



City of Round Rock Popular Annual Financial Report

For Fiscal Year Ended September 30, 2012

March, 2013

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

PRESENTED TO

**City of Round Rock
Texas**

for the Fiscal Year Ended

September 30, 2011



Christopher P. Morill
President

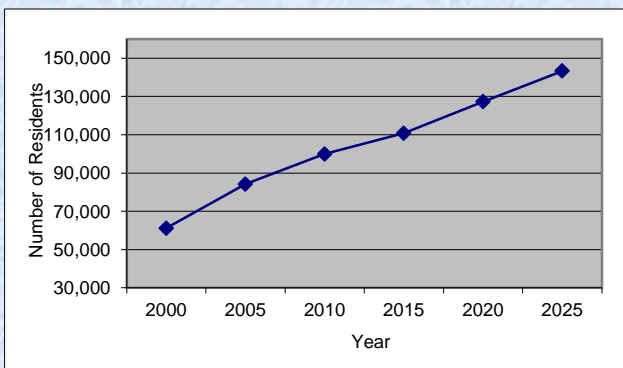
Jeffrey L. Essex
Executive Director

Welcome to Round Rock, Texas

One hundred 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.

To adequately prepare for the continued growth, much effort goes into planning and funding infrastructure and service programs. Strategic planning, biennial budgeting and multi-year capital project programming have become important tools in planning for the financial impact of a fast-growing community.

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] 2012)	102,515
Per capita income (FY 2012)	\$ 31,119
Median age (FY 2012)	31.6
National unemployment rate (Dec. 2012)	7.6
Local unemployment rate (Dec. 2012)	5.9

<u>FY 2012 Total City Employees (FTEs)</u>	<u>826</u>
Sworn Police Officers	152
Fire Fighters	123

<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 2012)</u>	
Total Taxable Value	\$ 8 Billion
Avg. home annual tax (City portion)	\$ 743.90
Avg. home value	\$ 175,775
Tax per Capita	\$ 330.44

<u>Recreational Facts (2012)</u>	
Total Park Acres	2,035
Number of Athletic Fields Maintained	49

<u>Infrastructure (2012)</u>	
Street resurfacing (lane miles)	60

<u>Public Safety (2012)</u>	
Crime rate down by 18.2% in 2011 from 2010	Per FBI UC report

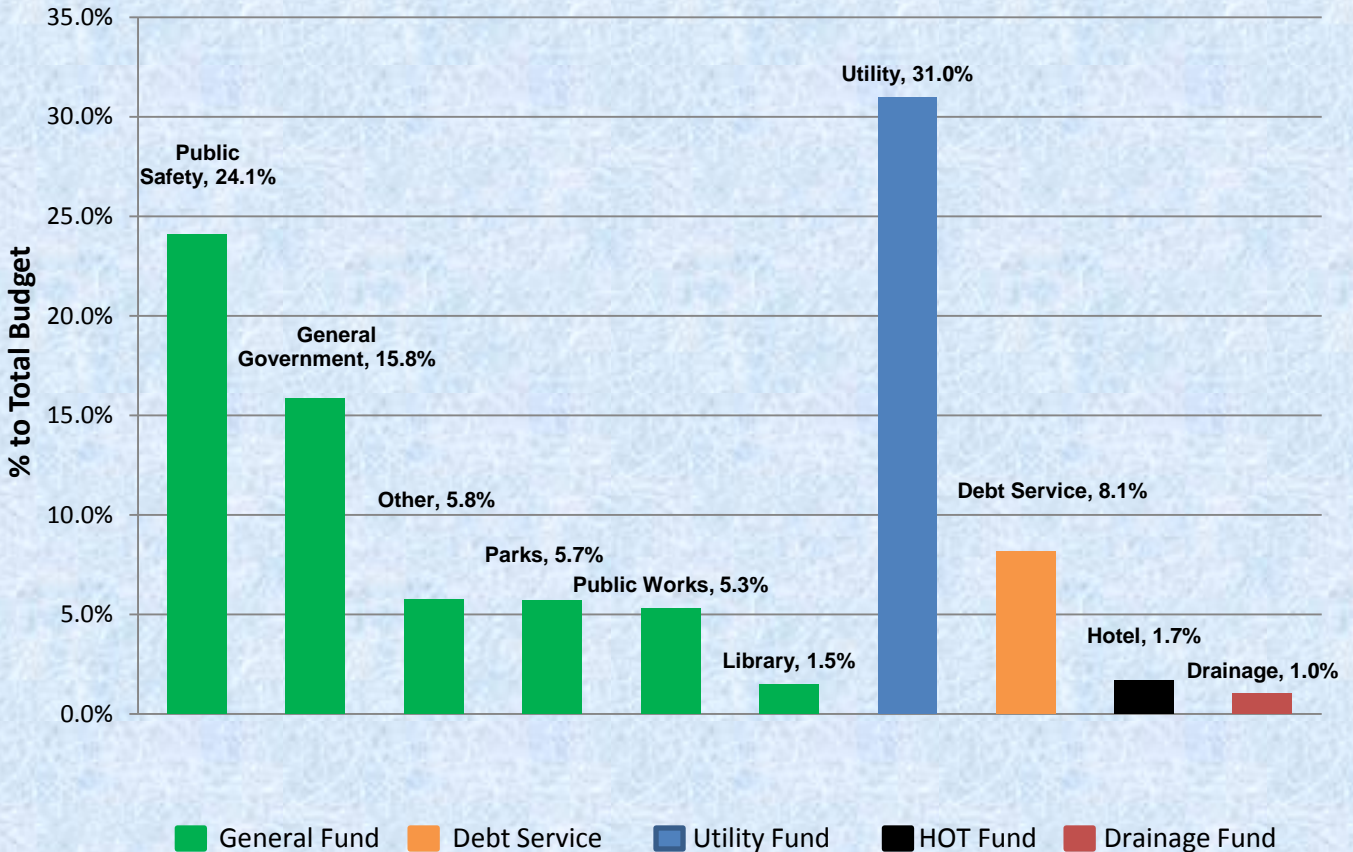
<u>G.O. Bond Ratings: (2012)</u>	
Standard & Poor's	AA+
Moody's Investors Services	Aa1

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 2012 Budget

The final adopted Fiscal Year 2012 budget was \$154,578,796. This figure includes \$89,886,820 for the General Fund, \$12,605,858 for the Debt Service Fund, \$47,914,521 for the Water/Wastewater Utility Fund, \$1,549,863 for the Drainage Fund and \$2,621,734 for the Hotel Occupancy Tax (HOT) Fund.

Budgeted Expenses*

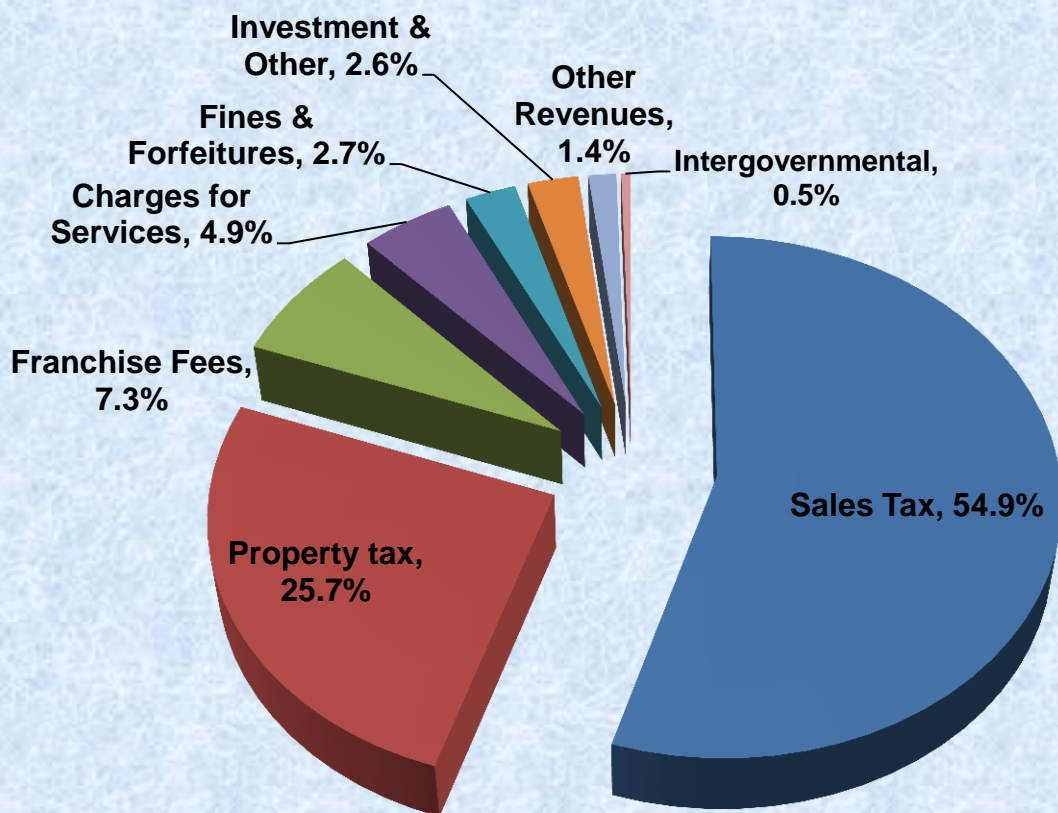


*The City maintains 26 individual governmental funds (used to account for essentially the same functions reported as governmental activities in the government-wide financial statements), along with enterprise funds to account for the water and wastewater utility and for the golf course. An internal service 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 42.321 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 12 Actual)

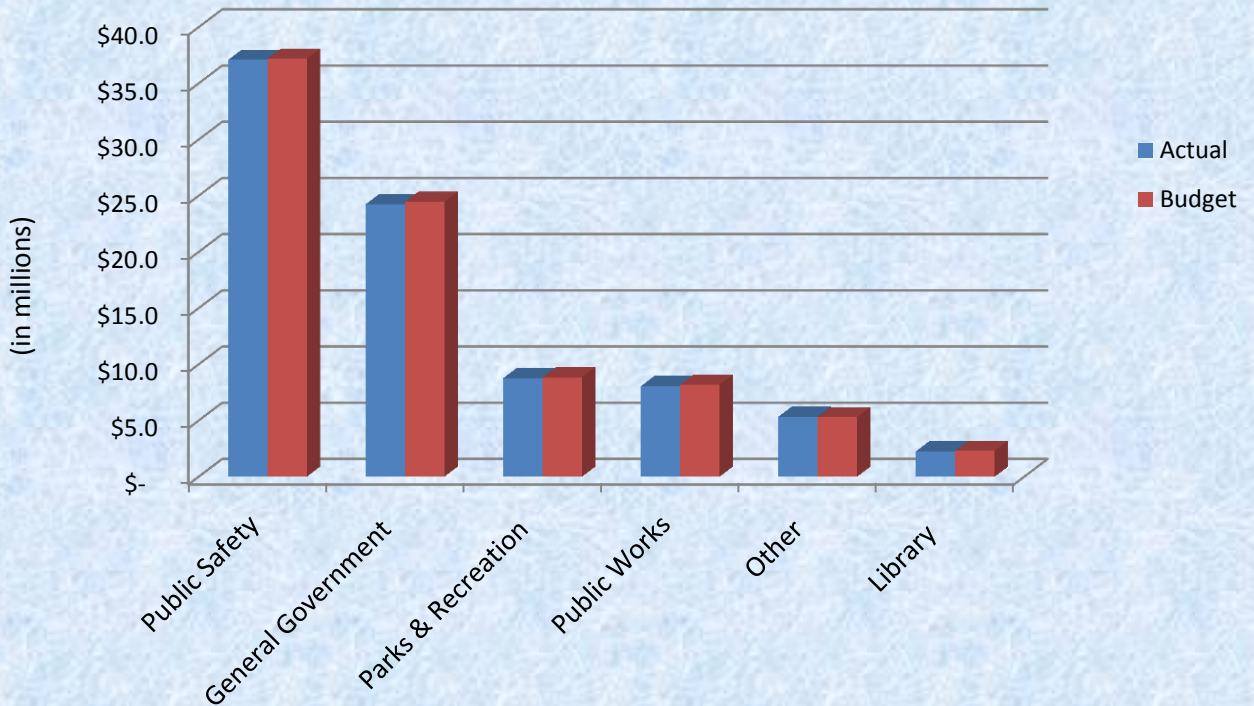


The **sales tax** rate is set at 8.25%, 2% goes to the City. Of the 2%, ½% is used for transportation improvements and economic development, with the remaining 1½% being used for general operations, property tax reduction and capital projects. The sales tax revenue source is extremely important to the 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 12 - 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 2012 Final Budget	FY 2012 Actual
General Fund	\$ 89,887,159	\$ 90,108,763
General Debt Service Fund*	12,325,000	19,904,015
Hotel Occupancy Tax Fund	2,825,000	2,771,162
Drainage Fund	1,650,000	1,921,789

MONEY WELL SPENT

Expenditures & Other Uses (by fund)	FY 2012 Final Budget	FY 2012 Actual
General Fund	\$ 89,886,820	\$ 89,402,950
General Debt Service Fund*	12,605,858	20,122,042
Hotel Occupancy Tax Fund	2,621,734	2,466,603
Drainage Fund	1,549,863	1,315,821

*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, 2012

ASSETS

Cash and cash equivalents	\$	13,598,493
Investments		62,196,375
Receivables (net of allowances for uncollectible)		
Property taxes, including interest and penalties		299,316
Accounts & other		4,669,679
Accrued interest		116,844
Interfund		634,874
Intergovernmental		309,210
Inventories		248,853
Other current assets		72,191
Total Assets	\$	<u>82,145,835</u>

LIABILITIES AND FUND BALANCES

Liabilities -		
Accounts payable	\$	5,949,571
Accrued payroll		2,837,717
Interfund payables		31,809,342
Deferred revenue		301,274
Total Liabilities		<u>40,897,904</u>
Fund balances -		
Nonspendable		321,044
Unassigned		40,926,887
Total Fund Balances		<u>41,247,931</u>
Total Liabilities and Fund Balances	\$	<u>82,145,835</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 12, the City had \$40,926,887 of unassigned fund balance, which represented 50.9% of total general fund expenditures.

City Finances

General Fund

Condensed Statement of Revenues, Expenditures

and Changes in Fund Balances

Year Ended September 30, 2012

REVENUES -

Taxes and franchise, including interest and penalties	\$	76,462,688
Other		10,042,371
Total revenues		<u>86,505,059</u>

EXPENDITURES -

Current operating		80,448,596
Capital projects		-
Total expenditures		<u>80,448,596</u>
Excess (deficiency) of revenues over expenditures		<u>6,056,463</u>

OTHER FINANCING SOURCES (USES)

Issuance of lease		313,604
Transfers in		3,290,100
Transfers out		(8,954,354)
Total other financing sources (uses)		<u>(5,350,650)</u>
Net change in fund balances		<u>705,813</u>
Fund balances, October 1, 2011		<u>40,542,118</u>
Fund balances, September 30, 2012	\$	<u>41,247,931</u>

The general fund is the chief operating fund of the City. The fund balance of the general fund increased by \$705,813 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, 2012

OPERATING REVENUES -

Charges for services	\$	43,327,656
Total operating revenues		<u>43,327,656</u>

OPERATING EXPENSES -

Personnel services	7,686,497
Contractual services	9,766,655
Supplies	949,744
Materials	904,487
Heat, light and power	1,966,864
Depreciation	13,348,258
Total operating expenses	<u>34,622,505</u>
Operating income	<u>8,705,151</u>

NONOPERATING REVENUES (EXPENSES)

Investment and other revenues	770,977
Loss in joint venture	(291,034)
Interest and fiscal charges	(3,816,292)
Total nonoperating revenues (expenses)	<u>(3,336,349)</u>
Income before contributions and transfers	5,368,802

CONTRIBUTIONS AND TRANSFERS

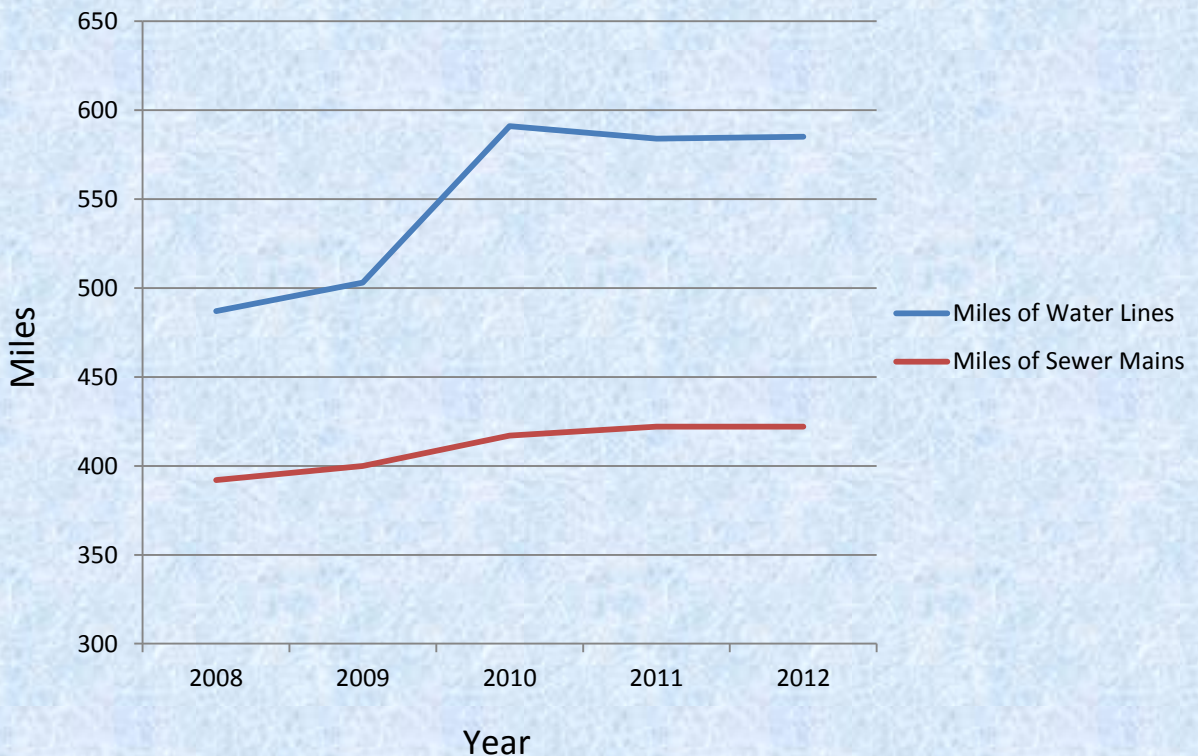
Contributions - impact fees	4,549,465
Developer contributions - infrastructure	2,983,799
Transfers in	76,124
Transfers out	(2,090,000)
Total contributions and transfers	<u>5,519,388</u>
Change in net assets	10,888,190
Net assets, October 1, 2011	<u>315,338,431</u>
Net assets, September 30, 2012	<u>\$ 326,226,621</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

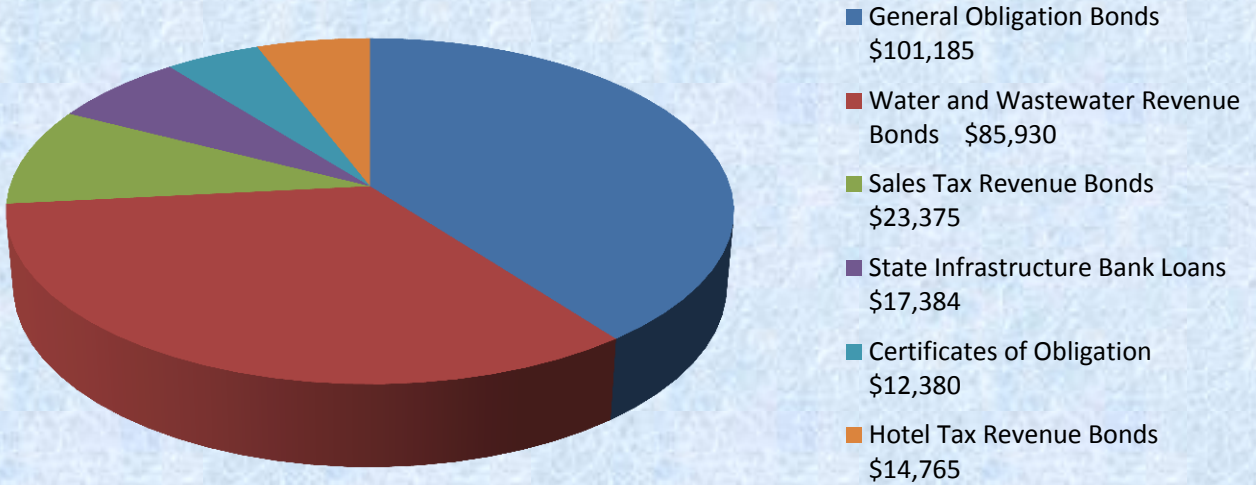
To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. The City updated its comprehensive utility rate study conducted by an independent rate consulting firm. Findings from the study indicated 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.

Water & Sewer Investment



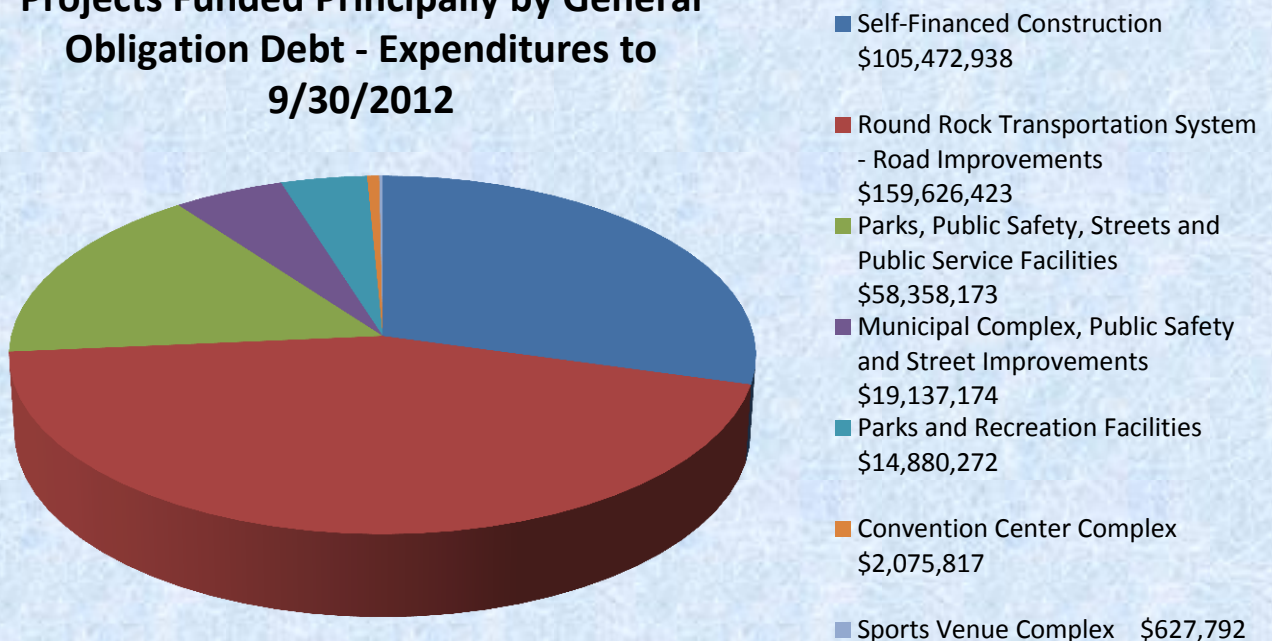
Sources & Uses of Debt

Long-Term Debt (in 000's)



As of September 30, 2012, the City had \$255,018,748 in total debt outstanding. The total debt decreased by \$5,201,698 during the year, due to regularly scheduled debt principal retirement along with refinancing to take advantage of favorable interest rates. During 2012, the new city hall business center complex was completed, and work continued on reconstruction of the former police station, on the Brushy Creek Trail Gap project, parks and recreation projects, and at the McConico Plaza.

Projects Funded Principally by General Obligation Debt - Expenditures to 9/30/2012

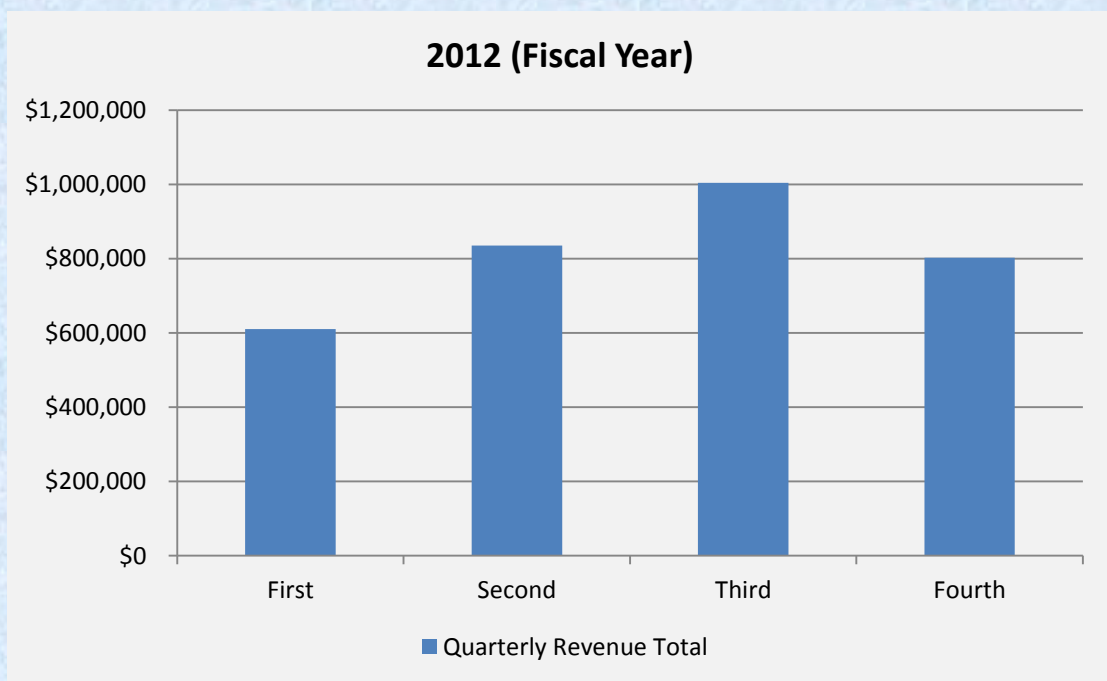


Quarterly Hotel Occupancy Tax Report



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
Emerson Process Management
Scott & White University Medical Campus
Round Rock Medical Center
Dresser Wayne, Inc.
Texas Guaranteed Student Loan
Seton Williamson Medical Center

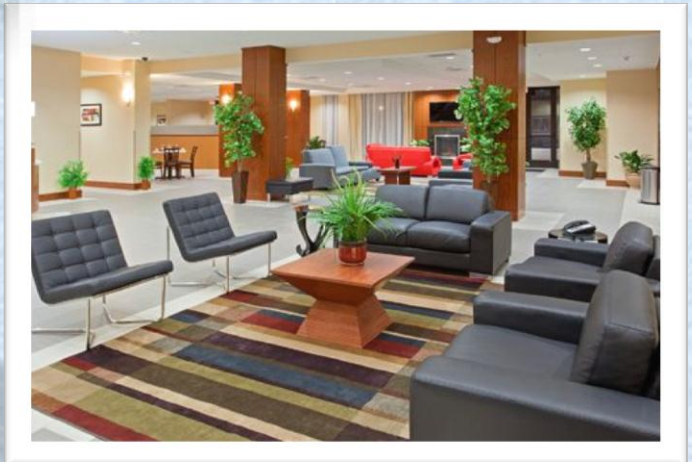


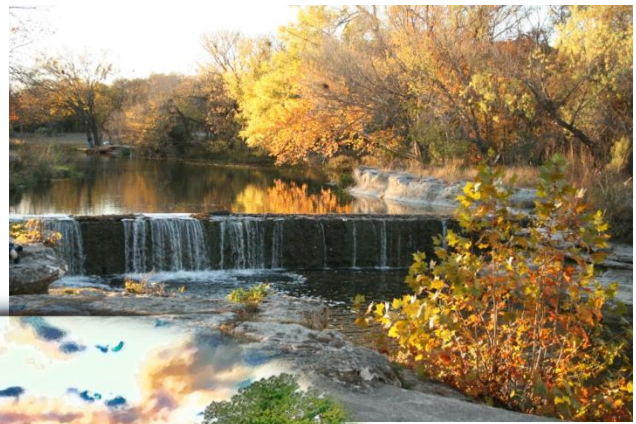
Property Taxpayers:

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

Hotel Taxpayers (by collections):

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

