



# Comprehensive Annual Financial Report

Year Ended September 30, 2010  
City of Round Rock, Texas



**ROUND ROCK, TEXAS**  
PURPOSE. PASSION. PROSPERITY.

**CITY OF ROUND ROCK, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**ELECTED OFFICIALS**

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

**MANAGEMENT STAFF**

*James R. Nuse, City Manager*  
*Cindy Demers, Assistant City Manager*

**OFFICIAL ISSUING REPORT**

*Cindy Demers, Assistant City Manager*



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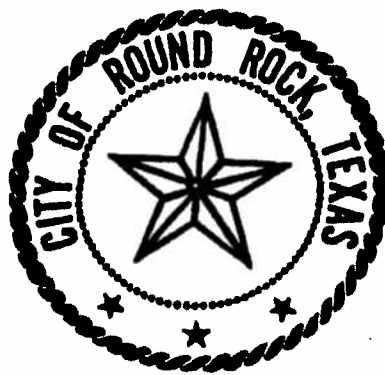
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## **INTRODUCTORY SECTION**





## **ROUND ROCK, TEXAS**

PURPOSE. PASSION. PROSPERITY.

March 3, 2011

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, 2010, is submitted herewith. The City's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

Brockway, Gersbach, 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, 2010. 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**

Joe Clifford

**Council Members**

Rufus Honeycutt

George White

Carlos T. Salinas

John Moman

Kris Whitfield

**City Manager**

James R. Nuse, P.E.

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

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

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

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

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The City had no material encumbrances as of September 30, 2010.

### **Significant Local Economic Events**

Despite the current U.S. economy nationwide, indicators show that the regional economy remains healthy and Round Rock remains fairly strong in population growth and stable in its economic activity. In fact, in May 2010, *Forbes.com* ranked the Austin-Round Rock area as the top spot for recession easing, citing a diverse economy; lower than national average unemployment rates and housing affordability as key factors.

As indicated in the body of this report, the City's financial condition remains healthy and has continued to improve year after year. The City's strong financial position is a result of prudent fiscal management as well as growth in the local economy experienced over the past several years. It is important to keep in mind the fact that Round Rock is located within Williamson County, which is one of the fastest growing counties in the State. Since 1990, Williamson County's population has soared 195% to 412,000, and the City of Round Rock has grown 6.2% on an average annual basis, thus making Round Rock one of the fastest growing cities in Texas. The Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA) has more than doubled in population to 1.7 million since 1990. As of the end of fiscal year 2010, Round Rock's population was estimated at 102,000.

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

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

General fund sales tax receipts for fiscal year 2010 were approximately \$46.2 million. This figure represents a modest increase of 1% 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 24.7%. 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. This is especially important now due to reduced sales tax performance.

This past year, Round Rock has seen continued growth even with the slowing national building trend. Modest growth in building activity is expected, fueled by continued in-migration to the community. Recent downturns in the economy though, have reduced employment demand for specific sectors. In spite of job reductions, the current unemployment rate for the City is 6.2%, and remains lower than the Austin metro and statewide rates of 6.8% and 8.1%, respectively.

Round Rock is more attentive to the health of its economy because of the reliance upon commerce to produce sales tax revenue. Updates to economic influences that help us diversify our economic base are detailed below.

The major destination retail hubs provide continued expansion and diversification of Round Rock's economy. These include Round Rock Premium Outlets, which provides over 430,000 square feet of retail space containing 125 stores in an outdoor village setting and a movie theater. Adjacent to the outlet mall is a shopping center, featuring IKEA, JC Penney, Office Max, Ross, and REI.

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 the surrounding counties. Services include The Health and Vascular Center with an inpatient capacity of 177 beds, The Women's Center and a comprehensive emergency room. As of January 2010, St. David's began offering all levels of trauma care, making it the only trauma center in Williamson County.

Scott & White Healthcare, a major regional health care organization, is a 68-acre health care facility with 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, which is state-of-the-art in design, technology and delivery of complex care. The first phase of the campus includes a 181-bed hospital, ambulatory surgery center and a diagnostic and imaging center. It also includes the first of several medical office buildings. The hospital 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. In 2005, the Round Rock Higher Education Center (RRHEC) opened in northeast Round Rock. This facility combines the efforts of Texas State University-San Marcos and Austin Community College to offer educational programs and workforce training. RRHEC complements the City's goals of providing quality higher education opportunities that attract talent and sustain economic vitality in Round Rock. In 2010, the RRHEC took another huge step in providing higher education with the opening of a state-of-the-art Nursing Building. Texas State School of Nursing admitted the first class of junior-level nursing majors in the fall 2010 semester.

The Texas A&M University System Health Science Center's clinical campus in Round Rock opened in December 2009, and includes both educational space and clinical facilities. This campus provides clinical training for third- and fourth-year medical students, who, for the most part, will have spent their first two years at the College Station campus of Texas A&M. The students do clinical rotations among Round Rock's three hospitals and other major health care institutions in Williamson County. Additionally, the Health Science Center College of Nursing enrolled its first graduate level nursing students in June 2010. Looking into the future, a pharmacy school and other health professions education programs are being considered.

In May 2008, Round Rock citizens voted to join the Austin Community College (ACC) district. The campus in northeast Round Rock opened in August 2010 and offers extensions of programs currently offered at other ACC campuses. Curriculum offerings include nursing, radiology, sonography, medical laboratory, surgical technology, and allied health programs. The campus comprises five buildings totaling about 279,000 square feet and accommodates more than 5,000 students. Eventually the campus will cover 598,000 square feet have the capacity to enroll over 11,000 students and will be ACC's largest campus.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. In 1996, the City had 2 hotels with a total of 181 rooms. At the end of fiscal 2010, 23 hotels with 2,349 rooms were open for business maintaining solid occupancy rates. Permits have been granted on three new hotels, each anticipated to open sometime during 2011. This strong industry bodes well for the hotel occupancy tax collections that support local tourism events and debt service for the Dell Diamond/United Heritage Convention Center complex. To ensure continued development and success of Round Rock's tourism industry, the City maintains a convention and visitor's bureau (CVB) to market the City's tourism efforts as well as continue to implement the City's long-range tourism plan. With several area sports facilities in place and statewide events occurring, Round Rock is marketing its tourism brand as the "Sports Capital of Texas". Tourism is an expanded component of the City's overall economic development strategy.

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

In November 2001, an \$89.8 million General Obligation bond authorization for streets, public safety, parks and general improvements was passed by more than a 2-1 margin, or 70%. These capital projects will be financed and constructed over a span of 6-12 years and represent a significant upgrade and expansion of the City's infrastructure. In July of 2007, the City issued the final \$34.5 million of the authorization and the improvements are well underway. In addition, \$14.9 million in certificates of obligation were issued in 2007 for park improvements.

To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. The City 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 implemented. Even with these rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

In December 2009, the City along with the Cities of Austin and Cedar Park entered into a Purchase Agreement with the Lower Colorado River Authority (LCRA) to buy the Brushy Creek Regional Wastewater System. The agreement outlined the proportional share that each City would own of the wastewater transportation and treatment system. The system currently has a total treatment capacity of 24.5 MGD which should be sufficient to meet future projected flows through 2017. The City of Round Rock's current wastewater capacity in the system is 20.1 MGD.

In August of 1997 voters of Round Rock approved an increase in the local sales and use tax rate of ½ of 1%. This increase in the sales and use tax rate went into effect January 1, 1998 and the proceeds are to be used for streets, roads, drainage and other related transportation system improvements, including the payment of maintenance expenses associated with such authorized projects. The additional revenues are not part of the operating budget but are budgeted and spent by a non-profit industrial development corporation established expressly to oversee the above purposes with the approval of the City Council. Collections for the past year exceeded \$15.4 million. These funds will help provide major improvements to the City's transportation system, significantly benefiting the local and regional economy.

Because traffic congestion is one of the central problems of Round Rock and the region, road projects are a high priority. Project completions over the past year have brought significant improvement to local and commuter traffic, thereby helping to protect the region's economic well being. Work was completed to widen Wyoming Springs Drive through an interlocal agreement with Williamson County. Also completed was Red Bud Lane Phase IV, which is an important north/south road in eastern Round Rock. AW Grimes North, a major arterial currently under construction, will widen the road from 2 to 4 lanes which will ease congestion and allow additional traffic flow. Many other local road projects, also funded with local and state funds, are in planning or construction phases. Total current expenditure estimates for these various projects approximate \$96 million. The local portion, \$75 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 minimum of 33% 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. A financial management policy was enacted and recently updated by the City. It is designed to reduce operational reliance on sales tax generated from Dell Computer and to redirect some of those funds for long-term capital improvement projects thus reducing the amount of debt to be issued. This long-term approach to property tax rate management will allow the City to continue to benefit from the presence of Dell in the community for years to come. In addition, the City proactively monitors legislation at both the state and federal levels that may affect the collection of sales tax.

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

### **Prospects for the Future**

A growing population directly influences the housing industry and, ultimately, the property tax base. 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.

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

Economic development and diversification continues to be the City's top strategic priority. The City and the Round Rock Chamber of Commerce partnered to update the City's economic development plan. In accordance with this increased strategic emphasis on economic development, the economic development agreement between the City and the Chamber of Commerce was also updated and 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 stated earlier, the local region and Round Rock saw rapid, unprecedented growth over the past decade. Population growth projections are expected to remain steady as the area continues show signs of continued development. Correspondingly, the City's infrastructure, streets, utility systems and service delivery must be rapidly developed to serve a growing population. For the past several years, infrastructure expansions have concentrated on water and wastewater facilities. Streets and transportation improvements will continue to be a priority in the future as the City manages the significant growth discussed above.

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. 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, 2009.

This was the twenty-fourth 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, 2009.

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,

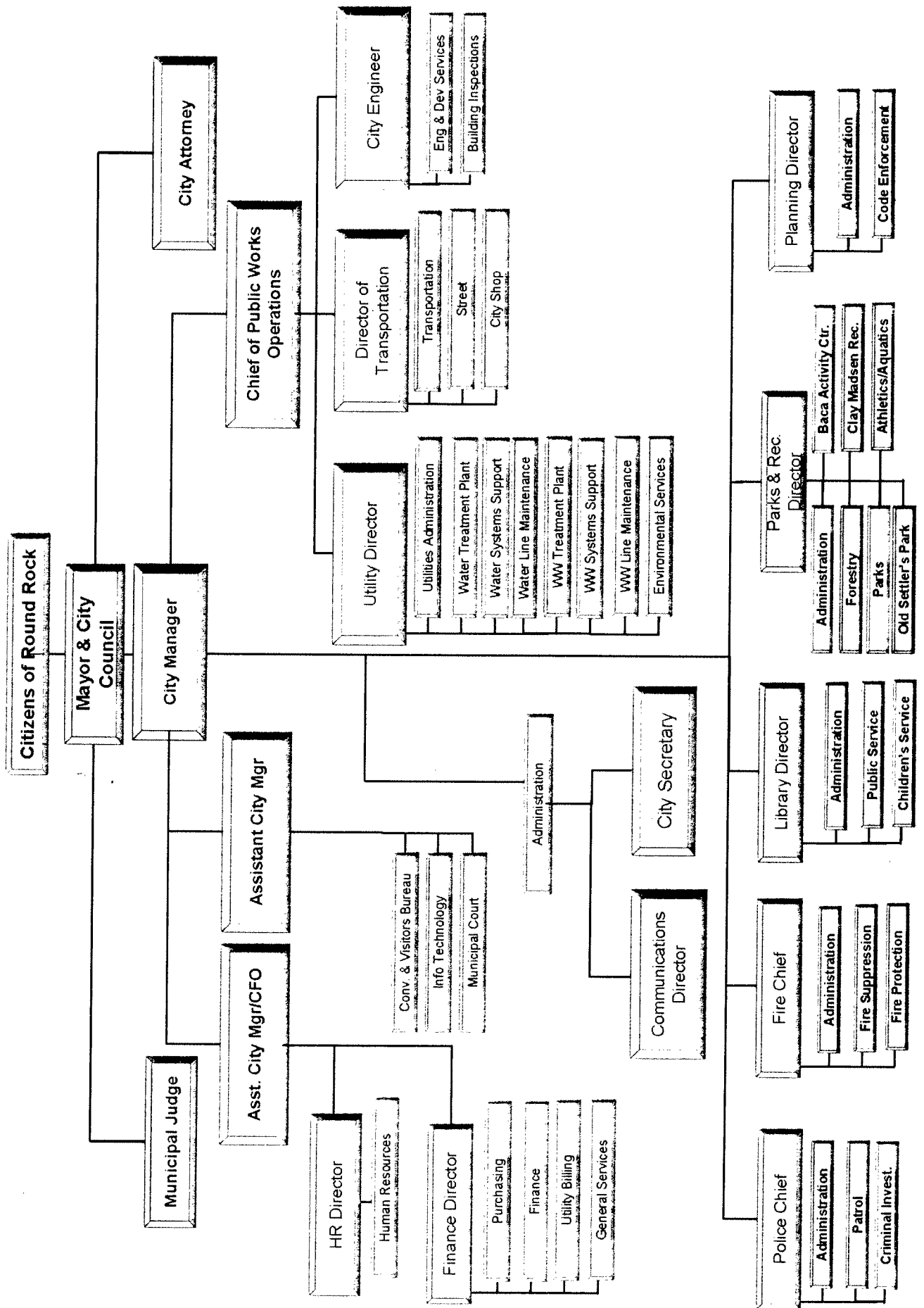
A handwritten signature in black ink, appearing to read 'James R. Nuse', with a stylized, flowing script.

James R. Nuse, P.E.  
City Manager

A handwritten signature in black ink, appearing to read 'Cindy Demers', with a stylized, flowing script.

Cindy Demers, CPA  
Assistant City Manager

# City Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

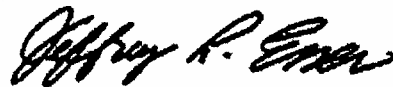
City of Round Rock  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

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



President

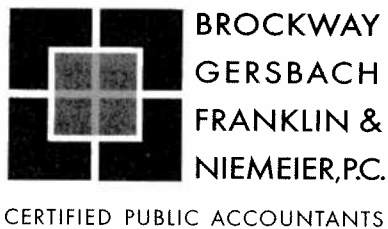


Executive Director



## **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 for the City of Round Rock, Texas as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Round Rock's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Round Rock, Texas as of September 30, 2010, and the respective changes in financial position, and, where applicable cash flows, thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2011, on our consideration of the City of Round Rock's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction in assessing the results of our audit.

Management's Discussion and Analysis on pages 19 through 32 and the Required Supplemental Information on page 98 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Independent Auditors' Report  
(Continued)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Round Rock's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Erockway, Dordick, Franklin & Nierman, P.C.*

February 7, 2011

**City of Round Rock, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2010**

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, 2010. 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 \$768,028,827 (*net assets*). Of this amount, \$179,125,192 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$16,710,193. Approximately 58.4 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 \$176,995,260, an increase of \$2,255,001 in comparison with the prior year. The overall modest increase is due to the various transfers to fund the City's capital project programs. Approximately 48 percent of the total fund balance amount, \$84,471,659, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$40,287,116, or 52 percent of the total general fund expenditures.
- The City of Round Rock's total debt increased by \$66,818,884 during the current fiscal year. The change was due to regularly scheduled debt principal retirement along with the issuance of \$78.785 million in utility system revenue bonds to fund the acquisition of an undivided interest in the Brushy Creek Regional Wastewater System as more fully described in Note V(A) 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

**Overview of the Financial Statements (Continued)**

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

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 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the Round Rock Transportation System Development Corporation (RRTSDC) revenue and project funds, the self-financed construction fund and the 2007 General Obligation Bond fund, all of which are considered to be major funds. Data from the other 15 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, 2010**

**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 assets. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the City's operations. Consequently, the City is responsible for ensuring that these resources are used only for their intended purpose.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Round Rock, assets exceeded liabilities by \$768,028,827 as of September 30, 2010.

The largest portion of the City's net assets (63.1%) 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 assets (13.5%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets \$179,125,192 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2010 and 2009, the City was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The following table provides a comparative summary of the City's net assets as of September 30, 2010 and 2009.

	Net Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 205,863	\$ 205,515	\$ 100,990	\$ 86,759	\$ 306,853	\$ 292,274
Capital assets	463,868	465,718	302,127	229,545	765,995	695,263
Total assets	669,731	671,233	403,117	316,304	1,072,848	987,537
Long term liabilities	194,798	203,506	93,083	13,686	287,881	217,192
Other liabilities	14,442	17,403	2,496	1,623	16,938	19,026
Total liabilities	209,240	220,909	95,579	15,309	304,819	236,218
Net assets:						
Invested in capital assets, net of related debt	274,038	266,247	210,960	217,990	484,998	484,237
Restricted	90,609	92,790	13,297	15,571	103,906	108,361
Unrestricted	95,844	91,287	83,281	67,434	179,125	158,721
Total net assets	\$ 460,491	\$ 450,324	\$ 307,538	\$ 300,995	\$ 768,029	\$ 751,319

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

**Analysis of Changes in Net Assets**

The following table summarizes the changes in the City's net assets from its activities for the fiscal year ended September 30, 2010 with comparisons to the previous year.

	Changes in Net Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 11,446	\$ 10,849	\$ 37,862	\$ 38,289	\$ 49,308	\$ 49,137
Operating grants and contributions	933	1,064	-	-	933	1,064
Capital grants and contributions	7,635	14,083	2,121	7,922	9,756	22,005
General revenues:						
Property taxes	33,040	29,868	-	-	33,040	29,868
Franchise taxes	5,934	6,213	-	-	5,934	6,213
Sales tax	61,625	61,020	-	-	61,625	61,020
Hotel occupancy tax	2,291	2,394	-	-	2,291	2,394
Public service taxes	328	316	-	-	328	316
Impact fees	-	-	3,893	4,568	3,893	4,568
Investment earnings	1,366	4,113	1,732	1,306	3,098	5,419
Miscellaneous	-	-	(64)	(11)	(64)	(11)
Total revenues	124,598	129,920	45,544	52,074	170,142	181,994
Expenses:						
General government	27,241	25,047	-	-	27,241	25,047
Public safety	36,688	37,104	-	-	36,688	37,104
Public works	29,054	27,609	-	-	29,054	27,609
Culture and recreation	14,260	14,434	-	-	14,260	14,434
Interest on long-term debt	9,294	9,587	-	-	9,294	9,587
Water and sewer utility	-	-	36,702	36,884	36,702	36,884
Golf course	-	-	193	182	193	182
Total expenses	116,537	113,781	36,895	37,066	153,432	150,847
Increases in net assets before transfers	8,061	16,139	8,649	15,008	16,710	31,147
Transfers	2,106	1,606	(2,106)	(1,606)	-	-
Increase in net assets	10,167	17,745	6,543	13,402	16,710	31,147
Net assets - beginning	450,324	435,530	300,995	287,781	751,319	723,311
Adjustment	-	(2,951)	-	(188)	-	(3,139)
Net assets, as restated - beginning	450,324	432,579	300,995	287,593	751,319	720,172
Net assets - ending	\$ 460,491	\$ 450,324	\$ 307,538	\$ 300,995	\$ 768,029	\$ 751,319

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

**Governmental activities.** Governmental activities increased the City's net assets by \$10,167,390 or 61 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase are as follows:

- Developer contributions of subdivision improvements approximated \$3.64 million and are included in program revenues of public works, public safety and general government activities.
- Amounts received for property taxes increased from last year by 10.6 percent due primarily to an increase in the tax rate to partially offset reduced reliance on sales tax and increased debt service requirements on bonds. Other factors included the addition of new property, a modest increase in assessed valuations and continued aggressive collection efforts.
- Sales tax collections of \$61.6 million mirrored those of the prior year largely due to a general economic downturn but offset somewhat by 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 49 percent of total revenues, while property taxes make up 26 percent of total revenues.

Expenses for governmental activities for the City totaled \$116,537,665 for the year ended September 30, 2010. 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 \$36.7 million, or 31.5 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$29.3 million.
- Public works program costs totaling \$29.1 million reflect primarily depreciation charges on infrastructure of \$19.7 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, 2010**

**Business-type activities.** Business-type activities increased the City's net assets by \$6,542,803 or 39 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>2010</u>	<u>2009</u>
Operating revenues	\$ 37,512,213	\$ 37,802,909
Operating income	\$ 4,021,182	\$ 1,143,503
Income available for debt service	\$ 16,997,109	\$ 11,738,280
Annual debt service	\$ 4,007,882	\$ 568,400
Coverage	4.24	20.65

The City has updated its comprehensive utility rate study. Findings from the study indicated the water/wastewater utility to be in good financial health. However, in order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year rate increases will be necessary. This fiscal year saw a combined average 5.8% utility rate increase effective in January 2010. This was the final year of the scheduled retail rate increases. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

Although an unusually rainy year reduced consumption levels, the rate adjustment and growth in the customer base combined to provide fairly flat operating revenue results 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, 2010**

**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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the fiscal year ended September 30, 2010, the City's governmental funds reported combined ending fund balances of \$176,995,260. Approximately 48 percent of this total amount (\$84,471,659) constitutes unreserved fund balance and is available for spending at the City's discretion. The remainder of fund balances is reserved to indicate that it is not available for new spending because it has already been committed to 1) pay debt service (\$1,944,761), 2) fund authorized capital projects (\$90,105,139), or 3) a variety of other restricted purposes (\$473,701).

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 \$40,287,116, all of which was unreserved. Unreserved fund balance represented 52.4 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$789,686. 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 \$1,944,761 at the end of the fiscal year, all of which is reserved for the payment of debt service. The net scheduled decrease in fund balance during the year was \$942,520. The decrease was primarily a result of partial funding (\$1,051,454) of the 2010 General Obligation Refunding Bonds as more fully detailed in Note IV(F)(4) to the financial statements. Debt service expenditure requirements increased by \$597,101 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTSDC revenue fund was \$50,238,019, an increase of \$5,793,205 compared to the prior year. The increase reflects the sales tax collections dedicated to transportation system improvements and related maintenance and debt service costs.

The RRTSDC project fund, the self-financed construction fund and the 2007 general obligation bond fund had a combined total fund balance at year-end of \$61,458,135. The collective net decrease of \$2,273,454 occurred as a result of transfers in for scheduled project construction activity and major progress on related project expenditures.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

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

Unrestricted net assets of the water and sewer utility totaled \$81,106,078 at September 30, 2010. The total growth in net assets for the utility was \$6,859,700. The unrestricted net assets represented 27.1 percent of the utility's total net assets. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for the general fund were a net increase in appropriations of \$2.95 million or 3.5 percent. The amendments were primarily to reallocate available cash to fund specified capital purchases totaling \$6.5 million.

Funding sources for the above items were provided by various revenue budget amendments netting a total of \$2.95 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, 2010, amounted to \$765,994,731 (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, 2010, included the following:

- Information technology infrastructure was upgraded for security, fiber optic connectivity, financial services and pavement management software at a cost of \$2.3 million.
- Work continued on the new city hall business center complex; total cost is estimated at \$8.3 million and construction in progress had reached \$5.5 million at year end. Completion is expected for mid 2012.
- Work began on the demolition and reconstruction of the former police station. The facility will provide additional City office space. Total cost is estimated at \$4 million.
- Design work continued on the new Brushy Creek Trail Gap project at a total estimated project cost of \$3 million. Completion is expected in mid 2012.
- Work was near completion on the Intermodal Transit and Parking Facility which will provide commuter and downtown parking. Total project cost is \$5.1 million.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

**Capital Assets and Debt Administration (Continued)**

- Major arterial and road projects are underway and are in various stages of completion. Completed projects totaled \$4.3 million while construction in progress at year-end approximated \$15.7 million.

- Various street, sidewalk and drainage improvement projects were underway with completions totaling \$2.9 million and construction in progress at \$3.9 million at year-end.

- Developers contributed infrastructure improvements for governmental activities of \$3.6 million and \$2.1 million for water and sewer system infrastructure improvements.

- Work was completed on a clearwell storage tank at the water treatment plant for a total cost of \$2.5 million.

- An offsite elevated storage tank was completed and placed in service in mid 2010 at a cost of \$4.6 million.

- Work continued on a water treatment plant rehabilitation project. Total estimated cost is \$3.6 million and construction in progress was \$2.7 million at year-end.

- Design work was completed on Phase 1 of the reuse treatment facility and water line. Construction is scheduled to begin in early 2011 at an estimated cost of \$6.2 million.

- The purchase of an undivided interest in the Brushy Creek Regional Wastewater System was completed in December 2009 at a cost of \$79.4 million.

- The sanitary sewer evaluation and rehabilitation program continues with completions totaling \$1.5 million and construction in progress of \$1.0 million at year-end.

- Phase 1 construction continued on the regional water project with scheduled completion in mid 2012.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

Capital Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 25,918	\$ 25,918	\$ 8,449	\$ 2,545	\$ 34,367	\$ 28,463
Buildings and Improvements	101,803	99,637	22,506	22,506	124,309	122,143
Improvements Other Than Buildings	523,477	510,909	345,287	263,314	868,764	774,223
Machinery and Equipment	53,037	48,252	7,631	7,649	60,668	55,901
Accumulated Depreciation	(267,377)	(240,887)	(88,908)	(77,570)	(356,285)	(318,457)
Construction in Progress	27,010	21,889	7,162	11,101	34,172	32,990
Total	<u>\$ 463,868</u>	<u>\$ 465,718</u>	<u>\$ 302,127</u>	<u>\$ 229,545</u>	<u>\$ 765,995</u>	<u>\$ 695,263</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 \$271,397,396. Of this amount, \$124,000,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds and bank loans).

The City of Round Rock's total debt increased by \$66,818,884 during the current fiscal year. The net increase is largely due to the issuance of \$78,785,000 in utility system revenue bonds for the purchase of an undivided interest in the Brushy Creek wastewater system as more fully described in Note V(A) to the financial statements. Regularly scheduled debt principal was retired as well.

During the current fiscal year, The City refinanced 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, 2010**

Long-Term Debt (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 110,470	\$ 115,725	\$ -	\$ -	\$ 110,470	\$ 115,725
Certificates of obligation	13,530	14,475	-	-	13,530	14,475
Hotel tax revenue bonds	7,845	8,215	-	-	7,845	8,215
Sales tax revenue bonds	17,805	19,035	-	-	17,805	19,035
State infrastructure bank loans	32,552	35,574	-	-	32,552	35,574
Water and wastewater revenue bonds	-	-	89,195	11,555	89,195	11,555
<b>Total</b>	<b>\$ 182,202</b>	<b>\$ 193,024</b>	<b>\$ 89,195</b>	<b>\$ 11,555</b>	<b>\$ 271,397</b>	<b>\$ 204,579</b>

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

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. Assuming the maximum tax rate for debt service of \$1.50 on the January 1, 2009 certified assessed valuation of \$8,322,296,715 at 100% collection, tax revenue of \$124,834,451 would be produced. This revenue could service the debt on \$1,491,819,433 issued as 20-year serial bonds at 5.50% (with level debt service payment). The resulting legal debt margin is \$1,374,279,194.

The City had authorized but unissued water and wastewater system revenue bonds totaling \$1,585,000 at September 30, 2010. 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 vision and strategic goals, uncertain economic conditions and by the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2010-2011 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 sufficient funding to continue adequate core operating services and to ensure these services meet the needs of a larger community.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

Concerns over the current economy and projections for next budget year have presented a challenge to the City. Reduced revenue projections coupled with rising expenses in some areas have required us to creatively institute cost reduction measures. Each department was asked to complete a functional analysis which analyzed their current operational needs and identify areas where efficiencies could be achieved. Meeting this challenge, departments were able to successfully reduce operating budgets by over \$1 million while maintaining core service levels. A total of 21.5 full-time equivalents will be eliminated due to departmental reorganizations and city-wide efficiencies. Additional savings are achieved by a combination of realigning departmental functions, renegotiating contractual services and implementing process efficiencies.

Major programs in the general fund continue to focus on public safety and transportation. Included are 4 additional police officers and a dispatch position. The budget also funds an express transit and reverse commuter service. Round Rock citizens will be provided access to the Capital Metro service area. This program will also provide employers in Round Rock with peak hour/reverse commute routes for their employees.

Revenue assumptions in general for fiscal year 2010-2011 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.

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

- Economic development funding;
- Fleet and equipment replacement;
- Storm water drainage activities.

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. Phased-in rate increases were completed last year and no rate increases for retail water or wastewater services are planned for the 2010-2011 budget year.

A water conservation and drought contingency program has been established to conserve existing water sources. In the summer of 2009, 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. This regional approach is expected to provide significant cost savings for the construction as well as economies of scale for the ongoing operations, as one plant will be designed to serve all three communities. The first phase of this project is expected to be completed by 2012 and future financial requirements of this project are incorporated in the City's utility rate planning model.

**City of Round Rock, Texas**  
**Management's Discussion and Analysis - continued**  
**September 30, 2010**

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

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

Like the water system mentioned above, the wastewater system costs are reflective of expansions required to meet the needs of a larger, growing population. 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 sale of the regional system (Brushy Creek Regional Wastewater System) from the Lower Colorado River Authority (LCRA) was completed in December 2009. This budget year will be the first full-year of ownership of the treatment plant. The City is closely monitoring operating costs and their impacts on current and future utility rates.

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 ASSETS**  
**SEPTEMBER 30, 2010**

<u><b>ASSETS</b></u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 34,261,670	\$ 21,197,506	\$ 55,459,176
Investments	67,014,689	47,495,491	114,510,180
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	310,470	-	310,470
Accounts & other	5,054,152	6,396,524	11,450,676
Loans	2,440,772	-	2,440,772
Accrued interest	589,672	230,518	820,190
Internal balances	(1,433,718)	1,433,718	-
Assessments	725,659	-	725,659
Intergovernmental	619,354	4,640,989	5,260,343
Inventories	112,730	312,169	424,899
Other current assets	305,036	1,626,200	1,931,236
Restricted assets -			
Cash and cash equivalents	66,009,811	12,540,365	78,550,176
Investments	21,783,150	-	21,783,150
Property taxes receivable	234,854	-	234,854
Accounts and other	1,155,736	946,126	2,101,862
Accrued interest	78,735	-	78,735
Investment in joint venture	-	4,170,881	4,170,881
Deferred charges, net	6,599,777	-	6,599,777
Capital assets -			
Land and construction in progress	52,927,410	15,611,431	68,538,841
Capital assets, net of accumulated depreciation	410,940,639	286,515,251	697,455,890
 Total assets	 <u>669,730,598</u>	 <u>403,117,169</u>	 <u>1,072,847,767</u>

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

	Governmental Activities	Business-Type Activities	Total
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 9,510,300	\$ 1,628,361	\$ 11,138,661
Accrued payroll	1,796,343	237,198	2,033,541
Unearned revenue	1,635,581	-	1,635,581
Accrued interest payable	1,499,312	631,190	2,130,502
Noncurrent liabilities:			
Due within one year	14,661,819	1,539,398	16,201,217
Due in more than one year	180,136,190	91,543,248	271,679,438
Total liabilities	209,239,545	95,579,395	304,818,940
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	274,037,741	210,960,047	484,997,788
Temporarily restricted for:			
Debt service	503,895	257,595	761,490
Capital projects	90,105,139	13,039,218	103,144,357
Unrestricted	95,844,278	83,280,914	179,125,192
Total net assets	\$ 460,491,053	\$ 307,537,774	\$ 768,028,827

**CITY OF ROUND ROCK, TEXAS  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 27,241,208	\$ 3,927,379	\$ 651,783	\$ 2,215,371
Public safety	36,688,203	4,150,577	279,006	90,494
Public works	29,053,781	836,169	-	5,223,792
Culture and recreation	14,260,057	2,531,989	2,090	105,200
Interest on long-term debt	9,294,416	-	-	-
Total governmental activities	116,537,665	11,446,114	932,879	7,634,857
Business-type activities:				
Water and sewer utility	36,702,169	37,512,213	-	2,120,848
Golf course	192,595	349,424	-	-
Total business-type activities	36,894,764	37,861,637	-	2,120,848
Total primary government	\$ 153,432,429	\$ 49,307,751	\$ 932,879	\$ 9,755,705

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (20,446,675)	\$ -	\$ (20,446,675)
Public safety	(32,168,126)	-	(32,168,126)
Public works	(22,993,820)	-	(22,993,820)
Culture and recreation	(11,620,778)	-	(11,620,778)
Interest on long-term debt	(9,294,416)	-	(9,294,416)
Total governmental activities	(96,523,815)	-	(96,523,815)
Business-type activities:			
Water and sewer utility	-	2,930,892	2,930,892
Golf course	-	156,829	156,829
Total business-type activities	-	3,087,721	3,087,721
Total primary government	(96,523,815)	3,087,721	(93,436,094)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	20,752,960	-	20,752,960
Property taxes, levied for debt service	12,287,125	-	12,287,125
Franchise taxes	5,934,540	-	5,934,540
Sales tax	61,625,140	-	61,625,140
Hotel occupancy tax	2,291,326	-	2,291,326
Public service taxes	327,723	-	327,723
Impact fees	-	3,893,417	3,893,417
Unrestricted investment earnings	1,365,802	1,731,860	3,097,662
Loss on joint venture	-	(63,606)	(63,606)
Transfers	2,106,589	(2,106,589)	-
Total general revenues and transfers	106,691,205	3,455,082	110,146,287
Change in net assets	10,167,390	6,542,803	16,710,193
Net assets-beginning	450,323,663	300,994,971	751,318,634
Net assets-ending	\$ 460,491,053	\$ 307,537,774	\$ 768,028,827

**CITY OF ROUND ROCK, TEXAS  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2010**

			Round Rock Transportation System Development Corporation Revenue Fund
	General Fund	Debt Service Fund	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,755,679	\$ -	\$ -
Investments	61,988,869	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	310,470	-	-
Accounts and other	4,362,293	-	-
Loans	-	-	-
Accrued interest	335,368	-	-
Interfund receivables	290,767	143,018	-
Assessments	-	-	-
Intergovernmental	283,082	-	-
Inventories	112,730	-	-
Other current assets	216,536	-	-
Restricted assets -			
Cash and cash equivalents	-	1,889,445	27,429,714
Investments	-	-	21,783,150
Receivables -			
Property taxes, including interest and penalties	-	234,854	-
Sales tax	-	-	1,134,116
Accrued interest	-	-	78,735
Total assets	<u>\$ 77,655,794</u>	<u>\$ 2,267,317</u>	<u>\$ 50,425,715</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities-			
Accounts payable	\$ 7,086,390	\$ 58,445	\$ 187,696
Accrued payroll	1,789,285	-	-
Interfund payables	28,237,391	47,335	-
Deferred revenue	255,612	216,776	-
Total liabilities	<u>37,368,678</u>	<u>322,556</u>	<u>187,696</u>
Fund balances -			
Reserved for debt service	-	1,944,761	-
Reserved for authorized construction	-	-	50,238,019
Reserved for federal seizure	-	-	-
Unreserved, reported in-			
General fund	40,287,116	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>40,287,116</u>	<u>1,944,761</u>	<u>50,238,019</u>
Total liabilities and fund balances	<u>\$ 77,655,794</u>	<u>\$ 2,267,317</u>	<u>\$ 50,425,715</u>

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

Round Rock Transportation System Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,932,578	\$ 5,387,233	\$ -	\$ 10,377,831	\$ 27,453,321
-	-	-	1,001,758	62,990,627
-	-	-	-	310,470
-	182,116	-	509,743	5,054,152
1,616,552	824,220	-	-	2,440,772
-	-	-	242,356	577,724
-	28,084,203	-	-	28,517,988
-	-	-	725,659	725,659
-	19,462	-	316,810	619,354
-	-	-	-	112,730
-	-	-	1,000	217,536
-	-	24,584,913	12,105,739	66,009,811
-	-	-	-	21,783,150
-	-	-	-	234,854
-	-	21,620	-	1,155,736
-	-	-	-	78,735
<u>\$ 3,549,130</u>	<u>\$ 34,497,234</u>	<u>\$ 24,606,533</u>	<u>\$ 25,280,896</u>	<u>\$ 218,282,619</u>
\$ 709,217	\$ 416,918	\$ 68,627	\$ 561,195	\$ 9,088,488
-	-	-	7,058	1,796,343
-	-	-	9,832	28,294,558
-	-	-	1,635,582	2,107,970
<u>709,217</u>	<u>416,918</u>	<u>68,627</u>	<u>2,213,667</u>	<u>41,287,359</u>
-	-	-	-	1,944,761
2,839,913	-	24,537,906	12,489,301	90,105,139
-	-	-	473,701	473,701
-	-	-	-	40,287,116
-	-	-	8,444,952	8,444,952
-	34,080,316	-	1,659,275	35,739,591
<u>2,839,913</u>	<u>34,080,316</u>	<u>24,537,906</u>	<u>23,067,229</u>	<u>176,995,260</u>
<u>\$ 3,549,130</u>	<u>\$ 34,497,234</u>	<u>\$ 24,606,533</u>	<u>\$ 25,280,896</u>	<u>\$ 218,282,619</u>



**CITY OF ROUND ROCK, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

Total Fund Balances - Governmental Funds \$ 176,995,260

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

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

Land	\$	25,917,612	
Building and improvements		625,279,686	
Equipment		53,037,522	
Construction in progress		27,009,798	
Accumulated depreciation		(267,376,569)	
Total capital assets	\$	463,868,049	463,868,049

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	472,388
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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 assets.	8,794,455
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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.	(189,639,099)
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Net Assets of Governmental Activities	\$ 460,491,053
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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, 2010**

	General Fund	Debt Service Fund	Round Rock Transportation System Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 73,307,789	\$ 12,356,076	\$ 15,406,285
Licenses, permits and fees	705,738	-	-
Charges for services	3,767,565	-	-
Fines and forfeitures	1,819,409	-	-
Intergovernmental	1,006,442	-	-
Hotel occupancy tax	-	-	-
Investment and other	3,256,307	21,429	151,010
Contributions	-	-	-
Total revenues	<u>83,863,250</u>	<u>12,377,505</u>	<u>15,557,295</u>
Expenditures -			
Current -			
General government	22,542,869	-	-
Public safety	34,394,687	-	-
Public works	9,375,430	-	190,000
Culture and recreation	10,493,353	-	-
Debt service -			
Principal retirement	-	11,456,810	-
Interest and fiscal charges	-	9,097,057	-
Advance refunding escrow	-	1,051,454	-
Issuance costs	-	276,535	-
Capital projects	-	-	-
Total expenditures	<u>76,806,339</u>	<u>21,881,856</u>	<u>190,000</u>
Excess (deficiency) of revenues over expenditures	<u>7,056,911</u>	<u>(9,504,351)</u>	<u>15,367,295</u>
Other financing sources (uses) -			
Issuance of lease	750,000	-	-
Issuance of debt	-	18,575,000	-
Issuance of premium	-	1,387,593	-
Payment to refunding agent	-	(19,682,356)	-
Transfers in	2,624,400	8,281,594	-
Transfers out	(9,641,625)	-	(9,574,090)
Total other financing sources (uses)	<u>(6,267,225)</u>	<u>8,561,831</u>	<u>(9,574,090)</u>
Net change in fund balances	<u>789,686</u>	<u>(942,520)</u>	<u>5,793,205</u>
Fund balances, October 1, 2009	<u>39,497,430</u>	<u>2,887,281</u>	<u>44,444,814</u>
Fund balances, September 30, 2010	<u>\$ 40,287,116</u>	<u>\$ 1,944,761</u>	<u>\$ 50,238,019</u>

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

Round Rock Transportation System Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 101,070,150
-	-	-	201,967	907,705
-	-	-	-	3,767,565
-	-	-	440,992	2,260,401
-	474,651	-	2,471,999	3,953,092
-	-	-	2,291,326	2,291,326
5,207	31,310	74,216	113,150	3,652,629
845,239	105,200	-	22,202	972,641
<u>850,446</u>	<u>611,161</u>	<u>74,216</u>	<u>5,541,636</u>	<u>118,875,509</u>
-	-	-	507,589	23,050,458
-	-	-	145,157	34,539,844
-	-	-	-	9,565,430
-	-	-	664,642	11,157,995
-	-	-	-	11,456,810
-	-	-	-	9,097,057
-	-	-	-	1,051,454
-	-	-	-	276,535
<u>6,514,168</u>	<u>7,533,575</u>	<u>2,513,728</u>	<u>4,623,164</u>	<u>21,184,635</u>
<u>6,514,168</u>	<u>7,533,575</u>	<u>2,513,728</u>	<u>5,940,552</u>	<u>121,380,218</u>
<u>(5,663,722)</u>	<u>(6,922,414)</u>	<u>(2,439,512)</u>	<u>(398,916)</u>	<u>(2,504,709)</u>
-	560,569	-	-	1,310,569
-	-	-	-	18,575,000
-	-	-	-	1,387,593
-	-	-	-	(19,682,356)
2,750,000	9,641,625	-	1,161,871	24,459,490
-	(200,000)	-	(1,874,871)	(21,290,586)
<u>2,750,000</u>	<u>10,002,194</u>	<u>-</u>	<u>(713,000)</u>	<u>4,759,710</u>
<u>(2,913,722)</u>	<u>3,079,780</u>	<u>(2,439,512)</u>	<u>(1,111,916)</u>	<u>2,255,001</u>
<u>5,753,635</u>	<u>31,000,536</u>	<u>26,977,418</u>	<u>24,179,145</u>	<u>174,740,259</u>
<u>\$ 2,839,913</u>	<u>\$ 34,080,316</u>	<u>\$ 24,537,906</u>	<u>\$ 23,067,229</u>	<u>\$ 176,995,260</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, 2010**

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

Net Change in Fund Balances-Total Governmental Funds	\$ 2,255,001
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.	(5,332,685)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.	3,483,353
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(142,661)
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.	11,062,868
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.	(998,400)
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.	(160,086)
Change in Net Assets of Governmental Activities	<u>\$ 10,167,390</u>

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, 2010**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 73,307,789	\$ 68,399,000	\$ 73,249,000	\$ 58,789
Licenses, permits and fees	705,738	979,000	749,000	(43,262)
Charges for services	3,767,565	3,791,100	3,741,100	26,465
Fines and forfeitures	1,819,409	2,269,000	1,784,000	35,409
Intergovernmental	1,006,442	752,352	926,352	80,090
Investment and other	3,256,307	3,257,150	3,148,150	108,157
Total revenues	<u>83,863,250</u>	<u>79,447,602</u>	<u>83,597,602</u>	<u>265,648</u>
Expenditures -				
Current -				
General government	22,542,869	23,260,940	22,836,630	293,761
Public safety	34,394,687	35,374,121	34,462,776	68,089
Public works	9,375,430	13,682,317	9,513,747	138,317
Culture and recreation	10,493,353	11,703,750	10,516,350	22,997
Total expenditures	<u>76,806,339</u>	<u>84,021,128</u>	<u>77,329,503</u>	<u>523,164</u>
Excess (deficiency) of revenues over expenditures	<u>7,056,911</u>	<u>(4,573,526)</u>	<u>6,268,099</u>	<u>788,812</u>
Other financing sources (uses) -				
Issuance of lease	750,000	750,000	750,000	-
Transfers in	2,624,400	3,824,400	2,624,400	-
Transfers out	(9,641,625)	-	(9,641,625)	-
Total other financing sources (uses)	<u>(6,267,225)</u>	<u>4,574,400</u>	<u>(6,267,225)</u>	<u>-</u>
Net change in fund balances	789,686	<u>\$ 874</u>	<u>\$ 874</u>	<u>\$ 788,812</u>
Fund balance, October 1, 2009	<u>39,497,430</u>			
Fund balance, September 30, 2010	<u>\$ 40,287,116</u>			

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

**CITY OF ROUND ROCK, TEXAS**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**ROUND ROCK TRANSPORTATION SYSTEM DEVELOPMENT CORPORATION**  
**REVENUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 15,406,285	\$ 14,000,000	\$ 14,000,000	\$ 1,406,285
Investment and other	151,010	690,000	690,000	(538,990)
Total revenues	<u>15,557,295</u>	<u>14,690,000</u>	<u>14,690,000</u>	<u>867,295</u>
Expenditures -				
Current -				
Public works	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>15,367,295</u>	<u>14,500,000</u>	<u>14,500,000</u>	<u>867,295</u>
Other financing uses-				
Transfers out	<u>(9,574,090)</u>	<u>(52,924,666)</u>	<u>(52,924,666)</u>	<u>43,350,576</u>
Total other financing uses	<u>(9,574,090)</u>	<u>(52,924,666)</u>	<u>(52,924,666)</u>	<u>43,350,576</u>
Net change in fund balances	5,793,205	<u>\$ (38,424,666)</u>	<u>\$ (38,424,666)</u>	<u>\$ 44,217,871</u>
Fund balance, October 1, 2009	<u>44,444,814</u>			
Fund balance, September 30, 2010	<u>\$ 50,238,019</u>			

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

**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 20,414,239	\$ 783,267	\$ 21,197,506	\$ 6,808,349
Investments	47,495,491	-	47,495,491	4,024,062
Receivables (net of allowance for uncollectibles of \$ 1,374,365) -				
Accounts	6,396,524	-	6,396,524	-
Accrued interest	230,518	-	230,518	11,948
Interfund	42,149	-	42,149	-
Intergovernmental	4,640,989	-	4,640,989	-
Inventories	312,169	-	312,169	-
Other current assets	1,626,200	-	1,626,200	87,500
Total current assets	<u>81,158,279</u>	<u>783,267</u>	<u>81,941,546</u>	<u>10,931,859</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	7,922,491	-	7,922,491	-
Construction	3,023,232	-	3,023,232	-
Customer deposits	1,337,047	-	1,337,047	-
Revenue bond covenant accounts	257,595	-	257,595	-
Restricted accounts and accrued interest receivable:				
Impact fees	189,678	-	189,678	-
Loans receivable	756,448	-	756,448	-
Investment in joint venture	4,170,881	-	4,170,881	-
Capital assets:				
Land and construction in progress	13,720,256	1,891,175	15,611,431	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 88,908,515)	<u>282,979,502</u>	<u>3,535,749</u>	<u>286,515,251</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>296,699,758</u>	<u>5,426,924</u>	<u>302,126,682</u>	<u>-</u>
Total noncurrent assets	<u>314,357,130</u>	<u>5,426,924</u>	<u>319,784,054</u>	<u>-</u>
Total assets	<u>\$ 395,515,409</u>	<u>\$ 6,210,191</u>	<u>\$ 401,725,600</u>	<u>\$ 10,931,859</u>

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

(Continued)

**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS (CONTINUED)  
SEPTEMBER 30, 2010**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable	\$ 1,628,361	\$ -	\$ 1,628,361	\$ 480,256
Accrued payroll	237,198	-	237,198	-
Accrued interest	631,190	-	631,190	-
Interfund payables	-	-	-	265,579
Current portion of bonds payable	1,210,000	-	1,210,000	-
Current portion of premiums on bonds	67,987	-	67,987	-
Accrued benefit obligations	261,411	-	261,411	-
Total current liabilities	<u>4,036,147</u>	<u>-</u>	<u>4,036,147</u>	<u>745,835</u>
Noncurrent liabilities:				
Unearned revenue	142,544	-	142,544	-
Bonds payable	87,985,000	-	87,985,000	-
Premiums on bonds payable	1,903,648	-	1,903,648	-
Accrued benefit obligations	175,009	-	175,009	-
Customer deposits	1,337,047	-	1,337,047	-
Total noncurrent liabilities	<u>91,543,248</u>	<u>-</u>	<u>91,543,248</u>	<u>-</u>
Total liabilities	<u>95,579,395</u>	<u>-</u>	<u>95,579,395</u>	<u>745,835</u>
Net assets:				
Invested in capital assets, net of related debt	205,533,123	5,426,924	210,960,047	-
Restricted for:				
Debt service	257,595	-	257,595	-
Capital projects	13,039,218	-	13,039,218	-
Unrestricted	81,106,078	783,267	81,889,345	10,186,024
Total net assets	<u>\$ 299,936,014</u>	<u>\$ 6,210,191</u>	<u>306,146,205</u>	<u>\$ 10,186,024</u>
Reconciliation to government-wide statement of net assets:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			<u>1,391,569</u>	
Net assets of business-type activities			<u>\$ 307,537,774</u>	

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

**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2010**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Operating revenues -				
Charges for services	\$ 37,512,213	\$ 349,424	\$ 37,861,637	\$ 7,846,706
Total operating revenues	37,512,213	349,424	37,861,637	7,846,706
Operating expenses -				
Personnel services	7,479,392	-	7,479,392	-
Contractual services	11,305,080	-	11,305,080	1,211,430
Supplies	886,553	-	886,553	-
Materials	766,081	12,885	778,966	-
Heat, light and power	1,806,175	-	1,806,175	-
Claims expense	-	-	-	5,850,642
Depreciation	11,247,750	179,710	11,427,460	-
Total operating expenses	33,491,031	192,595	33,683,626	7,062,072
Operating income	4,021,182	156,829	4,178,011	784,634
Nonoperating revenues (expenses) -				
Investment and other revenues	1,728,177	3,683	1,731,860	95,421
Loss in joint venture	(63,606)	-	(63,606)	-
Interest and fiscal charges	(3,188,965)	-	(3,188,965)	-
Total nonoperating revenues (expenses)	(1,524,394)	3,683	(1,520,711)	95,421
Income before contributions and transfers	2,496,788	160,512	2,657,300	880,055
Contributions and transfers -				
Contributions - impact fees	3,893,417	-	3,893,417	-
Developer contributions - infrastructure	2,120,848	-	2,120,848	-
Transfers in	127,915	-	127,915	-
Transfers out	(1,779,268)	(455,236)	(2,234,504)	(1,062,315)
Total contributions and transfers	4,362,912	(455,236)	3,907,676	(1,062,315)
Change in net assets	6,859,700	(294,724)	6,564,976	(182,260)
Net assets, October 1, 2009	293,076,314	6,504,915		10,368,284
Net assets, September 30, 2010	\$ 299,936,014	\$ 6,210,191		\$ 10,186,024
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.			(22,173)	
Change in net assets of business-type activities			\$ 6,542,803	

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, 2010**

	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	\$ 36,578,435	\$ 349,424	\$ 36,927,859	\$ 937,682
Cash received from other funds for services provided	-	-	-	8,237,348
Cash payments to suppliers for goods and services	(14,423,022)	(12,885)	(14,435,907)	(6,953,550)
Cash payments to employees for services	(6,623,940)	-	(6,623,940)	-
Cash payments to other funds for services	(1,107,729)	-	(1,107,729)	-
Net cash provided by operating activities	<u>14,423,744</u>	<u>336,539</u>	<u>14,760,283</u>	<u>2,221,480</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	127,915	-	127,915	-
Transfers to other funds	(1,779,268)	(455,236)	(2,234,504)	(1,062,315)
Net cash provided by (used for) noncapital financing activities	<u>(1,651,353)</u>	<u>(455,236)</u>	<u>(2,106,589)</u>	<u>(1,062,315)</u>
Cash flows from capital and related financing activities:				
Proceeds from capital debt	78,785,000	-	78,785,000	-
Premium on issuance of bonds	2,039,623	-	2,039,623	-
Bond issuance costs	(920,345)	-	(920,345)	-
Receipts of capital contributions	3,779,370	-	3,779,370	-
Acquisition and construction of capital assets	(77,937,569)	-	(77,937,569)	-
Proceeds from sale of capital assets	92,994	-	92,994	-
Investment in joint venture	(3,894,398)	-	(3,894,398)	-
Principal paid on revenue bonds	(1,145,000)	-	(1,145,000)	-
Collection of loans	525,000	-	525,000	-
Interest and fiscal charges paid	(2,623,895)	-	(2,623,895)	-
Net cash used by capital and related financing activities	<u>(1,299,220)</u>	<u>-</u>	<u>(1,299,220)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(43,608,393)	-	(43,608,393)	(4,023,906)
Proceeds from sale of investments	31,209,636	-	31,209,636	1,000,000
Investment and other income	545,493	3,683	549,176	103,330
Net cash provided by (used for) investing activities	<u>(11,853,264)</u>	<u>3,683</u>	<u>(11,849,581)</u>	<u>(2,920,576)</u>
Net increase (decrease) in cash and cash equivalents	(380,093)	(115,014)	(495,107)	(1,761,411)
Cash and cash equivalents at beginning of year	<u>33,334,697</u>	<u>898,280</u>	<u>34,232,977</u>	<u>8,569,760</u>
Cash and cash equivalents at end of year	<u>\$ 32,954,604</u>	<u>\$ 783,266</u>	<u>\$ 33,737,870</u>	<u>\$ 6,808,349</u>

(Continued)

**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2010**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Assets</u>				
Cash and cash equivalents	\$ 20,414,239	\$ 783,267	\$ 21,197,506	\$ 6,808,349
Restricted assets -				
Cash and cash equivalents	12,540,365	-	12,540,365	-
Cash and cash equivalents	<u>\$ 32,954,604</u>	<u>\$ 783,267</u>	<u>\$ 33,737,871</u>	<u>\$ 6,808,349</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 4,021,182	\$ 156,829	\$ 4,178,011	\$ 784,634
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	11,247,750	179,710	11,427,460	-
Provision for bad debts	16,441	-	16,441	-
(Increase) decrease in receivables	(1,003,103)	-	(1,003,103)	-
(Increase) decrease in interfund receivables	(14,327)	-	(14,327)	1,062,745
(Increase) decrease in inventory	26,649	-	26,649	-
(Increase) decrease in other assets	(392)	-	(392)	-
Increase (decrease) in accounts payable	314,609	-	314,609	108,522
Increase (decrease) in accrued payroll	(65,218)	-	(65,218)	-
Increase (decrease) in interfund payables	(213,214)	-	(213,214)	265,579
Increase in payables from restricted assets	52,884	-	52,884	-
Increase in compensated absences	40,483	-	40,483	-
Total adjustments	<u>10,402,562</u>	<u>179,710</u>	<u>10,582,272</u>	<u>1,436,846</u>
Net cash provided by operations	<u>\$ 14,423,744</u>	<u>\$ 336,539</u>	<u>\$ 14,760,283</u>	<u>\$ 2,221,480</u>

**NOTES:**

(1) Noncash capital and related financing activities:

In fiscal year 2010, the Water and Sewer Fund had \$ 2,120,848 in capital assets contributed, recognized \$ 107,348 in unrealized investment losses, and sold \$ 3,316,076 in wastewater assets in exchange for an intergovernmental receivable.

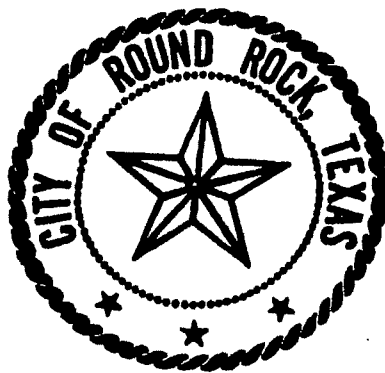
The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS  
FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET ASSETS  
SEPTEMBER 30, 2010**

	<u>AGENCY FUND</u>
	Public <u>Improvement Districts</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 23,615</u>
Total assets	<u><u>\$ 23,615</u></u>
<u>LIABILITIES</u>	
Liabilities -	
Due to participants	<u>\$ 23,615</u>
Total liabilities	<u><u>\$ 23,615</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**



**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

**Blended component unit**

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

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Government-wide Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements:**

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

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

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

**C. GOVERNMENTAL FUND TYPES**

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 eight 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*
- *Police Fund*
- *Municipal Court Fund*
- *Landscape Fund*
- *Round Rock Transportation System Development Corporation Revenue Fund*
- *Community Development Block Grant Fund*
- *Annexation Fees Fund*
- *Library Fund*

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 eleven 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 System Development Corporation Project*
- *Transit Fund*
- *Tourism Development Fund*
- *2007 General Obligation Bond Fund*

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. PROPRIETARY FUND TYPES**

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

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

**E. OTHER FUND TYPES**

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

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

**F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES**

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

**G. BASIS OF ACCOUNTING**

**Government-wide Statements**

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. BASIS OF ACCOUNTING (CONTINUED)**

**Fund Financial Statements**

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

**Governmental Funds**

***Revenue Recognition***

In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recorded when deemed both measurable and available. Measurable means that the amount of the transaction can be determined. Available means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

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

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.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. BASIS OF ACCOUNTING (CONTINUED)**

**Governmental Funds (Continued)**

***Revenue Recognition (Continued)***

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

***Expenditure Recognition***

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

**Proprietary and Agency Funds**

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, the golf course fund and the internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. CASH AND CASH EQUIVALENTS**

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

**I. INVENTORIES AND PREPAID ITEMS**

**Inventories** 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.

**J. 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 assets.

**K. 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>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. CAPITAL ASSETS (CONTINUED)**

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 \$ 3,188,965.

**L. LONG-TERM DEBT**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. 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.

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.

**N. TRANSACTIONS BETWEEN FUNDS**

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. RESTRICTED ASSETS**

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

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

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

**P. FUND BALANCE/NET ASSETS**

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

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

1) Fund balance components:

- i. Federal seizure – reserved for expenditures on law enforcement expenditures as authorized by state law for asset forfeiture monies.
- ii. Debt service – reserved for the retirement of general long-term debt.
- iii. Authorized construction – reserved to fund capital projects.
- iv. Unreserved & undesignated – funds available for expenditure in the following period.

2) Net asset categories :

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. 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.

**R. COMPARATIVE DATA/RECLASSIFICATIONS**

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

**S. 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, 2010**

**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 9, 2010. 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 during 2010. The following table compares original to final budgets. The largest amendment was to reallocate \$ 2,950,000 in available cash and departmental savings to fund specified capital purchases.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. BUDGETARY ACCOUNTING (CONTINUED)**

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 68,399,000	\$ 4,850,000	\$ 73,249,000
Licenses, permits and fees	979,000	(230,000)	749,000
Charges for services	3,791,100	(50,000)	3,741,100
Fines and forfeitures	2,269,000	(485,000)	1,784,000
Intergovernmental	752,352	174,000	926,352
Investment and other	3,257,150	(109,000)	3,148,150
Total revenues	<u>79,447,602</u>	<u>4,150,000</u>	<u>83,597,602</u>
Expenditures -			
Current -			
General government	23,260,940	(424,310)	22,836,630
Public safety	35,374,121	(911,345)	34,462,776
Public works	13,682,317	(4,168,570)	9,513,747
Culture and recreation	11,703,750	(1,187,400)	10,516,350
Total expenditures	<u>84,021,128</u>	<u>(6,691,625)</u>	<u>77,329,503</u>
Excess (deficiency) of revenues over expenditures	<u>(4,573,526)</u>	<u>10,841,625</u>	<u>6,268,099</u>
Other financing sources (uses) -			
Issuance of lease	750,000	-	750,000
Transfers in	3,824,400	(1,200,000)	2,624,400
Transfers out	-	(9,641,625)	(9,641,625)
Total other financing sources (uses)	<u>4,574,400</u>	<u>(10,841,625)</u>	<u>(6,267,225)</u>
Net change in fund balances	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 874</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, 2010**

**III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Bonds payable	\$ 149,650,000
Plus: Issuance premium (amortized against interest expense)	3,729,955
Less: Issuance discount (amortized against interest expense)	(197,824)
Less: Deferred charge from issuance costs (amortized over life of debt)	(2,541,547)
Less: Deferred charge on refundings (amortized over life of debt)	(4,058,229)
Bank loans	32,552,396
Accrued interest payable	1,440,866
Capital leases payable	4,095,781
Compensated absences	4,145,164
Other post-employment benefits	822,537
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net assets - governmental activities</i>	<u><u>\$ 189,639,099</u></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 assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 22,684,310
Depreciation expense	<u>(28,016,995)</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds to arrive at changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ (5,332,685)</u></u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 assets." The details of this difference are as follows:

Donations	\$ 3,642,005
Reclassifications, disposals, and transfers	<u>(158,652)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 3,483,353</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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Issuance of lease	\$ (1,310,569)
Issuance of debt	(18,575,000)
Issuance cost deferred on refunding debt	1,600,344
Premiums deferred on refunding debt	(1,387,593)
Debt payments/refundings	29,396,116
Capital leases payments	<u>1,339,570</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 11,062,868</u></u>

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

Amortization of bond premium/discount	\$ 177,331
Change in compensated absences	(479,809)
Increase in OPEB liability	(452,352)
Change in accrued interest	177,834
Amortization of issuance costs	<u>(421,404)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ (998,400)</u></u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

At September 30, 2010, the carrying amount of deposits was a credit balance of \$ 306,215 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 355,615. 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, 2010 is as follows:

Fair value at September 30, 2010	\$ 145,277,969
Add: Proceeds of investments matured this fiscal year	88,280,000
Less: Cost of investments purchased this fiscal year	(119,952,721)
Less: Fair value at September 30, 2009	<u>(115,518,827)</u>
Change in fair value of investments	<u><u>\$ (1,913,579)</u></u>

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

Cash in banks	\$ (306,215)
Investments	<u>270,608,897</u>
Total cash and investments	<u><u>\$ 270,302,682</u></u>

Statement of net assets presentation:

Cash and cash equivalents	\$ 55,459,176
Investments	114,510,180
Restricted assets -	
Cash and cash equivalents	78,550,176
Investments	<u>21,783,150</u>
Total cash and cash equivalents and investments	<u><u>\$ 270,302,682</u></u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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	\$ 141,032,970	\$ 141,032,970	310
Certificates of Deposit	4,245,000	4,245,000	270
Investments in State Investment Pools	125,330,927	125,330,927	1
	<u>\$ 270,608,897</u>	<u>\$ 270,608,897</u>	
Portfolio weighted average maturity			166

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, 2010**

**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, 2010, 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, 2010, \$ 99,204,152 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, \$ 26,126,775 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 2010 were of the aforementioned categories.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. PROPERTY TAXES AND RECEIVABLES**

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

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

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2009 tax roll. The tax rate, based on total taxable assessed valuation of \$ 8,322,296,715 was \$ .39661 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$ 0.24908 and \$ 0.14753, respectively.

Property taxes receivable at September 30, 2010, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 126,622	\$ 74,998	\$ 201,620
Prior years' levies	221,280	182,071	403,351
	<u>347,902</u>	<u>257,069</u>	<u>604,971</u>
Less - allowance for uncollectible taxes	(37,432)	(22,215)	(59,647)
	<u>\$ 310,470</u>	<u>\$ 234,854</u>	<u>\$ 545,324</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, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables as of September 30, 2010 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Debt Service	\$ 47,335	\$ 47,335
	Law Enforcement Fund	9,832	9,832
	Internal Service Fund	233,600	233,600
Debt Service	General Fund	143,018	143,018
Self-Financed Construction	General Fund	28,084,203	28,084,203
Water and Sewer	General Fund	10,170	10,170
	Internal Service Fund	31,979	31,979
		<u>\$ 28,560,137</u>	<u>\$ 28,560,137</u>
Governmental Funds		\$ 28,517,988	\$ 28,294,558
Proprietary Funds		42,149	-
Internal Service Fund		-	265,579
		<u>\$ 28,560,137</u>	<u>\$ 28,560,137</u>

The balance of \$ 28,084,203 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, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 1,690,000	\$ -
Self-financed Construction	934,400	9,641,625
	<u>2,624,400</u>	<u>9,641,625</u>
Debt Service Fund -		
Water and Sewer Fund	89,268	-
Golf Course Fund	455,236	-
Round Rock Transportation Development Corporation Revenue Fund	6,824,090	-
Self-Financed Construction	200,000	-
Nonmajor Governmental Funds	713,000	-
	<u>8,281,594</u>	<u>-</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	2,750,000
Debt Service Fund	-	6,824,090
	<u>-</u>	<u>9,574,090</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	2,750,000	-
Nonmajor Governmental Funds	-	-
	<u>2,750,000</u>	<u>-</u>
Self-Financed Construction -		
General Fund	9,348,595	-
Debt Service Fund	-	200,000
Nonmajor Governmental Funds	293,030	-
	<u>9,641,625</u>	<u>200,000</u>
Nonmajor Governmental Funds -		
Nonmajor Governmental Funds	1,161,871	1,874,871
	<u>1,161,871</u>	<u>1,874,871</u>
Subtotal of Governmental Funds	<u>24,459,490</u>	<u>21,290,586</u>
Water and Sewer Fund-		
General Fund	-	1,690,000
Debt Service Fund	-	89,268
Internal Service Fund	127,915	-
	<u>127,915</u>	<u>1,779,268</u>
Golf Course Fund-		
Debt Service Fund	-	455,236
	<u>-</u>	<u>455,236</u>
Subtotal of Proprietary Funds	<u>127,915</u>	<u>2,234,504</u>
Internal Service Fund-		
General Fund	-	934,400
Water and Sewer Fund	-	127,915
	<u>-</u>	<u>1,062,315</u>
	<u>\$ 24,587,405</u>	<u>\$ 24,587,405</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 as follows:

**STATEMENT OF NET ASSETS**

**As of September 30, 2010**

	<u>Total</u>	<u>City's Interest</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 36,430,879	
Investments	32,964,868	
Other current assets	47,242	
Restricted cash and cash equivalents	54,812,374	
Deferred charges, net	865,182	
Capital assets, net	24,508	
Construction in progress	71,966,070	
Total Assets	<u>197,111,123</u>	
<b><u>LIABILITIES</u></b>		
Accounts payable	5,321,989	
Accrued bond interest payable	1,391,032	
Payable to partners	1,307,340	
Total current liabilities	<u>8,020,361</u>	
Bonds payable	182,020,000	
Total Liabilities	<u>190,040,361</u>	
<b><u>NET ASSETS</u></b>	<b><u>\$ 7,070,762</u></b>	<b><u>\$ 4,170,881</u></b>

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended September 30, 2010**

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ -	\$ -
Operating expenses	177,995	63,606
Changes in Net Assets	(177,995)	(63,606)
Net assets, October 1, 2009	784,693	340,089
Contribution of capital	6,464,064	3,894,398
Nets assets, September 30, 2010	<u>\$ 7,070,762</u>	<u>\$ 4,170,881</u>

Financial statements may be obtained at the BCRUA, 221 East Main St, Round Rock, Texas, 78664.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010 was as follows:

	October 1, 2009	Additions/ Completions	Retirements/ Adjustments	September 30, 2010
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,917,612	\$ -	\$ -	\$ 25,917,612
Construction in progress	21,889,223	21,555,620	(16,435,045)	27,009,798
Total capital assets not being depreciated	47,806,835	21,555,620	(16,435,045)	52,927,410
Capital assets being depreciated:				
Buildings and improvements	610,545,682	14,734,004	-	625,279,686
Equipment	48,252,018	6,471,736	(1,686,232)	53,037,522
Total capital assets being depreciated	658,797,700	21,205,740	(1,686,232)	678,317,208
Less accumulated depreciation for:				
Buildings and improvements	207,582,566	22,401,026	-	229,983,592
Equipment	33,304,588	5,615,969	(1,527,580)	37,392,977
Total accumulated depreciation	240,887,154	28,016,995	(1,527,580)	267,376,569
Total capital assets being depreciated, net	417,910,546	(6,811,255)	(158,652)	410,940,639
Governmental activities capital assets, net	<u>\$ 465,717,381</u>	<u>\$ 14,744,365</u>	<u>\$ (16,593,697)</u>	<u>\$ 463,868,049</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,544,504	\$ 5,904,576	\$ -	\$ 8,449,080
Construction in progress	11,101,307	85,138,373	(89,077,329)	7,162,351
Total capital assets not being depreciated	13,645,811	91,042,949	(89,077,329)	15,611,431
Capital assets being depreciated:				
Buildings and improvements	285,820,539	85,288,678	(3,316,076)	367,793,141
Equipment	7,648,714	95,611	(113,700)	7,630,625
Total capital assets being depreciated	293,469,253	85,384,289	(3,429,776)	375,423,766
Less accumulated depreciation for:				
Building and improvements	71,851,225	10,839,843	-	82,691,068
Equipment	5,718,829	587,618	(89,000)	6,217,447
Total accumulated depreciation	77,570,054	11,427,461	(89,000)	88,908,515
Total capital assets being depreciated, net	215,899,199	73,956,828	(3,340,776)	286,515,251
Business-type activities capital assets, net	<u>\$ 229,545,010</u>	<u>\$ 164,999,777</u>	<u>\$ (92,418,105)</u>	<u>\$ 302,126,682</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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	\$ 1,819,473
Public safety	3,286,072
Public works	19,687,853
Culture and recreation	3,223,597
Total depreciation expense-governmental activities	<u>\$ 28,016,995</u>
Business-type activities:	
Water and sewer utility	\$ 11,247,750
Golf course	179,711
Total depreciation expense-business-type activities	<u>\$ 11,427,461</u>

Major construction contracts in progress from inception to September 30, 2010, consisted of the following:

	Project Authorization	Expended to 9/30/2010	Committed	Future Financing
Projects funded principally by general obligation debt -				
Streets, parks, library, public safety and general improvements	\$ 3,000,110	\$ 2,197,633	\$ 802,477	None
Parks and recreation facilities	14,309,653	14,309,653	-	None
Parks, public safety, streets and public service facilities	69,740,569	48,330,597	21,409,972	None
Municipal complex, public safety and street improvements	18,419,744	14,642,626	3,777,118	None
Self-financed construction	91,199,561	86,512,016	4,687,545	None
Round Rock Transportation System- road improvements	183,115,137	133,225,136	49,890,001	None
Convention center complex	1,046,336	1,046,336	-	None
	<u>\$380,831,110</u>	<u>\$300,263,997</u>	<u>\$ 80,567,113</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 2,345,558	\$ 1,786,351	\$ 559,207	None
Self-financed construction	63,323,622	47,175,372	16,148,250	None
	<u>\$ 65,669,180</u>	<u>\$ 48,961,723</u>	<u>\$ 16,707,457</u>	

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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, 2010:

	Balance October 1, 2009	Additions	Refundings/ Retirements	Balance September 30, 2010	Due within one year
<u>Governmental Activities</u>					
General obligation bonds	\$ 115,725,000	\$ 18,575,000	\$ (23,830,000)	\$ 110,470,000	\$ 4,490,000
Certificates of obligation	14,475,000	-	(945,000)	13,530,000	565,000
Hotel tax revenue bonds	8,215,000	-	(370,000)	7,845,000	390,000
State infrastructure bank loans	35,573,512	-	(3,021,116)	32,552,396	3,349,878
Sales tax revenue bonds	19,035,000	-	(1,230,000)	17,805,000	1,280,000
Plus deferred amount:					
For issuance premium	2,533,372	1,387,593	(191,010)	3,729,955	272,633
For issuance discount	(211,503)	-	13,679	(197,824)	(13,680)
Lease purchase payable	4,124,782	1,310,569	(1,339,570)	4,095,781	1,544,411
Compensated absences	3,665,355	2,707,777	(2,227,968)	4,145,164	2,783,577
Other post-employment benefits	370,185	653,638	(201,286)	822,537	-
Total governmental activities	<u>203,505,703</u>	<u>24,634,577</u>	<u>(33,342,271)</u>	<u>194,798,009</u>	<u>14,661,819</u>
<u>Business-Type Activities</u>					
Revenue bonds	11,555,000	78,785,000	(1,145,000)	89,195,000	1,210,000
Plus deferred amount:					
For issuance premium	-	2,039,622	(67,987)	1,971,635	67,987
Compensated absences	322,122	238,884	(230,549)	330,457	261,411
Other post-employment benefits	73,815	90,562	(58,414)	105,963	-
Total business-type activities	<u>11,950,937</u>	<u>81,154,068</u>	<u>(1,501,950)</u>	<u>91,603,055</u>	<u>1,539,398</u>
Total government	<u>\$ 215,456,640</u>	<u>\$ 105,788,645</u>	<u>\$ (34,844,221)</u>	<u>\$ 286,401,064</u>	<u>\$ 16,201,217</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

Long-term debt at September 30, 2010 is comprised of the following:

	Governmental Activities	Business-type Activities
<b>General Obligation Bonds:</b>		
\$ 45,465,000 2002 GO and refunding bonds due in annual installments of \$ 315,000 to \$ 570,000 through 2027; interest at 3.25% to 5.5%	\$ 6,675,000	\$ -
\$ 31,945,000 2004 GO and refunding bonds due in annual installments of \$ 60,000 to \$ 2,470,000 through 2024; interest at 2.0% to 5.25%	26,210,000	-
\$ 19,915,000 2005 refunding bonds due in annual installments of \$ 100,000 to \$ 2,275,000 through 2022; interest at 2.25% to 5%	17,340,000	-
\$ 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%	41,670,000	-
\$ 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%	18,575,000	-
Total General Obligation Bonds	<u>110,470,000</u>	<u>-</u>
<b>Certificates of Obligation:</b>		
\$ 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%	13,530,000	-
Total Certificates of Obligation	<u>13,530,000</u>	<u>-</u>
<b>Hotel Tax Revenue Bonds:</b>		
\$ 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%	7,845,000	-
Total Hotel Tax Revenue Bonds	<u>7,845,000</u>	<u>-</u>
<b>State Infrastructure Bank Loans:</b>		
\$ 16,000,000 2000 note due in annual installments of \$ 1,500,081 through 2015 including interest at 4.6%	6,567,011	-
\$ 15,000,000 2002 loan due in annual installments of \$ 1,153,142 through 2016 including interest at 4.5%	6,010,720	-
\$ 7,000,000 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	5,582,240	-
\$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2%	14,392,425	-
Total State Infrastructure Bank Loans	<u>32,552,396</u>	<u>-</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Utility System Revenue Bonds:</b>		
\$ 12,000,000 2006 bonds due in annual installments of \$ 365,000 to \$ 835,000 through 2026; interest at 2.2-2.95%	\$ -	\$ 11,000,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0-5.0%	-	78,195,000
Total Utility System Revenue Bonds	<u>-</u>	<u>89,195,000</u>
<b>Sales Tax Revenue Bonds:</b>		
\$ 25,890,000 2001 bonds due in annual installments of \$ 915,000 to \$ 1,460,000 through 2015; interest at 3.9-5.0%	6,665,000	-
\$ 11,505,000 2006 refunding bonds due in annual installments of \$ 60,000 to \$ 1,980,000 through 2021; interest at 4.0-4.5%	11,140,000	-
Total Sales Tax Revenue Bonds	<u>17,805,000</u>	<u>-</u>
Compensated absences	4,145,164	330,457
Other post-employment benefits	822,537	105,963
Issuance premium	3,729,955	1,971,635
Issuance discount	(197,824)	-
Lease purchases payable:		
\$ 6,065,959 leases due in semi annual installments of \$ 1,544,411 including interest ranging from 2.04% -3.78% due in 2014. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 6,065,959 at 9/30/2010.	4,095,781	-
Total primary government debt	<u>\$ 194,798,009</u>	<u>\$ 91,603,055</u>

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2010, including interest, are as follows:

**Governmental Activities:**

<u>Year Ended September 30,</u>	<u>General and Certificates of Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,055,000	\$ 5,676,489	\$ 10,731,489
2012	5,240,000	5,472,052	10,712,052
2013	5,465,000	5,249,452	10,714,452
2014	6,705,000	4,989,922	11,694,922
2015	6,980,000	4,715,522	11,695,522
2016-2020	39,995,000	18,446,000	58,441,000
2021-2025	34,115,000	9,262,782	43,377,782
2026-2030	16,155,000	2,904,975	19,059,975
2031-2032	4,290,000	324,500	4,614,500
	<u>\$ 124,000,000</u>	<u>\$ 57,041,694</u>	<u>\$ 181,041,694</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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>
2011	\$ 390,000	\$ 317,636	\$ 707,636
2012	405,000	301,736	706,736
2013	420,000	285,236	705,236
2014	440,000	268,036	708,036
2015	460,000	250,036	710,036
2016-2020	2,565,000	955,934	3,520,934
2021-2025	3,165,000	359,984	3,524,984
	<u>\$ 7,845,000</u>	<u>\$ 2,738,598</u>	<u>\$ 10,583,598</u>

<u>Year Ended September 30,</u>	<u>State Infrastructure Bank Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,349,878	\$ 1,400,336	\$ 4,750,214
2012	3,497,184	1,253,030	4,750,214
2013	3,650,983	1,099,232	4,750,215
2014	3,811,562	938,652	4,750,214
2015	3,979,221	770,992	4,750,213
2016-2020	9,622,971	2,100,805	11,723,776
2021-2023	4,640,597	367,776	5,008,373
	<u>\$ 32,552,396</u>	<u>\$ 7,930,823</u>	<u>\$ 40,483,219</u>

<u>Year Ended September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,280,000	\$ 790,326	\$ 2,070,326
2012	1,345,000	727,026	2,072,026
2013	1,405,000	665,288	2,070,288
2014	1,475,000	599,114	2,074,114
2015	1,540,000	528,256	2,068,256
2016-2020	8,780,000	1,583,198	10,363,198
2021	1,980,000	89,100	2,069,100
	<u>\$ 17,805,000</u>	<u>\$ 4,982,308</u>	<u>\$ 22,787,308</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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>
2011	\$ 1,544,411	\$ 111,679	\$ 1,656,090
2012	1,323,290	67,491	1,390,781
2013	829,593	32,810	862,403
2014	398,487	11,332	409,819
	<u>\$ 4,095,781</u>	<u>\$ 223,312</u>	<u>\$ 4,319,093</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>
2011	\$ 1,210,000	\$ 3,871,298	\$ 5,081,298
2012	2,055,000	3,838,953	5,893,953
2013	2,305,000	3,796,113	6,101,113
2014	2,600,000	3,747,633	6,347,633
2015	2,900,000	3,687,923	6,587,923
2016-2020	13,570,000	16,857,078	30,427,078
2021-2025	15,910,000	14,011,795	29,921,795
2026-2030	15,155,000	10,603,883	25,758,883
2031-2035	16,900,000	6,740,000	23,640,000
2036-2039	16,590,000	2,124,250	18,714,250
	<u>\$ 89,195,000</u>	<u>\$ 69,278,926</u>	<u>\$ 158,473,926</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, 2010, \$ 33,310,000 of bonds outstanding are considered defeased.

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

Bonds authorized and unissued at September 30, 2010, amounted to \$ 1,585,000.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 \$ 567,173 at September 30, 2010, 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 \$ 713,114 at September 30, 2010. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

**(3) SALES TAX REVENUE BONDS**

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

The debt service fund for the sales tax revenue bonds, aggregating \$ 57,877 at September 30, 2010, 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, 2010**

**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) 2010 REFUNDING/ISSUANCE**

In September, 2010 the City advance refunded portions of General Obligation Bonds. The net proceeds of the \$ 18,575,000 of general obligation refunding bonds (after payment of underwriting fees, insurance and other issuance costs) plus an additional \$ 1,051,454 of interest and sinking fund monies were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 17 years by \$ 1,981,918, 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 \$ 1,813,309.

In November, 2009 the City issued Utility System Revenue Bonds, Series 2009 totaling \$ 78,785,000. The proceeds from the sale of these bonds were used to expand and improve the City's utility system, including the acquisition of an undivided interest in the Brushy Creek wastewater system assets formerly owned by the LCRA, and to pay costs of issuance on the bonds.

**G. ACCRUED COMPENSATED ABSENCES**

Changes to accrued compensated absences for the year ended September 30, 2010, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2009	\$ 3,665,355	\$ 322,122
Additions	2,707,777	238,884
Reductions	(2,227,968)	(230,549)
Balance, September 30, 2010	<u>\$ 4,145,164</u>	<u>\$ 330,457</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. ACCRUED COMPENSATED ABSENCES (CONTINUED)**

Accrued compensated absences due within one year were \$ 2,783,577 for governmental activities and \$ 261,411 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, 2010:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
<b>Governmental Activities:</b>					
Debt Service fund	\$ 1,889,445	\$ -	\$ 234,854	\$ -	\$ -
Restricted by debt covenants-					
Round Rock Transportation					
System Development Corp.	27,429,714	21,783,150	-	1,134,116	78,735
2007 General Obligation Bond Fund	24,584,913	-	-	21,620	-
Nonmajor capital projects funds	12,105,739	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 66,009,811</b>	<b>\$ 21,783,150</b>	<b>\$ 234,854</b>	<b>\$ 1,155,736</b>	<b>\$ 78,735</b>
	Cash & Cash Equivalents	Accounts Receivable	Loans Receivable		
<b>Business-Type Activities:</b>					
Water and sewer fund-					
Impact fees	\$ 7,922,491	\$ 189,678	\$ -		
Construction	3,023,232	-	-		
Customer deposits	1,337,047	-	-		
Revenue bond debt service	257,595	-	-		
Loans receivable	-	-	756,448		
<b>Total Business-Type Activities</b>	<b>\$ 12,540,365</b>	<b>\$ 189,678</b>	<b>\$ 756,448</b>		

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**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 \$ 7,434.

**Commitments for Road Construction**

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

**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, 2010, the City's cost under this contract was \$ 406,560.

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, 2010, the City's cost under this contract was \$ 1,097,107.

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, 2010, the City's cost under these contracts was \$ 1,558,307.

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, 2010**

**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. Payments for operations and capital charges for the period from October through December 2009 were \$ 2,597,201.

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. From January, 2010 through September 30, 2010, expenditures for operation of the regional facilities were \$ 2,713,400.

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, 2009, the potential rebate was calculated at \$ 0.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Self-Funded Health Insurance Fund**

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with a lifetime maximum of \$ 1,000,000 per employee. The City purchases commercial insurance for claims in excess of a contractual City liability limit. Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$ 1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. 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>
2008	\$ 219,458	\$ 4,732,890	\$ 4,857,563	\$ 94,785
2009	\$ 94,785	\$ 5,859,761	\$ 5,582,812	\$ 371,734
2010	\$ 371,734	\$ 5,850,642	\$ 5,742,120	\$ 480,256

**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.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**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 41% of the City's sales tax collections for the year ended September 30, 2010.

**B. RISK MANAGEMENT**

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

**C. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The City provides pension benefits for all of its 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 by writing to TMRS, P. O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Plan Description (Continued)**

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***

	Plan Year 2008	Plan Year 2009	Plan Year 2010
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

**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 2007 valuation or to contribute the full rate. The City elected to contribute the full rate of 16.43% effective October 1, 2008. The fiscal year 2008 rate was 15.69%. The annual pension cost and net pension obligation/(asset) are as follows:

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Contributions (Continued)**

*Three-Year Trend Information*

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
2008	\$ 4,126,687	\$ 4,126,687	100.0%	\$ -
2009	\$ 6,403,533	\$ 6,403,533	100.0%	\$ -
2010	\$ 6,799,072	\$ 6,799,072	100.0%	\$ -

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

*Schedule of Actuarial Valuations*

Valuation Date	12/31/2007	12/31/2008	12/31/2009
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	30 years; closed period	29 years; closed period	28 years; closed period
Amortization Period for new Gain/Losses	30 years	30 years	30 years
Assets Valuation Method	Amortized cost	Amortized cost	10 yr. smoothed market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
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%

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Contributions (Continued)**

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

***Schedule of Funding Progress***

Actuarial Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Value of Assets	\$ 58,508,817	\$ 64,975,919	\$ 74,225,983
Actuarial Accrued Liability (AAL)	\$ 91,639,282	\$ 101,269,149	\$ 112,942,459
Funded Ratio	63.8%	64.2%	65.7%
Unfunded AAL (UAAL)	\$ 33,130,465	\$ 36,293,230	\$ 38,716,476
Covered Payroll	\$ 35,809,785	\$ 40,713,738	\$ 42,358,426
UAAL as a Percentage of Covered Payroll	92.5%	89.1%	91.4%

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.

**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 and \$ 1,000 of life insurance on the retiree only.

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.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

The City pays 100% of the retiree's life insurance premium. 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, 2010 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, 2010. This City did not perform an actuarial study during fiscal year 2010. The annual required contribution and OPEB liability for fiscal year 2010 is based upon the September 30, 2009 biennial actuarial study.

**Annual Other OPEB Cost and Net OPEB Obligation**

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2010, is as follows:

	<b>2009 Total</b>	<b>Governmental</b>	<b>Proprietary</b>	<b>2010 Total</b>
Annual required contribution	\$ 697,400	\$ 653,138	\$ 90,462	\$ 743,600
Interest on net OPEB obligation	-	15,091	3,009	18,100
Adjustment to annual required contribution	-	(14,591)	(2,909)	(17,500)
Annual OPEB cost	697,400	653,638	90,562	744,200
Contributions made	(253,400)	(201,286)	(58,414)	(259,700)
Change in net OPEB obligation	444,000	452,352	32,148	484,500
Beginning net OPEB obligation	-	370,185	73,815	444,000
Net OPEB obligation	<u>\$ 444,000</u>	<u>\$ 822,537</u>	<u>\$ 105,963</u>	<u>\$ 928,500</u>
Percentage of annual OPEB cost contributed	<u>36.3%</u>			<u>34.8%</u>

***Schedule of Funding Progress***

<b>Year Ended</b>	<b>Actuarial</b>	<b>Actuarial</b>		<b>Funded</b>	<b>Estimated</b>	<b>Percentage</b>
<b>September 30</b>	<b>Value of</b>	<b>Accrued</b>	<b>UAAL(1)</b>	<b>Ratio</b>	<b>Annual</b>	<b>of UAAL</b>
	<b>Assets</b>	<b>Liability</b>			<b>Covered</b>	<b>to Covered</b>
					<b>Payroll</b>	<b>Payroll</b>
2008	\$ -	\$ 6,938,000	\$ 6,938,000	0.0%	\$ 42,115,219	16.5%
2009	\$ -	\$ 7,327,000	\$ 7,327,000	0.0%	\$ 42,811,849	17.1%

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (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>		
	October 1, 2008	October 1, 2009
Actuarial Valuation Date	October 1, 2008	October 1, 2009
Actuarial Cost Methods	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	29 years
Inflation rate	3.5%	3.5%
Assumed Rate of		
Return on Investments	4.5%	4.5%
Projected salary increases	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 2009, decreasing 1% per year for five years to an ultimate trend of 5% in 2014

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

**CITY OF ROUND ROCK, TEXAS  
REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<b>Plan</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>UAAL(1)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Percentage of UAAL to Covered Payroll</b>
<b>Texas Municipal Retirement System</b>							
	12/31/07	\$ 58,508,817	\$ 91,639,282	\$ 33,130,465	63.8%	\$ 35,809,785	92.5%
	12/31/08	\$ 64,975,919	\$ 101,269,149	\$ 36,293,230	64.2%	\$ 40,713,738	89.1%
	12/31/09	\$ 74,225,983	\$ 112,942,459	\$ 38,716,476	65.7%	\$ 42,358,426	91.4%
<b>Other Post-employment Benefits (Note)</b>							
	9/30/2009	\$ -	\$ 6,938,000	\$ 6,938,000	0.0%	\$ 42,115,219	16.5%
	9/30/2010	\$ -	\$ 7,327,000	\$ 7,327,000	0.0%	\$ 42,811,849	17.1%

**Note:** GASB 45 was implemented in fiscal year 2009; therefore, information is available for 2009 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, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,480,011	\$ 2,897,820	\$ 10,377,831
Investments	1,001,758	-	1,001,758
Receivables -			
Accounts and other	506,538	3,205	509,743
Accrued interest	-	242,356	242,356
Assessments	-	725,659	725,659
Intergovernmental	-	316,810	316,810
Other assets	1,000	-	1,000
Restricted assets-			
Cash and cash equivalents	-	12,105,739	12,105,739
 Total assets	 <u>\$ 8,989,307</u>	 <u>\$ 16,291,589</u>	 <u>\$ 25,280,896</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 53,764	\$ 507,431	\$ 561,195
Accrued payroll	7,058	-	7,058
Interfund payables	9,832	-	9,832
Deferred revenue	-	1,635,582	1,635,582
Total liabilities	<u>70,654</u>	<u>2,143,013</u>	<u>2,213,667</u>
 Fund balances -			
Reserved for authorized construction	-	12,489,301	12,489,301
Reserved for federal seizure	473,701	-	473,701
Unreserved - undesignated	8,444,952	1,659,275	10,104,227
Total fund balances	<u>8,918,653</u>	<u>14,148,576</u>	<u>23,067,229</u>
 Total liabilities and fund balances	 <u>\$ 8,989,307</u>	 <u>\$ 16,291,589</u>	 <u>\$ 25,280,896</u>

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 201,967	\$ -	\$ 201,967
Fines and forfeitures	440,992	-	440,992
Intergovernmental	360,956	2,111,043	2,471,999
Hotel occupancy tax	2,291,326	-	2,291,326
Investment and other	21,255	91,895	113,150
Contributions	7,165	15,037	22,202
Total revenues	<u>3,323,661</u>	<u>2,217,975</u>	<u>5,541,636</u>
Expenditures -			
Current -			
General government	507,589	-	507,589
Public safety	145,157	-	145,157
Culture and recreation	664,642	-	664,642
Capital projects	-	4,623,164	4,623,164
Total expenditures	<u>1,317,388</u>	<u>4,623,164</u>	<u>5,940,552</u>
Excess (deficiency) of revenues over expenditures	<u>2,006,273</u>	<u>(2,405,189)</u>	<u>(398,916)</u>
Other financing sources /(uses) -			
Transfers in	-	1,161,871	1,161,871
Transfers out	<u>(1,338,000)</u>	<u>(536,871)</u>	<u>(1,874,871)</u>
Total other financing sources/(uses)	<u>(1,338,000)</u>	<u>625,000</u>	<u>(713,000)</u>
Net change in fund balances	<u>668,273</u>	<u>(1,780,189)</u>	<u>(1,111,916)</u>
Fund balances, October 1, 2009	<u>8,250,380</u>	<u>15,928,765</u>	<u>24,179,145</u>
Fund balances, September 30, 2010	<u>\$ 8,918,653</u>	<u>\$ 14,148,576</u>	<u>\$ 23,067,229</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. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements and promotion of the City.

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	Hotel-Motel Occupancy Tax	Police	Municipal Court	Landscape	Community Development Block Grant
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 5,840,701	\$ 492,629	\$ 388,572	\$ 581,755	\$ 6,188
Investments	1,001,758	-	-	-	-
Receivables -					
Accounts and other	506,538	-	-	-	-
Other current assets	1,000	-	-	-	-
Total assets	<u>\$ 7,349,997</u>	<u>\$ 492,629</u>	<u>\$ 388,572</u>	<u>\$ 581,755</u>	<u>\$ 6,188</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities -					
Accounts payable	\$ 28,430	\$ 9,096	\$ -	\$ 10,050	\$ 6,188
Accrued payroll	7,058	-	-	-	-
Interfund payable	-	9,832	-	-	-
Total liabilities	<u>35,488</u>	<u>18,928</u>	<u>-</u>	<u>10,050</u>	<u>6,188</u>
Fund balances -					
Reserved for federal seizure	-	473,701	-	-	-
Unreserved - undesignated	7,314,509	-	388,572	571,705	-
Total fund balances	<u>7,314,509</u>	<u>473,701</u>	<u>388,572</u>	<u>571,705</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 7,349,997</u>	<u>\$ 492,629</u>	<u>\$ 388,572</u>	<u>\$ 581,755</u>	<u>\$ 6,188</u>

<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 158,990	\$ 11,176	\$ 7,480,011
-	-	1,001,758
-	-	506,538
-	-	1,000
<u>\$ 158,990</u>	<u>\$ 11,176</u>	<u>\$ 8,989,307</u>
\$ -	\$ -	\$ 53,764
-	-	7,058
-	-	9,832
<u>-</u>	<u>-</u>	<u>70,654</u>
-	-	473,701
<u>158,990</u>	<u>11,176</u>	<u>8,444,952</u>
<u>158,990</u>	<u>11,176</u>	<u>8,918,653</u>
<u>\$ 158,990</u>	<u>\$ 11,176</u>	<u>\$ 8,989,307</u>

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2010**

	Hotel-Motel Occupancy Tax	Police	Municipal Court	Landscape	Community Development Block Grant
Revenues -					
Licenses, permits and fees	\$ -	\$ -	\$ 128,257	\$ 73,710	\$ -
Fines and forfeitures	-	440,992	-	-	-
Intergovernmental	-	3,744	-	-	357,212
Hotel occupancy tax	2,291,326	-	-	-	-
Investment and other	19,963	198	241	740	-
Contributions	6	-	-	5,075	-
Total revenues	2,311,295	444,934	128,498	79,525	357,212
Expenditures -					
Current-					
General government	-	-	63,245	81,913	357,212
Public safety	-	145,157	-	-	-
Culture and recreation	664,642	-	-	-	-
Total expenditures	664,642	145,157	63,245	81,913	357,212
Excess (deficiency) of revenues over expenditures	1,646,653	299,777	65,253	(2,388)	-
Other financing sources /(uses) -					
Transfers out	(1,338,000)	-	-	-	-
Total other financing sources/(uses)	(1,338,000)	-	-	-	-
Net change in fund balance	308,653	299,777	65,253	(2,388)	-
Fund balances, October 1, 2009	7,005,856	173,924	323,319	574,093	-
Fund balances, September 30, 2010	\$ 7,314,509	\$ 473,701	\$ 388,572	\$ 571,705	\$ -

<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 201,967
-	-	440,992
-	-	360,956
-	-	2,291,326
104	9	21,255
-	2,084	7,165
<u>104</u>	<u>2,093</u>	<u>3,323,661</u>
-	5,219	507,589
-	-	145,157
-	-	664,642
<u>-</u>	<u>5,219</u>	<u>1,317,388</u>
<u>104</u>	<u>(3,126)</u>	<u>2,006,273</u>
<u>-</u>	<u>-</u>	<u>(1,338,000)</u>
<u>-</u>	<u>-</u>	<u>(1,338,000)</u>
<u>104</u>	<u>(3,126)</u>	<u>668,273</u>
<u>158,886</u>	<u>14,302</u>	<u>8,250,380</u>
<u>\$ 158,990</u>	<u>\$ 11,176</u>	<u>\$ 8,918,653</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.

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2010**

	<u>Streets and Drainage</u>	<u>2004 General Obligation Bonds</u>	<u>Park Development</u>	<u>2007 Series CO</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,227,972	\$ -	\$ 1,099,103	\$ -
Receivables -				
Accounts and other	3,205	-	-	-
Accrued interest	239,039	3,317	-	-
Assessments	725,659	-	-	-
Intergovernmental	-	-	-	-
Restricted assets-				
Cash and cash equivalents	-	7,149,792	-	734,800
Total assets	<u>\$ 2,195,875</u>	<u>\$ 7,153,109</u>	<u>\$ 1,099,103</u>	<u>\$ 734,800</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities -				
Accounts payable	\$ 121	\$ 20,249	\$ -	\$ -
Deferred revenue	725,659	-	909,923	-
Total liabilities	<u>725,780</u>	<u>20,249</u>	<u>909,923</u>	<u>-</u>
Fund balances -				
Reserved for authorized construction	-	7,132,860	-	734,800
Unreserved - unrestricted	1,470,095	-	189,180	-
Total fund balances	<u>1,470,095</u>	<u>7,132,860</u>	<u>189,180</u>	<u>734,800</u>
Total liabilities and fund balances	<u>\$ 2,195,875</u>	<u>\$ 7,153,109</u>	<u>\$ 1,099,103</u>	<u>\$ 734,800</u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ 570,745	\$ -	\$ -	\$ 2,897,820
-	-	-	-	3,205
-	-	-	-	242,356
-	-	-	-	725,659
-	-	316,810	-	316,810
<u>2,046,492</u>	<u>-</u>	<u>89,274</u>	<u>2,085,381</u>	<u>12,105,739</u>
<u>\$ 2,046,492</u>	<u>\$ 570,745</u>	<u>\$ 406,084</u>	<u>\$ 2,085,381</u>	<u>\$ 16,291,589</u>
\$ 63,073	\$ -	\$ 405,803	\$ 18,185	\$ 507,431
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635,582</u>
<u>63,073</u>	<u>-</u>	<u>405,803</u>	<u>18,185</u>	<u>2,143,013</u>
1,983,419	570,745	281	2,067,196	12,489,301
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,659,275</u>
<u>1,983,419</u>	<u>570,745</u>	<u>281</u>	<u>2,067,196</u>	<u>14,148,576</u>
<u>\$ 2,046,492</u>	<u>\$ 570,745</u>	<u>\$ 406,084</u>	<u>\$ 2,085,381</u>	<u>\$ 16,291,589</u>

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2010**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
Revenues -				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment and other	43,072	10,893	32,640	352
Contributions	-	-	15,037	-
Total revenues	<u>43,072</u>	<u>10,893</u>	<u>47,677</u>	<u>352</u>
Expenditures -				
Capital projects	-	673,736	15,037	15,913
Total expenditures	<u>-</u>	<u>673,736</u>	<u>15,037</u>	<u>15,913</u>
Excess (deficiency) of revenues over expenditures	<u>43,072</u>	<u>(662,843)</u>	<u>32,640</u>	<u>(15,561)</u>
Other financing sources /(uses) -				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>43,072</u>	<u>(662,843)</u>	<u>32,640</u>	<u>(15,561)</u>
Fund balances, October 1, 2009	<u>1,427,023</u>	<u>7,795,703</u>	<u>156,540</u>	<u>750,361</u>
Fund balances, September 30, 2010	<u>\$ 1,470,095</u>	<u>\$ 7,132,860</u>	<u>\$ 189,180</u>	<u>\$ 734,800</u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Total Nonmajor Capital Projects Funds
\$ 450,000	\$ -	\$ 1,661,043	\$ -	\$ 2,111,043
2,409	301	-	2,228	91,895
-	-	-	-	15,037
<u>452,409</u>	<u>301</u>	<u>1,661,043</u>	<u>2,228</u>	<u>2,217,975</u>
 1,573,290	 95,113	 2,197,633	 52,442	 4,623,164
<u>1,573,290</u>	<u>95,113</u>	<u>2,197,633</u>	<u>52,442</u>	<u>4,623,164</u>
 (1,120,881)	 (94,812)	 (536,590)	 (50,214)	 (2,405,189)
 -	 200,000	 536,871	 425,000	 1,161,871
<u>(536,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(536,871)</u>
 (536,871)	 200,000	 536,871	 425,000	 625,000
<u>(1,657,752)</u>	<u>105,188</u>	<u>281</u>	<u>374,786</u>	<u>(1,780,189)</u>
 3,641,171	 465,557	 -	 1,692,410	 15,928,765
<u>\$ 1,983,419</u>	<u>\$ 570,745</u>	<u>\$ 281</u>	<u>\$ 2,067,196</u>	<u>\$ 14,148,576</u>

**CITY OF ROUND ROCK, TEXAS**  
**PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –**  
**ALL CAPITAL PROJECTS FUNDS**  
**BEGINNING OF PROJECTS TO SEPTEMBER 30, 2010**

	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction	Round Rock Transportation System Development Corporation
Total funding authorization	<u>\$ 33,498,398</u>	<u>\$ 1,224,342</u>	<u>\$ 14,719,680</u>	<u>\$ 96,717,154</u>	<u>\$ 187,164,987</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ 80,366	\$ -	\$ 2,025,782	\$ 1,153,320
Contributions	10,780	409,218	-	11,015,714	2,157,739
Investment and other	1,668,105	692,313	539,480	1,664,276	4,118,357
Lease purchase proceeds	-	-	-	4,594,022	-
Issuance of general obligation and other debt	34,475,000	-	14,915,000	-	61,563,410
Transfers in	-	231,620	-	105,891,456	79,211,152
Other sources/transfers	537,303	-	-	1,423,235	-
	<u>\$ 36,691,188</u>	<u>\$ 1,413,517</u>	<u>\$ 15,454,480</u>	<u>\$ 126,614,485</u>	<u>\$ 148,203,978</u>
Expenditures and other uses -					
Capital projects	\$ 11,307,691	\$ 1,114,342	\$ 14,309,653	\$ 84,314,383	\$ 133,225,136
Transfers out	350,288	110,000	-	8,317,703	4,049,850
Other costs/transfers	495,303	-	410,027	200,000	-
	<u>\$ 12,153,282</u>	<u>\$ 1,224,342</u>	<u>\$ 14,719,680</u>	<u>\$ 92,832,086</u>	<u>\$ 137,274,986</u>

Convention Center Complex	Transit Fund	2002 Series GO	2004 Series GO	Tourism Development Fund
<u>\$ 1,076,204</u>	<u>\$ 3,000,110</u>	<u>\$ 37,913,935</u>	<u>\$ 19,109,638</u>	<u>\$ 555,015</u>

\$ -	\$ 1,661,043	\$ 450,000	\$ -	\$ -
402,549	-	91,989	-	45,743
44,825	-	3,610,337	2,307,204	54,360
-	-	-	-	-
-	-	35,000,000	19,435,000	-
1,199,575	536,871	680,173	32,476	2,354,000
-	-	-	690,600	-
<u>\$ 1,646,949</u>	<u>\$ 2,197,914</u>	<u>\$ 39,832,499</u>	<u>\$ 22,465,280</u>	<u>\$ 2,454,103</u>

\$ 1,046,336	\$ 2,197,633	\$ 37,022,906	\$ 14,642,626	\$ 386,907
29,868	-	536,871	329,885	-
-	-	289,302	359,909	-
<u>\$ 1,076,204</u>	<u>\$ 2,197,633</u>	<u>\$ 37,849,079</u>	<u>\$ 15,332,420</u>	<u>\$ 386,907</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, 2010  
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2009 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
Property tax	\$ 20,716,929	\$ 20,361,000	\$ 20,661,000	\$ 55,929	\$ 17,626,151
Penalty and interest	109,741	65,000	65,000	44,741	88,550
Sales tax	46,218,855	42,000,000	46,200,000	18,855	45,764,630
Franchise	5,934,540	5,675,000	6,025,000	(90,460)	6,213,263
Bingo tax	30,561	28,000	28,000	2,561	26,953
Mixed drink tax	297,163	270,000	270,000	27,163	288,786
Total taxes and franchise	73,307,789	68,399,000	73,249,000	58,789	70,008,333
Licenses, permits and fees -					
Building permits	276,936	360,000	260,000	16,936	310,593
Other permits	18,013	25,000	25,000	(6,987)	18,665
Fees	410,789	594,000	464,000	(53,211)	513,962
Total licenses, permits and fees	705,738	979,000	749,000	(43,262)	843,220
Charges for services -					
Trash collection fees	1,477,506	1,394,000	1,494,000	(16,494)	1,407,157
Swimming pool fees	462,022	471,000	471,000	(8,978)	466,488
Recreation program fees	1,830,966	1,877,000	1,727,000	103,966	1,815,756
Filing and reproduction fees	16,126	16,000	16,000	126	16,195
Other	(19,055)	33,100	33,100	(52,155)	51,619
Total charges for services	3,767,565	3,791,100	3,741,100	26,465	3,757,215
Fines and forfeitures	1,819,409	2,269,000	1,784,000	35,409	1,868,574
Intergovernmental	1,006,442	752,352	926,352	80,090	629,025
Investment and other -					
Investment income	777,227	1,301,000	801,000	(23,773)	2,519,055
Other	2,479,080	1,956,150	2,347,150	131,930	2,173,196
Total investment and other	3,256,307	3,257,150	3,148,150	108,157	4,692,251
Total revenues	83,863,250	79,447,602	83,597,602	265,648	81,798,618

(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, 2010  
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2009 Actual
		Original	Final		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 7,967,832	\$ 8,503,885	\$ 8,012,985	\$ 45,153	\$ 8,107,139
Contractual services	2,880,860	3,150,066	2,904,208	23,348	2,455,673
Supplies and materials	545,624	531,536	532,466	(13,158)	266,513
Other services and charges	10,424,526	10,267,802	10,623,320	198,794	10,440,509
Capital outlay	60,937	84,379	82,379	21,442	39,569
Total executive	21,879,779	22,537,668	22,155,358	275,579	21,309,403
Judicial -					
Personnel services	552,041	601,625	566,625	14,584	588,931
Contractual services	82,385	87,269	83,169	784	97,414
Supplies and materials	24,014	28,117	25,217	1,203	20,621
Other services and charges	4,650	6,261	6,261	1,611	5,260
Total judicial	663,090	723,272	681,272	18,182	712,226
Total general government	22,542,869	23,260,940	22,836,630	293,761	22,021,629
Public safety					
Police-					
Personnel services	17,958,040	18,066,729	17,973,145	15,105	17,654,721
Contractual services	758,463	1,162,500	757,907	(556)	1,050,985
Supplies and materials	1,317,945	1,386,468	1,276,687	(41,258)	1,293,913
Other services and charges	687,836	795,478	692,278	4,442	652,837
Capital outlay	1,095,400	1,057,622	1,162,530	67,130	791,836
Total police	21,817,684	22,468,797	21,862,547	44,863	21,444,292
Fire -					
Personnel services	11,341,538	11,575,860	11,372,521	30,983	10,976,519
Contractual services	265,708	341,580	273,424	7,716	309,761
Supplies and materials	813,212	804,714	804,114	(9,098)	847,802
Other services and charges	104,472	129,400	96,400	(8,072)	133,794
Capital outlay	52,073	53,770	53,770	1,697	110,301
Total fire	12,577,003	12,905,324	12,600,229	23,226	12,378,177
Total public safety	34,394,687	35,374,121	34,462,776	68,089	33,822,469

(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, 2010  
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2009 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 3,399,605	\$ 3,787,666	\$ 3,407,666	\$ 8,061	\$ 3,604,002
Contractual services	137,360	299,730	157,430	20,070	173,553
Supplies and materials	129,604	207,435	153,185	23,581	160,948
Other services and charges	45,624	90,547	52,747	7,123	36,289
Capital outlay	64,774	85,131	65,681	907	30,182
Total administration	<u>3,776,967</u>	<u>4,470,509</u>	<u>3,836,709</u>	<u>59,742</u>	<u>4,004,974</u>
Streets -					
Personnel services	2,397,597	2,563,570	2,414,570	16,973	2,551,813
Contractual services	1,328,097	4,498,115	1,363,765	35,668	1,350,147
Supplies and materials	643,438	809,525	655,525	12,087	770,904
Other services and charges	6,525	29,711	11,711	5,186	14,401
Capital outlay	196,728	231,064	191,644	(5,084)	117,575
Total streets	<u>4,572,385</u>	<u>8,131,985</u>	<u>4,637,215</u>	<u>64,830</u>	<u>4,804,840</u>
Maintenance shop -					
Personnel services	875,686	939,933	899,494	23,808	906,788
Contractual services	56,558	49,636	49,636	(6,922)	55,238
Supplies and materials	78,628	82,593	74,593	(4,035)	70,269
Other services and charges	15,206	7,661	16,100	894	7,778
Capital outlay	-	-	-	-	25,714
Total maintenance shop	<u>1,026,078</u>	<u>1,079,823</u>	<u>1,039,823</u>	<u>13,745</u>	<u>1,065,787</u>
Total public works	<u>9,375,430</u>	<u>13,682,317</u>	<u>9,513,747</u>	<u>138,317</u>	<u>9,875,601</u>

(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, 2010**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2009 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,650,162	\$ 1,669,554	\$ 1,653,254	\$ 3,092	\$ 1,606,026
Contractual services	157,259	189,891	161,891	4,632	191,608
Supplies and materials	451,797	464,525	436,325	(15,472)	440,257
Other services and charges	98,854	79,928	113,928	15,074	102,381
Total library	<u>2,358,072</u>	<u>2,403,898</u>	<u>2,365,398</u>	<u>7,326</u>	<u>2,340,272</u>
Parks and recreation -					
Personnel services	5,302,001	5,908,430	5,346,160	44,159	5,537,710
Contractual services	1,460,103	1,717,219	1,453,759	(6,344)	1,484,045
Supplies and materials	1,004,966	1,216,496	970,316	(34,650)	1,243,880
Other services and charges	165,508	210,707	173,877	8,369	175,307
Capital outlay	202,703	247,000	206,840	4,137	401,285
Total parks and recreation	<u>8,135,281</u>	<u>9,299,852</u>	<u>8,150,952</u>	<u>15,671</u>	<u>8,842,227</u>
Total culture and recreation	<u>10,493,353</u>	<u>11,703,750</u>	<u>10,516,350</u>	<u>22,997</u>	<u>11,182,499</u>
Total expenditures	<u>76,806,339</u>	<u>84,021,128</u>	<u>77,329,503</u>	<u>523,164</u>	<u>76,902,198</u>
Excess (deficiency) of revenues over expenditures	<u>7,056,911</u>	<u>(4,573,526)</u>	<u>6,268,099</u>	<u>788,812</u>	<u>4,896,420</u>
Other financing sources (uses) -					
Issuance of lease	750,000	750,000	750,000	-	750,000
Transfers in	2,624,400	3,824,400	2,624,400	-	2,710,000
Transfers out	<u>(9,641,625)</u>	<u>-</u>	<u>(9,641,625)</u>	<u>-</u>	<u>(7,162,756)</u>
Total other financing sources (uses)	<u>(6,267,225)</u>	<u>4,574,400</u>	<u>(6,267,225)</u>	<u>-</u>	<u>(3,702,756)</u>
Net change in fund balances	<u>789,686</u>	<u>\$ 874</u>	<u>\$ 874</u>	<u>\$ 788,812</u>	<u>\$ 1,193,664</u>
Fund balance, October 1, 2009	<u>39,497,430</u>				
Fund balance, September 30, 2010	<u>\$ 40,287,116</u>				

**CITY OF ROUND ROCK, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Property taxes, including interest and penalties	\$ 12,356,076	\$ 12,110,000	\$ 12,110,000	\$ 246,076
Investment and other	21,429	60,000	60,000	(38,571)
Total revenues	<u>12,377,505</u>	<u>12,170,000</u>	<u>12,170,000</u>	<u>207,505</u>
Expenditures -				
Debt service -				
Principal retirement	11,456,810	11,671,307	11,671,307	214,497
Interest and fiscal charges	9,097,057	8,919,438	8,919,438	(177,619)
Advance refunding escrow	1,051,454	1,051,454	1,051,454	-
Issuance costs	276,535	276,535	276,535	-
Total expenditures	<u>21,881,856</u>	<u>21,918,734</u>	<u>21,918,734</u>	<u>36,878</u>
Excess (deficiency) of revenues over expenditures	<u>(9,504,351)</u>	<u>(9,748,734)</u>	<u>(9,748,734)</u>	<u>244,383</u>
Other financing sources (uses) -				
Issuance of debt	18,575,000	18,575,000	18,575,000	-
Issuance of premium	1,387,593	1,387,593	1,387,593	-
Payment to refunding agent	(19,682,356)	(19,682,356)	(19,682,356)	-
Transfers in	8,281,594	8,087,090	8,087,090	194,504
Total other financing sources (uses)	<u>8,561,831</u>	<u>8,367,327</u>	<u>8,367,327</u>	<u>194,504</u>
Net change in fund balances	(942,520)	<u>\$ (1,381,407)</u>	<u>\$ (1,381,407)</u>	<u>\$ 438,887</u>
Fund balance, October 1, 2009	<u>2,887,281</u>			
Fund balance, September 30, 2010	<u>\$ 1,944,761</u>			

**CITY OF ROUND ROCK, TEXAS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
HOTEL AND MOTEL OCCUPANCY TAX  
YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 2,291,326	\$ 2,200,000	\$ 2,200,000	\$ 91,326
Investment and other	19,963	50,000	50,000	(30,037)
Contributions	6	-	-	6
Total revenues	<u>2,311,295</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>61,295</u>
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	251,411	303,125	303,125	51,714
Contractual services	207,721	241,135	241,135	33,414
Supplies and materials	11,850	27,643	27,643	15,793
Other services and charges	<u>193,660</u>	<u>334,000</u>	<u>334,000</u>	<u>140,340</u>
Total expenditures	<u>664,642</u>	<u>905,903</u>	<u>905,903</u>	<u>241,261</u>
Excess of revenues over expenditures	<u>1,646,653</u>	<u>1,344,097</u>	<u>1,344,097</u>	<u>302,556</u>
Other financing sources /(uses) -				
Transfers out	<u>(1,338,000)</u>	<u>(1,341,000)</u>	<u>(1,341,000)</u>	<u>3,000</u>
Total other financing sources/(uses)	<u>(1,338,000)</u>	<u>(1,341,000)</u>	<u>(1,341,000)</u>	<u>3,000</u>
Net change in fund balances	308,653	<u>\$ 3,097</u>	<u>\$ 3,097</u>	<u>\$ 305,556</u>
Fund balance, October 1, 2009	<u>7,005,856</u>			
Fund balance, September 30, 2010	<u>\$ 7,314,509</u>			

**CITY OF ROUND ROCK, TEXAS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
POLICE FUND  
YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 440,992	\$ 57,107	\$ 254,384	\$ 186,608
Intergovernmental	3,744	-	-	3,744
Investment and other	198	1,500	1,500	(1,302)
Total revenues	<u>444,934</u>	<u>58,607</u>	<u>255,884</u>	<u>189,050</u>
Expenditures -				
Current -				
Public safety -				
Capital outlay	145,157	196,078	412,072	266,915
Total expenditures	<u>145,157</u>	<u>196,078</u>	<u>412,072</u>	<u>266,915</u>
Excess (deficiency) of revenues over expenditures	299,777	<u>\$ (137,471)</u>	<u>\$ (156,188)</u>	<u>\$ 455,965</u>
Fund balance, October 1, 2009	<u>173,924</u>			
Fund balance, September 30, 2010	<u><u>\$ 473,701</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, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 128,257	\$ 116,651	\$ 116,651	\$ 11,606
Investment and other	241	1,305	1,305	(1,064)
Total revenues	<u>128,498</u>	<u>117,956</u>	<u>117,956</u>	<u>10,542</u>
Expenditures -				
Current -				
General government -				
Personnel services	27,057	35,000	35,000	7,943
Supplies and materials	7,728	17,250	17,250	9,522
Other services and charges	420	1,350	1,350	930
Capital outlay	<u>28,040</u>	<u>64,000</u>	<u>64,000</u>	<u>35,960</u>
Total expenditures	<u>63,245</u>	<u>117,600</u>	<u>117,600</u>	<u>54,355</u>
Excess (deficiency) of revenues over expenditures	65,253	<u>\$ 356</u>	<u>\$ 356</u>	<u>\$ 64,897</u>
Fund balance, October 1, 2009	<u>323,319</u>			
Fund balance, September 30, 2010	<u>\$ 388,572</u>			

**CITY OF ROUND ROCK, TEXAS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
LANDSCAPE FUND  
YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 73,710	\$ 50,000	\$ 50,000	\$ 23,710
Investment and other	740	5,700	5,700	(4,960)
Contributions	5,075	500	500	4,575
Total revenues	79,525	56,200	56,200	23,325
Expenditures -				
Current -				
General government -				
Supplies and materials	81,913	350,000	350,000	268,087
Total expenditures	81,913	350,000	350,000	268,087
Excess (deficiency) of revenues over expenditures	(2,388)	<u>\$ (293,800)</u>	<u>\$ (293,800)</u>	<u>\$ 291,412</u>
Fund balance, October 1, 2009	<u>574,093</u>			
Fund balance, September 30, 2010	<u>\$ 571,705</u>			

**CITY OF ROUND ROCK, TEXAS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Intergovernmental	\$ 357,212	\$ 1,015,664	\$ 1,015,664	\$ (658,452)
Investment and other	-	-	-	-
Total revenues	357,212	1,015,664	1,015,664	(658,452)
Expenditures -				
Current -				
General government -				
Personnel services	69,666	69,666	69,666	-
Contractual services	5,343	5,343	5,343	-
Supplies and materials	75,580	75,580	75,580	-
Other services and charges	28,730	604,880	604,880	576,150
Capital outlay	177,893	260,195	260,195	82,302
Total expenditures	357,212	1,015,664	1,015,664	658,452
Excess of revenues over expenditures	-	\$ -	\$ -	\$ -
Fund balance, October 1, 2009	-			
Fund balance, September 30, 2010	\$ -			

**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, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 104	\$ -	\$ -	\$ 104
Total revenues	104	-	-	104
Excess of revenues over expenditures	104	\$ -	\$ -	\$ 104
Fund balance, October 1, 2009	158,886			
Fund balance, September 30, 2010	\$ 158,990			

**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, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues-				
Investment and other	\$ 9	\$ 100	\$ 100	\$ (91)
Contributions	2,084	300	300	1,784
Total revenues	2,093	400	400	1,693
Expenditures -				
Current -				
General government -				
Supplies and materials	5,219	10,000	10,000	4,781
Total expenditures	5,219	10,000	10,000	4,781
Excess (deficiency) of revenues over expenditures	(3,126)	<u>\$ (9,600)</u>	<u>\$ (9,600)</u>	<u>\$ 6,474</u>
Fund balance, October 1, 2009	14,302			
Fund balance, September 30, 2010	<u>\$ 11,176</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, 2010**

	<u>Balances October 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances September 30, 2010</u>
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 461,100</u>	<u>\$ 525,179</u>	<u>\$ 962,664</u>	<u>\$ 23,615</u>
Total assets	<u><u>\$ 461,100</u></u>	<u><u>\$ 525,179</u></u>	<u><u>\$ 962,664</u></u>	<u><u>\$ 23,615</u></u>
<u>Liabilities</u>				
Due to participants	<u>\$ 461,100</u>	<u>\$ 525,179</u>	<u>\$ 962,664</u>	<u>\$ 23,615</u>
Total liabilities	<u><u>\$ 461,100</u></u>	<u><u>\$ 525,179</u></u>	<u><u>\$ 962,664</u></u>	<u><u>\$ 23,615</u></u>

**CAPITAL ASSETS**  
**USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS**



**CITY OF ROUND ROCK, TEXAS  
SCHEDULE OF CAPITAL ASSETS – BY SOURCES  
SEPTEMBER 30, 2010**

Capital assets -

Land	\$ 25,917,612
Buildings and improvements	625,279,686
Equipment	53,037,522
Construction in progress	27,009,798
	<hr/>
	<u>\$ 731,244,618</u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 203,288,340
Federal grants	2,482,161
State grants	1,008,753
General Fund revenues	97,704,719
Special Revenue Fund revenues	141,004,016
Hotel Occupancy Tax revenues	20,667,675
Gifts	264,372,045
Special assessments	716,909
	<hr/>
	<u>\$ 731,244,618</u>

**CITY OF ROUND ROCK, TEXAS  
SCHEDULE OF CAPITAL ASSETS –  
BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2010**

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>
General Government -		
Control -		
Executive	\$ 133,542	\$ -
Staff agencies -		
Public works	6,591,587	293,740
Finance	10,688,250	-
Law	125,111	-
Planning and zoning	1,421,107	-
General government	22,496,539	3,814,168
Total staff agencies	41,322,594	4,107,908
Total general government	41,456,136	4,107,908
Public safety -		
Police protection	32,999,375	2,622,159
Fire protection	18,829,491	1,413,835
Inspection	184,978	-
Total public safety	52,013,844	4,035,994
Public works -		
City shop	2,327,201	-
Streets and drainage	502,146,104	283,322
Total public works	504,473,305	283,322
Culture and recreation -		
Library	7,686,922	278,252
Recreation	98,604,613	17,212,136
Total culture and recreation	106,291,535	17,490,388
Total capital assets allocated to functions	704,234,820	\$ 25,917,612
Construction in progress	27,009,798	
Total capital assets	\$ 731,244,618	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,542</u>
3,029,640	2,748,881	519,326
-	1,239,833	9,448,417
-	-	125,111
31,230	751,653	638,224
<u>14,356,437</u>	<u>2,367,514</u>	<u>1,958,420</u>
<u>17,417,307</u>	<u>7,107,881</u>	<u>12,689,498</u>
<u>17,417,307</u>	<u>7,107,881</u>	<u>12,823,040</u>
18,249,547	1,029,104	11,098,565
7,492,822	420,187	9,502,647
-	-	184,978
<u>25,742,369</u>	<u>1,449,291</u>	<u>20,786,190</u>
333,817	1,332,664	660,720
<u>934,711</u>	<u>490,540,947</u>	<u>10,387,124</u>
<u>1,268,528</u>	<u>491,873,611</u>	<u>11,047,844</u>
4,182,511	21,941	3,204,218
<u>53,192,141</u>	<u>23,024,106</u>	<u>5,176,230</u>
<u>57,374,652</u>	<u>23,046,047</u>	<u>8,380,448</u>
<u>\$ 101,802,856</u>	<u>\$ 523,476,830</u>	<u>\$ 53,037,522</u>

**CITY OF ROUND ROCK, TEXAS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS –  
BY FUNCTION AND ACTIVITY  
YEAR ENDED SEPTEMBER 30, 2010**

<u>Function and Activity</u>	<u>Capital Assets October 1, 2009</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Capital Assets September 30, 2010</u>
General Government - Control - Executive	\$ 280,361	\$ -	\$ (146,819)	\$ 133,542
Staff Agencies - Public works	6,852,071	64,774	(325,258)	6,591,587
Finance	908,579	2,535,713	7,243,958	10,688,250
Law	171,656	-	(46,545)	125,111
Planning and zoning	1,633,678	14,706	(227,277)	1,421,107
General government	22,023,734	2,394,554	(1,921,749)	22,496,539
Total staff agencies	31,589,718	5,009,747	4,723,129	41,322,594
Total general government	31,870,079	5,009,747	4,576,310	41,456,136
Public safety - Police protection	35,739,348	1,293,112	(4,033,085)	32,999,375
Fire protection	19,211,756	540,602	(922,867)	18,829,491
Inspection	222,770	-	(37,792)	184,978
Total public safety	55,173,874	1,833,714	(4,993,744)	52,013,844
Public works - City shop	2,313,868	19,974	(6,641)	2,327,201
Streets and drainage	489,233,141	13,422,351	(509,388)	502,146,104
Total public works	491,547,009	13,442,325	(516,029)	504,473,305
Culture and recreation - Library	7,839,981	131,588	(284,647)	7,686,922
Recreation	98,284,369	788,366	(468,122)	98,604,613
Total culture and recreation	106,124,350	919,954	(752,769)	106,291,535
Construction in progress	21,889,223	21,555,620	(16,435,045)	27,009,798
Total capital assets	\$ 706,604,535	\$ 42,761,360	\$ (18,121,277)	\$ 731,244,618

**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.

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

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

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

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 207,796,040	\$ 232,391,397	\$ 266,247,218	\$ 274,037,741
118,210,382	107,240,485	92,789,650	90,609,034
<u>88,539,641</u>	<u>92,947,347</u>	<u>91,286,795</u>	<u>95,844,278</u>
<u>\$ 414,546,063</u>	<u>\$ 432,579,229</u>	<u>\$ 450,323,663</u>	<u>\$ 460,491,053</u>
\$ 203,541,558	\$ 219,607,998	\$ 217,990,010	\$ 210,960,047
21,938,288	14,376,789	15,571,119	13,296,813
<u>46,524,348</u>	<u>53,608,514</u>	<u>67,433,842</u>	<u>83,280,914</u>
<u>\$ 272,004,194</u>	<u>\$ 287,593,301</u>	<u>\$ 300,994,971</u>	<u>\$ 307,537,774</u>
\$ 411,337,598	\$ 451,999,395	\$ 484,237,228	\$ 484,997,788
140,148,670	121,617,274	108,360,769	103,905,847
<u>135,063,989</u>	<u>146,555,861</u>	<u>158,720,637</u>	<u>179,125,192</u>
<u>\$ 686,550,257</u>	<u>\$ 720,172,530</u>	<u>\$ 751,318,634</u>	<u>\$ 768,028,827</u>

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

	2003	2004	2005	2006
<b>Expenses:</b>				
Governmental activities-				
General government	\$ 19,642,141	\$ 19,713,687	\$ 20,282,360	\$ 21,634,710
Public safety	19,066,383	20,966,487	22,762,219	27,724,273
Public works	16,588,968	18,072,178	20,919,303	24,804,177
Culture and recreation	9,325,558	10,246,850	10,921,173	11,714,066
Interest on long-term debt	7,393,065	7,433,425	8,358,830	7,950,242
Total governmental activities expenses	72,016,115	76,432,627	83,243,885	93,827,468
Business-type activities-				
Water and sewer utility	20,182,559	22,543,579	25,051,538	27,783,218
Golf course	162,996	173,136	215,595	150,029
Total business-type activities expenses	20,345,555	22,716,715	25,267,133	27,933,247
Total primary government expenses	92,361,670	99,149,342	108,511,018	121,760,715
<b>Program revenues:</b>				
Governmental activities-				
Charges for services-				
General government	1,356,528	1,409,825	1,352,613	2,021,621
Public safety	1,437,534	1,712,535	2,674,255	2,371,379
Public works	1,149,150	872,929	1,040,788	1,139,836
Culture and recreation	1,976,438	2,137,179	1,941,047	2,408,710
Operating grants and contributions	672,000	660,273	625,905	1,057,821
Capital grants and contributions	17,982,478	11,768,405	14,435,954	12,548,335
Total governmental activities program revenues	24,574,128	18,561,146	22,070,562	21,547,702
Business-type activities-				
Charges for services-				
Water and sewer utility	24,002,196	24,962,107	27,161,741	30,566,103
Golf course	453,238	486,097	427,504	476,082
Capital grants and contributions	9,305,820	8,717,960	7,352,889	10,445,072
Total business-type activities program revenues	33,761,254	34,166,164	34,942,134	41,487,257
Total primary government program revenues	58,335,382	52,727,310	57,012,696	63,034,959
Net (expense) revenue-				
Governmental activities	(47,441,987)	(57,871,481)	(61,173,323)	(72,279,766)
Business-type activities	13,415,699	11,449,449	9,675,001	13,554,010
Total primary government net expense	(34,026,288)	(46,422,032)	(51,498,322)	(58,725,756)

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

	2007	2008	2009	2010
\$	21,926,050	\$ 24,097,129	\$ 25,046,973	\$ 27,241,208
	28,879,882	33,587,423	37,104,418	36,688,203
	27,114,039	28,727,136	27,608,721	29,053,781
	11,905,643	12,674,371	14,433,602	14,260,057
	7,463,588	9,530,456	9,587,223	9,294,416
	97,289,202	108,616,515	113,780,937	116,537,665
	28,873,665	32,865,979	36,884,365	36,702,169
	167,906	185,659	182,521	192,595
	29,041,571	33,051,638	37,066,886	36,894,764
	126,330,773	141,668,153	150,847,823	153,432,429
	1,766,153	1,941,519	3,820,455	3,927,379
	2,851,787	3,197,900	3,646,892	4,150,577
	1,337,371	1,295,783	877,676	836,169
	2,489,438	2,721,570	2,503,925	2,531,989
	931,269	1,097,733	1,064,411	932,879
	17,322,551	3,825,335	14,083,063	7,634,857
	26,698,569	14,079,840	25,996,422	20,013,850
	30,968,868	35,060,024	37,802,909	37,512,213
	476,025	474,353	485,972	349,424
	13,772,431	8,750,891	7,922,361	2,120,848
	45,217,324	44,285,268	46,211,242	39,982,485
	71,915,893	58,365,108	72,207,664	59,996,335
	(70,590,633)	(94,536,675)	(87,784,515)	(96,523,815)
	16,175,753	11,233,630	9,144,356	3,087,721
	(54,414,880)	(83,303,045)	(78,640,159)	(93,436,094)

(Continued)

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

	2003	2004	2005	2006
<b>General revenues and other changes in net assets:</b>				
Governmental activities-				
Taxes-				
Property	17,463,237	18,699,378	20,486,575	21,632,249
Franchise	4,255,978	4,687,213	4,488,608	4,990,439
Sales	45,023,664	48,642,969	58,052,509	64,935,779
Hotel occupancy	1,618,744	1,650,148	1,905,049	2,268,619
Public service	205,185	210,090	212,565	227,784
Investment earnings	1,990,200	1,585,398	3,932,154	7,232,842
Miscellaneous	334,869	121,610	206,057	122,499
Transfers	2,238,068	2,735,530	2,752,423	1,840,189
Total governmental activities	<u>73,129,945</u>	<u>78,332,336</u>	<u>92,035,940</u>	<u>103,250,400</u>
Business-type activities-				
Impact fees	6,215,734	5,810,326	8,648,921	9,261,152
Investment earnings	901,541	588,816	997,802	2,363,692
Loss on joint venture	-	-	-	-
Miscellaneous	-	19,621	29,067	48,610
Transfers	(2,238,068)	(2,735,530)	(2,752,423)	(1,840,189)
Total business-type activities	<u>4,879,207</u>	<u>3,683,233</u>	<u>6,923,367</u>	<u>9,833,265</u>
Total primary government	<u>78,009,152</u>	<u>82,015,569</u>	<u>98,959,307</u>	<u>113,083,665</u>
<b>Change in net assets:</b>				
Governmental activities	25,687,958	20,460,855	30,862,617	30,970,634
Business-type activities	<u>18,294,906</u>	<u>15,132,682</u>	<u>16,598,368</u>	<u>23,387,275</u>
Total primary government	<u>\$ 43,982,864</u>	<u>\$ 35,593,537</u>	<u>\$ 47,460,985</u>	<u>\$ 54,357,909</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
24,409,535	27,560,939	29,867,765	33,040,085
5,499,222	5,748,333	6,213,263	5,934,540
68,988,092	68,216,680	61,019,506	61,625,140
2,838,689	2,939,352	2,394,145	2,291,326
257,384	286,179	315,739	327,723
9,912,657	8,220,228	4,112,703	1,365,802
152,805	257,495	-	-
1,668,221	2,291,695	1,605,828	2,106,589
<u>113,726,605</u>	<u>115,520,901</u>	<u>105,528,949</u>	<u>106,691,205</u>
10,609,090	5,216,423	4,568,130	3,893,417
1,055,364	1,618,492	1,305,841	1,731,860
-	-	(10,829)	(63,606)
-	-	-	-
<u>(1,668,221)</u>	<u>(2,291,695)</u>	<u>(1,605,828)</u>	<u>(2,106,589)</u>
<u>9,996,233</u>	<u>4,543,220</u>	<u>4,257,314</u>	<u>3,455,082</u>
<u>123,722,838</u>	<u>120,064,121</u>	<u>109,786,263</u>	<u>110,146,287</u>
43,135,972	20,984,226	17,744,434	10,167,390
<u>26,171,986</u>	<u>15,776,850</u>	<u>13,401,670</u>	<u>6,542,803</u>
<u>\$ 69,307,958</u>	<u>\$ 36,761,076</u>	<u>\$ 31,146,104</u>	<u>\$ 16,710,193</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund-				
Reserved	\$ -	\$ -	\$ 46,600	\$ 23,200
Unreserved	<u>22,185,654</u>	<u>23,261,921</u>	<u>25,204,136</u>	<u>26,759,957</u>
Total general fund	<u><u>\$ 22,185,654</u></u>	<u><u>\$ 23,261,921</u></u>	<u><u>\$ 25,250,736</u></u>	<u><u>\$ 26,783,157</u></u>
All other governmental funds-				
Reserved for-				
Federal seizure	\$ 131,924	\$ 36,633	\$ 84,044	\$ 112,857
Non-current loans receivable	19,181	19,181	19,181	19,181
Debt service	2,132,743	2,074,841	2,304,816	2,338,493
Nonexpendable endowments	100,000	100,000	100,000	100,000
Authorized construction	31,551,635	66,939,857	58,100,810	79,421,798
Unreserved, reported in-				
Special revenue funds	16,005,647	23,560,762	10,411,681	5,519,397
Capital projects funds	13,307,241	15,251,568	25,872,318	24,633,882
Permanent fund	<u>3,969</u>	<u>6,096</u>	<u>7,437</u>	<u>8,611</u>
Total all other governmental funds	<u><u>\$ 63,252,340</u></u>	<u><u>\$ 107,988,938</u></u>	<u><u>\$ 96,900,287</u></u>	<u><u>\$ 112,154,219</u></u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>28,705,017</u>	<u>32,472,684</u>	<u>37,494,875</u>	<u>38,303,766</u>	<u>39,497,430</u>	<u>40,287,116</u>
<u>\$ 28,705,017</u>	<u>\$ 32,472,684</u>	<u>\$ 37,494,875</u>	<u>\$ 38,303,766</u>	<u>\$ 39,497,430</u>	<u>\$ 40,287,116</u>
\$ 357,985	\$ 391,661	\$ 343,448	\$ 259,074	\$ 173,924	\$ 473,701
19,181	19,181	19,181	-	-	-
2,600,354	3,200,508	3,058,395	3,431,063	2,887,281	1,944,761
100,000	-	-	-	-	-
75,863,062	70,912,738	116,579,878	105,501,593	91,521,069	90,105,139
4,535,452	4,731,971	6,611,092	8,340,222	8,076,456	8,444,952
26,432,736	29,682,330	32,022,916	34,463,233	32,584,099	35,739,591
4,262	-	-	-	-	-
<u>\$ 109,913,032</u>	<u>\$ 108,938,389</u>	<u>\$ 158,634,910</u>	<u>\$ 151,995,185</u>	<u>\$ 135,242,829</u>	<u>\$ 136,708,144</u>

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

	2001	2002	2003	2004
<b>Revenues-</b>				
Taxes and franchise	\$ 58,333,682	\$ 59,029,046	\$ 66,699,982	\$ 71,743,446
Licenses, permits and fees	799,550	628,550	801,108	679,754
Charges for services	3,010,382	3,282,764	3,451,103	3,727,507
Fines and forfeitures	834,185	1,078,089	1,043,055	1,286,754
Intergovernmental	1,260,810	735,590	754,431	746,042
Hotel occupancy tax	1,354,429	1,477,050	1,618,744	1,650,148
Investment and other	5,508,858	3,701,703	3,610,459	2,637,520
Contributions	791,421	269,114	828,134	626,201
Total revenues	<u>71,893,317</u>	<u>70,201,906</u>	<u>78,807,016</u>	<u>83,097,372</u>
<b>Expenditures-</b>				
General government	14,675,517	15,071,967	17,231,171	18,343,416
Public safety	15,074,503	16,767,233	18,099,093	19,818,241
Public works	6,240,934	6,448,449	7,277,171	7,430,727
Culture and recreation	7,232,737	7,568,798	8,412,271	9,088,693
Capital projects	30,831,239	19,412,193	25,564,047	20,138,116
Debt service-				
Principal retirement	5,095,748	5,777,190	5,179,568	6,879,318
Interest and fiscal charges	4,938,673	5,732,117	8,381,599	7,343,728
Other charges	-	-	-	929,692
Total expenditures	<u>84,089,351</u>	<u>76,777,947</u>	<u>90,144,920</u>	<u>89,971,931</u>
Excess of revenues over (under) expenditures	<u>(12,196,034)</u>	<u>(6,576,041)</u>	<u>(11,337,904)</u>	<u>(6,874,559)</u>
<b>Other financing sources (uses)-</b>				
Proceeds from sale of capital assets	-	-	-	-
Issuance of lease	1,000,000	575,000	-	575,000
Issuance of debt	25,435,000	60,448,959	-	31,945,000
Premium on bonds issued	-	-	-	1,209,144
Payment to refunded bond excrow agent	-	(11,084,861)	-	(12,803,761)
Transfers in	20,430,957	13,565,477	14,761,767	18,998,512
Transfers out	(17,827,727)	(11,115,669)	(12,523,699)	(16,262,983)
Total other financing sources (uses)	<u>29,038,230</u>	<u>52,388,906</u>	<u>2,238,068</u>	<u>23,660,912</u>
Net change in fund balances	<u>\$ 16,842,196</u>	<u>\$ 45,812,865</u>	<u>\$ (9,099,836)</u>	<u>\$ 16,786,353</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 34,495,580	\$ 20,906,177	\$ 25,535,305	\$ 21,386,215
Debt service as a percentage of noncapital expenditures	20.2%	20.6%	21.0%	20.7%

	2005	2006	2007	2008	2009	2010
\$	83,437,892	\$ 91,672,097	\$ 99,100,555	\$ 101,938,374	\$ 97,339,627	\$ 101,070,150
	1,218,975	970,570	1,585,091	1,593,711	1,053,959	907,705
	4,100,595	4,311,153	3,569,077	3,895,886	3,757,215	3,767,565
	1,455,280	1,696,474	1,849,523	2,014,379	2,057,353	2,260,401
	885,038	1,165,978	2,578,680	1,317,506	1,232,594	3,953,092
	1,905,049	2,268,619	2,838,689	2,939,352	2,394,145	2,291,326
	4,853,019	8,640,878	11,424,988	9,977,103	8,406,513	3,652,629
	1,258,618	165,670	826,807	2,094,375	1,729,637	972,641
	<u>99,114,466</u>	<u>110,891,439</u>	<u>123,773,410</u>	<u>125,770,686</u>	<u>117,971,043</u>	<u>118,875,509</u>
	20,638,875	22,163,330	22,207,904	22,801,093	22,830,329	23,050,458
	21,674,409	25,785,545	28,456,892	31,996,008	34,099,601	34,539,844
	7,587,502	8,506,994	8,719,701	9,360,999	10,065,601	9,565,430
	9,382,752	10,021,489	10,711,796	11,524,905	11,813,663	11,157,995
	27,972,915	36,896,924	36,542,219	53,298,559	38,798,458	21,184,635
	7,518,388	7,090,383	11,940,981	10,448,506	10,942,820	11,456,810
	8,046,683	7,698,552	7,052,015	9,060,707	9,290,481	9,097,057
	313,483	-	3,994,688	-	-	1,327,989
	<u>103,135,007</u>	<u>118,163,217</u>	<u>129,626,196</u>	<u>148,490,777</u>	<u>137,840,953</u>	<u>121,380,218</u>
	<u>(4,020,541)</u>	<u>(7,271,778)</u>	<u>(5,852,786)</u>	<u>(22,720,091)</u>	<u>(19,869,910)</u>	<u>(2,504,709)</u>
	-	1,423,235	-	-	-	-
	600,000	600,000	3,250,000	750,000	1,505,390	1,310,569
	19,915,000	6,201,378	80,110,000	16,798,622	-	18,575,000
	1,361,510	-	573,448	-	-	1,387,593
	(20,927,719)	-	(30,175,015)	-	-	(19,682,356)
	27,802,722	29,387,915	45,681,150	26,429,303	33,385,722	24,459,490
	<u>(25,050,299)</u>	<u>(27,547,726)</u>	<u>(44,012,929)</u>	<u>(24,137,608)</u>	<u>(30,579,894)</u>	<u>(21,290,586)</u>
	<u>3,701,214</u>	<u>10,064,802</u>	<u>55,426,654</u>	<u>19,840,317</u>	<u>4,311,218</u>	<u>4,759,710</u>
\$	<u>(319,327)</u>	<u>\$ 2,793,024</u>	<u>\$ 49,573,868</u>	<u>\$ (2,879,774)</u>	<u>\$ (15,558,692)</u>	<u>\$ 2,255,001</u>
\$	29,836,204	\$ 36,896,924	\$ 36,542,219	\$ 53,298,559	\$ 40,000,535	\$ 22,684,310
	21.2%	18.2%	20.4%	20.5%	20.7%	20.8%

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

Fiscal Year	Actual Assessed Value			Less: Tax Exempt Property	Total Taxable Assessed Valuation	Total Direct Tax Rate
	Real Property	Personal Property	Total			
	\$	\$	\$	\$	\$	\$
2001	3,270,519,641	712,609,336	3,983,128,977	260,491,609	3,722,637,368	0.3303
2002	3,977,561,419	853,720,952	4,831,282,371	333,154,352	4,498,128,019	0.3221
2003	4,536,275,722	832,454,143	5,368,729,865	309,696,551	5,059,033,314	0.3422
2004	4,603,800,464	786,481,840	5,390,282,304	250,319,487	5,139,962,817	0.3572
2005	4,794,995,393	726,483,588	5,521,478,981	190,331,290	5,331,147,691	0.3797
2006	5,199,431,315	749,984,473	5,949,415,788	175,933,206	5,773,482,582	0.3711
2007	5,929,650,836	783,793,471	6,713,444,307	198,475,704	6,514,968,603	0.3711
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

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	
	\$	\$	\$	\$	\$	\$	\$
2001	0.1590	0.1713	0.3303	1.7086	0.3477	-	2.3866
2002	0.1792	0.1429	0.3221	1.7387	0.3543	-	2.4151
2003	0.1941	0.1481	0.3422	1.7924	0.4154	-	2.5500
2004	0.2018	0.1553	0.3571	1.8643	0.4482	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

Source: Williamson County Tax Office

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

Name of Taxpayer	2010			2001		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 155,998,254	1	1.874 %	\$ 201,745,463	1	5.419 %
CPG Round Rock, LP	135,844,917	2	1.632	-		-
Baltgem Development Corp.	91,678,192	3	1.102	-		-
Columbia/St. David Healthcare	62,054,352	4	0.746	-		-
Dell Computer Corp.	49,053,810	5	0.589	53,076,511	2	1.426
CMF 15 Portfolio, LLC	45,887,000	6	0.551	-		-
Oncor Electric Delivery Co.	40,624,651	7	0.488	-		-
Round Rock Luxury Apartments, LTD	40,000,000	8	0.481	-		-
Chandler Creek, LP	37,846,981	9	0.455	-		-
SV-ONA La Frontera Office, LP	33,000,000	10	0.397	-		-
DuPont Photo Mask	-		-	49,095,901	3	1.319
Limestone Ranch, LLP	-		-	33,536,000	4	0.901
Micron Semiconductor Products	-		-	28,523,075	5	0.766
Cypress Semiconductor	-		-	27,488,189	6	0.738
Texas Utilities Electric	-		-	26,960,795	7	0.724
Security Capital	-		-	25,131,306	8	0.675
Benj. E. Sherman & Sons	-		-	23,890,733	9	0.642
Sysco Food Services, Inc.	-		-	21,704,151	10	0.583
	<u>\$ 691,988,157</u>		<u>8.315 %</u>	<u>\$ 491,152,124</u>		<u>13.193 %</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
	\$	\$	%	\$	\$	%
2001	12,408,200	12,181,034	98.17	211,524	12,392,558	99.87
2002	14,553,616	14,335,048	98.50	195,939	14,530,987	99.84
2003	17,293,085	17,129,231	99.05	149,579	17,278,810	99.92
2004	18,305,148	18,117,224	98.97	167,177	18,284,401	99.89
2005	20,296,494	20,103,093	99.05	176,339	20,279,432	99.92
2006	21,432,170	21,260,880	99.20	155,929	21,416,809	99.93
2007	24,021,587	24,010,335	99.95	(4,914)	24,005,421	99.93
2008	27,222,734	27,232,914	100.04	(38,883)	27,194,031	99.89
2009	29,913,042	29,745,017	99.44	115,890	29,860,907	99.83
2010	33,007,061	32,840,433	99.50	-	32,840,433	99.50

**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>
2000	\$ 768,898,220	\$ 597,548,751	\$ 196,444,145	\$ 19,815,573	\$ 24,734,436
2001	912,414,869	731,001,387	216,072,525	20,451,976	29,741,180
2002	1,002,120,502	719,007,415	216,666,201	22,555,006	33,689,361
2003	1,085,691,925	876,997,596	229,692,253	13,208,185	24,017,807
2004	1,125,319,697	924,947,365	245,301,178	19,188,881	13,748,708
2005	1,022,046,302	1,164,889,028	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	<u>1,103,261,058</u>	<u>1,228,096,597</u>	<u>323,957,885</u>	<u>18,637,403</u>	<u>16,313,752</u>
	<u>\$ 10,538,222,331</u>	<u>\$ 10,557,602,525</u>	<u>\$ 2,620,261,568</u>	<u>\$ 204,604,691</u>	<u>\$ 207,367,829</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.

<u>Construction</u>	<u>Finance, Insurance</u>	<u>Other</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$ 11,026,539	\$ 422,839	\$ 7,908,943	\$ 1,626,799,446	2.0%	6.25%	8.25%
12,984,689	1,156,703	6,723,785	1,930,547,114	2.0%	6.25%	8.25%
13,971,691	3,994,116	1,247,650	2,013,251,942	2.0%	6.25%	8.25%
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%
<u>30,415,221</u>	<u>2,198,134</u>	<u>-</u>	<u>2,722,880,050</u>	2.0%	6.25%	8.25%
<u>\$ 240,742,005</u>	<u>\$ 16,225,239</u>	<u>\$ 266,248,066</u>	<u>\$ 24,651,274,254</u>			

**CITY OF ROUND ROCK, TEXAS  
HOTEL TAXPAYERS  
SEPTEMBER 30, 2010**

<u>Taxpayer</u>	<u>Total Collections Year Ended September 30, 2010</u>	<u>Number of Rooms</u>
La Quinta Inn	\$ 100,127	116
Courtyard by Marriott	138,020	113
Red Roof Inn	73,283	100
Baymont Inn	93,705	86
Best Western Executive Inn	65,529	69
Days Inn & Suites	31,228	48
Super 8 Motel	26,237	59
Extended Stay America # 6030	43,585	138
Wingate Inn	86,818	100
Holiday Inn	91,301	91
Residence Inn	183,159	96
Hilton Garden Inn	181,792	122
Comfort Suites	41,542	63
Springhill Suites	124,928	104
Hampton Inn	174,745	93
Staybridge Suites	93,066	81
Austin Marriott North	565,661	295
Candlewood Suites	49,905	98
Extended Stay America # 6197	40,035	104
Country Inn & Suites	41,089	63
Value Place	16,523	121
Sleep Inn	28,152	74
Homewood Suites	896	115
	<u>\$ 2,291,326</u>	<u>2,349</u>

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

<u>Fiscal Year Ended 9-30</u>	<u>1st Quarter Oct. – Dec.</u>	<u>2nd Quarter Jan. – Mar.</u>	<u>3rd Quarter Apr. – June</u>	<u>4th Quarter July – Sept.</u>	<u>Total</u>
	\$	\$	\$	\$	\$
2001	323,789	308,735	333,479	388,426	1,354,429
2002	360,606	307,427	368,583	440,434	1,477,050
2003	401,794	367,136	410,803	439,011	1,618,744
2004	406,795	352,486	414,176	476,691	1,650,148
2005	448,789	401,171	476,219	578,870	1,905,049
2006	521,640	459,601	578,711	708,667	2,268,619
2007	594,826	695,452	729,813	818,598	2,838,689
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

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

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds			
	\$	\$	\$	\$	\$	%	\$
2001	37,640,000	23,622,000	51,438,524	4,887,700	117,588,224	5.98	1,708
2002	71,835,000	20,805,000	64,873,333	3,560,775	161,074,108	7.37	2,198
2003	70,265,000	20,167,000	61,901,766	2,358,850	154,692,616	7.40	1,993
2004	87,965,000	18,279,000	59,615,448	1,206,925	167,066,373	7.57	2,042
2005	98,680,000	3,471,000	57,400,061	270,000	159,821,061	6.60	1,858
2006	95,020,000	2,968,000	61,274,055	-	159,262,055	6.17	1,774
2007	124,960,000	16,120,000	58,318,074	355,000	199,753,074	7.43	2,159
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	8.88	2,701

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
		\$	\$	\$	\$	%	\$
2001	68,835	3,722,637	61,262,000 (2)	2,132,743	59,129,257	1.59	859
2002	73,295	4,498,128	92,640,000 (2)	2,074,841	90,565,159	2.01	1,236
2003	77,600	5,059,033	90,432,000 (2)	2,304,816	88,127,184	1.74	1,136
2004	81,825	5,139,963	106,244,000 (2)	2,338,493	103,905,507	2.02	1,270
2005	86,000	5,331,148	102,151,000 (2)	2,600,354	99,550,646	1.87	1,158
2006	89,800	5,773,483	97,988,000 (2)	3,200,508	94,787,492	1.64	1,056
2007	92,500	6,514,969	141,080,000 (2)	3,058,395	138,021,605	2.12	1,492
2008	96,200	7,503,434	135,360,000 (2)	3,431,063	131,928,937	1.76	1,371
2009	99,500	8,194,468	130,200,000 (2)	2,887,281	127,312,719	1.55	1,280
2009	102,000	8,322,297	124,000,000 (2)	1,944,761	122,055,239	1.47	1,197

Note: Includes Certificates of Obligation and General Obligation Bonds.

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

(2) Gross bonded debt includes self-supporting debt funded by enterprise funds.  
Gross self-supporting debt totaled \$4,515,000 at September 30, 2010.



**CITY OF ROUND ROCK, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2010**

<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	\$ 608,745,711 **	39.79%	\$ 242,219,918
Williamson County	579,849,376 *	22.27%	129,132,456
Georgetown ISD	133,100,000 **	0.01%	13,310
Travis County	590,683,794 *	0.25%	<u>1,476,709</u>
Subtotal, overlapping debt			372,842,394
City direct debt			<u>124,000,000</u>
Total direct and overlapping debt			<u><u>\$ 496,842,394</u></u>

\*Gross Debt as of 9-30-10

\*\*Gross Debt as of 6-30-10

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 667,304,112	\$ 806,315,251	\$ 906,860,750	\$ 921,367,824
Total net debt applicable to limit	<u>50,262,992</u>	<u>82,569,295</u>	<u>80,541,088</u>	<u>97,029,376</u>
Legal debt margin	<u>\$ 617,041,120</u>	<u>\$ 723,745,956</u>	<u>\$ 826,319,662</u>	<u>\$ 824,338,448</u>
Total net debt applicable to the limit as a percentage of debt limit	7.53%	10.24%	8.88%	10.53%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Total assessed value	<u>\$ 8,322,296,715</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,491,819,433
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 124,000,000
Less:	
Amount available in Debt Service Fund	(1,944,761)
Amounts considered self-supporting	<u>(4,515,000)</u>
Total net debt applicable to debt limit	<u>117,540,239</u>
Legal debt margin	<u>\$ 1,374,279,194</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, 2009, assessed valuation of \$ 8,322,296,715 at 100% collection, tax revenue of \$ 124,834,451 would be produced. This revenue could service the debt on \$1,491,819,433 issued as 20- year serial bonds at 5.50% (with level debt service payment).

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 955,638,811	\$ 1,034,929,880	\$ 1,167,845,500	\$ 1,345,033,513	\$ 1,468,905,352	\$ 1,491,819,433
<u>93,578,032</u>	<u>89,029,039</u>	<u>132,491,172</u>	<u>126,786,525</u>	<u>122,512,295</u>	<u>117,540,239</u>
<u>\$ 862,060,779</u>	<u>\$ 945,900,841</u>	<u>\$ 1,035,354,328</u>	<u>\$ 1,218,246,988</u>	<u>\$ 1,346,393,057</u>	<u>\$ 1,374,279,194</u>
9.79%	8.60%	11.34%	9.43%	8.34%	7.88%

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

<u>Fiscal Year</u>	<sup>(1)</sup> <u>Gross Revenue</u>	<sup>(2)</sup> <u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements Principal and Interest</u>	<u>Revenue Bond Coverage</u>
	\$	\$	\$	\$	
2001	24,333,346	12,645,648	11,687,698	1,575,210	7.42
2002	25,436,842	13,840,556	11,596,286	1,583,835	7.32
2003	24,895,722	15,328,369	9,567,353	1,392,358	6.87
2004	25,583,013	16,467,400	9,115,613	1,279,975	7.12
2005	28,197,344	18,452,453	9,744,891	1,016,058	9.59
2006	32,985,447	20,962,289	12,023,158	284,310	42.29
2007	31,921,522	21,369,755	10,551,767	5,966	1768.65
2008	36,629,189	24,549,076	12,080,113	153,666	78.61
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

<sup>(1)</sup> Water and Sewer Fund operating and non-operating revenues.

<sup>(2)</sup> Water and Sewer Fund operating expenses, excluding depreciation.

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

<u>Fiscal Year</u>	<sup>(1)</sup> <u>Population</u>	<u>Personal Income</u>	<sup>(2)</sup> <u>Per Capita Income</u>	<sup>(3)</sup> <u>Median Age</u>	<sup>(4)</sup> <u>School Enrollment</u>	<sup>(3)</sup> <u>Unemployment Rate</u>
		\$	\$			%
2001	68,835	1,965,376,920	28,552	30.5	32,652	3.9
2002	73,295	2,185,803,490	29,822	30.8	34,120	4.7
2003	77,600	2,090,544,000	26,940	31.2	35,579	4.7
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	102,000	3,102,534,000	30,417	31.4	42,683	6.2

Sources: <sup>(1)</sup> Planning Department, City of Round Rock

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

<sup>(3)</sup> Round Rock Chamber of Commerce

<sup>(4)</sup> Round Rock Independent School District

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

Name of Employer	2010			2001		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	8,500	1	15.86	9,400	1	27.09
Round Rock Independent School District	5,400	2	10.08	4,168	2	12.01
Sears TeleServe	1,300	3	2.43	822	3	2.37
Scott & White University Medical Campus	840	4	1.57			
City of Round Rock, Texas	835	5	1.56	596	7	1.72
Round Rock Medical Center	710	6	1.32	550	8	1.59
Texas Guaranteed Student Loan	700	7	1.31			
Seton Williamson Medical Center	500	8	0.93			
Dresser Wayne, Inc.	400	9	0.75	449	10	1.29
Michael Angelo's Gourmet Foods	390	10	0.73	619	6	1.78
Trend Technologies				711	4	2.05
Farmer's Insurance				635	5	1.83
Tellabs Texas, Inc.				525	9	1.51
	<u>19,575</u>		<u>36.52</u>	<u>18,475</u>		<u>53.25</u>

Source: Round Rock Chamber of Commerce

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

<b>Function:</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	120	132	134	142	148	158	163	176	173	173
Public safety-										
Police-										
Officers	100	107	112	119	126	131	135	146	151	151
Civilians	37	42	41	47	47	55	58	62	61	61
Fire-										
Firefighters & officers	72	78	78	90	104	111	119	124	124	124
Civilians	4	4	4	4	4	4	5	5	5	5
Public works-										
Street	49	49	49	48	48	48	48	48	48	48
Shop	14	14	14	14	14	15	15	15	15	15
Culture & recreation-										
Library	23	24	26	27	28	29	29	29	29	29
Parks & Recreation	79	81	83	90	91	93	93	95	97	97
Water	66	78	80	90	93	92	93	95	96	97
Sewer	<u>32</u>	<u>29</u>	<u>32</u>	<u>32</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>35</u>
Total	<u>596</u>	<u>638</u>	<u>653</u>	<u>703</u>	<u>738</u>	<u>771</u>	<u>793</u>	<u>831</u>	<u>835</u>	<u>835</u>

Source:

Finance Department, City of Round Rock

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

<b>Function:</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Police-</b>				
Arrests	1,512	1,735	1,684	2,625
Accident reports	2,675	2,667	2,360	2,669
Index crimes reported	2,061	1,495	1,813	1,679
Crimes per thousand residents	30.90	20.90	25.50	21.00
Officers per thousand of population	1.50	1.50	1.49	1.49
<b>Fire-</b>				
Incident volume	5,109	5,352	5,076	5,219
Priority calls answered	3,236	3,936	3,787	3,959
Non-emergency calls answered	1,873	1,396	1,289	1,260
Priority calls-response less than 6 minutes	82%	80%	83%	78%
<b>Public Works-</b>				
<b>Street-</b>				
Street resurfacing (lane miles)	81	84	84	72
Potholes repaired annually	2,500	2,500	3,000	3,223
Signals maintained	28	30	36	36
<b>Shop-</b>				
Work orders	2,960	2,960	4,485	4,650
Number of departments served	13	13	13	15
<b>Culture and Recreation-</b>				
<b>Library-</b>				
Number of items circulated	435,632	492,493	545,921	648,609
Number of card holders	35,637	37,457	40,532	42,321
Number of library visits	285,176	246,185	258,017	288,100
<b>Parks &amp; Recreation-</b>				
Total park acres maintained	1,173	1,187	1,573	1,532
Number of athletic fields maintained	38	38	38	38
Number of trees planted	N/A	N/A	238	350
Number of recreation enrollees	255,670	285,242	314,814	330,036
<b>Water-</b>				
New connections	1,800	1,850	1,172	1,578
Line maintenance work orders	5,113	3,267	3,810	5,938
Average monthly consumption	385,000,000	438,000,000	447,000,000	439,000,000
<b>Sewer-</b>				
Average monthly treatment	262,719,166	262,750,000	263,416,666	286,166,666
Line feet reviewed for infiltration & inflow	35,000	77,655	110,236	142,817

Source: City of Round Rock Finance Department

N/A - Data not available

2005	2006	2007	2008	2009	2010
3,592	4,013	3,754	3,749	3,908	4,328
1,942	1,907	1,990	1,997	1,646	1,877
2,326	2,072	2,512	2,449	2,960	3,154
28.30	22.80	27.90	30.10	30.30	31.30
1.50	1.50	1.46	1.52	1.52	1.48
6,709	6,430	7,463	7,690	8,000	8,500
5,376	4,977	4,592	5,656	5,800	6,000
1,333	1,453	2,871	2,034	2,200	2,500
86%	83%	83%	74%	75%	75%
71	124	130	135	137	137
3,223	4,000	4,000	4,000	4,000	4,000
42	52	57	59	59	59
4,468	4,118	5,418	5,618	6,330	6,930
15	18	18	19	19	19
647,343	671,816	725,370	762,926	780,000	810,000
41,448	42,792	44,820	49,829	51,000	53,000
298,996	302,900	306,000	311,000	310,000	320,000
1,532	1,547	1,610	1,610	1,757	1,780
38	38	38	38	43	45
325	843	500	818	877	350
359,128	372,998	371,201	402,548	401,000	401,000
1,228	1,549	1,181	572	254	356
5,434	4,242	4,400	4,400	4,226	4,044
474,500,000	553,600,000	432,101,000	552,610,000	589,159,550	466,096,342
287,948,166	303,103,333	298,038,200	296,208,875	301,433,205	327,351,600
163,143	181,316	152,515	161,291	156,934	114,176

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

<b>Function:</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Police-</b>				
Number of stations	1	1	1	1
Number of patrol units	103	103	120	126
<b>Fire-</b>				
Number of stations	5	5	5	5
Number of fire trucks	6	6	8	9
<b>Public Works-</b>				
<b>Street-</b>				
Lane miles	215	220	220	266
Drainage miles	90	92	92	92
Number of street lights	4,610	4,610	4,610	4,656
Number of traffic signals	28	30	36	36
<b>Shop-</b>				
Repair facilities	1	1	1	1
Number of bays	10	10	19	19
<b>Culture and Recreation-</b>				
<b>Library-</b>				
Number of library books	115,853	130,000	134,899	150,436
Number of library facilities	1	1	1	1
<b>Parks &amp; Recreation-</b>				
Total park acres	1,173	1,187	1,573	1,532
Number of athletic fields	38	38	38	38
Number of parks	60	76	72	70
Number of tennis courts	9	9	9	21
Number of pools	3	4	4	4
<b>Water-</b>				
Number of miles of water lines	299	299	394	394
Pumping stations	14	14	14	14
Tanks	19	19	18	18
Treatment capacity (millions of gallons/day)	30	35	48	48
<b>Sewer-</b>				
Number of miles of sewer mains	220	220	242	242
Wastewater lift stations	16	13	12	12

Source: City of Round Rock Finance Department

2005	2006	2007	2008	2009	2010
1 136	1 142	1 186	1 189	1 195	1 199
6 10	6 10	6 11	7 11	7 14	7 15
898 92 4,702 42	997 92 4,796 52	1,036 92 5,034 57	1,124 100 5,075 59	1,124 100 5,103 59	1,137 100 5,104 59
1 19	1 19	1 19	1 19	1 19	1 19
160,559 1	133,111 1	147,000 1	180,397 1	185,000 1	185,000 1
1,532 38 52 23 4	1,547 38 52 23 5	1,610 38 53 23 5	1,610 38 53 23 5	1,855 44 60 23 5	2,119 46 84 23 5
425 14 18 48	458 14 18 48	481 14 18 48	487 14 18 48	503 15 19 48	591 15 20 52
355 11	365 11	376 11	392 12	400 12	417 12

**CITY OF ROUND ROCK, TEXAS  
TOP TEN WATER CUSTOMERS  
SEPTEMBER 30, 2010**

<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	273,116,000	5.063 %
Williamson County Municipal Utility District # 10	Municipal Utility District	265,929,700	4.930
Chandler Creek Municipal Utility District	Municipal Utility District	151,975,200	2.817
Vista Oaks Municipal Utility District	Municipal Utility District	125,251,000	2.322
Williamson County Municipal Utility District # 11	Municipal Utility District	122,936,200	2.279
Round Rock Independent School District	Public Schools	94,500,500	1.752
Dell, Inc.	Electronic Equipment	72,587,000	1.346
City of Cedar Park	Municipality	50,549,000	0.937
Walsh Ranch Municipal Utility District	Municipal Utility District	48,417,300	0.898
Aquasource--Tonkawa Springs	Water Service Provider	<u>43,448,900</u>	<u>0.805</u>
		<u>1,248,710,800</u>	<u>23.148 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS  
WATER AND SEWER RETAIL RATES  
SEPTEMBER 30, 2010**

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

<u>Volume Rate</u>	<u>Monthly Service Charge</u>	
\$2.35 per 1,000 gallons of water used by all customers	<u>Meter Size Base Serving Customer</u>	<u>Monthly Water Service Charge</u>
		\$
	5/8 inch	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:

<u>Volume Rate</u>	<u>Monthly Service Charge</u>	
\$3.23 per 1,000 gallons of water used by all customers	* <u>Meter Size Base Serving Customer</u>	<u>Monthly Sewer Service Charge</u>
		\$
	5/8 inch	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.