

Comprehensive Annual Financial Report

Year Ended September 30, 2011
City of Round Rock, Texas



CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2011

ELECTED OFFICIALS

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

MANAGEMENT STAFF

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

OFFICIAL ISSUING REPORT

Cheryl Delaney, Finance Director



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INTRODUCTORY SECTION





ROUND ROCK, TEXAS

PURPOSE. PASSION. PROSPERITY.

February 14, 2012

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, 2011, 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, 2011. 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
Carlos T. Salinas

Councilmembers
Craig Morgan
George White
Joe Clifford
John Moman
Kris Whitfield

City Manager
Steve Norwood

City Attorney
Stephan L. Sheets

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City of Round Rock Profile

The City of Round Rock, Texas, established in 1851, is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government with six council members and a mayor. The City Manager is appointed by the City Council and is responsible to them for managing and administering all City affairs.

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

The financial reporting entity (the government) includes all the funds of the primary government (the City of Round Rock as legally defined) as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services, which includes police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, convention and tourism activities and general administrative services. In addition, the City owns and operates a waterworks 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, 2011.

Significant Local Economic Events

Despite the current U.S. economy nationwide, indicators show that the state and regional economy remains healthy. The Federal Reserve Bank of Dallas has noted that Texas' energy, high-tech, and trade sectors have enabled the state to outperform the nation in recovering from the recession, and the unemployment rate is on average 1% lower than the national average. According to the Wall Street Journal, of the 722,000 net jobs added nationwide, 265,300 were added in Texas.

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. The Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA) has more than doubled in population to 1.8 million since 1990. As of the end of fiscal year 2011, Round Rock's population was estimated at 101,500.

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 2011 were approximately \$ 47.0 million. This figure represents a modest increase of 1.64% compared to the prior year. The sales tax revenue category produced 54.9% of the total revenue available to the City's general fund for this year, while the property tax levy produced 24.9%. 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. It is important to note that the City has several municipal utility districts which have new housing starts (that are not included in the City's residential building permits numbers) but have a positive economic impact to the regional economy. 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 6.1%, and remains lower than the Austin metro and statewide rates of 6.9% and 8.4%, 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, REI, and other national and regional retailers.

In June 2011, Emerson Process Management finalized its purchase of Frontera Vista at La Frontera in Round Rock. The property includes 278,860 square feet of office space and a parking garage on a corporate campus. Emerson will move 750 highly skilled, professional employees, and expects to create another 125 positions over the next three years. Emerson also expects to occupy 10,000 room nights annually at area hotels. The facility will house the international headquarters and technology center for the company, which delivers automation technologies and services to the chemical, oil and gas, refining, pulp and paper, life sciences, and other industries.

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

St. David's Round Rock Medical Center, originally constructed in 1983, is owned by St. David's HealthCare, one of the largest health systems in Texas. With more than 170 beds, this acute care hospital provides comprehensive health services to residents of Williamson County and the surrounding areas. Services include The Heart and Vascular Center with express testing, maternity and newborn services with Level I and II nurseries at The Women's Center, and a thriving emergency department, providing Level II trauma care 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. 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. The facility announced in June 2011 that it has been certified as a Level II trauma center.

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 applied 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.

Another higher education institution is the Art Institute of Austin, part of the Art Institutes, a system of more than 40 schools across North America. The Round Rock campus has 1,700 existing students.

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. Currently, 24 hotels with 2,473 rooms are open for business maintaining solid occupancy rates. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond/Convention Center complex. To ensure continued development and success of Round Rock's tourism industry, the City and the Chamber of Commerce engaged a tourism consultant to provide a long-range tourism plan for Round Rock. The plan recommends special emphasis on sporting events resulting in new growth in the industry. With several area sports facilities in place and statewide events being planned, Round Rock continues its marketing strategy as the "Sports Capital of Texas." Tourism is an expanded component of the City's overall economic development strategy.

In November 2011, voters approved an increase in the Hotel Occupancy Tax rate to help fund the Sports Complex (Venue Project) facility. This will be a multi-purpose facility that will attract overnight stays and generate tourism revenue for the City of Round Rock. The activities anticipated would focus on major athletic events/tournaments. Consumer shows and other events may also be programmed.

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

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 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 \$ 15.6 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. Many other road projects, also funded with local and state funds, are in planning or construction phases. Total current expenditure estimates for these various projects approximate \$ 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.

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 to 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, 2010. This was the twenty-fifth 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, 2010. 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,

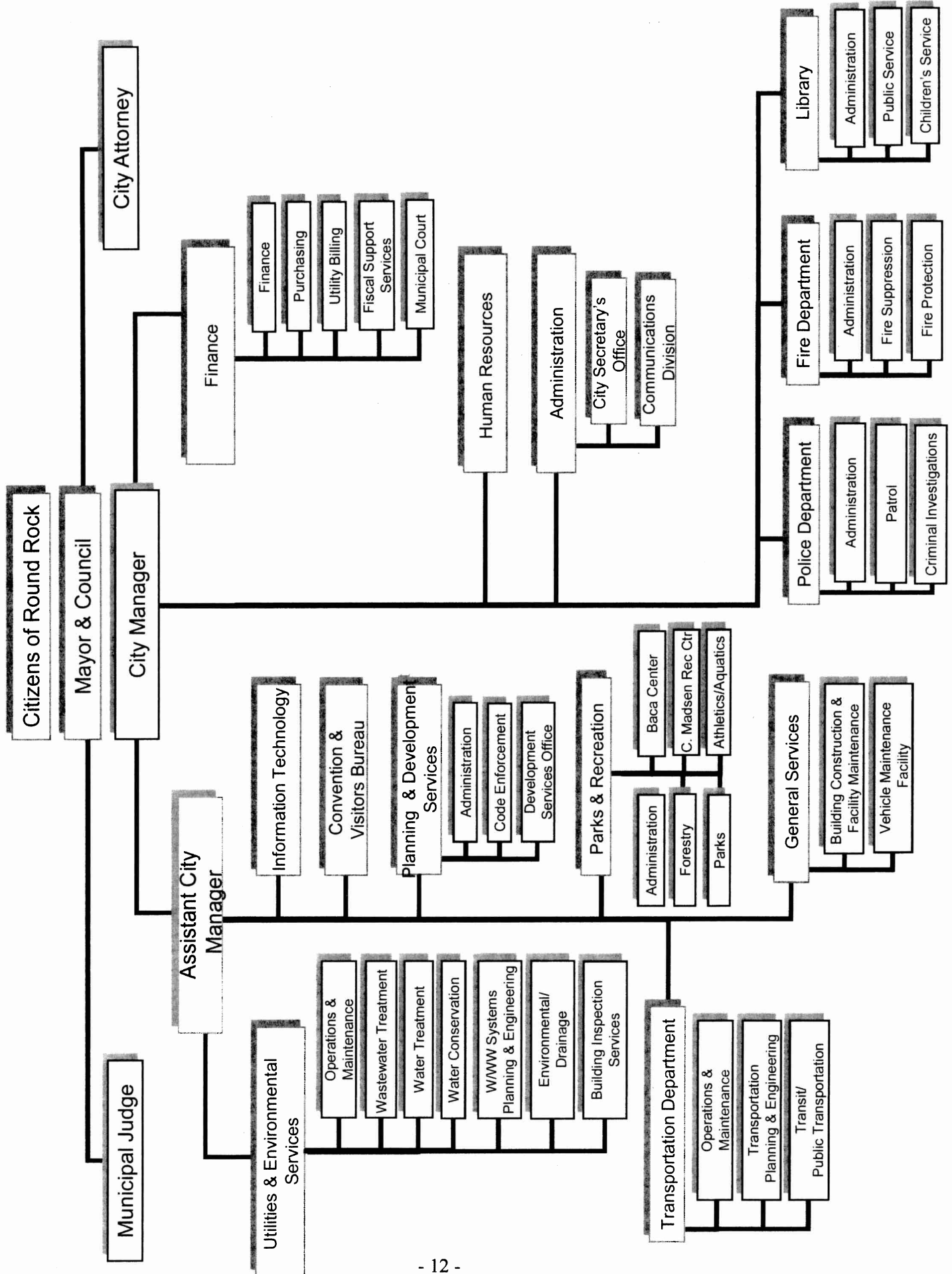
A handwritten signature in black ink, appearing to read "Steve Norwood", with a stylized, flowing script.

Steve Norwood
City Manager

A handwritten signature in black ink, appearing to read "Cheryl Delaney", with a stylized, flowing script.

Cheryl Delaney
Finance Director

City Organization 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, 2010

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.



Linda C. Danison

President

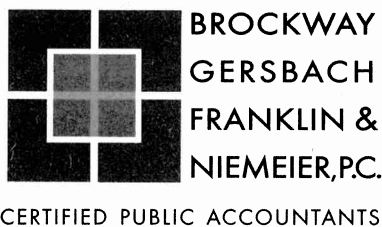
Jeffrey R. Enner

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, 2011, 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, 2011, 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 our report dated February 14, 2012, 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 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 assessing the results of our audit.

**Independent Auditors' Report
(Continued)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 32 and budgetary comparison information on pages 118 through 131 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Round Rock's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Brockway, Lindblad, Franklin & Nierman, P.C.

February 14, 2012

City of Round Rock, Texas
Management's Discussion and Analysis
September 30, 2011

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, 2011. 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 \$ 796,332,491 (*net assets*). Of this amount, \$ 180,096,031 (*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 \$ 28,303,664. Approximately 49.2 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 \$ 181,961,399, an increase of \$ 4,966,139 in comparison with the prior year. The increase is primarily due to the various transfers to fund the City's capital project programs. Approximately 22 percent of the total fund balance amount, \$ 40,253,360, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 40,253,360, or 51 percent of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$ 11,176,950 during the current fiscal year. The change was due to regularly scheduled debt principal retirement along with savings from various refunding bond issues as more fully described in Note IV(F) to the financial statements.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Round Rock's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Round Rock's finances, in a manner similar to a private-sector business.

The *statement of net 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, 2011

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 23 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 17 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, 2011

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, 2011

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 \$ 796,332,491 as of September 30, 2011.

The largest portion of the City's net assets (62.3%) 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 (14.1%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets \$ 180,096,031 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2011 and 2010, 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, 2011 and 2010.

Net Assets (in 000's)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 210,695	\$ 205,863	\$ 114,543	\$ 100,990	\$ 325,238	\$ 306,853
Capital assets	462,419	463,868	303,425	302,127	765,844	765,995
Total assets	673,114	669,731	417,968	403,117	1,091,082	1,072,848
Long term liabilities	184,644	194,798	91,684	93,083	276,328	287,881
Other liabilities	14,810	14,442	3,611	2,496	18,421	16,938
Total liabilities	199,454	209,240	95,295	95,579	294,749	304,819
Net assets:						
Invested in capital assets,						
net of related debt	282,782	274,038	221,145	210,960	503,927	484,998
Restricted	100,325	98,312	11,984	13,297	112,309	111,609
Unrestricted	90,553	88,141	89,544	83,281	180,097	171,422
Total net assets	\$ 473,660	\$ 460,491	\$ 322,673	\$ 307,538	\$ 796,333	\$ 768,029

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2011

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, 2011 with comparisons to the previous year.

	Changes in Net Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 12,984	\$ 11,446	\$ 45,354	\$ 37,862	\$ 58,338	\$ 49,307
Operating grants and contributions	1,131	933	-	-	1,131	933
Capital grants and contributions	9,258	7,635	4,826	2,121	14,084	9,756
General revenues:						
Property taxes	33,579	33,040	-	-	33,579	33,040
Franchise taxes	6,222	5,934	-	-	6,222	5,934
Sales tax	62,613	61,625	-	-	62,613	61,625
Hotel occupancy tax	2,684	2,291	-	-	2,684	2,291
Public service taxes	352	328	-	-	352	328
Impact fees	-	-	4,693	3,893	4,693	3,893
Investment earnings	988	1,366	1,294	1,732	2,282	3,098
Miscellaneous	-	-	(54)	(64)	(54)	(64)
Total revenues	129,811	124,598	56,113	45,544	185,924	170,142
Expenses:						
General government	28,562	27,241	-	-	28,562	27,241
Public safety	39,140	36,688	-	-	39,140	36,688
Public works	28,286	29,054	-	-	28,286	29,054
Culture and recreation	14,514	14,260	-	-	14,514	14,260
Interest on long-term debt	8,333	9,294	-	-	8,333	9,294
Water and sewer utility	-	-	38,611	36,702	38,611	36,702
Golf course	-	-	174	193	174	193
Total expenses	118,835	116,537	38,785	36,895	157,620	153,432
Increases in net assets before transfers	10,976	8,061	17,328	8,649	28,304	16,710
Transfers	2,193	2,106	(2,193)	(2,106)	-	-
Increase in net assets	13,169	10,167	15,135	6,543	28,304	16,710
Net assets - beginning	460,491	450,324	307,538	300,995	768,029	751,319
Net assets - ending	\$ 473,660	\$ 460,491	\$ 322,673	\$ 307,538	\$ 796,333	\$ 768,029

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2011

Governmental activities. Governmental activities increased the City's net assets by \$ 13,168,715 or 47 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 \$ 3.80 million and are included in program revenues of public works, public safety and culture and recreation activities.
- Amounts received for property taxes increased from last year by 1.6 percent due primarily to an increase in the tax rate to partially offset reduced reliance on sales tax, increased debt service requirements on bonds and a modest decrease in assessed valuations. Other factors included the addition of new property and continued aggressive collection efforts.
- Sales tax collections of \$ 62.6 million increased by 1.6 percent as a result of a modest economic recovery and continued population growth.

Overall, general revenues, while not shown by program, are used to fund governmental program activities citywide. Of these, sales taxes are the largest single source of funds comprising 48 percent of total revenues, while property taxes make up 26 percent of total revenues.

Expenses for governmental activities for the City totaled \$ 118,835,509 for the year ended September 30, 2011. 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 \$ 39 million, or 33 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$ 30.3 million.
- Public works program costs totaling \$ 28.3 million reflect primarily depreciation charges on infrastructure of \$ 19.5 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, 2011

Business-type activities. Business-type activities increased the City's net assets by \$ 15,134,949 or 53 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>2011</u>	<u>2010</u>
Operating revenues	\$ 44,922,715	\$ 37,512,213
Operating income	\$ 10,237,764	\$ 4,021,182
Income available for debt service	\$ 24,334,522	\$ 16,997,109
Annual debt service	\$ 5,081,298	\$ 4,007,882
Coverage	4.79	4.24

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

Growth in the customer base and a large increase in consumption levels due to drought conditions provided strong revenue growth 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, 2011

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

For the fiscal year ended September 30, 2011, the City's governmental funds reported combined ending fund balances of \$ 181,961,399. Approximately 22 percent of this total amount (\$ 40,253,360) constitutes unassigned fund balance and is available for spending at the City's discretion. \$ 39,760,452 of the fund balance is committed to either construction or special revenue projects/programs. The remainder of fund balances is restricted or nonspendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service (\$ 2,238,270), 2) fund authorized capital projects (\$ 90,281,425), 3) other restricted purposes (\$ 9,139,134) or 4) nonspendable (\$ 288,758).

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 \$ 40,542,118, of which \$ 40,253,360 was unassigned. Unassigned fund balance represented 51.4 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$ 255,002. The primary reasons for the increase mirror those highlighted in the analysis of governmental activities in the government-wide statements.

The debt service fund had a total fund balance of \$ 2,238,270 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was minimal (\$ 293,509). Debt service expenditure requirements decreased by \$ 694,180 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 \$ 54,584,880, an increase of \$ 4,346,861 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 \$ 61,283,677. The collective net decrease of \$ 174,458 occurred as a result of contributions and 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, 2011

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 \$ 87,461,838 at September 30, 2011. The total growth in net assets for the utility was \$ 15,402,417. The unrestricted net assets represented 27.7 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 \$ 8.44 million or 10.3 percent. The amendments were primarily to reallocate available cash to fund specified capital purchases totaling \$ 8.8 million.

Funding sources for the above items were provided by various revenue budget amendments netting a total of \$ 7.6 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, 2011, amounted to \$ 765,844,123 (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, 2011, included the following:

- Information technology infrastructure is being upgraded for major citywide software licensing updates, server connectivity and various software enhancements at a cost of \$ 1.0 million.
- Work continued on the new city hall business center complex. Remaining cost is estimated at \$ 2.6 million with completion expected for mid 2012.
- Work continued on the \$ 3.7 million reconstruction of the former police station. The facility will house the parks and recreation and municipal court departments. The anticipated completion date is mid 2013.
- Design work continued on the new Brushy Creek Trail Gap project at a total estimated project cost of \$ 3 million. Completion is expected in late 2013.
- The Intermodal Transit and Parking Facility providing commuter and downtown parking was completed and placed in service this year at a total project cost of \$ 5.1 million.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2011

Capital Assets and Debt Administration (Continued)

- Property has been purchased and design work begun on a \$ 17 million sports complex. Funding sources will be provided by revenue bonds and self-financed construction funds.
- Major arterial and road projects are underway and are in various stages of completion. Completed projects totaled \$ 13.4 million while construction in progress at year-end approximated \$ 9.5 million.
- Various street, sidewalk and drainage improvement projects were underway with completions totaling \$ 1.0 million and construction in progress at \$ 6.0 million at year-end.
- Developers contributed infrastructure improvements for governmental activities of \$ 3.8 million and \$ 4.8 million for water and sewer system infrastructure improvements.
- The program to replace water meters citywide with automated reading equipment is underway. Phase 1, 2 and 3 were completed and placed in service at a cost of \$ 1.4 million.
- Various water line replacement projects were completed and placed in service at a cost of \$ 1.4 million.
- Work was completed on a water treatment plant rehabilitation project and placed in service at a total cost of \$ 3.4 million.
- Construction is underway on Phase 1 of the reuse treatment facility and water line. Total cost is estimated at \$ 5.8 million and construction in progress at year-end was \$ 4.0 million.
- The sanitary sewer evaluation and rehabilitation program continues with construction in progress of \$ 2.4 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, 2011

Capital Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 30,857	\$ 25,918	\$ 8,449	\$ 8,449	\$ 39,306	\$ 34,367
Buildings and Improvements	106,438	101,803	22,506	22,506	128,944	124,309
Improvements Other Than Buildings	543,648	523,477	355,838	345,287	899,486	868,764
Machinery and Equipment	56,528	53,037	8,973	7,631	65,501	60,668
Accumulated Depreciation	(294,375)	(267,377)	(101,799)	(88,908)	(396,174)	(356,285)
Construction in Progress	19,323	27,010	9,458	7,162	28,781	34,172
Total	<u>\$ 462,419</u>	<u>\$ 463,868</u>	<u>\$ 303,425</u>	<u>\$ 302,127</u>	<u>\$ 765,844</u>	<u>\$ 765,995</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 \$ 260,220,446. Of this amount, \$ 118,945,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds and bank loans).

During the current fiscal year, the City of Round Rock's total debt decreased by \$ 11,176,950. The net decrease is largely due to the regularly scheduled debt principal along with the refinancing of various existing debt issues to take advantage of favorable interest rates. Details of the refunding issue can be found in Note IV(F)(4) to the financial statements.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2011

Long-Term Debt (in 000's)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 105,980	\$ 110,470	\$ -	\$ -	\$ 105,980	\$ 110,470
Certificates of obligation	12,965	13,530	-	-	12,965	13,530
Hotel tax revenue bonds	7,455	7,845	-	-	7,455	7,845
Sales tax revenue bonds	27,130	17,805	-	-	27,130	17,805
State infrastructure bank loans	18,705	32,552	-	-	18,705	32,552
Water and wastewater revenue bonds	-	-	87,985	89,195	87,985	89,195
Total	\$ 172,235	\$ 182,202	\$ 87,985	\$ 89,195	\$ 260,220	\$ 271,397

The City of Round Rock benefits substantially in reduced interest costs resulting from recently affirmed 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, 2010 certified assessed valuation of \$ 8,017,148,438 at 100% collection, tax revenue of \$ 120,257,227 would be produced. This revenue could service the debt on \$ 1,437,119,854 issued as 20-year serial bonds at 5.50% (with level debt service payment). The resulting legal debt margin is \$ 1,324,713,124.

The City had authorized but unissued water and wastewater system revenue bonds totaling \$ 1,585,000 at September 30, 2011. 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 2011-2012 budget plan adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service. Priorities addressed in this budget are to provide adequate funding to maintain current service levels, increase investment in the City's street maintenance program and address employee compensation plans.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2011

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

Major programs in the general fund for the next budget year include funding for re-establishing the pavement management program for \$ 1.2 million. The budget also funds a citywide employee market study intended to compensate staff at current market rates.

Revenue assumptions in general for fiscal year 2011-2012 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;
- Express transit and reverse commuter service;
- Parks capital maintenance program.

As discussed earlier, the City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. In order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year utility rate increases were implemented. A phased-in rate increase was completed in fiscal year 2010 and no rate increases for retail water or wastewater services are planned for the 2011-2012 budget year.

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

Additionally, Round Rock in partnership with the cities of Leander and Cedar Park have created the Brushy Creek Regional Utility Authority (BCRUA) to facilitate construction and operation of a regional water facility that will provide treated water from Lake Travis to the cities. 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 spring of 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, 2011

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

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 second 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, 2011

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 35,993,830	\$ 23,994,529	\$ 59,988,359
Investments	67,433,682	54,477,361	121,911,043
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	291,355	-	291,355
Accounts & other	5,594,105	6,867,396	12,461,501
Loans	2,528,682	-	2,528,682
Accrued interest	361,294	195,718	557,012
Internal balances	(1,321,254)	1,321,254	-
Assessments	691,284	-	691,284
Intergovernmental	540,942	4,982,581	5,523,523
Inventories	197,336	320,103	517,439
Other current assets	178,922	1,608,521	1,787,443
Restricted assets -			
Cash and cash equivalents	66,279,068	12,408,125	78,687,193
Investments	24,036,089	-	24,036,089
Property taxes receivable	207,490	-	207,490
Accounts and other	1,219,485	758,761	1,978,246
Accrued interest	17,104	-	17,104
Investment in joint venture	-	7,608,695	7,608,695
Deferred charges, net	6,445,866	-	6,445,866
Capital assets -			
Land and construction in progress	50,179,476	17,907,142	68,086,618
Capital assets, net of accumulated depreciation	412,239,456	285,518,049	697,757,505
 Total assets	 673,114,212	 417,968,235	 1,091,082,447

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 9,665,429	\$ 2,707,931	\$ 12,373,360
Accrued payroll	1,959,894	276,667	2,236,561
Unearned revenue	1,850,553	-	1,850,553
Accrued interest payable	1,334,009	625,916	1,959,925
Noncurrent liabilities:			
Due within one year	11,731,908	2,423,152	14,155,060
Due in more than one year	172,912,651	89,261,846	262,174,497
Total liabilities	199,454,444	95,295,512	294,749,956
NET ASSETS			
Invested in capital assets, net of related debt	282,782,272	213,536,543	496,318,815
Invested in joint venture	-	7,608,695	7,608,695
Temporarily restricted for:			
Debt service	904,261	241,313	1,145,574
Capital projects	90,281,425	11,742,817	102,024,242
Hotel-motel tax	8,114,729	-	8,114,729
Public safety	1,024,405	-	1,024,405
Unrestricted	90,552,676	89,543,355	180,096,031
Total net assets	\$ 473,659,768	\$ 322,672,723	\$ 796,332,491

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 28,562,133	\$ 3,519,857	\$ 884,375	\$ 3,175,649
Public safety	39,140,352	4,295,283	246,193	35,848
Public works	28,285,749	2,032,530	-	5,812,980
Culture and recreation	14,514,561	3,136,422	60	233,399
Interest on long-term debt	8,332,714	-	-	-
Total governmental activities	118,835,509	12,984,092	1,130,628	9,257,876
Business-type activities:				
Water and sewer utility	38,611,958	44,922,715	-	4,825,932
Golf course	174,149	431,413	-	-
Total business-type activities	38,786,107	45,354,128	-	4,825,932
Total primary government	\$ 157,621,616	\$ 58,338,220	\$ 1,130,628	\$ 14,083,808

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	\$ (20,982,252)	\$ -	\$ (20,982,252)
Public safety	(34,563,028)	-	(34,563,028)
Public works	(20,440,239)	-	(20,440,239)
Culture and recreation	(11,144,680)	-	(11,144,680)
Interest on long-term debt	(8,332,714)	-	(8,332,714)
Total governmental activities	(95,462,913)	-	(95,462,913)
Business-type activities:			
Water and sewer utility	-	11,136,689	11,136,689
Golf course	-	257,264	257,264
Total business-type activities	-	11,393,953	11,393,953
Total primary government	(95,462,913)	11,393,953	(84,068,960)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	21,456,770	-	21,456,770
Property taxes, levied for debt service	12,122,221	-	12,122,221
Franchise taxes	6,221,790	-	6,221,790
Sales tax	62,613,350	-	62,613,350
Hotel occupancy tax	2,684,046	-	2,684,046
Public service taxes	352,159	-	352,159
Impact fees	-	4,692,958	4,692,958
Unrestricted investment earnings	988,222	1,294,555	2,282,777
Loss on joint venture	-	(53,447)	(53,447)
Transfers	2,193,070	(2,193,070)	-
Total general revenues and transfers	108,631,628	3,740,996	112,372,624
Change in net assets	13,168,715	15,134,949	28,303,664
Net assets-beginning	460,491,053	307,537,774	768,028,827
Net assets-ending	\$ 473,659,768	\$ 322,672,723	\$ 796,332,491

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2011

			Round Rock Transportation System Development Corporation Revenue Fund
ASSETS	General Fund	Debt Service Fund	
Cash and cash equivalents	\$ 12,509,263	\$ -	\$ -
Investments	61,931,622	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	291,355	-	-
Accounts and other	4,645,080	-	-
Loans	-	-	-
Accrued interest	144,503	-	-
Interfund receivables	14,608	12,783	-
Assessments	-	-	-
Intergovernmental	460,873	-	-
Inventories	197,336	-	-
Other current assets	91,422	-	-
Restricted assets -			
Cash and cash equivalents	-	2,222,528	29,312,202
Investments	-	-	24,036,089
Receivables -			
Property taxes, including interest and penalties	-	207,490	-
Sales tax	-	-	1,219,485
Accrued interest	-	-	17,104
Total assets	<u>\$ 80,286,062</u>	<u>\$ 2,442,801</u>	<u>\$ 54,584,880</u>
LIABILITIES AND FUND BALANCES			
Liabilities-			
Accounts payable	\$ 5,891,359	\$ -	\$ -
Accrued payroll	1,921,298	-	-
Interfund payables	31,386,337	14,608	-
Deferred revenue	544,950	189,923	-
Total liabilities	<u>39,743,944</u>	<u>204,531</u>	<u>-</u>
Fund balances -			
Nonspendable	288,758	-	-
Restricted - debt service	-	2,238,270	-
Restricted - authorized construction	-	-	54,584,880
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Committed, reported in-			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unassigned	40,253,360	-	-
Total fund balances	<u>40,542,118</u>	<u>2,238,270</u>	<u>54,584,880</u>
Total liabilities and fund balances	<u>\$ 80,286,062</u>	<u>\$ 2,442,801</u>	<u>\$ 54,584,880</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
\$ 1,995,007	\$ 4,509,210	\$ -	\$ 9,009,209	\$ 28,022,689
-	-	-	3,500,420	65,432,042
-	-	-	-	291,355
-	213,627	3,069	732,329	5,594,105
1,616,552	912,130	-	-	2,528,682
-	-	-	208,421	352,924
-	31,367,210	-	-	31,394,601
-	-	-	691,284	691,284
-	75,657	-	4,412	540,942
-	-	-	-	197,336
-	-	-	-	91,422
-	-	23,328,019	11,416,319	66,279,068
-	-	-	-	24,036,089
-	-	-	-	207,490
-	-	-	-	1,219,485
-	-	-	-	17,104
<u>\$ 3,611,559</u>	<u>\$ 37,077,834</u>	<u>\$ 23,331,088</u>	<u>\$ 25,562,394</u>	<u>\$ 226,896,618</u>
\$ 1,899,236	\$ 562,414	\$ 275,154	\$ 650,608	\$ 9,278,771
-	-	-	38,596	1,959,894
-	-	-	-	31,400,945
-	-	-	1,560,736	2,295,609
<u>1,899,236</u>	<u>562,414</u>	<u>275,154</u>	<u>2,249,940</u>	<u>44,935,219</u>
-	-	-	-	288,758
-	-	-	-	2,238,270
1,712,323	-	23,055,934	10,928,288	90,281,425
-	-	-	8,114,729	8,114,729
-	-	-	1,024,405	1,024,405
-	-	-	2,029,056	2,029,056
-	36,515,420	-	1,215,976	37,731,396
-	-	-	-	40,253,360
<u>1,712,323</u>	<u>36,515,420</u>	<u>23,055,934</u>	<u>23,312,454</u>	<u>181,961,399</u>
<u>\$ 3,611,559</u>	<u>\$ 37,077,834</u>	<u>\$ 23,331,088</u>	<u>\$ 25,562,394</u>	<u>\$ 226,896,618</u>



CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total Fund Balances - Governmental Funds **\$ 181,961,399**

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	\$	30,856,879	
Building and improvements		650,085,702	
Equipment		56,528,450	
Construction in progress		19,322,597	
Accumulated depreciation		<u>(294,374,696)</u>	
Total capital assets	\$	<u><u>462,418,932</u></u>	462,418,932

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	445,056
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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.

8,367,083

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.

(179,532,702)

Net Assets of Governmental Activities

\$ 473,659,768

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, 2011**

	General Fund	Debt Service Fund	Round Rock Transportation System Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 74,991,211	\$ 12,149,074	\$ 15,653,338
Licenses, permits and fees	835,516	-	-
Charges for services	3,985,634	-	-
Fines and forfeitures	2,140,233	-	-
Intergovernmental	725,254	-	-
Hotel occupancy tax	-	-	-
Investment and other	2,877,587	10,270	104,063
Contributions	-	-	-
Total revenues	<u>85,555,435</u>	<u>12,159,344</u>	<u>15,757,401</u>
Expenditures -			
Current -			
General government	23,751,779	-	-
Public safety	36,292,102	-	-
Public works	7,543,236	-	190,000
Culture and recreation	10,651,006	-	-
Debt service -			
Principal retirement	-	11,815,968	-
Interest and fiscal charges	-	8,072,821	-
Issuance costs	-	247,433	-
Capital projects	-	-	-
Total expenditures	<u>78,238,123</u>	<u>20,136,222</u>	<u>190,000</u>
Excess (deficiency) of revenues over expenditures	<u>7,317,312</u>	<u>(7,976,878)</u>	<u>15,567,401</u>
Other financing sources (uses) -			
Issuance of lease	750,000	-	-
Issuance of refunding bonds	-	16,145,000	-
Issuance of premium	-	223,248	-
Payment to redeem refunded debt	-	(10,497,072)	-
Payment to refunding agent	-	(5,586,285)	-
Transfers in	3,077,240	7,985,496	-
Transfers out	(10,889,550)	-	(11,220,540)
Total other financing sources (uses)	<u>(7,062,310)</u>	<u>8,270,387</u>	<u>(11,220,540)</u>
Net change in fund balances	<u>255,002</u>	<u>293,509</u>	<u>4,346,861</u>
Fund balances, October 1, 2010	<u>40,287,116</u>	<u>1,944,761</u>	<u>50,238,019</u>
Fund balances, September 30, 2011	<u>\$ 40,542,118</u>	<u>\$ 2,238,270</u>	<u>\$ 54,584,880</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
\$ -	\$ -	\$ -	\$ -	\$ 102,793,623
-	-	-	1,319,842	2,155,358
-	-	-	-	3,985,634
-	-	-	352,028	2,492,261
-	763,915	-	1,813,107	3,302,276
-	-	-	2,684,046	2,684,046
1,322	649,158	28,606	115,128	3,786,134
3,000,000	156,208	-	126,604	3,282,812
3,001,322	1,569,281	28,606	6,410,755	124,482,144
-	-	-	669,221	24,421,000
-	-	-	264,216	36,556,318
-	-	-	1,064,563	8,797,799
-	-	-	685,596	11,336,602
-	-	-	-	11,815,968
-	-	-	-	8,072,821
-	-	-	-	247,433
9,111,911	8,847,137	1,510,578	3,511,662	22,981,288
9,111,911	8,847,137	1,510,578	6,195,258	124,229,229
(6,110,589)	(7,277,856)	(1,481,972)	215,497	252,915
-	622,023	-	-	1,372,023
-	-	-	-	16,145,000
-	-	-	-	223,248
-	-	-	-	(10,497,072)
-	-	-	-	(5,586,285)
4,982,999	9,354,037	-	2,352,685	27,752,457
-	(263,100)	-	(2,322,957)	(24,696,147)
4,982,999	9,712,960	-	29,728	4,713,224
(1,127,590)	2,435,104	(1,481,972)	245,225	4,966,139
2,839,913	34,080,316	24,537,906	23,067,229	176,995,260
\$ 1,712,323	\$ 36,515,420	\$ 23,055,934	\$ 23,312,454	\$ 181,961,399

**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, 2011**

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

Net Change in Fund Balances-Total Governmental Funds	\$ 4,966,139
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	(5,083,120)
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.	3,634,003
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(27,332)
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,300,118
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(193,721)
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Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>(427,372)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 13,168,715</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 74,991,211	\$ 67,718,000	\$ 74,776,930	\$ 214,281
Licenses, permits and fees	835,516	776,000	776,000	59,516
Charges for services	3,985,634	3,881,600	3,895,600	90,034
Fines and forfeitures	2,140,233	2,164,000	1,876,000	264,233
Intergovernmental	725,254	375,659	1,224,832	(499,578)
Investment and other	2,877,587	2,946,450	2,662,334	215,253
Total revenues	<u>85,555,435</u>	<u>77,861,709</u>	<u>85,211,696</u>	<u>343,739</u>
Expenditures -				
Current -				
General government	23,751,779	23,933,890	24,040,854	289,075
Public safety	36,292,102	36,173,025	36,447,176	155,074
Public works	7,543,236	8,295,708	7,747,908	204,672
Culture and recreation	10,651,006	11,436,063	10,771,063	120,057
Total expenditures	<u>78,238,123</u>	<u>79,838,686</u>	<u>79,007,001</u>	<u>768,878</u>
Excess (deficiency) of revenues over expenditures	<u>7,317,312</u>	<u>(1,976,977)</u>	<u>6,204,695</u>	<u>1,112,617</u>
Other financing sources (uses) -				
Issuance of lease	750,000	750,000	750,000	-
Transfers in	3,077,240	2,849,240	3,077,240	-
Transfers out	(10,889,550)	(1,617,881)	(10,889,550)	-
Total other financing sources (uses)	<u>(7,062,310)</u>	<u>1,981,359</u>	<u>(7,062,310)</u>	<u>-</u>
Net change in fund balances	255,002	<u>\$ 4,382</u>	<u>\$ (857,615)</u>	<u>\$ 1,112,617</u>
Fund balance, October 1, 2010	<u>40,287,116</u>			
Fund balance, September 30, 2011	<u>\$ 40,542,118</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, 2011

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 15,653,338	\$ 13,500,000	\$ 13,500,000	\$ 2,153,338
Investment and other	104,063	110,000	110,000	(5,937)
Total revenues	15,757,401	13,610,000	13,610,000	2,147,401
Expenditures -				
Current -				
Public works	190,000	190,000	190,000	-
Total expenditures	190,000	190,000	190,000	-
Excess of revenues over expenditures	15,567,401	13,420,000	13,420,000	2,147,401
Other financing uses-				
Transfers out	(11,220,540)	(11,220,540)	(11,220,540)	-
Total other financing uses	(11,220,540)	(11,220,540)	(11,220,540)	-
Net change in fund balances	4,346,861	\$ 2,199,460	\$ 2,199,460	\$ 2,147,401
Fund balance, October 1, 2010	50,238,019			
Fund balance, September 30, 2011	\$ 54,584,880			

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

ASSETS	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Current assets:				
Cash and cash equivalents	\$ 23,272,922	\$ 721,607	\$ 23,994,529	\$ 7,971,141
Investments	54,477,361	-	54,477,361	2,001,640
Receivables (net of allowance for uncollectibles of \$ 1,529,210) -				
Accounts	6,822,396	45,000	6,867,396	-
Accrued interest	195,718	-	195,718	8,370
Interfund	6,344	-	6,344	-
Intergovernmental	4,982,581	-	4,982,581	-
Inventories	320,103	-	320,103	-
Other current assets	1,608,521	-	1,608,521	87,500
Total current assets	91,685,946	766,607	92,452,553	10,068,651
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	7,858,244	-	7,858,244	-
Construction	3,125,812	-	3,125,812	-
Customer deposits	1,182,756	-	1,182,756	-
Revenue bond covenant accounts	241,313	-	241,313	-
Restricted accounts and accrued interest receivable:				
Impact fees	52,152	-	52,152	-
Loans receivable	706,609	-	706,609	-
Investment in joint venture	7,608,695	-	7,608,695	-
Capital assets:				
Land and construction in progress	16,015,967	1,891,175	17,907,142	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 101,799,166)	282,156,449	3,361,600	285,518,049	-
Total capital assets (net of accumulated depreciation)	298,172,416	5,252,775	303,425,191	-
Total noncurrent assets	318,947,997	5,252,775	324,200,772	-
Total assets	\$ 410,633,943	\$ 6,019,382	\$ 416,653,325	\$ 10,068,651

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, 2011**

LIABILITIES AND NET ASSETS	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Current liabilities:				
Accounts payable	\$ 2,707,931	\$ -	\$ 2,707,931	\$ 386,658
Accrued payroll	276,667	-	276,667	-
Accrued interest	625,916	-	625,916	-
Current portion of bonds payable	2,055,000	-	2,055,000	-
Current portion of premiums on bonds	67,987	-	67,987	-
Accrued benefit obligations	300,165	-	300,165	-
Total current liabilities	6,033,666	-	6,033,666	386,658
Noncurrent liabilities:				
Unearned revenue	109,970	-	109,970	-
Bonds payable	85,930,000	-	85,930,000	-
Premiums on bonds payable	1,835,661	-	1,835,661	-
Accrued benefit obligations	203,459	-	203,459	-
Customer deposits	1,182,756	-	1,182,756	-
Total noncurrent liabilities	89,261,846	-	89,261,846	-
Total liabilities	95,295,512	-	95,295,512	386,658
Net assets:				
Invested in capital assets, net of related debt	208,283,768	5,252,775	213,536,543	-
Invested in joint venture	7,608,695	-	7,608,695	-
Restricted for:				
Debt service	241,313	-	241,313	-
Capital projects	11,742,817	-	11,742,817	-
Unrestricted	87,461,838	766,607	88,228,445	9,681,993
Total net assets	\$ 315,338,431	\$ 6,019,382	321,357,813	\$ 9,681,993

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.

1,314,910

Net assets of business-type activities

\$ 322,672,723

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, 2011**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Operating revenues -				
Charges for services	\$ 44,922,715	\$ 431,413	\$ 45,354,128	\$ 8,662,366
Total operating revenues	44,922,715	431,413	45,354,128	8,662,366
Operating expenses -				
Personnel services	7,518,411	-	7,518,411	-
Contractual services	9,839,091	-	9,839,091	1,264,304
Supplies	1,076,560	-	1,076,560	-
Materials	972,412	-	972,412	-
Heat, light and power	2,474,391	-	2,474,391	-
Claims expense	-	-	-	7,053,558
Depreciation	12,804,086	174,149	12,978,235	-
Total operating expenses	34,684,951	174,149	34,859,100	8,317,862
Operating income	10,237,764	257,264	10,495,028	344,504
Nonoperating revenues (expenses) -				
Investment and other revenues	1,292,672	1,883	1,294,555	14,705
Loss in joint venture	(53,447)	-	(53,447)	-
Interest and fiscal charges	(3,850,348)	-	(3,850,348)	-
Total nonoperating revenues (expenses)	(2,611,123)	1,883	(2,609,240)	14,705
Income before contributions and transfers	7,626,641	259,147	7,885,788	359,209
Contributions and transfers -				
Contributions - impact fees	4,692,958	-	4,692,958	-
Developer contributions - infrastructure	4,825,932	-	4,825,932	-
Transfers in	346,886	-	346,886	-
Transfers out	(2,090,000)	(449,956)	(2,539,956)	(863,240)
Total contributions and transfers	7,775,776	(449,956)	7,325,820	(863,240)
Change in net assets	15,402,417	(190,809)	15,211,608	(504,031)
Net assets, October 1, 2010	<u>299,936,014</u>	<u>6,210,191</u>		<u>10,186,024</u>
Net assets, September 30, 2011	<u>\$ 315,338,431</u>	<u>\$ 6,019,382</u>		<u>\$ 9,681,993</u>
Reconciliation to government-wide statement of activities:				
Adjustment to reflect the net profit of the internal service fund that was allocated to enterprise fund functions.			(76,659)	
Change in net assets of business-type activities			<u>\$ 15,134,949</u>	

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011**

	Business Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 43,853,523	\$ 386,413	\$ 44,239,936	\$ 1,707,635
Cash received from other funds for services provided	-	-	-	6,689,152
Cash payments to suppliers for goods and services	(14,012,597)	-	(14,012,597)	(8,411,460)
Cash payments to employees for services	(6,411,738)	-	(6,411,738)	-
Cash payments to other funds for services	(964,195)	-	(964,195)	-
Net cash provided (used) by operating activities	<u>22,464,993</u>	<u>386,413</u>	<u>22,851,406</u>	<u>(14,673)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	346,886	-	346,886	-
Transfers to other funds	(2,090,000)	(449,956)	(2,539,956)	(863,240)
Net cash provided (used) by noncapital financing activities	<u>(1,743,114)</u>	<u>(449,956)</u>	<u>(2,193,070)</u>	<u>(863,240)</u>
Cash flows from capital and related financing activities:				
Receipts of capital contributions	4,797,910	-	4,797,910	-
Acquisition and construction of capital assets	(8,143,780)	-	(8,143,780)	-
Proceeds from sale of capital assets	83,169	-	83,169	-
Investment in joint venture	(3,491,261)	-	(3,491,261)	-
Principal paid on revenue bonds	(1,210,000)	-	(1,210,000)	-
Collection of loans	49,839	-	49,839	-
Interest and fiscal charges paid	(3,871,798)	-	(3,871,798)	-
Net cash used by capital and related financing activities	<u>(11,785,921)</u>	<u>-</u>	<u>(11,785,921)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(36,870,905)	-	(36,870,905)	-
Proceeds from sale of investments	29,500,000	-	29,500,000	2,022,422
Investment and other income	1,161,390	1,883	1,163,273	18,283
Net cash provided (used) by investing activities	<u>(6,209,515)</u>	<u>1,883</u>	<u>(6,207,632)</u>	<u>2,040,705</u>
Net increase (decrease) in cash and cash equivalents	2,726,443	(61,660)	2,664,783	1,162,792
Cash and cash equivalents at beginning of year	32,954,604	783,267	33,737,871	6,808,349
Cash and cash equivalents at end of year	<u>\$ 35,681,047</u>	<u>\$ 721,607</u>	<u>\$ 36,402,654</u>	<u>\$ 7,971,141</u>

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2011**

	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	\$ 23,272,922	\$ 721,607	\$ 23,994,529	\$ 7,971,141
Restricted assets -				
Cash and cash equivalents	12,408,125	-	12,408,125	-
Cash and cash equivalents	<u>\$ 35,681,047</u>	<u>\$ 721,607</u>	<u>\$ 36,402,654</u>	<u>\$ 7,971,141</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 10,237,764	\$ 257,264	\$ 10,495,028	\$ 344,504
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	12,804,086	174,149	12,978,235	-
Provision for bad debts	76,221	-	76,221	-
Increase in receivables	(914,901)	(45,000)	(959,901)	-
Decrease in interfund receivables	35,805	-	35,805	-
Increase in inventory	(7,934)	-	(7,934)	-
Increase in other assets	(34,133)	-	(34,133)	-
Increase (decrease) in accounts payable	315,703	-	315,703	(93,598)
Increase in accrued payroll	39,469	-	39,469	-
Decrease in interfund payables	-	-	-	(265,579)
Decrease in payables from restricted assets	(154,291)	-	(154,291)	-
Increase in accrued benefit obligation	67,204	-	67,204	-
Total adjustments	<u>12,227,229</u>	<u>129,149</u>	<u>12,356,378</u>	<u>(359,177)</u>
Net cash provided (used) by operations	<u>\$ 22,464,993</u>	<u>\$ 386,413</u>	<u>\$ 22,851,406</u>	<u>\$ (14,673)</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2011, the Water and Sewer Fund had \$ 4,825,932 in capital assets contributed, recognized \$ 258,679 in unrealized investment losses, and loss on joint venture of \$ 53,447.

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, 2011**

	<u>AGENCY FUND</u>
	Public <u>Improvement Districts</u>
ASSETS	
Cash and cash equivalents	<u>\$ 20,737</u>
Total assets	<u><u>\$ 20,737</u></u>
LIABILITIES	
Liabilities -	
Due to participants	<u>\$ 20,737</u>
Total liabilities	<u><u>\$ 20,737</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, 2011

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, 2011

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, 2011

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, 2011

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 ten 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*
- *Drainage 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*
- *Public Education & Government 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, 2011

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.

D. PROPRIETARY FUND TYPES

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER FUND TYPES

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

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

F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. INVESTMENTS

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares.

J. INVENTORIES AND PREPAID ITEMS

Inventories of supplies for all funds are valued at cost. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory items are used. Cost is determined for inventories of supplies on the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as **prepaid items** (other current assets) in both the government-wide and fund financial statements.

K. JOINT VENTURE

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

L. CAPITAL ASSETS

Capital assets are stated at historical cost. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is any individual item with a total cost greater than \$ 5,000 and a useful life of at least 5 years. Contributed assets are recorded at the estimated fair market value at the time received.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks and drainage systems.

In the government-wide statements, depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

<i>Buildings</i>	<i>30 – 50 years</i>
<i>Improvements other than buildings</i>	<i>10 – 40 years</i>
<i>Machinery and equipment</i>	<i>5 – 10 years</i>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 \$ 3,850,348.

M. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Each employee may accumulate a total of two years vacation eligibility. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, a liability for sick pay is not recorded since sick pay does not vest.

The City accrues a liability for accumulated vacation and sick leave benefits, which meet the following criteria:

- *The City's obligation to fund accumulated vacation and sick leave benefits is attributable to employees' services already rendered*
- *The obligation relates to rights that vest or accumulate*
- *Payment of the compensation is probable*
- *The amount can be reasonably estimated*

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Other Post-employment Benefits

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

O. TRANSACTIONS BETWEEN FUNDS

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

As a rule, the effect of interfund activity has been eliminated from the government-wide statement of net 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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. NET ASSETS

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

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

Net 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.

Q. CLASSIFICATION OF FUND EQUITY

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

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

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

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

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

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. MINIMUM FUND BALANCE POLICY

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

S. 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.

T. 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.

U. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations to determine the annual required contributions of the retirement and other post-employment benefits are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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 October 27, 2011. 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 2011. The following table compares original to final budgets. The largest amendment was to reallocate \$ 8,439,984 in available cash and departmental savings to fund specified capital purchases.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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	\$ 67,718,000	\$ 7,058,930	\$ 74,776,930
Licenses, permits and fees	776,000	-	776,000
Charges for services	3,881,600	14,000	3,895,600
Fines and forfeitures	2,164,000	(288,000)	1,876,000
Intergovernmental	375,659	849,173	1,224,832
Investment and other	2,946,450	(284,116)	2,662,334
Total revenues	<u>77,861,709</u>	<u>7,349,987</u>	<u>85,211,696</u>
Expenditures -			
Current -			
General government	23,933,890	106,964	24,040,854
Public safety	36,173,025	274,151	36,447,176
Public works	8,295,708	(547,800)	7,747,908
Culture and recreation	11,436,063	(665,000)	10,771,063
Total expenditures	<u>79,838,686</u>	<u>(831,685)</u>	<u>79,007,001</u>
Excess (deficiency) of revenues over expenditures	<u>(1,976,977)</u>	<u>8,181,672</u>	<u>6,204,695</u>
Other financing sources (uses) -			
Issuance of lease	750,000	-	750,000
Transfers in	2,849,240	228,000	3,077,240
Transfers out	(1,617,881)	(9,271,669)	(10,889,550)
Total other financing sources (uses)	<u>1,981,359</u>	<u>(9,043,669)</u>	<u>(7,062,310)</u>
Net change in fund balances	<u>\$ 4,382</u>	<u>\$ (861,997)</u>	<u>\$ (857,615)</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, 2011

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	\$ 153,530,000
Plus: Issuance premium (amortized against interest expense)	3,661,966
Less: Issuance discount (amortized against interest expense)	(184,144)
Less: Deferred charge from issuance costs (amortized over life of debt)	(2,589,732)
Less: Deferred charge on refundings (amortized over life of debt)	(3,856,134)
Bank loans	18,705,446
Accrued interest payable	1,334,009
Capital leases payable	3,923,392
Compensated absences	3,881,952
Other post-employment benefits	1,125,947
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net assets - governmental activities</i>	<u><u>\$ 179,532,702</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	\$ 23,932,697
Depreciation expense	<u>(29,015,817)</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>\$ (5,083,120)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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	\$ 3,801,416
Reclassifications, disposals, and transfers	<u>(167,413)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u><u>\$ 3,634,003</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	\$ (1,372,022)
Issuance of debt	(16,145,000)
Issuance cost deferred on refunding debt	384,027
Premiums deferred on refunding debt	(223,248)
Debt payments/refundings	26,111,950
Capital leases payments	<u>1,544,411</u>
Net adjustment to increase <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>\$ 10,300,118</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	\$ 277,557
Change in compensated absences	263,212
Increase in OPEB liability	(303,410)
Change in accrued interest	106,857
Amortization of issuance costs	<u>(537,937)</u>
Net adjustment to decrease <i>net changes in fund balances - total</i> <i>governmental funds to arrive at changes in net assets of</i> <i>governmental activities</i>	<u><u>\$ (193,721)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2011, the carrying amount of deposits was a credit balance of \$ 1,002,815 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 482,183. 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, 2011 is as follows:

Fair value at September 30, 2011	\$ 145,210,816
Add: Proceeds of investments matured this fiscal year	125,585,835
Less: Cost of investments purchased this fiscal year	(127,133,374)
Less: Fair value at September 30, 2010	<u>(145,277,969)</u>
Change in fair value of investments	<u><u>\$ (1,614,692)</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	\$ (1,002,815)
Investments	<u>285,625,499</u>
Total cash and investments	<u><u>\$ 284,622,684</u></u>
Statement of net assets presentation:	
Cash and cash equivalents	\$ 59,988,359
Investments	121,911,043
Restricted assets -	
Cash and cash equivalents	78,687,193
Investments	<u>24,036,089</u>
Total cash and cash equivalents and investments	<u><u>\$ 284,622,684</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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	\$ 135,965,816	\$ 135,965,816	324
Certificates of Deposit	9,245,000	9,245,000	208
Investments in State Investment Pools	140,414,683	140,414,683	1
	<u>\$ 285,625,499</u>	<u>\$ 285,625,499</u>	
Portfolio weighted average maturity			161

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, 2011

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, 2011, 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, 2011, \$ 121,258,748 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, \$ 19,155,934 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 2011 were of the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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 2010 tax roll. The tax rate, based on total taxable assessed valuation of \$ 8,017,148,438 was \$.41728 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$ 0.26645 and \$ 0.15083, respectively.

Property taxes receivable at September 30, 2011, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 95,589	\$ 54,110	\$ 149,699
Prior years' levies	234,382	175,276	409,658
	<u>329,971</u>	<u>229,386</u>	<u>559,357</u>
Less - allowance for uncollectible taxes	(38,616)	(21,896)	(60,512)
	<u>\$ 291,355</u>	<u>\$ 207,490</u>	<u>\$ 498,845</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, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2011 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Debt Service	\$ 14,608	\$ 14,608
Debt Service	General Fund	12,783	12,783
Self-Financed Construction	General Fund	31,367,210	31,367,210
Water and Sewer	General Fund	6,344	6,344
		<u>\$ 31,400,945</u>	<u>\$ 31,400,945</u>
Governmental Funds		\$ 31,394,601	\$ 31,400,945
Proprietary Funds		6,344	-
		<u>\$ 31,400,945</u>	<u>\$ 31,400,945</u>

The balance of \$ 31,367,210 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, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 2,090,000	\$ -
Self-financed Construction	228,000	9,354,037
Nonmajor Governmental Funds	-	1,535,513
Internal Service Fund	759,240	-
	<u>3,077,240</u>	<u>10,889,550</u>
Debt Service Fund -		
Golf Course Fund	449,956	-
Round Rock Transportation Development Corporation Revenue Fund	6,820,540	-
Nonmajor Governmental Funds	715,000	-
	<u>7,985,496</u>	<u>-</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	4,400,000
Debt Service Fund	-	6,820,540
	<u>-</u>	<u>11,220,540</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	4,400,000	-
Nonmajor Governmental Funds	582,999	-
	<u>4,982,999</u>	<u>-</u>
Self-Financed Construction -		
General Fund	9,354,037	228,000
Nonmajor Governmental Funds	-	35,100
	<u>9,354,037</u>	<u>263,100</u>
Nonmajor Governmental Funds -		
Nonmajor Governmental Funds	2,352,685	2,322,957
	<u>2,352,685</u>	<u>2,322,957</u>
Subtotal of Governmental Funds	<u>27,752,457</u>	<u>24,696,147</u>
Water and Sewer Fund-		
General Fund	-	2,090,000
Nonmajor Governmental Funds	242,886	-
Internal Service Fund	104,000	-
	<u>346,886</u>	<u>2,090,000</u>
Golf Course Fund-		
Debt Service Fund	-	449,956
	<u>-</u>	<u>449,956</u>
Subtotal of Proprietary Funds	<u>346,886</u>	<u>2,539,956</u>
Internal Service Fund-		
General Fund	-	759,240
Water and Sewer Fund	-	104,000
	<u>-</u>	<u>863,240</u>
	<u>\$ 28,099,343</u>	<u>\$ 28,099,343</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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, 2011

	<u>Total</u>	<u>City's Interest</u>
ASSETS		
Cash and cash equivalents	\$ 5,689,321	
Investments	27,710,604	
Other current assets	514,974	
Restricted cash and cash equivalents	12,671,242	
Restricted investments	20,906,324	
Deferred charges, net	832,955	
Construction in progress	<u>133,592,975</u>	
Total Assets	201,918,395	
LIABILITIES		
Accounts payable	4,160,400	
Accrued bond interest payable	1,406,530	
Retainage payable	<u>3,968,360</u>	
Total current liabilities	9,535,290	
Bonds payable	<u>182,020,000</u>	
Total Liabilities	<u>191,555,290</u>	
NET ASSETS	<u><u>\$ 10,363,105</u></u>	<u><u>\$ 7,608,695</u></u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2011

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ -	\$ -
Operating expenses	<u>151,714</u>	<u>53,447</u>
Changes in Net Assets	(151,714)	(53,447)
Net assets, October 1, 2010	7,070,762	4,170,881
Contribution of capital	<u>3,444,057</u>	<u>3,491,261</u>
Nets assets, September 30, 2011	<u><u>\$ 10,363,105</u></u>	<u><u>\$ 7,608,695</u></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, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	October 1, 2010	Additions/ Completions	Retirements/ Adjustments	September 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 25,917,612	\$ 4,939,267	\$ -	\$ 30,856,879
Construction in progress	27,009,798	29,486,232	(37,173,433)	19,322,597
Total capital assets not being depreciated	52,927,410	34,425,499	(37,173,433)	50,179,476
Capital assets being depreciated:				
Buildings and improvements	625,279,686	24,806,016	-	650,085,702
Equipment	53,037,522	5,673,770	(2,182,842)	56,528,450
Total capital assets being depreciated	678,317,208	30,479,786	(2,182,842)	706,614,152
Less accumulated depreciation for:				
Buildings and improvements	229,983,592	23,032,204	-	253,015,796
Equipment	37,392,977	5,983,613	(2,017,690)	41,358,900
Total accumulated depreciation	267,376,569	29,015,817	(2,017,690)	294,374,696
Total capital assets being depreciated, net	410,940,639	1,463,969	(165,152)	412,239,456
Governmental activities capital assets, net	\$ 463,868,049	\$ 35,889,468	\$ (37,338,585)	\$ 462,418,932
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,449,080	\$ -	\$ -	\$ 8,449,080
Construction in progress	7,162,351	9,729,087	(7,433,376)	9,458,062
Total capital assets not being depreciated	15,611,431	9,729,087	(7,433,376)	17,907,142
Capital assets being depreciated:				
Buildings and improvements	367,793,141	10,551,096	-	378,344,237
Equipment	7,630,625	1,421,710	(79,357)	8,972,978
Total capital assets being depreciated	375,423,766	11,972,806	(79,357)	387,317,215
Less accumulated depreciation for:				
Building and improvements	82,691,068	12,370,881	-	95,061,949
Equipment	6,217,447	607,354	(87,584)	6,737,217
Total accumulated depreciation	88,908,515	12,978,235	(87,584)	101,799,166
Total capital assets being depreciated, net	286,515,251	(1,005,429)	8,227	285,518,049
Business-type activities capital assets, net	\$ 302,126,682	\$ 8,723,658	\$ (7,425,149)	\$ 303,425,191

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 3,107,802
Public safety	3,313,582
Public works	19,458,834
Culture and recreation	3,135,599
Total depreciation expense-governmental activities	<u>\$ 29,015,817</u>

Business-type activities:

Water and sewer utility	\$ 12,804,086
Golf course	174,149
Total depreciation expense-business-type activities	<u>\$ 12,978,235</u>

Major construction contracts in progress from inception to September 30, 2011, consisted of the following:

	Project Authorization	Expended to 9/30/2011	Committed	Future Financing
Projects funded principally by general obligation debt -				
Parks and recreation facilities	\$ 14,309,653	\$ 14,309,653	\$ -	None
Parks, public safety, streets and public service facilities	70,136,337	49,998,522	20,137,815	None
Municipal complex, public safety and street improvements	19,096,184	16,314,469	2,781,715	None
Self-financed construction	105,695,543	96,210,403	9,485,140	None
Round Rock Transportation System- road improvements	176,685,930	142,337,047	34,348,883	None
Convention center complex	1,755,065	1,755,065	-	None
	<u>\$387,678,712</u>	<u>\$320,925,159</u>	<u>\$ 66,753,553</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 2,345,558	\$ 2,050,729	\$ 294,829	None
Self-financed construction	53,395,382	21,448,540	31,946,842	None
	<u>\$ 55,740,940</u>	<u>\$ 23,499,269</u>	<u>\$ 32,241,671</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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, 2011:

	Balance October 1, 2010	Additions	Refundings/ Retirements	Balance September 30, 2011	Due within one year
Governmental Activities					
General obligation bonds	\$ 110,470,000	\$ -	\$ (4,490,000)	\$ 105,980,000	\$ 4,655,000
Certificates of obligation	13,530,000	-	(565,000)	12,965,000	585,000
Hotel tax revenue bonds	7,845,000	-	(390,000)	7,455,000	405,000
State infrastructure bank loans	32,552,396	-	(13,846,950)	18,705,446	1,321,698
Sales tax revenue bonds	17,805,000	16,145,000	(6,820,000)	27,130,000	75,000
Plus deferred amount:					
For issuance premium	3,729,955	223,248	(291,237)	3,661,966	328,445
For issuance discount	(197,824)	-	13,680	(184,144)	(13,680)
Lease purchase payable	4,095,781	1,372,022	(1,544,411)	3,923,392	1,774,537
Compensated absences	4,145,164	2,520,365	(2,783,577)	3,881,952	2,600,908
Other post-employment benefits	822,537	626,842	(323,432)	1,125,947	-
Total governmental activities	<u>194,798,009</u>	<u>20,887,477</u>	<u>(31,040,927)</u>	<u>184,644,559</u>	<u>11,731,908</u>
Business-Type Activities					
Revenue bonds	89,195,000	-	(1,210,000)	87,985,000	2,055,000
Plus deferred amount:					
For issuance premium	1,971,635	-	(67,987)	1,903,648	67,987
Compensated absences	330,457	353,448	(303,949)	379,956	300,165
Other post-employment benefits	105,963	61,750	(44,045)	123,668	-
Total business-type activities	<u>91,603,055</u>	<u>415,198</u>	<u>(1,625,981)</u>	<u>90,392,272</u>	<u>2,423,152</u>
Total government	<u>\$ 286,401,064</u>	<u>\$ 21,302,675</u>	<u>\$ (32,666,908)</u>	<u>\$ 275,036,831</u>	<u>\$ 14,155,060</u>

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2011 is comprised of the following:

	Governmental Activities	Business-type Activities
General Obligation Bonds:		
\$ 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%	\$ 6,450,000	\$ -
\$ 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%	24,415,000	-
\$ 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%	15,935,000	-
\$ 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%	40,830,000	-
\$ 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%	18,350,000	-
Total General Obligation Bonds	<u>105,980,000</u>	<u>-</u>
Certificates of Obligation:		
\$ 14,915,000 2007 Combination tax and revenue certificates of obligation due in installments of \$ 375,000 to \$ 1,100,000 through 2027; interest at 4.0% to 4.625%	12,965,000	-
Total Certificates of Obligation	<u>12,965,000</u>	<u>-</u>
Hotel Tax Revenue Bonds:		
\$ 8,920,000 2007 refunding bonds due in annual installments of \$ 345,000 to \$ 690,000 through 2025; interest at 4.0% to 4.5%	7,455,000	-
Total Hotel Tax Revenue Bonds	<u>7,455,000</u>	<u>-</u>
State Infrastructure Bank Loans:		
\$ 7,000,000 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	5,167,794	-
\$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2%	13,537,652	-
Total State Infrastructure Bank Loans	<u>18,705,446</u>	<u>-</u>
Utility System Revenue Bonds:		
\$ 12,000,000 2006 bonds due in annual installments of \$ 365,000 to \$ 835,000 through 2026; interest at 2.2-2.95%	-	10,435,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0-5.0%	-	77,550,000
Total Utility System Revenue Bonds	<u>-</u>	<u>87,985,000</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
Sales Tax Revenue Bonds:		
\$ 11,505,000 2006 refunding bonds due in annual installments of \$ 60,000 to \$ 1,980,000 through 2021; interest at 4.0-4.5%	\$ 11,070,000	\$ -
\$ 5,495,000 2011 refunding bonds due in annual installments of \$ 1.3 to \$ 1.4 million through 2015 including interest at 2.0-3.0%	5,410,000	-
\$ 10,650,000 2011 refunding bonds due in annual installments of \$ 1.0 to \$ 2.5 million through 2016 including interest at 1.25%	10,650,000	-
Total Sales Tax Revenue Bonds	27,130,000	-
Issuance premium	3,661,966	1,903,648
Issuance discount	(184,144)	-
Compensated absences	3,881,952	379,956
Other post-employment benefits	1,125,947	123,668
Lease purchases payable:		
\$ 6,687,982 leases due in semi annual installments including interest ranging from 1.34% -3.78% due in 2014. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 6,687,982 at 9/30/2011.	3,923,392	-
Total primary government debt	\$ 184,644,559	\$ 90,392,272

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2011, including interest, are as follows:

Governmental Activities:

Year Ended September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
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	7,300,000	4,394,549	11,694,549
2017-2021	39,885,000	16,588,717	56,473,717
2022-2026	32,035,000	7,686,641	39,721,641
2027-2031	13,135,000	2,158,354	15,293,354
2032	2,200,000	110,000	2,310,000
	\$ 118,945,000	\$ 51,365,209	\$ 170,310,209

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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>
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	470,000	231,436	701,436
2017-2021	2,675,000	849,716	3,524,716
2022-2025	2,585,000	234,766	2,819,766
	<u>\$ 7,455,000</u>	<u>\$ 2,420,962</u>	<u>\$ 9,875,962</u>

<u>Year Ended September 30,</u>	<u>State Infrastructure Bank Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,321,698	\$ 775,293	\$ 2,096,991
2013	1,376,347	720,644	2,096,991
2014	1,433,257	663,734	2,096,991
2015	1,492,521	604,469	2,096,990
2016	1,554,237	542,755	2,096,992
2017-2021	8,782,961	1,694,866	10,477,827
2022-2023	2,744,425	174,084	2,918,509
	<u>\$ 18,705,446</u>	<u>\$ 5,175,845</u>	<u>\$ 23,881,291</u>

<u>Year Ended September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,755,000	\$ 733,938	\$ 4,488,938
2013	3,795,000	688,131	4,483,131
2014	3,880,000	615,444	4,495,444
2015	3,950,000	540,681	4,490,681
2016	2,610,000	464,431	3,074,431
2017-2021	9,140,000	1,220,242	10,360,242
	<u>\$ 27,130,000</u>	<u>\$ 4,262,867</u>	<u>\$ 31,392,867</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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>
2012	\$ 1,774,537	\$ 84,369	\$ 1,858,906
2013	1,286,907	43,621	1,330,528
2014	861,948	15,996	877,944
	<u>\$ 3,923,392</u>	<u>\$ 143,986</u>	<u>\$ 4,067,378</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>
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	2,545,000	3,558,423	6,103,423
2017-2021	14,050,000	16,331,280	30,381,280
2022-2026	16,400,000	13,394,303	29,794,303
2027-2031	14,890,000	9,863,250	24,753,250
2032-2036	17,500,000	5,895,000	23,395,000
2037-2039	12,740,000	1,294,750	14,034,750
	<u>\$ 87,985,000</u>	<u>\$ 65,407,628</u>	<u>\$ 153,392,628</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, 2011, \$ 21,815,000 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, 2011, amounted to \$ 1,585,000.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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 \$ 574,936 at September 30, 2011, 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 \$ 713,959 at September 30, 2011. 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 \$ 65,070 at September 30, 2011, 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, 2011

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) 2011 REFUNDINGS

In June, 2011 the City issued Sales Tax Revenue Refunding Bonds, Series 2011. The net proceeds of the \$ 5,495,000 of the bonds (after payment of fees and costs) were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 4 years by \$ 344,976, 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 \$ 317,862.

Additionally, in September, 2011 the City currently refunded Texas Department of Transportation State infrastructure loans. The net proceeds of the \$10,650,000 Sales Tax Revenue Refunding Bonds, Series 2011A (after payment of issuance costs) were used to pay off the State infrastructure loans. As a result, the debt for these loans has been removed from the City's financial statements.

This current refunding will reduce the total debt service payments over the next 5 years by \$849,220, 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 \$805,293.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2011, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2010	\$ 4,145,164	\$ 330,457
Additions	2,520,365	353,448
Reductions	(2,783,577)	(303,949)
Balance, September 30, 2011	<u>\$ 3,881,952</u>	<u>\$ 379,956</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. ACCRUED COMPENSATED ABSENCES (CONTINUED)

Accrued compensated absences due within one year were \$ 2,600,908 for governmental activities and \$ 300,165 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, 2011:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service fund	\$ 2,222,528	\$ -	\$ 207,490	\$ -	\$ -
Restricted by debt covenants-					
Round Rock Transportation					
System Development Corp.	29,312,202	24,036,089	-	1,219,485	17,104
2007 General Obligation Bond Fund	23,328,019	-	-	-	-
Nonmajor capital projects funds	11,416,319	-	-	-	-
Total Governmental Activities	\$ 66,279,068	\$ 24,036,089	\$ 207,490	\$ 1,219,485	\$ 17,104
	Cash & Cash Equivalents	Accounts Receivable	Loans Receivable		
Business-Type Activities:					
Water and sewer fund-					
Impact fees	\$ 7,858,244	\$ 52,152	\$ -		
Construction	3,125,812	-	-		
Customer deposits	1,182,756	-	-		
Revenue bond debt service	241,313	-	-		
Loans receivable	-	-	706,609		
Total Business-Type Activities	\$ 12,408,125	\$ 52,152	\$ 706,609		

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

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 \$ 7,660.

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, 2011, the City's cost under this contract was \$ 420,000.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the Authority, wherein it received the right to purchase 8,134 acre-feet of water per year from Lake Stillhouse Hollow. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996 "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2011, the City's cost under this contract was \$ 1,133,375.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the Authority, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2011, the City's cost under these contracts was \$ 1,668,492.

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, 2011**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Regional Sewer Project

In October 1996, as part of a plan for a regional wastewater collection, treatment and disposal system, the City and the City of Cedar Park entered into agreements with an alliance ("Alliance") formed by the Brazos River Authority ("BRA") and the Lower Colorado River Authority ("LCRA"). In 1998, LCRA acquired the treatment facilities of the City (these facilities were repurchased from the LCRA in 2009, as described below). BRA contracted with the Cities to operate and maintain the regional system.

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

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

The BRA is contracted to provide Operation of the system; for which each of the cities is invoiced relative to their system usage. For the fiscal year ended September 30, 2011, expenditures for operation of the regional facilities were \$ 3,280,660.

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, 2011, the potential rebate was calculated at \$ 0.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

Economic Development Agreement

The City has entered into an economic development agreement with a computer manufacturer. Under the terms of the agreement, the City refunds approximately 31% of sales tax collections on sales made by the computer manufacturer in the State of Texas. The computer manufacturer represents approximately 37% of the City's sales tax collections for the year ended September 30, 2011.

B. RISK MANAGEMENT

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

Self-Funded Health Insurance Fund

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with a lifetime maximum of \$ 1,000,000 per employee. The City purchases commercial insurance for claims in excess of a contractual City liability limit.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$ 1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. The liability is estimated based upon claims settled within the next month. An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Year-End</u>
2009	\$ 94,785	\$ 5,859,761	\$ 5,582,812	\$ 371,734
2010	\$ 371,734	\$ 5,850,642	\$ 5,742,120	\$ 480,256
2011	\$ 480,256	\$ 7,053,558	\$ 7,147,156	\$ 386,658

C. EMPLOYEE RETIREMENT PLAN

Plan Description

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

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

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

Schedule of Plan Provisions

	Plan Year 2009	Plan Year 2010	Plan Year 2011
Employee deposit rate	7.0%	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility			
(expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions

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

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

The City had the option to contribute a minimum amount equal to their annual renewal contribution less a "Phase In" of the increase from the change to the projected unit credit cost method in the 2009 valuation or to contribute the full rate. The City elected to contribute the full rate of 16.80% for fiscal year 2011. The annual pension cost and net pension obligation/(asset) are as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
2009	\$ 6,403,533	\$ 6,403,533	100.0%	\$ -
2010	\$ 6,799,072	\$ 6,799,072	100.0%	\$ -
2011	\$ 7,090,182	\$ 7,090,182	100.0%	\$ -

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2009 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

<i>Schedule of Actuarial Valuations</i>				
Valuation Date	12/31/2008	12/31/2009	12/31/2010	12/31/2010
			Prior to restructuring	Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Single Amortization Period	29 years; closed period	28 years; closed period	27 years; closed period	27 years; closed period
Amortization Period for new Gain/Losses	30 years	30 years	30 years	30 years
Assets Valuation Method	Amortized cost	10 yr. smoothed market	10 yr. smoothed market	10 yr. smoothed market
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.0%	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%	2.1%

Funded Status and Funding Progress- In June 30, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	<i>Schedule of Funding Progress</i>			
	12/31/2008	12/31/2009	12/31/2010 (1) Prior to restructuring	12/31/2010 (2) Restructured
Actuarial Value of Assets	\$ 64,975,919	\$ 74,225,983	\$ 82,036,400	\$ 103,664,204
Actuarial Accrued Liability (AAL)	\$ 101,269,149	\$ 112,942,459	\$ 120,336,150	\$ 139,334,091
Funded Ratio	64.2%	65.7%	68.2%	74.4%
Unfunded AAL (UAAL)	\$ 36,293,230	\$ 38,716,476	\$ 38,299,750	\$ 35,669,887
Covered Payroll	\$ 40,713,738	\$ 42,358,426	\$ 41,617,049	\$ 41,617,049
UAAL as a Percentage of Covered Payroll	89.1%	91.4%	92.0%	85.7%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

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

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

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

Supplemental Death Benefits Fund

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$ 7,500; this coverage is an "other postemployment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees for plan years 2011 and 2010.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

VI. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contribution to the TMRS SDBF for the years ended 2011, 2010 and 2009 were \$ 68,193, \$ 67,625 and \$ 63,842.

D. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self funded health insurance). Medical, dental and life insurance claims and premiums are reported in the Internal Service Fund. On September 30, 2011 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, 2011. The City performed an actuarial study during fiscal year 2011. The annual required contribution and OPEB liability for fiscal year 2011 is based upon the September 30, 2011 biennial actuarial study.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2011, is as follows:

	2010 Total	2011 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 743,600	\$ 623,377	\$ 61,304	\$ 684,681
Interest on net OPEB obligation	18,100	37,015	4,768	41,783
Adjustment to annual required contribution	(17,500)	(33,550)	(4,322)	(37,872)
Annual OPEB cost	744,200	626,842	61,750	688,592
Contributions made	(259,700)	(323,432)	(44,045)	(367,477)
Change in net OPEB obligation	484,500	303,410	17,705	321,115
Beginning net OPEB obligation	444,000	822,537	105,963	928,500
Net OPEB obligation	<u>\$ 928,500</u>	<u>\$ 1,125,947</u>	<u>\$ 123,668</u>	<u>\$ 1,249,615</u>
Percentage of annual OPEB cost contributed	<u>34.8%</u>			<u>53.4%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years is as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	% of Annual Cost Contributed	Net OPEB Obligation
2009	\$ 697,400	\$ 253,400	36.3%	\$ 444,000
2010	\$ 744,200	\$ 259,700	34.8%	\$ 928,500
2011	\$ 688,592	\$ 367,477	53.4%	\$ 1,249,615

The funded status as of September 30, 2011, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress

Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Estimated Annual Covered Payroll	Percentage of UAAL to Covered Payroll
September 30						
2009	\$ -	\$ 6,938,000	\$ 6,938,000	0.0%	\$ 42,115,219	16.5%
2010	\$ -	\$ 7,327,000	\$ 7,327,000	0.0%	\$ 42,811,849	17.1%
2011	\$ -	\$ 8,013,287	\$ 8,013,287	0.0%	\$ 43,615,146	18.4%

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2011

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

Actuarial Valuation Date	<i>Schedule of Actuarial Valuations</i>		
	October 1, 2008	October 1, 2009	October 1, 2011
Actuarial Cost Methods	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent Open	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	30 years	30 years
Inflation rate	3.5%	3.5%	3.5%
Assumed Rate of			
Return on Investments	4.5%	4.5%	4.5%
Projected salary increases	3.0%	3.0%	3.0%
Post-retirement benefit increases	10% in 2009, decreasing 1% per year for five years to an ultimate trend of 5% in 2014	10% in 2009, decreasing 1% per year for five years to an ultimate trend of 5% in 2014	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021

E. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of agreements dated 1989, 1995, 2000 and 2005. On May 1, 2010, the City entered into a New Management Agreement with the operator for a period of five years. Under conditions set forth in the New Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn a variable fee based upon gross receipts of the golf course. Gross receipts from operations are agreed to be used, in order, for monthly scheduled debt payments, payments to a capital reserve account, current operating expenses, an operating reserve, the base management fee, repayment of any City capital improvements, a 1% distribution to the City, the variable fee and any unpaid obligations limited by available gross receipts. Any remaining gross receipts are to be distributed to the City.

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011**

SCHEDULE OF FUNDING PROGRESS

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
Texas Municipal Retirement System							
	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%
	12/31/2010 (1)	\$ 82,036,400	\$ 120,336,150	\$ 38,299,750	68.2%	\$ 41,617,049	92.0%
	12/31/2010 (2)	\$ 103,664,204	\$ 139,334,091	\$ 35,669,887	74.4%	\$ 41,617,049	85.7%
Other Post-employment Benefits (Note)							
	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%
	9/30/2011	\$ -	\$ 8,013,287	\$ 8,013,287	0.0%	\$ 43,615,146	18.4%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

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, 2011**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,112,788	\$ 1,896,421	\$ 9,009,209
Investments	3,500,420	-	3,500,420
Receivables -			
Accounts and other	728,711	3,618	732,329
Accrued interest	3,325	205,096	208,421
Assessments	-	691,284	691,284
Intergovernmental	4,412	-	4,412
Restricted assets-			
Cash and cash equivalents	-	11,416,319	11,416,319
Total assets	<u>\$ 11,349,656</u>	<u>\$ 14,212,738</u>	<u>\$ 25,562,394</u>
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 142,870	\$ 507,738	\$ 650,608
Accrued payroll	38,596	-	38,596
Deferred revenue	-	1,560,736	1,560,736
Total liabilities	<u>181,466</u>	<u>2,068,474</u>	<u>2,249,940</u>
Fund balances -			
Restricted - authorized construction	-	10,928,288	10,928,288
Restricted - hotel-motel tax	8,114,729	-	8,114,729
Restricted - public safety	1,024,405	-	1,024,405
Committed	2,029,056	1,215,976	3,245,032
Total fund balances	<u>11,168,190</u>	<u>12,144,264</u>	<u>23,312,454</u>
Total liabilities and fund balances	<u>\$ 11,349,656</u>	<u>\$ 14,212,738</u>	<u>\$ 25,562,394</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 1,319,842	\$ -	\$ 1,319,842
Fines and forfeitures	352,028	-	352,028
Intergovernmental	506,189	1,306,918	1,813,107
Hotel occupancy tax	2,684,046	-	2,684,046
Investment and other	17,424	97,704	115,128
Contributions	2,145	124,459	126,604
Total revenues	<u>4,881,674</u>	<u>1,529,081</u>	<u>6,410,755</u>
Expenditures -			
Current -			
General government	669,221	-	669,221
Public safety	264,216	-	264,216
Public works	1,064,563	-	1,064,563
Culture and recreation	685,596	-	685,596
Capital projects	-	3,511,662	3,511,662
Total expenditures	<u>2,683,596</u>	<u>3,511,662</u>	<u>6,195,258</u>
Excess (deficiency) of revenues over expenditures	<u>2,198,078</u>	<u>(1,982,581)</u>	<u>215,497</u>
Other financing sources /(uses) -			
Transfers in	1,570,613	782,072	2,352,685
Transfers out	<u>(1,519,154)</u>	<u>(803,803)</u>	<u>(2,322,957)</u>
Total other financing sources/(uses)	<u>51,459</u>	<u>(21,731)</u>	<u>29,728</u>
Net change in fund balances	<u>2,249,537</u>	<u>(2,004,312)</u>	<u>245,225</u>
Fund balances, October 1, 2010	<u>8,918,653</u>	<u>14,148,576</u>	<u>23,067,229</u>
Fund balances, September 30, 2011	<u><u>\$ 11,168,190</u></u>	<u><u>\$ 12,144,264</u></u>	<u><u>\$ 23,312,454</u></u>



NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

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

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

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

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011**

	Hotel-Motel Occupancy Tax	Drainage	Police	Municipal Court	Landscape
ASSETS					
Cash and cash equivalents	\$ 4,049,536	\$ 527,061	\$ 599,034	\$ 462,747	\$ 555,829
Investments	3,500,420	-	-	-	-
Receivables -					
Accounts and other	584,221	144,490	-	-	-
Accrued interest	3,325	-	-	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>\$ 8,137,502</u>	<u>\$ 671,551</u>	<u>\$ 599,034</u>	<u>\$ 462,747</u>	<u>\$ 555,829</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 15,113	\$ 66,806	\$ 37,376	\$ -	\$ 13,050
Accrued payroll	7,660	30,936	-	-	-
Total liabilities	<u>22,773</u>	<u>97,742</u>	<u>37,376</u>	<u>-</u>	<u>13,050</u>
Fund balances -					
Restricted - hotel-motel tax	8,114,729	-	-	-	-
Restricted - public safety	-	-	561,658	462,747	-
Committed	-	573,809	-	-	542,779
Total fund balances	<u>8,114,729</u>	<u>573,809</u>	<u>561,658</u>	<u>462,747</u>	<u>542,779</u>
Total liabilities and fund balances	<u>\$ 8,137,502</u>	<u>\$ 671,551</u>	<u>\$ 599,034</u>	<u>\$ 462,747</u>	<u>\$ 555,829</u>

<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Public Education & Government</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 6,113	\$ 39,163	\$ 11,239	\$ 862,066	\$ 7,112,788
-	-	-	-	3,500,420
-	-	-	-	728,711
-	-	-	-	3,325
4,412	-	-	-	4,412
<u>\$ 10,525</u>	<u>\$ 39,163</u>	<u>\$ 11,239</u>	<u>\$ 862,066</u>	<u>\$ 11,349,656</u>
\$ 10,525	\$ -	\$ -	\$ -	\$ 142,870
-	-	-	-	38,596
<u>10,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,466</u>
-	-	-	-	8,114,729
-	-	-	-	1,024,405
-	39,163	11,239	862,066	2,029,056
<u>-</u>	<u>39,163</u>	<u>11,239</u>	<u>862,066</u>	<u>11,168,190</u>
<u>\$ 10,525</u>	<u>\$ 39,163</u>	<u>\$ 11,239</u>	<u>\$ 862,066</u>	<u>\$ 11,349,656</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011**

	Hotel-Motel Occupancy Tax	Drainage	Police	Municipal Court	Landscape
Revenues -					
Licenses, permits and fees	\$ -	\$ 1,114,142	\$ -	\$ 115,355	\$ 90,345
Fines and forfeitures	-	-	352,028	-	-
Intergovernmental	-	-	-	-	-
Hotel occupancy tax	2,684,046	-	-	-	-
Investment and other	16,670	-	145	118	378
Contributions	-	-	-	-	2,085
	<u>2,700,716</u>	<u>1,114,142</u>	<u>352,173</u>	<u>115,473</u>	<u>92,808</u>
Expenditures -					
Current-					
General government	-	-	-	41,298	121,734
Public safety	-	-	264,216	-	-
Public works	-	1,064,563	-	-	-
Culture and recreation	685,596	-	-	-	-
	<u>685,596</u>	<u>1,064,563</u>	<u>264,216</u>	<u>41,298</u>	<u>121,734</u>
Total expenditures	<u>685,596</u>	<u>1,064,563</u>	<u>264,216</u>	<u>41,298</u>	<u>121,734</u>
Excess (deficiency) of revenues over expenditures	<u>2,015,120</u>	<u>49,579</u>	<u>87,957</u>	<u>74,175</u>	<u>(28,926)</u>
Other financing sources /(uses) -					
Transfers in	35,100	673,516	-	-	-
Transfers out	(1,250,000)	(149,286)	-	-	-
Total other financing sources/(uses)	<u>(1,214,900)</u>	<u>524,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	800,220	573,809	87,957	74,175	(28,926)
Fund balances, October 1, 2010	<u>7,314,509</u>	<u>-</u>	<u>473,701</u>	<u>388,572</u>	<u>571,705</u>
Fund balances, September 30, 2011	<u>\$ 8,114,729</u>	<u>\$ 573,809</u>	<u>\$ 561,658</u>	<u>\$ 462,747</u>	<u>\$ 542,779</u>

Community Development Block Grant	Annexation Fees	Library Fund	Public Education & Government	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,319,842
-	-	-	-	352,028
506,189	-	-	-	506,189
-	-	-	-	2,684,046
-	41	3	69	17,424
-	-	60	-	2,145
<u>506,189</u>	<u>41</u>	<u>63</u>	<u>69</u>	<u>4,881,674</u>
506,189	-	-	-	669,221
-	-	-	-	264,216
-	-	-	-	1,064,563
-	-	-	-	685,596
<u>506,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,683,596</u>
-	41	63	69	2,198,078
-	-	-	861,997	1,570,613
-	(119,868)	-	-	(1,519,154)
-	(119,868)	-	861,997	51,459
-	(119,827)	63	862,066	2,249,537
-	158,990	11,176	-	8,918,653
<u>\$ -</u>	<u>\$ 39,163</u>	<u>\$ 11,239</u>	<u>\$ 862,066</u>	<u>\$ 11,168,190</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, 2011**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
ASSETS				
Cash and cash equivalents	\$ 780,387	\$ -	\$ 1,116,034	\$ -
Receivables -				
Accounts and other	3,618	-	-	-
Accrued interest	205,096	-	-	-
Assessments	691,284	-	-	-
Restricted assets-				
Cash and cash equivalents	-	5,927,266	-	735,282
Total assets	<u>\$ 1,680,385</u>	<u>\$ 5,927,266</u>	<u>\$ 1,116,034</u>	<u>\$ 735,282</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ -	\$ 462,552	\$ 19,707	\$ -
Deferred revenue	691,283	-	869,453	-
Total liabilities	<u>691,283</u>	<u>462,552</u>	<u>889,160</u>	<u>-</u>
Fund balances -				
Restricted - authorized construction	-	5,464,714	-	735,282
Committed	989,102	-	226,874	-
Total fund balances	<u>989,102</u>	<u>5,464,714</u>	<u>226,874</u>	<u>735,282</u>
Total liabilities and fund balances	<u>\$ 1,680,385</u>	<u>\$ 5,927,266</u>	<u>\$ 1,116,034</u>	<u>\$ 735,282</u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,896,421
-	-	-	-	3,618
-	-	-	-	205,096
-	-	-	-	691,284
<u>2,008,499</u>	<u>45,315</u>	<u>285,170</u>	<u>2,414,787</u>	<u>11,416,319</u>
<u>\$ 2,008,499</u>	<u>\$ 45,315</u>	<u>\$ 285,170</u>	<u>\$ 2,414,787</u>	<u>\$ 14,212,738</u>
\$ 10,897	\$ -	\$ -	\$ 14,582	\$ 507,738
-	-	-	-	1,560,736
<u>10,897</u>	<u>-</u>	<u>-</u>	<u>14,582</u>	<u>2,068,474</u>
1,997,602	45,315	285,170	2,400,205	10,928,288
-	-	-	-	1,215,976
<u>1,997,602</u>	<u>45,315</u>	<u>285,170</u>	<u>2,400,205</u>	<u>12,144,264</u>
<u>\$ 2,008,499</u>	<u>\$ 45,315</u>	<u>\$ 285,170</u>	<u>\$ 2,414,787</u>	<u>\$ 14,212,738</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
Revenues -				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment and other	41,362	3,697	41,741	482
Contributions	34,376	-	90,083	-
Total revenues	75,738	3,697	131,824	482
Expenditures -				
Capital projects	-	1,671,843	94,130	-
Total expenditures	-	1,671,843	94,130	-
Excess (deficiency) of revenues over expenditures	75,738	(1,668,146)	37,694	482
Other financing sources /(uses) -				
Transfers in	-	-	-	-
Transfers out	(556,731)	-	-	-
Total other financing sources/(uses)	(556,731)	-	-	-
Net change in fund balances	(480,993)	(1,668,146)	37,694	482
Fund balances, October 1, 2010	1,470,095	7,132,860	189,180	734,800
Fund balances, September 30, 2011	\$ 989,102	\$ 5,464,714	\$ 226,874	\$ 735,282

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Total Nonmajor Capital Projects Funds
\$ 417,851	\$ -	\$ 889,067	\$ -	\$ 1,306,918
751	8,299	-	1,372	97,704
-	-	-	-	124,459
<u>418,602</u>	<u>8,299</u>	<u>889,067</u>	<u>1,372</u>	<u>1,529,081</u>
 157,347	 708,729	 851,250	 28,363	 3,511,662
<u>157,347</u>	<u>708,729</u>	<u>851,250</u>	<u>28,363</u>	<u>3,511,662</u>
 261,255	 (700,430)	 37,817	 (26,991)	 (1,982,581)
 -	 175,000	 247,072	 360,000	 782,072
<u>(247,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(803,803)</u>
 (247,072)	 175,000	 247,072	 360,000	 (21,731)
<u>14,183</u>	<u>(525,430)</u>	<u>284,889</u>	<u>333,009</u>	<u>(2,004,312)</u>
 1,983,419	 570,745	 281	 2,067,196	 14,148,576
<u>\$ 1,997,602</u>	<u>\$ 45,315</u>	<u>\$ 285,170</u>	<u>\$ 2,400,205</u>	<u>\$ 12,144,264</u>

CITY OF ROUND ROCK, TEXAS
PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –
ALL CAPITAL PROJECTS FUNDS
BEGINNING OF PROJECTS TO SEPTEMBER 30, 2011

	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction	Round Rock Transportation System Development Corporation
Total funding authorization	<u>\$ 33,801,675</u>	<u>\$ 1,318,472</u>	<u>\$ 14,719,680</u>	<u>\$ 111,426,236</u>	<u>\$ 180,735,780</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ 80,366	\$ -	\$ 2,789,697	\$ 1,153,320
Contributions	10,780	499,301	-	11,171,922	5,157,739
Investment and other	1,696,711	734,054	539,962	2,313,434	4,119,679
Lease purchase proceeds	-	-	-	5,216,045	-
Issuance of general obligation and other debt	34,475,000	-	14,915,000	-	61,563,410
Transfers in	-	231,620	-	115,245,493	84,194,151
Other sources/transfers	<u>537,303</u>	<u>-</u>	<u>-</u>	<u>1,423,235</u>	<u>-</u>
	<u>\$ 36,719,794</u>	<u>\$ 1,545,341</u>	<u>\$ 15,454,962</u>	<u>\$ 138,159,826</u>	<u>\$ 156,188,299</u>
Expenditures and other uses -					
Capital projects	\$ 12,818,269	\$ 1,208,472	\$ 14,309,653	\$ 93,161,520	\$ 142,337,047
Transfers out	350,288	110,000	-	8,580,803	4,049,850
Other costs/transfers	<u>495,303</u>	<u>-</u>	<u>410,027</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 13,663,860</u>	<u>\$ 1,318,472</u>	<u>\$ 14,719,680</u>	<u>\$ 101,942,323</u>	<u>\$ 146,386,897</u>

Convention Center Complex	Transit Fund	2002 Series GO	2004 Series GO	Tourism Development Fund
<u>\$ 1,784,933</u>	<u>\$ 3,050,110</u>	<u>\$ 38,253,498</u>	<u>\$ 19,786,078</u>	<u>\$ 555,015</u>

\$ -	\$ 2,550,110	\$ 867,851	\$ -	\$ -
402,549	-	91,989	-	45,743
53,124	-	3,611,088	2,310,901	55,732
-	-	-	-	-
-	-	35,000,000	19,435,000	-
1,374,575	783,943	680,173	32,476	2,714,000
-	-	-	690,600	-
<u>\$ 1,830,248</u>	<u>\$ 3,334,053</u>	<u>\$ 40,251,101</u>	<u>\$ 22,468,977</u>	<u>\$ 2,815,475</u>

\$ 1,755,065	\$ 3,048,883	\$ 37,180,253	\$ 16,314,469	\$ 415,270
29,868	-	783,943	329,885	-
-	-	289,302	359,909	-
<u>\$ 1,784,933</u>	<u>\$ 3,048,883</u>	<u>\$ 38,253,498</u>	<u>\$ 17,004,263</u>	<u>\$ 415,270</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, 2011
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2010 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
Property tax	\$ 21,361,161	\$ 21,130,000	\$ 21,430,000	\$ (68,839)	\$ 20,716,929
Penalty and interest	96,088	65,000	65,000	31,088	109,741
Sales tax	46,960,013	40,500,000	46,958,930	1,083	46,218,855
Franchise	6,221,790	5,725,000	6,025,000	196,790	5,934,540
Bingo tax	30,770	28,000	28,000	2,770	30,561
Mixed drink tax	321,389	270,000	270,000	51,389	297,163
Total taxes and franchise	74,991,211	67,718,000	74,776,930	214,281	73,307,789
Licenses, permits and fees -					
Building permits	330,834	325,000	325,000	5,834	276,936
Other permits	29,450	20,000	20,000	9,450	18,013
Fees	475,232	431,000	431,000	44,232	410,789
Total licenses, permits and fees	835,516	776,000	776,000	59,516	705,738
Charges for services -					
Trash collection fees	1,586,012	1,494,000	1,494,000	92,012	1,477,506
Swimming pool fees	494,025	542,300	542,300	(48,275)	462,022
Recreation program fees	1,865,107	1,796,200	1,816,200	48,907	1,830,966
Filing and reproduction fees	22,503	17,000	14,000	8,503	16,126
Other	17,987	32,100	29,100	(11,113)	(19,055)
Total charges for services	3,985,634	3,881,600	3,895,600	90,034	3,767,565
Fines and forfeitures	2,140,233	2,164,000	1,876,000	264,233	1,819,409
Intergovernmental	725,254	375,659	1,224,832	(499,578)	1,006,442
Investment and other -					
Investment income	406,764	901,000	605,884	(199,120)	777,227
Other	2,470,823	2,045,450	2,056,450	414,373	2,479,080
Total investment and other	2,877,587	2,946,450	2,662,334	215,253	3,256,307
Total revenues	85,555,435	77,861,709	85,211,696	343,739	83,863,250

(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, 2011
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010**

		Budgeted Amounts		Variance- Positive (Negative)	2010 Actual
	Actual	Original	Final		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 8,855,707	\$ 9,383,380	\$ 8,955,940	\$ 100,233	\$ 7,967,832
Contractual services	3,188,459	3,415,241	3,248,241	59,782	2,880,860
Supplies and materials	633,177	693,021	677,321	44,144	545,624
Other services and charges	10,205,236	9,620,219	10,236,723	31,487	10,424,526
Capital outlay	189,568	91,000	216,600	27,032	60,937
Total executive	23,072,147	23,202,861	23,334,825	262,678	21,879,779
Judicial -					
Personnel services	575,181	613,719	588,719	13,538	552,041
Contractual services	80,068	87,268	87,268	7,200	82,385
Supplies and materials	19,118	22,617	22,617	3,499	24,014
Other services and charges	5,265	7,425	7,425	2,160	4,650
Total judicial	679,632	731,029	706,029	26,397	663,090
Total general government	23,751,779	23,933,890	24,040,854	289,075	22,542,869
Public safety					
Police-					
Personnel services	18,748,766	18,779,440	18,794,440	45,674	17,958,040
Contractual services	806,425	1,107,060	826,740	20,315	758,463
Supplies and materials	1,461,289	1,474,502	1,473,502	12,213	1,317,945
Other services and charges	977,123	813,128	984,115	6,992	687,836
Capital outlay	1,334,169	785,994	1,335,478	1,309	1,095,400
Total police	23,327,772	22,960,124	23,414,275	86,503	21,817,684
Fire -					
Personnel services	11,578,356	11,914,807	11,593,507	15,151	11,341,538
Contractual services	283,952	316,188	311,188	27,236	265,708
Supplies and materials	792,878	753,806	825,514	32,636	813,212
Other services and charges	126,681	127,900	120,400	(6,281)	104,472
Capital outlay	182,463	100,200	182,292	(171)	52,073
Total fire	12,964,330	13,212,901	13,032,901	68,571	12,577,003
Total public safety	36,292,102	36,173,025	36,447,176	155,074	34,394,687

(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, 2011
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2010 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 2,206,270	\$ 2,227,375	\$ 2,271,375	\$ 65,105	\$ 3,399,605
Contractual services	110,991	528,364	130,364	19,373	137,360
Supplies and materials	344,841	348,929	380,129	35,288	129,604
Other services and charges	27,595	52,560	52,560	24,965	45,624
Capital outlay	8,700	9,000	9,000	300	64,774
Total administration	2,698,397	3,166,228	2,843,428	145,031	3,776,967
Streets -					
Personnel services	1,854,076	1,840,963	1,854,963	887	2,397,597
Contractual services	1,152,145	1,339,789	1,161,789	9,644	1,328,097
Supplies and materials	582,310	685,338	594,338	12,028	643,438
Other services and charges	17,585	41,311	26,311	8,726	6,525
Capital outlay	131,238	140,582	140,582	9,344	196,728
Total streets	3,737,354	4,047,983	3,777,983	40,629	4,572,385
Maintenance shop -					
Personnel services	954,246	944,994	964,994	10,748	875,686
Contractual services	45,597	42,350	47,350	1,753	56,558
Supplies and materials	89,050	77,492	97,492	8,442	78,628
Other services and charges	9,816	7,661	7,661	(2,155)	15,206
Capital outlay	8,776	9,000	9,000	224	-
Total maintenance shop	1,107,485	1,081,497	1,126,497	19,012	1,026,078
Total public works	7,543,236	8,295,708	7,747,908	204,672	9,375,430

(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, 2011
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2010**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2010 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,609,027	\$ 1,694,558	\$ 1,626,558	\$ 17,531	\$ 1,650,162
Contractual services	160,024	174,287	167,387	7,363	157,259
Supplies and materials	425,473	448,117	435,992	10,519	451,797
Other services and charges	101,243	102,728	107,753	6,510	98,854
Total library	<u>2,295,767</u>	<u>2,419,690</u>	<u>2,337,690</u>	<u>41,923</u>	<u>2,358,072</u>
Parks and recreation -					
Personnel services	5,438,705	5,826,594	5,462,494	23,789	5,302,001
Contractual services	1,497,916	1,640,564	1,518,914	20,998	1,460,103
Supplies and materials	1,095,328	1,186,200	1,103,449	8,121	1,004,966
Other services and charges	197,062	215,615	208,615	11,553	165,508
Capital outlay	126,228	147,400	139,901	13,673	202,703
Total parks and recreation	<u>8,355,239</u>	<u>9,016,373</u>	<u>8,433,373</u>	<u>78,134</u>	<u>8,135,281</u>
Total culture and recreation	<u>10,651,006</u>	<u>11,436,063</u>	<u>10,771,063</u>	<u>120,057</u>	<u>10,493,353</u>
Total expenditures	<u>78,238,123</u>	<u>79,838,686</u>	<u>79,007,001</u>	<u>768,878</u>	<u>76,806,339</u>
Excess (deficiency) of revenues over expenditures	<u>7,317,312</u>	<u>(1,976,977)</u>	<u>6,204,695</u>	<u>1,112,617</u>	<u>7,056,911</u>
Other financing sources (uses) -					
Issuance of lease	750,000	750,000	750,000	-	750,000
Transfers in	3,077,240	2,849,240	3,077,240	-	2,624,400
Transfers out	<u>(10,889,550)</u>	<u>(1,617,881)</u>	<u>(10,889,550)</u>	<u>-</u>	<u>(9,641,625)</u>
Total other financing sources (uses)	<u>(7,062,310)</u>	<u>1,981,359</u>	<u>(7,062,310)</u>	<u>-</u>	<u>(6,267,225)</u>
Net change in fund balances	255,002	<u>\$ 4,382</u>	<u>\$ (857,615)</u>	<u>\$ 1,112,617</u>	<u>\$ 789,686</u>
Fund balance, October 1, 2010	<u>40,287,116</u>				
Fund balance, September 30, 2011	<u>\$ 40,542,118</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, 2011

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Property taxes, including interest and penalties	\$ 12,149,074	\$ 11,911,000	\$ 11,911,000	\$ 238,074
Investment and other	10,270	15,000	15,000	(4,730)
Total revenues	12,159,344	11,926,000	11,926,000	233,344
Expenditures -				
Debt service -				
Principal retirement	11,815,968	12,140,029	12,140,029	324,061
Interest and fiscal charges	8,072,821	8,151,479	8,151,479	78,658
Issuance costs	247,433	247,433	247,433	-
Total expenditures	20,136,222	20,538,941	20,538,941	402,719
Excess (deficiency) of revenues over expenditures	(7,976,878)	(8,612,941)	(8,612,941)	636,063
Other financing sources (uses) -				
Payment to redeem refunded debt	(10,497,072)	(10,497,072)	(10,497,072)	-
Payment to refunding agent	(5,586,285)	(5,586,285)	(5,586,285)	-
Issuance of debt	16,145,000	16,145,000	16,145,000	-
Issuance of premium	223,248	223,248	223,248	-
Transfers in	7,985,496	7,986,377	7,986,377	(881)
Total other financing sources (uses)	8,270,387	8,271,268	8,271,268	(881)
Net change in fund balances	293,509	<u>\$ (341,673)</u>	<u>\$ (341,673)</u>	<u>\$ 635,182</u>
Fund balance, October 1, 2010	<u>1,944,761</u>			
Fund balance, September 30, 2011	<u>\$ 2,238,270</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, 2011

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 2,684,046	\$ 2,200,000	\$ 2,200,000	\$ 484,046
Investment and other	16,670	15,000	15,000	1,670
Total revenues	2,700,716	2,215,000	2,215,000	485,716
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	234,372	305,398	305,398	71,026
Contractual services	197,153	244,271	244,271	47,118
Supplies and materials	7,203	25,325	25,325	18,122
Other services and charges	246,868	365,000	400,100	153,232
Total expenditures	685,596	939,994	975,094	289,498
Excess of revenues over expenditures	2,015,120	1,275,006	1,239,906	775,214
Other financing sources /(uses) -				
Transfers in	35,100	-	35,100	-
Transfers out	(1,250,000)	(1,275,000)	(1,275,000)	25,000
Total other financing sources/(uses)	(1,214,900)	(1,275,000)	(1,239,900)	25,000
Net change in fund balances	800,220	\$ 6	\$ 6	\$ 800,214
Fund balance, October 1, 2010	7,314,509			
Fund balance, September 30, 2011	\$ 8,114,729			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DRAINAGE FUND
YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits, and fees	\$ 1,114,142	\$ 780,000	\$ 780,000	\$ 334,142
Total revenues	1,114,142	780,000	780,000	334,142
Expenditures -				
Current -				
Public Works -				
Personnel services	715,696	1,173,638	1,127,638	411,942
Contractual services	226,894	328,560	374,560	147,666
Supplies and materials	115,546	132,058	132,058	16,512
Other services and charges	6,427	13,625	13,625	7,198
Total expenditures	1,064,563	1,647,881	1,647,881	583,318
Excess (deficiency) of revenues over expenditures	49,579	(867,881)	(867,881)	917,460
Other financing sources /(uses) -				
Transfers in	673,516	867,881	867,881	(194,365)
Transfers out	(149,286)	-	-	(149,286)
Total other financing sources/(uses)	524,230	867,881	867,881	(343,651)
Net change in fund balances	573,809	\$ -	\$ -	\$ 573,809
Fund balance, October 1, 2010	-			
Fund balance, September 30, 2011	\$ 573,809			

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, 2011

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 352,028	\$ -	\$ 77,907	\$ 274,121
Investment and other	145	211	211	(66)
Total revenues	352,173	211	78,118	274,055
Expenditures -				
Current -				
Public safety -				
Capital outlay	264,216	248,484	388,264	124,048
Total expenditures	264,216	248,484	388,264	124,048
Excess (deficiency) of revenues over expenditures	87,957	<u>\$ (248,273)</u>	<u>\$ (310,146)</u>	<u>\$ 398,103</u>
Fund balance, October 1, 2010	<u>473,701</u>			
Fund balance, September 30, 2011	<u><u>\$ 561,658</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, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 115,355	\$ 105,000	\$ 105,000	\$ 10,355
Investment and other	118	225	225	(107)
Total revenues	115,473	105,225	105,225	10,248
Expenditures -				
Current -				
General government -				
Personnel services	28,643	35,000	35,000	6,357
Supplies and materials	12,506	35,100	35,100	22,594
Other services and charges	149	30,350	30,350	30,201
Total expenditures	41,298	100,450	100,450	59,152
Excess of revenues over expenditures	74,175	\$ 4,775	\$ 4,775	\$ 69,400
Fund balance, October 1, 2010	388,572			
Fund balance, September 30, 2011	\$ 462,747			

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, 2011

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 90,345	\$ 50,000	\$ 50,000	\$ 40,345
Investment and other	378	750	750	(372)
Contributions	2,085	500	500	1,585
Total revenues	92,808	51,250	51,250	41,558
Expenditures -				
Current -				
General government -				
Supplies and materials	121,734	410,000	410,000	288,266
Total expenditures	121,734	410,000	410,000	288,266
Excess (deficiency) of revenues over expenditures	(28,926)	\$ (358,750)	\$ (358,750)	\$ 329,824
Fund balance, October 1, 2010	571,705			
Fund balance, September 30, 2011	\$ 542,779			

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, 2011

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Intergovernmental	\$ 506,189	\$ 1,121,083	\$ 1,121,083	\$ (614,894)
Total revenues	506,189	1,121,083	1,121,083	(614,894)
Expenditures -				
Current -				
General government -				
Personnel services	78,351	68,951	79,814	1,463
Contractual services	5,654	6,435	6,435	781
Supplies and materials	2,848	3,000	2,000	(848)
Other services and charges	228,899	512,546	297,710	68,811
Capital outlay	190,437	530,151	735,124	544,687
Total expenditures	506,189	1,121,083	1,121,083	614,894
Excess of revenues over expenditures	-	\$ -	\$ -	\$ -
Fund balance, October 1, 2010	-			
Fund balance, September 30, 2011	\$ -			

**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, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 41	\$ -	\$ -	\$ 41
Total revenues	41	-	-	41
Other financing sources /(uses) -				
Transfers out	(119,868)	(119,868)	(119,868)	-
Total other financing sources/(uses)	(119,868)	(119,868)	(119,868)	-
Net change in fund balances	(119,827)	<u>\$ (119,868)</u>	<u>\$ (119,868)</u>	<u>\$ 41</u>
Fund balance, October 1, 2010	<u>158,990</u>			
Fund balance, September 30, 2011	<u><u>\$ 39,163</u></u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues-				
Investment and other	\$ 3	\$ -	\$ -	\$ 3
Contributions	60	-	-	60
	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
Total revenues	63	-	-	63
	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
Excess of revenues over expenditures	63	\$ -	\$ -	\$ 63
	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
Fund balance, October 1, 2010	<u>11,176</u>			
Fund balance, September 30, 2011	<u>\$ 11,239</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 69	\$ -	\$ -	\$ 69
Total revenues	69	-	-	69
Other financing sources /(uses) -				
Transfers in	861,997	-	861,997	-
Total other financing sources/(uses)	861,997	-	861,997	-
Net change in fund balances	862,066	\$ -	\$ 861,997	\$ 69
Fund balance, October 1, 2010	-			
Fund balance, September 30, 2011	<u>\$ 862,066</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, 2011

	Balances October 1, 2010	Additions	Deductions	Balances September 30, 2011
Assets				
Cash and cash equivalents	\$ 23,615	\$ 549,254	\$ 552,132	\$ 20,737
Total assets	<u>\$ 23,615</u>	<u>\$ 549,254</u>	<u>\$ 552,132</u>	<u>\$ 20,737</u>
Liabilities				
Due to participants	\$ 23,615	\$ 549,254	\$ 552,132	\$ 20,737
Total liabilities	<u>\$ 23,615</u>	<u>\$ 549,254</u>	<u>\$ 552,132</u>	<u>\$ 20,737</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2011

Capital assets -

Land	\$ 30,856,879
Buildings and improvements	650,085,702
Equipment	56,528,450
Construction in progress	<u>19,322,597</u>
	<u>\$ 756,793,628</u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 206,061,318
Federal grants	3,333,410
State grants	1,008,753
General Fund revenues	106,346,534
Special Revenue Fund revenues	150,056,380
Hotel Occupancy Tax revenues	21,096,863
Gifts	268,173,461
Special assessments	<u>716,909</u>
	<u>\$ 756,793,628</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2011**

Function and Activity	Total	Land
General Government -		
Control -		
Executive	\$ 126,542	\$ -
Staff agencies -		
Public works	14,149,469	293,740
Finance	12,453,057	-
Law	123,812	-
Planning and zoning	1,418,462	-
General government	27,528,948	4,851,529
Total staff agencies	55,673,748	5,145,269
Total general government	55,800,290	5,145,269
Public safety -		
Police protection	33,815,652	2,622,159
Fire protection	19,412,231	1,413,835
Inspection	5,641	-
Total public safety	53,233,524	4,035,994
Public works -		
City shop	2,334,251	-
Streets and drainage	514,132,467	1,234,172
Total public works	516,466,718	1,234,172
Culture and recreation -		
Library	7,723,340	278,252
Recreation	104,247,159	20,163,192
Total culture and recreation	111,970,499	20,441,444
Total capital assets allocated to functions	737,471,031	\$ 30,856,879
Construction in progress	19,322,597	
Total capital assets	\$ 756,793,628	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,542</u>
3,029,640	4,527,525	6,298,564
-	1,239,834	11,213,223
-	-	123,812
31,230	751,653	635,579
16,735,393	3,879,199	2,062,827
<u>19,796,263</u>	<u>10,398,211</u>	<u>20,334,005</u>
<u>19,796,263</u>	<u>10,398,211</u>	<u>20,460,547</u>
18,249,547	1,029,105	11,914,841
7,492,822	420,187	10,085,387
-	-	5,641
<u>25,742,369</u>	<u>1,449,292</u>	<u>22,005,869</u>
333,817	1,332,663	667,771
969,280	507,239,239	4,689,776
<u>1,303,097</u>	<u>508,571,902</u>	<u>5,357,547</u>
4,182,511	21,940	3,240,637
55,413,549	23,206,568	5,463,850
<u>59,596,060</u>	<u>23,228,508</u>	<u>8,704,487</u>
<u>\$ 106,437,789</u>	<u>\$ 543,647,913</u>	<u>\$ 56,528,450</u>

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2011

Function and Activity	Capital Assets October 1, 2010	Additions	Retirements/ Adjustments	Capital Assets September 30, 2011
General Government -				
Control -				
Executive	\$ 133,542	\$ -	\$ (7,000)	\$ 126,542
Staff Agencies -				
Public works	6,591,587	1,918,582	5,639,300	14,149,469
Finance	10,688,250	2,187,849	(423,042)	12,453,057
Law	125,111	-	(1,299)	123,812
Planning and zoning	1,421,107	-	(2,645)	1,418,462
General government	22,496,539	7,995,660	(2,963,251)	27,528,948
Total staff agencies	41,322,594	12,102,091	2,249,063	55,673,748
Total general government	41,456,136	12,102,091	2,242,063	55,800,290
Public safety -				
Police protection	32,999,375	1,320,326	(504,049)	33,815,652
Fire protection	18,829,491	904,215	(321,475)	19,412,231
Inspection	184,978	-	(179,337)	5,641
Total public safety	52,013,844	2,224,541	(1,004,861)	53,233,524
Public works -				
City shop	2,327,201	6,856	194	2,334,251
Streets and drainage	502,146,104	18,181,762	(6,195,399)	514,132,467
Total public works	504,473,305	18,188,618	(6,195,205)	516,466,718
Culture and recreation -				
Library	7,686,922	38,718	(2,300)	7,723,340
Recreation	98,604,613	2,865,086	2,777,460	104,247,159
Total culture and recreation	106,291,535	2,903,804	2,775,160	111,970,499
Construction in progress	27,009,798	29,486,231	(37,173,432)	19,322,597
Total capital assets	\$ 731,244,618	\$ 64,905,285	\$ (39,356,275)	\$ 756,793,628

**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.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	144
Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	154
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's currently outstanding debt and the City's ability to issue additional debt in the future.	162
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	169
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City's financial report relates to the services the City provides and the activities it performs.	171

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 NINE 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	64,569,635	33,162,952	80,236,914	76,607,747
Unrestricted	57,288,015	57,297,079	63,647,959	71,497,162
Total governmental activities net assets	\$ 283,971,141	\$ 304,431,996	\$ 335,294,613	\$ 366,265,247
Business-type activities-				
Invested in capital assets, net of related debt	\$ 133,189,058	\$ 153,895,969	\$ 166,695,648	\$ 184,270,630
Joint Venture	-	-	-	-
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	\$ 190,713,883	\$ 205,846,565	\$ 222,444,933	\$ 245,832,208
Primary government-				
Invested in capital assets, net of related debt	\$ 295,302,549	\$ 367,867,934	\$ 358,105,388	\$ 402,430,968
Joint Venture	-	-	-	-
Restricted	91,883,226	54,572,932	100,974,106	94,141,998
Unrestricted	87,499,249	87,837,695	98,660,052	115,524,489
Total primary government activities net assets	\$ 474,685,024	\$ 510,278,561	\$ 557,739,546	\$ 612,097,455

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	2011
\$ 207,796,040	\$ 232,391,397	\$ 266,247,218	\$ 274,037,741	\$ 282,782,272
122,889,046	113,877,961	100,118,825	98,312,115	100,324,820
83,860,977	86,309,871	83,957,620	88,141,197	90,552,676
<u>\$ 414,546,063</u>	<u>\$ 432,579,229</u>	<u>\$ 450,323,663</u>	<u>\$ 460,491,053</u>	<u>\$ 473,659,768</u>
\$ 203,541,558	\$ 219,607,998	\$ 217,990,010	\$ 210,960,047	\$ 213,536,543
-	-	-	4,170,881	7,608,695
21,938,288	14,376,789	15,571,119	9,125,932	11,984,130
46,524,348	53,608,514	67,433,842	83,280,914	89,543,355
<u>\$ 272,004,194</u>	<u>\$ 287,593,301</u>	<u>\$ 300,994,971</u>	<u>\$ 307,537,774</u>	<u>\$ 322,672,723</u>
\$ 411,337,598	\$ 451,999,395	\$ 484,237,228	\$ 484,997,788	\$ 496,318,815
-	-	-	4,170,881	7,608,695
144,827,334	128,254,750	115,689,944	107,438,047	112,308,950
130,385,325	139,918,385	151,391,462	171,422,111	180,096,031
<u>\$ 686,550,257</u>	<u>\$ 720,172,530</u>	<u>\$ 751,318,634</u>	<u>\$ 768,028,827</u>	<u>\$ 796,332,491</u>

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

	2003	2004	2005	2006
Expenses:				
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	<u>72,016,115</u>	<u>76,432,627</u>	<u>83,243,885</u>	<u>93,827,468</u>
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	<u>20,345,555</u>	<u>22,716,715</u>	<u>25,267,133</u>	<u>27,933,247</u>
Total primary government expenses	<u>92,361,670</u>	<u>99,149,342</u>	<u>108,511,018</u>	<u>121,760,715</u>
Program revenues:				
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	<u>24,574,128</u>	<u>18,561,146</u>	<u>22,070,562</u>	<u>21,547,702</u>
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	<u>33,761,254</u>	<u>34,166,164</u>	<u>34,942,134</u>	<u>41,487,257</u>
Total primary government program revenues	<u>58,335,382</u>	<u>52,727,310</u>	<u>57,012,696</u>	<u>63,034,959</u>
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	<u>(34,026,288)</u>	<u>(46,422,032)</u>	<u>(51,498,322)</u>	<u>(58,725,756)</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.

2007	2008	2009	2010	2011
\$ 21,926,050	\$ 24,097,129	\$ 25,046,973	\$ 27,241,208	\$ 28,562,133
28,879,882	33,587,423	37,104,418	36,688,203	39,140,352
27,114,039	28,727,136	27,608,721	29,053,781	28,285,749
11,905,643	12,674,371	14,433,602	14,260,057	14,514,561
7,463,588	9,530,456	9,587,223	9,294,416	8,332,714
97,289,202	108,616,515	113,780,937	116,537,665	118,835,509
28,873,665	32,865,979	36,884,365	36,702,169	38,611,958
167,906	185,659	182,521	192,595	174,149
29,041,571	33,051,638	37,066,886	36,894,764	38,786,107
126,330,773	141,668,153	150,847,823	153,432,429	157,621,616
1,766,153	1,941,519	3,820,455	3,927,379	3,519,857
2,851,787	3,197,900	3,646,892	4,150,577	4,295,283
1,337,371	1,295,783	877,676	836,169	2,032,530
2,489,438	2,721,570	2,503,925	2,531,989	3,136,422
931,269	1,097,733	1,064,411	932,879	1,130,628
17,322,551	3,825,335	14,083,063	7,634,857	9,257,876
26,698,569	14,079,840	25,996,422	20,013,850	23,372,596
30,968,868	35,060,024	37,802,909	37,512,213	44,922,715
476,025	474,353	485,972	349,424	431,413
13,772,431	8,750,891	7,922,361	2,120,848	4,825,932
45,217,324	44,285,268	46,211,242	39,982,485	50,180,060
71,915,893	58,365,108	72,207,664	59,996,335	73,552,656
(70,590,633)	(94,536,675)	(87,784,515)	(96,523,815)	(95,462,913)
16,175,753	11,233,630	9,144,356	3,087,721	11,393,953
(54,414,880)	(83,303,045)	(78,640,159)	(93,436,094)	(84,068,960)

(Continued)

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

	2003	2004	2005	2006
General revenues and other changes				
in net assets:				
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>
Change in net assets:				
Governmental activities	25,687,958	20,460,855	30,862,617	30,970,634
Business-type activities	18,294,906	15,132,682	16,598,368	23,387,275
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>	<u>2011</u>
24,409,535	27,560,939	29,867,765	33,040,085	33,578,991
5,499,222	5,748,333	6,213,263	5,934,540	6,221,790
68,988,092	68,216,680	61,019,506	61,625,140	62,613,350
2,838,689	2,939,352	2,394,145	2,291,326	2,684,046
257,384	286,179	315,739	327,723	352,159
9,912,657	8,220,228	4,112,703	1,365,802	988,222
152,805	257,495	-	-	-
1,668,221	2,291,695	1,605,828	2,106,589	2,193,070
<u>113,726,605</u>	<u>115,520,901</u>	<u>105,528,949</u>	<u>106,691,205</u>	<u>108,631,628</u>
10,609,090	5,216,423	4,568,130	3,893,417	4,692,958
1,055,364	1,618,492	1,305,841	1,731,860	1,294,555
-	-	(10,829)	(63,606)	(53,447)
-	-	-	-	-
<u>(1,668,221)</u>	<u>(2,291,695)</u>	<u>(1,605,828)</u>	<u>(2,106,589)</u>	<u>(2,193,070)</u>
<u>9,996,233</u>	<u>4,543,220</u>	<u>4,257,314</u>	<u>3,455,082</u>	<u>3,740,996</u>
<u>123,722,838</u>	<u>120,064,121</u>	<u>109,786,263</u>	<u>110,146,287</u>	<u>112,372,624</u>
43,135,972	20,984,226	17,744,434	10,167,390	13,168,715
<u>26,171,986</u>	<u>15,776,850</u>	<u>13,401,670</u>	<u>6,542,803</u>	<u>15,134,949</u>
<u>\$ 69,307,958</u>	<u>\$ 36,761,076</u>	<u>\$ 31,146,104</u>	<u>\$ 16,710,193</u>	<u>\$ 28,303,664</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 100,000	\$ 146,600	\$ 123,200	\$ 100,000
<i>Restricted for-</i>				
Debt service	2,074,841	2,304,816	2,338,493	2,600,354
Authorized construction	86,807,156	75,659,215	89,938,067	79,063,821
Hotel-motel tax	2,161,076	2,014,840	2,377,007	2,638,467
Public safety	164,994	241,226	291,713	520,145
Community development	19,181	19,625	19,181	19,181
<i>Committed to-</i>				
Authorized construction	16,426,083	16,086,663	16,511,045	23,915,700
Landscape improvemnets	17,303	22,825	28,125	33,128
Annexation fees	203,123	428,435	536,461	1,007,685
Library	-	13,208	14,127	14,551
Public education	15,181	9,434	-	-
Drainage	-	-	-	-
<i>Unassigned</i>	<u>23,261,921</u>	<u>25,204,136</u>	<u>26,759,957</u>	<u>28,705,017</u>
Total governmental funds	<u><u>\$ 131,250,859</u></u>	<u><u>\$ 122,151,023</u></u>	<u><u>\$ 138,937,376</u></u>	<u><u>\$ 138,618,049</u></u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,758
3,200,508	3,058,395	3,431,063	2,887,281	1,944,761	2,238,270
71,499,038	115,324,128	106,064,681	91,521,069	90,105,139	90,281,425
3,566,831	4,457,721	6,375,196	7,005,856	7,314,509	8,114,729
697,587	564,391	521,354	497,243	862,273	1,024,405
19,181	19,181	-	-	-	-
29,813,838	32,755,858	35,210,559	32,584,099	35,739,591	37,731,396
66,802	388,111	788,440	574,093	571,705	542,779
60,335	62,340	158,190	158,886	158,990	39,163
14,269	14,815	15,164	14,302	11,176	11,239
-	-	-	-	-	862,066
-	-	-	-	-	573,809
<u>32,472,684</u>	<u>34,340,001</u>	<u>40,685,364</u>	<u>39,497,430</u>	<u>40,287,116</u>	<u>40,253,360</u>
<u>\$ 141,411,073</u>	<u>\$ 190,984,941</u>	<u>\$ 193,250,011</u>	<u>\$ 174,740,259</u>	<u>\$ 176,995,260</u>	<u>\$ 181,961,399</u>

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

	2002	2003	2004	2005
Revenues-				
Taxes and franchise	\$ 59,029,046	\$ 66,699,982	\$ 71,743,446	\$ 83,437,892
Licenses, permits and fees	628,550	801,108	679,754	1,218,975
Charges for services	3,282,764	3,451,103	3,727,507	4,100,595
Fines and forfeitures	1,078,089	1,043,055	1,286,754	1,455,280
Intergovernmental	735,590	754,431	746,042	885,038
Hotel occupancy tax	1,477,050	1,618,744	1,650,148	1,905,049
Investment and other	3,701,703	3,610,459	2,637,520	4,853,019
Contributions	269,114	828,134	626,201	1,258,618
Total revenues	70,201,906	78,807,016	83,097,372	99,114,466
Expenditures-				
General government	15,071,967	17,231,171	18,343,416	20,638,875
Public safety	16,767,233	18,099,093	19,818,241	21,674,409
Public works	6,448,449	7,277,171	7,430,727	7,587,502
Culture and recreation	7,568,798	8,412,271	9,088,693	9,382,752
Capital projects	19,412,193	25,564,047	20,138,116	27,972,915
Debt service-				
Principal retirement	5,777,190	5,179,568	6,879,318	7,518,388
Interest and fiscal charges	5,732,117	8,381,599	7,343,728	8,046,683
Other charges	-	-	929,692	313,483
Total expenditures	76,777,947	90,144,920	89,971,931	103,135,007
Excess of revenues over (under) expenditures	(6,576,041)	(11,337,904)	(6,874,559)	(4,020,541)
Other financing sources (uses)-				
Proceeds from sale of capital assets	-	-	-	-
Issuance of lease	575,000	-	575,000	600,000
Issuance of debt	60,448,959	-	31,945,000	19,915,000
Premium on bonds issued	-	-	1,209,144	1,361,510
Payment to refunded bond escrow agent	(11,084,861)	-	(12,803,761)	(20,927,719)
Transfers in	13,565,477	14,761,767	18,998,512	27,802,722
Transfers out	(11,115,669)	(12,523,699)	(16,262,983)	(25,050,299)
Total other financing sources (uses)	52,388,906	2,238,068	23,660,912	3,701,214
Net change in fund balances	\$ 45,812,865	\$ (9,099,836)	\$ 16,786,353	\$ (319,327)
Capital outlay including amounts reported under departmental current expenditures	\$ 20,906,177	\$ 25,535,305	\$ 21,386,215	\$ 29,836,204
Debt service as a percentage of noncapital expenditures	20.6%	21.0%	20.7%	21.2%

2006	2007	2008	2009	2010	2011
\$ 91,672,097	\$ 99,100,555	\$ 101,938,374	\$ 97,339,627	\$ 101,070,150	\$ 102,793,623
970,570	1,585,091	1,593,711	1,053,959	907,705	2,155,358
4,311,153	3,569,077	3,895,886	3,757,215	3,767,565	3,985,634
1,696,474	1,849,523	2,014,379	2,057,353	2,260,401	2,492,261
1,165,978	2,578,680	1,317,506	1,232,594	3,953,092	3,302,276
2,268,619	2,838,689	2,939,352	2,394,145	2,291,326	2,684,046
8,640,878	11,424,988	9,977,103	8,406,513	3,652,629	3,786,134
165,670	826,807	2,094,375	1,729,637	972,641	3,282,812
110,891,439	123,773,410	125,770,686	117,971,043	118,875,509	124,482,144
22,163,330	22,207,904	22,801,093	22,830,329	23,050,458	24,421,000
25,785,545	28,456,892	31,996,008	34,099,601	34,539,844	36,556,318
8,506,994	8,719,701	9,360,999	10,065,601	9,565,430	8,797,799
10,021,489	10,711,796	11,524,905	11,813,663	11,157,995	11,336,602
36,896,924	36,542,219	53,298,559	38,798,458	21,184,635	22,981,288
7,090,383	11,940,981	10,448,506	10,942,820	11,456,810	11,815,968
7,698,552	7,052,015	9,060,707	9,290,481	9,097,057	8,072,821
-	3,994,688	-	-	1,327,989	247,433
118,163,217	129,626,196	148,490,777	137,840,953	121,380,218	124,229,229
(7,271,778)	(5,852,786)	(22,720,091)	(19,869,910)	(2,504,709)	252,915
1,423,235	-	-	-	-	-
600,000	3,250,000	750,000	1,505,390	1,310,569	1,372,023
6,201,378	80,110,000	16,798,622	-	18,575,000	16,145,000
-	573,448	-	-	1,387,593	223,248
-	(30,175,015)	-	-	(19,682,356)	(16,083,357)
29,387,915	45,681,150	26,429,303	33,385,722	24,459,490	27,752,457
(27,547,726)	(44,012,929)	(24,137,608)	(30,579,894)	(21,290,586)	(24,696,147)
10,064,802	55,426,654	19,840,317	4,311,218	4,759,710	4,713,224
\$ 2,793,024	\$ 49,573,868	\$ (2,879,774)	\$ (15,558,692)	\$ 2,255,001	\$ 4,966,139
\$ 36,896,924	\$ 36,542,219	\$ 53,298,559	\$ 40,000,535	\$ 22,684,310	\$ 23,932,697
18.2%	20.4%	20.5%	20.7%	20.8%	19.8%

**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			
	\$	\$	\$	\$	\$	\$
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
2011	7,581,182,068	831,489,169	8,412,671,237	395,522,799	8,017,148,438	0.4173

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	
	\$	\$	\$	\$	\$	\$	\$
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
2011	0.2665	0.1508	0.4173	1.3800	0.4900	0.1151	2.4024

Source: Williamson County Tax Office

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

Name of Taxpayer	2011			2002		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 158,924,429	1	1.982 %	\$ 194,446,101	1	4.323 %
CPG Round Rock, LP	129,322,074	2	1.613	-		-
Baltgem Development Corp.	80,275,572	3	1.001	-		-
Columbia/St. David Healthcare	58,545,926	4	0.730	-		-
Dell Computer Corp.	58,199,880	5	0.726	57,404,679	2	1.276
CMF 15 Portfolio, LLC	43,050,000	6	0.537	-		-
Oncor Electric Delivery Co.	38,615,809	7	0.482	32,377,280	7	0.720
Chandler Creek, LP	34,754,569	8	0.434	-		-
Inland American University Oaks, LP	34,055,377	9	0.425	-		-
Toppan Photomasks, Inc.	31,171,840	10	0.389	-		-
DuPont Photo Mask	-		-	56,502,650	3	1.256
DDR DB Development Ventures	-		-	47,971,461	4	1.066
Limestone Ranch, LLP	-		-	34,560,000	5	0.768
Security Capital	-		-	32,424,518	6	0.721
Cypress Semiconductor	-		-	30,856,200	8	0.686
Southwestern Bell Telephone	-		-	25,192,710	9	0.560
Benj. E. Sherman & Sons	-		-	24,077,777	10	0.535
	<u>\$ 666,915,476</u>		<u>8.319 %</u>	<u>\$ 535,813,376</u>		<u>11.911 %</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
	\$	\$	%	\$	\$	%
2002	14,553,616	14,335,048	98.50	196,024	14,531,072	99.85
2003	17,293,085	17,129,231	99.05	149,596	17,278,827	99.92
2004	18,305,148	18,117,224	98.97	167,227	18,284,451	99.89
2005	20,296,494	20,103,093	99.05	176,359	20,279,452	99.92
2006	21,432,170	21,260,880	99.20	156,624	21,417,504	99.93
2007	24,021,587	24,010,335	99.95	(5,045)	24,005,290	99.93
2008	27,219,448	27,194,031	99.91	4,767	27,198,798	99.92
2009	29,910,531	29,745,017	99.45	125,589	29,870,606	99.87
2010	33,004,821	32,840,433	99.50	105,357	32,945,790	99.82
2011	33,453,957	33,330,239	99.63	-	33,330,239	99.63

**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>
	\$	\$	\$	\$	\$
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	1,103,261,058	1,228,096,597	323,957,885	18,637,403	16,313,752
2010	<u>1,076,705,717</u>	<u>1,364,186,925</u>	<u>331,286,488</u>	<u>20,916,060</u>	<u>17,788,882</u>
	<u><u>\$ 10,846,029,828</u></u>	<u><u>\$ 11,324,240,699</u></u>	<u><u>\$ 2,755,103,911</u></u>	<u><u>\$ 205,705,178</u></u>	<u><u>\$ 200,422,275</u></u>

Source: Texas Comptroller of Public Accounts

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

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

Construction	Finance, Insurance	Other	Total	City Direct Sales Tax Rate	State Sales Tax Rate	Over- lapping
\$	\$	\$	\$	%	%	%
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%
30,415,221	2,198,134	-	2,722,880,050	2.0%	6.25%	8.25%
46,025,144	2,114,837	-	2,859,024,053	2.0%	6.25%	8.25%
<u>\$ 275,740,610</u>	<u>\$ 17,917,237</u>	<u>\$ 258,339,123</u>	<u>\$ 25,883,498,861</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2011**

<u>Taxpayer</u>	<u>Total Collections Year Ended September 30, 2011</u>	<u>Number of Rooms</u>
Austin Marriott North	\$ 572,408	295
Residence Inn	201,171	96
Hilton Garden Inn	196,395	122
Homewood Suites	192,844	115
Hampton Inn	163,193	93
Courtyard by Marriott	140,913	113
Springhill Suites	132,313	104
Wingate Inn	119,663	100
Holiday Inn Express	105,448	91
La Quinta Inn	97,640	116
Baymont Inn	94,534	86
Comfort Suites	80,148	63
Staybridge Suites	76,601	81
Red Roof Inn	69,197	100
Best Western Executive Inn	66,970	69
Sleep Inn	64,298	74
Holiday Inn	62,537	124
Candlewood Suites	53,276	98
Country Inn & Suites	46,910	63
Extended Stay America # 6197	41,052	104
Extended Stay America # 6030	40,883	138
Super 8 Motel	28,752	59
Days Inn & Suites	19,811	48
Value Place	17,089	121
	<u>\$ 2,684,046</u>	<u>2,473</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>
	\$	\$	\$	\$	\$
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
2011	684,430	678,090	716,629	604,897	2,684,046

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

Fiscal Year	Governmental Activities			Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds	Total Primary Government		
	\$	\$	\$	\$	\$	%	\$
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	8.99	2,733
2011	105,980,000	12,965,000	57,213,838	87,985,000	264,143,838	8.46	2,602

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
		\$	\$	\$	\$	%	\$
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
2010	100,800	8,322,297	124,000,000	(2) 1,944,761	122,055,239	1.47	1,211
2011	101,500	8,017,148	118,945,000	(2) 2,238,270	116,706,730	1.46	1,150

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 \$ 4,300,000 at September 30, 2011.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2011**

<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	\$ 735,302,720 **	39.79%	\$ 292,576,952
Williamson County	639,429,853 *	22.27%	142,401,028
Austin Community College	91,822,751 *	19.20%	17,629,968
Georgetown ISD	214,045,000 **	0.01%	21,405
Travis County	594,650,243 *	0.25%	<u>1,486,626</u>
Subtotal, overlapping debt			454,115,979
City direct debt			<u>118,945,000</u>
Total direct and overlapping debt			<u><u>\$ 573,060,979</u></u>

* Gross Debt as of 9-30-11

** Gross Debt as of 6-30-11

*** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is within the City's boundaries and dividing by the entities' total assessed value.

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

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

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

	2002	2003	2004	2005
Debt limit	\$ 806,315,251	\$ 906,860,750	\$ 921,367,824	\$ 955,638,811
Total net debt applicable to limit	<u>82,569,295</u>	<u>80,541,088</u>	<u>97,029,376</u>	<u>93,578,032</u>
Legal debt margin	<u><u>\$ 723,745,956</u></u>	<u><u>\$ 826,319,662</u></u>	<u><u>\$ 824,338,448</u></u>	<u><u>\$ 862,060,779</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10.24%	8.88%	10.53%	9.79%

Legal Debt Margin Calculation for Fiscal Year 2011

Total assessed value	<u><u>\$ 8,017,148,438</u></u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,437,119,854
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 118,945,000
Less:	
Amount available in Debt Service Fund	(2,238,270)
Amounts considered self-supporting	<u>(4,300,000)</u>
Total net debt applicable to debt limit	<u>112,406,730</u>
Legal debt margin	<u><u>\$ 1,324,713,124</u></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, 2010, assessed valuation of \$ 8,017,148,438 at 100% collection, tax revenue of \$ 120,257,227 would be produced. This revenue could service the debt on \$1,437,119,854 issued as 20- year serial bonds at 5.50% (with level debt service payment).

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,034,929,880	\$ 1,167,845,500	\$ 1,345,033,513	\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854
<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>112,406,730</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>	<u>\$ 1,324,713,124</u>
8.60%	11.34%	9.43%	8.34%	7.88%	7.82%

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

<u>Fiscal Year</u>	<u>(1) Gross Revenue</u>	<u>(2) 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>
	\$	\$	\$	\$	
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
2011	46,215,387	21,880,865	24,334,522	5,081,298	4.79

⁽¹⁾ Water and Sewer Fund operating and non-operating revenues.

⁽²⁾ Water and Sewer Fund operating expenses, excluding depreciation.

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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(3) Unemployment Rate
		\$	\$			%
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	100,800	3,066,033,600	30,417	31.4	42,683	6.2
2011	101,500	3,122,744,000	30,766	31.6	44,331	6.1

- Sources:
- (1) Planning Department, City of Round Rock
 - (2) Texas Workforce Commission; data is for Williamson County, which is representative of the City; data for City not available.
 - (3) Round Rock Chamber of Commerce
 - (4) Round Rock Independent School District

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

Name of Employer	2011			2002		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	8,500	1	16.55	9,400	1	25.32
Round Rock Independent School District	5,400	2	10.52	4,600	2	12.39
Sears TeleServe	1,300	3	2.53	822	3	2.21
City of Round Rock, Texas	820	4	1.60			
Scott & White University Medical Campus	750	5	1.46	596	7	1.61
Round Rock Medical Center	710	6	1.38	585	8	1.58
Texas Guaranteed Student Loan	700	7	1.36			
Dresser Wayne, Inc.	600	8	1.17	580	9	1.56
Seton Williamson Medical Center	450	9	0.88			
Michael Angelo's Gourmet Foods	350	10	0.68	700	6	1.89
Trend Technologies				711	4	1.92
Farmer's Insurance				700	5	1.89
DuPont Photo Mask				450	10	1.21
	<u>19,580</u>		<u>38.13</u>	<u>19,144</u>		<u>51.57</u>

Source: Round Rock Chamber of Commerce

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

Function:	<u>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>	<u>2011</u>
General government	132	134	142	148	158	163	176	173	176	164
Public safety-										
Police-										
Officers	107	112	119	126	131	135	146	151	152	152
Civilians	42	41	47	47	55	58	62	61	61	67
Fire-										
Firefighters & officers	78	78	90	104	111	119	124	124	124	124
Civilians	4	4	4	4	4	5	5	5	5	5
Public works-										
Street & Drainage	49	49	48	48	48	48	48	48	48	48
Shop	14	14	14	14	15	15	15	15	15	15
Culture & recreation-										
Library	24	26	27	28	29	29	29	29	29	29
Parks & Recreation	81	83	90	91	93	93	95	97	98	94
Water	78	80	90	93	92	93	95	96	97	91
Sewer	<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>	<u>35</u>
Total	<u><u>638</u></u>	<u><u>653</u></u>	<u><u>703</u></u>	<u><u>738</u></u>	<u><u>771</u></u>	<u><u>793</u></u>	<u><u>831</u></u>	<u><u>835</u></u>	<u><u>840</u></u>	<u><u>824</u></u>

Source:
Finance Department, City of Round Rock

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

Function:	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police-				
Arrests	1,735	1,684	2,625	3,592
Accident reports	2,667	2,360	2,669	1,942
Index crimes reported	1,495	1,813	1,679	2,326
Crimes per thousand residents	20.90	25.50	21.00	28.30
Officers per thousand of population	1.50	1.49	1.49	1.50
Fire-				
Incident volume	5,352	5,076	5,219	6,709
Priority calls answered	3,936	3,787	3,959	5,376
Non-emergency calls answered	1,396	1,289	1,260	1,333
Priority calls-response less than 6 minutes	70%	73%	78%	76%
Public Works-				
Street-				
Street resurfacing (lane miles)	84	84	72	71
Potholes repaired annually	2,500	3,000	3,223	3,223
Signals maintained	30	36	36	42
Shop-				
Work orders	2,960	4,485	4,650	4,468
Number of departments served	13	13	15	15
Culture and Recreation-				
Library-				
Number of items circulated	492,493	545,921	648,609	647,343
Number of card holders	37,457	40,532	42,321	41,448
Number of library visits	246,185	258,017	288,100	298,996
Parks & Recreation-				
Total park acres maintained	1,187	1,573	1,532	1,532
Number of athletic fields maintained	38	38	38	38
Number of trees planted	N/A	238	350	325
Number of recreation enrollees	285,242	314,814	330,036	359,128
Water-				
New connections	1,850	1,172	1,578	1,228
Line maintenance work orders	3,267	3,810	5,938	5,434
Average monthly consumption	438,000,000	447,000,000	439,000,000	474,500,000
Sewer-				
Average monthly treatment	262,750,000	263,416,666	286,166,666	287,948,166
Line feet reviewed for infiltration & inflow	77,655	110,236	142,817	163,143

Source: City of Round Rock Finance Department

N/A – Data not available

2006	2007	2008	2009	2010	2011
4,013	3,754	3,749	3,908	4,328	4,521
1,907	1,990	1,997	1,646	1,877	2,747
2,072	2,512	2,449	2,960	3,154	3,154
22.80	27.90	30.10	30.30	31.30	31.30
1.50	1.46	1.52	1.52	1.48	1.48
6,430	7,463	7,690	8,000	8,500	8,141
4,977	4,592	5,656	5,800	6,000	5,916
1,453	2,871	2,034	2,200	2,500	2,225
73%	73%	64%	65%	65%	65%
124	130	135	137	137	45
4,000	4,000	4,000	4,000	4,000	4,000
52	57	59	59	59	68
4,118	5,418	5,618	6,330	6,930	4,609
18	18	19	19	19	19
671,816	725,370	762,926	780,000	810,000	854,000
42,792	44,820	49,829	51,000	53,000	59,000
302,900	306,000	311,000	310,000	320,000	292,000
1,547	1,610	1,610	1,757	1,780	1,935
38	38	38	43	45	46
843	500	818	877	350	345
372,998	371,201	402,548	401,000	401,000	420,000
1,549	1,181	572	254	356	335
4,242	4,400	4,400	4,226	4,044	3,185
553,600,000	432,101,000	552,610,000	589,159,550	466,096,342	655,615,475
303,103,333	298,038,200	296,208,875	301,433,205	327,351,600	475,482,100
181,316	152,515	161,291	156,934	114,176	317,789

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

Function:	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police-				
Number of stations	1	1	1	1
Number of patrol units	103	120	126	136
Fire-				
Number of stations	5	5	5	6
Number of fire trucks	6	8	9	10
Public Works-				
Street-				
Lane miles	220	220	266	898
Drainage miles	92	92	92	92
Number of street lights	4,610	4,610	4,656	4,702
Number of traffic signals	30	36	36	42
Shop-				
Repair facilities	1	1	1	1
Number of bays	10	19	19	19
Culture and Recreation-				
Library-				
Number of library books	130,000	134,899	150,436	160,559
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,187	1,573	1,532	1,532
Number of athletic fields	38	38	38	38
Number of parks	76	72	70	52
Number of tennis courts	9	9	21	23
Number of pools	4	4	4	4
Water-				
Number of miles of water lines	299	394	394	425
Pumping stations	14	14	14	14
Tanks	19	18	18	18
Treatment capacity (millions of gallons/day)	35	48	48	48
Sewer-				
Number of miles of sewer mains	220	242	242	355
Wastewater lift stations	13	12	12	11

Source: City of Round Rock Finance Department

2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
142	186	189	195	199	199
6	6	7	7	7	7
10	11	11	14	15	16
997	1,036	1,124	1,124	1,137	1,200
92	92	100	100	100	100
4,796	5,034	5,075	5,103	5,104	5,119
52	57	59	59	59	68
1	1	1	1	1	1
19	19	19	19	19	19
133,111	147,000	180,397	185,000	185,000	183,000
1	1	1	1	1	1
1,547	1,610	1,610	1,855	2,119	2,274
38	38	38	44	46	47
52	53	53	60	84	85
23	23	23	23	23	23
5	5	5	5	5	4
458	481	487	503	591	584
14	14	14	15	15	15
18	18	18	19	20	20
48	48	48	48	52	52
365	376	392	400	417	422
11	11	12	12	12	12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2011**

<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	401,675,200	5.319 %
Williamson County Municipal Utility District # 10	Municipal Utility District	253,576,300	3.358
Williamson County Municipal Utility District # 11	Municipal Utility District	207,375,400	2.746
Chandler Creek Municipal Utility District	Municipal Utility District	206,968,400	2.741
Vista Oaks Municipal Utility District	Municipal Utility District	192,419,600	2.548
City of Cedar Park	Municipality	189,724,000	2.512
Round Rock Independent School District	Public Schools	129,007,200	1.708
Dell, Inc.	Electronic Equipment	115,275,400	1.526
Aquasource--Tonkawa Springs	Water Service Provider	68,030,700	0.901
Walsh Ranch Municipal Utility District	Municipal Utility District	<u>66,893,500</u>	<u>0.886</u>
		<u>1,830,945,700</u>	<u>24.245 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2011**

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

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

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

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

* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three month winter average or actual water use.

