u>	 <u>\$ (1,991,561)</u>	 <u>\$ 1,100,867</u>
 Fund balance, October 1, 2006	 <u>3,200,508</u>		
 Fund balance, September 30, 2007	 <u>\$ 3,058,395</u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
1981 COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Fund balance, October 1, 2006	<u>\$ 19,181</u>		
Fund balance, September 30, 2007	<u><u>\$ 19,181</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
STREET AND BRIDGE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Investment and other	<u>\$ 24,421</u>	<u>\$ 24,421</u>	<u>\$ -</u>
Total revenues	24,421	<u><u>\$ 24,421</u></u>	<u><u>\$ -</u></u>
Fund balance, October 1, 2006	<u>708,521</u>		
Fund balance, September 30, 2007	<u><u>\$ 732,942</u></u>		

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2007

		Budgeted Amounts		Variance-
	Actual	Original	Final	Positive (Negative)
Revenues -				
Hotel occupancy tax	\$ 2,838,689	\$ 2,200,000	\$ 2,200,000	\$ 638,689
Investment and other	155,356	50,000	50,000	105,356
Contributions	1,292	-	-	1,292
Total revenues	<u>2,995,337</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>745,337</u>
Expenditures -				
Current -				
Culture and recreation -				
Personnel services	198,869	272,191	272,191	73,322
Contractual services	208,270	218,219	218,219	9,949
Supplies and materials	14,157	18,590	18,590	4,433
Other services and charges	210,998	302,000	302,000	91,002
Capital outlay	6,347	8,500	8,500	2,153
Total expenditures	<u>638,641</u>	<u>819,500</u>	<u>819,500</u>	<u>180,859</u>
Excess of revenues over expenditures	<u>2,356,696</u>	<u>1,430,500</u>	<u>1,430,500</u>	<u>926,196</u>
Other financing sources /(uses) -				
Transfers in	847,062	847,062	847,062	-
Transfers out	(2,312,868)	(2,474,463)	(2,474,463)	161,595
Total other financing sources/(uses)	<u>(1,465,806)</u>	<u>(1,627,401)</u>	<u>(1,627,401)</u>	<u>161,595</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	890,890	<u>\$ (196,901)</u>	<u>\$ (196,901)</u>	<u>\$ 1,087,791</u>
Fund balance, October 1, 2006	<u>3,566,831</u>			
Fund balance, September 30, 2007	<u>\$ 4,457,721</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
POLICE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Fines and forfeitures	\$ 148,221	\$ 175,000	\$ (26,779)
Investment and other	<u>15,503</u>	<u>12,725</u>	<u>2,778</u>
Total revenues	<u>163,724</u>	<u>187,725</u>	<u>(24,001)</u>
Expenditures -			
Current -			
Public safety -			
Capital outlay	<u>332,804</u>	<u>435,495</u>	<u>102,691</u>
Total expenditures	<u>332,804</u>	<u>435,495</u>	<u>102,691</u>
Excess (deficiency) of revenues over expenditures	(169,080)	<u><u>\$ (247,770)</u></u>	<u><u>\$ 78,690</u></u>
Fund balance, October 1, 2006	<u>512,528</u>		
Fund balance, September 30, 2007	<u><u>\$ 343,448</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
MUNICIPAL COURT FUND
YEAR ENDED SEPTEMBER 30, 2007**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 88,446	\$ 75,000	\$ 75,000	\$ 13,446
Investment and other	7,427	6,576	6,576	851
Total revenues	<u>95,873</u>	<u>81,576</u>	<u>81,576</u>	<u>14,297</u>
Expenditures -				
Current -				
General government -				
Personnel services	32,121	35,200	35,200	3,079
Supplies and materials	5,245	7,295	7,295	2,050
Other services and charges	85	1,500	1,500	1,415
Capital outlay	<u>22,538</u>	<u>73,500</u>	<u>73,500</u>	<u>50,962</u>
Total expenditures	<u>59,989</u>	<u>117,495</u>	<u>117,495</u>	<u>57,506</u>
Excess (deficiency) of revenues over expenditures	35,884	<u>\$ (35,919)</u>	<u>\$ (35,919)</u>	<u>\$ 71,803</u>
Fund balance, October 1, 2006	<u>185,059</u>			
Fund balance, September 30, 2007	<u>\$ 220,943</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LANDSCAPE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Licenses, permits and fees	\$ 315,435	\$ 315,435	\$ -
Investment and other	5,350	5,350	-
Contributions	<u>524</u>	<u>524</u>	<u>-</u>
Total revenues	<u>321,309</u>	<u>321,309</u>	<u>-</u>
Expenditures -			
Current -			
Supplies and materials	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	321,309	<u><u>\$ 321,309</u></u>	<u><u>\$ -</u></u>
Fund balance, October 1, 2006	<u>66,802</u>		
Fund balance, September 30, 2007	<u><u>\$ 388,111</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
CONVENTION CENTER REVENUE
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Investment and other	<u>\$ 17,593</u>	<u>\$ 17,593</u>	<u>\$ -</u>
Total revenues	<u>17,593</u>	<u>17,593</u>	<u>-</u>
Other financing sources /(uses) -			
Transfers in	1,062,052	1,062,052	-
Transfers out	<u>(1,088,932)</u>	<u>(1,088,932)</u>	<u>-</u>
Total other financing sources/(uses)	<u>(26,880)</u>	<u>(26,880)</u>	<u>-</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	(9,287)	<u>\$ (9,287)</u>	<u>\$ -</u>
Fund balance, October 1, 2006	<u>9,287</u>		
Fund balance, September 30, 2007	<u><u>\$ -</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Intergovernmental	<u>\$ 191,099</u>	<u>\$ 191,099</u>	<u>\$ -</u>
Total revenues	<u>191,099</u>	<u>191,099</u>	<u>-</u>
Expenditures -			
Current -			
General government -			
Personnel services	61,232	61,232	-
Contractual services	4,807	4,807	-
Supplies and materials	10,926	10,926	-
Other services and charges	94,751	94,751	-
Capital outlay	<u>19,383</u>	<u>19,383</u>	<u>-</u>
Total expenditures	<u>191,099</u>	<u>191,099</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, October 1, 2006	<u>-</u>		
Fund balance, September 30, 2007	<u><u>\$ -</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
ANNEXATION FEES FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Licenses, permits and fees	\$ -	\$ -	\$ -
Investment and other	<u>2,005</u>	<u>2,005</u>	<u>-</u>
Total revenues	<u>2,005</u>	<u>2,005</u>	<u>-</u>
Excess of revenues over expenditures	2,005	<u><u>\$ 2,005</u></u>	<u><u>\$ -</u></u>
Fund balance, October 1, 2006	<u>60,335</u>		
Fund balance, September 30, 2007	<u><u>\$ 62,340</u></u>		

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues-			
Investment and other	\$ 496	\$ 500	\$ (4)
Contributions	<u>3,361</u>	<u>800</u>	<u>2,561</u>
Total revenues	<u>3,857</u>	<u>1,300</u>	<u>2,557</u>
Expenditures -			
Current -			
General government -			
Supplies and materials	<u>3,311</u>	<u>4,000</u>	<u>689</u>
Total expenditures	<u>3,311</u>	<u>4,000</u>	<u>689</u>
Excess (deficiency) of revenues over expenditures	546	<u><u>\$ (2,700)</u></u>	<u><u>\$ 3,246</u></u>
Fund balance, October 1, 2006	<u>14,269</u>		
Fund balance, September 30, 2007	<u><u>\$ 14,815</u></u>		

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**CITY OF ROUND ROCK, TEXAS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PUBLIC IMPROVEMENT DISTRICTS
YEAR ENDED SEPTEMBER 30, 2007**

	Balances October 1, 2006	Additions	Deductions	Balances September 30, 2007
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 1,020,013</u>	<u>\$ 965,981</u>	<u>\$ 1,188,750</u>	<u>\$ 797,244</u>
Total assets	<u><u>\$ 1,020,013</u></u>	<u><u>\$ 965,981</u></u>	<u><u>\$ 1,188,750</u></u>	<u><u>\$ 797,244</u></u>
<u>Liabilities</u>				
Due to participants	<u>\$ 1,020,013</u>	<u>\$ 965,981</u>	<u>\$ 1,188,750</u>	<u>\$ 797,244</u>
Total liabilities	<u><u>\$ 1,020,013</u></u>	<u><u>\$ 965,981</u></u>	<u><u>\$ 1,188,750</u></u>	<u><u>\$ 797,244</u></u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2007**

Capital assets -

Land	\$ 20,553,925
Buildings and improvements	489,472,393
Equipment	40,763,497
Construction in progress	<u>52,711,791</u>
	<u>\$ 603,501,606</u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 165,099,358
Federal grants	284,527
State grants	1,008,753
General Fund revenues	69,820,223
Special Revenue Fund revenues	96,550,061
Hotel Occupancy Tax revenues	20,526,214
Gifts	249,495,561
Special assessments	<u>716,909</u>
	<u>\$ 603,501,606</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2007**

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>
General Government -		
Control -		
Executive	\$ 247,336	\$ -
Staff agencies -		
Public works	7,087,309	293,740
Finance	748,047	-
Law	236,646	-
Planning and zoning	1,719,402	-
General government	40,092,988	3,507,461
Total staff agencies	49,884,392	3,801,201
Total general government	50,131,728	3,801,201
Public safety -		
Police protection	12,422,799	225,205
Fire protection	16,839,728	1,413,835
Inspection	257,002	-
Total public safety	29,519,529	1,639,040
Public works -		
City shop	1,923,607	-
Streets and drainage	412,241,173	3,549
Total public works	414,164,780	3,549
Culture and recreation -		
Library	7,370,439	278,252
Recreation	49,603,339	14,831,883
Total culture and recreation	56,973,778	15,110,135
Total capital assets allocated to functions	550,789,815	\$ 20,553,925
Construction in progress	52,711,791	
Total capital assets	\$ 603,501,606	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,336</u>
3,146,072	2,748,881	898,616
-	-	748,047
-	-	236,646
31,230	751,653	936,519
<u>28,865,656</u>	<u>3,602,481</u>	<u>4,117,390</u>
<u>32,042,958</u>	<u>7,103,015</u>	<u>6,937,218</u>
<u>32,042,958</u>	<u>7,103,015</u>	<u>7,184,554</u>
1,135,362	1,020,492	10,041,740
7,293,797	420,187	7,711,909
-	-	257,002
<u>8,429,159</u>	<u>1,440,679</u>	<u>18,010,651</u>
50,892	1,332,663	540,052
889,211	404,295,592	7,052,821
<u>940,103</u>	<u>405,628,255</u>	<u>7,592,873</u>
3,874,456	21,940	3,195,791
<u>16,001,620</u>	<u>13,990,208</u>	<u>4,779,628</u>
<u>19,876,076</u>	<u>14,012,148</u>	<u>7,975,419</u>
<u>\$ 61,288,296</u>	<u>\$ 428,184,097</u>	<u>\$ 40,763,497</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2007**

<u>Function and Activity</u>	<u>Capital Assets 10-1-06</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Capital Assets 09-30-07</u>
General Government -				
Control -				
Executive	\$ 161,479	\$ 85,857	\$ -	\$ 247,336
Staff Agencies -				
Public works	7,053,786	36,537	(3,014)	7,087,309
Finance	657,741	90,306	-	748,047
Law	270,079	27,674	(61,107)	236,646
Planning and zoning	1,745,595	36,127	(62,320)	1,719,402
General government	37,806,322	2,286,666	-	40,092,988
Total staff agencies	<u>47,533,523</u>	<u>2,477,310</u>	<u>(126,441)</u>	<u>49,884,392</u>
Total general government	<u>47,695,002</u>	<u>2,563,167</u>	<u>(126,441)</u>	<u>50,131,728</u>
Public safety -				
Police protection	11,449,468	1,661,488	(688,157)	12,422,799
Fire protection	12,014,226	5,008,487	(182,985)	16,839,728
Inspection	218,383	38,619	-	257,002
Total public safety	<u>23,682,077</u>	<u>6,708,594</u>	<u>(871,142)</u>	<u>29,519,529</u>
Public works -				
City shop	1,908,139	15,468	-	1,923,607
Streets and drainage	376,214,515	36,027,243	(585)	412,241,173
Total public works	<u>378,122,654</u>	<u>36,042,711</u>	<u>(585)</u>	<u>414,164,780</u>
Culture and recreation -				
Library	7,024,816	405,337	(59,714)	7,370,439
Recreation	48,568,266	1,283,755	(248,682)	49,603,339
Total culture and recreation	<u>55,593,082</u>	<u>1,689,092</u>	<u>(308,396)</u>	<u>56,973,778</u>
Construction in progress	<u>45,274,425</u>	<u>36,235,139</u>	<u>(28,797,773)</u>	<u>52,711,791</u>
Total capital assets	<u>\$ 550,367,240</u>	<u>\$ 83,238,703</u>	<u>\$ (30,104,337)</u>	<u>\$ 603,501,606</u>

**CITY OF ROUND ROCK, TEXAS
STATISTICAL SECTION
(UNAUDITED)**

This part of the City of Round Rock's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	140
Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	150
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's currently outstanding debt and the City's ability to issue additional debt in the future.	158
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	165
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City's financial report relates to the services the City provides and the activities it performs.	167

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003. Schedules presenting government-wide information include information beginning in that year.

**CITY OF ROUND ROCK, TEXAS
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities-				
Invested in capital assets, net of related debt	\$ 162,113,491	\$ 213,971,965	\$ 191,409,740	\$ 218,160,338
Restricted	62,407,428	30,619,598	77,452,591	72,855,857
Unrestricted	59,450,222	59,840,433	66,432,282	75,249,052
Total governmental activities net assets	\$ 283,971,141	\$ 304,431,996	\$ 335,294,613	\$ 366,265,247
Business-type activities-				
Invested in capital assets, net of related debt	\$ 133,189,058	\$ 153,895,969	\$ 166,695,648	\$ 184,270,630
Restricted	27,313,591	21,409,980	20,737,192	17,534,251
Unrestricted	30,211,234	30,540,616	35,012,093	44,027,327
Total business-type activities net assets	\$ 190,713,883	\$ 205,846,565	\$ 222,444,933	\$ 245,832,208
Primary government-				
Invested in capital assets, net of related debt	\$ 295,302,549	\$ 367,867,934	\$ 358,105,388	\$ 402,430,968
Restricted	89,721,019	52,029,578	98,189,783	90,390,108
Unrestricted	89,661,456	90,381,049	101,444,375	119,276,379
Total primary government activities net assets	\$ 474,685,024	\$ 510,278,561	\$ 557,739,546	\$ 612,097,455

Note: City of Round Rock, Texas first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

2007

\$ 207,796,040
116,954,632

84,650,547

\$ 409,401,219

\$ 203,541,558
21,938,288

46,524,348

\$ 272,004,194

\$ 411,337,598
138,892,920

131,174,895

\$ 681,405,413

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities-				
General government	\$ 19,642,141	\$ 19,713,687	\$ 20,282,360	\$ 21,634,710
Public safety	19,066,383	20,966,487	22,762,219	27,724,273
Public works	16,588,968	18,072,178	20,919,303	24,804,177
Culture and recreation	9,325,558	10,246,850	10,921,173	11,714,066
Interest on long-term debt	7,393,065	7,433,425	8,358,830	7,950,242
Total governmental activities expenses	72,016,115	76,432,627	83,243,885	93,827,468
Business-type activities-				
Water and sewer utility	20,182,559	22,543,579	25,051,538	27,783,218
Golf course	162,996	173,136	215,595	150,029
Total business-type activities expenses	20,345,555	22,716,715	25,267,133	27,933,247
Total primary government expenses	92,361,670	99,149,342	108,511,018	121,760,715
Program revenues:				
Governmental activities-				
Charges for services-				
General government	1,356,528	1,409,825	1,352,613	2,021,621
Public safety	1,437,534	1,712,535	2,674,255	2,371,379
Public works	1,149,150	872,929	1,040,788	1,139,836
Culture and recreation	1,976,438	2,137,179	1,941,047	2,408,710
Operating grants and contributions	672,000	660,273	625,905	1,057,821
Capital grants and contributions	17,982,478	11,768,405	14,435,954	12,548,335
Total governmental activities program revenues	24,574,128	18,561,146	22,070,562	21,547,702
Business-type activities-				
Charges for services-				
Water and sewer utility	24,002,196	24,962,107	27,161,741	30,566,103
Golf course	453,238	486,097	427,504	476,082
Capital grants and contributions	98,866	661,869	1,187,383	2,310,171
Total business-type activities program revenues	24,554,300	26,110,073	28,776,628	33,352,356
Total primary government program revenues	49,128,428	44,671,219	50,847,190	54,900,058
Net (expense) revenue-				
Governmental activities	(47,441,987)	(57,871,481)	(61,173,323)	(72,279,766)
Business-type activities	4,208,745	3,393,358	3,509,495	5,419,109
Total primary government net expense	\$ (43,233,242)	\$ (54,478,123)	\$ (57,663,828)	\$ (66,860,657)

(CONTINUED)

Note: City of Round Rock, Texas first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

2007

\$ 21,926,050
28,879,882
27,114,039
11,905,643
7,463,588

97,289,202

28,873,665
167,906

29,041,571

126,330,773

1,766,153
2,851,787
1,337,371
2,489,438
931,269
17,322,551

26,698,569

30,968,868
476,025
4,383,669

35,828,562

62,527,131

(70,590,633)
6,786,991

\$ (63,803,642)

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET ASSETS (CONTINUED)
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General revenues and other changes in net assets:				
Governmental activities-				
Taxes-				
Property	\$ 17,463,237	\$ 18,699,378	\$ 20,486,575	\$ 21,632,249
Franchise	4,255,978	4,687,213	4,488,608	4,990,439
Sales	45,023,664	48,642,969	58,052,509	64,935,779
Hotel occupancy	1,618,744	1,650,148	1,905,049	2,268,619
Public service	205,185	210,090	212,565	227,784
Investment earnings	1,990,200	1,585,398	3,932,154	7,232,842
Miscellaneous	334,869	121,610	206,057	122,499
Transfers	2,238,068	2,735,530	2,752,423	1,840,189
Total governmental activities	73,129,945	78,332,336	92,035,940	103,250,400
Business-type activities-				
Impact fees	6,215,734	5,810,326	8,648,921	9,261,152
Unrestricted grants and contributions	9,206,954	8,056,091	6,165,506	8,134,901
Investment earnings	901,541	588,816	997,802	2,363,692
Miscellaneous	-	19,621	29,067	48,610
Transfers	(2,238,068)	(2,735,530)	(2,752,423)	(1,840,189)
Total business-type activities	14,086,161	11,739,324	13,088,873	17,968,166
Total primary government	87,216,106	90,071,660	105,124,813	121,218,566
Change in net assets:				
Governmental activities	25,687,958	20,460,855	30,862,617	30,970,634
Business-type activities	18,294,906	15,132,682	16,598,368	23,387,275
Total primary government	\$ 43,982,864	\$ 35,593,537	\$ 47,460,985	\$ 54,357,909

Note: City of Round Rock, Texas first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

2007

\$ 24,409,535
5,499,222
68,988,092
2,838,689
257,384
9,912,657
152,805
1,668,221

113,726,605

10,609,090
9,388,762
1,055,364
-

(1,668,221)

19,384,995

133,111,600

43,135,972
26,171,986

\$ 69,307,958

CITY OF ROUND ROCK, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
General fund-				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	13,695,770	17,022,971	19,881,188	22,185,654
Total general fund	<u>\$ 13,695,770</u>	<u>\$ 17,022,971</u>	<u>\$ 19,881,188</u>	<u>\$ 22,185,654</u>
All other governmental funds-				
Reserved for-				
Federal seizure	\$ 100,837	\$ 103,298	\$ 121,389	\$ 131,924
Non-current loans receivable	23,140	19,181	19,181	19,181
Debt service	1,083,021	1,876,382	1,471,892	2,132,743
Nonexpendable endowments	100,000	100,000	100,000	100,000
Authorized construction	21,138,176	23,358,845	26,673,808	31,551,635
Unreserved, reported in-				
Special revenue funds	3,468,957	6,600,155	13,147,967	16,005,647
Capital projects funds	2,854,950	4,291,154	7,173,012	13,307,241
Permanent fund	10,387	7,122	7,361	3,969
Total all other governmental funds	<u>\$ 28,779,468</u>	<u>\$ 36,356,137</u>	<u>\$ 48,714,610</u>	<u>\$ 63,252,340</u>

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ -	\$ 46,600	\$ 23,200	\$ -	\$ -	\$ -
23,261,921	25,204,136	26,759,957	28,705,017	32,472,684	34,340,001
<u>\$ 23,261,921</u>	<u>\$ 25,250,736</u>	<u>\$ 26,783,157</u>	<u>\$ 28,705,017</u>	<u>\$ 32,472,684</u>	<u>\$ 34,340,001</u>
\$ 36,633	\$ 84,044	\$ 112,857	\$ 357,985	\$ 391,661	\$ 343,448
19,181	19,181	19,181	19,181	19,181	19,181
2,074,841	2,304,816	2,338,493	2,600,354	3,200,508	3,058,395
100,000	100,000	100,000	100,000	-	-
66,939,857	58,100,810	79,421,798	75,863,062	70,912,738	115,324,128
23,560,762	10,411,681	5,519,397	4,535,452	4,731,971	5,876,872
15,251,568	25,872,318	24,633,882	26,432,736	29,682,330	32,022,916
6,096	7,437	8,611	4,262	-	-
<u>\$ 107,988,938</u>	<u>\$ 96,900,287</u>	<u>\$ 112,154,219</u>	<u>\$ 109,913,032</u>	<u>\$ 108,938,389</u>	<u>\$ 156,644,940</u>

CITY OF ROUND ROCK, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
Revenues-				
Taxes and franchise	\$ 29,617,637	\$ 39,598,214	\$ 47,424,826	\$ 58,333,682
Licenses, permits and fees	669,622	743,791	970,656	799,550
Charges for services	1,611,370	1,609,133	2,268,857	3,010,382
Fines and forfeitures	898,496	879,865	729,172	834,185
Intergovernmental	88,713	694,221	1,122,445	1,260,810
Hotel occupancy tax	434,356	616,483	1,017,826	1,354,429
Investment and other	2,653,755	3,200,016	4,124,001	5,508,858
Contributions	17,697	7,657,065	11,323,039	791,421
Total revenues	<u>35,991,646</u>	<u>54,998,788</u>	<u>68,980,822</u>	<u>71,893,317</u>
Expenditures-				
General government	6,440,010	8,897,742	11,979,536	14,675,517
Public safety	9,583,146	10,958,903	12,698,746	15,074,503
Public works	3,122,374	4,035,009	5,234,245	6,240,934
Culture and recreation	3,318,654	4,079,773	5,170,540	7,232,737
Capital projects	8,658,863	20,499,156	40,367,935	30,831,239
Debt service-				
Principal retirement	4,244,493	4,268,300	4,156,328	5,095,748
Interest and fiscal charges	3,042,789	3,320,740	3,739,412	4,938,673
Other charges	-	-	-	-
Total expenditures	<u>38,410,329</u>	<u>56,059,623</u>	<u>83,346,742</u>	<u>84,089,351</u>
Excess of revenues over (under) expenditures	<u>(2,418,683)</u>	<u>(1,060,835)</u>	<u>(14,365,920)</u>	<u>(12,196,034)</u>
Other financing sources (uses)-				
Proceeds from sale of capital assets	-	-	-	-
Lease purchase proceeds	250,000	500,000	525,000	1,000,000
Issuance of debt	16,436,240	8,183,664	26,423,117	25,435,000
Issuance of premium	-	-	-	-
Payment to refunded bond escrow agent	(5,116,489)	-	-	-
Transfers in	7,602,084	10,914,358	20,770,546	20,430,957
Transfers out	(4,067,210)	(7,633,317)	(18,136,054)	(17,827,727)
Total other financing sources (uses)	<u>15,104,625</u>	<u>11,964,705</u>	<u>29,582,609</u>	<u>29,038,230</u>
Net change in fund balances	<u>\$ 12,685,942</u>	<u>\$ 10,903,870</u>	<u>\$ 15,216,689</u>	<u>\$ 16,842,196</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 10,117,606	\$ 22,503,476	\$ 43,457,868	\$ 34,495,580
Debt service as a percentage of noncapital expenditures	25.8%	22.6%	19.8%	20.2%

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 59,029,046	\$ 66,699,982	\$ 71,743,446	\$ 83,437,892	\$ 91,672,097	\$ 99,100,555
628,550	801,108	679,754	1,218,975	970,570	1,585,091
3,282,764	3,451,103	3,727,507	4,100,595	4,311,153	3,569,077
1,078,089	1,043,055	1,286,754	1,455,280	1,696,474	1,849,523
735,590	754,431	746,042	885,038	1,165,978	2,578,680
1,477,050	1,618,744	1,650,148	1,905,049	2,268,619	2,838,689
3,701,703	3,610,459	2,637,520	4,853,019	8,640,878	11,424,988
269,114	828,134	626,201	1,258,618	165,670	826,807
<u>70,201,906</u>	<u>78,807,016</u>	<u>83,097,372</u>	<u>99,114,466</u>	<u>110,891,439</u>	<u>123,773,410</u>
15,071,967	17,231,171	18,343,416	20,638,875	22,163,330	22,207,904
16,767,233	18,099,093	19,818,241	21,674,409	25,785,545	28,456,892
6,448,449	7,277,171	7,430,727	7,587,502	8,506,994	8,719,701
7,568,798	8,412,271	9,088,693	9,382,752	10,021,489	10,711,796
19,412,193	25,564,047	20,138,116	27,972,915	36,896,924	36,542,219
5,777,190	5,179,568	6,879,318	7,518,388	7,090,383	11,940,981
5,732,117	8,381,599	7,343,728	8,046,683	7,698,552	7,052,015
-	-	929,692	313,483	-	3,994,688
<u>76,777,947</u>	<u>90,144,920</u>	<u>89,971,931</u>	<u>103,135,007</u>	<u>118,163,217</u>	<u>129,626,196</u>
<u>(6,576,041)</u>	<u>(11,337,904)</u>	<u>(6,874,559)</u>	<u>(4,020,541)</u>	<u>(7,271,778)</u>	<u>(5,852,786)</u>
-	-	-	-	1,423,235	-
575,000	-	575,000	600,000	600,000	3,250,000
60,448,959	-	31,945,000	19,915,000	6,201,378	80,110,000
-	-	1,209,144	1,361,510	-	573,448
(11,084,861)	-	(12,803,761)	(20,927,719)	-	(30,175,015)
13,565,477	14,761,767	18,998,512	27,802,722	29,387,915	45,681,150
<u>(11,115,669)</u>	<u>(12,523,699)</u>	<u>(16,262,983)</u>	<u>(25,050,299)</u>	<u>(27,547,726)</u>	<u>(44,012,929)</u>
<u>52,388,906</u>	<u>2,238,068</u>	<u>23,660,912</u>	<u>3,701,214</u>	<u>10,064,802</u>	<u>55,426,654</u>
<u>\$ 45,812,865</u>	<u>\$ (9,099,836)</u>	<u>\$ 16,786,353</u>	<u>\$ (319,327)</u>	<u>\$ 2,793,024</u>	<u>\$ 49,573,868</u>
\$ 20,906,177	\$ 26,877,769	\$ 21,407,334	\$ 29,621,906	\$ 38,693,259	\$ 39,815,761
20.6%	21.4%	22.1%	21.6%	18.6%	21.8%

**CITY OF ROUND ROCK, TEXAS
ACTUAL AND TAXABLE ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Actual Assessed Value			Less: Tax Exempt Property	Total Taxable Assessed Valuation	Total Direct Tax Rate
	Real Property	Personal Property	Total			
1998	\$2,077,547,602	\$428,959,755	\$ 2,506,507,357	\$ 201,165,548	\$ 2,305,341,809	\$ 0.3770
1999	2,306,196,524	486,851,223	2,793,047,747	224,652,682	2,568,395,065	0.3850
2000	2,670,155,112	504,988,781	3,175,143,893	198,291,225	2,976,852,668	0.3629
2001	3,270,519,641	712,609,336	3,983,128,977	260,491,609	3,722,637,368	0.3303
2002	3,977,561,419	853,720,952	4,831,282,371	333,154,352	4,498,128,019	0.3221
2003	4,536,275,722	832,454,143	5,368,729,865	309,696,551	5,059,033,314	0.3422
2004	4,603,800,464	786,481,840	5,390,282,304	250,319,487	5,139,962,817	0.3572
2005	4,794,995,393	726,483,588	5,521,478,981	190,331,290	5,331,147,691	0.3797
2006	5,199,431,315	749,984,473	5,949,415,788	175,933,206	5,773,482,582	0.3711
2007	5,929,650,836	783,793,471	6,713,444,307	198,475,704	6,514,968,603	0.3711

Source: Williamson Central Appraisal District

Note - Property in the City is assessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
PER \$ 100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates		Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Direct	Round Rock Independent School District	Williamson County	
1998	\$ 0.1710	\$ 0.2060	\$ 0.3770	\$ 1.6396	\$ 0.2960	\$ 2.3126
1999	0.1746	0.2104	0.3850	1.7575	0.2990	2.4415
2000	0.1783	0.1846	0.3629	1.7111	0.2995	2.3735
2001	0.1590	0.1713	0.3303	1.7086	0.3477	2.3866
2002	0.1792	0.1429	0.3221	1.7387	0.3543	2.4151
2003	0.1941	0.1481	0.3422	1.7924	0.4154	2.5500
2004	0.2018	0.1553	0.3571	1.8643	0.4482	2.6696
2005	0.2092	0.1705	0.3797	1.8572	0.4789	2.7158
2006	0.2089	0.1622	0.3711	1.8334	0.4997	2.7042
2007	0.2164	0.1547	0.3711	1.6406	0.4997	2.5114

Source: Williamson County Tax Office

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Taxpayer	2007			1998		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 194,498,569	1	2.985%	\$ 105,031,146	1	4.556%
Baltgem Development Corp.	89,922,556	2	1.380%	-	-	-
Toppan Photomasks, Inc.	64,471,351	3	0.990%	-	-	-
Dell Computer Corp.	61,470,057	4	0.944%	-	-	-
Columbia/St. David Healthcare	54,099,616	5	0.830%	-	-	-
TXU Electric Delivery Co.	40,319,229	6	0.619%	17,590,607	8	0.763%
Drever, Limestone, LP	33,440,000	7	0.513%	-	-	-
2800 La Frontera #1A, LTD	29,697,634	8	0.456%	-	-	-
CPG Round Rock, LP	27,979,206	9	0.429%	-	-	-
Warner Ranch Associates, LP	26,616,320	10	0.409%	-	-	-
Cypress Semiconductor	-	-	-	66,776,700	2	2.897%
McNeil Consumer Products Co.	-	-	-	24,756,072	3	1.074%
Res. Of Limestone Ridge, LTD	-	-	-	24,353,831	4	1.056%
DuPont Photo Mask	-	-	-	19,760,076	5	0.857%
Steeplechase Downs	-	-	-	18,850,000	6	0.818%
Westinghouse Motor Company	-	-	-	18,432,137	7	0.800%
Sysco Foods Services	-	-	-	16,904,720	8	0.733%
Southwestern Bell	-	-	-	16,768,229	10	0.727%
	<u>\$ 622,514,538</u>		<u>9.555%</u>	<u>\$ 329,223,518</u>		<u>14.281%</u>

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
1998	\$ 8,781,495	\$ 8,601,905	97.95%	\$ 173,437	\$ 8,775,342	99.93%
1999	10,008,870	9,790,084	97.81%	208,743	9,998,827	99.90%
2000	10,945,988	10,686,138	97.63%	234,544	10,920,682	99.77%
2001	12,410,721	12,181,034	98.15%	201,553	12,382,587	99.77%
2002	14,556,117	14,335,048	98.48%	184,554	14,519,602	99.75%
2003	17,293,787	17,129,231	99.05%	116,866	17,246,097	99.72%
2004	18,330,900	18,117,224	98.83%	165,839	18,283,063	99.74%
2005	20,283,627	20,103,093	99.11%	125,510	20,228,603	99.73%
2006	21,442,944	21,260,880	99.15%	112,696	21,373,576	99.68%
2007	24,173,791	24,010,335	99.32%	-	24,010,335	99.32%

**CITY OF ROUND ROCK, TEXAS
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**

Year	Retail Trade	Wholesale Trade	Services	Manufacturing	Utilities
1997	\$ 392,274,394	\$ 267,680,121	\$ 41,467,789	\$ 25,858,915	\$ 12,185,660
1998	505,585,336	351,229,337	51,849,137	25,164,801	13,640,254
1999	623,057,498	538,396,409	127,142,719	14,127,476	18,530,905
2000	768,898,220	597,548,751	196,444,145	19,815,573	24,734,436
2001	912,414,869	731,001,387	216,072,525	20,451,976	29,741,180
2002	1,002,120,502	719,007,415	216,666,201	22,555,006	33,689,361
2003	1,085,691,925	876,997,596	229,692,253	13,208,185	24,017,807
2004	1,125,319,697	924,947,365	245,301,178	19,188,881	13,748,708
2005	1,022,046,302	1,164,889,028	254,537,151	23,056,605	13,835,732
2006	1,204,017,407	1,286,347,769	221,260,860	20,117,751	15,736,435

Source: Texas Comptroller of Public Accounts

Note: Sales information is not available on a fiscal year basis.

Due to State of Texas confidentiality issues, name of sales tax payers are not available. The categories presented provide alternative information indicative of sales tax revenue sources.

<u>Construction</u>	<u>Finance, Real Estate</u>	<u>Other</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- Lapping</u>
\$ 12,853,681	\$ 465,058	\$ 6,849,649	\$ 759,635,267	1.5%	6.25%	7.75%
12,679,159	194,228	7,678,957	968,021,209	1.5%-2.0%	6.25%	8.25%
11,771,642	280,530	7,275,680	1,340,582,859	2.0%	6.25%	8.25%
11,026,539	422,839	7,908,943	1,626,799,446	2.0%	6.25%	8.25%
12,984,689	1,156,703	6,723,785	1,930,547,114	2.0%	6.25%	8.25%
12,140,945	1,031,156	6,041,356	2,013,251,942	2.0%	6.25%	8.25%
14,337,144	780,350	6,327,026	2,251,052,286	2.0%	6.25%	8.25%
13,090,903	568,076	7,268,203	2,349,433,011	2.0%	6.25%	8.25%
14,962,938	-	210,644,879	2,703,972,635	2.0%	6.25%	8.25%
16,882,448	-	136,663,624	2,901,026,294	2.0%	6.25%	8.25%

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2007**

<u>Taxpayer</u>	<u>Total Collections Year Ended September 30, 2007</u>	<u>Number of Rooms</u>
La Quinta Inn	\$ 129,053	116
Courtyard by Marriott	181,386	113
Red Roof Inn	109,305	107
Baymont Inn	118,176	93
Best Western Executive Inn	93,372	67
Days Inn & Suites	48,242	49
Super 8 Motel	16,705	62
Extended Stay America # 6030	70,796	138
Wingate Inn	112,692	101
Holiday Inn	136,356	90
Residence Inn	200,292	96
Hilton Garden Inn	213,886	122
Comfort Suites	83,815	62
Springhill Suites	161,170	104
Hampton Inn	182,234	93
Staybridge Suites	113,774	81
Austin Marriott North	668,851	295
Candlewood Suites	66,995	98
Lodge at Warner Ranch	-	5
Extended Stay America # 6197	58,928	104
Country Inn & Suites	72,661	61
	<u>\$ 2,838,689</u>	<u>2,057</u>

**CITY OF ROUND ROCK, TEXAS
HOTEL OCCUPANCY TAX COLLECTION HISTORY BY QUARTER
LAST TEN FISCAL YEARS**

Fiscal Year Ended 9-30	1st Quarter Oct. – Dec.	2nd Quarter Jan. – Mar.	3rd Quarter Apr. – June	4th Quarter July – Sept.	Total
1998	\$ 102,162	\$ 99,392	\$ 101,966	\$ 130,835	\$ 434,355
1999	121,858	134,096	163,087	197,442	616,483
2000	219,642	215,824	255,911	326,448	1,017,825
2001	323,789	308,735	333,479	388,426	1,354,429
2002	360,606	307,427	368,583	440,434	1,477,050
2003	401,794	367,136	410,803	439,011	1,618,744
2004	406,795	352,486	414,176	476,691	1,650,148
2005	448,789	401,171	476,219	578,870	1,905,049
2006	521,640	459,601	578,711	708,667	2,268,619
2007	594,826	695,452	729,813	818,598	2,838,689

**CITY OF ROUND ROCK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds			
1998	\$ 47,290,000	\$ 14,338,000	\$ 1,322,901	\$ 8,808,475	\$ 71,759,376	6.43%	\$1,410
1999	43,930,000	13,931,000	9,926,601	7,516,550	75,304,151	5.73%	1,344
2000	40,705,000	24,299,000	25,902,273	6,139,625	97,045,898	6.15%	1,608
2001	37,640,000	23,622,000	51,438,524	4,887,700	117,588,224	5.98%	1,708
2002	71,835,000	20,805,000	64,873,333	3,560,775	161,074,108	7.37%	2,198
2003	70,265,000	20,167,000	61,901,766	2,358,850	154,692,616	7.40%	1,993
2004	87,965,000	18,279,000	59,615,448	1,206,925	167,066,373	7.57%	2,042
2005	98,680,000	3,471,000	57,400,061	270,000	159,821,061	6.60%	1,858
2006	95,020,000	2,968,000	61,274,055	-	159,262,055	6.17%	1,774
2007	124,960,000	16,120,000	58,318,074	355,000	199,753,074	7.43%	2,159

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF ROUND ROCK, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Net Assessed Value (in thousands)	(2) Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1998	50,905	\$ 2,305,342	\$ 61,628,000 ⁽²⁾	\$ 1,083,021	\$ 60,544,979	2.63%	\$ 1,189
1999	56,030	2,568,395	57,861,000 ⁽²⁾	1,876,382	55,984,618	2.18%	999
2000	60,340	2,976,853	65,004,000 ⁽²⁾	1,471,892	63,532,108	2.13%	1,053
2001	68,835	3,722,637	61,262,000 ⁽²⁾	2,132,743	59,129,257	1.59%	859
2002	73,295	4,498,128	92,640,000 ⁽²⁾	2,074,841	90,565,159	2.01%	1,236
2003	77,600	5,059,033	90,432,000 ⁽²⁾	2,304,816	88,127,184	1.74%	1,136
2004	81,825	5,139,963	106,244,000 ⁽²⁾	2,338,493	103,905,507	2.02%	1,270
2005	86,000	5,331,148	102,151,000 ⁽²⁾	2,600,354	99,550,646	1.87%	1,158
2006	89,800	5,773,483	97,988,000 ⁽²⁾	3,200,508	94,787,492	1.64%	1,056
2007	92,500	6,514,969	141,080,000 ⁽²⁾	3,058,395	138,021,605	2.12%	1,492

Note: Includes Certificates of Obligation and General Obligation Bonds.

⁽¹⁾ Source: Planning Department, City of Round Rock

⁽²⁾ Gross bonded debt includes self-supporting debt funded by enterprise funds.
Gross self-supporting debt totaled \$ 5,530,433 at September 30, 2007.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2007**

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>	<u>Percentage Applicable to City of Round Rock</u>	<u>Amount Applicable to City of Round Rock</u>
City of Round Rock	\$ 141,080,000 *	100.00%	\$ 141,080,000
Round Rock Independent School District	420,227,658 **	31.98%	134,388,805
Williamson County	538,879,941 *	27.13%	146,198,128
Georgetown ISD	149,454,977 **	0.01%	14,945
Travis County	<u>524,037,442 *</u>	0.39%	<u>2,043,746</u>
Total	<u>\$ 1,773,680,018</u>		<u>\$ 423,725,624</u>

*Gross Debt as of 9-30-07

**Gross Debt as of 6-30-07

Source: City of Round Rock Finance Department and Texas Municipal Reports

**CITY OF ROUND ROCK, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	1998	1999	2000	2001
Debt limit	\$ 413,245,740	\$ 460,399,550	\$ 533,617,920	\$ 667,304,112
Total net debt applicable to limit	<u>48,776,558</u>	<u>45,458,417</u>	<u>53,744,875</u>	<u>50,262,992</u>
Legal debt margin	<u>\$ 364,469,182</u>	<u>\$ 414,941,133</u>	<u>\$ 479,873,045</u>	<u>\$ 617,041,120</u>
Total net debt applicable to the limit as a percentage of debt limit	11.80%	9.87%	10.07%	7.53%

Legal Debt Margin Calculation for Fiscal Year 2007

Total assessed value	<u>\$6,514,968,603</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,167,845,500
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 141,080,000
Less:	
Amount available in Debt Service Fund	(3,058,395)
Amounts considered self-supporting	<u>(5,530,433)</u>
Total net debt applicable to debt limit	<u>132,491,172</u>
Legal debt margin	<u>\$1,035,354,328</u>

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by voters in August, 1977, that limits the maximum tax rate, for all City purposes, to \$ 2.50 per \$ 100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$ 1.50 of the \$ 2.50 maximum tax rate for general obligation debt service.

Assuming the maximum tax rate for debt service of \$ 1.50 on January 1, 2006, assessed valuation of \$ 6,514,968,603 at 100% collection, tax revenue of \$ 97,724,529 would be produced. This revenue could service the debt on \$ 1,167,845,500 issued as 20- year serial bonds at 5.50% (with level debt service payment).

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 806,315,251	\$ 906,860,750	\$ 921,367,824	\$ 955,638,811	\$ 1,034,929,880	\$ 1,167,845,500
82,569,295	80,541,088	97,029,376	93,578,032	89,029,039	132,491,172
<u>\$ 723,745,956</u>	<u>\$ 826,319,662</u>	<u>\$ 824,338,448</u>	<u>\$ 862,060,779</u>	<u>\$ 945,900,841</u>	<u>\$ 1,035,354,328</u>
10.24%	8.88%	10.53%	9.79%	8.60%	11.34%

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal and Interest	Revenue Bond Coverage
1998	\$ 18,031,066	\$ 8,632,306	\$ 9,398,760	\$ 1,751,339	5.37
1999	19,065,800	8,762,007	10,303,793	1,745,175	5.90
2000	23,867,459	10,561,505	13,305,954	1,765,565	7.54
2001	24,333,346	12,645,648	11,687,698	1,575,210	7.42
2002	25,436,842	13,840,556	11,596,286	1,583,835	7.32
2003	24,895,722	15,328,369	9,567,353	1,392,358	6.87
2004	25,583,013	16,467,400	9,115,613	1,279,975	7.12
2005	28,197,344	18,452,453	9,744,891	1,016,058	9.59
2006	32,985,447	20,962,289	12,023,158	284,310	42.29
2007	31,921,522	21,369,755	10,551,767	5,966	1768.65

⁽¹⁾ Water and Sewer Fund operating and non-operating revenues.

⁽²⁾ Water and Sewer Fund operating expenses, excluding depreciation.

**CITY OF ROUND ROCK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(3) Median Age	(3) Education Level in Years of Formal Schooling	(4) School Enrollment	(3) Unemployment Rate
1998	50,905	\$ 1,116,295,745	\$ 21,929	29.9	14.0	28,455	1.9%
1999	56,030	1,314,071,590	23,453	30.0	14.1	30,100	1.5%
2000	60,340	1,577,830,660	26,149	30.1	14.3	31,572	1.3%
2001	68,835	1,965,376,920	28,552	30.5	14.2	32,652	3.9%
2002	73,295	2,185,803,490	29,822	30.8	14.1	34,120	4.7%
2003	77,600	2,090,544,000	26,940	31.2	14.2	35,579	4.7%
2004	81,825	2,207,556,675	26,979	30.6	14.2	36,608	3.1%
2005	86,000	2,423,308,000	28,178	30.5	14.3	37,909	3.7%
2006	89,800	2,581,211,200	28,744	30.6	14.7	39,112	3.3%
2007	92,500	2,686,755,000	29,046	31.0	14.7	40,342	3.5%

Sources: ⁽¹⁾ Planning Department, City of Round Rock

⁽²⁾ Texas Workforce Commission; data is for Williamson County, which is representative of the City; data for City not available.

⁽³⁾ Round Rock Chamber of Commerce

⁽⁴⁾ Round Rock Independent School District

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Employer	2007			1998		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell, Inc.	10,000	1	20.59%	8,000	1	25.29%
Round Rock Independent School District	5,175	2	10.65%	3,850	2	12.17%
Sears Customer Care	1,300	3	2.68%			
City of Round Rock, Texas	793	4	1.63%	424	9	1.34%
Round Rock Medical Center	710	5	1.46%			
Texas Guaranteed Student Loan	670	6	1.38%			
Dresser Wayne, Inc.	550	7	1.13%	485	6	1.53%
Toppan Photomask	368	8	0.76%			
Michael Angelo's Gourmet Foods	350	9	0.72%	450	7	1.42%
Classic Automotive	349	10	0.72%			
Farmer's Insurance				850	3	2.69%
Amp Packaging & Carroll Touch				650	4	2.05%
Westinghouse Motor Company				550	5	1.74%
Tellabs Texas, Inc.				439	8	1.39%
Sysco Foods				387	10	1.22%

Source: Round Rock Chamber of Commerce

CITY OF ROUND ROCK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	Full-time Equivalent Employees as of September 30									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	75	91	109	120	132	134	142	148	158	163
Public safety-										
Police-										
Officers	83	89	89	100	107	112	119	126	131	135
Civilians	30	31	35	37	42	41	47	47	55	58
Fire-										
Firefighters & officers	56	69	70	72	78	78	90	104	111	119
Civilians	2	2	3	4	4	4	4	4	4	5
Public works-										
Street	31	37	41	49	49	49	48	48	48	48
Shop	8	8	10	14	14	14	14	14	15	15
Culture & recreation-										
Library	25	26	27	23	24	26	27	28	29	29
Parks & Recreation	39	44	62	79	81	83	90	91	93	93
Water	59	60	65	66	78	80	90	93	92	93
Sewer	<u>16</u>	<u>16</u>	<u>21</u>	<u>32</u>	<u>29</u>	<u>32</u>	<u>32</u>	<u>35</u>	<u>35</u>	<u>35</u>
Total	<u>424</u>	<u>473</u>	<u>532</u>	<u>596</u>	<u>638</u>	<u>653</u>	<u>703</u>	<u>738</u>	<u>771</u>	<u>793</u>

Source:
Finance Department, City of Round Rock

**CITY OF ROUND ROCK, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	1998	1999	2000	2001
Function:				
Police-				
Arrests	2,494	2,389	1,836	1,512
Accident reports	1,077	2,712	2,095	2,675
Index crimes reported	1,154	1,037	1,053	2,061
Crimes per thousand residents	23.54	19.93	20.20	30.90
Officers per thousand of population	1.71	1.73	1.52	1.50
Fire-				
Incident volume	3,600	4,334	4,334	5,109
Priority calls answered	3,050	3,050	3,050	3,236
Non-emergency calls answered	550	1,284	1,284	1,873
Priority calls-response less than 6 minutes	80%	78%	78%	82%
Public Works-				
Street-				
Street resurfacing (lane miles)	69	76	81	81
Potholes repaired annually	N/A	N/A	N/A	2,500
Signals maintained	5	5	5	28
Shop-				
Work orders	2,700	2,750	2,975	2,960
Number of departments served	11	11	13	13
Culture and Recreation-				
Library-				
Number of items circulated	345,716	347,290	385,658	435,632
Number of card holders	25,400	26,713	27,333	35,637
Number of library visits	179,606	182,839	200,000	285,176
Parks & Recreation-				
Total park acres maintained	1,081	1,095	1,173	1,173
Number of athletic fields maintained	34	38	38	38
Number of trees planted	N/A	N/A	N/A	N/A
Number of recreation enrollees	100,027	99,586	112,783	255,670
Water-				
New connections	1,000	1,200	1,500	1,800
Line maintenance work orders	5,500	5,800	5,000	5,113
Average monthly consumption	307,000,000	334,000,000	412,000,000	385,000,000
Sewer-				
Average monthly treatment	225,300,000	245,100,000	234,110,666	262,719,166
Line feet reviewed for infiltration & inflow	30,000	30,000	35,000	35,000

Source: City of Round Rock Finance Department

N/A - Data not available

Fiscal Year					
2002	2003	2004	2005	2006	2007
1,735	1,684	2,625	3,592	4,013	3,754
2,667	2,360	2,669	1,942	1,907	1,985
1,495	1,813	1,679	2,326	2,072	2,225
20.90	25.50	21.00	28.30	22.80	24.70
1.50	1.49	1.49	1.50	1.50	1.50
5,352	5,076	5,219	6,709	6,430	7,500
3,936	3,787	3,959	5,376	4,977	5,500
1,396	1,289	1,260	1,333	1,453	2,000
80%	83%	78%	86%	83%	88%
84	84	72	71	124	130
2,500	3,000	3,223	3,223	4,000	4,000
30	36	36	42	52	57
2,960	4,485	4,650	4,468	4,118	5,418
13	13	15	15	18	18
492,493	545,921	648,609	647,343	671,816	690,000
37,457	40,532	42,321	41,448	42,792	43,500
246,185	258,017	288,100	298,996	302,900	306,000
1,187	1,573	1,532	1,532	1,547	1,850
38	38	38	38	38	38
N/A	238	350	325	843	500
285,242	314,814	330,036	359,128	372,998	375,000
1,850	1,172	1,578	1,228	1,549	1,181
3,267	3,810	5,938	5,434	4,242	4,400
438,000,000	447,000,000	439,000,000	474,500,000	553,600,000	432,101,000
262,750,000	263,416,666	286,166,666	287,948,166	303,103,333	327,351,600
77,655	110,236	142,817	163,143	181,316	152,515

**CITY OF ROUND ROCK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	1998	1999	2000	2001
Function:				
Police-				
Number of stations	1	1	1	1
Number of patrol units	56	79	87	103
Fire-				
Number of stations	4	4	5	5
Number of fire trucks	3	5	5	6
Public Works-				
Street-				
Lane miles	178	201	215	215
Drainage miles	74	81	90	90
Number of street lights	4,610	4,610	4,610	4,610
Number of traffic signals	5	5	5	28
Shop-				
Repair facilities	1	1	1	1
Number of bays	10	10	10	10
Culture and Recreation-				
Library-				
Number of library books	90,030	95,076	107,262	115,853
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,081	1,095	1,173	1,173
Number of athletic fields	34	38	38	38
Number of parks	35	35	57	60
Number of tennis courts	9	9	9	9
Number of pools	3	3	3	3
Water-				
Number of miles of water lines	250	275	299	299
Pumping stations	12	13	14	14
Tanks	18	19	19	19
Treatment capacity (millions of gallons/day)	21	21	27	30
Sewer-				
Number of miles of sewer maintained	175	198	200	220
Wastewater lift stations	14	16	16	16

Source: City of Round Rock Finance Department

Fiscal Year					
2002	2003	2004	2005	2006	2007
1	1	1	1	1	1
103	120	126	136	142	186
5	5	5	6	6	6
6	8	9	10	10	11
220	220	266	898	997	1,036
92	92	92	92	92	92
4,610	4,610	4,656	4,702	4,796	5,034
30	36	36	42	52	57
1	1	1	1	1	1
10	19	19	19	19	19
130,000	134,899	150,436	160,559	133,111	147,000
1	1	1	1	1	1
1,187	1,573	1,532	1,532	1,547	1,850
38	38	38	38	38	38
76	72	70	52	52	57
9	9	21	23	23	23
4	4	4	4	5	5
299	394	394	425	458	481
14	14	14	14	14	14
19	18	18	18	18	18
35	48	48	48	48	48
220	242	242	355	365	376
13	12	12	11	11	11

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2007**

<u>Name of Customer</u>	<u>Type of Business</u>	<u>Water Consumption in Gallons</u>	<u>% of Total Water Consumption in Gallons</u>
Fern Bluff Municipal Utility District	Municipal Utility District	271,971,600	5.486%
Williamson County Municipal Utility District # 10	Municipal Utility District	157,991,300	3.187%
Chandler Creek Municipal Utility District	Municipal Utility District	149,157,000	3.009%
Vista Oaks Municipal Utility District	Municipal Utility District	105,587,500	2.130%
Dell, Inc.	Electronic Equipment	103,174,000	2.081%
Round Rock Independent School District	Public Schools	77,598,000	1.565%
Michael Angelo's	Food Production	67,322,000	1.358%
Cypress Semiconductor	Electronic Components	40,823,100	0.823%
Cintas Corp.	Uniform Rental	38,153,100	0.770%
Aquasource--Tonkawa Springs	Water Service Provider	<u>36,827,000</u>	<u>0.743%</u>
		<u><u>1,048,604,600</u></u>	<u><u>21.152%</u></u>

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2007**

Water rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
\$2.02 per 1,000 gallons of water used by all customers	<u>Meter Size Base Serving Customer</u>	<u>Monthly Water Service Charge</u>
	5/8 inch	\$ 11.95
	3/4 inch	16.66
	1 inch	26.30
	1 1/2 inch	50.39
	2 inch	79.31
	3 inch	146.78
	4 inch	243.17
	6 inch	758.15
	8 inch	1,325.15
	10 inch	2,081.15
	12 inch	2,553.65

Sewer rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
\$2.63 per 1,000 gallons of water used by all customers	<u>Meter Size Base Serving Customer</u>	<u>Monthly Sewer Service Charge</u>
	5/8 inch	\$ 10.31
	3/4 inch	13.45
	1 inch	19.29
	1 1/2 inch	35.17
	2 inch	54.22
	3 inch	98.68
	4 inch	162.20
	6 inch	478.06
	8 inch	834.22
	10 inch	1,309.10
	12 inch	1,605.90

* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three month winter average or actual water use.

