

Comprehensive Annual Financial Report

Year Ended September 30, 2013

City of Round Rock, Texas



CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2013

ELECTED OFFICIALS

Alan McGraw, Mayor
Kris Whitfield, Mayor Pro-tem
Craig Morgan, Council Member
George White, Council Member
Joe Clifford, Council Member
Carlos T. Salinas, Council Member
John Moman, Council Member

MANAGEMENT STAFF

Steve Norwood, City Manager
Laurie Hadley, Assistant City Manager
Bryan Williams, Assistant City Manager

OFFICIAL ISSUING REPORT

Cheryl Delaney, Finance Director



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INTRODUCTORY SECTION





ROUND ROCK, TEXAS

PURPOSE. PASSION. PROSPERITY.

February 21, 2014

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, 2013, 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, are accurate in all material aspects and are 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, Franklin & 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, 2013. 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
Alan McGraw

Mayor Pro-Tem
Kris Whitfield

Councilmembers
Craig Morgan
George White
Joe Clifford
Carlos T. Salinas
John Moman

City Manager
Steve Norwood

City Attorney
Stephan L. Sheets

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 Finance Director is 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, sports venue, 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 included as part of the primary government. Accordingly, Round Rock Transportation and Economic 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, 2013.

Significant Local Economic Events

The City of Round Rock is the largest City located within Williamson County and adjacent to the City of Austin. Williamson County topped Forbes Magazine's list of America's Fastest-Growing Counties in September 2013. "The population of Williamson County, on the outskirts of Austin, has expanded 7.94% since 2010, the strongest growth in the nation over that period ... over the past 25 years the county's residents have enjoyed the Lone Star state's fastest rate of income growth and the sixth-highest in the nation. With a strong tech scene – Dell is headquartered in the Williamson town of Round Rock — the county has increased employment by 73% since 2000, the third highest rate in the country."

The Austin-Round Rock area ranked second in the Milken Institute's list of Best-Performing Cities in America for 2012. The area moved up from fourth in 2011. The Best Performing Cities index includes both long-term (five years) and short-term (one year) measurements of employment and salary growth. Austin and Round Rock were singled out because of technology companies like Dell, Apple and IBM and expansion plans by Samsung. The Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA) has more than doubled in population to 1.8 million since 1990.

Round Rock ranked 8th in CNBC's list of suburbs with the best mix of affordable housing, good schools, educated neighbors, low crime, employment, and reasonable commutes. The current unemployment rate for the City is 5.0%, and remains lower than the Austin metro and statewide rates 5.3% and 6.3%, respectively. As of the end of fiscal year 2013, Round Rock's population was estimated at 104,900.

Clearly, this kind of area 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.

General fund sales tax receipts for fiscal year 2013 were approximately \$49.7 million. This figure represents an increase of 5% compared to the prior year. The sales tax revenue category produced 55% of the total revenue available to the City's general fund for this year, while the property tax levy produced 26%. The sales tax as a revenue figure is subject to economic cycles and discretionary buying characteristics of the consumer and, accordingly, must be monitored and projected carefully.

The City understands that diversification of Round Rock's economy is key to financial stability. The retail market place is consistently improving and the Central Texas area has been noted for its strength. The major destination retail hubs provide continued expansion and broaden Round Rock's economy. These include Round Rock Premium Outlets, Swedish furniture maker IKEA, and other national and regional retailers.

As a result of the City's economic development focus several additional major businesses have recently located to Round Rock. These include Bass Pro Outdoor World, ClearCorrect LLC, Theramsol, and Insys Therapeutics.

Bass Pro Shops, an outdoor retailer specializing in hunting, fishing, camping and other outdoor gear, will locate the company's seventh Texas store in Round Rock. The 104,000-square-foot store will be located at I-35 between County Road 111 and east Chandler Road. It will feature the popular Uncle Buck's Fishbowl and Grill and is scheduled to open in 2015.

ClearCorrect LLC, a leading manufacturer of clear aligners for thousands of dentists nationwide is relocating its corporate headquarters and manufacturing facility to Round Rock. ClearCorrect brings with them 100 new jobs and will invest \$1,500,000 in improvements to their location.

Theramsol, a subsidiary of D.M.A. Enterprises, will develop a 27-acre upscale business park anchored by a new world headquarters facility. The 55-year-old company is the inventor and leading global manufacturer of steam bath equipment for homes, hotels, spas and resorts.

Insys Therapeutics, a local pharmaceutical manufacturer will expand their employment by 400 percent and move into a larger facility in Round Rock. The company, which currently employs 11 people at its current manufacturing facility in Round Rock, will be relocating to a 53,000-square-foot facility and plans to be operational by August 2014. Insys will hire an additional 30 people over the next four years at an average salary of \$50,000. Insys' minimum total investment for the expansion will be \$10.5 million.

H-E-B, the brand new 125,000-square-foot store represents the fifth H-E-B Round Rock location for the San Antonio-based grocery retailer. H-E-B expects to hire more than 300 employees to staff the store.

Emerson moved into Round Rock 750 highly skilled, professional employees, and expects to create another 125 positions over the next three years. Emerson is expecting to occupy 10,000 room nights annually at area hotels. This is the international headquarters and technology center for the company, which delivers automation technologies and services to the chemical, oil and gas, refining, pulp and paper, life sciences, and other industries.

Round Rock has emerged as a hub for health education with the influx of new and expanding hospitals and medical education facilities.

St. David's Round Rock Medical Center, originally constructed in 1983, provides comprehensive health services to residents of Williamson and surrounding counties. Services include the Health and Vascular Center, inpatient capacity of 177 beds, the Women's Center and a comprehensive emergency room. St. David's was designated a Level II Trauma Center in Spring 2012.

Scott & White Healthcare, a major regional health care organization, completed a 58,000 square foot expansion to its 68-acre health care facility. This complex has a specialty clinic that offers a wide variety of care options from birth to adulthood, as well as a 76-bed technologically advanced hospital offering heart and vascular, orthopedic, diagnostic imaging, and women's and children's services.

The Seton Medical Center Williamson is a 365,000 square foot facility and is a certified Level II trauma center. The campus includes a 181-bed hospital, ambulatory surgery center, the first of several medical office buildings and a diagnostic and imaging center. The campus is planned to accommodate future expansions, and the hospital could eventually expand to 350 beds over the next 10 to 15 years.

To complement the healthcare activities Round Rock is now home to several health education facilities. The City recognizes that a highly educated workforce is an important component of a well-rounded economic foundation. In 2005, Texas State University opened the Round Rock Higher Education Center (RRHEC) in northeast Round Rock. The purpose of this facility is to make quality education and workforce training accessible to the residents of Round Rock and surrounding communities. With Texas State University offering baccalaureate and graduate programs, and the Austin Community College offering general core classes, through the RRHEC, this campus will become a full-service college. Texas State School of Nursing has a state-of-the-art nursing building.

The Texas A&M University System Health Science Center's clinical campus in Round Rock opened in 2010, and includes both educational space and clinical facilities. The first building is 134,000 square feet and includes both educational space and clinical facilities. This campus provides clinical training for an average of 70 third- and fourth-year medical students at the Texas A&M Health Science Center College of Medicine in Round Rock under 500 local physician faculty members. The Texas A&M Health Science Center College of Nursing has 40 nursing students at the Round Rock campus. The college offers the second degree Bachelor of Science in Nursing in Round Rock where students complete their upper-division nursing curriculum in 15 months.

The Austin Community College (ACC) campus in northeast Round Rock opened in 2010 and offers extensions of programs currently offered at other ACC campuses. Curriculum offerings include nursing, radiology, sonography, medical laboratory, surgical technology, and applied health programs. The campus covers 598,000 square feet with maximum enrollment of 11,000 students and is ACC's largest campus.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. Currently, 25 hotels with over 2, 000 rooms open for business maintaining solid occupancy rates. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond Convention Center complex and the Round Rock Sports Center.

In 2011, voters approved an increase in the Hotel Occupancy Tax rate to help fund the Sports Complex (Venue Project) facility. Funding has been provided by the issuance of \$7.5 million H.O.T. revenue bonds and existing sources. The Round Rock Sports Center is a flexible indoor sports facility with a total of 83,000 square feet providing 6 basketball courts, 12 volleyball courts and more than 47,000 square feet of open, playable space. Its seating capacity is 1,300. The facility opened in January 2014.

The Convention and Visitor's Bureau (CVB) administers and manages the City's tourism efforts and long-range tourism plans. The Hotel Occupancy Tax Fund budget includes funding for the CVB as well as continued funding for tourism events and debt service associated with Dell Diamond/Convention Center complex.

With several area sports facilities in place and statewide events being planned, Round Rock continues its marketing strategy as the "Sports Capital of Texas." Tourism is an expanded component of the City's overall economic development strategy.

To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. However, in order to fund the capital improvement program and to meet increasing system demand, small, multi-year rate increases were implemented. Phased-in rate increases were completed in FY2010. Even with these prior rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

A half-cent component of the local sales 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 \$ 16.5 million. These funds will help provide major improvements to the City's transportation system, significantly benefiting the local and regional economy. In November of 2011 the citizens approved the use of Type B Funds for economic development related efforts. With economic development identified as the City's top strategic priority, the City and the Round Rock Chamber of Commerce have partnered to update the City's economic development plan.

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. Many other road projects, also funded with local and state funds are in planning or construction phases. Total current expenditure estimates for these various projects approximate \$91 million. The local portion, \$87 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 33% of operations. Working capital in the Water/Wastewater Utility Fund is also maintained at a similar level 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.

Long-Term Financial Planning

An underlying budgetary influence is the City's business model. Approximately 55% 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. The City's financial management policy is designed to reduce operational reliance on sales tax generated from Dell Computer, Inc. and 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.

Prospects for the Future

A growing population directly influences the housing industry and, ultimately, the property tax base. Although the number of housing starts is more moderate than in the past, 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.

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 enhanced. These funds are leveraged with the Chamber of Commerce Momentum funding to create a public/private partnership for economic development priorities. This partnership continues to yield a new, inspired approach to economic development for Round Rock.

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. Significant investment in the medical industry including several state-of-the-art medical facilities expansions, combined with the impact of multiple higher education centers, will provide community development and unlimited opportunities. 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, 2012. This was the twenty-seventh 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, 2012. 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, Franklin & 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,



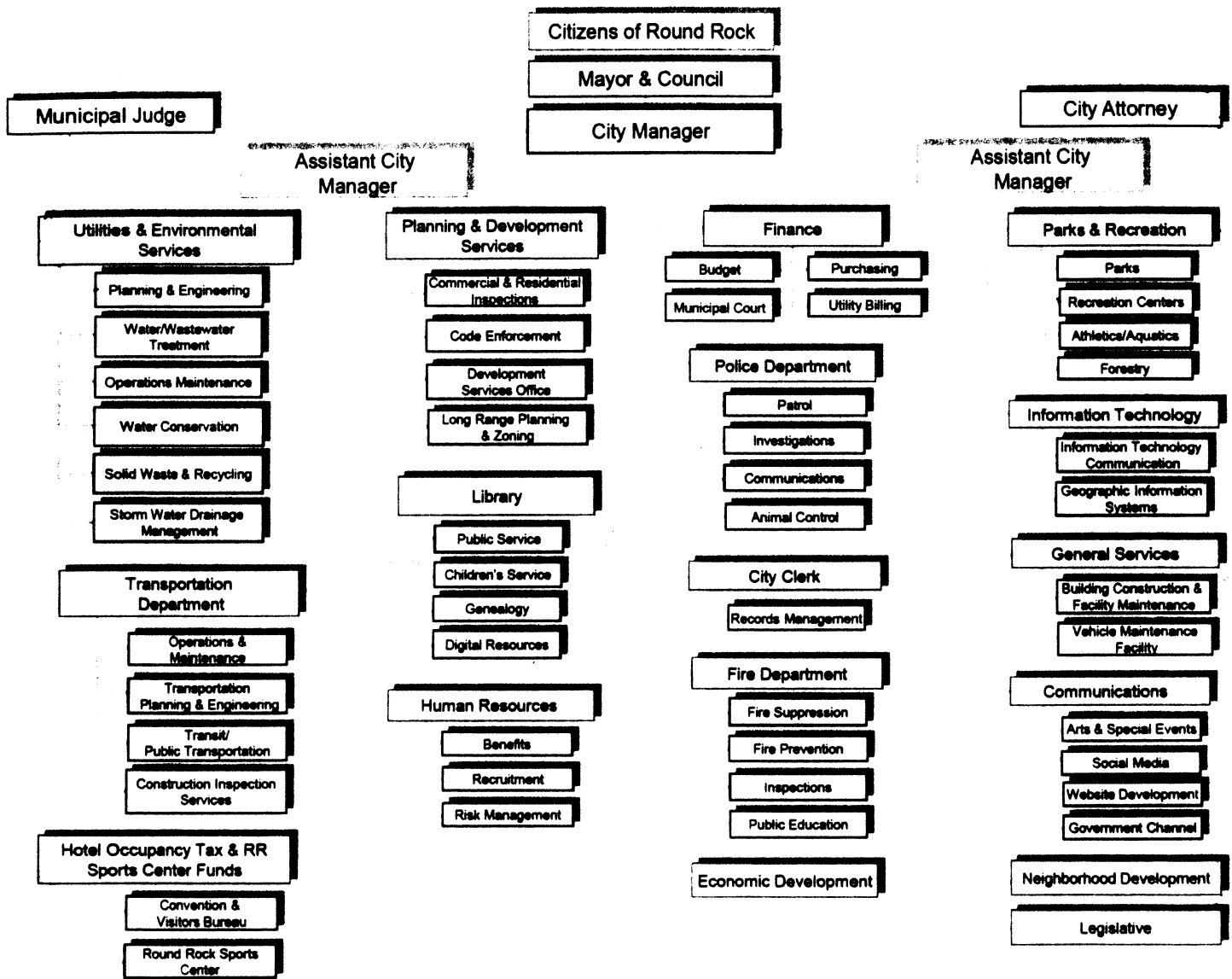
Steve Norwood
City Manager



Cheryl Delaney
Finance Director

CITY OF ROUND ROCK, TEXAS

CITY ORGANIZATION CHART







Government Finance Officers Association

**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, 2012

Executive Director/CEO



FINANCIAL SECTION



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 of City of Round Rock, Texas as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 of the City of Round Rock, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 34 and the schedule of funding progress on page 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Round Rock, Texas' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2014, on our consideration of the City of Round Rock, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Round Rock, Texas' internal control over financial reporting and compliance.



Temple, Texas
February 21, 2014



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

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, 2013. 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 \$ 826,453,068 (*net position*). Of this amount, \$ 200,135,320 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$ 15,144,508, after restatement of the beginning net position balance as disclosed in Note I (S). Approximately 43 percent of this increase is a result of contributions from developers and other entities.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$ 130,410,528, a decrease of \$ 38,405,210 in comparison with the prior year. The decrease is primarily due to scheduled spending in the City's capital project programs. Additionally, an adjustment was made to prior period fund balance of \$ 8,274,808 and is fully described in Note I (S). Approximately 29.6 percent of the total fund balance amount, \$ 38,604,781, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 38,604,781, or 44.3 percent of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$ 13,351,346 during the current fiscal year. The change was due to regularly scheduled debt principal retirement along with savings from a refunding bond issue as more fully described in Note IV (F) to the financial statements.

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

Overview of the Financial Statements (Continued)

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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).

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 a 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 26 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 and Economic Development Corporation (RRTEDC) 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 20 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Overview of the Financial Statements (Continued)

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.

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 position. 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Round Rock, assets exceeded liabilities by \$ 826,453,068 as of September 30, 2013.

The largest portion of the City's net position (68.2%) 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.

An additional portion of the City's net position (7.6%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$ 200,135,320 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2013 and 2012, the City was able to report positive balances in all three categories of net position, 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 position as of September 30, 2013 and 2012.

	Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 172,893	\$ 208,282	\$ 130,344	\$ 124,875	\$ 303,237	\$ 333,157
Capital assets	513,871	477,227	299,572	300,649	813,443	777,876
Total assets	686,764	685,509	429,916	425,524	1,116,680	1,111,033
Long term liabilities	171,395	182,377	87,193	89,588	258,588	271,965
Other liabilities	27,947	25,083	3,692	2,677	31,639	27,760
Total liabilities	199,342	207,460	90,885	92,265	290,227	299,725
Net position, as restated:						
Invested in capital assets, net of related debt	349,630	301,091	214,179	212,883	563,809	513,974
Restricted	55,641	94,571	6,868	13,994	62,509	108,565
Unrestricted	82,151	82,387	117,984	106,382	200,135	188,769
Total net position	\$ 487,422	\$ 478,049	\$ 339,031	\$ 333,259	\$ 826,453	\$ 811,308

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

Analysis of Changes in Net Position

The following table summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2013 with comparisons to the previous year.

	Changes in Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 11,859	\$ 12,818	\$ 43,616	\$ 43,808	\$ 55,475	\$ 56,625
Operating grants and contributions	829	1,135	-	-	829	1,135
Capital grants and contributions	5,311	9,782	1,226	2,984	6,537	12,766
General revenues:						
Property taxes	34,980	34,379	-	-	34,980	34,379
Franchise taxes	5,953	6,327	-	-	5,953	6,327
Sales tax	66,216	63,306	-	-	66,216	63,306
Hotel occupancy tax	4,141	3,253	-	-	4,141	3,253
Public service taxes	348	316	-	-	348	316
Impact fees	-	-	5,288	4,549	5,288	4,549
Investment earnings	2,026	1,636	1,387	772	3,413	2,408
Total revenues	131,663	132,952	51,517	52,113	183,180	185,065
Expenses:						
General government	27,924	30,407	-	-	27,924	30,407
Public safety	41,842	40,945	-	-	41,842	40,945
Public works	32,575	29,373	-	-	32,575	29,373
Culture and recreation	15,702	15,070	-	-	15,702	15,070
Interest on long-term debt	7,130	6,958	-	-	7,130	6,958
Water and sewer utility	-	-	42,720	38,905	42,720	38,905
Golf course	-	-	142	157	142	157
Total expenses	125,173	122,753	42,862	39,062	168,035	161,815
Increases in net position before transfers	6,490	10,199	8,655	13,051	15,145	23,250
Transfers	2,883	2,465	(2,883)	(2,465)	-	-
Increase in net position	9,373	12,664	5,772	10,586	15,145	23,250
Net position - beginning, as restated	478,049	465,385	333,259	322,673	811,308	788,058
Net position - ending	\$ 487,422	\$ 478,049	\$ 339,031	\$ 333,259	\$ 826,453	\$ 811,308

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Governmental activities. Governmental activities increased the City's net position by \$ 9,372,231 or 62 percent of the total growth in the net position of the City over the prior year. Key factors for the increase are as follows:

- Developer contributions of subdivision improvements approximated \$ 2.3 million and are included in program revenues of public works and culture and recreation activities.
- Amounts received for property taxes increased from last year by 1.8 percent due primarily to the addition of new property to the tax base; regularly scheduled debt service requirements on bonds and a reduced reliance on sales tax. Other factors would include continued aggressive collection efforts.
- Sales tax collections of \$ 66.2 million increased by 4.6 percent as a result of a modest economic recovery and continued population growth.

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 50 percent of total revenues, while property taxes make up 27 percent of total revenues.

Expenses for governmental activities for the City totaled \$ 125,173,358 for the year ended September 30, 2013. 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 about \$ 41.8 million, or 33.4 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$ 33.0 million.
- Public works program costs totaling \$ 32.6 million reflect primarily depreciation charges on infrastructure of \$ 21.1 million along with the City's street maintenance and improvement programs and significant personnel costs.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Business-type activities. Business-type activities increased the City's net position by \$ 5,772,277 or 38 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase follow.

The City's water and sewer utility continues to show increases 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>2013</u>	<u>2012</u>
Operating revenues	\$ 43,094,185	\$ 43,327,656
Operating income	\$ 4,066,780	\$ 8,705,151
Income available for debt service	\$ 19,077,878	\$ 22,824,386
Annual debt service	\$ 6,101,113	\$ 5,893,953
Coverage	3.13	3.87

The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. In order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year rate increases were implemented. Phased-in rate increases were completed in FY 2010. Even with the prior rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

Growth in the customer base somewhat offset a moderate decrease in consumption levels due to lessened drought conditions. This resulted in a slight decrease in operating revenues when compared to last year.

Financial Analysis of the Government's Funds

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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

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

For the fiscal year ended September 30, 2013, the City's governmental funds reported combined ending fund balances of \$ 130,410,528. Approximately 29.6 percent of this total amount of \$ 38,604,781 constitutes unassigned fund balance and is available for spending at the City's discretion. \$ 34,586,869 of the fund balance is committed to either construction or special revenue projects/programs. The remainder of fund balances is restricted or nonspendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service of \$ 2,415,427, 2) fund authorized capital projects of \$ 43,630,036, 3) other restricted purposes of \$ 10,798,328 or 4) nonspendable of \$ 375,087.

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 \$ 38,979,868, of which \$ 38,604,781 was unassigned. Unassigned fund balance represented 46.5 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$ 1,746,443. 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 \$ 2,415,427 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was only \$ 114,087. Debt service expenditure requirements decreased by \$ 216,329 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTEDC revenue fund was \$ 30,295,403, a decrease of \$ 17,781,328 compared to the prior year. The decrease reflects continued transfers to fund transportation system improvements and related maintenance and debt service costs.

The RRTEDC project fund, the self-financed construction fund and the 2007 general obligation bond fund had a combined total fund balance at year-end of \$ 39,758,887. The collective net decrease of \$ 13,087,407 is a result of contributions and transfers in for scheduled project construction activity and major progress in related project expenditures.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

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 position of the water and sewer utility totaled \$ 115,894,429 at September 30, 2013. The total growth in net assets for the utility was \$ 5,760,729. The unrestricted net position represented 34.9 percent of the utility's total net position. 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 an increase in available cash of \$ 9.0 million or 10.2 percent. The amendments were primarily to fund specified capital purchases totaling \$ 9.0 million.

Funding sources for the above items were provided by various revenue budget amendments netting a total of \$ 4.5 million along with various operational savings and delays implementing budgeted programs.

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.

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, 2013, amounted to \$ 813,442,372 (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, 2013, included the following:

- Construction continued on the new Brushy Creek Trail Gap project at a total estimated project cost of \$ 2.8 million. Completion is expected in mid-2014.
- The Centennial Plaza was completed in 2013 at a cost of \$1.1 million and the McConico Building remodel project was underway with costs estimated at \$1.1 million.
- Major parks and recreation projects continued including a renovation of the Rabb House and a bathing beach along Brushy Creek. Estimated project costs are \$ 3.7 million.
- Two major projects within the neighborhood revitalization program were completed at a cost of \$ 1.5 million utilizing both City funds and Community Development Block Grant funds.
- The Sports Complex was nearing completion at a total cost of \$ 22 million. Opening is scheduled for early 2014 and outdoor court construction completion is expected in mid-2014. Funding sources were revenue bonds and self-financed construction funds.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Capital Assets and Debt Administration (Continued)

- Major arterial and road projects are underway and are in various stages of completion. Completed projects totaled \$ 37 million while construction in progress at year-end approximated \$10.4 million.
- Various street, sidewalk and drainage improvement projects were underway with completions totaling \$ 11.6 million and construction in progress at \$ 3.2 million at year-end.
- Developers contributed infrastructure improvements for governmental activities of \$ 2.3 million and \$ 1.2 million for water and sewer system infrastructure improvements.
- The program to replace water meters citywide with automated reading equipment is underway with Phase 5 placed in service at a cost of \$ 1.8 million.
- Various water and wastewater line replacement projects were completed and placed in service at a cost of \$ 1.1 million.
- Work is almost complete on the regional west wastewater treatment plant rehabilitation and improvement project. The remaining phases of the project will be completed by early 2014 at a total estimated cost of \$ 4.7 million.
- Construction is underway on Phases 2 and 4 of the reuse treatment facility and water line at a total cost of \$ 6.2 million with construction in progress of \$ 2.2 million at year end.
- The sanitary sewer evaluation and rehabilitation program continues with completed projects placed in service at \$ 1.7 million by year end.
- Land acquisition and engineering is completed on Round Rock's regional water line. Total cost is estimated at \$ 8.4 million and \$ 1.9 million had been incurred by year end. Completion is scheduled for late 2014.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Capital Assets (in 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 39,139	\$ 34,143	\$ 8,449	\$ 8,449	\$ 47,588	\$ 42,592
Buildings and Improvements	113,810	110,261	22,506	22,506	136,316	132,767
Improvements Other Than Buildings	615,897	557,730	374,259	369,671	990,156	927,401
Machinery and Equipment	57,463	58,467	12,039	10,593	69,502	69,060
Accumulated Depreciation	(344,584)	(321,211)	(128,189)	(115,243)	(472,773)	(436,454)
Construction in Progress	32,146	37,837	10,508	4,673	42,654	42,510
Total	<u>\$ 513,871</u>	<u>\$ 477,227</u>	<u>\$ 299,572</u>	<u>\$ 300,649</u>	<u>\$ 813,443</u>	<u>\$ 777,876</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV(E) 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 \$ 241,667,402. Of this amount, \$ 108,110,000 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).

During the current fiscal year, the City of Round Rock's total debt decreased by \$ 13,351,346. The net decrease is largely due to the regularly scheduled debt principal along with the refinancing of various existing debt issues to take advantage of favorable interest rates. Details of the refunding issue can be found in Note IV(F)(4) to the financial statements.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Long-Term Debt (in 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 96,340	\$ 101,185	\$ -	\$ -	\$ 96,340	\$ 101,185
Certificates of obligation	11,770	12,380	-	-	11,770	12,380
Hotel tax revenue bonds	14,345	14,765	-	-	14,345	14,765
Sales tax revenue bonds	19,580	23,375	-	-	19,580	23,375
State infrastructure bank loans	16,007	17,384	-	-	16,007	17,384
Water and wastewater						
revenue bonds	-	-	83,625	85,930	83,625	85,930
Total	<u>\$ 158,042</u>	<u>\$ 169,089</u>	<u>\$ 83,625</u>	<u>\$ 85,930</u>	<u>\$ 241,667</u>	<u>\$ 255,019</u>

The City of Round Rock benefits substantially in reduced interest costs resulting from recently affirmed bond ratings by Moody's Investors Service of Aa1, 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, 2012 certified assessed valuation of \$ 8,291,050,337 at 100% collection, tax revenue of \$ 124,365,755 would be produced. This revenue could service the debt on \$ 1,486,218,341 issued as 20-year serial bonds at 5.5% (with level debt service payment). The resulting legal debt margin is \$ 1,384,393,768.

The City had authorized but unissued water and wastewater system revenue bonds totaling \$ 1,585,000 at September 30, 2013. Additional information on the City's long-term debt can be found in Note IV(F) to the financial statements

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 2013-2014 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. Priorities addressed in this budget are to provide adequate funding to maintain current service levels, increase investment in the City's street maintenance program and address employee compensation plans.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

The development of the budget is guided by the City's strategic goals, prevailing economic conditions and the continuing need to provide basic services for a growing population. For next fiscal year, the budget is influenced by several factors including improved economic conditions and continued population growth. Our primary revenue source, sales tax, has continued to see a stabilization trend. In order to provide adequate core operating services under current economic conditions, a conservative budget strategy was utilized.

Major programs in the general fund continue to focus on transportation and public safety programs. The adopted budget includes significant funding in the City's pavement management program. The budget also includes a continued focus on public safety, community development and parks to ensure the high quality of life enjoyed by Round Rock citizens and visitors.

Revenue assumptions in general for fiscal year 2013-2014 are expected to follow the growth curve of job creation, population growth, retail sales activity and housing starts. Other revenues, such as property tax revenue and sales tax revenue, are forecast using historical results or specific calculations.

As discussed earlier, the City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. In order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year utility rate increases were implemented. A phased-in rate increase was completed in fiscal year 2010 and no rate increases for retail water or wastewater services are planned for the 2013-2014 budget year.

A water conservation and drought contingency program has been established to conserve existing water sources. A block rate program was designed to encourage water conservation during the summer months. Over this next budget year, Round Rock will continue to expand the water conservation program, focusing on education and awareness. Conservation rates will continue to be utilized to encourage conservation.

Additionally, Round Rock in partnership with the cities of Leander and Cedar Park have created the Brushy Creek Regional Utility Authority (BCRUA) to facilitate construction and operation of a regional water facility that will provide treated water from Lake Travis to the cities. The first phase of this project was substantially completed in July 2012. Future financial requirements of this project are incorporated in the City's utility rate planning model.

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. Increased expenditures are necessitated by the increases in water and water supply reserve costs. Additionally, cost increases are expected in pumping costs, materials and supplies.

Like the water system mentioned above, the wastewater system costs are reflective of expansions required to meet the needs of a larger, growing population. The facilities accommodate a *regional* treatment approach, which currently includes the cities of Round Rock, Austin, Leander and Cedar Park. The Fern Bluff and Brushy Creek Municipal Utility Districts are also customers of this regional system. The City is closely monitoring operating costs and their impacts on current and future utility rates.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Maintaining and rehabilitating the City's wastewater lines in compliance with Texas Commission on Environmental Quality (TCEQ) Edwards Aquifer Regulations continues to be the responsibility of the City. This budget includes costs anticipated to meet these standards.

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 POSITION
SEPTEMBER 30, 2013

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 36,972,428	\$ 21,700,493	\$ 58,672,921
Investments	68,986,496	75,884,044	144,870,540
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	355,674	-	355,674
Accounts & other	5,396,794	5,923,538	11,320,332
Loans	1,970,130	-	1,970,130
Accrued interest	284,914	228,474	513,388
Internal balances	(1,123,500)	1,123,500	-
Assessments	-	-	-
Intergovernmental	178,489	4,784,994	4,963,483
Inventories	291,134	373,430	664,564
Other current assets	231,565	1,510,190	1,741,755
Restricted assets -			
Cash and cash equivalents	36,730,352	7,555,831	44,286,183
Investments	13,757,720	-	13,757,720
Property taxes receivable	227,184	-	227,184
Accounts and other	1,288,647	357,607	1,646,254
Accrued interest	27,034	-	27,034
Investment in joint venture	-	10,902,466	10,902,466
Deferred charges, net	7,317,716	-	7,317,716
Capital assets -			
Land and construction in progress	71,285,179	18,957,365	90,242,544
Capital assets, net of accumulated depreciation	442,585,612	280,614,216	723,199,828
 Total assets	 <u>686,763,568</u>	 <u>429,916,148</u>	 <u>1,116,679,716</u>

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 22,668,367	\$ 2,676,003	\$ 25,344,370
Accrued payroll	3,395,688	404,614	3,800,302
Unearned revenue	680,646	-	680,646
Accrued interest payable	1,202,694	611,027	1,813,721
Noncurrent liabilities:			
Due within one year	18,067,995	3,042,223	21,110,218
Due in more than one year	153,326,509	84,150,882	237,477,391
Total liabilities	199,341,899	90,884,749	290,226,648
NET POSITION			
Invested in capital assets, net of related debt	349,629,681	214,178,908	563,808,589
Temporarily restricted for:			
Debt service	1,212,733	245,895	1,458,628
Capital projects	43,630,036	6,622,167	50,252,203
Hotel-motel tax	9,549,082	-	9,549,082
Public safety	1,249,246	-	1,249,246
Unrestricted	82,150,891	117,984,429	200,135,320
Total net position	\$ 487,421,669	\$ 339,031,399	\$ 826,453,068

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 27,923,780	\$ 2,822,715	\$ 725,326	\$ 1,232,051
Public safety	41,842,363	3,248,867	100,042	50,547
Public works	32,574,926	2,942,382	-	2,563,327
Culture and recreation	15,702,435	2,844,842	3,999	1,464,616
Interest on long-term debt	7,129,854	-	-	-
Total governmental activities	125,173,358	11,858,806	829,367	5,310,541
Business-type activities:				
Water and sewer utility	42,720,322	43,094,185	-	1,225,991
Golf course	141,153	522,169	-	-
Total business-type activities	42,861,475	43,616,354	-	1,225,991
Total primary government	\$ 168,034,833	\$ 55,475,160	\$ 829,367	\$ 6,536,532

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (23,143,688)	\$ -	\$ (23,143,688)
Public safety	(38,442,907)	-	(38,442,907)
Public works	(27,069,217)	-	(27,069,217)
Culture and recreation	(11,388,978)	-	(11,388,978)
Interest on long-term debt	(7,129,854)	-	(7,129,854)
Total governmental activities	(107,174,644)	-	(107,174,644)
Business-type activities:			
Water and sewer utility	-	1,599,854	1,599,854
Golf course	-	381,016	381,016
Total business-type activities	-	1,980,870	1,980,870
Total primary government	(107,174,644)	1,980,870	(105,193,774)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	23,548,737	-	23,548,737
Property taxes, levied for debt service	11,430,841	-	11,430,841
Franchise taxes	5,952,712	-	5,952,712
Sales tax	66,216,447	-	66,216,447
Hotel occupancy tax	4,140,920	-	4,140,920
Public service taxes	347,846	-	347,846
Impact fees	-	5,288,378	5,288,378
Unrestricted investment earnings	2,026,554	1,385,847	3,412,401
Transfers	2,882,818	(2,882,818)	-
Total general revenues and transfers	116,546,875	3,791,407	120,338,282
Change in net position	9,372,231	5,772,277	15,144,508
Net position-beginning, as restated	478,049,438	333,259,122	811,308,560
Net position-ending	\$ 487,421,669	\$ 339,031,399	\$ 826,453,068

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2013

ASSETS	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Cash and cash equivalents	\$ 10,174,733	\$ -	\$ -
Investments	64,972,120	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	355,674	-	-
Accounts and other	4,871,283	-	-
Loans	-	-	-
Accrued interest	162,485	-	-
Interfund	291,221	29,559	-
Intergovernmental	108,447	-	-
Inventories	291,134	-	-
Other current assets	83,953	-	-
Restricted assets -			
Cash and cash equivalents	-	2,407,411	18,810,332
Investments	-	-	13,757,720
Receivables -			
Property taxes, including interest and penalties	-	227,184	-
Sales tax	-	-	1,288,647
Accrued interest	-	-	27,034
Total assets	<u>\$ 81,311,050</u>	<u>\$ 2,664,154</u>	<u>\$ 33,883,733</u>
LIABILITIES AND FUND BALANCES			
Liabilities-			
Accounts payable	\$ 9,781,262	\$ -	\$ 1,856,330
Accrued payroll	3,322,887	-	-
Interfund payables	28,869,301	37,421	1,732,000
Deferred revenue	357,732	211,306	-
Total liabilities	<u>42,331,182</u>	<u>248,727</u>	<u>3,588,330</u>
Fund balances -			
Nonspendable	375,087	-	-
Restricted - debt service	-	2,415,427	-
Restricted - authorized construction	-	-	30,295,403
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Committed, reported in-			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unassigned	38,604,781	-	-
Total fund balances	<u>38,979,868</u>	<u>2,415,427</u>	<u>30,295,403</u>
Total liabilities and fund balances	<u>\$ 81,311,050</u>	<u>\$ 2,664,154</u>	<u>\$ 33,883,733</u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,529,685	\$ 4,243,974	\$ -	\$ 13,136,672	\$ 30,085,064
-	-	-	2,007,188	66,979,308
-	-	-	-	355,674
-	-	-	525,511	5,396,794
658,000	1,312,130	-	-	1,970,130
-	107,265	-	7,582	277,332
1,500,000	28,292,537	-	88,094	30,201,411
-	42,976	-	27,066	178,489
-	-	-	-	291,134
-	60,112	-	-	144,065
-	-	9,762,126	5,750,483	36,730,352
-	-	-	-	13,757,720
-	-	-	-	227,184
-	-	-	-	1,288,647
-	-	-	-	27,034
<u>\$ 4,687,685</u>	<u>\$ 34,058,994</u>	<u>\$ 9,762,126</u>	<u>\$ 21,542,596</u>	<u>\$ 187,910,338</u>
\$ 4,667,860	\$ 3,452,041	\$ 608,217	\$ 1,833,807	\$ 22,199,517
-	-	-	72,801	3,395,688
-	21,800	-	29,179	30,689,701
-	-	-	645,866	1,214,904
<u>4,667,860</u>	<u>3,473,841</u>	<u>608,217</u>	<u>2,581,653</u>	<u>57,499,810</u>
-	-	-	-	375,087
-	-	-	-	2,415,427
19,825	-	9,153,909	4,160,899	43,630,036
-	-	-	9,549,082	9,549,082
-	-	-	1,249,246	1,249,246
-	-	-	2,730,535	2,730,535
-	30,585,153	-	1,271,181	31,856,334
-	-	-	-	38,604,781
<u>19,825</u>	<u>30,585,153</u>	<u>9,153,909</u>	<u>18,960,943</u>	<u>130,410,528</u>
<u>\$ 4,687,685</u>	<u>\$ 34,058,994</u>	<u>\$ 9,762,126</u>	<u>\$ 21,542,596</u>	<u>\$ 187,910,338</u>



**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Total Fund Balances - Governmental Funds **\$ 130,410,528**

Amounts reported for Governmental Activities in the Statement of Net Position 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	\$	39,138,764	
Construction in progress		32,146,415	
Building and improvements		729,706,705	
Equipment		57,462,559	
Accumulated depreciation		(344,583,652)	
Total capital assets	\$	513,870,791	513,870,791

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	534,258
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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 position.	7,885,574
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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.	(165,279,482)
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Net Position of Governmental Activities	\$ 487,421,669
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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, 2013**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 79,456,403	\$ 11,407,097	\$ 16,554,112
Licenses, permits and fees	1,198,104	-	-
Charges for services	4,436,779	-	-
Fines and forfeitures	2,702,635	-	-
Intergovernmental	374,881	-	-
Hotel occupancy tax	-	-	-
Investment and other	2,320,893	9,835	469,612
Contributions	-	-	-
Total revenues	<u>90,489,695</u>	<u>11,416,932</u>	<u>17,023,724</u>
Expenditures -			
Current -			
General government	23,213,047	-	-
Public safety	39,166,453	-	-
Public works	9,157,586	-	1,273,930
Culture and recreation	11,405,902	-	-
Debt service -			
Principal retirement	-	12,852,059	-
Interest and fiscal charges	-	6,797,281	-
Issuance costs	-	98,630	-
Capital projects	-	-	-
Total expenditures	<u>82,942,988</u>	<u>19,747,970</u>	<u>1,273,930</u>
Excess (deficiency) of revenues over expenditures	<u>7,546,707</u>	<u>(8,331,038)</u>	<u>15,749,794</u>
Other financing sources (uses) -			
Issuance of revenue bonds	-	-	-
Issuance of lease	445,980	-	-
Issuance of refunding bonds	-	8,615,000	-
Payment to refunding agent	-	(8,509,756)	-
Transfers in	2,832,850	8,339,881	-
Transfers out	(9,079,094)	-	(33,531,122)
Total other financing sources (uses)	<u>(5,800,264)</u>	<u>8,445,125</u>	<u>(33,531,122)</u>
Net change in fund balances	<u>1,746,443</u>	<u>114,087</u>	<u>(17,781,328)</u>
Fund balances, October 1, 2012, as restated	<u>37,233,425</u>	<u>2,301,340</u>	<u>48,076,731</u>
Fund balances, September 30, 2013	<u><u>\$ 38,979,868</u></u>	<u><u>\$ 2,415,427</u></u>	<u><u>\$ 30,295,403</u></u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 107,417,612
-	-	-	2,369,333	3,567,437
-	-	-	-	4,436,779
-	-	-	506,002	3,208,637
-	399,827	-	450,487	1,225,195
-	-	-	4,140,920	4,140,920
41,134	74,136	14,117	636,115	3,565,842
2,461,483	10,860	-	94,984	2,567,327
<u>2,502,617</u>	<u>484,823</u>	<u>14,117</u>	<u>8,197,841</u>	<u>130,129,749</u>
-	-	-	570,688	23,783,735
-	-	-	309,338	39,475,791
-	-	-	1,420,927	11,852,443
-	-	-	1,035,046	12,440,948
-	-	-	-	12,852,059
-	-	-	-	6,797,281
-	-	-	-	98,630
<u>33,794,469</u>	<u>13,754,215</u>	<u>5,869,017</u>	<u>12,106,074</u>	<u>65,523,775</u>
<u>33,794,469</u>	<u>13,754,215</u>	<u>5,869,017</u>	<u>15,442,073</u>	<u>172,824,662</u>
<u>(31,291,852)</u>	<u>(13,269,392)</u>	<u>(5,854,900)</u>	<u>(7,244,232)</u>	<u>(42,694,913)</u>
-	-	-	-	-
-	554,020	-	-	1,000,000
-	-	-	-	8,615,000
-	-	-	-	(8,509,756)
27,761,861	9,055,000	-	1,558,130	49,547,722
-	(42,144)	-	(3,710,903)	(46,363,263)
<u>27,761,861</u>	<u>9,566,876</u>	<u>-</u>	<u>(2,152,773)</u>	<u>4,289,703</u>
<u>(3,529,991)</u>	<u>(3,702,516)</u>	<u>(5,854,900)</u>	<u>(9,397,005)</u>	<u>(38,405,210)</u>
<u>3,549,816</u>	<u>34,287,669</u>	<u>15,008,809</u>	<u>28,357,948</u>	<u>168,815,738</u>
<u>\$ 19,825</u>	<u>\$ 30,585,153</u>	<u>\$ 9,153,909</u>	<u>\$ 18,960,943</u>	<u>\$ 130,410,528</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, 2013**

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

Net Change in Fund Balances-Total Governmental Funds	\$ (38,405,210)
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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.	35,780,941
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.	862,327
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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.	127,570
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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.	11,796,314
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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.	(1,196,036)
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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>454,925</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 9,420,831</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, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 79,456,403	\$ 74,168,000	\$ 78,668,000	\$ 788,403
Licenses, permits and fees	1,198,104	808,100	808,100	390,004
Charges for services	4,436,779	3,978,600	3,978,600	458,179
Fines and forfeitures	2,702,635	2,688,000	2,688,000	14,635
Intergovernmental	374,881	314,636	332,136	42,745
Investment and other	2,320,893	2,548,550	2,482,550	(161,657)
Total revenues	90,489,695	84,505,886	88,957,386	1,532,309
Expenditures -				
Current -				
General government	23,213,047	24,438,219	23,378,219	165,172
Public safety	39,166,453	40,003,909	39,192,909	26,456
Public works	9,157,586	11,592,131	9,185,631	28,045
Culture and recreation	11,405,902	11,682,069	11,420,069	14,167
Total expenditures	82,942,988	87,716,328	83,176,828	233,840
Excess (deficiency) of revenues over expenditures	7,546,707	(3,210,442)	5,780,558	1,766,149
Other financing sources (uses) -				
Issuance of lease	445,980	400,000	400,000	(45,980)
Transfers in	2,832,850	2,811,050	2,832,850	-
Transfers out	(9,079,094)	-	(8,991,000)	(88,094)
Total other financing sources (uses)	(5,800,264)	3,211,050	(5,758,150)	(42,114)
Net change in fund balances	1,746,443	\$ 608	\$ 22,408	\$ 1,724,035
Fund balance, October 1, 2012, as restated	37,233,425			
Fund balance, September 30, 2013	\$ 38,979,868			

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 AND ECONOMIC DEVELOPMENT CORPORATION
REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 16,554,112	\$ 15,000,000	\$ 16,100,000	\$ 454,112
Investment and other	469,612	471,200	471,200	(1,588)
Total revenues	<u>17,023,724</u>	<u>15,471,200</u>	<u>16,571,200</u>	<u>452,524</u>
Expenditures -				
Current -				
Public works	<u>1,273,930</u>	<u>1,401,800</u>	<u>1,597,550</u>	<u>323,620</u>
Total expenditures	<u>1,273,930</u>	<u>1,401,800</u>	<u>1,597,550</u>	<u>323,620</u>
Excess of revenues over expenditures	<u>15,749,794</u>	<u>14,069,400</u>	<u>14,973,650</u>	<u>776,144</u>
Other financing uses-				
Transfers out	<u>(33,531,122)</u>	<u>(6,580,122)</u>	<u>(32,031,122)</u>	<u>(1,500,000)</u>
Total other financing uses	<u>(33,531,122)</u>	<u>(6,580,122)</u>	<u>(32,031,122)</u>	<u>(1,500,000)</u>
Net change in fund balances	<u>(17,781,328)</u>	<u>\$ 7,489,278</u>	<u>\$ (17,057,472)</u>	<u>\$ (723,856)</u>
Fund balance, October 1, 2012, as restated	<u>48,076,731</u>			
Fund balance, September 30, 2013	<u><u>\$ 30,295,403</u></u>			

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,834,573	\$ 865,920	\$ 21,700,493	\$ 6,887,364
Investments	75,884,044	-	75,884,044	2,007,188
Receivables (net of allowance for uncollectibles of \$ 1,529,210) -				
Accounts	5,919,278	4,260	5,923,538	-
Accrued interest	228,474	-	228,474	7,582
Interfund	2,920	-	2,920	584,610
Intergovernmental	4,784,994	-	4,784,994	-
Inventories	373,430	-	373,430	-
Other current assets	1,510,190	-	1,510,190	87,500
Total current assets	109,537,903	870,180	110,408,083	9,574,244
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	2,017,733	-	2,017,733	-
Construction	4,246,827	-	4,246,827	-
Customer deposits	1,045,376	-	1,045,376	-
Revenue bond covenant accounts	245,895	-	245,895	-
Restricted accounts and accrued interest receivable:				
Impact fees	42,306	-	42,306	-
Loans receivable	315,301	-	315,301	-
Investment in joint venture	10,902,466	-	10,902,466	-
Capital assets:				
Land and construction in progress	17,066,190	1,891,175	18,957,365	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 128,189,148)	277,551,342	3,062,874	280,614,216	-
Total capital assets (net of accumulated depreciation)	294,617,532	4,954,049	299,571,581	-
Total noncurrent assets	313,433,436	4,954,049	318,387,485	-
Total assets	\$ 422,971,339	\$ 5,824,229	\$ 428,795,568	\$ 9,574,244

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

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2013**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 2,676,003	\$ -	\$ 2,676,003	\$ 468,850
Accrued payroll	404,614	-	404,614	-
Accrued interest	611,027	-	611,027	-
Interfund payable	99,240	-	99,240	-
Current portion of bonds payable	2,600,000	-	2,600,000	-
Current portion of premiums on bonds	68,006	-	68,006	-
Accrued benefit obligations	374,217	-	374,217	-
Total current liabilities	<u>6,833,107</u>	<u>-</u>	<u>6,833,107</u>	<u>468,850</u>
Noncurrent liabilities:				
Bonds payable	81,025,000	-	81,025,000	-
Premiums on bonds payable	1,699,667	-	1,699,667	-
Accrued benefit obligations	335,945	-	335,945	-
Customer deposits	1,090,270	-	1,090,270	-
Total noncurrent liabilities	<u>84,150,882</u>	<u>-</u>	<u>84,150,882</u>	<u>-</u>
Total liabilities	<u>90,983,989</u>	<u>-</u>	<u>90,983,989</u>	<u>468,850</u>
Net position:				
Invested in capital assets, net of related debt	209,224,859	4,954,049	214,178,908	-
Restricted for:				
Debt service	245,895	-	245,895	-
Capital projects	6,622,167	-	6,622,167	-
Unrestricted	<u>115,894,429</u>	<u>870,180</u>	<u>116,764,609</u>	<u>9,105,394</u>
Total net position	<u>\$ 331,987,350</u>	<u>\$ 5,824,229</u>	<u>337,811,579</u>	<u>\$ 9,105,394</u>
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			<u>1,219,820</u>	
Net position of business-type activities			<u>\$ 339,031,399</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 NET POSITION
YEAR ENDED SEPTEMBER 30, 2013**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Operating revenues -				
Charges for services	\$ 43,094,185	\$ 522,169	\$ 43,616,354	\$ 8,409,909
Total operating revenues	43,094,185	522,169	43,616,354	8,409,909
Operating expenses -				
Personnel services	7,602,658	-	7,602,658	-
Contractual services	14,116,021	-	14,116,021	1,349,161
Supplies	872,363	-	872,363	-
Materials	859,109	-	859,109	-
Heat, light and power	1,951,428	-	1,951,428	-
Claims expense	-	-	-	6,235,153
Depreciation	13,625,826	141,153	13,766,979	-
Total operating expenses	39,027,405	141,153	39,168,558	7,584,314
Operating income	4,066,780	381,016	4,447,796	825,595
Nonoperating revenues (expenses) -				
Investment and other revenues	1,385,272	575	1,385,847	10,687
Interest and fiscal charges	(3,772,633)	-	(3,772,633)	-
Total nonoperating revenues (expenses)	(2,387,361)	575	(2,386,786)	10,687
Income before contributions and transfers	1,679,419	381,591	2,061,010	836,282
Contributions and transfers -				
Contributions - impact fees	5,288,378	-	5,288,378	-
Developer contributions - infrastructure	1,225,991	-	1,225,991	-
Transfers in	38,641	-	38,641	-
Transfers out	(2,471,700)	(449,759)	(2,921,459)	(301,641)
Total contributions and transfers	4,081,310	(449,759)	3,631,551	(301,641)
Change in net position	5,760,729	(68,168)	5,692,561	534,641
Net position, October 1, 2012	<u>326,226,621</u>	<u>5,892,397</u>		<u>8,570,753</u>
Net position, September 30, 2013	<u>\$ 331,987,350</u>	<u>\$ 5,824,229</u>		<u>\$ 9,105,394</u>
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.			79,716	
Change in net position of business-type activities			<u>\$ 5,772,277</u>	

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, 2013**

	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	\$ 43,642,879	\$ 522,229	\$ 44,165,108	\$ 640,760
Cash received from other funds for services provided	12,664	-	12,664	7,426,327
Cash payments to suppliers for goods and services	(16,587,077)	-	(16,587,077)	(7,666,948)
Cash payments to employees for services	(7,458,109)	-	(7,458,109)	-
Cash payments to other funds for services	(1,157,613)	-	(1,157,613)	-
Net cash provided (used) by operating activities	18,452,744	522,229	18,974,973	400,139
Cash flows from noncapital financing activities:				
Transfer from other funds	38,641	-	38,641	-
Transfers to other funds	(2,471,700)	(449,759)	(2,921,459)	(301,641)
Net cash provided (used) by noncapital financing activities	(2,433,059)	(449,759)	(2,882,818)	(301,641)
Cash flows from capital and related financing activities:				
Receipts of capital contributions	5,526,158	-	5,526,158	-
Acquisition and construction of capital assets	(10,526,956)	-	(10,526,956)	-
Proceeds from sale of capital assets	5,109	-	5,109	-
Investment in joint venture	344,275	-	344,275	-
Principal paid on revenue bonds	(2,305,000)	-	(2,305,000)	-
Collection of loans	412,784	-	412,784	-
Interest and fiscal charges paid	(3,796,713)	-	(3,796,713)	-
Net cash used by capital and related financing activities	(10,340,343)	-	(10,340,343)	-
Cash flows from investing activities:				
Purchase of investments	(44,380,662)	-	(44,380,662)	(505,313)
Proceeds from sale of investments	28,980,293	-	28,980,293	-
Investment and other income	1,852,577	1,013	1,853,590	10,686
Net cash provided (used) by investing activities	(13,547,792)	1,013	(13,546,779)	(494,627)
Net increase (decrease) in cash and cash equivalents	(7,868,450)	73,483	(7,794,967)	(396,129)
Cash and cash equivalents at beginning of year	36,258,854	792,437	37,051,291	7,283,493
Cash and cash equivalents at end of year	\$ 28,390,404	\$ 865,920	\$ 29,256,324	\$ 6,887,364

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

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013**

	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 Position</u>				
Cash and cash equivalents	\$ 20,834,573	\$ 865,920	\$ 21,700,493	\$ 6,887,364
Restricted assets -				
Cash and cash equivalents	<u>7,555,831</u>	<u>-</u>	<u>7,555,831</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 28,390,404</u>	<u>\$ 865,920</u>	<u>\$ 29,256,324</u>	<u>\$ 6,887,364</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 4,066,780	\$ 381,016	\$ 4,447,796	\$ 825,595
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	13,625,826	141,153	13,766,979	-
Provision for bad debts	43,043	-	43,043	-
Decrease in receivables	566,701	60	566,761	(5,212)
Increase in interfund receivables	3,424	-	3,424	(337,610)
Increase in inventory	(23,287)	-	(23,287)	-
Decrease in other assets	(64,658)	-	(64,658)	-
Increase (decrease) in accounts payable	99,133	-	99,133	(82,634)
Increase in accrued payroll	38,598	-	38,598	-
Increase in interfund payables	9,240	-	9,240	-
Decrease in payables from restricted assets	(18,007)	-	(18,007)	-
Increase in accrued benefit obligation	<u>105,951</u>	<u>-</u>	<u>105,951</u>	<u>-</u>
Total adjustments	<u>14,385,964</u>	<u>141,213</u>	<u>14,527,177</u>	<u>(425,456)</u>
Net cash provided (used) by operations	<u>\$ 18,452,744</u>	<u>\$ 522,229</u>	<u>\$ 18,974,973</u>	<u>\$ 400,139</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2013, the Water and Sewer Fund had \$ 1,225,991 in capital assets contributed, recognized \$ 347,920 in unrealized investment losses, and loss on joint venture of \$ 4,569,316.

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

**CITY OF ROUND ROCK, TEXAS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013**

	<u>AGENCY FUND</u>
	Public <u>Improvement Districts</u>
ASSETS	
Cash and cash equivalents	\$ 10,208
	<hr/>
Total assets	\$ 10,208
	<hr/> <hr/>
LIABILITIES	
Liabilities -	
Due to participants	\$ 10,208
	<hr/>
Total liabilities	\$ 10,208
	<hr/> <hr/>

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, 2013

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 park 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 and Economic 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 and Economic 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 and Economic Development Corporation Special Revenue Fund with their actual results.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 position 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 position 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, 2013

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 and Economic 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, 2013

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 twelve 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:

- *Hotel-Motel Occupancy Tax Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Drainage Fund*
- *Police Fund*
- *Municipal Court Fund*
- *Landscape Fund*
- *Round Rock Transportation and Economic Development Corporation Revenue Fund*
- *Community Development Block Grant Fund*
- *Annexation Fees Fund*
- *Library Fund*
- *Public Education & Government Fund*
- *Traffic Safety Program Fund*

The Round Rock Transportation and Economic 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, 2013

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*
- *Convention Center Complex Fund*
- *Round Rock Transportation and Economic Development Corporation Project*
- *Transit Fund*
- *Tourism Development Fund*
- *2007 General Obligation Bond Fund*
- *Venue Tax Projects Fund*

The Round Rock Transportation and Economic 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 and Economic 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.

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position.

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Governmental Funds (continued)

Revenue Recognition (continued)

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.

Hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. 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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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.

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. 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.

J. INVENTORIES AND PREPAID ITEMS

Inventories of supplies for all funds are valued at cost. 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. JOINT VENTURE

Joint venture represents the City's equity interest calculated in accordance with the agreement for Brushy Creek Regional Utility Authority (BCRUA). The City's initial investment in this joint venture was recorded at cost. The City shares in the operating results in this joint venture so the City adjusts its equity interest by the amount of its participating share of the joint venture's change in net position.

L. 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 \$ 5,000 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.

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 \$ 3,772,633.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 position. 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.

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 and Economic 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 and Economic Development Corporation.

N. ACCRUED BENEFIT OBLIGATIONS

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. ACCRUED BENEFIT OBLIGATIONS (Continued)

Unpaid Compensated Absences (continued)

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.

Other Post-employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self insurance plan. The City accrues a liability for the annual required contribution, as determined by an actuary, less the actual cost incurred on a pay as you go basis on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees.

O. 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 position. 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. NET POSITION

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Net position classified as restricted are balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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 position 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.

Q. CLASSIFICATION OF FUND EQUITY

Governmental funds fund balances classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – Nonspendable fund balances are amounts that are not in spendable form or are required to be maintained intact.

Restricted fund balance – Restricted fund balances are amounts that are constrained to specific purposes by creditors, grantors, contributors, or laws or regulations of other governments.

Committed fund balance – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint.

Assigned fund balance – Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Unassigned fund balance – Unassigned fund balances are amounts that are available for any legal purposes.

For the classification of governmental fund balances, the City considers the expenditure to be made from the most restrictive first when more than one classification is available.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. MINIMUM FUND BALANCE POLICY

It is the desire of the City to maintain adequate General fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 120 days of budgeted expenditures.

S. PRIOR PERIOD ADJUSTMENT

The City restated its fund balances and net position as of October 1, 2012 to reflect the results of a sales tax audit conducted by the State of Texas on a computer manufacturer. As a result of this audit, the City was required to refund to the State of Texas a total of \$ 8,274,808. The schedules which follow, reconcile the balances previously reported to the restated balances by each fund and group of funds affected.

	General Fund	RRTSDC Revenue Fund	Self- Financed Construction	Total Governmental Funds
Fund balance October 1, 2012				
As originally reported	\$ 41,247,931	\$ 50,337,033	\$ 36,287,669	\$ 177,090,546
Sales tax refund	(4,014,506)	(2,260,302)	(2,000,000)	(8,274,808)
As restated	<u>\$ 37,233,425</u>	<u>\$ 48,076,731</u>	<u>\$ 34,287,669</u>	<u>\$ 168,815,738</u>
		Governmental	Business-Type	Total
Net Position October 1, 2012:				
As originally reported		\$ 486,324,246	\$ 333,259,122	\$ 819,583,368
Sales tax refund		(8,274,808)	-	(8,274,808)
As restated		<u>\$ 478,049,438</u>	<u>\$ 333,259,122</u>	<u>\$ 811,308,560</u>

T. 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.

U. 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. Specifically, the actuarial calculations to determine the annual required contributions of the retirement and other post-employment benefits are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. RECLASSIFICATIONS

The City previously reported its share of a loss in a joint venture as a separate line item as nonoperating revenue in the water and sewer fund and in 2013, this loss is now included as a component of contractual services as an operating expense. In addition, the City previously classified its investment in the joint venture as a separate component of the net position of the water and sewer fund and in 2013, this balance is now included as a component of the unrestricted net position.

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.
- (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 November 14, 2013. Amendments to Special Revenue and Debt Service Funds were not material to the original appropriations. The original budget of the General Fund was amended twice

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

during 2013. The following table compares original to final budgets. The largest amendment was to reallocate \$ 8,969,200 in available cash and departmental savings to fund specified capital purchases.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 74,168,000	\$ 4,500,000	\$ 78,668,000
Licenses, permits and fees	808,100	-	808,100
Charges for services	3,978,600	-	3,978,600
Fines and forfeitures	2,688,000	-	2,688,000
Intergovernmental	314,636	17,500	332,136
Investment and other	2,548,550	(66,000)	2,482,550
Total revenues	<u>84,505,886</u>	<u>4,451,500</u>	<u>88,957,386</u>
Expenditures -			
Current -			
General government	24,438,219	(1,060,000)	23,378,219
Public safety	40,003,909	(811,000)	39,192,909
Public works	11,592,131	(2,406,500)	9,185,631
Culture and recreation	11,682,069	(262,000)	11,420,069
Total expenditures	<u>87,716,328</u>	<u>(4,539,500)</u>	<u>83,176,828</u>
Excess (deficiency) of revenues over expenditures	<u>(3,210,442)</u>	<u>8,991,000</u>	<u>5,780,558</u>
Other financing sources (uses) -			
Issuance of lease	400,000	-	400,000
Transfers in	2,811,050	21,800	2,832,850
Transfers out	-	(8,991,000)	(8,991,000)
Total other financing sources (uses)	<u>3,211,050</u>	<u>(8,969,200)</u>	<u>(5,758,150)</u>
Net change in fund balances	<u>\$ 608</u>	<u>\$ 21,800</u>	<u>\$ 22,408</u>

B. ENCUMBRANCES

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “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	\$ 142,035,000
Plus: Issuance premium (amortized against interest expense)	4,158,222
Less: Issuance discount (amortized against interest expense)	(156,786)
Less: Deferred charge from issuance costs (amortized over life of debt)	(2,789,702)
Less: Deferred charge on refundings (amortized over life of debt)	(4,528,014)
Bank loans	16,007,402
Accrued interest payable	1,202,694
Capital leases payable	2,197,272
Compensated absences	5,200,229
Other post-employment benefits	1,953,165
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net position - governmental activities</i>	<u>\$ 165,279,482</u>

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 of net changes in fund balances – total governmental funds to changes in net position 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	\$ 67,059,226
Depreciation expense	<u>(31,278,285)</u>
Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds to arrive at changes in net position</i> <i>of governmental activities</i>	<u>\$ 35,780,941</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position." The details of this difference are as follows:

Donations	\$ 2,347,387
Reclassifications, disposals, and transfers	<u>(1,485,060)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 862,327</u></u>

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 position. 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 lease	\$ (1,000,000)
Issuance of debt	(8,615,000)
Issuance cost deferred on debt issuance	298,385
Debt payments/refundings	19,661,346
Capital leases payments	<u>1,451,583</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 11,796,314</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	\$ 397,134
Change in compensated absences	(442,605)
Increase in OPEB liability	(469,988)
Change in accrued interest	76,734
Amortization of issuance costs	<u>(757,311)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (1,196,036)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2013, the carrying amount of deposits was a credit balance of \$ 1,156,703 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 385,310. 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 change in the fair value of investments during the year ended September 30, 2013 is as follows:

Fair value at September 30, 2013	\$ 262,744,067
Add: Proceeds of investments matured this fiscal year	124,641,476
Less: Cost of investments purchased this fiscal year	(96,606,994)
Less: Fair value at September 30, 2012	<u>(291,748,886)</u>
Change in fair value of investments	<u><u>\$ (970,337)</u></u>

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

Cash in banks	\$ (1,156,703)
Investments	<u>262,744,067</u>
Total cash and investments	<u><u>\$ 261,587,364</u></u>

Statement of net position presentation:

Cash and cash equivalents	\$ 58,672,921
Investments	144,870,540
Restricted assets -	
Cash and cash equivalents	44,286,183
Investments	<u>13,757,720</u>
Total cash and cash equivalents and investments	<u><u>\$ 261,587,364</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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	\$ 149,383,259	\$ 149,383,259	189
Certificates of Deposit	9,245,000	9,245,000	203
Investments in State Investment Pools	104,115,808	104,115,808	1
	<u>\$ 262,744,067</u>	<u>\$ 262,744,067</u>	
Portfolio weighted average maturity			197

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 360 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, 2013**

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, 2013, 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, 2013, \$ 94,924,642 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, \$ 9,191,165 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, certificates of deposit 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 2013 were of the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 and Travis Central Appraisal Districts 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 2012 tax roll. The tax rate, based on total taxable assessed valuation of \$ 8,291,050,337 was \$.42035 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$ 0.28302 and \$ 0.13733, respectively.

Property taxes receivable at September 30, 2013, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 109,082	\$ 52,930	\$ 162,012
Prior years' levies	279,614	190,314	469,928
	<u>388,696</u>	<u>243,244</u>	<u>631,940</u>
Less - allowance for uncollectible taxes	<u>(33,022)</u>	<u>(16,060)</u>	<u>(49,082)</u>
	<u><u>\$ 355,674</u></u>	<u><u>\$ 227,184</u></u>	<u><u>\$ 582,858</u></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, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2013 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Debt Service	\$ 37,421	\$ 37,421
	Round Rock Transportation Development Corporation Revenue Fund	232,000	232,000
	Self-Financed Construction	21,800	21,800
Debt Service	General Fund	29,559	29,559
Round Rock Transportation Development Corporation Project Fund	Round Rock Transportation Development Corporation Revenue Fund	1,500,000	1,500,000
Self-Financed Construction	General Fund	28,292,537	28,292,537
Nonmajor Governmental Funds	General Fund	58,915	58,915
	Nonmajor Governmental Funds	29,179	29,179
Water and Sewer	General Fund	2,920	2,920
Internal Service	General Fund	485,370	485,370
	Nonmajor Governmental Funds	-	-
	Water and Sewer	99,240	99,240
		<u>\$ 30,788,941</u>	<u>\$ 30,788,941</u>
Governmental Funds		\$ 30,201,411	\$ 30,689,701
Proprietary Funds		2,920	99,240
Internal Service		584,610	-
		<u>\$ 30,788,941</u>	<u>\$ 30,788,941</u>

The balance of \$ 28,292,537 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.

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. A summary of transfers between funds is as follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 2,471,700	\$ -
Self-financed Construction	21,800	8,991,000
Nonmajor Governmental Funds	76,350	88,094
Internal Service Fund	263,000	-
	<u>2,832,850</u>	<u>9,079,094</u>
Debt Service Fund -		
Golf Course Fund	449,759	-
Round Rock Transportation Development Corporation Revenue Fund	6,581,122	-
Nonmajor Governmental Funds	1,309,000	-
	<u>8,339,881</u>	<u>-</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	26,950,000
Debt Service Fund	-	6,581,122
	<u>-</u>	<u>33,531,122</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	26,950,000	-
Self-financed Construction	20,344	-
Nonmajor Governmental Funds	791,517	-
	<u>27,761,861</u>	<u>-</u>
Self-Financed Construction -		
General Fund	8,991,000	21,800
Round Rock Transportation Development Corporation Project Fund	-	20,344
Nonmajor Governmental Funds	64,000	-
	<u>9,055,000</u>	<u>42,144</u>
Nonmajor Governmental Funds -		
General Fund	88,094	76,350
Debt Service Fund	-	1,309,000
Round Rock Transportation Development Corporation Project Fund	-	791,517
Self-financed Construction	-	64,000
Nonmajor Governmental Funds	1,470,036	1,470,036
	<u>1,558,130</u>	<u>3,710,903</u>
Subtotal of Governmental Funds	<u>49,547,722</u>	<u>46,363,263</u>
Water and Sewer Fund-		
General Fund	-	2,471,700
Internal Service Fund	38,641	-
	<u>38,641</u>	<u>2,471,700</u>
Golf Course Fund-		
Debt Service Fund	-	449,759
	<u>-</u>	<u>449,759</u>
Subtotal of Proprietary Funds	<u>38,641</u>	<u>2,921,459</u>
Internal Service Fund-		
General Fund	-	263,000
Water and Sewer Fund	-	38,641
	<u>-</u>	<u>301,641</u>
	<u>\$ 49,586,363</u>	<u>\$ 49,586,363</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. JOINT VENTURE

The City entered into a partnership with the cities of Leander and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main St, Round Rock, Texas, 78664.

STATEMENT OF NET POSITION

As of September 30, 2013

	Total	City's Interest
ASSETS		
Cash and cash equivalents	\$ 11,200,985	\$ 4,170,378
Investments	7,738,891	583,906
Receivables, other current assets	459,676	209,663
Restricted investments	26,208,772	14,132,999
Deferred charges, net	770,872	264,219
Capital assets	153,408,693	56,589,650
Total Assets	199,787,889	75,950,815
LIABILITIES		
Accounts payable	538,922	264,051
Retainage payable	2,345,205	809,565
Accrued bond interest payable	1,369,715	484,733
Total current liabilities	4,253,842	1,558,349
Bonds payable	178,605,000	63,490,000
Total Liabilities	182,858,842	65,048,349
NET POSITION	\$ 16,929,047	\$ 10,902,466

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2013

	Total	City's Interest
Operating revenues	\$ 985,682	\$ 26,590
Depreciation	8,336,059	3,153,531
Interest expense	3,854,964	1,435,450
Other operating expenses	1,217,523	104,262
Other income	212,108	97,337
Changes in Net Position	(12,210,756)	(4,569,316)
Net position, October 1, 2012	18,441,816	11,246,741
Contribution of capital, net	10,697,987	4,225,041
Net position, September 30, 2013	\$ 16,929,047	\$ 10,902,466

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	October 1, 2012	Additions/ Completions	Retirements/ Adjustments	September 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 34,142,578	\$ 4,996,186	\$ -	\$ 39,138,764
Construction in progress	37,836,416	65,211,974	(70,901,975)	32,146,415
Total capital assets not being depreciated	<u>71,978,994</u>	<u>70,208,160</u>	<u>(70,901,975)</u>	<u>71,285,179</u>
Capital assets being depreciated:				
Buildings and improvements	667,992,348	63,100,795	(1,386,438)	729,706,705
Equipment	58,466,840	6,999,633	(8,003,914)	57,462,559
Total capital assets being depreciated	<u>726,459,188</u>	<u>70,100,428</u>	<u>(9,390,352)</u>	<u>787,169,264</u>
Less accumulated depreciation for:				
Buildings and improvements	277,131,909	25,548,807	(223,868)	302,456,848
Equipment	44,078,750	5,729,478	(7,681,424)	42,126,804
Total accumulated depreciation	<u>321,210,659</u>	<u>31,278,285</u>	<u>(7,905,292)</u>	<u>344,583,652</u>
Total capital assets being depreciated, net	<u>405,248,529</u>	<u>38,822,143</u>	<u>(1,485,060)</u>	<u>442,585,612</u>
Governmental activities capital assets, net	<u>\$ 477,227,523</u>	<u>\$ 109,030,303</u>	<u>\$ (72,387,035)</u>	<u>\$ 513,870,791</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,449,080	\$ -	\$ -	\$ 8,449,080
Construction in progress	4,672,999	11,393,172	(5,557,886)	10,508,285
Total capital assets not being depreciated	<u>13,122,079</u>	<u>11,393,172</u>	<u>(5,557,886)</u>	<u>18,957,365</u>
Capital assets being depreciated:				
Buildings and improvements	392,176,916	4,587,897	-	396,764,813
Equipment	10,592,604	2,355,549	(909,602)	12,038,551
Total capital assets being depreciated	<u>402,769,520</u>	<u>6,943,446</u>	<u>(909,602)</u>	<u>408,803,364</u>
Less accumulated depreciation for:				
Building and improvements	107,803,000	12,618,173	(11,019)	120,410,154
Equipment	7,439,628	1,148,806	(809,440)	7,778,994
Total accumulated depreciation	<u>115,242,628</u>	<u>13,766,979</u>	<u>(820,459)</u>	<u>128,189,148</u>
Total capital assets being depreciated, net	<u>287,526,892</u>	<u>(6,823,533)</u>	<u>(89,143)</u>	<u>280,614,216</u>
Business-type activities capital assets, net	<u>\$ 300,648,971</u>	<u>\$ 4,569,639</u>	<u>\$ (5,647,029)</u>	<u>\$ 299,571,581</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 3,925,776
Public safety	2,862,882
Public works	21,122,892
Culture and recreation	3,366,735
Total depreciation expense-governmental activities	<u>\$ 31,278,285</u>

Business-type activities:

Water and sewer utility	\$ 13,625,826
Golf course	141,153
Total depreciation expense-business-type activities	<u>\$ 13,766,979</u>

Major construction contracts in progress from inception to September 30, 2013, consisted of the following:

	Project Authorization	Expended to 9/30/2013	Committed	Future Financing
Projects funded principally by general obligation debt -				
Parks and recreation facilities	\$ 14,882,188	\$ 14,882,188	\$ -	None
Parks, public safety, streets and public service facilities	68,698,857	64,278,986	4,419,871	None
Municipal complex, public safety and street improvements	20,090,798	20,090,798	-	None
Self-financed construction	122,966,228	119,227,153	3,739,075	None
Round Rock Transportation System- road improvements	240,382,097	193,420,892	46,961,205	None
Convention center complex	2,485,588	2,485,588	-	None
Sports venue complex	7,496,897	7,477,679	19,218	None
	<u>\$477,002,653</u>	<u>\$421,863,284</u>	<u>\$ 55,139,369</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 2,618,374	\$ 2,116,344	\$ 502,030	None
Self-financed construction	56,908,563	24,143,192	32,765,371	None
	<u>\$ 59,526,937</u>	<u>\$ 26,259,536</u>	<u>\$ 33,267,401</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2013:

	Balance October 1, 2012	Additions	Refundings/ Retirements	Balance September 30, 2013	Due within one year
Governmental Activities					
General obligation bonds	\$ 101,185,000	\$ 8,615,000	\$ (13,460,000)	\$ 96,340,000	\$ 6,350,000
Certificates of obligation	12,380,000	-	(610,000)	11,770,000	635,000
Hotel tax revenue bonds	14,765,000	-	(420,000)	14,345,000	550,000
State infrastructure bank loans	17,383,748	-	(1,376,346)	16,007,402	1,433,257
Sales tax revenue bonds	23,375,000	-	(3,795,000)	19,580,000	3,880,000
Plus deferred amount:					
For issuance premium	4,569,035	-	(410,813)	4,158,222	410,812
For issuance discount	(170,465)	-	13,679	(156,786)	(13,680)
Lease purchase payable	2,648,855	1,000,000	(1,451,583)	2,197,272	1,338,453
Compensated absences	4,757,624	3,630,213	(3,187,608)	5,200,229	3,484,153
Other post-employment benefits	1,483,177	671,024	(201,036)	1,953,165	-
Total governmental activities	<u>182,376,974</u>	<u>13,916,237</u>	<u>(24,898,707)</u>	<u>171,394,504</u>	<u>18,067,995</u>
Business-Type Activities					
Revenue bonds	85,930,000	-	(2,305,000)	83,625,000	2,600,000
Plus deferred amount:					
For issuance premium	1,835,660	-	(67,987)	1,767,673	68,006
Compensated absences	431,830	383,007	(341,145)	473,692	374,217
Other post-employment benefits	172,381	91,503	(27,414)	236,470	-
Total business-type activities	<u>88,369,871</u>	<u>474,510</u>	<u>(2,741,546)</u>	<u>86,102,835</u>	<u>3,042,223</u>
Total government	<u>\$ 270,746,845</u>	<u>\$ 14,390,747</u>	<u>\$ (27,640,253)</u>	<u>\$ 257,497,339</u>	<u>\$ 21,110,218</u>

The General Fund, Hotel/Motel Fund, and Drainage Fund are responsible for liquidating the liability for compensated absences and other post-employment benefits in the governmental activities and the Water and Sewer Fund is responsible for liquidating the liability for compensated absences and other post-employment benefits in the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2013 is comprised of the following:

	Governmental Activities	Business-type Activities
General Obligation Bonds:		
\$ 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%	\$ 12,955,000	\$ -
\$ 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%	38,525,000	-
\$ 18,575,000 2010 refunding bonds due in annual installments of \$ 140,000 to \$ 1,940,000 through 2027; interest at 2.0% to 4.0%	17,950,000	-
\$ 19,580,000 2011 refunding bonds due in annual installments of \$ 405,000 to \$ 1,885,000 through 2027; interest at 2.0% to 4.0%	18,445,000	-
\$ 8,615,000 2013 refunding bonds due in annual installments of \$ 455,000 to \$ 925,000 through 2024; interest at 1.00% to 1.65%	8,465,000	-
Total General Obligation Bonds	<u>96,340,000</u>	<u>-</u>
Certificates of Obligation:		
\$ 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%	11,770,000	-
Total Certificates of Obligation	<u>11,770,000</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%	6,630,000	-
\$ 7,715,000 2012 venue tax and hotel bonds due in annual installments of \$ 110,000 to \$ 590,000 through 2038; interest at 2.0% to 4.0%	7,715,000	-
Total Hotel Tax Revenue Bonds	<u>14,345,000</u>	<u>-</u>
State Infrastructure Bank Loans:		
\$ 7,000,000 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	4,288,505	-
\$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2%	11,718,897	-
Total State Infrastructure Bank Loans	<u>16,007,402</u>	<u>-</u>
Utility System Revenue Bonds:		
\$ 12,000,000 2006 bonds due in annual installments of \$ 365,000 to \$ 835,000 through 2026; interest at 2.2-2.95%	-	9,260,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0-5.0%	-	74,365,000
Total Utility System Revenue Bonds	<u>-</u>	<u>83,625,000</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
Sales Tax Revenue Bonds:		
\$ 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%	\$ 10,920,000	\$ -
\$ 5,495,000 2011 refunding bonds due in annual installments of \$ 1.3 to \$ 1.4 million through 2015 including interest at 2.0-3.0%	2,785,000	-
\$ 10,650,000 2011 refunding bonds due in annual installments of \$ 1.0 to \$ 2.5 million through 2016 including interest at 1.25%	5,875,000	-
Total Sales Tax Revenue Bonds	<u>19,580,000</u>	<u>-</u>
Issuance premium	4,158,222	1,767,673
Issuance discount	(156,786)	-
Lease purchases payable:		
\$ 5,372,023 leases due in semi annual installments including interest ranging from 1.02% -3.78% due in 2016. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 5,372,023 at 9/30/2013.	2,197,272	-
Compensated absences	5,200,229	473,692
Other post-employment benefits	<u>1,953,165</u>	<u>236,470</u>
Total primary government debt	<u><u>\$ 171,394,504</u></u>	<u><u>\$ 86,102,835</u></u>

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2013, including interest, are as follows:

Governmental Activities:

Year Ended September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
2014	\$ 6,985,000	\$ 4,397,276	\$ 11,382,276
2015	7,215,000	4,160,874	11,375,874
2016	7,475,000	3,888,126	11,363,126
2017	7,775,000	3,595,216	11,370,216
2018	8,070,000	3,297,972	11,367,972
2019-2023	39,300,000	11,812,842	51,112,842
2024-2028	23,110,000	4,710,699	27,820,699
2029-2032	8,180,000	1,043,700	9,223,700
	<u><u>\$ 108,110,000</u></u>	<u><u>\$ 36,906,705</u></u>	<u><u>\$ 145,016,705</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

<u>Year Ended September 30,</u>	<u>Hotel Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 550,000	\$ 523,466	\$ 1,073,466
2015	570,000	503,266	1,073,266
2016	590,000	482,366	1,072,366
2017	615,000	460,716	1,075,716
2018	635,000	438,166	1,073,166
2019-2023	3,565,000	1,804,889	5,369,889
2024-2028	2,835,000	1,111,470	3,946,470
2029-2033	2,260,000	745,205	3,005,205
2034-2037	2,725,000	281,300	3,006,300
	<u>\$ 14,345,000</u>	<u>\$ 6,350,844</u>	<u>\$ 20,695,844</u>

<u>Year Ended September 30,</u>	<u>State Infrastructure Bank Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,433,257	\$ 663,734	\$ 2,096,991
2015	1,492,521	604,469	2,096,990
2016	1,554,237	542,755	2,096,992
2017	1,618,507	478,484	2,096,991
2018	1,685,435	411,555	2,096,990
2019-2023	8,223,445	978,911	9,202,356
	<u>\$ 16,007,402</u>	<u>\$ 3,679,908</u>	<u>\$ 19,687,310</u>

<u>Year Ended September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,880,000	\$ 615,444	\$ 4,495,444
2015	3,950,000	540,681	4,490,681
2016	2,610,000	464,431	3,074,431
2017	1,685,000	387,256	2,072,256
2018	1,755,000	319,856	2,074,856
2019-2021	5,700,000	513,130	6,213,130
	<u>\$ 19,580,000</u>	<u>\$ 2,840,798</u>	<u>\$ 22,420,798</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

<u>Year Ended September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,338,453	\$ 28,886	\$ 1,367,339
2015	511,985	7,509	519,494
2016	346,834	2,579	349,413
	<u>\$ 2,197,272</u>	<u>\$ 38,974</u>	<u>\$ 2,236,246</u>

Business-type Activities:

<u>Year Ended September 30,</u>	<u>Utility System Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,600,000	\$ 3,747,633	\$ 6,347,633
2015	2,900,000	3,687,923	6,587,923
2016	2,545,000	3,558,423	6,103,423
2017	2,625,000	3,465,903	6,090,903
2018	2,700,000	3,384,848	6,084,848
2019-2023	14,995,000	15,205,645	30,200,645
2024-2028	15,665,000	12,047,188	27,712,188
2029-2033	15,850,000	8,350,750	24,200,750
2034-2038	19,290,000	4,101,500	23,391,500
2039	4,455,000	222,750	4,677,750
	<u>\$ 83,625,000</u>	<u>\$ 57,772,563</u>	<u>\$ 141,397,563</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, 2013, \$ -0- 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, 2013, amounted to \$ 1,585,000. The City does not plan to issue these bonds.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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 \$ 854,639 at September 30, 2013, 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 \$ 837,652 at September 30, 2013. 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 and Economic 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 and Economic Development Corporation.

The debt service fund for the sales tax revenue bonds, aggregating \$ 94,426 at September 30, 2013, 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, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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) 2013 REFUNDING/ISSUANCE

In May, 2013 the City advance refunded portions of General Obligation Bonds. The net proceeds of the \$ 8,615,000 of general obligation refunding bonds (after payment of underwriting fees, insurance and other issuance 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 11 years by \$ 1,735,835, 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 \$ 1,598,813.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2013, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2012	\$ 4,757,624	\$ 431,830
Additions	3,630,213	383,007
Reductions	(3,187,608)	(341,145)
Balance, September 30, 2013	<u>\$ 5,200,229</u>	<u>\$ 473,692</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. ACCRUED COMPENSATED ABSENCES (CONTINUED)

Accrued compensated absences due within one year were \$ 3,484,153 for governmental activities and \$ 374,217 for business-type activities. Liabilities for accrued compensated absences are funded from general fund revenue for the governmental activities and water and sewer fund program revenues for the business-type activities.

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2013:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service fund	\$ 2,407,411	\$ -	\$ 227,184	\$ -	\$ -
Restricted by debt covenants-					
Round Rock Transportation					
System Development Corp.	18,810,332	13,757,720	-	1,288,647	27,034
2007 General Obligation Bond Fund	9,762,126	-	-	-	-
Nonmajor capital projects funds	5,750,483	-	-	-	-
Total Governmental Activities	\$ 36,730,352	\$ 13,757,720	\$ 227,184	\$ 1,288,647	\$ 27,034
	Cash & Cash Equivalents	Accounts Receivable	Loans Receivable		
Business-Type Activities:					
Water and sewer fund-					
Impact fees	\$ 2,017,733	\$ 42,306	\$ -		
Construction	4,246,827	-	-		
Customer deposits	1,045,376	-	-		
Revenue bond debt service	245,895	-	-		
Loans receivable	-	-	315,301		
Total Business-Type Activities	\$ 7,555,831	\$ 42,306	\$ 315,301		

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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 \$ 8,780.

Commitments for Road Construction

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

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, 2013, the City's cost under this contract was \$ 420,000.

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, 2013, the City's cost under this contract was \$ 1,133,375.

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, 2013, the City's cost under these contracts was \$ 1,705,106.

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Regional Sewer Project

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 (these facilities were repurchased from the LCRA in 2009, as described below). BRA contracted with the Cities to operate and maintain the regional system.

In September 2009, the Cities of Round Rock, Austin and Cedar Park entered into a Purchase Agreement with the LCRA wherein they agreed to buy the Brushy Creek Regional Wastewater System ("BCRWWS") from the LCRA. The agreement outlined the proportional share that each city would purchase of the wastewater transportation and treatment system. On December 8, 2009, the three cities purchased the BCRWWS assets; and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

The system currently has a total treatment capacity of 24.5 MGD which is sufficient to meet future projected flows through 2017. The City of Round Rock's current wastewater capacity in the system is 20.1 MGD.

The BRA is contracted to provide operation of the system; for which each of the cities is invoiced relative to their system usage. For the fiscal year ended September 30, 2013, expenditures for operation of the regional facilities were \$ 3,528,668.

In June, 2010 the Cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets to the City of Leander, and all parties entered into the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System.

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.

Arbitrage Rebate

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2013, the potential rebate was calculated at \$ 0.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 32% of the City's sales tax collections for the year ended September 30, 2013.

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.

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 unlimited health coverage benefits. The City purchases commercial insurance for claims in excess of a contractual City liability limit.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

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. The liability is estimated based upon claims settled within the next month. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Year-End</u>
2011	\$ 480,256	\$ 7,053,558	\$ 7,147,156	\$ 386,658
2012	\$ 386,658	\$ 7,422,037	\$ 7,257,211	\$ 551,484
2013	\$ 551,484	\$ 6,235,153	\$ 6,317,787	\$ 468,850

C. EMPLOYEE RETIREMENT PLAN

Plan Description

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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

Schedule of Plan Provisions

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	7.0%	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility			
(expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over thirty years. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Update Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The City had the option to contribute a minimum amount equal to their annual renewal contribution less a "Phase In" of the increase from the change to the projected unit credit cost method in the 2009 valuation or to contribute the full rate. The City elected to contribute the full rate of 15.93% for fiscal year 2013. The annual pension cost and net pension obligation/(asset) are as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
2011	\$ 7,090,182	\$ 7,090,182	100.0%	\$ -
2012	\$ 7,059,219	\$ 7,059,219	100.0%	\$ -
2013	\$ 7,193,822	\$ 7,193,822	100.0%	\$ -

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2011 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

<i>Schedule of Actuarial Valuations</i>			
Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Single Amortization Period	27.0 years; closed period	26.0 years; closed period	25.1 years; closed period
Amortization Period for new Gain/Losses	30 years	30 years	30 years
Assets Valuation Method	10 yr. smoothed market	10 yr. smoothed market	10 yr. smoothed market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, and the prior two years is as follows:

<i>Schedule of Funding Progress</i>			
Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Value of Assets	\$ 103,664,204	\$ 116,942,673	\$ 131,506,866
Actuarial Accrued Liability (AAL)	\$ 139,334,091	\$ 151,101,234	\$ 163,340,205
<i>Funded Ratio</i>	74.4%	77.4%	80.5%
Unfunded AAL (UAAL)	\$ 35,669,887	\$ 34,158,561	\$ 31,833,339
Covered Payroll	\$ 41,617,049	\$ 42,647,264	\$ 44,168,860
<i>UAAL as a Percentage of Covered Payroll</i>	85.7%	80.1%	72.1%

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Supplemental Death Benefits Fund

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$ 7,500; this coverage is an "other postemployment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees for plan years 2013 and 2012.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.12% of required contributions. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

VI. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS

In addition to the contributions made to the pension system as previously described, the City provides a single employer plan for certain other post-employment benefits (OPEB) to its retirees. Other post-employment benefits include access to medical and dental insurance for the retiree and the retiree's family.

All retirees who are eligible to receive pension benefits under any of the City's pension system are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical and dental plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse and unmarried children dependent on the retiree for support. The children covered include children under age 25 and eligible disabled children beyond 25 years of age, if covered prior to age 25. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

The City is under no obligation, statutory or otherwise, to offer other post-employment benefits or to pay any portion of the cost of other post-employment benefits to any retirees or their dependents. Allocation of city funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget approval process.

Group dental coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental premium.

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self funded health insurance). Medical, dental and life insurance claims and premiums are reported in the Internal Service Fund. On September 30, 2013 this fund had adequate resources to fund the net OPEB obligation. There is not separate financial reporting for the plan, as an irrevocable trust has not been established to fund the liability.

The City recognized the following liability in the financial statements at September 30, 2013. The City performed an actuarial study during fiscal year 2013. The annual required contribution and OPEB liability for fiscal year 2013 is based upon the September 30, 2013 biennial actuarial study.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2013, is as follows:

	2012 Total	2013 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 712,873	\$ 664,887	\$ 90,666	\$ 755,553
Interest on net OPEB obligation	56,375	65,560	8,940	74,500
Adjustment to annual required contribution	(51,098)	(59,423)	(8,103)	(67,526)
Annual OPEB cost	718,150	671,024	91,503	762,527
Contributions made	(312,207)	(201,036)	(27,414)	(228,450)
Change in net OPEB obligation	405,943	469,988	64,089	534,077
Beginning net OPEB obligation	1,249,615	1,483,177	172,381	1,655,558
Net OPEB obligation	<u>\$ 1,655,558</u>	<u>\$ 1,953,165</u>	<u>\$ 236,470</u>	<u>\$ 2,189,635</u>
Percentage of annual OPEB cost contributed	<u>43.5%</u>			<u>30.0%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years is as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	% of Annual Cost Contributed	Net OPEB Obligation
2011	\$ 688,592	\$ 367,477	53.4%	\$ 1,249,615
2012	\$ 718,150	\$ 312,207	43.5%	\$ 1,655,558
2013	\$ 762,527	\$ 228,450	30.0%	\$ 2,189,635

The funded status as of September 30, 2013, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress

Year Ended	Actuarial Value of Assets	Actuarial Liability	UAAL(1)	Funded Ratio	Estimated Annual Covered Payroll	Percentage of UAAL to Covered Payroll
September 30						
2011	\$ -	\$ 8,013,287	\$ 8,013,287	0.0%	\$ 43,615,146	18.4%
2012	\$ -	\$ 8,360,494	\$ 8,360,494	0.0%	\$ 44,923,600	18.6%
2013	\$ -	\$ 8,647,524	\$ 8,647,524	0.0%	\$ 46,982,319	18.4%

(1) UAAL – Unfunded Actuarial Accrued Liability (Excess)

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

	<i>Schedule of Actuarial Valuations</i>		
Actuarial Valuation Date	October 1, 2009	October 1, 2011	October 1, 2012
Actuarial Cost Methods	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent Open	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	30 years	30 years
Inflation rate	3.5%	3.5%	3.5%
Assumed Rate of			
Return on Investments	4.5%	4.5%	4.5%
Projected salary increases	3.0%	3.0%	3.0%
Post-retirement benefit increases	10% in 2009, decreasing 1% per year for five years to an ultimate trend of 5% in 2014	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021

E. 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, 2000 and 2005. On May 1, 2010, 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, repayment of any City capital improvements, 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.

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013**

**SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)**

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
Texas Municipal Retirement System							
	12/31/10	\$ 103,664,204	\$ 139,334,091	\$ 35,669,887	74.4%	\$ 41,617,049	85.7%
	12/31/11	\$ 116,942,673	\$ 151,101,234	\$ 34,158,561	77.4%	\$ 42,647,264	80.1%
	12/31/12	\$ 131,506,866	\$ 163,340,205	\$ 31,833,339	80.5%	\$ 44,168,860	72.1%
Other Post-employment Benefits							
	9/30/2011	\$ -	\$ 8,013,287	\$ 8,013,287	0.0%	\$ 43,615,146	18.4%
	9/30/2012	\$ -	\$ 8,360,494	\$ 8,360,494	0.0%	\$ 44,923,600	18.6%
	9/30/2013	\$ -	\$ 8,647,524	\$ 8,647,524	0.0%	\$ 46,982,319	18.4%

Note: GASB 45 was implemented in fiscal year 2009; therefore, information is available for 2010 and years that follow.



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, 2013**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 11,249,465	\$ 1,887,207	\$ 13,136,672
Investments	2,007,188	-	2,007,188
Receivables -			
Accounts and other	495,671	29,840	525,511
Accrued interest	7,582	-	7,582
Interfund	88,094	-	88,094
Intergovernmental	27,066	-	27,066
Restricted assets-			
Cash and cash equivalents	-	5,750,483	5,750,483
Total assets	<u>\$ 13,875,066</u>	<u>\$ 7,667,530</u>	<u>\$ 21,542,596</u>
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 244,223	\$ 1,589,584	\$ 1,833,807
Accrued payroll	72,801	-	72,801
Interfund payables	29,179	-	29,179
Deferred revenue	-	645,866	645,866
Total liabilities	<u>346,203</u>	<u>2,235,450</u>	<u>2,581,653</u>
Fund balances -			
Restricted - authorized construction	-	4,160,899	4,160,899
Restricted - hotel-motel tax	9,549,082	-	9,549,082
Restricted - public safety	1,249,246	-	1,249,246
Committed	2,730,535	1,271,181	4,001,716
Total fund balances	<u>13,528,863</u>	<u>5,432,080</u>	<u>18,960,943</u>
Total liabilities and fund balances	<u>\$ 13,875,066</u>	<u>\$ 7,667,530</u>	<u>\$ 21,542,596</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 2,369,333	\$ -	\$ 2,369,333
Fines and forfeitures	506,002	-	506,002
Intergovernmental	450,487	-	450,487
Hotel occupancy tax	4,140,920	-	4,140,920
Investment and other	12,820	623,295	636,115
Contributions	5,199	89,785	94,984
	<u>7,484,761</u>	<u>713,080</u>	<u>8,197,841</u>
Expenditures -			
Current -			
General government	570,688	-	570,688
Public safety	309,338	-	309,338
Public works	1,420,927	-	1,420,927
Culture and recreation	1,035,046	-	1,035,046
Capital projects	-	12,106,074	12,106,074
	<u>3,335,999</u>	<u>12,106,074</u>	<u>15,442,073</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>4,148,762</u>	<u>(11,392,994)</u>	<u>(7,244,232)</u>
Other financing sources /(uses) -			
Transfers in	88,094	1,470,036	1,558,130
Transfers out	<u>(2,919,386)</u>	<u>(791,517)</u>	<u>(3,710,903)</u>
Total other financing sources/(uses)	<u>(2,831,292)</u>	<u>678,519</u>	<u>(2,152,773)</u>
Net change in fund balances	1,317,470	(10,714,475)	(9,397,005)
Fund balances, October 1, 2012	<u>12,211,393</u>	<u>16,146,555</u>	<u>28,357,948</u>
Fund balances, September 30, 2013	<u><u>\$ 13,528,863</u></u>	<u><u>\$ 5,432,080</u></u>	<u><u>\$ 18,960,943</u></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.

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

Drainage Fund – To account for amounts received to manage storm water runoff.

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.

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 received designated to specific programs for the City's library.

Public Education & Government Fund – To account for amounts received for programs to provide public education in government.

Hotel – Motel Occupancy Venue Tax Fund – To account for the levy and use of the hotel – motel bed venue tax received. Proceeds from this tax are to be used toward the construction and maintenance of a sports venue that will prompt tourism and promotion of the City.

Traffic Safety Program – To account for amounts received to promote traffic safety programs.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013**

	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Drainage	Police	Municipal Court
ASSETS					
Cash and cash equivalents	\$ 6,574,287	\$ 642,291	\$ 1,520,653	\$ 879,750	\$ 429,379
Investments	2,007,188	-	-	-	-
Receivables -					
Accounts and other	271,533	76,581	147,557	-	-
Accrued interest	7,582	-	-	-	-
Interfund	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>\$ 8,860,590</u>	<u>\$ 718,872</u>	<u>\$ 1,668,210</u>	<u>\$ 879,750</u>	<u>\$ 429,379</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 8,223	\$ 431	\$ 16,962	\$ 155,089	\$ -
Accrued payroll	8,482	5,185	59,134	-	-
Interfund payables	<u>1,753</u>	<u>6,306</u>	<u>21,120</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>18,458</u>	<u>11,922</u>	<u>97,216</u>	<u>155,089</u>	<u>-</u>
Fund balances -					
Restricted - hotel-motel tax	8,842,132	706,950	-	-	-
Restricted - public safety	-	-	-	724,661	429,379
Committed	-	-	1,570,994	-	-
Total fund balances	<u>8,842,132</u>	<u>706,950</u>	<u>1,570,994</u>	<u>724,661</u>	<u>429,379</u>
Total liabilities and fund balances	<u>\$ 8,860,590</u>	<u>\$ 718,872</u>	<u>\$ 1,668,210</u>	<u>\$ 879,750</u>	<u>\$ 429,379</u>

<u>Landscape</u>	<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Public Education & Government</u>	<u>Traffic Safety Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 319,970	\$ -	\$ 39,211	\$ 10,530	\$ 826,282	\$ 7,112	\$ 11,249,465
-	-	-	-	-	-	2,007,188
-	-	-	-	-	-	495,671
-	-	-	-	-	-	7,582
-	-	-	-	-	88,094	88,094
-	27,066	-	-	-	-	27,066
<u>\$ 319,970</u>	<u>\$ 27,066</u>	<u>\$ 39,211</u>	<u>\$ 10,530</u>	<u>\$ 826,282</u>	<u>\$ 95,206</u>	<u>\$ 13,875,066</u>
\$ 36,452	\$ 27,066	\$ -	\$ -	\$ -	\$ -	\$ 244,223
-	-	-	-	-	-	72,801
-	-	-	-	-	-	29,179
<u>36,452</u>	<u>27,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,203</u>
-	-	-	-	-	-	9,549,082
-	-	-	-	-	95,206	1,249,246
283,518	-	39,211	10,530	826,282	-	2,730,535
<u>283,518</u>	<u>-</u>	<u>39,211</u>	<u>10,530</u>	<u>826,282</u>	<u>95,206</u>	<u>13,528,863</u>
<u>\$ 319,970</u>	<u>\$ 27,066</u>	<u>\$ 39,211</u>	<u>\$ 10,530</u>	<u>\$ 826,282</u>	<u>\$ 95,206</u>	<u>\$ 13,875,066</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2013**

	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Drainage	Police	Municipal Court
Revenues -					
Licenses, permits and fees	\$ -	\$ -	\$ 1,941,121	\$ -	\$ 81,048
Fines and forfeitures	-	-	-	506,002	-
Intergovernmental	-	-	-	-	-
Hotel occupancy tax	3,221,200	919,720	-	-	-
Investment and other	6,043	4,715	693	301	236
Contributions	-	-	-	-	-
	<u>3,227,243</u>	<u>924,435</u>	<u>1,941,814</u>	<u>506,303</u>	<u>81,284</u>
Expenditures -					
Current-					
General government	-	-	-	-	43,522
Public safety	-	-	-	309,338	-
Public works	-	-	1,410,247	-	-
Culture and recreation	617,363	133,638	-	-	-
	<u>617,363</u>	<u>133,638</u>	<u>1,410,247</u>	<u>309,338</u>	<u>43,522</u>
Total expenditures	<u>617,363</u>	<u>133,638</u>	<u>1,410,247</u>	<u>309,338</u>	<u>43,522</u>
Excess (deficiency) of revenues over expenditures	<u>2,609,880</u>	<u>790,797</u>	<u>531,567</u>	<u>196,965</u>	<u>37,762</u>
Other financing sources /(uses) -					
Transfers in	-	-	-	-	-
Transfers out	(2,187,036)	(592,000)	(140,350)	-	-
Total other financing sources/(uses)	<u>(2,187,036)</u>	<u>(592,000)</u>	<u>(140,350)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	422,844	198,797	391,217	196,965	37,762
Fund balances, October 1, 2012	<u>8,419,288</u>	<u>508,153</u>	<u>1,179,777</u>	<u>527,696</u>	<u>391,617</u>
Fund balances, September 30, 2013	<u>\$ 8,842,132</u>	<u>\$ 706,950</u>	<u>\$ 1,570,994</u>	<u>\$ 724,661</u>	<u>\$ 429,379</u>

Landscape	Community Development Block Grant	Annexation Fees	Library Fund	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ 109,920	\$ -	\$ -	\$ -	\$ 237,244	\$ -	\$ 2,369,333
-	-	-	-	-	-	506,002
-	450,487	-	-	-	-	450,487
-	-	-	-	-	-	4,140,920
207	-	21	5	599	-	12,820
1,200	-	-	3,999	-	-	5,199
<u>111,327</u>	<u>450,487</u>	<u>21</u>	<u>4,004</u>	<u>237,843</u>	<u>-</u>	<u>7,484,761</u>
76,580	450,487	-	99	-	-	570,688
-	-	-	-	-	-	309,338
-	-	-	-	-	10,680	1,420,927
-	-	-	-	284,045	-	1,035,046
<u>76,580</u>	<u>450,487</u>	<u>-</u>	<u>99</u>	<u>284,045</u>	<u>10,680</u>	<u>3,335,999</u>
<u>34,747</u>	<u>-</u>	<u>21</u>	<u>3,905</u>	<u>(46,202)</u>	<u>(10,680)</u>	<u>4,148,762</u>
-	-	-	-	-	88,094	88,094
-	-	-	-	-	-	(2,919,386)
-	-	-	-	-	88,094	(2,831,292)
34,747	-	21	3,905	(46,202)	77,414	1,317,470
<u>248,771</u>	<u>-</u>	<u>39,190</u>	<u>6,625</u>	<u>872,484</u>	<u>17,792</u>	<u>12,211,393</u>
<u>\$ 283,518</u>	<u>\$ -</u>	<u>\$ 39,211</u>	<u>\$ 10,530</u>	<u>\$ 826,282</u>	<u>\$ 95,206</u>	<u>\$ 13,528,863</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 government resources.

2004 General Obligation Bonds Fund – 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 of and improvements to various neighborhood parks. Financing is provided by general government resources.

2007 Certificates of Obligation Fund – 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.

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.

Transit Fund – To account for construction of improvements related to delivering transit services to the City. Funding is provided by intergovernmental revenues and general government resources.

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

Venue Tax Projects Fund – To account for the development of a multi-purpose sports venue. Funding is provided by hotel tax revenues.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
ASSETS				
Cash and cash equivalents	\$ 952,144	\$ -	\$ 935,063	\$ -
Receivables -				
Accounts and other	29,840	-	-	-
Restricted assets-				
Cash and cash equivalents	-	1,737,759	-	162,747
	<u>-</u>	<u>1,737,759</u>	<u>-</u>	<u>162,747</u>
Total assets	<u>\$ 981,984</u>	<u>\$ 1,737,759</u>	<u>\$ 935,063</u>	<u>\$ 162,747</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ -	\$ 45,043	\$ -	\$ -
Deferred revenue	-	-	645,866	-
Total liabilities	<u>-</u>	<u>45,043</u>	<u>645,866</u>	<u>-</u>
Fund balances -				
Restricted - authorized construction	-	1,692,716	-	162,747
Committed	981,984	-	289,197	-
Total fund balances	<u>981,984</u>	<u>1,692,716</u>	<u>289,197</u>	<u>162,747</u>
Total liabilities and fund balances	<u>\$ 981,984</u>	<u>\$ 1,737,759</u>	<u>\$ 935,063</u>	<u>\$ 162,747</u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Venue Tax Projects Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,887,207
-	-	-	-	-	29,840
<u>1,661,634</u>	<u>15,027</u>	<u>284,765</u>	<u>1,861,933</u>	<u>26,618</u>	<u>5,750,483</u>
<u><u>\$ 1,661,634</u></u>	<u><u>\$ 15,027</u></u>	<u><u>\$ 284,765</u></u>	<u><u>\$ 1,861,933</u></u>	<u><u>\$ 26,618</u></u>	<u><u>\$ 7,667,530</u></u>
\$ -	\$ -	\$ -	\$ 1,544,541	\$ -	\$ 1,589,584
-	-	-	-	-	645,866
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,544,541</u>	<u>-</u>	<u>2,235,450</u>
1,661,634	15,027	284,765	317,392	26,618	4,160,899
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271,181</u>
<u>1,661,634</u>	<u>15,027</u>	<u>284,765</u>	<u>317,392</u>	<u>26,618</u>	<u>5,432,080</u>
<u><u>\$ 1,661,634</u></u>	<u><u>\$ 15,027</u></u>	<u><u>\$ 284,765</u></u>	<u><u>\$ 1,861,933</u></u>	<u><u>\$ 26,618</u></u>	<u><u>\$ 7,667,530</u></u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2013**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
Revenues -				
Investment and other	\$ 584,885	\$ 1,509	\$ 30,323	\$ -
Contributions	89,785	-	-	-
Total revenues	<u>674,670</u>	<u>1,509</u>	<u>30,323</u>	<u>-</u>
Expenditures -				
Capital projects	-	953,624	-	1,916
Total expenditures	<u>-</u>	<u>953,624</u>	<u>-</u>	<u>1,916</u>
Excess (deficiency) of revenues over expenditures	<u>674,670</u>	<u>(952,115)</u>	<u>30,323</u>	<u>(1,916)</u>
Other financing sources /(uses) -				
Transfers in	-	-	-	-
Transfers out	<u>(791,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>(791,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(116,847)</u>	<u>(952,115)</u>	<u>30,323</u>	<u>(1,916)</u>
Fund balances, October 1, 2012	<u>1,098,831</u>	<u>2,644,831</u>	<u>258,874</u>	<u>164,663</u>
Fund balances, September 30, 2013	<u>\$ 981,984</u>	<u>\$ 1,692,716</u>	<u>\$ 289,197</u>	<u>\$ 162,747</u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Venue Tax Projects Fund	Total Nonmajor Capital Projects Funds
\$ 1,119	\$ 127	\$ -	\$ 2,324	\$ 3,008	\$ 623,295
-	-	-	-	-	89,785
1,119	127	-	2,324	3,008	713,080
51,796	409,771	-	3,839,080	6,849,887	12,106,074
51,796	409,771	-	3,839,080	6,849,887	12,106,074
(50,677)	(409,644)	-	(3,836,756)	(6,846,879)	(11,392,994)
-	350,000	-	1,120,036	-	1,470,036
-	-	-	-	-	(791,517)
-	350,000	-	1,120,036	-	678,519
(50,677)	(59,644)	-	(2,716,720)	(6,846,879)	(10,714,475)
1,712,311	74,671	284,765	3,034,112	6,873,497	16,146,555
<u>\$ 1,661,634</u>	<u>\$ 15,027</u>	<u>\$ 284,765</u>	<u>\$ 317,392</u>	<u>\$ 26,618</u>	<u>\$ 5,432,080</u>

CITY OF ROUND ROCK, TEXAS
PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –
ALL CAPITAL PROJECTS FUNDS
BEGINNING OF PROJECTS TO SEPTEMBER 30, 2013

	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction	Round Rock Transportation System Development Corporation
Total funding authorization	<u>\$ 32,026,675</u>	<u>\$ 1,737,949</u>	<u>\$ 15,292,215</u>	<u>\$ 129,109,065</u>	<u>\$ 244,431,947</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ 80,366	\$ -	\$ 3,589,438	\$ 1,753,320
Contributions	10,780	918,778	-	11,218,142	12,812,346
Investment and other	1,737,630	796,377	539,962	2,465,654	4,162,886
Lease purchase proceeds	-	-	-	5,956,461	-
Issuance of general obligation and other debt	34,475,000	-	14,915,000	-	61,563,410
Transfers in	-	231,620	-	133,185,118	125,287,684
Other sources/transfers	537,303	-	-	1,423,235	-
	<u>\$ 36,760,713</u>	<u>\$ 2,027,141</u>	<u>\$ 15,454,962</u>	<u>\$ 157,838,048</u>	<u>\$ 205,579,646</u>
Expenditures and other uses -					
Capital projects	\$ 26,761,213	\$ 1,627,949	\$ 14,882,188	\$ 116,177,865	\$ 193,420,892
Transfers out	350,288	110,000	-	9,172,947	4,049,850
Other costs/transfers	495,303	-	410,027	200,000	-
	<u>\$ 27,606,804</u>	<u>\$ 1,737,949</u>	<u>\$ 15,292,215</u>	<u>\$ 125,550,812</u>	<u>\$ 197,470,742</u>

Convention Center Complex	Transit Fund	2002 Series GO	2004 Series GO	Tourism Development Fund	Venue Tax Projects Fund
<u>\$ 2,515,456</u>	<u>\$ 3,230,110</u>	<u>\$ 38,591,018</u>	<u>\$ 20,780,592</u>	<u>\$ 4,279,422</u>	<u>\$ 7,715,000</u>
\$ -	\$ 2,550,110	\$ 867,851	\$ -	\$ -	\$ -
402,549	-	91,989	-	45,743	-
53,359	-	3,612,640	2,315,232	60,071	7,400
-	-	-	-	-	-
-	-	35,000,000	19,435,000	-	7,715,000
2,074,575	783,943	680,173	32,476	4,491,000	-
-	-	-	690,600	-	-
<u>\$ 2,530,483</u>	<u>\$ 3,334,053</u>	<u>\$ 40,252,653</u>	<u>\$ 22,473,308</u>	<u>\$ 4,596,814</u>	<u>\$ 7,722,400</u>
\$ 2,485,588	\$ 3,049,288	\$ 37,517,773	\$ 20,090,798	\$ 4,279,422	\$ 7,477,679
29,868	-	783,943	329,885	-	-
-	-	289,302	359,909	-	218,103
<u>\$ 2,515,456</u>	<u>\$ 3,049,288</u>	<u>\$ 38,591,018</u>	<u>\$ 20,780,592</u>	<u>\$ 4,279,422</u>	<u>\$ 7,695,782</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, 2013
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2012 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
Property tax	\$ 23,407,919	\$ 23,075,000	\$ 23,075,000	\$ 332,919	\$ 22,248,742
Penalty and interest	85,591	75,000	75,000	10,591	91,453
Sales tax	49,662,335	45,000,000	49,500,000	162,335	47,479,438
Franchise	5,952,712	5,720,000	5,720,000	232,712	6,326,735
Bingo tax	32,104	28,000	28,000	4,104	31,982
Mixed drink tax	315,742	270,000	270,000	45,742	284,338
Total taxes and franchise	79,456,403	74,168,000	78,668,000	788,403	76,462,688
Licenses, permits and fees -					
Building permits	426,124	325,000	325,000	101,124	314,189
Other permits	35,336	25,000	25,000	10,336	31,053
Fees	736,644	458,100	458,100	278,544	494,829
Total licenses, permits and fees	1,198,104	808,100	808,100	390,004	840,071
Charges for services -					
Trash collection fees	1,674,814	1,630,000	1,630,000	44,814	1,713,765
Swimming pool fees	523,883	509,400	509,400	14,483	511,346
Recreation program fees	2,043,479	1,801,100	1,801,100	242,379	1,958,591
Filing and reproduction fees	21,922	18,000	18,000	3,922	21,064
Other	172,681	20,100	20,100	152,581	(5,951)
Total charges for services	4,436,779	3,978,600	3,978,600	458,179	4,198,815
Fines and forfeitures	2,702,635	2,688,000	2,688,000	14,635	2,293,468
Intergovernmental	374,881	314,636	332,136	42,745	427,859
Investment and other -					
Investment income	195,687	326,000	326,000	(130,313)	295,851
Other	2,125,206	2,222,550	2,156,550	(31,344)	1,986,307
Total investment and other	2,320,893	2,548,550	2,482,550	(161,657)	2,282,158
Total revenues	90,489,695	84,505,886	88,957,386	1,532,309	86,505,059

(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, 2013
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

		Budgeted Amounts		Variance-	2012
	Actual	Original	Final	Positive (Negative)	Actual
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 9,000,237	\$ 9,526,734	\$ 9,000,734	\$ 497	\$ 9,174,109
Contractual services	3,775,314	4,014,569	3,845,869	70,555	3,892,399
Supplies and materials	649,105	681,073	657,423	8,318	646,935
Other services and charges	8,915,546	9,324,022	8,988,772	73,226	9,749,507
Capital outlay	104,997	106,007	107,107	2,110	91,496
Total executive	22,445,199	23,652,405	22,599,905	154,706	23,554,446
Judicial -					
Personnel services	680,453	668,808	680,808	355	599,534
Contractual services	59,039	86,196	66,696	7,657	69,418
Supplies and materials	21,478	20,645	20,645	(833)	16,346
Other services and charges	6,878	10,165	10,165	3,287	8,232
Total judicial	767,848	785,814	778,314	10,466	693,530
Total general government	23,213,047	24,438,219	23,378,219	165,172	24,247,976
Public safety					
Police-					
Personnel services	20,360,882	21,151,081	20,413,081	52,199	19,561,348
Contractual services	1,323,727	1,322,644	1,349,787	26,060	999,064
Supplies and materials	1,691,229	1,836,677	1,736,534	45,305	1,504,721
Other services and charges	1,049,952	1,005,619	1,058,619	8,667	872,586
Capital outlay	426,828	381,665	311,665	(115,163)	160,350
Total police	24,852,618	25,697,686	24,869,686	17,068	23,098,069
Fire -					
Personnel services	12,910,097	12,876,992	12,908,381	(1,716)	12,418,394
Contractual services	292,080	334,256	308,856	16,776	319,101
Supplies and materials	829,927	785,255	830,009	82	871,516
Other services and charges	179,285	150,220	171,641	(7,644)	158,325
Capital outlay	102,446	159,500	104,336	1,890	225,599
Total fire	14,313,835	14,306,223	14,323,223	9,388	13,992,935
Total public safety	39,166,453	40,003,909	39,192,909	26,456	37,091,004

(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, 2013
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2012 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 2,770,583	\$ 2,942,950	\$ 2,772,050	\$ 1,467	\$ 1,998,058
Contractual services	205,039	220,392	209,692	4,653	354,312
Supplies and materials	575,196	617,505	585,605	10,409	419,854
Other services and charges	469,255	472,847	471,547	2,292	150,738
Capital outlay	28,296	-	20,100	(8,196)	45,113
Total administration	4,048,369	4,253,694	4,058,994	10,625	2,968,075
Streets -					
Personnel services	1,806,049	1,857,743	1,813,443	7,394	1,802,856
Contractual services	1,211,715	3,231,175	1,216,675	4,960	1,293,878
Supplies and materials	720,599	743,968	701,668	(18,931)	691,016
Other services and charges	7,377	45,451	12,751	5,374	9,623
Capital outlay	261,057	311,990	249,490	(11,567)	159,054
Total streets	4,006,797	6,190,327	3,994,027	(12,770)	3,956,427
Maintenance shop -					
Personnel services	974,829	1,000,518	985,018	10,189	957,378
Contractual services	28,230	33,623	33,623	5,393	37,308
Supplies and materials	68,858	88,858	72,481	3,623	92,831
Other services and charges	14,126	25,111	25,111	10,985	13,497
Capital outlay	16,377	-	16,377	-	38,781
Total maintenance shop	1,102,420	1,148,110	1,132,610	30,190	1,139,795
Total public works	9,157,586	11,592,131	9,185,631	28,045	8,064,297

(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, 2013
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2012 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,645,022	\$ 1,648,701	\$ 1,650,701	\$ 5,679	\$ 1,628,517
Contractual services	134,989	146,202	135,802	813	141,779
Supplies and materials	402,611	425,764	405,764	3,153	416,292
Other services and charges	100,772	100,081	99,981	(791)	82,339
Total library	<u>2,283,394</u>	<u>2,320,748</u>	<u>2,292,248</u>	<u>8,854</u>	<u>2,268,927</u>
Parks and recreation -					
Personnel services	5,715,077	5,825,513	5,729,113	14,036	5,646,276
Contractual services	1,597,387	1,803,592	1,635,300	37,913	1,490,882
Supplies and materials	1,458,318	1,378,361	1,402,678	(55,640)	1,298,097
Other services and charges	239,188	250,855	244,030	4,842	236,846
Capital outlay	112,538	103,000	116,700	4,162	104,291
Total parks and recreation	<u>9,122,508</u>	<u>9,361,321</u>	<u>9,127,821</u>	<u>5,313</u>	<u>8,776,392</u>
Total culture and recreation	<u>11,405,902</u>	<u>11,682,069</u>	<u>11,420,069</u>	<u>14,167</u>	<u>11,045,319</u>
Total expenditures	<u>82,942,988</u>	<u>87,716,328</u>	<u>83,176,828</u>	<u>233,840</u>	<u>80,448,596</u>
Excess (deficiency) of revenues over expenditures	<u>7,546,707</u>	<u>(3,210,442)</u>	<u>5,780,558</u>	<u>1,766,149</u>	<u>6,056,463</u>
Other financing sources (uses) -					
Issuance of lease	445,980	400,000	400,000	45,980	313,604
Transfers in	2,832,850	2,811,050	2,832,850	-	3,290,100
Transfers out	<u>(9,079,094)</u>	<u>-</u>	<u>(8,991,000)</u>	<u>(88,094)</u>	<u>(8,954,354)</u>
Total other financing sources (uses)	<u>(5,800,264)</u>	<u>3,211,050</u>	<u>(5,758,150)</u>	<u>(42,114)</u>	<u>(5,350,650)</u>
Net change in fund balances	<u>1,746,443</u>	<u>\$ 608</u>	<u>\$ 22,408</u>	<u>\$ 1,724,035</u>	<u>\$ 705,813</u>
Fund balance, October 1, 2012, as restated	<u>37,233,425</u>				
Fund balance, September 30, 2013	<u>\$ 38,979,868</u>				

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Property taxes, including interest and penalties	\$ 11,407,097	\$ 11,286,000	\$ 11,286,000	\$ 121,097
Investment and other	9,835	9,000	9,000	835
Total revenues	11,416,932	11,295,000	11,295,000	121,932
Expenditures -				
Debt service -				
Principal retirement	12,852,059	12,693,909	12,693,909	(158,150)
Interest and fiscal charges	6,797,281	6,979,317	6,979,317	182,036
Issuance costs	98,630	95,286	95,286	(3,344)
Total expenditures	19,747,970	19,768,512	19,768,512	20,542
Excess (deficiency) of revenues over expenditures	(8,331,038)	(8,473,512)	(8,473,512)	142,474
Other financing sources (uses) -				
Issuance of debt	8,615,000	8,615,000	8,615,000	-
Payment to refunding agent	(8,509,756)	(8,509,756)	(8,509,756)	-
Transfers in	8,339,881	8,340,122	8,340,122	(241)
Total other financing sources (uses)	8,445,125	8,445,366	8,445,366	(241)
Net change in fund balances	114,087	<u>\$ (28,146)</u>	<u>\$ (28,146)</u>	<u>\$ 142,233</u>
Fund balance, October 1, 2012	<u>2,301,340</u>			
Fund balance, September 30, 2013	<u><u>\$ 2,415,427</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, 2013

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 3,221,200	\$ 3,000,000	\$ 3,050,000	\$ 171,200
Investment and other	6,043	25,000	25,000	(18,957)
Total revenues	3,227,243	3,025,000	3,075,000	152,243
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	247,994	263,496	263,496	15,502
Contractual services	201,251	241,243	241,243	39,992
Supplies and materials	10,456	20,725	20,725	10,269
Other services and charges	157,662	312,500	312,500	154,838
Total expenditures	617,363	837,964	837,964	220,601
Excess of revenues over expenditures	2,609,880	2,187,036	2,237,036	372,844
Other financing sources /(uses) -				
Transfers out	(2,187,036)	(2,187,036)	(2,287,036)	100,000
Total other financing sources/(uses)	(2,187,036)	(2,187,036)	(2,287,036)	100,000
Net change in fund balances	422,844	\$ -	\$ (50,000)	\$ 472,844
Fund balance, October 1, 2012	8,419,288			
Fund balance, September 30, 2013	\$ 8,842,132			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY VENUE TAX FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 919,720	\$ 850,000	\$ 850,000	\$ 69,720
Investment and other	4,715	5,000	5,000	(285)
Total revenues	924,435	855,000	855,000	69,435
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	97,708	115,113	165,600	67,892
Contractual services	2,773	54,887	104,400	101,627
Supplies and materials	1,157	-	65,600	64,443
Other services and charges	511	-	7,500	6,989
Capital outlay	31,489	-	104,800	73,311
Total expenditures	133,638	170,000	447,900	314,262
Excess of revenues over expenditures	790,797	685,000	407,100	383,697
Other financing sources /(uses) -				
Transfers out	(592,000)	(592,000)	(592,000)	-
Total other financing sources/(uses)	(592,000)	(592,000)	(592,000)	-
Net change in fund balances	198,797	\$ 93,000	\$ (184,900)	\$ 383,697
Fund balance, October 1, 2012	508,153			
Fund balance, September 30, 2013	\$ 706,950			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DRAINAGE FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits, and fees	\$ 1,941,121	\$ 1,789,000	\$ 1,789,000	\$ 152,121
Investment and other	693	-	-	693
Total revenues	1,941,814	1,789,000	1,789,000	152,814
Expenditures -				
Current -				
Public Works -				
Personnel services	1,031,436	1,087,995	1,023,995	(7,441)
Contractual services	219,803	381,777	381,777	161,974
Supplies and materials	127,851	117,121	117,121	(10,730)
Other services and charges	13,428	24,875	24,875	11,447
Capital outlay	17,729	36,000	36,000	18,271
Total expenditures	1,410,247	1,647,768	1,583,768	173,521
Excess (deficiency) of revenues over expenditures	531,567	141,232	205,232	326,335
Other financing sources /(uses) -				
Transfers out	(140,350)	(76,350)	(140,350)	-
Total other financing sources/(uses)	(140,350)	(76,350)	(140,350)	-
Net change in fund balances	391,217	\$ 64,882	\$ 64,882	\$ 326,335
Fund balance, October 1, 2012	1,179,777			
Fund balance, September 30, 2013	\$ 1,570,994			

**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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 506,002	\$ -	\$ -	\$ 506,002
Investment and other	301	265	265	36
Total revenues	506,303	265	265	506,038
Expenditures -				
Current -				
Public safety -				
Capital outlay	309,338	449,500	449,500	140,162
Total expenditures	309,338	449,500	449,500	140,162
Excess (deficiency) of revenues over expenditures	196,965	<u>\$ (449,235)</u>	<u>\$ (449,235)</u>	<u>\$ 646,200</u>
Fund balance, October 1, 2012	<u>527,696</u>			
Fund balance, September 30, 2013	<u><u>\$ 724,661</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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 81,048	\$ 84,000	\$ 84,000	\$ (2,952)
Investment and other	236	300	300	(64)
Total revenues	81,284	84,300	84,300	(3,016)
Expenditures -				
Current -				
General government -				
Personnel services	35,000	35,000	35,000	-
Supplies and materials	7,993	26,717	26,717	18,724
Other services and charges	529	1,575	1,575	1,046
Capital	-	20,000	20,000	20,000
Total expenditures	43,522	83,292	83,292	39,770
Excess of revenues over expenditures	37,762	\$ 1,008	\$ 1,008	\$ 36,754
Fund balance, October 1, 2012	391,617			
Fund balance, September 30, 2013	\$ 429,379			

**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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 109,920	\$ 25,000	\$ 25,000	\$ 84,920
Investment and other	207	340	340	(133)
Contributions	1,200	500	500	700
Total revenues	111,327	25,840	25,840	85,487
Expenditures -				
Current -				
General government -				
Supplies and materials	76,580	227,000	227,000	150,420
Total expenditures	76,580	227,000	227,000	150,420
Excess (deficiency) of revenues over expenditures	34,747	\$ (201,160)	\$ (201,160)	\$ 235,907
Fund balance, October 1, 2012	248,771			
Fund balance, September 30, 2013	\$ 283,518			

**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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Intergovernmental	\$ 450,487	\$ 752,361	\$ 752,361	\$ (301,874)
Total revenues	450,487	752,361	752,361	(301,874)
Expenditures -				
Current -				
General government -				
Personnel services	78,199	70,000	78,199	-
Contractual services	1,107	3,500	1,107	-
Supplies and materials	84,182	117,852	133,116	48,934
Other services and charges	79,215	96,098	88,325	9,110
Capital outlay	207,784	464,911	451,614	243,830
Total expenditures	450,487	752,361	752,361	301,874
Excess of revenues over expenditures	-	\$ -	\$ -	\$ -
Fund balance, October 1, 2012	-			
Fund balance, September 30, 2013	\$ -			

**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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 21	\$ -	\$ -	\$ 21
Total revenues	21	-	-	21
Net change in fund balances	21	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>
Fund balance, October 1, 2012	<u>39,190</u>			
Fund balance, September 30, 2013	<u><u>\$ 39,211</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, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues-				
Investment and other	\$ 5	\$ 100	\$ 100	\$ (95)
Contributions	3,999	800	800	3,199
Total revenues	4,004	900	900	3,104
Expenditures -				
Current -				
General government -				
Supplies and materials	99	800	800	701
Total expenditures	99	800	800	701
Excess of revenues over expenditures	3,905	\$ 100	\$ 100	\$ 3,805
Fund balance, October 1, 2012	6,625			
Fund balance, September 30, 2012	\$ 10,530			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 237,244	\$ 250,000	\$ 250,000	\$ (12,756)
Investment and other	599	1,000	1,000	(401)
Total revenues	<u>237,843</u>	<u>251,000</u>	<u>251,000</u>	<u>(13,157)</u>
Expenditures -				
Current -				
Culture and recreation-				
Capital outlay	<u>284,045</u>	<u>225,000</u>	<u>325,000</u>	<u>40,955</u>
Total expenditures	<u>284,045</u>	<u>225,000</u>	<u>325,000</u>	<u>40,955</u>
Excess (deficiency) of revenues over expenditures	<u>(46,202)</u>	<u>26,000</u>	<u>(74,000)</u>	<u>27,798</u>
Net change in fund balances	(46,202)	<u>\$ 26,000</u>	<u>\$ (74,000)</u>	<u>\$ 27,798</u>
Fund balance, October 1, 2012	<u>872,484</u>			
Fund balance, September 30, 2013	<u>\$ 826,282</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
TRAFFIC SAFETY PROGRAM FUND
YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Expenditures -				
Current -				
Public works -				
Capital outlay	\$ 10,680	\$ 11,200	\$ 11,200	\$ 520
Total expenditures	<u>10,680</u>	<u>11,200</u>	<u>11,200</u>	<u>520</u>
Excess (deficiency) of revenues over expenditures	(10,680)	(11,200)	(11,200)	520
Other financing sources /(uses) -				
Transfers in	<u>88,094</u>	<u>-</u>	<u>-</u>	<u>88,094</u>
Total other financing sources/(uses)	<u>88,094</u>	<u>-</u>	<u>-</u>	<u>88,094</u>
Net change in fund balances	77,414	<u>\$ (11,200)</u>	<u>\$ (11,200)</u>	<u>\$ 88,614</u>
Fund balance, October 1, 2012	<u>17,792</u>			
Fund balance, September 30, 2013	<u><u>\$ 95,206</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, 2013**

	Balances October 1, 2012	Additions	Deductions	Balances September 30, 2013
Assets				
Cash and cash equivalents	\$ 14,456	\$ 587,274	\$ 591,522	\$ 10,208
Total assets	<u>\$ 14,456</u>	<u>\$ 587,274</u>	<u>\$ 591,522</u>	<u>\$ 10,208</u>
Liabilities				
Due to participants	\$ 14,456	\$ 587,274	\$ 591,522	\$ 10,208
Total liabilities	<u>\$ 14,456</u>	<u>\$ 587,274</u>	<u>\$ 591,522</u>	<u>\$ 10,208</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2013

Capital assets -

Land	\$ 39,138,764
Buildings and improvements	729,706,705
Equipment	57,462,559
Construction in progress	<u>32,146,415</u>
	<u><u>\$ 858,454,443</u></u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 224,897,290
Federal grants	3,508,812
State grants	1,008,753
General Fund revenues	121,497,286
Special Revenue Fund revenues	200,760,264
Hotel Occupancy Tax revenues	32,645,470
Gifts	273,419,659
Special assessments	<u>716,909</u>
	<u><u>\$ 858,454,443</u></u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2013**

Function and Activity	Total	Land
General Government -		
Control -		
Executive	\$ 748,237	\$ -
Staff agencies -		
Public works	74,734,421	293,740
Finance	10,578,329	-
Law	59,134	-
Planning and zoning	3,355,557	-
General government	38,777,420	11,202,838
Total staff agencies	127,504,861	11,496,578
Total general government	128,253,098	11,496,578
Public safety -		
Police protection	33,512,143	2,622,159
Fire protection	19,461,244	1,413,835
Inspection	173,677	-
Total public safety	53,147,064	4,035,994
Public works -		
City shop	2,487,027	-
Streets and drainage	525,769,743	2,586,330
Total public works	528,256,770	2,586,330
Culture and recreation -		
Library	7,030,784	278,252
Recreation	109,620,312	20,741,610
Total culture and recreation	116,651,096	21,019,862
Total capital assets allocated to functions	826,308,028	\$ 39,138,764
Construction in progress	32,146,415	
Total capital assets	\$ 858,454,443	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,237</u>
3,035,343	61,259,372	10,145,966
-	1,239,834	9,338,495
-	-	59,134
31,230	3,179,508	144,819
20,312,394	3,929,331	3,332,857
<u>23,378,967</u>	<u>69,608,045</u>	<u>23,021,271</u>
<u>23,378,967</u>	<u>69,608,045</u>	<u>23,769,508</u>
18,283,931	1,029,105	11,576,948
7,506,798	1,003,894	9,536,717
-	-	173,677
<u>25,790,729</u>	<u>2,032,999</u>	<u>21,287,342</u>
333,817	1,332,663	820,547
4,048,769	517,622,374	1,512,270
<u>4,382,586</u>	<u>518,955,037</u>	<u>2,332,817</u>
4,182,511	21,939	2,548,082
56,074,865	25,279,027	7,524,810
<u>60,257,376</u>	<u>25,300,966</u>	<u>10,072,892</u>
<u>\$ 113,809,658</u>	<u>\$ 615,897,047</u>	<u>\$ 57,462,559</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2013**

Function and Activity	Capital Assets October 1, 2012	Additions	Retirements/ Adjustments	Capital Assets September 30, 2013
General Government - Control - Executive	\$ 405,984	\$ 287,409	\$ 54,844	\$ 748,237
Staff Agencies -				
Public works	19,297,547	56,265,411	(828,537)	74,734,421
Finance	11,595,160	1,072,463	(2,089,294)	10,578,329
Law	114,319	8,150	(63,335)	59,134
Planning and zoning	1,786,131	2,019,347	(449,921)	3,355,557
General government	34,773,312	4,166,651	(162,543)	38,777,420
Total staff agencies	67,566,469	63,532,022	(3,593,630)	127,504,861
Total general government	67,972,453	63,819,431	(3,538,786)	128,253,098
Public safety -				
Police protection	35,008,233	772,550	(2,268,640)	33,512,143
Fire protection	19,454,227	1,258,691	(1,251,674)	19,461,244
Inspection	177,562	-	(3,885)	173,677
Total public safety	54,640,022	2,031,241	(3,524,199)	53,147,064
Public works -				
City shop	2,450,129	11,878	25,020	2,487,027
Streets and drainage	521,204,122	5,950,245	(1,384,624)	525,769,743
Total public works	523,654,251	5,962,123	(1,359,604)	528,256,770
Culture and recreation -				
Library	7,112,079	39,041	(120,336)	7,030,784
Recreation	107,222,961	3,244,778	(847,427)	109,620,312
Total culture and recreation	114,335,040	3,283,819	(967,763)	116,651,096
Construction in progress	37,836,416	65,211,974	(70,901,975)	32,146,415
Total capital assets	\$ 798,438,182	\$ 140,308,588	\$ (80,292,327)	\$ 858,454,443

**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.

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Financial Trends	
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Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	158
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.	166
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.	173
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.	175

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities-				
Invested in capital assets, net of related debt	\$ 213,971,965	\$ 191,409,740	\$ 218,160,338	\$ 207,796,040
Restricted	33,162,952	80,236,914	76,607,747	122,889,046
Unrestricted	<u>57,297,079</u>	<u>63,647,959</u>	<u>71,497,162</u>	<u>83,860,977</u>
Total governmental activities net position	<u><u>\$ 304,431,996</u></u>	<u><u>\$ 335,294,613</u></u>	<u><u>\$ 366,265,247</u></u>	<u><u>\$ 414,546,063</u></u>
Business-type activities-				
Invested in capital assets, net of related debt	\$ 153,895,969	\$ 166,695,648	\$ 184,270,630	\$ 203,541,558
Restricted	21,409,980	20,737,192	17,534,251	21,938,288
Unrestricted	<u>30,540,616</u>	<u>35,012,093</u>	<u>44,027,327</u>	<u>46,524,348</u>
Total business-type activities net position	<u><u>\$ 205,846,565</u></u>	<u><u>\$ 222,444,933</u></u>	<u><u>\$ 245,832,208</u></u>	<u><u>\$ 272,004,194</u></u>
Primary government-				
Invested in capital assets, net of related debt	\$ 367,867,934	\$ 358,105,388	\$ 402,430,968	\$ 411,337,598
Restricted	54,572,932	100,974,106	94,141,998	144,827,334
Unrestricted	<u>87,837,695</u>	<u>98,660,052</u>	<u>115,524,489</u>	<u>130,385,325</u>
Total primary government activities net position	<u><u>\$ 510,278,561</u></u>	<u><u>\$ 557,739,546</u></u>	<u><u>\$ 612,097,455</u></u>	<u><u>\$ 686,550,257</u></u>

2008	2009	2010	2011	2012	2013
\$ 232,391,397	\$ 266,247,218	\$ 274,037,741	\$ 282,782,272	\$ 301,091,350	\$ 349,629,681
113,877,961	100,118,825	98,312,115	100,324,820	94,570,966	55,641,097
86,309,871	83,957,620	88,141,197	90,552,676	90,661,930	82,150,891
<u>\$ 432,579,229</u>	<u>\$ 450,323,663</u>	<u>\$ 460,491,053</u>	<u>\$ 473,659,768</u>	<u>\$ 486,324,246</u>	<u>\$ 487,421,669</u>
\$ 219,607,998	\$ 217,990,010	\$ 210,960,047	\$ 213,536,543	\$ 212,883,311	\$ 214,178,908
14,376,789	15,571,119	9,125,932	11,984,130	13,994,028	6,868,062
53,608,514	67,433,842	87,451,795	97,152,050	106,381,783	117,984,429
<u>\$ 287,593,301</u>	<u>\$ 300,994,971</u>	<u>\$ 307,537,774</u>	<u>\$ 322,672,723</u>	<u>\$ 333,259,122</u>	<u>\$ 339,031,399</u>
\$ 451,999,395	\$ 484,237,228	\$ 484,997,788	\$ 496,318,815	\$ 513,974,661	\$ 563,808,589
128,254,750	115,689,944	107,438,047	112,308,950	108,564,994	62,509,159
139,918,385	151,391,462	175,592,992	187,704,726	197,043,713	200,135,320
<u>\$ 720,172,530</u>	<u>\$ 751,318,634</u>	<u>\$ 768,028,827</u>	<u>\$ 796,332,491</u>	<u>\$ 819,583,368</u>	<u>\$ 826,453,068</u>

**CITY OF ROUND ROCK, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	2004	2005	2006	2007
Expenses:				
Governmental activities-				
General government	\$ 19,713,687	\$ 20,282,360	\$ 21,634,710	\$ 21,926,050
Public safety	20,966,487	22,762,219	27,724,273	28,879,882
Public works	18,072,178	20,919,303	24,804,177	27,114,039
Culture and recreation	10,246,850	10,921,173	11,714,066	11,905,643
Interest on long-term debt	7,433,425	8,358,830	7,950,242	7,463,588
Total governmental activities expenses	<u>76,432,627</u>	<u>83,243,885</u>	<u>93,827,468</u>	<u>97,289,202</u>
Business-type activities-				
Water and sewer utility	22,543,579	25,051,538	27,783,218	28,873,665
Golf course	173,136	215,595	150,029	167,906
Total business-type activities expenses	<u>22,716,715</u>	<u>25,267,133</u>	<u>27,933,247</u>	<u>29,041,571</u>
Total primary government expenses	<u>99,149,342</u>	<u>108,511,018</u>	<u>121,760,715</u>	<u>126,330,773</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	1,409,825	1,352,613	2,021,621	1,766,153
Public safety	1,712,535	2,674,255	2,371,379	2,851,787
Public works	872,929	1,040,788	1,139,836	1,337,371
Culture and recreation	2,137,179	1,941,047	2,408,710	2,489,438
Operating grants and contributions	660,273	625,905	1,057,821	931,269
Capital grants and contributions	11,768,405	14,435,954	12,548,335	17,322,551
Total governmental activities program revenues	<u>18,561,146</u>	<u>22,070,562</u>	<u>21,547,702</u>	<u>26,698,569</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	24,962,107	27,161,741	30,566,103	30,968,868
Golf course	486,097	427,504	476,082	476,025
Capital grants and contributions	8,717,960	7,352,889	10,445,072	13,772,431
Total business-type activities program revenues	<u>34,166,164</u>	<u>34,942,134</u>	<u>41,487,257</u>	<u>45,217,324</u>
Total primary government program revenues	<u>52,727,310</u>	<u>57,012,696</u>	<u>63,034,959</u>	<u>71,915,893</u>
Net (expense) revenue-				
Governmental activities	(57,871,481)	(61,173,323)	(72,279,766)	(70,590,633)
Business-type activities	11,449,449	9,675,001	13,554,010	16,175,753
Total primary government net expense	<u>(46,422,032)</u>	<u>(51,498,322)</u>	<u>(58,725,756)</u>	<u>(54,414,880)</u>

2008	2009	2010	2011	2012	2013
\$ 24,097,129	\$ 25,046,973	\$ 27,241,208	\$ 28,562,133	\$ 30,406,768	\$ 27,923,780
33,587,423	37,104,418	36,688,203	39,140,352	40,944,978	41,842,363
28,727,136	27,608,721	29,053,781	28,285,749	29,373,310	32,574,926
12,674,371	14,433,602	14,260,057	14,514,561	15,069,456	15,702,435
9,530,456	9,587,223	9,294,416	8,332,714	6,958,203	7,129,854
108,616,515	113,780,937	116,537,665	118,835,509	122,752,715	125,173,358
32,865,979	36,895,194	36,765,775	38,665,405	38,904,637	42,720,322
185,659	182,521	192,595	174,149	157,135	141,153
33,051,638	37,077,715	36,958,370	38,839,554	39,061,772	42,861,475
141,668,153	150,858,652	153,496,035	157,675,063	161,814,487	168,034,833
1,941,519	3,820,455	3,927,379	3,519,857	3,104,355	2,822,715
3,197,900	3,646,892	4,150,577	4,295,283	4,215,243	3,248,867
1,295,783	877,676	836,169	2,032,530	2,760,386	2,942,382
2,721,570	2,503,925	2,531,989	3,136,422	2,737,969	2,844,842
1,097,733	1,064,411	932,879	1,130,628	1,135,386	829,367
3,825,335	14,083,063	7,634,857	9,257,876	9,782,214	5,310,541
14,079,840	25,996,422	20,013,850	23,372,596	23,735,553	17,998,714
35,060,024	37,802,909	37,512,213	44,922,715	43,327,656	43,094,185
474,353	485,972	349,424	431,413	480,116	522,169
8,750,891	7,922,361	2,120,848	4,825,932	2,983,799	1,225,991
44,285,268	46,211,242	39,982,485	50,180,060	46,791,571	44,842,345
58,365,108	72,207,664	59,996,335	73,552,656	70,527,124	62,841,059
(94,536,675)	(87,784,515)	(96,523,815)	(95,462,913)	(99,017,162)	(107,174,644)
11,233,630	9,133,527	3,024,115	11,340,506	7,729,799	1,980,870
(83,303,045)	(78,650,988)	(93,499,700)	(84,122,407)	(91,287,363)	(105,193,774)

(Continued)

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

	2004	2005	2006	2007
General revenues and other changes				
in net position:				
Governmental activities-				
Taxes-				
Property	18,699,378	20,486,575	21,632,249	24,409,535
Franchise	4,687,213	4,488,608	4,990,439	5,499,222
Sales	48,642,969	58,052,509	64,935,779	68,988,092
Hotel occupancy	1,650,148	1,905,049	2,268,619	2,838,689
Public service	210,090	212,565	227,784	257,384
Investment earnings	1,585,398	3,932,154	7,232,842	9,912,657
Miscellaneous	121,610	206,057	122,499	152,805
Transfers	2,735,530	2,752,423	1,840,189	1,668,221
Total governmental activities	<u>78,332,336</u>	<u>92,035,940</u>	<u>103,250,400</u>	<u>113,726,605</u>
Business-type activities-				
Impact fees	5,810,326	8,648,921	9,261,152	10,609,090
Investment earnings	588,816	997,802	2,363,692	1,055,364
Miscellaneous	19,621	29,067	48,610	-
Transfers	<u>(2,735,530)</u>	<u>(2,752,423)</u>	<u>(1,840,189)</u>	<u>(1,668,221)</u>
Total business-type activities	<u>3,683,233</u>	<u>6,923,367</u>	<u>9,833,265</u>	<u>9,996,233</u>
Total primary government	<u>82,015,569</u>	<u>98,959,307</u>	<u>113,083,665</u>	<u>123,722,838</u>
Change in net position:				
Governmental activities	20,460,855	30,862,617	30,970,634	43,135,972
Business-type activities	<u>15,132,682</u>	<u>16,598,368</u>	<u>23,387,275</u>	<u>26,171,986</u>
Total primary government	<u>\$ 35,593,537</u>	<u>\$ 47,460,985</u>	<u>\$ 54,357,909</u>	<u>\$ 69,307,958</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
27,560,939	29,867,765	33,040,085	33,578,991	34,379,529	34,979,578
5,748,333	6,213,263	5,934,540	6,221,790	6,326,735	5,952,712
68,216,680	61,019,506	61,625,140	62,613,350	63,305,917	66,216,447
2,939,352	2,394,145	2,291,326	2,684,046	3,252,542	4,140,920
286,179	315,739	327,723	352,159	316,320	347,846
8,220,228	4,112,703	1,365,802	988,222	1,635,630	2,026,554
257,495	-	-	-	-	-
2,291,695	1,605,828	2,106,589	2,193,070	2,464,967	2,882,818
<u>115,520,901</u>	<u>105,528,949</u>	<u>106,691,205</u>	<u>108,631,628</u>	<u>111,681,640</u>	<u>116,546,875</u>
5,216,423	4,568,130	3,893,417	4,692,958	4,549,465	5,288,378
1,618,492	1,305,841	1,731,860	1,294,555	772,102	1,385,847
-	-	-	-	-	-
(2,291,695)	(1,605,828)	(2,106,589)	(2,193,070)	(2,464,967)	(2,882,818)
<u>4,543,220</u>	<u>4,268,143</u>	<u>3,518,688</u>	<u>3,794,443</u>	<u>2,856,600</u>	<u>3,791,407</u>
<u>120,064,121</u>	<u>109,797,092</u>	<u>110,209,893</u>	<u>112,426,071</u>	<u>114,538,240</u>	<u>120,338,282</u>
20,984,226	17,744,434	10,167,390	13,168,715	12,664,478	9,372,231
15,776,850	13,401,670	6,542,803	15,134,949	10,586,399	5,772,277
<u>\$ 36,761,076</u>	<u>\$ 31,146,104</u>	<u>\$ 16,710,193</u>	<u>\$ 28,303,664</u>	<u>\$ 23,250,877</u>	<u>\$ 15,144,508</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 123,200	\$ 100,000	\$ -	\$ -
<i>Restricted for-</i>				
Debt service	2,338,493	2,600,354	3,200,508	3,058,395
Authorized construction	89,938,067	79,063,821	71,499,038	115,324,128
Hotel-motel tax	2,377,007	2,638,467	3,566,831	4,457,721
Public safety	291,713	520,145	697,587	564,391
Community development	19,181	19,181	19,181	19,181
<i>Committed to-</i>				
Authorized construction	16,511,045	23,915,700	29,813,838	32,755,858
Drainage	-	-	-	-
Public education	-	-	-	-
Landscape improvements	28,125	33,128	66,802	388,111
Annexation fees	536,461	1,007,685	60,335	62,340
Library	14,127	14,551	14,269	14,815
<i>Unassigned</i>	<u>26,759,957</u>	<u>28,705,017</u>	<u>32,472,684</u>	<u>34,340,001</u>
Total governmental funds	<u><u>\$ 138,937,376</u></u>	<u><u>\$ 138,618,049</u></u>	<u><u>\$ 141,411,073</u></u>	<u><u>\$ 190,984,941</u></u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ 288,758	\$ 321,044	\$ 375,087
3,431,063	2,887,281	1,944,761	2,238,270	2,301,340	2,415,427
106,064,681	91,521,069	90,105,139	90,281,425	83,684,508	43,630,036
6,375,196	7,005,856	7,314,509	8,114,729	8,927,441	9,549,082
521,354	497,243	862,273	1,024,405	937,105	1,249,246
-	-	-	-	-	-
35,210,559	32,584,099	35,739,591	37,731,396	37,645,374	31,856,334
-	-	-	573,809	1,179,777	1,570,994
-	-	-	862,066	872,484	826,282
788,440	574,093	571,705	542,779	248,771	283,518
158,190	158,886	158,990	39,163	39,190	39,211
15,164	14,302	11,176	11,239	6,625	10,530
<u>40,685,364</u>	<u>39,497,430</u>	<u>40,287,116</u>	<u>40,253,360</u>	<u>40,926,887</u>	<u>38,604,781</u>
<u>\$ 193,250,011</u>	<u>\$ 174,740,259</u>	<u>\$ 176,995,260</u>	<u>\$ 181,961,399</u>	<u>\$ 177,090,546</u>	<u>\$ 130,410,528</u>

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

	2004	2005	2006	2007
Revenues-				
Taxes and franchise	\$ 71,743,446	\$ 83,437,892	\$ 91,672,097	\$ 99,100,555
Licenses, permits and fees	679,754	1,218,975	970,570	1,585,091
Charges for services	3,727,507	4,100,595	4,311,153	3,569,077
Fines and forfeitures	1,286,754	1,455,280	1,696,474	1,849,523
Intergovernmental	746,042	885,038	1,165,978	2,578,680
Hotel occupancy tax	1,650,148	1,905,049	2,268,619	2,838,689
Investment and other	2,637,520	4,853,019	8,640,878	11,424,988
Contributions	626,201	1,258,618	165,670	826,807
Total revenues	83,097,372	99,114,466	110,891,439	123,773,410
Expenditures-				
General government	18,343,416	20,638,875	22,163,330	22,207,904
Public safety	19,818,241	21,674,409	25,785,545	28,456,892
Public works	7,430,727	7,587,502	8,506,994	8,719,701
Culture and recreation	9,088,693	9,382,752	10,021,489	10,711,796
Capital projects	20,138,116	27,972,915	36,896,924	36,542,219
Debt service-				
Principal retirement	6,879,318	7,518,388	7,090,383	11,940,981
Interest and fiscal charges	7,343,728	8,046,683	7,698,552	7,052,015
Other charges	929,692	313,483	-	3,994,688
Total expenditures	89,971,931	103,135,007	118,163,217	129,626,196
Excess of revenues over (under) expenditures	(6,874,559)	(4,020,541)	(7,271,778)	(5,852,786)
Other financing sources (uses)-				
Proceeds from sale of capital assets	-	-	1,423,235	-
Issuance of lease	575,000	600,000	600,000	3,250,000
Issuance of debt	31,945,000	19,915,000	6,201,378	80,110,000
Premium on bonds issued	1,209,144	1,361,510	-	573,448
Payment to refunded bond escrow agent	(12,803,761)	(20,927,719)	-	(30,175,015)
Transfers in	18,998,512	27,802,722	29,387,915	45,681,150
Transfers out	(16,262,983)	(25,050,299)	(27,547,726)	(44,012,929)
Total other financing sources (uses)	23,660,912	3,701,214	10,064,802	55,426,654
Net change in fund balances	\$ 16,786,353	\$ (319,327)	\$ 2,793,024	\$ 49,573,868
Capital outlay including amounts reported under departmental current expenditures	\$ 21,386,215	\$ 29,836,204	\$ 36,896,924	\$ 36,542,219
Debt service as a percentage of noncapital expenditures	20.7%	21.2%	18.2%	20.4%

2008	2009	2010	2011	2012	2013
\$ 101,938,374	\$ 97,339,627	\$ 101,070,150	\$ 102,793,623	\$ 104,318,270	\$ 107,417,612
1,593,711	1,053,959	907,705	2,155,358	3,094,983	3,567,437
3,895,886	3,757,215	3,767,565	3,985,634	4,198,815	4,436,779
2,014,379	2,057,353	2,260,401	2,492,261	2,814,987	3,208,637
1,317,506	1,232,594	3,953,092	3,302,276	2,158,621	1,225,195
2,939,352	2,394,145	2,291,326	2,684,046	3,252,543	4,140,920
9,977,103	8,406,513	3,652,629	3,786,134	2,635,613	3,565,842
2,094,375	1,729,637	972,641	3,282,812	5,858,346	2,567,327
125,770,686	117,971,043	118,875,509	124,482,144	128,332,178	130,129,749
22,801,093	22,830,329	23,050,458	24,421,000	25,332,577	23,783,735
31,996,008	34,099,601	34,539,844	36,556,318	37,646,821	39,475,791
9,360,999	10,065,601	9,565,430	8,797,799	9,791,618	11,852,443
11,524,905	11,813,663	11,157,995	11,336,602	11,958,179	12,440,948
53,298,559	38,798,458	21,184,635	22,981,288	39,916,082	65,523,775
10,448,506	10,942,820	11,456,810	11,815,968	13,040,604	12,852,059
9,060,707	9,290,481	9,097,057	8,072,821	6,825,065	6,797,281
-	-	1,327,989	247,433	256,373	98,630
148,490,777	137,840,953	121,380,218	124,229,229	144,767,319	172,824,662
(22,720,091)	(19,869,910)	(2,504,709)	252,915	(16,435,141)	(42,694,913)
-	-	-	-	-	-
750,000	1,505,390	1,310,569	1,372,023	500,000	1,000,000
16,798,622	-	18,575,000	16,145,000	27,295,000	8,615,000
-	-	1,387,593	223,248	1,317,881	-
-	-	(19,682,356)	(16,083,357)	(20,616,784)	(8,509,756)
26,429,303	33,385,722	24,459,490	27,752,457	34,447,300	49,547,722
(24,137,608)	(30,579,894)	(21,290,586)	(24,696,147)	(31,379,109)	(46,363,263)
19,840,317	4,311,218	4,759,710	4,713,224	11,564,288	4,289,703
\$ (2,879,774)	\$ (15,558,692)	\$ 2,255,001	\$ 4,966,139	\$ (4,870,853)	\$ (38,405,210)
\$ 53,298,559	\$ 40,000,535	\$ 22,684,310	\$ 23,932,697	\$ 41,282,292	\$ 67,059,226
20.5%	20.7%	20.8%	19.8%	19.2%	18.6%

**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			
	\$	\$	\$	\$	\$	\$
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
2008	6,954,733,744	852,374,495	7,807,108,239	303,674,692	7,503,433,547	0.3652
2009	7,623,482,042	957,142,673	8,580,624,715	386,156,997	8,194,467,718	0.3652
2010	7,843,041,122	880,412,269	8,723,453,391	401,156,676	8,322,296,715	0.3966
2011	7,581,182,068	831,489,169	8,412,671,237	395,522,799	8,017,148,438	0.4173
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204

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	Special Districts	
	\$	\$	\$	\$	\$	\$	\$
2004	0.2018	0.1553	0.3571	1.8643	0.4482	0.0200	2.6896
2005	0.2092	0.1705	0.3797	1.8572	0.4789	0.0200	2.7358
2006	0.2089	0.1622	0.3711	1.8334	0.4997	0.0200	2.7242
2007	0.2164	0.1547	0.3711	1.6406	0.4997	0.0200	2.5314
2008	0.1960	0.1692	0.3652	1.3238	0.4891	0.0200	2.1981
2009	0.2171	0.1481	0.3652	1.3324	0.4683	0.1154	2.2813
2010	0.2491	0.1475	0.3966	1.3800	0.4900	0.1146	2.3812
2011	0.2665	0.1508	0.4173	1.3800	0.4900	0.1151	2.4024
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044

Source: Williamson County Tax Office

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

Name of Taxpayer	2013			2004		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 155,156,519	1	1.871 %	\$ 174,361,699	1	3.392 %
CPG Round Rock, LP	134,005,150	2	1.616	-		-
Baltgem Development Corp.	78,890,823	3	0.952	74,758,917	3	1.454
Columbia/St. David Healthcare	62,942,176	4	0.759	23,937,707	7	0.466
Dell Computer Corp.	56,450,337	5	0.681	86,378,689	2	1.681
CMF 15 Portfolio, LLC	47,642,352	6	0.575	-		-
Oncor Electric Delivery Co.	40,170,098	7	0.484	33,612,480	5	0.654
Inland American University Oaks, LP	38,354,296	8	0.463	-		-
Round Rock Luxury Apartments, LTD	35,310,952	9	0.426			
Fisher-Rosemount Systems, Inc.	33,000,000	10	0.398	-		-
DuPont Photomasks, Inc.	-		-	51,811,666	4	1.008
Drever, Limestone, LP	-		-	27,178,999	6	0.529
Southwestern Bell Telephone	-		-	23,882,716	8	0.465
La Frontera Lodging	-		-	23,306,673	9	0.453
La Frontera Multi-Family	-		-	21,921,047	10	0.426
	<u>\$ 681,922,703</u>		<u>8.225 %</u>	<u>\$ 541,150,593</u>		<u>10.528 %</u>

Source: Williamson Central Appraisal District

**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
		\$	%		\$	%
2004	18,304,458	18,117,224	98.98	168,010	18,285,234	99.89
2005	20,296,494	20,103,093	99.05	177,979	20,281,072	99.92
2006	21,432,170	21,260,880	99.20	158,302	21,419,182	99.94
2007	24,021,447	23,862,022	99.34	145,742	24,007,764	99.94
2008	27,220,882	27,194,031	99.90	10,729	27,204,760	99.94
2009	29,911,292	29,745,017	99.44	138,014	29,883,031	99.91
2010	32,968,572	32,822,350	99.56	107,806	32,930,156	99.88
2011	33,446,224	33,330,239	99.65	78,265	33,408,504	99.89
2012	34,239,367	34,161,567	99.77	28,803	34,190,370	99.86
2013	34,851,430	34,717,536	99.62	-	34,717,536	99.62

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

<u>Year</u>	<u>Retail Trade</u>	<u>Wholesale Trade</u>	<u>Services</u>	<u>Manufacturing</u>	<u>Utilities</u>
	\$	\$	\$	\$	\$
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	271,930,962	23,056,605	13,835,732
2006	1,204,017,407	1,286,347,769	284,232,565	20,117,751	15,736,435
2007	1,145,110,919	1,591,303,790	304,759,747	27,335,653	18,904,449
2008	1,169,341,432	1,437,462,827	331,204,107	20,237,658	16,645,969
2009	1,103,261,058	1,228,096,597	323,957,885	18,637,403	16,313,752
2010	1,076,705,717	1,364,186,925	331,286,488	20,916,060	17,788,882
2011	1,105,890,841	1,364,773,284	345,856,874	20,631,380	20,631,380
2012	<u>1,223,316,405</u>	<u>1,191,461,753</u>	<u>380,227,320</u>	<u>18,545,355</u>	<u>26,448,906</u>
	<u>\$ 11,260,701,703</u>	<u>\$ 12,430,466,934</u>	<u>\$ 3,048,449,379</u>	<u>\$ 201,874,931</u>	<u>\$ 184,072,020</u>

Source: Texas Comptroller of Public Accounts

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

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

Construction	Finance, Insurance	Other	Total	City Direct Sales Tax Rate	State Sales Tax Rate	Over- lapping
\$	\$	\$	\$	%	%	%
16,269,980	1,074,384	4,100,156	2,251,052,286	2.0%	6.25%	8.25%
16,760,649	1,189,215	2,977,318	2,349,433,011	2.0%	6.25%	8.25%
26,144,588	1,323,272	180,746,146	2,703,972,635	2.0%	6.25%	8.25%
26,619,939	1,410,360	62,544,068	2,901,026,294	2.0%	6.25%	8.25%
43,424,237	1,782,201	-	3,132,620,996	2.0%	6.25%	8.25%
43,124,472	1,674,015	-	3,019,690,480	2.0%	6.25%	8.25%
30,415,221	2,198,134	-	2,722,880,050	2.0%	6.25%	8.25%
46,025,144	2,114,837	-	2,859,024,053	2.0%	6.25%	8.25%
61,424,806	2,996,141	-	2,922,204,706	2.0%	6.25%	8.25%
69,836,183	2,841,380	-	2,912,677,302	2.0%	6.25%	8.25%
<u>\$ 380,045,219</u>	<u>\$ 18,603,939</u>	<u>\$ 250,367,688</u>	<u>\$ 27,774,581,813</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2013**

<u>Taxpayer</u>	<u>Hotel Motel Occupancy Tax</u>	<u>Hotel Motel Occupancy Venue Tax</u>	<u>Total Collections Year Ended September 30, 2013</u>	<u>Number of Rooms</u>	<u>% of Total Collections</u>
Austin Marriott North	\$ 586,139	\$ 167,468	\$ 753,607	295	18.2%
Homewood Suites	292,392	83,541	375,933	115	9.1%
Hilton Garden Inn	212,333	60,667	273,000	122	6.6%
Hampton Inn	198,340	56,669	255,009	93	6.2%
Courtyard by Marriott	174,615	49,890	224,505	113	5.4%
Residence Inn	172,874	49,393	222,267	96	5.4%
Springhill Suites	149,770	42,792	192,562	104	4.7%
Holiday Inn	140,817	40,233	181,050	124	4.4%
Holiday Inn Express	130,480	37,280	167,760	91	4.1%
La Quinta Inn	127,284	36,367	163,651	116	4.0%
Staybridge Suites	112,834	32,238	145,072	81	3.5%
Baymont Inn	105,044	30,013	135,057	86	3.3%
Red Roof Inn	98,117	28,033	126,150	100	3.0%
Sleep Inn	91,308	25,088	116,396	74	2.8%
Wingate Inn	91,097	26,407	117,504	100	2.8%
Best Western Executive Inn	72,335	20,573	92,908	69	2.2%
Microtel Inn & Suites	69,310	19,877	89,187	100	2.2%
Comfort Suites	68,684	19,641	88,325	63	2.1%
Candlewood Suites	66,203	18,915	85,118	98	2.1%
Extended Stay America # 6197	58,608	16,745	75,353	104	1.8%
Country Inn & Suites	54,639	15,611	70,250	63	1.7%
Extended Stay America #6030	52,023	14,864	66,887	138	1.6%
Round Rock Inn	39,044	11,155	50,199	62	1.1%
Days Inn & Suites	37,664	10,761	48,425	48	1.2%
Value Place	19,246	5,499	24,745	121	0.5%
	<u>\$ 3,221,200</u>	<u>\$ 919,720</u>	<u>\$ 4,140,920</u>	<u>2,576</u>	<u>100.0%</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
	\$	\$	\$	\$	\$
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
2008	669,345	749,897	806,813	713,297	2,939,352
2009	609,608	589,006	640,846	554,685	2,394,145
2010	504,062	582,719	661,356	543,189	2,291,326
2011	684,430	678,090	716,629	604,897	2,684,046
2012	610,280	835,331	1,004,705	802,227	3,252,543
2013	964,181	1,091,350	1,152,982	932,407	4,140,920

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

Fiscal Year	Governmental Activities			Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds	Total Primary Government		
	\$	\$	\$	\$	\$	%	\$
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
2008	120,060,000	15,300,000	71,098,855	8,290,000	214,748,855	7.59	2,232
2009	115,725,000	14,475,000	66,948,294	11,555,000	208,703,294	7.02	2,098
2010	110,470,000	13,530,000	62,298,177	89,195,000	275,493,177	8.99	2,733
2011	105,980,000	12,965,000	57,213,838	87,985,000	264,143,838	8.46	2,602
2012	101,185,000	12,380,000	58,172,603	85,930,000	257,667,603	8.08	2,513
2013	96,340,000	11,770,000	52,129,674	83,625,000	243,864,674	7.39	2,325

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 Ended 9-30	(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
		\$	\$	\$	\$	%	\$
2004	81,825	5,139,963	99,367,869 ⁽²⁾	2,338,493	97,029,376	1.89	1,186
2005	86,000	5,331,148	96,178,386 ⁽²⁾	2,600,354	93,578,032	1.76	1,088
2006	89,800	5,773,483	92,229,547 ⁽²⁾	3,200,508	89,029,039	1.54	991
2007	92,500	6,514,969	135,549,567 ⁽²⁾	3,058,395	132,491,172	2.03	1,432
2008	96,200	7,503,434	130,217,588 ⁽²⁾	3,431,063	126,786,525	1.69	1,318
2009	99,500	8,194,468	125,399,576 ⁽²⁾	2,887,281	122,512,295	1.50	1,231
2010	100,800	8,322,297	119,485,000 ⁽²⁾	1,944,761	117,540,239	1.41	1,166
2011	101,500	8,017,148	114,645,000 ⁽²⁾	2,238,270	112,406,730	1.40	1,107
2012	102,515	8,096,658	109,870,000 ⁽²⁾	2,301,340	107,568,660	1.33	1,049
2013	104,900	8,291,050	104,240,000 ⁽²⁾	2,415,427	101,824,573	1.23	971

Note: Includes Certificates of Obligation and General Obligation Bonds.

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

⁽²⁾ Gross bonded debt not include self-supporting debt funded by enterprise funds.
Gross self-supporting debt totaled \$ 3,870,000 at September 30, 2013.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2013**

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>		<u>*** Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes-				
Round Rock Independent School District	\$ 664,400,000	**	39.78%	\$ 264,298,320
Williamson County	773,914,942	*	21.89%	169,409,981
Austin Community College	85,258,659	**	6.75%	5,754,959
Georgetown ISD	197,460,000	**	0.23%	454,158
Travis County Healthcare District	14,160,000	**	0.27%	38,232
Travis County	632,324,987	*	0.27%	<u>1,707,277</u>
Subtotal, overlapping debt				441,662,927
City direct debt				<u>164,241,110</u>
Total direct and overlapping debt				<u><u>\$ 605,904,037</u></u>

* Gross Debt as of 9-30-13

** Gross Debt as of 10-31-13

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

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Round Rock, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 921,367,824	\$ 955,638,811	\$ 1,034,929,880	\$ 1,167,845,500
Total net debt applicable to limit	<u>97,029,376</u>	<u>93,578,032</u>	<u>89,029,039</u>	<u>132,491,172</u>
Legal debt margin	<u>\$ 824,338,448</u>	<u>\$ 862,060,779</u>	<u>\$ 945,900,841</u>	<u>\$ 1,035,354,328</u>
Total net debt applicable to the limit as a percentage of debt limit	10.53%	9.79%	8.60%	11.34%

Legal Debt Margin Calculation for Fiscal Year 2013

Total assessed value	<u>\$ 8,291,050,337</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,486,218,341
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 108,110,000
Less:	
Amount available in Debt Service Fund	(2,415,427)
Amounts considered self-supporting	<u>(3,870,000)</u>
Total net debt applicable to debt limit	<u>101,824,573</u>
Legal debt margin	<u>\$ 1,384,393,768</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, 2012, assessed valuation of \$ 8,291,050,337 at 100% collection, tax revenue of \$ 124,365,755 would be produced. This revenue could service the debt on \$1,486,218,341 issued as 20- year serial bonds at 5.50% (with level debt service payment).

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,345,033,513	\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470	\$ 1,486,218,341
<u>126,786,525</u>	<u>122,512,295</u>	<u>117,540,239</u>	<u>112,406,730</u>	<u>107,568,660</u>	<u>101,824,573</u>
<u><u>\$ 1,218,246,988</u></u>	<u><u>\$ 1,346,393,057</u></u>	<u><u>\$ 1,374,279,194</u></u>	<u><u>\$ 1,324,713,124</u></u>	<u><u>\$ 1,343,803,810</u></u>	<u><u>\$ 1,384,393,768</u></u>
9.43%	8.34%	7.88%	7.82%	7.41%	6.85%

**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
	\$	\$	\$	\$	
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
2008	36,629,189	24,736,819	11,892,370	153,666	77.39
2009	39,095,039	27,356,759	11,738,280	568,400	20.65
2010	39,240,390	22,243,281	16,997,109	4,007,882	4.24
2011	46,215,387	21,880,865	24,334,522	5,081,298	4.79
2012	44,098,633	21,274,247	22,824,386	5,893,953	3.87
2013	44,479,457	25,401,579	19,077,878	6,101,113	3.13

⁽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	(4) School Enrollment	(3) Unemployment Rate
		\$	\$			%
2004	81,825	2,207,556,675	26,979	30.6	36,608	3.1
2005	86,000	2,423,308,000	28,178	30.5	37,909	3.7
2006	89,800	2,581,211,200	28,744	30.6	39,112	3.3
2007	92,500	2,686,755,000	29,046	31.0	40,342	3.5
2008	96,200	2,831,069,800	29,429	31.2	41,489	4.2
2009	99,500	2,971,866,000	29,868	31.2	41,867	6.4
2010	100,800	3,066,033,600	30,417	31.4	42,683	6.2
2011	101,500	3,122,749,000	30,766	31.6	44,331	6.1
2012	102,515	3,190,164,285	31,119	32.0	45,000	5.9
2013	104,900	3,301,727,500	31,475	32.0	45,361	5.0

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	2013			2004		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	13,000	1	23.97	9,500	1	23.04
Round Rock Independent School District	5,750	2	10.60	4,600	2	11.15
Sears TeleServe	1,500	3	2.77	1,450	3	3.52
City of Round Rock, Texas	824	4	1.52	703	4	1.70
Emerson Process Management	750	5	1.38			
Scott & White University Medical Campus	750	5	1.38			
Field Asset Services	700	7	1.29			
Texas Guaranteed Student Loan	700	7	1.29	550	7	1.33
Round Rock Medical Center	689	9	1.27	650	5	1.58
Seton Williamson Medical Center	450	10	0.83			
Farmer's Insurance				600	6	1.45
Dresser Wayne, Inc.				500	8	1.21
DuPont Photo Mask				375	9	0.91
Sysco Food Services, Inc.				350	10	0.85
	<u>25,113</u>		<u>46.31</u>	<u>19,278</u>		<u>46.74</u>

Source: Round Rock Chamber of Commerce

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

Function:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	142	148	158	163	176	173	176	164	164	164
Public safety-										
Police-										
Officers	119	126	131	135	146	151	152	152	154	153
Civilians	47	47	55	58	62	61	61	67	67	68
Fire-										
Firefighters & officers	90	104	111	119	124	124	124	124	124	124
Civilians	4	4	4	5	5	5	5	5	5	6
Public works-										
Street & Drainage	48	48	48	48	48	48	48	48	48	55
Shop	14	14	15	15	15	15	15	15	15	15
Culture & recreation-										
Library	27	28	29	29	29	29	29	29	29	30
Parks & Recreation	90	91	93	93	95	97	98	94	94	91
Water	90	93	92	93	95	96	97	91	91	91
Sewer	<u>32</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Total	<u>703</u>	<u>738</u>	<u>771</u>	<u>793</u>	<u>831</u>	<u>835</u>	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>

Source:

Finance Department, City of Round Rock

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

Function:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police-				
Arrests	2,625	3,592	4,013	3,754
Accident reports	2,669	1,942	1,907	1,990
Index crimes reported	1,679	2,326	2,072	2,512
Crimes per thousand residents	21.00	28.30	22.80	27.90
Officers per thousand of population	1.49	1.50	1.50	1.46
Fire-				
Incident volume	5,219	6,709	6,430	7,463
Priority calls answered	3,959	5,376	4,977	4,592
Non-emergency calls answered	1,260	1,333	1,453	2,871
Priority calls-response less than 6 minutes	78%	76%	73%	73%
Public Works-				
Street-				
Street resurfacing (lane miles)	72	71	124	130
Potholes repaired annually	3,223	3,223	4,000	4,000
Signals maintained	36	42	52	57
Shop-				
Work orders	4,650	4,468	4,118	5,418
Number of departments served	15	15	18	18
Culture and Recreation-				
Library-				
Number of items circulated	648,609	647,343	671,816	725,370
Number of card holders	42,321	41,448	42,792	44,820
Number of library visits	288,100	298,996	302,900	306,000
Parks & Recreation-				
Total park acres maintained	1,532	1,532	1,547	1,610
Number of athletic fields maintained	38	38	38	38
Number of trees planted	350	325	843	500
Number of recreation enrollees	330,036	359,128	372,998	371,201
Water-				
New connections	1,578	1,228	1,549	1,181
Line maintenance work orders	5,938	5,434	4,242	4,400
Average monthly consumption	439,000,000	474,500,000	553,600,000	432,101,000
Sewer-				
Average monthly treatment	286,166,666	287,948,166	303,103,333	298,038,200
Line feet reviewed for infiltration & inflow	142,817	163,143	181,316	152,515

Source: City of Round Rock Finance Department

2008	2009	2010	2011	2012	2013
3,749	3,908	4,328	4,521	6,715	6,182
1,997	1,646	1,877	2,747	4,485	4,845
2,449	2,960	3,154	3,154	2,777	2,632
30.10	30.30	31.30	31.30	27.10	25.10
1.52	1.52	1.48	1.48	1.49	1.46
7,690	8,000	8,500	8,141	8,350	8,749
5,656	5,800	6,000	5,916	3,475	3,728
2,034	2,200	2,500	2,225	4,875	5,021
64%	65%	65%	65%	60%	60%
135	137	137	45	60	80
4,000	4,000	4,000	4,000	4,000	4,000
59	59	59	68	76	79
5,618	6,330	6,930	4,609	5,336	4,447
19	19	19	19	19	19
762,926	780,000	810,000	854,000	903,219	940,135
49,829	51,000	53,000	59,000	55,336	81,620
311,000	310,000	320,000	292,000	294,768	323,384
1,610	1,757	1,780	1,935	2,035	2,035
38	43	45	46	49	49
818	877	350	345	558	163
402,548	401,000	401,000	420,000	420,000	487,455
572	254	356	335	313	442
4,400	4,226	4,044	3,185	3,279	5,500
552,610,000	589,159,550	466,096,342	655,615,475	560,281,041	549,154,150
296,208,875	301,433,205	327,351,600	475,482,100	457,967,400	344,243,619
161,291	156,934	114,176	317,789	361,784	377,783

Source: City of Round Rock Finance Department

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

Function:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police-				
Number of stations	1	1	1	1
Number of units	126	136	142	186
Fire-				
Number of stations	5	6	6	6
Number of fire trucks	9	10	10	11
Public Works-				
Street-				
Lane miles	266	898	997	1,036
Drainage miles	92	92	92	92
Number of street lights	4,656	4,702	4,796	5,034
Number of traffic signals	36	42	52	57
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	150,436	160,559	133,111	147,000
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,532	1,532	1,547	1,610
Number of athletic fields	38	38	38	38
Number of parks	70	52	52	53
Number of tennis courts	21	23	23	23
Number of pools	4	4	5	5
Water-				
Number of miles of water lines	394	425	458	481
Pumping stations	14	14	14	14
Tanks	18	18	18	18
Treatment capacity (millions of gallons/day)	48	48	48	48
Sewer-				
Number of miles of sewer mains	242	355	365	376
Wastewater lift stations	12	11	11	11

Source: City of Round Rock Finance Department

2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
189	195	199	199	199	201
7	7	7	7	7	7
11	14	15	16	16	16
1,124	1,124	1,137	1,200	1,200	1,250
100	100	100	100	100	150
5,075	5,103	5,104	5,119	5,312	6,000
59	59	59	68	76	79
1	1	1	1	1	1
19	19	19	19	19	19
180,397	185,000	185,000	183,000	195,000	150,211
1	1	1	1	1	1
1,610	1,855	2,119	2,274	2,035	2,035
38	44	46	47	49	49
53	60	84	85	62	62
23	23	23	23	23	23
5	5	5	4	4	4
487	503	591	584	585	587
14	15	15	15	15	14
18	19	20	20	20	20
48	48	52	52	52	52
392	400	417	422	422	424
12	12	12	12	12	12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2013**

<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	323,460,000	5.109 %
Williamson County Municipal Utility District # 11	Municipal Utility District	222,604,000	3.516
Williamson County Municipal Utility District # 10	Municipal Utility District	189,240,300	2.989
Chandler Creek Municipal Utility District	Municipal Utility District	162,554,800	2.568
Vista Oaks Municipal Utility District	Municipal Utility District	139,467,200	2.203
Dell, Inc.	Electronic Equipment	88,987,300	1.406
Round Rock Independent School District	Public Schools	80,442,100	1.271
Michael Angelo's	Food Production	59,136,000	0.934
Walsh Ranch Municipal Utility District	Municipal Utility District	59,046,800	0.933
Aquasource--Tonkawa Springs	Water Service Provider	<u>49,924,000</u>	<u>0.789</u>
		<u><u>1,374,862,500</u></u>	<u><u>21.716 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2013**

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

Volume Rate	Monthly Service Charge	
<i>Non-peak billing periods:</i>	Meter Size Base	Monthly Water
\$2.35 per 1,000 gallons of water used by all customers	Serving Customer	Service Charge
<i>Peak billing periods:</i>		
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: Base rate times 125%		
Block 2: Base rate times 150%		
Block 3: Base rate times 175%		
Block 4: Base rate times 200%		
		\$
	5/8 inch	13.84
	3/4 inch	19.28
	1 inch	30.45
	1 1/2 inch	58.34
	2 inch	91.81
	3 inch	169.92
	4 inch	281.51
	6 inch	877.65
	8 inch	1,534.03
	10 inch	2,409.19
	12 inch	2,956.17

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

Volume Rate	Monthly Service Charge	
\$3.23 per 1,000 gallons of water used by all customers	Meter Size Base	Monthly Sewer
	Serving Customer	Service Charge
		\$
	5/8 inch	12.63
	3/4 inch	16.48
	1 inch	23.63
	1 1/2 inch	43.08
	2 inch	66.43
	3 inch	120.89
	4 inch	198.70
	6 inch	585.64
	8 inch	1,021.96
	10 inch	1,603.71
	12 inch	1,967.29

* 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.



SINGLE AUDIT SECTION



**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Pass-through Grantor Program Title	CFDA Number	Federal Grant I. D.	Federal Expenditures
U. S. Department of Housing & Urban Development			
CDBG Grant - 2012	14.218	B11MC480514	\$ 269,930
CDBG Grant - 2013	14.218	B12MC480514	180,557
Total U. S. Department of Housing & Urban Development			<u>450,487</u>
U.S. Department of the Interior Pass-Through Programs			
<i>Passed-Through the Bureau of Reclamation</i>			
Williamson County Water Reclamation and Reuse Program	15.504	08FC602334	632,530
<i>Passed-Through the Texas Historical Commission</i>			
Historical Preservation Fund Grants-In-Aid	15.904	TX-11029	7,500
Total U.S. Department of the Interior Pass-Through Programs			<u>640,030</u>
U. S. Department of Justice			
Bulletproof Vest Program	16.607	2013BUBX	13,027
Total U. S. Department of Justice			<u>13,027</u>
U. S. Department of Transportation			
<i>Passed Through the Texas Department of Transportation</i>			
Intelligent Transportation System Deployment Project	20.205	CSJ#0914-00-167 & CSJ#0914-00-192	154,995
Brushy Creek Gap Trail Project	20.219	CSJ#0914-05-161	89,836
Federal Transit Formula Grants	20.507	TX-90-Y001-00	184,070
Total U.S. Department of the Transportation Pass-Through Programs			<u>428,901</u>
U. S. Department of Homeland Security Pass-Through Programs			
<i>Passed-Through the City of Austin, Texas</i>			
UASI - Emergency Planner	97.008	2010-SS-TO-0008	41,507
<i>Passed-Through FEMA</i>			
Emergency Management Performance Grant	97.042	13-TX-EMPG-1425	43,424
Total U. S. Department of Homeland Security Pass-Through Programs			<u>84,931</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,617,376</u></u>

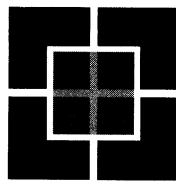
CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of Round Rock, Texas. The City's reporting entity is defined in the notes of the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned.



BROCKWAY
GERSBACH
FRANKLIN &
NIEMEIER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Round Rock, Texas' basic financial statements, and have issued our report thereon dated February 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Round Rock, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Round Rock, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Round Rock, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Round Rock, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brockway, Gendahl, Franklin & Nimmo, P.C.

Temple, Texas
February 21, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Round Rock, Texas' major federal programs for the year ended September 30, 2013. City of Round Rock, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Round Rock, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Round Rock, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Round Rock, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Round Rock, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)**

Report on Internal Control Over Compliance

Management of City of Round Rock, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Round Rock, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Round Rock, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Temple, Texas
February 21, 2014

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing & Urban Development

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II-Financial Statement Findings
None

Section III – Federal Award Findings and Questioned Costs

None

