



City of Round Rock Popular Annual Financial Report

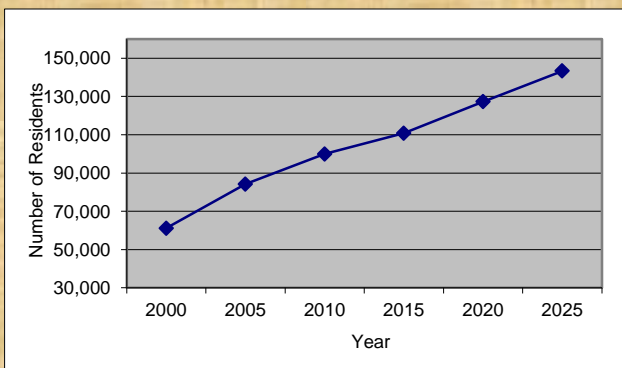
For Fiscal Year Ended September 30, 2011

March, 2012

Welcome to Round Rock, Texas

Fifty 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 a population of 100,000 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

Population (end of Fiscal Year [FY] 2011)	101,500
Per capita income (FY 2011)	\$ 30,766
Median age (FY 2011)	31.6
National unemployment rate (Dec. 2011)	8.3
Local unemployment rate (Dec. 2011)	6.1

<u>FY 2011 Total City Employees (FTEs)</u>	824
Sworn Police Officers	152
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 2011)</u>	
Total Taxable Value	\$ 8 Billion
Avg. home annual tax (City portion)	\$ 734.33
Avg. home value	\$ 175,980
Tax per Capita	\$ 329.60

<u>Recreational Facts (2011)</u>	
Total Park Acres	2,274
Number of Athletic Fields Maintained	47
Number of Park Acres Maintained	1,780

<u>Infrastructure (2011)</u>	
Streets Maintained Annually (lane miles)	137

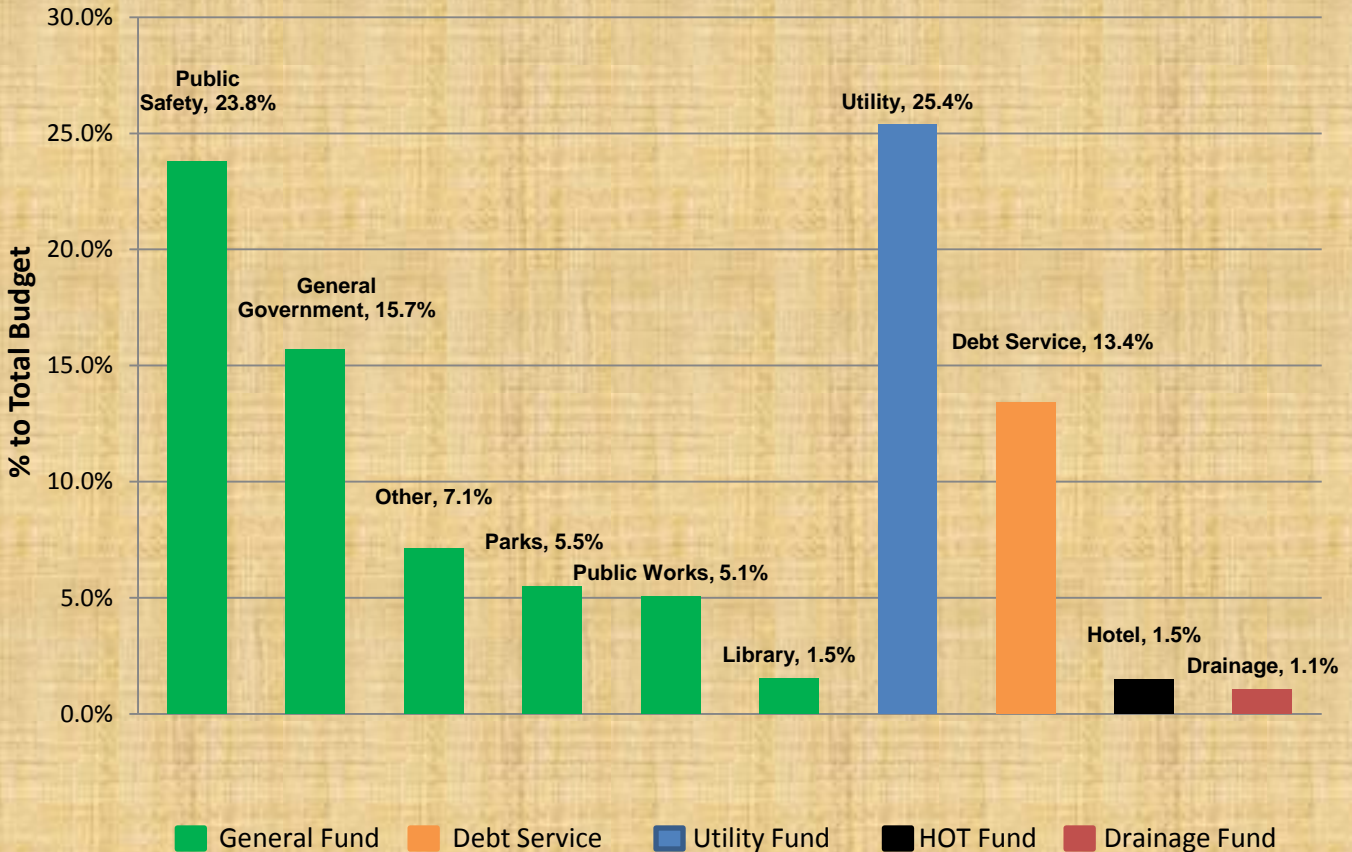
<u>Public Safety (2010)</u>	
Police - 11th Safest City in the USA / 2 nd in Texas	cities with populations greater than 100,000

<u>G.O. Bond Ratings: (2011)</u>	
Standard & Poor's	AA+
Moody's Investors Services	Aa2

The Adopted Final Fiscal Year 2011 Budget

The final adopted Fiscal Year 2011 budget was \$153,185,377. This figure includes \$89,896,551 for the General Fund, \$20,538,941 for the Debt Service Fund, \$38,851,910 for the Water/Wastewater Utility Fund, \$1,647,881 for the Drainage Fund and \$2,250,094 for the Hotel Occupancy Tax (HOT) Fund.

Budgeted Expenses*

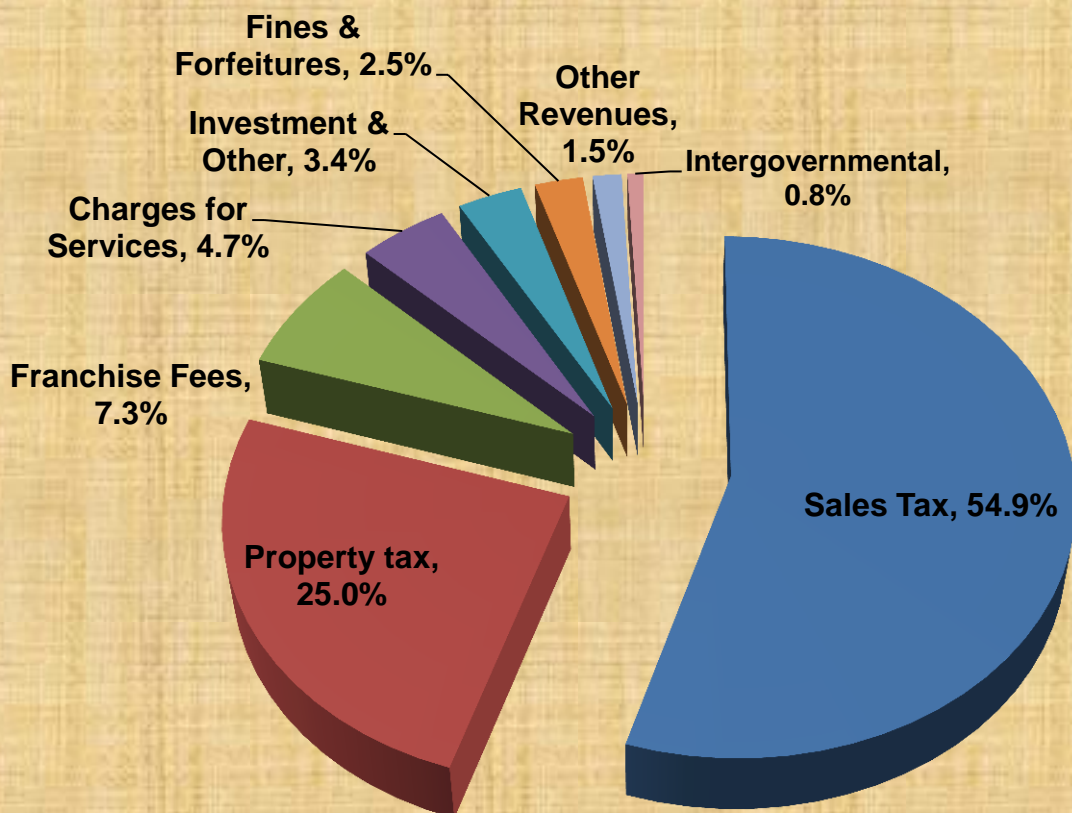


*The City maintains 23 individual governmental funds , along with enterprise funds to account for the water and wastewater utility and for the golf course. An internal service fund accounts for the self-funded health insurance program, and a fiduciary fund accounts for the Public Improvements Districts agency fund. For more information see page 14 for additional reporting sources.

Revenue Sources

The **City property tax** rate of 41.728 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 11 Actual)

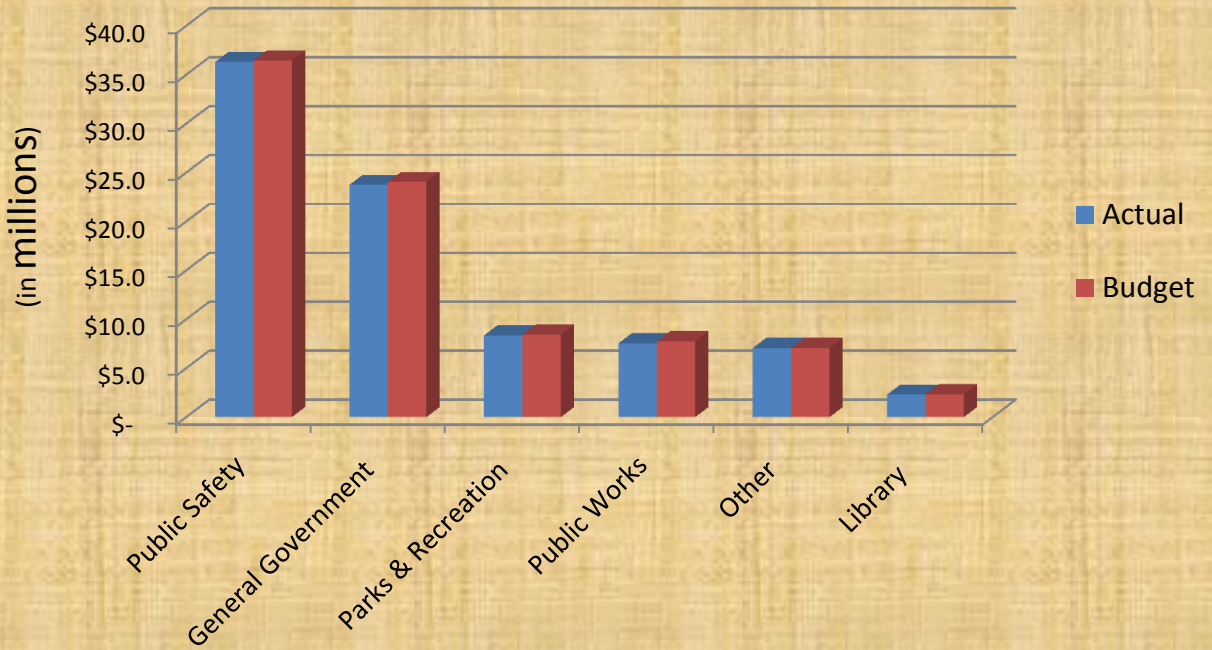


The **sales tax** rate is set at 8.25%, 2% goes to the City. Of the 2%, ½% is used for transportation improvements and economic development, with the remaining 1½% being used for general operations, property tax reduction and capital projects. The sales tax revenue source is extremely important to the City in that it helps to reduce property taxes and makes up approximately 55% 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 11 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 2011 Final Budget	FY 2011 Actual
General Fund	\$ 89,038,936	\$ 89,382,675
General Debt Service Fund*	19,912,377	20,144,840
Hotel Occupancy Tax Fund	2,250,100	2,735,816
Drainage Fund	1,647,881	1,787,658

MONEY WELL SPENT

Expenditures & Other Uses (by fund)	FY 2011 Final Budget	FY 2011 Actual
General Fund	\$ 89,896,551	\$ 89,127,673
General Debt Service Fund*	20,538,941	20,136,222
Hotel Occupancy Tax Fund	2,250,094	1,935,596
Drainage Fund	1,647,881	1,213,849

*not including sources/uses related to debt refunding

City Finances
General Fund
Condensed Balance Sheet
September 30, 2011

ASSETS

Cash and cash equivalents	\$	12,509,263
Investments		61,931,622
Receivables (net of allowances for uncollectible)		
Property taxes, including interest and penalties		291,355
Accounts & other		4,645,080
Accrued interest		144,503
Interfund receivables		14,608
Intergovernmental		460,873
Inventories		197,336
Other current assets		91,422
Total Assets	\$	<u>80,286,062</u>

LIABILITIES AND FUND BALANCES

Liabilities -

Accounts payable	\$	5,891,359
Accrued payroll		1,921,298
Interfund payables		31,386,337
Deferred revenue		544,950
Total Liabilities		<u>39,743,944</u>

Fund balances -

Nonspendable		288,758
Unassigned		40,253,360
Total Fund Balances		<u>40,542,118</u>
Total Liabilities and Fund Balances	\$	<u>80,286,062</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 11, the City had \$40,253,360 of unassigned fund balance, which represented 51.4% of total general fund expenditures.

City Finances

General Fund Condensed Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended September 30, 2011

REVENUES -

Taxes and franchise, including interest and penalties	\$	74,991,211
Other		10,564,224
Total revenues		<u>85,555,435</u>

EXPENDITURES -

Current operating		78,238,123
Capital projects		-
Total expenditures		<u>78,238,123</u>
Excess (deficiency) of revenues over expenditures		<u>7,317,312</u>

OTHER FINANCING SOURCES (USES)

Issuance of lease		750,000
Transfers in		3,077,240
Transfers out		<u>(10,889,550)</u>
Total other financing sources (uses)		<u>(7,062,310)</u>
Net change in fund balances		<u>255,002</u>
Fund balances, October 1, 2010		<u>40,287,116</u>
Fund balances, September 30, 2011	\$	<u>40,542,118</u>

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$255,002 during the fiscal year. This increase is attributable to increased sales tax and property tax collections, and developer contributions.

City Finances

Utility Fund

Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets Year Ended September 30, 2011

OPERATING REVENUES -

Charges for services	\$	44,922,715
Total operating revenues		<u>44,922,715</u>

OPERATING EXPENSES -

Personnel services		7,518,411
Contractual services		9,839,091
Supplies		1,076,560
Materials		972,412
Heat, light and power		2,474,391
Depreciation		<u>12,804,086</u>
Total operating expenses		<u>34,684,951</u>
Operating income		<u>10,237,764</u>

NONOPERATING REVENUES (EXPENSES)

Investment and other revenues		1,292,672
Loss in joint venture		(53,447)
Interest and fiscal charges		<u>(3,850,348)</u>
Total nonoperating revenues (expenses)		<u>(2,611,123)</u>
Income before contributions and transfers		7,626,641

CONTRIBUTIONS AND TRANSFERS

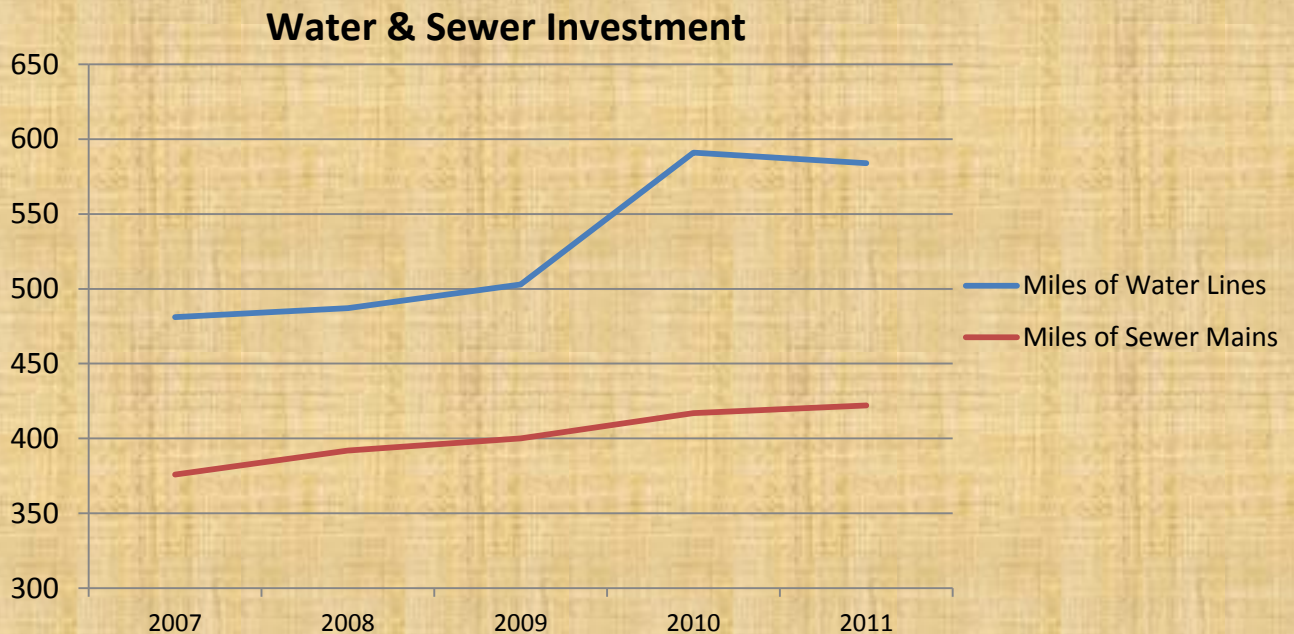
Contributions - impact fees		4,692,958
Developer contributions - infrastructure		4,825,932
Transfers in		346,886
Transfers out		<u>(2,090,000)</u>
Total contributions and transfers		<u>7,775,776</u>
Change in net assets		15,402,417

Net assets, October 1, 2010		<u>299,936,014</u>
Net assets, September 30, 2011	\$	<u>315,338,431</u>

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. 9

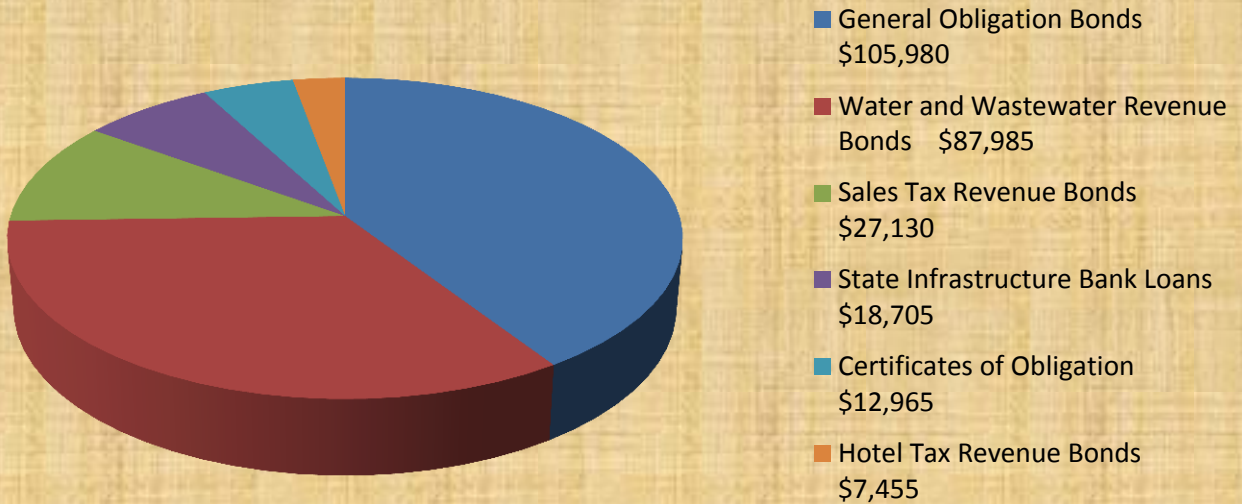
City Finances

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.



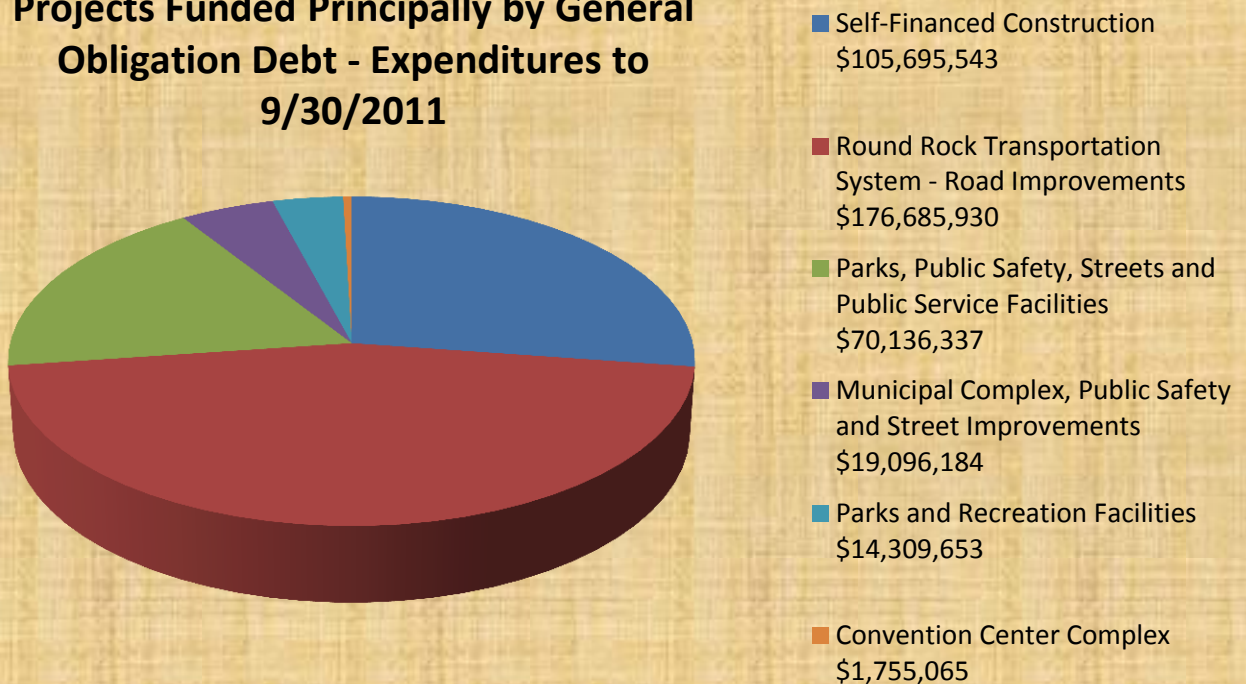
Sources & Uses of Debt

Long-Term Debt (in 000's)



As of September 30, 2011, the City had \$260,220,446 in total debt outstanding. The total debt decreased by \$11,176,950 during the year, due to regularly scheduled debt principal retirement along with refinancing to take advantage of favorable interest rates.

Projects Funded Principally by General Obligation Debt - Expenditures to 9/30/2011

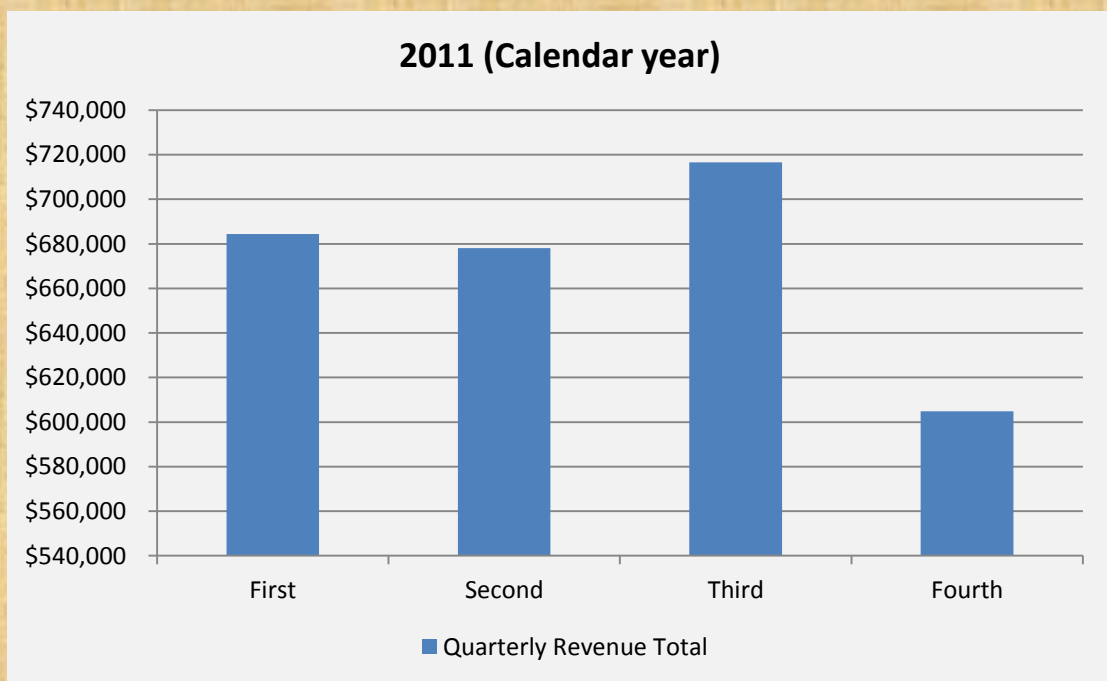


Quarterly Hotel Occupancy Tax Report



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 to build a new Sports Complex.



The Year's Top Ten Lists

Employers:

Dell, Inc.
Round Rock ISD
Sears TeleServe
City of Round Rock
Scott & White University Medical Campus
Round Rock Medical Center
Texas Guaranteed Student Loan
Dresser Wayne, Inc.
Seton Williamson Medical Center
Michael Angelo's Gourmet Foods



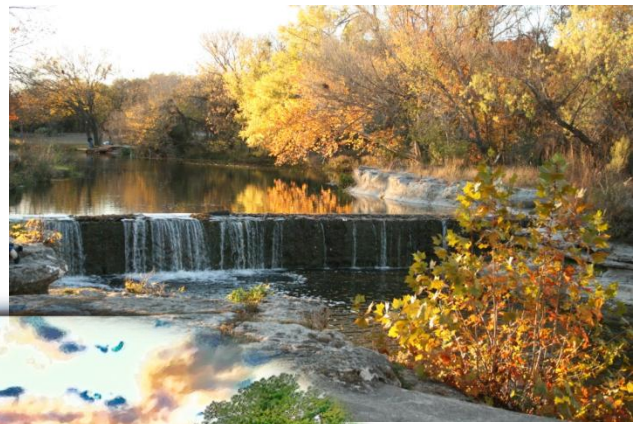
Property Taxpayers:

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.
Chandler Creek, LP
Inland American University Oaks, LP
Toppan Photomasks, Inc.

Hotel Taxpayers (by collections):

Austin Marriott North
Residence Inn
Hilton Garden Inn
Homewood Suites
Hampton Inn
Courtyard by Marriott
Springhill Suites
Wingate 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>

