

City of Round Rock Popular Annual Financial Report



For Fiscal Year Ended September 30, 2013



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**City of Round Rock
Texas**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

"Welcome to Round Rock, Texas"

100 years ago, Round Rock was a small Texas town with an agricultural-based economy. Little had changed since its founding in the late 1800s.

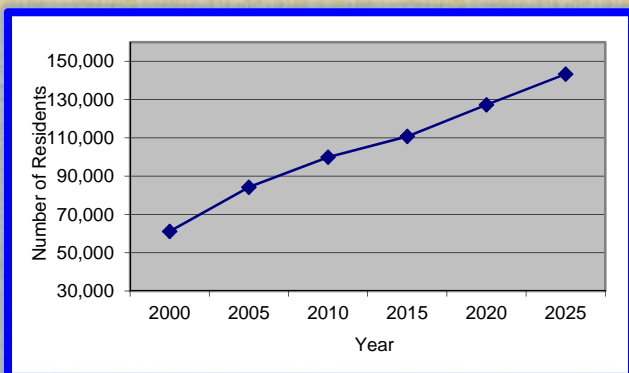
Round Rock began its first transition in the 1970s as residents of Austin moved in to take advantage of the quality schools and affordable housing. This event shifted Round Rock to a bedroom community. However, a second transformation would rapidly occur with the arrival of the computer industry. Round Rock was soon home to many firms associated with the computer sector, the most famous of which is Dell. With the arrival of these firms, Round Rock shifted to a suburban city and began to develop in a classic suburban pattern of distinctive residential and commercial areas connected by automobiles.



Round Rock is facing new transformations. One emerging transformation is caused by the fact that parts of Round Rock are aging and approaching the point where redevelopment will occur.

The second is that over the next 50 years, the City will grow from 100,000 population to around 300,000. This growth will change Round Rock from a suburban-oriented city with some features of city life to a complete city with a broad variety of lifestyle choices and a full range of city features.

Another transition has been the growing health and education presence. Several major hospitals, college and university campuses are now located here and Round Rock has emerged as a regional hub for health education.



Some Quick Facts About Round Rock

Services provided by the City include Police, Fire, Parks & Recreation, Library, Street Maintenance, and Water & Sewer

Population (end of Fiscal Year [FY] 2013)		104,900
Per capita income (FY 2013)	\$	31,475
Median age (FY 2013)		32.0
National unemployment rate (Dec. 2013)		6.7
Local unemployment rate (Dec. 2013)		5.0

<u>FY 2013 Total City Employees (FTEs)</u>		<u>832</u>
Sworn Police Officers		153
Fire Fighters		124

<u>Sales Tax Rate Information – Total % Collected</u>		8.25%
State	6.25%	
City Operations	1.00%	
Type B Corporation (Transportation & Economic Development)	0.50%	
Property Tax reduction	0.50%	

<u>Property Tax Information (FY 2013)</u>		
Total Taxable Value	\$	8.2 Billion
Avg. home annual tax (City portion)	\$	732.00
Avg. home value	\$	174,210
Tax per Capita	\$	332.00

<u>Recreational Facts (2013)</u>		
Total Park Acres		2,035
Number of Athletic Fields Maintained		49

<u>Infrastructure (2013)</u>		
Street resurfacing (lane miles)		80

<u>Public Safety (2013)</u>		
Crime rate down by 18.2% in 2011 from 2010		Per FBI UC report

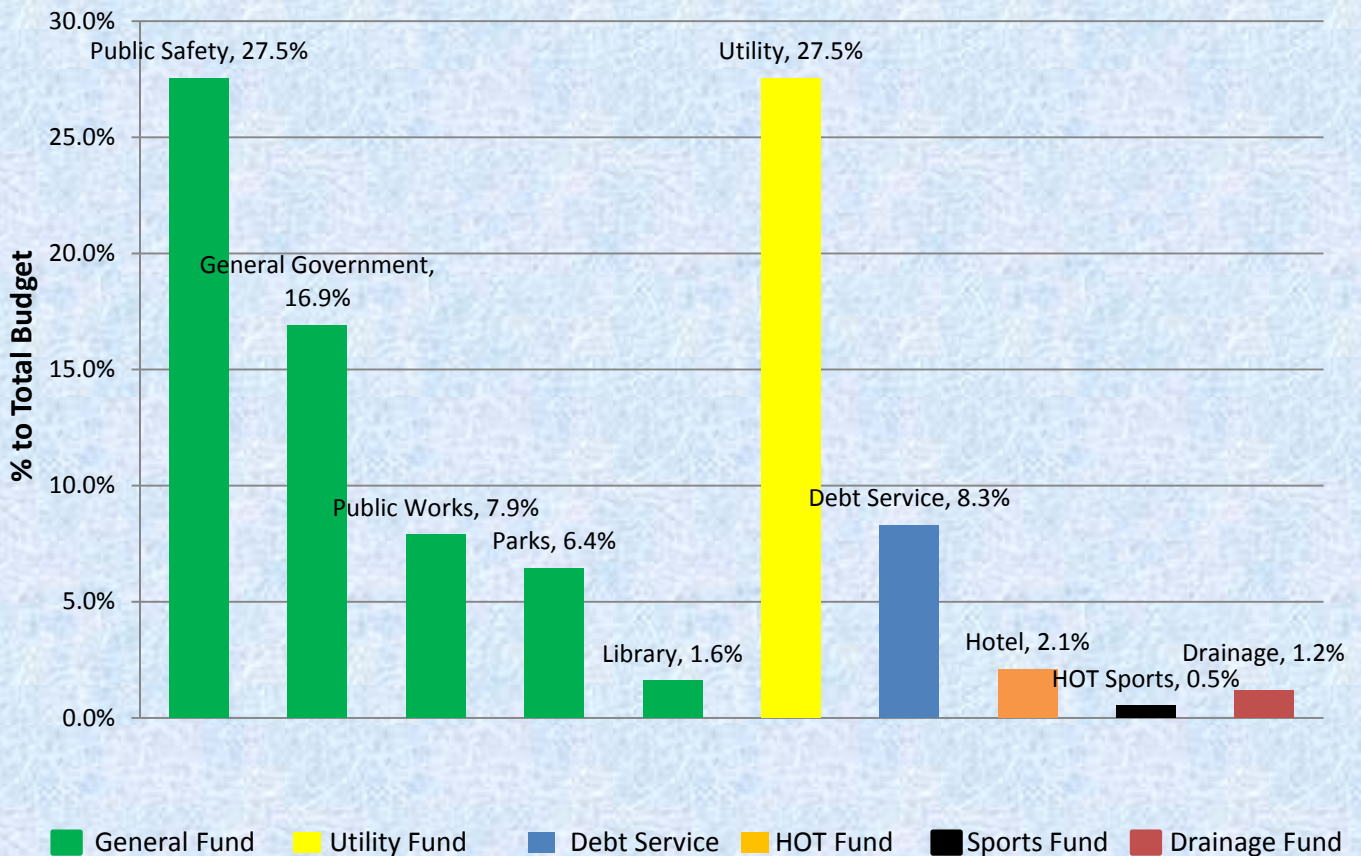
<u>G.O. Bond Ratings: (2013)</u>		
Standard & Poor's		AA+
Moody's Investors Services		Aa2

The City has been able to use its strong bond ratings to take advantage of favorable interest rates when refinancing debt.

The Adopted Final Fiscal Year 2013 Budget

The final adopted Fiscal Year 2013 budget was \$141,506,614. This figure includes \$87,716,328 for the General Fund, \$12,063,567 for the Debt Service Fund, \$40,001,601 for the Water/Wastewater Utility Fund, \$1,725,118 for the Drainage Fund, \$3,025,000 for the Hotel Occupancy Tax (HOT) Fund and \$762,000 for HOT – Sport Venue Fund.

Budgeted Expenses*

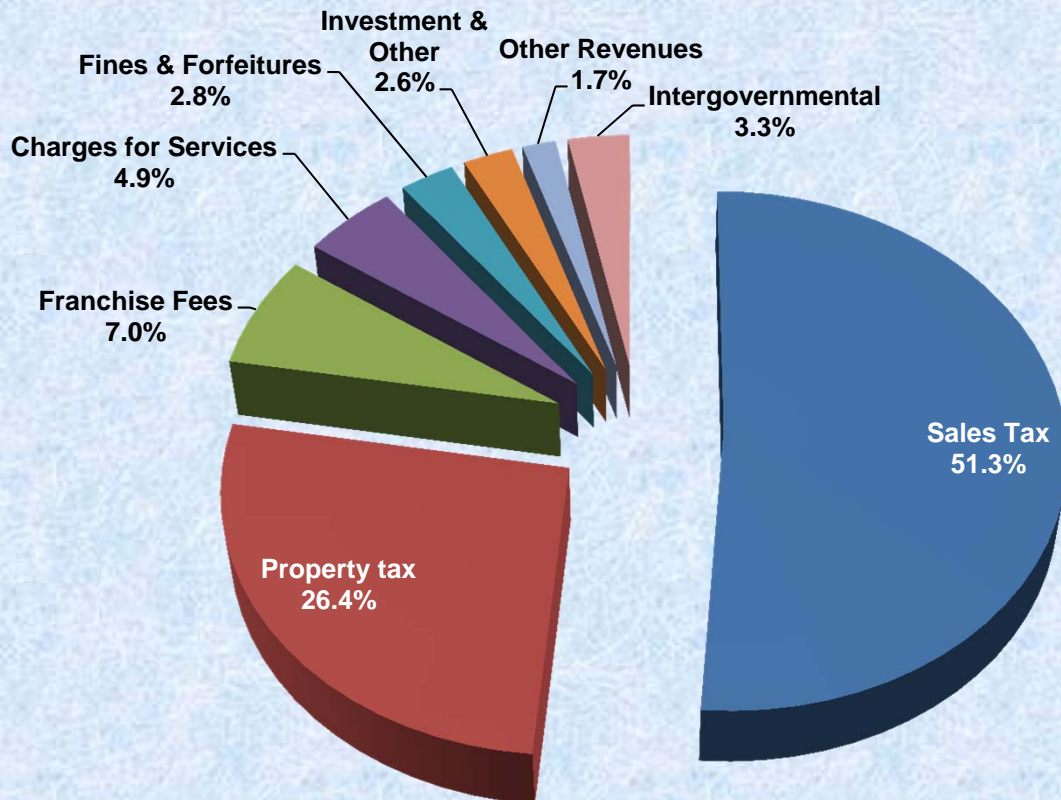


*The City maintains 26 individual governmental funds (used to account for essentially the same functions reported as governmental activities in the government-wide financial statements), along with enterprise funds to account for the water and wastewater utility and for the golf course. An internal service fund accounts for the self-funded health insurance program, and a fiduciary fund accounts for the Public Improvements Districts agency fund. For more information see page 14 for additional reporting sources.

Revenue Sources

The **City property tax** rate of 42.035 cents per \$100 of assessed value remains one of the lowest in the area while enabling the City to maintain a high level of services. The City has historically collected 99% of property taxes each year.

General Fund Revenues by Source (FY 13 Actual)

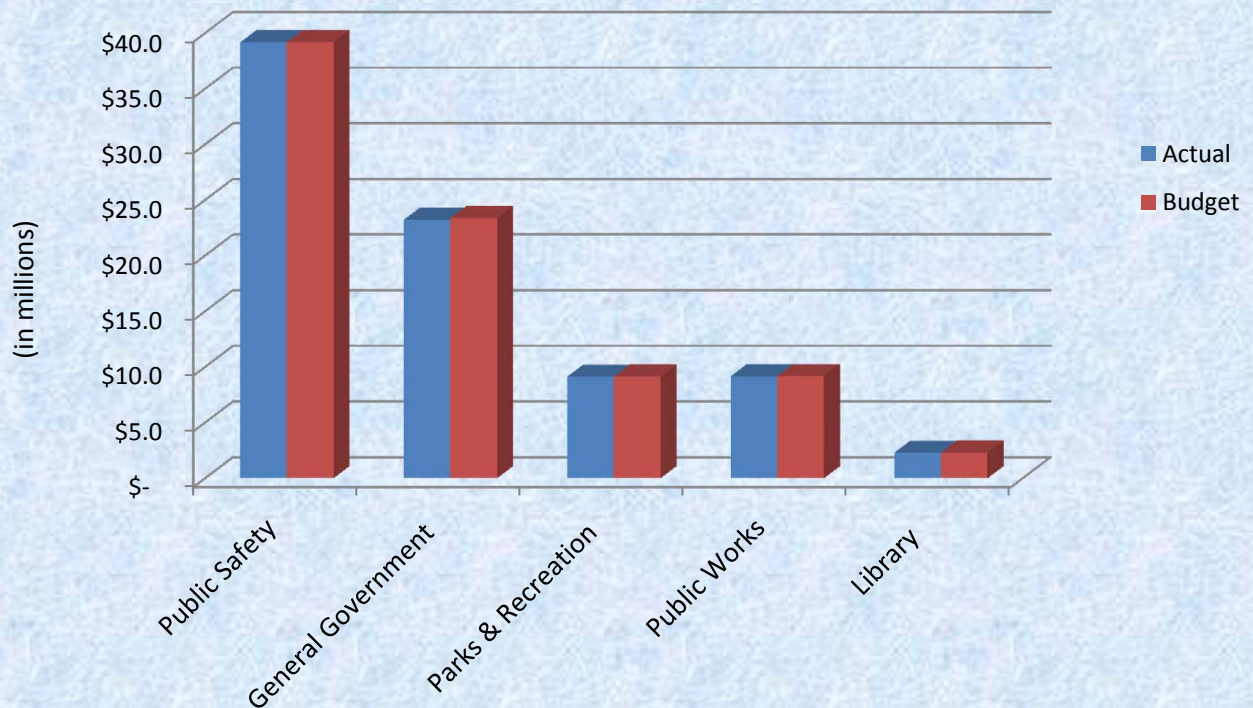


The **sales tax** rate is set at 8.25%, 2% goes to the City. Of the 2%, ½% is used for transportation improvements and economic development, with the remaining 1½% being used for general operations, property tax reduction and capital projects. The sales tax revenue source is extremely important to the City in that it helps to reduce property taxes and makes up approximately 51% of the general revenue. The sales tax as a revenue figure is subject to economic cycles and discretionary buying characteristics of the consumer which, accordingly, must be monitored and projected carefully.

The City has developed a **financial management policy** directed at reducing the General Fund's operational reliance on sales tax generated from Dell, Inc. (the largest single source of sales tax revenue). This policy is designed to provide a consistent, long-term approach for the fiscal management of the City's operating funds, balancing revenue requirements with the service needs of a growing population. Specifically, the policy is intended to help the City avoid the risk of a combined high property tax rate and a high reliance on sales tax.

City Finances

General Fund FY 13 - Actual to Budget Expenditures by Function



The City's financial condition remains healthy and has continued to improve year after year. The City's strong financial position is a result of prudent fiscal management as well as growth in the local economy experienced over the past several years.



City Finances

MONEY COMING IN

Revenues & Other Sources (by fund)	FY 2013 Final Budget	FY 2013 Actual
General Fund	\$ 88,957,386	\$ 90,489,695
General Debt Service Fund*	11,295,000	11,416,932
Hotel Occupancy Tax Fund	3,075,000	3,227,243
HOT – Sports Venue Fund	855,000	924,435
Drainage Fund	1,789,000	1,941,814

MONEY WELL SPENT

Expenditures & Other Uses (by fund)	FY 2013 Final Budget	FY 2013 Actual
General Fund	\$ 83,176,828	\$ 82,942,988
General Debt Service Fund*	19,768,512	19,747,970
Hotel Occupancy Tax Fund	837,964	617,363
HOT – Sports Venue Fund	447,900	133,638
Drainage Fund	1,583,768	1,410,247

*Not including sources/uses related to debt refunding. The Debt Service Fund provides for the scheduled retirement of the City's bonded and other long-term debt.

City Finances
General Fund
Condensed Balance Sheet
September 30, 2013

ASSETS

Cash and cash equivalents	\$10,174,733
Investments	64,972,120
Receivables (net of allowances for uncollectible) -	
Property taxes, including interest and penalties	355,674
Accounts and other	4,871,283
Loans	0
Accrued interest	162,485
Interfund	291,221
Intergovernmental	108,447
Inventories	291,134
Other current assests	83,953
Total Assets	<u>\$81,311,050</u>

LIABILITIES AND FUND BALANCES

Liabilities -	
Accounts payable	\$9,781,262
Accrued payroll	3,322,887
Interfund payables	28,869,301
Deferred revenue	357,732
Total Liabilities	<u>42,331,182</u>
Fund balances -	
Nonspendable	375,087
Unassigned	38,604,781
Total Fund Balances	<u>38,979,868</u>
Total Liabilities and fund balances	<u>\$81,311,050</u>

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. At the close of FY 13, the City had \$38,604,781 of unassigned fund balance, which represented 46.5% of total general fund expenditures.

City Finances

General Fund Condensed Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended September 30, 2013

Revenues -

Taxes and franchise, including interest and penalties	\$79,456,403
Other	<u>11,033,292</u>
Total Revenues	<u>90,489,695</u>

Expenditures -

Current Operating	82,942,988
Capital projects	<u>0</u>
Total expenditures	<u>82,942,988</u>

Excess (deficiency) of revenues over expenditures	<u>7,546,707</u>
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Other Financing Sources (Uses) -

Issuance of lease	445,980
Transfers in	2,832,850
Transfers out	<u>(9,079,094)</u>
Total other financing sources (uses)	<u>(5,800,264)</u>
Net change in fund balances	<u>1,746,443</u>
Fund balances, October 1, 2012, as restated	<u>37,233,425</u>
Fund balances, September 30 2013	<u>\$38,979,868</u>

The general fund is the chief operating fund of the City

City Finances
Utility Fund
Condensed Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended September 30, 2013

Operating Revenues -

Charges for services	\$43,094,185
Total operating revenues	43,094,185

Operating expenses -

Personnel services	7,602,658
Contractual services	14,116,021
Supplies	872,363
Materials	859,109
Heat, light and power	1,951,428
Depreciation	13,625,826
Total operating expenses	39,027,405
Operating income	4,066,780

Nonoperating Revenues (Expenses)

Investments and other revenues	1,385,272
Investments and fiscal charges	(3,772,633)
Total nonoperating revenues (expenses)	(2,387,361)
Income before contributions and transfers	1,679,419

Contributions and Transfers

Contributions - impact fees	5,288,378
Developer contributions - infrastructure	1,225,991
Transfers in	38,641
Transfers out	(2,471,700)
Total contributions and transfers	4,081,310
Change in net assets	5,760,729
Net assets, October 1, 2012	326,226,621
Net assets, September 30 2013	\$331,987,350

The City's water and sewer utility continues to show increases in the number of customers and operating revenues. Scheduled uses of impact fees have allowed the current rates (which are based on cost of service) to remain stable. Round Rock water and wastewater rates continue to be among the lowest in the region.

City Finances

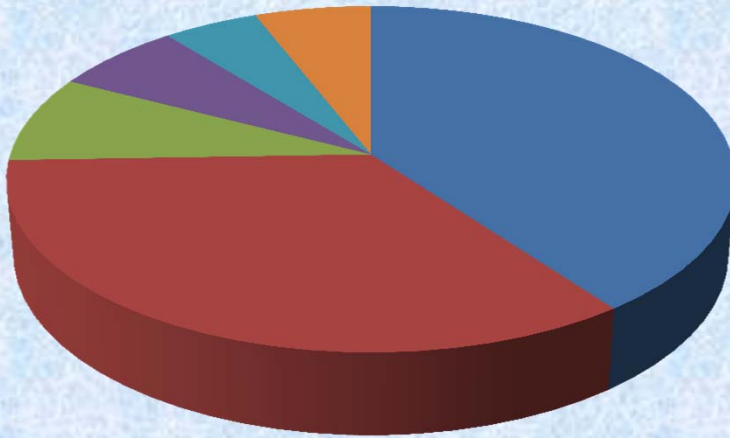
To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. The City updated its comprehensive utility rate study conducted by an independent rate consulting firm. Findings from the study indicated the water and wastewater utility to be in good financial health. However, in order to fund the capital improvement program and to meet increasing system demand, small, multi-year rate increases were completed in 2010. Round Rock water and wastewater rates continue to be among the lowest in the region.

Water & Sewer Investment



Sources & Uses of Debt

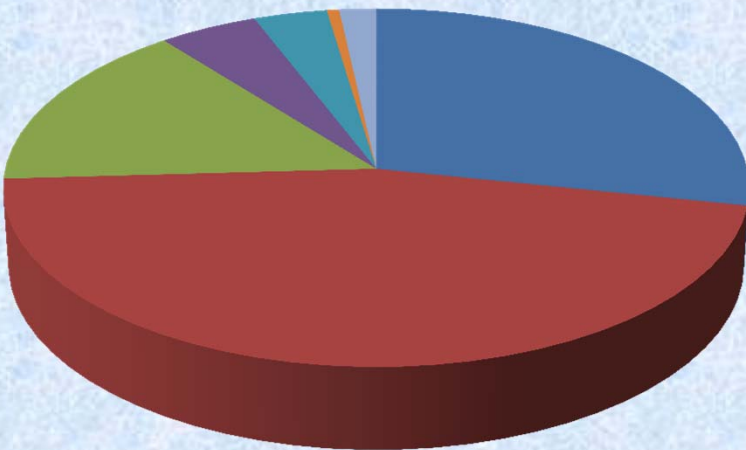
Long-Term Debt (in 000's)



- General Obligation Bonds
\$96,340
- Water and Wastewater Revenue Bonds
\$83,625
- Sales Tax Revenue Bonds
\$19,580
- State Infrastructure Bank Loans
\$16,007
- Certificates of Obligation
\$11,770
- Hotel Tax Revenue Bonds
\$14,345

As of September 30, 2012, the City had \$255,018,748 in total debt outstanding. The total debt decreased by \$13,351,346 during the year, due to regularly scheduled debt principal retirement along with refinancing to take advantage of favorable interest rates. The new sport center complex is expected to be completed in January, 2014 along with some parks and recreation projects, and the reconstruction of the McConico Plaza.

Projects Funded Principally by General Obligation Debt - Expenditures to 9/30/2013



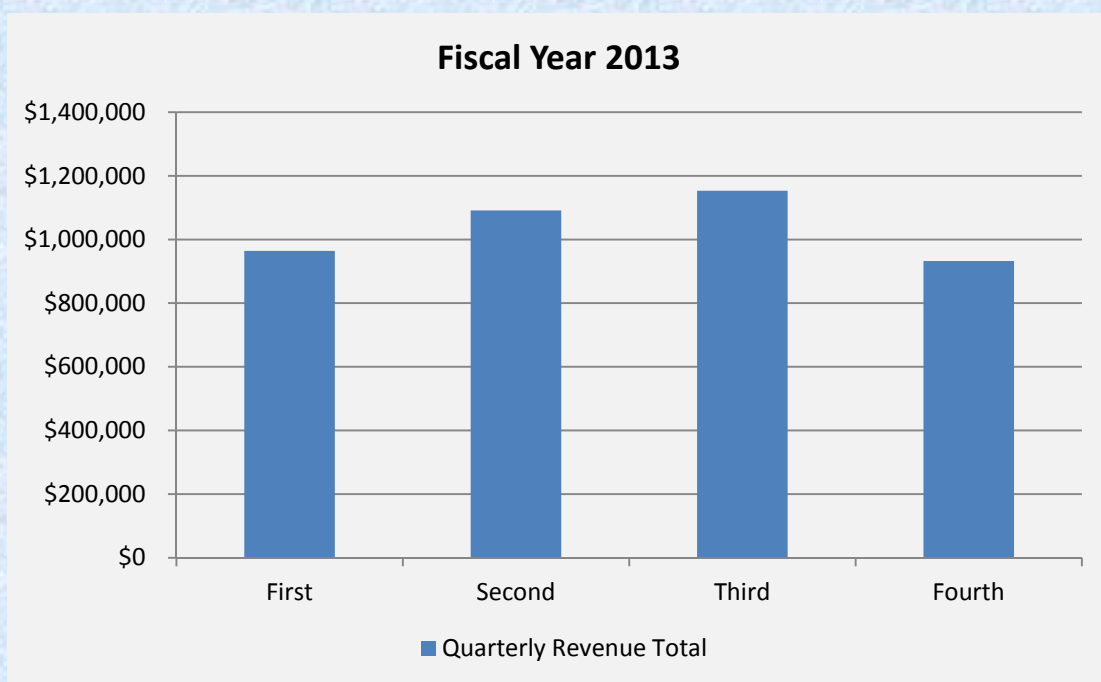
- Self-Financed Construction
\$119,227,153
- Round Rock Transportation System - Road Improvements
\$193,420,892
- Parks, Public Safety, Streets and Public Service Facilities
\$64,278,986
- Municipal Complex, Public Safety and Street Improvements
\$20,090,798
- Parks and Recreation Facilities
\$14,882,188
- Convention Center Complex
\$2,485,588
- Sports Venue Complex
\$7,477,679

Quarterly Hotel Occupancy Tax Report



The Hotel Occupancy Tax Fund accounts for the levy and use of the hotel – motel bed tax. Proceeds from this tax are used toward tourism, cultural enhancements and promotion of the City. The Convention and Visitors Center (CVB) was launched in 2004 as part of the City's strategy to diversify the local economy and is funded solely by the City's hotel tax.

Round Rock continues its marketing strategy as "The Sports Capital of Texas". Supporting this campaign, in 2011, the citizens of Round Rock voted to establish a 2% tax a new Sports Complex.



The Year's Top Ten Lists

Employers:

Dell, Inc.
Round Rock ISD
Sears TeleServe
City of Round Rock
Emerson Process Management
Scott & White University Medical Campus
Field Asset Services
Texas Guaranteed Student Loan
Round Rock Medical Center
Seton Williamson Medical Center

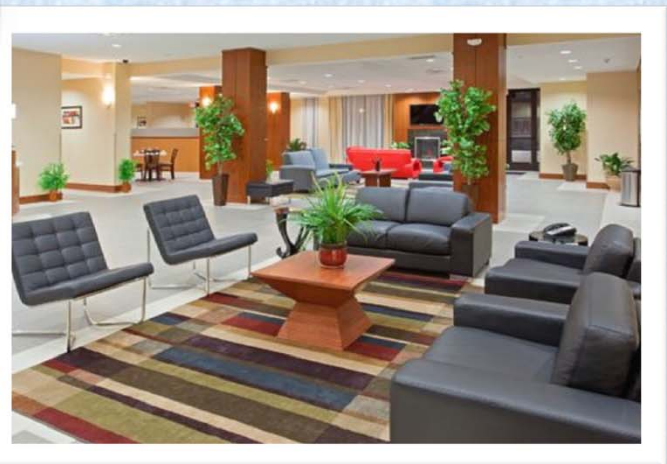


Property Taxpayers:

Dell Computer Holdings, LP
CPG Round Rock, LP
Baltgem Development Corp.
Columbia / St. David Healthcare
Dell Computer Corp.
CMF 15 Portfolio, LLC
Oncor Electric Delivery, Co.
Inland American University Oaks, LP
Round Rock Luxury Apartments, LTD
Fisher-Rosemount System, Inc.

Hotel Taxpayers (by collections):

Austin Marriott North
Homewood Suites
Hilton Garden Inn
Hampton Inn
Courtyard by Marriott
Residence Inn
Springhill Suites
Holiday Inn
Holiday Inn Express
La Quinta Inn





The Popular Annual Financial Report (PAFR) has been prepared to inform citizens about the City of Round Rock and its operations, services and programs, as well as its financial condition. It is suitable for readers who prefer to review operational and financial information in summary form and does not substitute for the City's Comprehensive Annual Financial Report (CAFR).

This publication contains simplified information provided in the CAFR which is developed in conformity with generally accepted accounting principles (GAAP). The CAFR was independently audited by Brockway, Gersbach, Franklin & Niemeier, P.C. Although unaudited, the PAFR provides readers with a summary of the City's revenues, expenditures, and local economic indicators.

For a fully detailed, fully disclosed, GAAP based presentation of the City's financial position and results, full copies of the CAFRs are published on the City's website at

<http://www.roundrocktexas.gov/cafr>

