



Comprehensive Annual Financial Report

**Year Ended September 30, 2012
City of Round Rock, Texas**



ROUND ROCK, TEXAS
PURPOSE. PASSION. PROSPERITY.

CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012

ELECTED OFFICIALS

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



TABLE OF CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal	3
Organization Chart	12
Certificate of Achievement For Excellence In Financial Reporting	13

FINANCIAL SECTION:

Independent Auditors' Report	17
-------------------------------------	----

Management's Discussion and Analysis	19
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Basic Financial Statements

Government Wide Financial Statements:

Statement of Net Assets	34
Statement of Activities	36

Fund Financial Statements:

Governmental Funds Balance Sheet	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	44
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Special Revenue Fund – Round Rock Transportation and Economic Development Corporation Revenue Fund	46
Statement of Net Assets - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	49
Statement of Cash Flows - Proprietary Funds	50
Statement of Fiduciary Net Assets – Fiduciary Fund	52

Notes to the Financial Statements	53
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Required Supplementary Information	99
---	----

TABLE OF CONTENTS
(continued)

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	103
Combining Balance Sheet – Nonmajor Special Revenue Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	108
Combining Balance Sheet – Nonmajor Capital Projects Funds	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	114
 Project-Length Schedule of Construction Projects – All Capital Projects Funds	 116

**Schedules of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual:**

General Fund	120
Debt Service Fund	124
Nonmajor Special Revenue Funds:	
Hotel-Motel Occupancy Tax	125
Drainage	126
Police	127
Municipal Court	128
Landscape	129
Community Development Block Grant	130
Annexation Fees	131
Library	132
Public Education & Government	133
Hotel-Motel Occupancy Venue Tax	134
Traffic Safety Program	135

Supplemental Schedules:

Statement of Changes in Assets and Liabilities – Agency Fund	138
Schedule of Capital Assets – by Sources	141
Schedule of Capital Assets – by Function and Activity	142
Schedule of Changes in Capital Assets – by Function and Activity	144

TABLE OF CONTENTS
(continued)

STATISTICAL SECTION (UNAUDITED):

Financial Trends:

Net Assets by Component – Last Ten Fiscal Years	146
Changes in Net Assets – Last Ten Fiscal Years	148
Fund Balances of Governmental Funds – Last Ten Fiscal Years	152
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	154

Revenue Capacity:

Actual and Taxable Assessed Value of Property – Last Ten Fiscal Years	156
Property Tax Rates – Direct and Overlapping Governments	
Per \$ 100 of Assessed Value – Last Ten Fiscal Years	157
Principal Property Taxpayers – Current Year and Nine Years Ago	158
Property Tax Levies and Collections – Last Ten Fiscal Years	159
Taxable Sales by Category – Last Ten Calendar Years	160
Hotel Taxpayers	162
Hotel Occupancy Tax Collection History by Quarter – Last Ten Fiscal Years	163

Debt Capacity:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	164
Ratios of Net General Bonded Debt Outstanding to Assessed Value and Net	
Bonded Debt Per Capita – Last Ten Fiscal Years	165
Computation of Direct and Overlapping Bonded Debt	167
Legal Debt Margin Information – Last Ten Fiscal Years	168
Schedule of Revenue Bond Coverage – Last Ten Fiscal Years	170

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years	171
Principal Employers – Current Year and Nine Years Ago	172

Operating Information:

Full-Time Equivalent City Government Employees by Function – Last	
Ten Fiscal Years	173
Operating Indicators by Function – Last Ten Fiscal Years	174
Capital Asset Statistics by Function – Last Ten Fiscal Years	176
Top Ten Water Customers	178
Water and Sewer Retail Rates	179



INTRODUCTORY SECTION





ROUND ROCK, TEXAS

PURPOSE. PASSION. PROSPERITY.

January 31, 2013

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, 2012, 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, 2012. 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

Kris Whitfield

Councilmembers

Craig Morgan

George White

Joe Clifford

Carlos T. Salinas

John Moman

City Manager

Steve Norwood

City Attorney

Stephan L. Sheets

City of Round Rock Profile

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

The 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 and Economic 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, 2012.

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.

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. Round Rock was recognized as the 2nd fastest growing city with populations over 100,000 in the nation by the U. S. Census Bureau. 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 2012, Round Rock's population was estimated at 102,515.

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.

Round Rock continues to be among the 20 largest sales tax producing cities in Texas. Sales tax is a strong indicator of the vibrant economic activity present in the region.

General fund sales tax receipts for fiscal year 2012 were approximately \$ 47.5 million. This figure represents a modest increase of 1.11% 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 25.7%. The sales tax as a revenue figure is subject to economic cycles and discretionary buying characteristics of the consumer and, accordingly, must be monitored and projected carefully. This is especially important now due to reduced sales tax performance.

This past year, Round Rock has seen continued growth even with the slowing national building trend. Modest growth in building activity is expected, fueled by continued in-migration to the community. 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 5.9%, compared to the Austin metro and statewide rates of 5.3% and 6.3%, respectively.

The City understands that diversification of Round Rock's economy is a key to financial stability. The retail market place is bouncing back, and the Central Texas area has been noted for its strength. The major destination retail hubs provide continued expansion and broaden 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, which in 2012 completed a 54,000 square-foot expansion, JC Penney, Office Max, Ross, REI, and other national and regional retailers are also located in this center.

Emerson Process Management moved to Round Rock in April of 2012. The corporate campus includes 278,860 square feet of office space and a parking garage. Emerson moved 750 highly skilled, professional employees, and expects to create another 125 positions over the next three years. Emerson is expecting to occupy 10,000 room nights annually at area hotels. This is 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. The Texas Bio Corridor Alliance will be based in Round Rock, noting that this area was the center of the medical/educational growth for the region.

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. In April, 2012, St. David's was named to the Nation's Top 100 Hospitals by Thompson Reuters. Also in 2012, the hospital was designated as a Level II Trauma Center by the American College of Surgeons and the State of 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, completed a 58,000 square foot expansion to its 68-acre health care facility. This complex has 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 and is a certified Level II trauma center. The campus includes a 181-bed hospital, ambulatory surgery center, the first of several medical office buildings and a diagnostic and imaging center. The campus is planned to accommodate future expansions, and the hospital could eventually expand to 350 beds.

To complement the healthcare activities, Round Rock is now home to several health education facilities. In 2005, Texas State University opened the Round Rock Higher Education Center (RRHEC) in northeast Round Rock. The RRHEC complements the City's goals of providing quality higher education opportunities that attract talent and sustain economic vitality in Round Rock. This facility offers educational programs and workforce training. Texas State School of Nursing also has a state-of-the-art Nursing Building.

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.

The Austin Community College (ACC) 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. Eventually the campus will cover 598,000 square feet, have the capacity to enroll more than 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 youth athletic events/tournaments. Funding has been provided by the issuance of \$ 7.5 million H.O.T. revenue bonds and existing sources. The facility is expected to open in the fall of 2013.

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. However, in order to fund the capital improvement program and to meet increasing system demand, small, multi-year rate increases were implemented. Phased-in rate increases were completed in FY 2010. Even with these prior 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 \$ 15.8 million. These funds will help provide major improvements to the City's transportation system, significantly benefiting the local and regional economy. In November of 2011 the citizens approved the use of Type B Funds for economic development related efforts. With economic development identified as the City's top strategic priority, the City and the Round Rock Chamber of Commerce have partnered to update the City's economic development plan.

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 \$ 121 million. The local portion, \$ 113 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, 2011. This was the twenty-sixth 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, 2011. 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

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, 2011

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.



Christopher P. Moynell

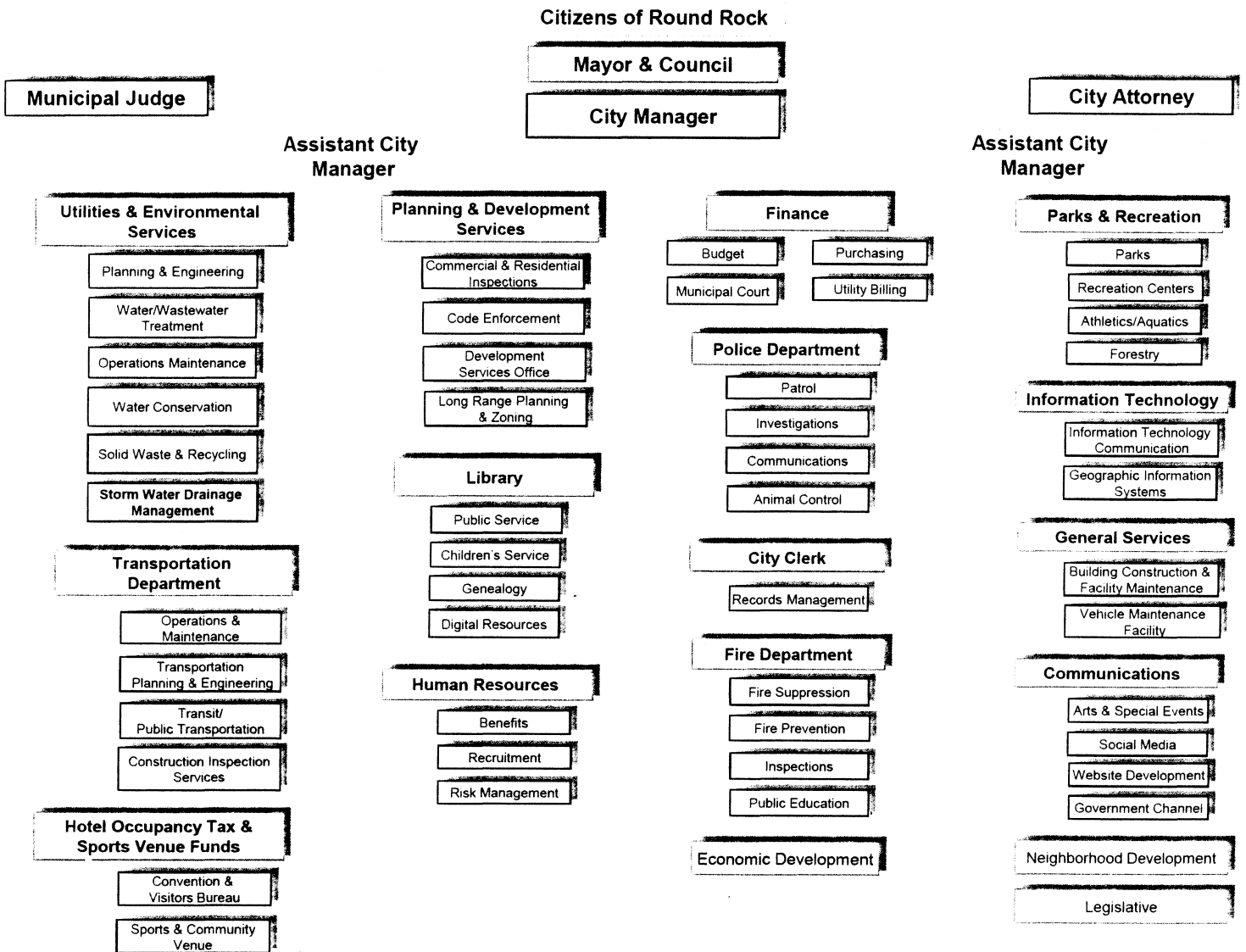
President

Jeffrey R. Emer

Executive Director

CITY OF ROUND ROCK, TEXAS

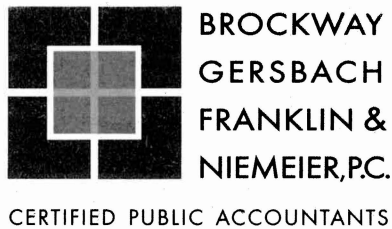
CITY ORGANIZATION CHART





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, 2012, 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, 2012, 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 January 28, 2013, 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 the required supplementary information on page 99 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 combining and individual fund statements and schedules on pages 102 through 144 are presented for purposes of additional analysis and are not a required part of the financial statements. These statements and schedules 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.

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 and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has 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.

Erockway, Davidson, Franklin & Nimsin, P.C.

January 28, 2013

City of Round Rock, Texas
Management's Discussion and Analysis
September 30, 2012

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, 2012. 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 \$ 819,583,368 (*net assets*). Of this amount, \$ 185,796,972 (*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 \$ 23,250,877. Approximately 54 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 \$ 177,090,546, an decrease of \$ 4,870,853 in comparison with the prior year. The decrease is primarily due to the various transfers to fund the City's capital project programs. Approximately 23.1 percent of the total fund balance amount, \$ 40,926,887, 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 \$ 40,926,887, or 50.9 percent of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$ 5,201,698 during the current fiscal year. The change was due to regularly scheduled debt principal retirement along with savings from a refunding bond issue 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, 2012

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 26 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 and Economic Development Corporation (RRTEDC) 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 20 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, 2012

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, 2012

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 \$ 819,583,368 as of September 30, 2012.

The largest portion of the City's net assets (62.7%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (13.2%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets \$ 185,796,972 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2012 and 2011, 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, 2012 and 2011.

Net Assets (in 000's)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 208,282	\$ 210,695	\$ 124,875	\$ 114,543	\$ 333,157	\$ 325,238
Capital assets	477,227	462,419	300,649	303,425	777,876	765,844
Total assets	685,509	673,114	425,524	417,968	1,111,033	1,091,082
Long term liabilities	182,377	184,644	89,588	91,684	271,965	276,328
Other liabilities	16,808	14,810	2,677	3,611	19,485	18,421
Total liabilities	199,185	199,454	92,265	95,295	291,450	294,749
Net assets:						
Invested in capital assets,						
net of related debt	301,091	282,782	224,130	221,145	525,221	503,927
Restricted	94,571	100,325	13,994	11,984	108,565	112,309
Unrestricted	90,662	90,553	95,135	89,544	185,797	180,097
Total net assets	\$ 486,324	\$ 473,660	\$ 333,259	\$ 322,673	\$ 819,583	\$ 796,333

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2012

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, 2012 with comparisons to the previous year.

	Changes in Net Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 12,818	\$ 12,984	\$ 43,808	\$ 45,354	\$ 56,626	\$ 58,337
Operating grants and contributions	1,135	1,131	-	-	1,135	1,131
Capital grants and contributions	9,782	9,258	2,984	4,826	12,766	14,084
General revenues:						
Property taxes	34,379	33,579	-	-	34,379	33,579
Franchise taxes	6,327	6,222	-	-	6,327	6,222
Sales tax	63,306	62,613	-	-	63,306	62,613
Hotel occupancy tax	3,253	2,684	-	-	3,253	2,684
Public service taxes	316	352	-	-	316	352
Impact fees	-	-	4,549	4,693	4,549	4,693
Investment earnings	1,636	988	772	1,294	2,408	2,282
Loss in joint venture	-	-	(291)	(54)	(291)	(54)
Total revenues	132,952	129,811	51,822	56,113	184,774	185,924
Expenses:						
General government	30,407	28,562	-	-	30,407	28,562
Public safety	40,945	39,140	-	-	40,945	39,140
Public works	29,373	28,286	-	-	29,373	28,286
Culture and recreation	15,070	14,514	-	-	15,070	14,514
Interest on long-term debt	6,958	8,333	-	-	6,958	8,333
Water and sewer utility	-	-	38,614	38,611	38,614	38,611
Golf course	-	-	157	174	157	174
Total expenses	122,753	118,835	38,771	38,785	161,524	157,620
Increases in net assets before transfers	10,199	10,976	13,051	17,328	23,250	28,304
Transfers	2,465	2,193	(2,465)	(2,193)	-	-
Increase in net assets	12,664	13,169	10,586	15,135	23,250	28,304
Net assets - beginning	473,660	460,491	322,673	307,538	796,333	768,029
Net assets - ending	\$ 486,324	\$ 473,660	\$ 333,259	\$ 322,673	\$ 819,583	\$ 796,333

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2012

Governmental activities. Governmental activities increased the City's net assets by \$ 12,664,478 or 54 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 \$ 2.9 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 2.3 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 increase in assessed valuations. Other factors included the addition of new property and continued aggressive collection efforts.
- Sales tax collections of \$ 63.3 million increased by 1.1 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 \$ 122,752,715 for the year ended September 30, 2012. 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 \$ 40.9 million, or 33.4 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$ 32.0 million.
- Public works program costs totaling \$ 29.4 million reflect primarily depreciation charges on infrastructure of \$ 19.7 million along with the City's street maintenance and improvement programs and significant personnel costs.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2012

Business-type activities. Business-type activities increased the City's net assets by \$ 10,586,399 or 46 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>2012</u>	<u>2011</u>
Operating revenues	\$ 43,327,656	\$ 44,922,715
Operating income	\$ 8,705,151	\$ 10,237,764
Income available for debt service	\$ 22,824,386	\$ 24,334,522
Annual debt service	\$ 6,101,113	\$ 5,081,298
Coverage	3.74	4.79

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 somewhat offset a moderate decrease in consumption levels due to lessened drought conditions. This resulted in a slight decrease in operating revenues when 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, 2012

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, 2012, the City's governmental funds reported combined ending fund balances of \$ 177,090,546. Approximately 23.1 percent of this total amount of \$ 40,926,887 constitutes unassigned fund balance and is available for spending at the City's discretion. \$ 39,992,221 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 of \$ 2,301,340, 2) fund authorized capital projects of \$ 83,684,508, 3) other restricted purposes of \$ 9,864,546 or 4) nonspendable of \$ 321,044.

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 \$ 41,247,931, of which \$ 40,926,887 was unassigned. Unassigned fund balance represented 50.9 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$ 705,813. 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 \$ 2,301,340 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 only \$ 63,070. Debt service expenditure requirements decreased by \$ 23,120 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTEDC revenue fund was \$ 50,337,033, a decrease of \$ 4,247,847 compared to the prior year. The decrease reflects continued transfers to fund transportation system improvements and related maintenance and debt service costs.

The RRTEDC project fund, the self-financed construction fund and the 2007 general obligation bond fund had a combined total fund balance at year-end of \$ 54,846,294. The collective net decrease of \$ 6,437,383 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, 2012

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 \$ 93,198,181 at September 30, 2012. The total growth in net assets for the utility was \$ 10,888,190. The unrestricted net assets represented 28.6 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 \$ 7.9 million or 9.5 percent. The amendments were primarily to reallocate available cash to fund specified capital purchases totaling \$ 8.9 million.

Funding sources for the above items were provided by various revenue budget amendments netting a total of \$ 5.6 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, 2012, amounted to \$ 777,876,494 (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, 2012, included the following:

- The new city hall business center complex was completed in 2012. Final project cost is \$ 9.2 million.
- Work continued on the \$ 4.6 million reconstruction of the former police station. The facility will house the parks and recreation and municipal court departments. The anticipated completion date is early 2014.
- Design work continued on the new Brushy Creek Trail Gap project at a total estimated project cost of \$ 3 million. Completion is expected in mid 2014.
- Major parks and recreation projects were begun in 2012 include a complete renovation of the Rabb House and a bathing beach along the Brushy Creek. Estimated project costs are \$ 2.6 million.
- Work is underway at the McConico Plaza along with designs for remodel of the McConico Building scheduled to be completed in late 2014 with a project cost of \$ 2.2 million.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2012

Capital Assets and Debt Administration (Continued)

- Several neighborhoods have been slated to begin revitalization efforts that include new sidewalks and street repair/maintenance and corridor fencing. The current project cost is \$ 1.8 million and is utilizing both City funds and Community Development Block Grant funds.
- Property has been purchased and design work continues on a \$ 19 million sports complex. Funding sources will be revenue bonds and self-financed construction funds. Construction is to start in early 2013 and expected completion is in late 2013.
- Major arterial and road projects are underway and are in various stages of completion. Completed projects totaled \$ 6.8 million while construction in progress at year-end approximated \$ 19.8 million.
- Various street, sidewalk and drainage improvement projects were underway with near completions and construction in progress at \$ 10.4 million at year-end.
- Developers contributed infrastructure improvements for governmental activities of \$ 2.9 million and \$ 3 million for water and sewer system infrastructure improvements.
- The program to replace water meters citywide with automated reading equipment is underway with Phases 3 and 4 placed in service at a cost of \$ 1.6 million.
- Various water line replacement projects were completed and placed in service at a cost of \$ 1.2 million.
- Work is underway on the regional west wastewater treatment plant rehabilitation and improvement project. The remaining phases of the project will be completed by summer 2013 at a total estimated cost of \$ 6 million.
- Construction was completed on Phase 1 of the reuse treatment facility and water line at a total cost of \$ 6.2 million.
- The sanitary sewer evaluation and rehabilitation program continues with completed projects placed in service at \$ 1 million and construction in progress of \$ 1.2 million at year end.
- Phase 1 construction on the regional water project was completed in summer 2012.

City of Round Rock, Texas
Management's Discussion and Analysis - continued
September 30, 2012

Capital Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 34,143	\$ 30,857	\$ 8,449	\$ 8,449	\$ 42,592	\$ 39,306
Buildings and Improvements	110,261	106,438	22,506	22,506	132,767	128,944
Improvements Other Than Buildings	557,730	543,648	369,671	355,838	927,401	899,486
Machinery and Equipment	58,467	56,528	10,593	8,973	69,060	65,501
Accumulated Depreciation	(321,211)	(294,375)	(115,243)	(101,799)	(436,454)	(396,174)
Construction in Progress	37,837	19,323	4,673	9,458	42,510	28,781
Total	<u>\$ 477,227</u>	<u>\$ 462,419</u>	<u>\$ 300,649</u>	<u>\$ 303,425</u>	<u>\$ 777,876</u>	<u>\$ 765,844</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 \$ 255,018,748. Of this amount, \$ 113,565,000 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 \$ 5,201,698. 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, 2012

Long-Term Debt (in 000's)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 101,185	\$ 105,980	\$ -	\$ -	\$ 101,185	\$ 105,980
Certificates of obligation	12,380	12,965	-	-	12,380	12,965
Hotel tax revenue bonds	14,765	7,455	-	-	14,765	7,455
Sales tax revenue bonds	23,375	27,130	-	-	23,375	27,130
State infrastructure bank loans	17,384	18,705	-	-	17,384	18,705
Water and wastewater						
revenue bonds	-	-	85,930	87,985	85,930	87,985
Total	\$ 169,089	\$ 172,235	\$ 85,930	\$ 87,985	\$ 255,019	\$ 260,220

The City of Round Rock benefits substantially in reduced interest costs resulting from recently affirmed bond ratings by Moody's Investors Service of Aa1, 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, 2011 certified assessed valuation of \$ 8,096,658,397 at 100% collection, tax revenue of \$ 121,449,876 would be produced. This revenue could service the debt on \$ 1,451,372,470 issued as 20-year serial bonds at 5.5% (with level debt service payment). The resulting legal debt margin is \$ 1,343,803,810.

The City had authorized but unissued water and wastewater system revenue bonds totaling \$ 1,585,000 at September 30, 2012. 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 strategic plan, prevailing economic conditions and by the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2012-2013 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, 2012

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. For next fiscal year, the budget is influenced by several factors including improved economic conditions and continued population growth. Our primary revenue source, sales tax, has continued to see 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 continue to focus on transportation and public safety programs. The adopted budget includes significant funding in the City's pavement management program. The budget also includes a continued focus on public safety, community development and parks to ensure the high quality of life enjoyed by Round Rock citizens and visitors.

Revenue assumptions in general for fiscal year 2012-2013 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;
- Demand response transportation system;
- Fleet and equipment replacement.

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 2012-2013 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 was completed in July 2012. 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, 2012

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. 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, 2012

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 42,840,509	\$ 22,639,167	\$ 65,479,676
Investments	65,200,125	60,938,263	126,138,388
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	299,316	-	299,316
Accounts & other	5,149,799	6,670,701	11,820,500
Loans	2,160,130	-	2,160,130
Accrued interest	432,626	182,853	615,479
Internal balances	(1,056,448)	1,056,448	-
Assessments	567,154	-	567,154
Intergovernmental	967,027	5,129,986	6,097,013
Inventories	248,853	350,141	598,994
Other current assets	159,691	1,558,105	1,717,796
Restricted assets -			
Cash and cash equivalents	46,998,314	14,412,124	61,410,438
Investments	35,078,508	-	35,078,508
Property taxes receivable	204,572	-	204,572
Accounts and other	1,223,618	690,181	1,913,799
Accrued interest	30,768	-	30,768
Investment in joint venture	-	11,246,741	11,246,741
Deferred charges, net	7,776,642	-	7,776,642
Capital assets -			
Land and construction in progress	71,978,994	13,122,079	85,101,073
Capital assets, net of accumulated depreciation	405,248,529	287,526,892	692,775,421
 Total assets	 <u>685,508,727</u>	 <u>425,523,681</u>	 <u>1,111,032,408</u>

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 11,540,804	\$ 1,691,495	\$ 13,232,299
Accrued payroll	2,889,556	366,015	3,255,571
Unearned revenue	1,097,719	-	1,097,719
Accrued interest payable	1,279,428	618,931	1,898,359
Noncurrent liabilities:			
Due within one year	16,347,671	2,714,132	19,061,803
Due in more than one year	166,029,303	86,873,986	252,903,289
Total liabilities	199,184,481	92,264,559	291,449,040
NET ASSETS			
Invested in capital assets, net of related debt	301,091,350	212,883,311	513,974,661
Invested in joint venture	-	11,246,741	11,246,741
Temporarily restricted for:			
Debt service	1,021,912	347,200	1,369,112
Capital projects	83,684,508	13,646,828	97,331,336
Hotel-motel tax	8,927,441	-	8,927,441
Public safety	937,105	-	937,105
Unrestricted	90,661,930	95,135,042	185,796,972
Total net assets	\$ 486,324,246	\$ 333,259,122	\$ 819,583,368

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 30,406,768	\$ 3,104,355	\$ 1,087,217	\$ 600,000
Public safety	40,944,978	4,215,243	47,091	105,620
Public works	29,373,310	2,760,386	-	8,581,714
Culture and recreation	15,069,456	2,737,969	1,078	494,880
Interest on long-term debt	6,958,203	-	-	-
Total governmental activities	122,752,715	12,817,953	1,135,386	9,782,214
Business-type activities:				
Water and sewer utility	38,613,603	43,327,656	-	2,983,799
Golf course	157,135	480,116	-	-
Total business-type activities	38,770,738	43,807,772	-	2,983,799
Total primary government	\$ 161,523,453	\$ 56,625,725	\$ 1,135,386	\$ 12,766,013

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	\$ (25,615,196)	\$ -	\$ (25,615,196)
Public safety	(36,577,024)	-	(36,577,024)
Public works	(18,031,210)	-	(18,031,210)
Culture and recreation	(11,835,529)	-	(11,835,529)
Interest on long-term debt	(6,958,203)	-	(6,958,203)
Total governmental activities	(99,017,162)	-	(99,017,162)
Business-type activities:			
Water and sewer utility	-	7,697,852	7,697,852
Golf course	-	322,981	322,981
Total business-type activities	-	8,020,833	8,020,833
Total primary government	(99,017,162)	8,020,833	(90,996,329)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	22,352,787	-	22,352,787
Property taxes, levied for debt service	12,026,742	-	12,026,742
Franchise taxes	6,326,735	-	6,326,735
Sales tax	63,305,917	-	63,305,917
Hotel occupancy tax	3,252,543	-	3,252,543
Public service taxes	316,320	-	316,320
Impact fees	-	4,549,465	4,549,465
Unrestricted investment earnings	1,635,629	772,102	2,407,731
Loss on joint venture	-	(291,034)	(291,034)
Transfers	2,464,967	(2,464,967)	-
Total general revenues and transfers	111,681,640	2,565,566	114,247,206
Change in net assets	12,664,478	10,586,399	23,250,877
Net assets-beginning	473,659,768	322,672,723	796,332,491
Net assets-ending	\$ 486,324,246	\$ 333,259,122	\$ 819,583,368

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2012

		Debt	Round Rock
	General	Service	Transportation
ASSETS	Fund	Fund	and Economic
			Development
			Corporation
			Revenue Fund
Cash and cash equivalents	\$ 13,598,493	\$ -	\$ -
Investments	62,196,375	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	299,316	-	-
Accounts and other	4,669,679	-	-
Loans	-	-	-
Accrued interest	116,844	-	-
Interfund	634,874	6,731	-
Assessments	-	-	-
Intergovernmental	309,210	-	-
Inventories	248,853	-	-
Other current assets	72,191	-	-
Restricted assets -			
Cash and cash equivalents	-	2,351,501	14,194,139
Investments	-	-	35,078,508
Receivables -			
Property taxes, including interest and penalties	-	204,572	-
Sales tax	-	-	1,223,618
Accrued interest	-	-	30,768
Total assets	<u>\$ 82,145,835</u>	<u>\$ 2,562,804</u>	<u>\$ 50,527,033</u>
LIABILITIES AND FUND BALANCES			
Liabilities-			
Accounts payable	\$ 5,949,571	\$ -	\$ -
Accrued payroll	2,837,717	-	-
Interfund payables	31,809,342	43,261	190,000
Deferred revenue	301,274	187,562	-
Accrued interest payable	-	30,641	-
Total liabilities	<u>40,897,904</u>	<u>261,464</u>	<u>190,000</u>
Fund balances -			
Nonspendable	321,044	-	-
Restricted - debt service	-	2,301,340	-
Restricted - authorized construction	-	-	50,337,033
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Committed, reported in-			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unassigned	40,926,887	-	-
Total fund balances	<u>41,247,931</u>	<u>2,301,340</u>	<u>50,337,033</u>
Total liabilities and fund balances	<u>\$ 82,145,835</u>	<u>\$ 2,562,804</u>	<u>\$ 50,527,033</u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,270,743	\$ 6,202,064	\$ -	\$ 12,485,716	\$ 35,557,016
-	-	-	1,501,875	63,698,250
-	-	-	-	299,316
-	-	-	480,120	5,149,799
1,248,000	912,130	-	-	2,160,130
-	75,843	-	237,570	430,257
-	31,576,537	-	374,693	32,592,835
-	-	-	567,154	567,154
600,000	57,817	-	-	967,027
-	-	-	-	248,853
-	-	-	-	72,191
-	-	15,614,157	14,838,517	46,998,314
-	-	-	-	35,078,508
-	-	-	-	204,572
-	-	-	-	1,223,618
-	-	-	-	30,768
<u>\$ 5,118,743</u>	<u>\$ 38,824,391</u>	<u>\$ 15,614,157</u>	<u>\$ 30,485,645</u>	<u>\$ 225,278,608</u>
\$ 1,568,927	\$ 2,260,722	\$ 605,348	\$ 574,111	\$ 10,958,679
-	-	-	51,839	2,889,556
-	276,000	-	437,576	32,756,179
-	-	-	1,064,171	1,553,007
-	-	-	-	30,641
<u>1,568,927</u>	<u>2,536,722</u>	<u>605,348</u>	<u>2,127,697</u>	<u>48,188,062</u>
-	-	-	-	321,044
-	-	-	-	2,301,340
3,549,816	-	15,008,809	14,788,850	83,684,508
-	-	-	8,927,441	8,927,441
-	-	-	937,105	937,105
-	-	-	2,346,847	2,346,847
-	36,287,669	-	1,357,705	37,645,374
-	-	-	-	40,926,887
<u>3,549,816</u>	<u>36,287,669</u>	<u>15,008,809</u>	<u>28,357,948</u>	<u>177,090,546</u>
<u>\$ 5,118,743</u>	<u>\$ 38,824,391</u>	<u>\$ 15,614,157</u>	<u>\$ 30,485,645</u>	<u>\$ 225,278,608</u>



**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Total Fund Balances - Governmental Funds **\$ 177,090,546**

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	\$ 34,142,578	
Building and improvements	667,992,348	
Equipment	58,466,840	
Construction in progress	37,836,416	
Accumulated depreciation	(321,210,659)	
Total capital assets	\$ 477,227,523	477,227,523

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	455,288
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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.	7,430,649
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Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. They are detailed in Note III A.	(175,879,760)
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Net Assets of Governmental Activities	\$ 486,324,246
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The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2012**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 76,462,688	\$ 12,029,103	\$ 15,826,479
Licenses, permits and fees	840,071	-	-
Charges for services	4,198,815	-	-
Fines and forfeitures	2,293,468	-	-
Intergovernmental	427,859	-	-
Hotel occupancy tax	-	-	-
Investment and other	2,282,158	10,702	131,603
Contributions	-	-	-
Total revenues	<u>86,505,059</u>	<u>12,039,805</u>	<u>15,958,082</u>
Expenditures -			
Current -			
General government	24,247,976	-	-
Public safety	37,091,004	-	-
Public works	8,064,297	-	415,000
Culture and recreation	11,045,319	-	-
Debt service -			
Principal retirement	-	13,040,604	-
Interest and fiscal charges	-	6,825,065	-
Issuance costs	-	256,373	-
Capital projects	-	-	-
Total expenditures	<u>80,448,596</u>	<u>20,122,042</u>	<u>415,000</u>
Excess (deficiency) of revenues over expenditures	<u>6,056,463</u>	<u>(8,082,237)</u>	<u>15,543,082</u>
Other financing sources (uses) -			
Issuance of revenue bonds	-	-	-
Issuance of lease	313,604	-	-
Issuance of refunding bonds	-	19,580,000	-
Issuance of premium	-	1,317,881	-
Payment to refunding agent	-	(20,616,784)	-
Transfers in	3,290,100	7,864,210	-
Transfers out	(8,954,354)	-	(19,790,929)
Total other financing sources (uses)	<u>(5,350,650)</u>	<u>8,145,307</u>	<u>(19,790,929)</u>
Net change in fund balances	<u>705,813</u>	<u>63,070</u>	<u>(4,247,847)</u>
Fund balances, October 1, 2011	<u>40,542,118</u>	<u>2,238,270</u>	<u>54,584,880</u>
Fund balances, September 30, 2012	<u><u>\$ 41,247,931</u></u>	<u><u>\$ 2,301,340</u></u>	<u><u>\$ 50,337,033</u></u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2007 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 104,318,270
-	-	-	2,254,912	3,094,983
-	-	-	-	4,198,815
-	-	-	521,519	2,814,987
600,000	399,914	-	730,848	2,158,621
-	-	-	3,252,543	3,252,543
2,073	78,084	26,802	104,191	2,635,613
5,193,124	35,360	-	629,862	5,858,346
<u>5,795,197</u>	<u>513,358</u>	<u>26,802</u>	<u>7,493,875</u>	<u>128,332,178</u>
-	-	-	1,084,601	25,332,577
-	-	-	555,817	37,646,821
-	-	-	1,312,321	9,791,618
-	-	-	912,860	11,958,179
-	-	-	-	13,040,604
-	-	-	-	6,825,065
-	-	-	-	256,373
17,289,376	9,262,130	8,073,927	5,290,649	39,916,082
<u>17,289,376</u>	<u>9,262,130</u>	<u>8,073,927</u>	<u>9,156,248</u>	<u>144,767,319</u>
<u>(11,494,179)</u>	<u>(8,748,772)</u>	<u>(8,047,125)</u>	<u>(1,662,373)</u>	<u>(16,435,141)</u>
-	-	-	7,715,000	7,715,000
-	186,396	-	-	500,000
-	-	-	-	19,580,000
-	-	-	-	1,317,881
-	-	-	-	(20,616,784)
13,331,672	8,884,625	-	1,076,693	34,447,300
-	(550,000)	-	(2,083,826)	(31,379,109)
<u>13,331,672</u>	<u>8,521,021</u>	<u>-</u>	<u>6,707,867</u>	<u>11,564,288</u>
<u>1,837,493</u>	<u>(227,751)</u>	<u>(8,047,125)</u>	<u>5,045,494</u>	<u>(4,870,853)</u>
<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>\$ 3,549,816</u>	<u>\$ 36,287,669</u>	<u>\$ 15,008,809</u>	<u>\$ 28,357,948</u>	<u>\$ 177,090,546</u>

**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012**

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

Net Change in Fund Balances-Total Governmental Funds	\$ (4,870,853)
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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.	11,072,498
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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.	3,736,093
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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.	10,232
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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.	5,184,659
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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.	(1,531,717)
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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>(936,434)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 12,664,478</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, 2012

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 76,462,688	\$ 70,953,100	\$ 76,340,409	\$ 122,279
Licenses, permits and fees	840,071	1,009,000	784,000	56,071
Charges for services	4,198,815	3,999,500	4,227,500	(28,685)
Fines and forfeitures	2,293,468	2,154,500	2,266,500	26,968
Intergovernmental	427,859	177,000	388,000	39,859
Investment and other	2,282,158	2,431,650	2,277,650	4,508
Total revenues	<u>86,505,059</u>	<u>80,724,750</u>	<u>86,284,059</u>	<u>221,000</u>
Expenditures -				
Current -				
General government	24,247,976	25,347,856	24,468,402	220,426
Public safety	37,091,004	36,459,743	37,187,300	96,296
Public works	8,064,297	10,150,647	8,183,888	119,591
Culture and recreation	11,045,319	11,386,762	11,150,813	105,494
Total expenditures	<u>80,448,596</u>	<u>83,345,008</u>	<u>80,990,403</u>	<u>541,807</u>
Excess (deficiency) of revenues over expenditures	<u>6,056,463</u>	<u>(2,620,258)</u>	<u>5,293,656</u>	<u>762,807</u>
Other financing sources (uses) -				
Issuance of lease	313,604	-	313,000	(604)
Transfers in	3,290,100	2,620,600	3,290,100	-
Transfers out	<u>(8,954,354)</u>	<u>-</u>	<u>(8,896,417)</u>	<u>(57,937)</u>
Total other financing sources (uses)	<u>(5,350,650)</u>	<u>2,620,600</u>	<u>(5,293,317)</u>	<u>(57,333)</u>
Net change in fund balances	705,813	<u>\$ 342</u>	<u>\$ 339</u>	<u>\$ 705,474</u>
Fund balance, October 1, 2011	<u>40,542,118</u>			
Fund balance, September 30, 2012	<u><u>\$ 41,247,931</u></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 AND ECONOMIC DEVELOPMENT CORPORATION
REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2012

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 15,826,479	\$ 14,366,750	\$ 14,366,750	\$ 1,459,729
Investment and other	131,603	100,000	100,000	31,603
Total revenues	15,958,082	14,466,750	14,466,750	1,491,332
Expenditures -				
Current -				
Public works	415,000	190,000	415,000	-
Total expenditures	415,000	190,000	415,000	-
Excess of revenues over expenditures	15,543,082	14,276,750	14,051,750	1,491,332
Other financing uses-				
Transfers out	(19,790,929)	(19,790,929)	(19,790,929)	-
Total other financing uses	(19,790,929)	(19,790,929)	(19,790,929)	-
Net change in fund balances	(4,247,847)	<u>\$ (5,514,179)</u>	<u>\$ (5,739,179)</u>	<u>\$ 1,491,332</u>
Fund balance, October 1, 2011	<u>54,584,880</u>			
Fund balance, September 30, 2012	<u><u>\$ 50,337,033</u></u>			

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 21,846,730	\$ 792,437	\$ 22,639,167	\$ 7,283,493
Investments	60,938,263	-	60,938,263	1,501,875
Receivables (net of allowance for uncollectibles of \$ 1,529,210) -				
Accounts	6,666,381	4,320	6,670,701	-
Accrued interest	182,853	-	182,853	2,369
Interfund	6,344	-	6,344	247,000
Intergovernmental	5,129,986	-	5,129,986	-
Inventories	350,141	-	350,141	-
Other current assets	1,558,105	-	1,558,105	87,500
Total current assets	<u>96,678,803</u>	<u>796,757</u>	<u>97,475,560</u>	<u>9,122,237</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	9,225,177	-	9,225,177	-
Construction	3,731,470	-	3,731,470	-
Customer deposits	1,108,277	-	1,108,277	-
Revenue bond covenant accounts	347,200	-	347,200	-
Restricted accounts and accrued interest receivable:				
Impact fees	280,086	-	280,086	-
Loans receivable	410,095	-	410,095	-
Investment in joint venture	11,246,741	-	11,246,741	-
Capital assets:				
Land and construction in progress	11,230,904	1,891,175	13,122,079	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 115,242,627)	<u>284,322,427</u>	<u>3,204,465</u>	<u>287,526,892</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>295,553,331</u>	<u>5,095,640</u>	<u>300,648,971</u>	<u>-</u>
Total noncurrent assets	<u>321,902,377</u>	<u>5,095,640</u>	<u>326,998,017</u>	<u>-</u>
Total assets	<u>\$ 418,581,180</u>	<u>\$ 5,892,397</u>	<u>\$ 424,473,577</u>	<u>\$ 9,122,237</u>

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

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2012**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 1,691,495	\$ -	\$ 1,691,495	\$ 551,484
Accrued payroll	366,015	-	366,015	-
Accrued interest	618,931	-	618,931	-
Interfund payable	90,000	-	90,000	-
Current portion of bonds payable	2,305,000	-	2,305,000	-
Current portion of premiums on bonds	67,987	-	67,987	-
Accrued benefit obligations	341,145	-	341,145	-
Total current liabilities	5,480,573	-	5,480,573	551,484
Noncurrent liabilities:				
Unearned revenue	109,970	-	109,970	-
Bonds payable	83,625,000	-	83,625,000	-
Premiums on bonds payable	1,767,673	-	1,767,673	-
Accrued benefit obligations	263,066	-	263,066	-
Customer deposits	1,108,277	-	1,108,277	-
Total noncurrent liabilities	86,873,986	-	86,873,986	-
Total liabilities	92,354,559	-	92,354,559	551,484
Net assets:				
Invested in capital assets, net of related debt	207,787,671	5,095,640	212,883,311	-
Invested in joint venture	11,246,741	-	11,246,741	-
Restricted for:				
Debt service	347,200	-	347,200	-
Capital projects	13,646,828	-	13,646,828	-
Unrestricted	93,198,181	796,757	93,994,938	8,570,753
Total net assets	\$ 326,226,621	\$ 5,892,397	332,119,018	\$ 8,570,753
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.			1,140,104	
Net assets of business-type activities			\$ 333,259,122	

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, 2012

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Operating revenues -				
Charges for services	\$ 43,327,656	\$ 480,116	\$ 43,807,772	\$ 8,237,886
Total operating revenues	43,327,656	480,116	43,807,772	8,237,886
Operating expenses -				
Personnel services	7,686,497	-	7,686,497	-
Contractual services	9,766,655	-	9,766,655	1,331,673
Supplies	949,744	-	949,744	-
Materials	904,487	-	904,487	-
Heat, light and power	1,966,864	-	1,966,864	-
Claims expense	-	-	-	7,422,037
Depreciation	13,348,258	157,135	13,505,393	-
Total operating expenses	34,622,505	157,135	34,779,640	8,753,710
Operating income	8,705,151	322,981	9,028,132	(515,824)
Nonoperating revenues (expenses) -				
Investment and other revenues	770,977	1,125	772,102	7,808
Loss in joint venture	(291,034)	-	(291,034)	-
Interest and fiscal charges	(3,816,292)	-	(3,816,292)	-
Total nonoperating revenues (expenses)	(3,336,349)	1,125	(3,335,224)	7,808
Income before contributions and transfers	5,368,802	324,106	5,692,908	(508,016)
Contributions and transfers -				
Contributions - impact fees	4,549,465	-	4,549,465	-
Developer contributions - infrastructure	2,983,799	-	2,983,799	-
Transfers in	76,124	-	76,124	-
Transfers out	(2,090,000)	(451,091)	(2,541,091)	(603,224)
Total contributions and transfers	5,519,388	(451,091)	5,068,297	(603,224)
Change in net assets	10,888,190	(126,985)	10,761,205	(1,111,240)
Net assets, October 1, 2011	315,338,431	6,019,382		9,681,993
Net assets, September 30, 2012	\$ 326,226,621	\$ 5,892,397		\$ 8,570,753
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.			(174,806)	
Change in net assets of business-type activities			<u>\$ 10,586,399</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, 2012**

	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	\$ 44,048,761	\$ 520,796	\$ 44,569,557	\$ 871,915
Cash received from other funds for services provided	90,000	-	90,000	7,124,972
Cash payments to suppliers for goods and services	(13,224,771)	-	(13,224,771)	(8,588,884)
Cash payments to employees for services	(7,496,562)	-	(7,496,562)	-
Cash payments to other funds for services	(1,159,302)	-	(1,159,302)	-
Net cash provided (used) by operating activities	22,258,126	520,796	22,778,922	(591,997)
Cash flows from noncapital financing activities:				
Transfer from other funds	76,124	-	76,124	-
Transfers to other funds	(2,090,000)	(451,091)	(2,541,091)	(603,224)
Net cash provided (used) by noncapital financing activities	(2,013,876)	(451,091)	(2,464,967)	(603,224)
Cash flows from capital and related financing activities:				
Receipts of capital contributions	4,321,532	-	4,321,532	-
Acquisition and construction of capital assets	(8,375,678)	-	(8,375,678)	-
Proceeds from sale of capital assets	-	-	-	-
Investment in joint venture	(4,051,109)	-	(4,051,109)	-
Principal paid on revenue bonds	(2,055,000)	-	(2,055,000)	-
Collection of loans	296,514	-	296,514	-
Interest and fiscal charges paid	(3,839,453)	-	(3,839,453)	-
Net cash used by capital and related financing activities	(13,703,194)	-	(13,703,194)	-
Cash flows from investing activities:				
Purchase of investments	(44,120,241)	-	(44,120,241)	-
Proceeds from sale of investments	37,450,000	-	37,450,000	499,765
Investment and other income	706,992	1,125	708,117	7,808
Net cash provided (used) by investing activities	(5,963,249)	1,125	(5,962,124)	507,573
Net increase (decrease) in cash and cash equivalents	577,807	70,830	648,637	(687,648)
Cash and cash equivalents at beginning of year	35,681,047	721,607	36,402,654	7,971,141
Cash and cash equivalents at end of year	\$ 36,258,854	\$ 792,437	\$ 37,051,291	\$ 7,283,493

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2012**

	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	\$ 21,846,730	\$ 792,437	\$ 22,639,167	\$ 7,283,493
Restricted assets -				
Cash and cash equivalents	14,412,124	-	14,412,124	-
Cash and cash equivalents	<u>\$ 36,258,854</u>	<u>\$ 792,437</u>	<u>\$ 37,051,291</u>	<u>\$ 7,283,493</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 8,705,151	\$ 322,981	\$ 9,028,132	\$ (515,824)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	13,348,258	157,135	13,505,393	-
Provision for bad debts	51,418	-	51,418	-
Decrease in receivables	21,475	40,680	62,155	6,001
Increase in interfund receivables	-	-	-	(247,000)
Increase in inventory	(30,038)	-	(30,038)	-
Decrease in other assets	50,416	-	50,416	-
Increase (decrease) in accounts payable	(168,489)	-	(168,489)	164,826
Increase in accrued payroll	89,348	-	89,348	-
Increase in interfund payables	90,000	-	90,000	-
Increase in accrued benefit obligation	100,587	-	100,587	-
Total adjustments	<u>13,552,975</u>	<u>197,815</u>	<u>13,750,790</u>	<u>(76,173)</u>
Net cash provided (used) by operations	<u>\$ 22,258,126</u>	<u>\$ 520,796</u>	<u>\$ 22,778,922</u>	<u>\$ (591,997)</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2012, the Water and Sewer Fund had \$ 2,983,799 in capital assets contributed, recognized \$ 68,883 in unrealized investment losses, and loss on joint venture of \$ 291,034.

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, 2012**

AGENCY FUND

Public
Improvement Districts

ASSETS

Cash and cash equivalents	<u>\$ 14,456</u>
Total assets	<u><u>\$ 14,456</u></u>

LIABILITIES

Liabilities -	
Due to participants	<u>\$ 14,456</u>
Total liabilities	<u><u>\$ 14,456</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, 2012**

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 and Economic 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 and Economic 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 and Economic Development Corporation Special Revenue Fund with their actual results.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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, 2012

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 and Economic 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, 2012

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 twelve 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 and Economic Development Corporation Revenue Fund*
- *Community Development Block Grant Fund*
- *Annexation Fees Fund*
- *Library Fund*
- *Public Education & Government Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Traffic Safety Program Fund*

The Round Rock Transportation and Economic 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, 2012

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 twelve 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 and Economic Development Corporation Project*
- *Transit Fund*
- *Tourism Development Fund*
- *2007 General Obligation Bond Fund*
- *Venue Tax Projects Fund*

The Round Rock Transportation and Economic 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 and Economic 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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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 \$ 3,816,292.

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. Additional bonds were issued in 2012 to fund the sports venue project. 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 and Economic 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 and Economic Development Corporation.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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, 2012

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 committed to specific purposes by City Council through an ordinance. 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, 2012

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, 2012

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 25, 2012. 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 2012. The following table compares original to final budgets. The largest amendment was to reallocate \$ 8,896,417 in available cash and departmental savings to fund specified capital purchases.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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	\$ 70,953,100	\$ 5,387,309	\$ 76,340,409
Licenses, permits and fees	1,009,000	(225,000)	784,000
Charges for services	3,999,500	228,000	4,227,500
Fines and forfeitures	2,154,500	112,000	2,266,500
Intergovernmental	177,000	211,000	388,000
Investment and other	2,431,650	(154,000)	2,277,650
Total revenues	<u>80,724,750</u>	<u>5,559,309</u>	<u>86,284,059</u>
Expenditures -			
Current -			
General government	25,347,856	(879,454)	24,468,402
Public safety	36,459,743	727,557	37,187,300
Public works	10,150,647	(1,966,759)	8,183,888
Culture and recreation	11,386,762	(235,949)	11,150,813
Total expenditures	<u>83,345,008</u>	<u>(2,354,605)</u>	<u>80,990,403</u>
Excess (deficiency) of revenues over expenditures	<u>(2,620,258)</u>	<u>7,913,914</u>	<u>5,293,656</u>
Other financing sources (uses) -			
Issuance of lease	-	313,000	313,000
Transfers in	2,620,600	669,500	3,290,100
Transfers out	-	(8,896,417)	(8,896,417)
Total other financing sources (uses)	<u>2,620,600</u>	<u>(7,913,917)</u>	<u>(5,293,317)</u>
Net change in fund balances	<u>\$ 342</u>	<u>\$ (3)</u>	<u>\$ 339</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, 2012

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	\$ 151,705,000
Plus: Issuance premium (amortized against interest expense)	4,569,035
Less: Issuance discount (amortized against interest expense)	(170,465)
Less: Deferred charge from issuance costs (amortized over life of debt)	(3,003,784)
Less: Deferred charge on refundings (amortized over life of debt)	(4,772,858)
Bank loans	17,383,748
Accrued interest payable	1,279,428
Capital leases payable	2,648,855
Compensated absences	4,757,624
Other post-employment benefits	1,483,177
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net assets - governmental activities</i>	<u>\$ 175,879,760</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	\$ 41,282,292
Depreciation expense	<u>(30,209,794)</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>\$ 11,072,498</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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	\$ 2,898,811
Reclassifications, disposals, and transfers	<u>837,282</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 3,736,093</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	\$ (500,000)
Issuance of debt	(27,295,000)
Issuance cost deferred on debt issuance	2,081,305
Premiums deferred on debt issuance	(1,317,881)
Debt payments/refundings	30,441,698
Capital leases payments	<u>1,774,537</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 5,184,659</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	\$ 397,133
Change in compensated absences	(875,672)
Increase in OPEB liability	(357,230)
Change in accrued interest	54,581
Amortization of issuance costs	<u>(750,529)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ (1,531,717)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2012, the carrying amount of deposits was a credit balance of \$ 3,641,875 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 518,999. 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, 2012 is as follows:

Fair value at September 30, 2012	\$ 160,236,603
Add: Proceeds of investments matured this fiscal year	115,695,000
Less: Cost of investments purchased this fiscal year	(131,231,171)
Less: Fair value at September 30, 2011	<u>(145,210,816)</u>
Change in fair value of investments	<u><u>\$ (510,384)</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	\$ (3,641,875)
Investments	<u>291,748,885</u>
Total cash and investments	<u><u>\$ 288,107,010</u></u>

Statement of net assets presentation:

Cash and cash equivalents	\$ 65,479,676
Investments	126,138,388
Restricted assets -	
Cash and cash equivalents	61,410,438
Investments	<u>35,078,508</u>
Total cash and cash equivalents and investments	<u><u>\$ 288,107,010</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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	\$ 150,991,603	\$ 150,991,603	353
Certificates of Deposit	9,245,000	9,245,000	204
Investments in State Investment Pools	131,512,282	131,512,282	1
	<u>\$ 291,748,885</u>	<u>\$ 291,748,885</u>	
Portfolio weighted average maturity			189

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, 2012

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, 2012, \$ 112,334,513 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, \$ 19,177,770 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 2012 were of the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 and Travis Central Appraisal Districts 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 2011 tax roll. The tax rate, based on total taxable assessed valuation of \$ 8,096,658,397 was \$.42321 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$ 0.27509 and \$ 0.14812, respectively.

Property taxes receivable at September 30, 2012, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 82,034	\$ 44,170	\$ 126,204
Prior years' levies	248,584	177,286	425,870
	<u>330,618</u>	<u>221,456</u>	<u>552,074</u>
Less - allowance for uncollectible taxes	<u>(31,302)</u>	<u>(16,884)</u>	<u>(48,186)</u>
	<u><u>\$ 299,316</u></u>	<u><u>\$ 204,572</u></u>	<u><u>\$ 503,888</u></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, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2012 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Debt Service	\$ 43,261	\$ 43,261
	Round Rock Transportation Development Corporation Revenue Fund	190,000	190,000
	Self-Financed Construction	276,000	276,000
	Nonmajor Governmental Funds	125,613	125,613
Debt Service	General Fund	6,731	6,731
Self-Financed Construction	General Fund	31,576,537	31,576,537
Nonmajor Governmental Funds	Nonmajor Governmental Funds	374,693	374,693
Water and Sewer	General Fund	6,344	6,344
Internal Service	General Fund	150,000	150,000
	Nonmajor Governmental Funds	7,000	7,000
	Water and Sewer	90,000	90,000
		<u>\$ 32,846,179</u>	<u>\$ 32,846,179</u>
Governmental Funds		\$ 32,592,835	\$ 32,756,179
Proprietary Funds		6,344	90,000
Internal Service		247,000	-
		<u>\$ 32,846,179</u>	<u>\$ 32,846,179</u>

The balance of \$ 31,576,537 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, 2012

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	550,000	8,884,625
Nonmajor Governmental Funds	119,500	69,729
Internal Service Fund	530,600	-
	<u>3,290,100</u>	<u>8,954,354</u>
Debt Service Fund -		
Golf Course Fund	451,091	-
Round Rock Transportation Development Corporation Revenue Fund	6,585,929	-
Nonmajor Governmental Funds	827,190	-
	<u>7,864,210</u>	<u>-</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	13,205,000
Debt Service Fund	-	6,585,929
	<u>-</u>	<u>19,790,929</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	13,205,000	-
Nonmajor Governmental Funds	126,672	-
	<u>13,331,672</u>	<u>-</u>
Self-Financed Construction -		
General Fund	8,884,625	550,000
	<u>8,884,625</u>	<u>550,000</u>
Nonmajor Governmental Funds -		
General Fund	-	119,500
Debt Service Fund	-	827,190
Round Rock Transportation Development Corporation Project Fund	-	126,672
Nonmajor Governmental Funds	1,076,693	1,006,964
Water and Sewer Fund	-	3,500
	<u>1,076,693</u>	<u>2,083,826</u>
Subtotal of Governmental Funds	<u>34,447,300</u>	<u>31,379,109</u>
Water and Sewer Fund-		
General Fund	-	2,090,000
Nonmajor Governmental Funds	3,500	-
Internal Service Fund	72,624	-
	<u>76,124</u>	<u>2,090,000</u>
Golf Course Fund-		
Debt Service Fund	-	451,091
	<u>-</u>	<u>451,091</u>
Subtotal of Proprietary Funds	<u>76,124</u>	<u>2,541,091</u>
Internal Service Fund-		
General Fund	-	530,600
Water and Sewer Fund	-	72,624
	<u>-</u>	<u>603,224</u>
	<u>\$ 34,523,424</u>	<u>\$ 34,523,424</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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, 2012

	<u>Total</u>	<u>City's Interest</u>
ASSETS		
Cash and cash equivalents	\$ 6,890,072	\$ 2,779,622
Investments	7,977,967	2,868,271
Other current assets	89,772	92,095
Restricted investments	32,435,783	14,114,417
Deferred charges, net	801,913	274,937
Capital assets	<u>155,311,459</u>	<u>57,331,238</u>
Total Assets	203,506,966	77,460,580
LIABILITIES		
Accounts payable	745,697	203,985
Retainage payable	2,336,182	809,902
Accrued bond interest payable	<u>1,378,272</u>	<u>489,952</u>
Total current liabilities	4,460,151	1,503,839
Bonds payable	<u>180,605,000</u>	<u>64,710,000</u>
Total Liabilities	<u>185,065,151</u>	<u>66,213,839</u>
NET ASSETS	<u><u>\$ 18,441,815</u></u>	<u><u>\$ 11,246,741</u></u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2012

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ 892,950	\$ 122,029
Operating expenses	1,372,086	416,053
Other income	<u>7,901</u>	<u>2,990</u>
Changes in Net Assets	(471,235)	(291,034)
Net assets, October 1, 2011	10,363,106	7,608,695
Contribution of capital, net	<u>8,549,944</u>	<u>3,929,080</u>
Nets assets, September 30, 2012	<u><u>\$ 18,441,815</u></u>	<u><u>\$ 11,246,741</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, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	October 1, 2011	Additions/ Completions	Retirements/ Adjustments	September 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 30,856,879	\$ 3,285,699	\$ -	\$ 34,142,578
Construction in progress	19,322,597	39,405,474	(20,891,655)	37,836,416
Total capital assets not being depreciated	50,179,476	42,691,173	(20,891,655)	71,978,994
Capital assets being depreciated:				
Buildings and improvements	650,085,702	17,928,390	(21,744)	667,992,348
Equipment	56,528,450	4,453,195	(2,514,805)	58,466,840
Total capital assets being depreciated	706,614,152	22,381,585	(2,536,549)	726,459,188
Less accumulated depreciation for:				
Buildings and improvements	253,015,796	24,133,487	(17,374)	277,131,909
Equipment	41,358,900	6,076,307	(3,356,457)	44,078,750
Total accumulated depreciation	294,374,696	30,209,794	(3,373,831)	321,210,659
Total capital assets being depreciated, net	412,239,456	(7,828,209)	837,282	405,248,529
Governmental activities capital assets, net	<u>\$ 462,418,932</u>	<u>\$ 34,862,964</u>	<u>\$ (20,054,373)</u>	<u>\$ 477,227,523</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,449,080	\$ -	\$ -	\$ 8,449,080
Construction in progress	9,458,062	8,505,143	(13,290,206)	4,672,999
Total capital assets not being depreciated	17,907,142	8,505,143	(13,290,206)	13,122,079
Capital assets being depreciated:				
Buildings and improvements	378,344,237	14,226,793	(394,114)	392,176,916
Equipment	8,972,978	1,690,006	(70,380)	10,592,604
Total capital assets being depreciated	387,317,215	15,916,799	(464,494)	402,769,520
Less accumulated depreciation for:				
Building and improvements	95,061,949	12,741,051	-	107,803,000
Equipment	6,737,217	764,342	(61,931)	7,439,628
Total accumulated depreciation	101,799,166	13,505,393	(61,931)	115,242,628
Total capital assets being depreciated, net	285,518,049	2,411,406	(402,563)	287,526,892
Business-type activities capital assets, net	<u>\$ 303,425,191</u>	<u>\$ 10,916,549</u>	<u>\$ (13,692,769)</u>	<u>\$ 300,648,971</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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	\$ 4,142,777
Public safety	3,217,089
Public works	19,713,240
Culture and recreation	3,136,688
Total depreciation expense-governmental activities	<u>\$ 30,209,794</u>

Business-type activities:

Water and sewer utility	\$ 13,348,258
Golf course	157,135
Total depreciation expense-business-type activities	<u>\$ 13,505,393</u>

Major construction contracts in progress from inception to September 30, 2012, consisted of the following:

	Project Authorization	Expended to 9/30/2012	Committed	Future Financing
Projects funded principally by general obligation debt -				
Parks and recreation facilities	\$ 14,880,272	\$ 14,880,272	\$ -	None
Parks, public safety, streets and public service facilities	71,934,833	58,358,173	13,576,660	None
Municipal complex, public safety and street improvements	19,732,185	19,137,174	595,011	None
Self-financed construction	115,553,905	105,472,938	10,080,967	None
Round Rock Transportation System- road improvements	231,190,996	159,626,423	71,564,573	None
Convention center complex	2,075,817	2,075,817	-	None
Sports venue complex	7,496,897	627,792	6,869,105	None
	<u>\$462,864,905</u>	<u>\$360,178,589</u>	<u>\$ 102,686,316</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 2,360,558	\$ 2,068,147	\$ 292,411	None
Self-financed construction	54,187,349	21,868,111	32,319,238	None
	<u>\$ 56,547,907</u>	<u>\$ 23,936,258</u>	<u>\$ 32,611,649</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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, 2012:

	Balance October 1, 2011	Additions	Refundings/ Retirements	Balance September 30, 2012	Due within one year
Governmental Activities					
General obligation bonds	\$ 105,980,000	\$ 19,580,000	\$ (24,375,000)	\$ 101,185,000	\$ 5,000,000
Certificates of obligation	12,965,000	-	(585,000)	12,380,000	610,000
Hotel tax revenue bonds	7,455,000	7,715,000	(405,000)	14,765,000	530,000
State infrastructure bank loans	18,705,446	-	(1,321,698)	17,383,748	1,376,347
Sales tax revenue bonds	27,130,000	-	(3,755,000)	23,375,000	3,795,000
Plus deferred amount:					
For issuance premium	3,661,966	1,317,881	(410,812)	4,569,035	410,812
For issuance discount	(184,144)	-	13,679	(170,465)	(13,680)
Lease purchase payable	3,923,392	500,000	(1,774,537)	2,648,855	1,451,584
Compensated absences	3,881,952	2,550,365	(1,674,693)	4,757,624	3,187,608
Other post-employment benefits	1,125,947	631,972	(274,742)	1,483,177	-
Total governmental activities	<u>184,644,559</u>	<u>32,295,218</u>	<u>(34,562,803)</u>	<u>182,376,974</u>	<u>16,347,671</u>
Business-Type Activities					
Revenue bonds	87,985,000	-	(2,055,000)	85,930,000	2,305,000
Plus deferred amount:					
For issuance premium	1,903,648	-	(67,988)	1,835,660	67,987
Compensated absences	379,956	352,039	(300,165)	431,830	341,145
Other post-employment benefits	123,668	86,178	(37,465)	172,381	-
Total business-type activities	<u>90,392,272</u>	<u>438,217</u>	<u>(2,460,618)</u>	<u>88,369,871</u>	<u>2,714,132</u>
Total government	<u>\$ 275,036,831</u>	<u>\$ 32,733,435</u>	<u>\$ (37,023,421)</u>	<u>\$ 270,746,845</u>	<u>\$ 19,061,803</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, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2012 is comprised of the following:

	Governmental Activities	Business-type Activities
General Obligation Bonds:		
\$ 31,945,000 2004 GO and refunding bonds due in annual installments of \$ 60,000 to \$ 1,690,000 through 2024; interest at 2.0% to 5.25%	\$ 10,000,000	\$ -
\$ 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%	14,470,000	-
\$ 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%	39,705,000	-
\$ 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%	18,150,000	-
\$ 19,580,000 2011 refunding bonds due in annual installments of \$ 405,000 to \$ 1,885,000 through 2027; interest at 2.0% to 4.0%	18,860,000	-
Total General Obligation Bonds	<u>101,185,000</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%	12,380,000	-
Total Certificates of Obligation	<u>12,380,000</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%	7,050,000	-
\$ 7,715,000 2012 venue tax and hotel bonds due in annual installments of \$ 110,000 to \$ 590,000 through 2038; interest at 2.0% to 4.0%	7,715,000	-
Total Hotel Tax Revenue Bonds	<u>14,765,000</u>	<u>-</u>
State Infrastructure Bank Loans:		
\$ 7,000,000 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	4,736,770	-
\$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2%	12,646,978	-
Total State Infrastructure Bank Loans	<u>17,383,748</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%	-	9,855,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0-5.0%	-	76,075,000
Total Utility System Revenue Bonds	<u>-</u>	<u>85,930,000</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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%	\$ 10,995,000	\$ -
\$ 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%	4,110,000	-
\$ 10,650,000 2011 refunding bonds due in annual installments of \$ 1.0 to \$ 2.5 million through 2016 including interest at 1.25%	8,270,000	-
Total Sales Tax Revenue Bonds	<u>23,375,000</u>	<u>-</u>
Issuance premium	4,569,035	1,835,660
Issuance discount	(170,465)	-
Lease purchases payable:		
\$ 5,682,592 leases due in semi annual installments including interest ranging from 1.34% -3.78% due in 2015. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 5,682,592 at 9/30/2012.	2,648,855	-
Compensated absences	4,757,624	431,830
Other post-employment benefits	<u>1,483,177</u>	<u>172,381</u>
Total primary government debt	<u><u>\$ 182,376,974</u></u>	<u><u>\$ 88,369,871</u></u>

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2012, including interest, are as follows:

Governmental Activities:

Year Ended September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
2013	\$ 5,610,000	\$ 4,952,006	\$ 10,562,006
2014	6,845,000	4,696,055	11,541,055
2015	7,095,000	4,448,253	11,543,253
2016	7,380,000	4,158,806	11,538,806
2017	7,700,000	3,839,420	11,539,420
2018-2022	39,690,000	14,068,655	53,758,655
2023-2027	29,250,000	6,019,990	35,269,990
2028-2032	9,995,000	1,536,020	11,531,020
	<u><u>\$ 113,565,000</u></u>	<u><u>\$ 43,719,205</u></u>	<u><u>\$ 157,284,205</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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>
2013	\$ 530,000	\$ 638,677	\$ 1,168,677
2014	550,000	523,466	1,073,466
2015	580,000	503,266	1,083,266
2016	595,000	482,366	1,077,366
2017	610,000	460,716	1,070,716
2018-2022	3,450,000	1,939,741	5,389,741
2023-2027	3,465,000	1,225,605	4,690,605
2028-2032	2,260,000	815,685	3,075,685
2033-2037	2,725,000	388,200	3,113,200
2038	-	11,800	11,800
	<u>\$ 14,765,000</u>	<u>\$ 6,989,522</u>	<u>\$ 21,754,522</u>

<u>Year Ended September 30,</u>	<u>State Infrastructure Bank Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,618,507	478,484	2,096,991
2018-2022	8,508,443	1,331,648	9,840,091
2023	1,400,436	58,818	1,459,254
	<u>\$ 17,383,748</u>	<u>\$ 4,400,552</u>	<u>\$ 21,784,300</u>

<u>Year Ended September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,685,000	387,256	2,072,256
2018-2021	7,455,000	832,986	8,287,986
	<u>\$ 23,375,000</u>	<u>\$ 3,528,929</u>	<u>\$ 26,903,929</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

Year Ended September 30,	Lease Purchases		
	Principal	Interest	Total
2013	\$ 1,451,583	\$ 49,129	\$ 1,500,712
2014	1,028,608	19,520	1,048,128
2015	168,664	1,520	170,184
	<u>\$ 2,648,855</u>	<u>\$ 70,169</u>	<u>\$ 2,719,024</u>

Business-type Activities:

Year Ended September 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
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	2,625,000	3,465,903	6,090,903
2018-2022	14,555,000	15,786,065	30,341,065
2023-2027	15,970,000	12,730,115	28,700,115
2028-2032	15,360,000	9,118,750	24,478,750
2033-2037	18,370,000	5,020,000	23,390,000
2038-2039	8,700,000	657,750	9,357,750
	<u>\$ 85,930,000</u>	<u>\$ 61,568,675</u>	<u>\$ 147,498,675</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, 2012, \$ 12,810,000 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, 2012, amounted to \$ 1,585,000. The City does not plan to issue these bonds.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 \$ 604,256 at September 30, 2012, 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 \$ 805,723 at September 30, 2012. 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 and Economic 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 and Economic Development Corporation.

The debt service fund for the sales tax revenue bonds, aggregating \$ 90,038 at September 30, 2012, 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, 2012**

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) 2012 REFUNDING/ISSUANCE

In November, 2011 the City advance refunded portions of General Obligation Bonds. The net proceeds of the \$ 19,580,000 of general obligation refunding bonds (after payment of underwriting fees, insurance and other issuance 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 15 years by \$ 2,315,888, and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 1,783,342.

In February, 2012 the City issued Venue Tax and Hotel Occupancy Tax Revenue Bonds, Series 2012 totaling \$ 7,715,000. The proceeds from the sale of these bonds will be used to finance a portion of a sports and community venue, and to pay costs of issuance on the bonds.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2012, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2011	\$ 3,881,952	\$ 379,956
Additions	2,550,365	352,039
Reductions	(1,674,693)	(300,165)
Balance, September 30, 2012	<u>\$ 4,757,624</u>	<u>\$ 431,830</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. ACCRUED COMPENSATED ABSENCES (CONTINUED)

Accrued compensated absences due within one year were \$ 3,187,608 for governmental activities and \$ 341,145 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, 2012:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service fund	\$ 2,351,501	\$ -	\$ 204,572	\$ -	\$ -
Restricted by debt covenants-					
Round Rock Transportation					
System Development Corp.	14,194,139	35,078,508	-	1,223,618	30,768
2007 General Obligation Bond Fund	15,614,157	-	-	-	-
Nonmajor capital projects funds	14,838,517	-	-	-	-
Total Governmental Activities	\$ 46,998,314	\$ 35,078,508	\$ 204,572	\$ 1,223,618	\$ 30,768
	Cash & Cash Equivalents	Accounts Receivable	Loans Receivable		
Business-Type Activities:					
Water and sewer fund-					
Impact fees	\$ 9,225,177	\$ 280,086	\$ -		
Construction	3,731,470	-	-		
Customer deposits	1,108,277	-	-		
Revenue bond debt service	347,200	-	-		
Loans receivable	-	-	410,095		
Total Business-Type Activities	\$ 14,412,124	\$ 280,086	\$ 410,095		

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 \$ 8,746.

Commitments for Road Construction

The City's component unit, the Round Rock Transportation and Economic 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, 2012, 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, 2012, 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, 2012, the City's cost under these contracts was \$ 1,705,335.

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, 2012

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, 2012, expenditures for operation of the regional facilities were \$ 3,371,341.

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, 2012, the potential rebate was calculated at \$ 0.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 35% of the City's sales tax collections for the year ended September 30, 2012.

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 unlimited health coverage benefits. 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, 2012

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:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Balance at Year-End
2010	\$ 371,734	\$ 5,850,642	\$ 5,742,120	\$ 480,256
2011	\$ 480,256	\$ 7,053,558	\$ 7,147,156	\$ 386,658
2012	\$ 386,658	\$ 7,422,037	\$ 7,257,211	\$ 551,484

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 2010	Plan Year 2011	Plan Year 2012
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, 2012

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 15.77% for fiscal year 2012. 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)
2010	\$ 6,799,072	\$ 6,799,072	100.0%	\$ -
2011	\$ 7,090,182	\$ 7,090,182	100.0%	\$ -
2012	\$ 7,059,219	\$ 7,059,219	100.0%	\$ -

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2010 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

Valuation Date	<i>Schedule of Actuarial Valuations</i>			
	12/31/2009	12/31/2010 Prior to restructuring	12/31/2010 Restructured	12/31/2011
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	28 years; closed period	27 years; closed period	27 years; closed period	26 years; closed period
Amortization Period for new Gain/Losses	30 years	30 years	30 years	30 years
Assets Valuation Method	10 yr. smoothed market	10 yr. smoothed market	10 yr. smoothed market	10 yr. smoothed market
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.0%	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, 2012

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>			
	12/31/2009	12/31/2010 (1) Prior to restructuring	12/31/2010 (2) Restructured	12/31/2011
Actuarial Value of Assets	\$ 74,225,983	\$ 82,036,400	\$ 103,664,204	\$ 116,942,673
Actuarial Accrued Liability (AAL)	\$ 112,942,459	\$ 120,336,150	\$ 139,334,091	\$ 151,101,234
Funded Ratio	65.7%	68.2%	74.4%	77.4%
Unfunded AAL (UAAL)	\$ 38,716,476	\$ 38,299,750	\$ 35,669,887	\$ 34,158,561
Covered Payroll	\$ 42,358,426	\$ 41,617,049	\$ 41,617,049	\$ 42,647,264
UAAL as a Percentage of Covered Payroll	91.4%	92.0%	85.7%	80.1%

(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 2012 and 2011.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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 and represents 0.12% of required contributions. 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.

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, 2012 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, 2012. The City performed an actuarial study during fiscal year 2011. The annual required contribution and OPEB liability for fiscal year 2012 is based upon the September 30, 2011 biennial actuarial study.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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, 2012, is as follows:

	2011 Total	2012 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 684,681	\$ 627,328	\$ 85,545	\$ 712,873
Interest on net OPEB obligation	41,783	49,610	6,765	56,375
Adjustment to annual required contribution	(37,872)	(44,966)	(6,132)	(51,098)
Annual OPEB cost	688,592	631,972	86,178	718,150
Contributions made	(367,477)	(274,742)	(37,465)	(312,207)
Change in net OPEB obligation	321,115	357,230	48,713	405,943
Beginning net OPEB obligation	928,500	1,125,947	123,668	1,249,615
Net OPEB obligation	<u>\$ 1,249,615</u>	<u>\$ 1,483,177</u>	<u>\$ 172,381</u>	<u>\$ 1,655,558</u>
Percentage of annual OPEB cost contributed	<u>53.4%</u>			<u>43.5%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
2010	\$ 744,200	\$ 259,700	34.8%	\$ 928,500
2011	\$ 688,592	\$ 367,477	53.4%	\$ 1,249,615
2012	\$ 718,150	\$ 312,207	43.5%	\$ 1,655,558

The funded status as of September 30, 2012, 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						
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%
2012	\$ -	\$ 8,360,494	\$ 8,360,494	0.0%	\$ 44,923,600	18.6%

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

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:

	<i>Schedule of Actuarial Valuations</i>		
Actuarial Valuation Date	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, 2012**

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							
	12/31/09	\$ 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%
	12/31/11	\$ 116,942,673	\$ 151,101,234	\$ 34,158,561	77.4%	\$ 42,647,264	80.1%
Other Post-employment Benefits (Note)							
	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%
	9/30/2012	\$ -	\$ 8,360,494	\$ 8,360,494	0.0%	\$ 44,923,600	18.6%

(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, 2012**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,868,035	\$ 1,617,681	\$ 12,485,716
Investments	1,501,875	-	1,501,875
Receivables -			
Accounts and other	478,280	1,840	480,120
Accrued interest	2,369	235,201	237,570
Interfund	69,729	304,964	374,693
Assessments	-	567,154	567,154
Intergovernmental	-	-	-
Restricted assets-			
Cash and cash equivalents	-	14,838,517	14,838,517
Total assets	\$ 12,920,288	\$ 17,565,357	\$ 30,485,645
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 227,480	\$ 346,631	\$ 574,111
Accrued payroll	51,839	-	51,839
Interfund payables	429,576	8,000	437,576
Deferred revenue	-	1,064,171	1,064,171
Total liabilities	708,895	1,418,802	2,127,697
Fund balances -			
Restricted - authorized construction	-	14,788,850	14,788,850
Restricted - hotel-motel tax	8,927,441	-	8,927,441
Restricted - public safety	937,105	-	937,105
Committed	2,346,847	1,357,705	3,704,552
Total fund balances	12,211,393	16,146,555	28,357,948
Total liabilities and fund balances	\$ 12,920,288	\$ 17,565,357	\$ 30,485,645

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 2,254,912	\$ -	\$ 2,254,912
Fines and forfeitures	521,519	-	521,519
Intergovernmental	730,848	-	730,848
Hotel occupancy tax	3,252,543	-	3,252,543
Investment and other	29,097	75,094	104,191
Contributions	7,308	622,554	629,862
Total revenues	<u>6,796,227</u>	<u>697,648</u>	<u>7,493,875</u>
Expenditures -			
Current -			
General government	1,084,601	-	1,084,601
Public safety	555,817	-	555,817
Public works	1,312,321	-	1,312,321
Culture and recreation	912,860	-	912,860
Capital projects	-	5,290,649	5,290,649
Total expenditures	<u>3,865,599</u>	<u>5,290,649</u>	<u>9,156,248</u>
Excess (deficiency) of revenues over expenditures	<u>2,930,628</u>	<u>(4,593,001)</u>	<u>(1,662,373)</u>
Other financing sources /(uses) -			
Issuance of revenue bonds	-	7,715,000	7,715,000
Transfers in	69,729	1,006,964	1,076,693
Transfers out	(1,957,154)	(126,672)	(2,083,826)
Total other financing sources/(uses)	<u>(1,887,425)</u>	<u>8,595,292</u>	<u>6,707,867</u>
Net change in fund balances	1,043,203	4,002,291	5,045,494
Fund balances, October 1, 2011	<u>11,168,190</u>	<u>12,144,264</u>	<u>23,312,454</u>
Fund balances, September 30, 2012	<u>\$ 12,211,393</u>	<u>\$ 16,146,555</u>	<u>\$ 28,357,948</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.

Hotel – Motel Occupancy Venue Tax Fund – To account for the levy and use of the hotel – motel bed venue tax received. Proceeds from this tax are to be used toward the construction and maintenance of a sports venue that will prompt tourism and promotion of the City.

Traffic Safety Program – To account for amounts received to promote traffic safety programs.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	Hotel-Motel Occupancy Tax	Drainage	Police	Municipal Court	Landscape
ASSETS					
Cash and cash equivalents	\$ 7,016,898	\$ 1,113,914	\$ 615,152	\$ 511,117	\$ 305,973
Investments	1,501,875	-	-	-	-
Receivables -					
Accounts and other	259,007	143,626	-	-	-
Accrued interest	2,369	-	-	-	-
Interfund	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,780,149</u>	<u>\$ 1,257,540</u>	<u>\$ 615,152</u>	<u>\$ 511,117</u>	<u>\$ 305,973</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 49,336	\$ 33,486	\$ 87,456	\$ -	\$ 57,202
Accrued payroll	7,562	44,277	-	-	-
Interfund payables	303,963	-	-	119,500	-
	<u>360,861</u>	<u>77,763</u>	<u>87,456</u>	<u>119,500</u>	<u>57,202</u>
Total liabilities	<u>360,861</u>	<u>77,763</u>	<u>87,456</u>	<u>119,500</u>	<u>57,202</u>
Fund balances -					
Restricted - hotel-motel tax	8,419,288	-	-	-	-
Restricted - public safety	-	-	527,696	391,617	-
Committed	-	1,179,777	-	-	248,771
Total fund balances	<u>8,419,288</u>	<u>1,179,777</u>	<u>527,696</u>	<u>391,617</u>	<u>248,771</u>
Total liabilities and fund balances	<u>\$ 8,780,149</u>	<u>\$ 1,257,540</u>	<u>\$ 615,152</u>	<u>\$ 511,117</u>	<u>\$ 305,973</u>

<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Public Education & Government</u>	<u>Hotel-Motel Occupancy Venue Tax</u>	<u>Traffic Safety Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 6,113	\$ 39,190	\$ 6,625	\$ 820,547	\$ 432,506	\$ -	\$ 10,868,035
-	-	-	-	-	-	1,501,875
-	-	-	-	75,647	-	478,280
-	-	-	-	-	-	2,369
-	-	-	51,937	-	17,792	69,729
<u>\$ 6,113</u>	<u>\$ 39,190</u>	<u>\$ 6,625</u>	<u>\$ 872,484</u>	<u>\$ 508,153</u>	<u>\$ 17,792</u>	<u>\$ 12,920,288</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,480
-	-	-	-	-	-	51,839
6,113	-	-	-	-	-	429,576
<u>6,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,895</u>
-	-	-	-	508,153	-	8,927,441
-	-	-	-	-	17,792	937,105
-	39,190	6,625	872,484	-	-	2,346,847
<u>-</u>	<u>39,190</u>	<u>6,625</u>	<u>872,484</u>	<u>508,153</u>	<u>17,792</u>	<u>12,211,393</u>
<u>\$ 6,113</u>	<u>\$ 39,190</u>	<u>\$ 6,625</u>	<u>\$ 872,484</u>	<u>\$ 508,153</u>	<u>\$ 17,792</u>	<u>\$ 12,920,288</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2012**

	Hotel-Motel Occupancy Tax	Drainage	Police	Municipal Court	Landscape
Revenues -					
Licenses, permits and fees	\$ -	\$ 1,921,789	\$ -	\$ 95,176	\$ -
Fines and forfeitures	-	-	521,519	-	-
Intergovernmental	-	-	-	-	-
Hotel occupancy tax	2,744,497	-	-	-	-
Investment and other	26,665	-	336	340	369
Contributions	-	-	-	-	6,230
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,230</u>
Total revenues	<u>2,771,162</u>	<u>1,921,789</u>	<u>521,855</u>	<u>95,516</u>	<u>6,599</u>
Expenditures -					
Current-					
General government	-	-	-	47,146	300,607
Public safety	-	-	555,817	-	-
Public works	-	1,312,321	-	-	-
Culture and recreation	632,449	-	-	-	-
	<u>632,449</u>	<u>1,312,321</u>	<u>555,817</u>	<u>47,146</u>	<u>300,607</u>
Total expenditures	<u>632,449</u>	<u>1,312,321</u>	<u>555,817</u>	<u>47,146</u>	<u>300,607</u>
Excess (deficiency) of revenues over expenditures	<u>2,138,713</u>	<u>609,468</u>	<u>(33,962)</u>	<u>48,370</u>	<u>(294,008)</u>
Other financing sources /(uses) -					
Transfers in	-	-	-	-	-
Transfers out	(1,834,154)	(3,500)	-	(119,500)	-
Total other financing sources/(uses)	<u>(1,834,154)</u>	<u>(3,500)</u>	<u>-</u>	<u>(119,500)</u>	<u>-</u>
Net change in fund balances	304,559	605,968	(33,962)	(71,130)	(294,008)
Fund balances, October 1, 2011	<u>8,114,729</u>	<u>573,809</u>	<u>561,658</u>	<u>462,747</u>	<u>542,779</u>
Fund balances, September 30, 2012	<u>\$ 8,419,288</u>	<u>\$ 1,179,777</u>	<u>\$ 527,696</u>	<u>\$ 391,617</u>	<u>\$ 248,771</u>

Community Development Block Grant	Annexation Fees	Library Fund	Public Education & Government	Hotel-Motel Occupancy Venue Tax	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 237,947	\$ -	\$ -	\$ 2,254,912
-	-	-	-	-	-	521,519
730,848	-	-	-	-	-	730,848
-	-	-	-	508,046	-	3,252,543
-	27	308	945	107	-	29,097
-	-	1,078	-	-	-	7,308
<u>730,848</u>	<u>27</u>	<u>1,386</u>	<u>238,892</u>	<u>508,153</u>	<u>-</u>	<u>6,796,227</u>
730,848	-	6,000	-	-	-	1,084,601
-	-	-	-	-	-	555,817
-	-	-	-	-	-	1,312,321
-	-	-	280,411	-	-	912,860
<u>730,848</u>	<u>-</u>	<u>6,000</u>	<u>280,411</u>	<u>-</u>	<u>-</u>	<u>3,865,599</u>
-	27	(4,614)	(41,519)	508,153	-	2,930,628
-	-	-	51,937	-	17,792	69,729
-	-	-	-	-	-	(1,957,154)
-	-	-	51,937	-	17,792	(1,887,425)
-	27	(4,614)	10,418	508,153	17,792	1,043,203
-	39,163	11,239	862,066	-	-	11,168,190
<u>\$ -</u>	<u>\$ 39,190</u>	<u>\$ 6,625</u>	<u>\$ 872,484</u>	<u>\$ 508,153</u>	<u>\$ 17,792</u>	<u>\$ 12,211,393</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.

Venue Tax Projects Fund – To account for the development of a multi-purpose sports venue. Funding is provided by hotel tax revenues.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
ASSETS				
Cash and cash equivalents	\$ 861,790	\$ -	\$ 755,891	\$ -
Receivables -				
Accounts and other	1,840	-	-	-
Accrued interest	235,201	-	-	-
Assessments	567,154	-	-	-
Interfund	-	-	-	-
Restricted assets-				
Cash and cash equivalents	-	2,672,088	-	244,532
 Total assets	 <u>\$ 1,665,985</u>	 <u>\$ 2,672,088</u>	 <u>\$ 755,891</u>	 <u>\$ 244,532</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ -	\$ 27,257	\$ -	\$ 79,869
Interfund payables	-	-	-	-
Deferred revenue	567,154	-	497,017	-
Total liabilities	<u>567,154</u>	<u>27,257</u>	<u>497,017</u>	<u>79,869</u>
Fund balances -				
Restricted - authorized construction	-	2,644,831	-	164,663
Committed	1,098,831	-	258,874	-
Total fund balances	<u>1,098,831</u>	<u>2,644,831</u>	<u>258,874</u>	<u>164,663</u>
 Total liabilities and fund balances	 <u>\$ 1,665,985</u>	 <u>\$ 2,672,088</u>	 <u>\$ 755,891</u>	 <u>\$ 244,532</u>

<u>2002 General Obligation Bonds</u>	<u>Convention Center Complex</u>	<u>Transit Fund</u>	<u>Tourism Development Fund</u>	<u>Venue Tax Projects Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,617,681
-	-	-	-	-	1,840
-	-	-	-	-	235,201
-	-	-	-	-	567,154
-	-	-	304,964	-	304,964
<u>1,717,292</u>	<u>74,671</u>	<u>284,765</u>	<u>2,729,148</u>	<u>7,116,021</u>	<u>14,838,517</u>
<u>\$ 1,717,292</u>	<u>\$ 74,671</u>	<u>\$ 284,765</u>	<u>\$ 3,034,112</u>	<u>\$ 7,116,021</u>	<u>\$ 17,565,357</u>
\$ 4,981	\$ -	\$ -	\$ -	\$ 234,524	\$ 346,631
-	-	-	-	8,000	8,000
-	-	-	-	-	1,064,171
<u>4,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,524</u>	<u>1,418,802</u>
1,712,311	74,671	284,765	3,034,112	6,873,497	14,788,850
-	-	-	-	-	1,357,705
<u>1,712,311</u>	<u>74,671</u>	<u>284,765</u>	<u>3,034,112</u>	<u>6,873,497</u>	<u>16,146,555</u>
<u>\$ 1,717,292</u>	<u>\$ 74,671</u>	<u>\$ 284,765</u>	<u>\$ 3,034,112</u>	<u>\$ 7,116,021</u>	<u>\$ 17,565,357</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2012**

	Streets and Drainage	2004 General Obligation Bonds	Park Development	2007 Series CO
Revenues -				
Investment and other	\$ 33,324	\$ 2,822	\$ 32,000	\$ -
Contributions	203,077	-	419,477	-
Total revenues	<u>236,401</u>	<u>2,822</u>	<u>451,477</u>	<u>-</u>
Expenditures -				
Capital projects	-	2,822,705	419,477	570,619
Total expenditures	<u>-</u>	<u>2,822,705</u>	<u>419,477</u>	<u>570,619</u>
Excess (deficiency) of revenues over expenditures	<u>236,401</u>	<u>(2,819,883)</u>	<u>32,000</u>	<u>(570,619)</u>
Other financing sources /(uses) -				
Issuance of revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(126,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>(126,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>109,729</u>	<u>(2,819,883)</u>	<u>32,000</u>	<u>(570,619)</u>
Fund balances, October 1, 2011	<u>989,102</u>	<u>5,464,714</u>	<u>226,874</u>	<u>735,282</u>
Fund balances, September 30, 2012	<u><u>\$ 1,098,831</u></u>	<u><u>\$ 2,644,831</u></u>	<u><u>\$ 258,874</u></u>	<u><u>\$ 164,663</u></u>

2002 General Obligation Bonds	Convention Center Complex	Transit Fund	Tourism Development Fund	Venue Tax Projects Fund	Total Nonmajor Capital Projects Funds
\$ 433	\$ 108	\$ -	\$ 2,015	\$ 4,392	\$ 75,094
-	-	-	-	-	622,554
433	108	-	2,015	4,392	697,648
285,724	320,752	405	25,072	845,895	5,290,649
285,724	320,752	405	25,072	845,895	5,290,649
(285,291)	(320,644)	(405)	(23,057)	(841,503)	(4,593,001)
-	-	-	-	7,715,000	7,715,000
-	350,000	-	656,964	-	1,006,964
-	-	-	-	-	(126,672)
-	350,000	-	656,964	7,715,000	8,595,292
(285,291)	29,356	(405)	633,907	6,873,497	4,002,291
1,997,602	45,315	285,170	2,400,205	-	12,144,264
<u>\$ 1,712,311</u>	<u>\$ 74,671</u>	<u>\$ 284,765</u>	<u>\$ 3,034,112</u>	<u>\$ 6,873,497</u>	<u>\$ 16,146,555</u>

CITY OF ROUND ROCK, TEXAS
PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –
ALL CAPITAL PROJECTS FUNDS
BEGINNING OF PROJECTS TO SEPTEMBER 30, 2012

	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction	Round Rock Transportation System Development Corporation
Total funding authorization	<u>\$ 35,314,447</u>	<u>\$ 1,737,949</u>	<u>\$ 15,290,299</u>	<u>\$ 121,834,598</u>	<u>\$ 235,240,846</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ 80,366	\$ -	\$ 3,189,611	\$ 1,753,320
Contributions	10,780	918,778	-	11,207,282	10,350,863
Investment and other	1,723,513	766,054	539,962	2,391,518	4,121,752
Lease purchase proceeds	-	-	-	5,402,441	-
Issuance of general obligation and other debt	34,475,000	-	14,915,000	-	61,563,410
Transfers in	-	231,620	-	124,130,118	97,525,823
Other sources/transfers	537,303	-	-	1,423,235	-
	<u>\$ 36,746,596</u>	<u>\$ 1,996,818</u>	<u>\$ 15,454,962</u>	<u>\$ 147,744,205</u>	<u>\$ 175,315,168</u>
Expenditures and other uses -					
Capital projects	\$ 20,892,196	\$ 1,627,949	\$ 14,880,272	\$ 102,423,650	\$ 159,626,423
Transfers out	350,288	110,000	-	9,130,803	4,049,850
Other costs/transfers	495,303	-	410,027	200,000	-
	<u>\$ 21,737,787</u>	<u>\$ 1,737,949</u>	<u>\$ 15,290,299</u>	<u>\$ 111,754,453</u>	<u>\$ 163,676,273</u>

Convention Center Complex	Transit Fund	2002 Series GO	2004 Series GO	Tourism Development Fund	Venue Tax Projects Fund
<u>\$ 2,105,685</u>	<u>\$ 3,050,110</u>	<u>\$ 38,539,222</u>	<u>\$ 20,422,079</u>	<u>\$ 2,567,789</u>	<u>\$ 7,715,000</u>

\$ -	\$ 2,550,110	\$ 867,851	\$ -	\$ -	\$ -
402,549	-	91,989	-	45,743	-
53,232	-	3,611,521	2,313,723	57,747	4,392
-	-	-	-	-	-
-	-	35,000,000	19,435,000	-	7,715,000
1,724,575	783,943	680,173	32,476	3,370,964	-
-	-	-	690,600	-	-
<u>\$ 2,180,356</u>	<u>\$ 3,334,053</u>	<u>\$ 40,251,534</u>	<u>\$ 22,471,799</u>	<u>\$ 3,474,454</u>	<u>\$ 7,719,392</u>

\$ 2,075,817	\$ 3,049,288	\$ 37,465,977	\$ 19,137,174	\$ 440,342	\$ 627,792
29,868	-	783,943	329,885	-	-
-	-	289,302	359,909	-	218,103
<u>\$ 2,105,685</u>	<u>\$ 3,049,288</u>	<u>\$ 38,539,222</u>	<u>\$ 19,826,968</u>	<u>\$ 440,342</u>	<u>\$ 845,895</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, 2012
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2011 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
Property tax	\$ 22,248,742	\$ 22,225,000	\$ 22,324,000	\$ (75,258)	\$ 21,361,161
Penalty and interest	91,453	65,000	65,000	26,453	96,088
Sales tax	47,479,438	43,030,100	47,479,409	29	46,960,013
Franchise	6,326,735	5,335,000	6,174,000	152,735	6,221,790
Bingo tax	31,982	28,000	28,000	3,982	30,770
Mixed drink tax	284,338	270,000	270,000	14,338	321,389
Total taxes and franchise	76,462,688	70,953,100	76,340,409	122,279	74,991,211
Licenses, permits and fees -					
Building permits	314,189	325,000	325,000	(10,811)	330,834
Other permits	31,053	25,000	25,000	6,053	29,450
Fees	494,829	659,000	434,000	60,829	475,232
Total licenses, permits and fees	840,071	1,009,000	784,000	56,071	835,516
Charges for services -					
Trash collection fees	1,713,765	1,660,000	1,702,500	11,265	1,586,012
Swimming pool fees	511,346	507,900	517,900	(6,554)	494,025
Recreation program fees	1,958,591	1,781,000	1,969,000	(10,409)	1,865,107
Filing and reproduction fees	21,064	18,000	18,000	3,064	22,503
Other	(5,951)	32,600	20,100	(26,051)	17,987
Total charges for services	4,198,815	3,999,500	4,227,500	(28,685)	3,985,634
Fines and forfeitures	2,293,468	2,154,500	2,266,500	26,968	2,140,233
Intergovernmental	427,859	177,000	388,000	39,859	725,254
Investment and other -					
Investment income	295,851	501,000	296,000	(149)	406,764
Other	1,986,307	1,930,650	1,981,650	4,657	2,470,823
Total investment and other	2,282,158	2,431,650	2,277,650	4,508	2,877,587
Total revenues	86,505,059	80,724,750	86,284,059	221,000	85,555,435

(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, 2012
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2011 Actual
		Original	Final		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 9,174,109	\$ 10,475,518	\$ 9,247,161	\$ 73,052	\$ 8,855,707
Contractual services	3,892,399	3,986,911	3,975,226	82,827	3,188,459
Supplies and materials	646,935	648,303	670,438	23,503	633,177
Other services and charges	9,749,507	9,364,872	9,760,841	11,334	10,205,236
Capital outlay	91,496	118,300	102,300	10,804	189,568
Total executive	23,554,446	24,593,904	23,755,966	201,520	23,072,147
Judicial -					
Personnel services	599,534	649,345	604,829	5,295	575,181
Contractual services	69,418	75,812	76,388	6,970	80,068
Supplies and materials	16,346	20,945	20,945	4,599	19,118
Other services and charges	8,232	7,850	10,274	2,042	5,265
Total judicial	693,530	753,952	712,436	18,906	679,632
Total general government	24,247,976	25,347,856	24,468,402	220,426	23,751,779
Public safety					
Police-					
Personnel services	19,561,348	19,520,979	19,577,590	16,242	18,748,766
Contractual services	999,064	1,015,654	988,119	(10,945)	806,425
Supplies and materials	1,504,721	1,719,216	1,521,691	16,970	1,461,289
Other services and charges	872,586	810,569	881,569	8,983	977,123
Capital outlay	160,350	97,406	168,466	8,116	1,334,169
Total police	23,098,069	23,163,824	23,137,435	39,366	23,327,772
Fire -					
Personnel services	12,418,394	11,987,967	12,425,005	6,611	11,578,356
Contractual services	319,101	275,428	339,742	20,641	283,952
Supplies and materials	871,516	796,624	896,059	24,543	792,878
Other services and charges	158,325	127,900	156,700	(1,625)	126,681
Capital outlay	225,599	108,000	232,359	6,760	182,463
Total fire	13,992,935	13,295,919	14,049,865	56,930	12,964,330
Total public safety	37,091,004	36,459,743	37,187,300	96,296	36,292,102

(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, 2012
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2011 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 1,998,058	\$ 2,090,697	\$ 2,024,881	\$ 26,823	\$ 2,206,270
Contractual services	354,312	857,763	374,393	20,081	110,991
Supplies and materials	419,854	462,476	432,826	12,972	344,841
Other services and charges	150,738	49,887	162,887	12,149	27,595
Capital outlay	45,113	39,000	45,115	2	8,700
Total administration	2,968,075	3,499,823	3,040,102	72,027	2,698,397
Streets -					
Personnel services	1,802,856	1,950,298	1,809,342	6,486	1,854,076
Contractual services	1,293,878	2,736,900	1,305,400	11,522	1,152,145
Supplies and materials	691,016	781,826	702,326	11,310	582,310
Other services and charges	9,623	45,451	13,451	3,828	17,585
Capital outlay	159,054	-	160,000	946	131,238
Total streets	3,956,427	5,514,475	3,990,519	34,092	3,737,354
Maintenance shop -					
Personnel services	957,378	951,671	959,814	2,436	954,246
Contractual services	37,308	38,662	38,662	1,354	45,597
Supplies and materials	92,831	94,405	101,191	8,360	89,050
Other services and charges	13,497	12,611	12,611	(886)	9,816
Capital outlay	38,781	39,000	40,989	2,208	8,776
Total maintenance shop	1,139,795	1,136,349	1,153,267	13,472	1,107,485
Total public works	8,064,297	10,150,647	8,183,888	119,591	7,543,236

(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, 2012
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2011**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2011 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,628,517	\$ 1,651,031	\$ 1,636,226	\$ 7,709	\$ 1,609,027
Contractual services	141,779	158,163	148,063	6,284	160,024
Supplies and materials	416,292	440,117	429,617	13,325	425,473
Other services and charges	82,339	102,728	86,328	3,989	101,243
Total library	2,268,927	2,352,039	2,300,234	31,307	2,295,767
Parks and recreation -					
Personnel services	5,646,276	5,738,905	5,670,761	24,485	5,438,705
Contractual services	1,490,882	1,682,668	1,509,868	18,986	1,497,916
Supplies and materials	1,298,097	1,242,526	1,313,356	15,259	1,095,328
Other services and charges	236,846	217,120	241,090	4,244	197,062
Capital outlay	104,291	153,504	115,504	11,213	126,228
Total parks and recreation	8,776,392	9,034,723	8,850,579	74,187	8,355,239
Total culture and recreation	11,045,319	11,386,762	11,150,813	105,494	10,651,006
Total expenditures	80,448,596	83,345,008	80,990,403	541,807	78,238,123
Excess (deficiency) of revenues over expenditures	6,056,463	(2,620,258)	5,293,656	762,807	7,317,312
Other financing sources (uses) -					
Issuance of lease	313,604	-	313,000	604	750,000
Transfers in	3,290,100	2,620,600	3,290,100	-	3,077,240
Transfers out	(8,954,354)	-	(8,896,417)	(57,937)	(10,889,550)
Total other financing sources (uses)	(5,350,650)	2,620,600	(5,293,317)	(57,333)	(7,062,310)
Net change in fund balances	705,813	\$ 342	\$ 339	\$ 705,474	\$ 255,002
Fund balance, October 1, 2011	40,542,118				
Fund balance, September 30, 2012	\$ 41,247,931				

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2012**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
Revenues -				
Property taxes, including interest and penalties	\$ 12,029,103	\$ 11,863,000	\$ 11,863,000	\$ 166,103
Investment and other	10,702	10,000	10,000	702
Total revenues	12,039,805	11,873,000	11,873,000	166,805
Expenditures -				
Debt service -				
Principal retirement	13,040,604	7,124,806	7,584,806	(5,915,798)
Interest and fiscal charges	6,825,065	5,481,052	5,021,052	(1,344,013)
Issuance costs	256,373	-	-	(256,373)
Total expenditures	20,122,042	12,605,858	12,605,858	(7,516,184)
Excess (deficiency) of revenues over expenditures	(8,082,237)	(732,858)	(732,858)	(7,349,379)
Other financing sources (uses) -				
Issuance of debt	19,580,000	19,580,000	19,580,000	-
Issuance of premium	1,317,881	1,317,881	1,317,881	-
Payment to refunding agent	(20,616,784)	(20,616,784)	(20,616,784)	-
Transfers in	7,864,210	452,000	452,000	7,412,210
Total other financing sources (uses)	8,145,307	733,097	733,097	7,412,210
Net change in fund balances	63,070	\$ 239	\$ 239	\$ 62,831
Fund balance, October 1, 2011	2,238,270			
Fund balance, September 30, 2012	\$ 2,301,340			

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, 2012

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 2,744,497	\$ 2,300,000	\$ 2,800,000	\$ (55,503)
Investment and other	26,665	25,000	25,000	1,665
Total revenues	2,771,162	2,325,000	2,825,000	(53,838)
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	255,294	258,328	258,328	3,034
Contractual services	204,041	236,717	236,717	32,676
Supplies and materials	5,556	20,725	20,725	15,169
Other services and charges	167,558	321,000	271,810	104,252
Total expenditures	632,449	836,770	787,580	155,131
Excess of revenues over expenditures	2,138,713	1,488,230	2,037,420	101,293
Other financing sources /(uses) -				
Transfers out	(1,834,154)	(1,488,000)	(1,834,154)	-
Total other financing sources/(uses)	(1,834,154)	(1,488,000)	(1,834,154)	-
Net change in fund balances	304,559	\$ 230	\$ 203,266	\$ 101,293
Fund balance, October 1, 2011	8,114,729			
Fund balance, September 30, 2012	\$ 8,419,288			

**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, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits, and fees	\$ 1,921,789	\$ 1,650,000	\$ 1,650,000	\$ 271,789
Total revenues	1,921,789	1,650,000	1,650,000	271,789
Expenditures -				
Current -				
Public Works -				
Personnel services	913,274	992,416	952,416	39,142
Contractual services	147,058	332,237	329,737	182,679
Supplies and materials	158,117	136,585	165,085	6,968
Other services and charges	11,005	13,625	14,625	3,620
Capital outlay	82,867	75,000	88,000	5,133
Total expenditures	1,312,321	1,549,863	1,549,863	237,542
Excess (deficiency) of revenues over expenditures	609,468	100,137	100,137	509,331
Other financing sources /(uses) -				
Transfers in	-	-	-	-
Transfers out	(3,500)	-	-	(3,500)
Total other financing sources/(uses)	(3,500)	-	-	(3,500)
Net change in fund balances	605,968	\$ 100,137	\$ 100,137	\$ 505,831
Fund balance, October 1, 2011	573,809			
Fund balance, September 30, 2012	\$ 1,179,777			

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, 2012

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 521,519	\$ -	\$ 185,993	\$ 335,526
Investment and other	336	-	88	248
Total revenues	521,855	-	186,081	335,774
Expenditures -				
Current -				
Public safety -				
Capital outlay	555,817	454,357	690,115	134,298
Total expenditures	555,817	454,357	690,115	134,298
Excess (deficiency) of revenues over expenditures	(33,962)	<u>\$ (454,357)</u>	<u>\$ (504,034)</u>	<u>\$ 470,072</u>
Fund balance, October 1, 2011	<u>561,658</u>			
Fund balance, September 30, 2012	<u><u>\$ 527,696</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, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 95,176	\$ 105,000	\$ 105,000	\$ (9,824)
Investment and other	340	225	225	115
Total revenues	95,516	105,225	105,225	(9,709)
Expenditures -				
Current -				
General government -				
Personnel services	35,000	35,000	35,000	-
Supplies and materials	9,521	42,175	42,175	32,654
Other services and charges	825	2,400	2,400	1,575
Capital	1,800	30,400	10,400	8,600
Total expenditures	47,146	109,975	89,975	42,829
Excess (deficiency) of revenues over expenditures	48,370	(4,750)	15,250	33,120
Other financing sources /(uses) -				
Transfers out	(119,500)	-	(119,500)	-
Total other financing sources/(uses)	(119,500)	-	(119,500)	-
Excess of revenues over expenditures	(71,130)	<u>\$ (4,750)</u>	<u>\$ (104,250)</u>	<u>\$ 33,120</u>
Fund balance, October 1, 2011	<u>462,747</u>			
Fund balance, September 30, 2012	<u><u>\$ 391,617</u></u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LANDSCAPE FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ -	\$ 50,000	\$ 50,000	\$ (50,000)
Investment and other	369	340	340	29
Contributions	6,230	500	500	5,730
Total revenues	6,599	50,840	50,840	(44,241)
Expenditures -				
Current -				
General government -				
Supplies and materials	300,607	486,700	486,700	186,093
Total expenditures	300,607	486,700	486,700	186,093
Excess (deficiency) of revenues over expenditures	(294,008)	<u>\$ (435,860)</u>	<u>\$ (435,860)</u>	<u>\$ 141,852</u>
Fund balance, October 1, 2011	<u>542,779</u>			
Fund balance, September 30, 2012	<u><u>\$ 248,771</u></u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Intergovernmental	\$ 730,848	\$ 1,000,778	\$ 1,000,778	\$ (269,930)
Total revenues	730,848	1,000,778	1,000,778	(269,930)
Expenditures -				
Current -				
General government -				
Personnel services	60,566	77,176	77,176	16,610
Contractual services	4,272	-	-	(4,272)
Supplies and materials	138	1,463	1,463	1,325
Other services and charges	146,168	224,539	224,539	78,371
Capital outlay	519,704	697,600	697,600	177,896
Total expenditures	730,848	1,000,778	1,000,778	269,930
Excess of revenues over expenditures	-	\$ -	\$ -	\$ -
Fund balance, October 1, 2011	-			
Fund balance, September 30, 2012	\$ -			

**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, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 27	\$ -	\$ -	\$ 27
Total revenues	27	-	-	27
Net change in fund balances	27	\$ -	\$ -	\$ 27
Fund balance, October 1, 2011	39,163			
Fund balance, September 30, 2012	\$ 39,190			

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, 2012

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues-				
Investment and other	\$ 308	\$ -	\$ -	\$ 308
Contributions	1,078	500	500	578
Total revenues	1,386	500	500	886
Expenditures -				
Current -				
General government -				
Supplies and materials	6,000	6,000	6,000	-
Total expenditures	6,000	6,000	6,000	-
Excess of revenues over expenditures	(4,614)	<u>\$ (5,500)</u>	<u>\$ (5,500)</u>	<u>\$ 886</u>
Fund balance, October 1, 2011	<u>11,239</u>			
Fund balance, September 30, 2012	<u>\$ 6,625</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, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 237,947	\$ 250,000	\$ 250,000	\$ (12,053)
Investment and other	945	1,500	1,500	(555)
Total revenues	238,892	251,500	251,500	(12,608)
Expenditures -				
Current -				
Culture and recreation-				
Capital outlay	280,411	150,000	450,000	169,589
Total expenditures	280,411	150,000	450,000	169,589
Excess (deficiency) of revenues over expenditures	(41,519)	101,500	(198,500)	156,981
Other financing sources /(uses) -				
Transfers in	51,937	-	-	(51,937)
Total other financing sources/(uses)	51,937	-	-	(51,937)
Net change in fund balances	10,418	\$ 101,500	\$ (198,500)	\$ 105,044
Fund balance, October 1, 2011	862,066			
Fund balance, September 30, 2012	\$ 872,484			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY VENUE TAX FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 508,046	\$ -	\$ 370,000	\$ 138,046
Investment and other	107	-	-	107
Total revenues	508,153	-	370,000	138,153
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	-	-	43,646	43,646
Contractual services	-	-	56,354	56,354
Total expenditures	-	-	100,000	100,000
Excess of revenues over expenditures	508,153	-	270,000	238,153
Net change in fund balances	508,153	\$ -	\$ 270,000	\$ 238,153
Fund balance, October 1, 2011	-			
Fund balance, September 30, 2012	<u>\$ 508,153</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
TRAFFIC SAFETY PROGRAM FUND
YEAR ENDED SEPTEMBER 30, 2012**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Other financing sources /(uses) -				
Transfers in	\$ 17,792	\$ -	\$ -	\$ (17,792)
Total other financing sources/(uses)	17,792	-	-	(17,792)
Net change in fund balances	17,792	\$ -	\$ -	\$ (17,792)
Fund balance, October 1, 2011	-			
Fund balance, September 30, 2012	<u>\$ 17,792</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, 2012

	Balances October 1, 2011	Additions	Deductions	Balances September 30, 2012
Assets				
Cash and cash equivalents	<u>\$ 20,737</u>	<u>\$ 571,495</u>	<u>\$ 577,776</u>	<u>\$ 14,456</u>
Total assets	<u><u>\$ 20,737</u></u>	<u><u>\$ 571,495</u></u>	<u><u>\$ 577,776</u></u>	<u><u>\$ 14,456</u></u>
Liabilities				
Due to participants	<u>\$ 20,737</u>	<u>\$ 571,495</u>	<u>\$ 577,776</u>	<u>\$ 14,456</u>
Total liabilities	<u><u>\$ 20,737</u></u>	<u><u>\$ 571,495</u></u>	<u><u>\$ 577,776</u></u>	<u><u>\$ 14,456</u></u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2012

Capital assets -

Land	\$ 34,142,578
Buildings and improvements	667,992,349
Equipment	58,466,839
Construction in progress	<u>37,836,416</u>
	<u>\$ 798,438,182</u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 217,800,235
Federal grants	3,333,410
State grants	1,008,753
General Fund revenues	114,440,593
Special Revenue Fund revenues	168,111,515
Hotel Occupancy Tax revenues	21,954,495
Gifts	271,072,272
Special assessments	<u>716,909</u>
	<u>\$ 798,438,182</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2012**

Function and Activity	Total	Land
General Government -		
Control -		
Executive	\$ 405,984	\$ -
Staff agencies -		
Public works	19,297,547	293,740
Finance	11,595,160	-
Law	114,319	-
Planning and zoning	1,786,131	-
General government	34,773,312	8,137,228
Total staff agencies	67,566,469	8,430,968
Total general government	67,972,453	8,430,968
Public safety -		
Police protection	35,008,233	2,622,159
Fire protection	19,454,227	1,413,835
Inspection	177,562	-
Total public safety	54,640,022	4,035,994
Public works -		
City shop	2,450,129	-
Streets and drainage	521,204,122	1,234,172
Total public works	523,654,251	1,234,172
Culture and recreation -		
Library	7,112,079	278,252
Recreation	107,222,961	20,163,192
Total culture and recreation	114,335,040	20,441,444
Total capital assets allocated to functions	760,601,766	\$ 34,142,578
Construction in progress	37,836,416	
Total capital assets	\$ 798,438,182	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,984</u>
3,035,343	5,301,043	10,667,421
-	1,239,834	10,355,326
-	-	114,319
31,230	1,176,429	578,472
19,948,494	3,929,331	2,758,259
<u>23,015,067</u>	<u>11,646,637</u>	<u>24,473,797</u>
<u>23,015,067</u>	<u>11,646,637</u>	<u>24,879,781</u>
18,283,931	1,029,105	13,073,038
7,492,822	420,187	10,127,383
-	-	177,562
<u>25,776,753</u>	<u>1,449,292</u>	<u>23,377,983</u>
333,817	1,332,663	783,649
981,660	518,001,503	986,787
<u>1,315,477</u>	<u>519,334,166</u>	<u>1,770,436</u>
4,182,511	21,940	2,629,376
55,971,479	25,279,027	5,809,263
<u>60,153,990</u>	<u>25,300,967</u>	<u>8,438,639</u>
<u><u>\$ 110,261,287</u></u>	<u><u>\$ 557,731,062</u></u>	<u><u>\$ 58,466,839</u></u>

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2012

Function and Activity	Capital Assets October 1, 2011	Additions	Retirements/ Adjustments	Capital Assets September 30, 2012
General Government -				
Control -				
Executive	\$ 126,542	\$ 266,342	\$ 13,100	\$ 405,984
Staff Agencies -				
Public works	14,149,469	1,063,215	4,084,863	19,297,547
Finance	12,453,057	387,230	(1,245,127)	11,595,160
Law	123,812	-	(9,493)	114,319
Planning and zoning	1,418,462	424,775	(57,106)	1,786,131
General government	27,528,948	7,318,443	(74,079)	34,773,312
Total staff agencies	55,673,748	9,193,663	2,699,058	67,566,469
Total general government	55,800,290	9,460,005	2,712,158	67,972,453
Public safety -				
Police protection	33,815,652	1,238,068	(45,487)	35,008,233
Fire protection	19,412,231	353,381	(311,385)	19,454,227
Inspection	5,641	-	171,921	177,562
Total public safety	53,233,524	1,591,449	(184,951)	54,640,022
Public works -				
City shop	2,334,251	34,347	81,531	2,450,129
Streets and drainage	514,132,467	11,466,072	(4,394,417)	521,204,122
Total public works	516,466,718	11,500,419	(4,312,886)	523,654,251
Culture and recreation -				
Library	7,723,340	2,725	(613,986)	7,112,079
Recreation	104,247,159	3,112,684	(136,882)	107,222,961
Total culture and recreation	111,970,499	3,115,409	(750,868)	114,335,040
Construction in progress	19,322,597	39,405,474	(20,891,655)	37,836,416
Total capital assets	\$ 756,793,628	\$ 65,072,756	\$ (23,428,202)	\$ 798,438,182

**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.	146
Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	156
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.	164
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.	171
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.	173

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 TEN 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	<u>57,288,015</u>	<u>57,297,079</u>	<u>63,647,959</u>	<u>71,497,162</u>
Total governmental activities net assets	<u><u>\$ 283,971,141</u></u>	<u><u>\$ 304,431,996</u></u>	<u><u>\$ 335,294,613</u></u>	<u><u>\$ 366,265,247</u></u>
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	<u>30,211,234</u>	<u>30,540,616</u>	<u>35,012,093</u>	<u>44,027,327</u>
Total business-type activities net assets	<u><u>\$ 190,713,883</u></u>	<u><u>\$ 205,846,565</u></u>	<u><u>\$ 222,444,933</u></u>	<u><u>\$ 245,832,208</u></u>
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	<u>87,499,249</u>	<u>87,837,695</u>	<u>98,660,052</u>	<u>115,524,489</u>
Total primary government activities net assets	<u><u>\$ 474,685,024</u></u>	<u><u>\$ 510,278,561</u></u>	<u><u>\$ 557,739,546</u></u>	<u><u>\$ 612,097,455</u></u>

2007	2008	2009	2010	2011	2012
\$ 207,796,040	\$ 232,391,397	\$ 266,247,218	\$ 274,037,741	\$ 282,782,272	\$ 301,091,350
122,889,046	113,877,961	100,118,825	98,312,115	100,324,820	94,570,966
83,860,977	86,309,871	83,957,620	88,141,197	90,552,676	90,661,930
<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>	<u>\$ 486,324,246</u>
\$ 203,541,558	\$ 219,607,998	\$ 217,990,010	\$ 210,960,047	\$ 213,536,543	\$ 212,883,311
-	-	-	4,170,881	7,608,695	11,246,741
21,938,288	14,376,789	15,571,119	9,125,932	11,984,130	13,994,028
46,524,348	53,608,514	67,433,842	83,280,914	89,543,355	95,135,042
<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>	<u>\$ 333,259,122</u>
\$ 411,337,598	\$ 451,999,395	\$ 484,237,228	\$ 484,997,788	\$ 496,318,815	\$ 513,974,661
-	-	-	4,170,881	7,608,695	11,246,741
144,827,334	128,254,750	115,689,944	107,438,047	112,308,950	108,564,994
130,385,325	139,918,385	151,391,462	171,422,111	180,096,031	185,796,972
<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>	<u>\$ 819,583,368</u>

**CITY OF ROUND ROCK, TEXAS
CHANGES IN NET ASSETS
LAST TEN 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	72,016,115	76,432,627	83,243,885	93,827,468
Business-type activities-				
Water and sewer utility	20,182,559	22,543,579	25,051,538	27,783,218
Golf course	162,996	173,136	215,595	150,029
Total business-type activities expenses	20,345,555	22,716,715	25,267,133	27,933,247
Total primary government expenses	92,361,670	99,149,342	108,511,018	121,760,715
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	24,574,128	18,561,146	22,070,562	21,547,702
Business-type activities-				
Charges for services-				
Water and sewer utility	24,002,196	24,962,107	27,161,741	30,566,103
Golf course	453,238	486,097	427,504	476,082
Capital grants and contributions	9,305,820	8,717,960	7,352,889	10,445,072
Total business-type activities program revenues	33,761,254	34,166,164	34,942,134	41,487,257
Total primary government program revenues	58,335,382	52,727,310	57,012,696	63,034,959
Net (expense) revenue-				
Governmental activities	(47,441,987)	(57,871,481)	(61,173,323)	(72,279,766)
Business-type activities	13,415,699	11,449,449	9,675,001	13,554,010
Total primary government net expense	(34,026,288)	(46,422,032)	(51,498,322)	(58,725,756)

2007	2008	2009	2010	2011	2012
\$ 21,926,050	\$ 24,097,129	\$ 25,046,973	\$ 27,241,208	\$ 28,562,133	\$ 30,406,768
28,879,882	33,587,423	37,104,418	36,688,203	39,140,352	40,944,978
27,114,039	28,727,136	27,608,721	29,053,781	28,285,749	29,373,310
11,905,643	12,674,371	14,433,602	14,260,057	14,514,561	15,069,456
7,463,588	9,530,456	9,587,223	9,294,416	8,332,714	6,958,203
97,289,202	108,616,515	113,780,937	116,537,665	118,835,509	122,752,715
28,873,665	32,865,979	36,884,365	36,702,169	38,611,958	38,613,603
167,906	185,659	182,521	192,595	174,149	157,135
29,041,571	33,051,638	37,066,886	36,894,764	38,786,107	38,770,738
126,330,773	141,668,153	150,847,823	153,432,429	157,621,616	161,523,453
1,766,153	1,941,519	3,820,455	3,927,379	3,519,857	3,104,355
2,851,787	3,197,900	3,646,892	4,150,577	4,295,283	4,215,243
1,337,371	1,295,783	877,676	836,169	2,032,530	2,760,386
2,489,438	2,721,570	2,503,925	2,531,989	3,136,422	2,737,969
931,269	1,097,733	1,064,411	932,879	1,130,628	1,135,386
17,322,551	3,825,335	14,083,063	7,634,857	9,257,876	9,782,214
26,698,569	14,079,840	25,996,422	20,013,850	23,372,596	23,735,553
30,968,868	35,060,024	37,802,909	37,512,213	44,922,715	43,327,656
476,025	474,353	485,972	349,424	431,413	480,116
13,772,431	8,750,891	7,922,361	2,120,848	4,825,932	2,983,799
45,217,324	44,285,268	46,211,242	39,982,485	50,180,060	46,791,571
71,915,893	58,365,108	72,207,664	59,996,335	73,552,656	70,527,124
(70,590,633)	(94,536,675)	(87,784,515)	(96,523,815)	(95,462,913)	(99,017,162)
16,175,753	11,233,630	9,144,356	3,087,721	11,393,953	8,020,833
(54,414,880)	(83,303,045)	(78,640,159)	(93,436,094)	(84,068,960)	(90,996,329)

(Continued)

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET ASSETS (CONTINUED)
LAST TEN 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	<u>(2,238,068)</u>	<u>(2,735,530)</u>	<u>(2,752,423)</u>	<u>(1,840,189)</u>
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	<u>18,294,906</u>	<u>15,132,682</u>	<u>16,598,368</u>	<u>23,387,275</u>
Total primary government	<u>\$ 43,982,864</u>	<u>\$ 35,593,537</u>	<u>\$ 47,460,985</u>	<u>\$ 54,357,909</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
24,409,535	27,560,939	29,867,765	33,040,085	33,578,991	34,379,529
5,499,222	5,748,333	6,213,263	5,934,540	6,221,790	6,326,735
68,988,092	68,216,680	61,019,506	61,625,140	62,613,350	63,305,917
2,838,689	2,939,352	2,394,145	2,291,326	2,684,046	3,252,542
257,384	286,179	315,739	327,723	352,159	316,320
9,912,657	8,220,228	4,112,703	1,365,802	988,222	1,635,630
152,805	257,495	-	-	-	-
1,668,221	2,291,695	1,605,828	2,106,589	2,193,070	2,464,967
<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>	<u>111,681,640</u>
10,609,090	5,216,423	4,568,130	3,893,417	4,692,958	4,549,465
1,055,364	1,618,492	1,305,841	1,731,860	1,294,555	772,102
-	-	(10,829)	(63,606)	(53,447)	(291,034)
-	-	-	-	-	-
<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>(2,464,967)</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>2,565,566</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>	<u>114,247,206</u>
43,135,972	20,984,226	17,744,434	10,167,390	13,168,715	12,664,478
26,171,986	15,776,850	13,401,670	6,542,803	15,134,949	10,586,399
<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>	<u>\$ 23,250,877</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 146,600	\$ 123,200	\$ 100,000	\$ -
<i>Restricted for-</i>				
Debt service	2,304,816	2,338,493	2,600,354	3,200,508
Authorized construction	75,659,215	89,938,067	79,063,821	71,499,038
Hotel-motel tax	2,014,840	2,377,007	2,638,467	3,566,831
Public safety	241,226	291,713	520,145	697,587
Community development	19,625	19,181	19,181	19,181
<i>Committed to-</i>				
Authorized construction	16,086,663	16,511,045	23,915,700	29,813,838
Drainage	-	-	-	-
Public education	9,434	-	-	-
Landscape improvements	22,825	28,125	33,128	66,802
Annexation fees	428,435	536,461	1,007,685	60,335
Library	13,208	14,127	14,551	14,269
<i>Unassigned</i>	<u>25,204,136</u>	<u>26,759,957</u>	<u>28,705,017</u>	<u>32,472,684</u>
Total governmental funds	<u><u>\$ 122,151,023</u></u>	<u><u>\$ 138,937,376</u></u>	<u><u>\$ 138,618,049</u></u>	<u><u>\$ 141,411,073</u></u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 288,758	\$ 321,044
3,058,395	3,431,063	2,887,281	1,944,761	2,238,270	2,301,340
115,324,128	106,064,681	91,521,069	90,105,139	90,281,425	83,684,508
4,457,721	6,375,196	7,005,856	7,314,509	8,114,729	8,927,441
564,391	521,354	497,243	862,273	1,024,405	937,105
19,181	-	-	-	-	-
32,755,858	35,210,559	32,584,099	35,739,591	37,731,396	37,645,374
-	-	-	-	573,809	1,179,777
-	-	-	-	862,066	872,484
388,111	788,440	574,093	571,705	542,779	248,771
62,340	158,190	158,886	158,990	39,163	39,190
14,815	15,164	14,302	11,176	11,239	6,625
<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>40,926,887</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>	<u>\$ 177,090,546</u>

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

	2003	2004	2005	2006
Revenues-				
Taxes and franchise	\$ 66,699,982	\$ 71,743,446	\$ 83,437,892	\$ 91,672,097
Licenses, permits and fees	801,108	679,754	1,218,975	970,570
Charges for services	3,451,103	3,727,507	4,100,595	4,311,153
Fines and forfeitures	1,043,055	1,286,754	1,455,280	1,696,474
Intergovernmental	754,431	746,042	885,038	1,165,978
Hotel occupancy tax	1,618,744	1,650,148	1,905,049	2,268,619
Investment and other	3,610,459	2,637,520	4,853,019	8,640,878
Contributions	828,134	626,201	1,258,618	165,670
Total revenues	<u>78,807,016</u>	<u>83,097,372</u>	<u>99,114,466</u>	<u>110,891,439</u>
Expenditures-				
General government	17,231,171	18,343,416	20,638,875	22,163,330
Public safety	18,099,093	19,818,241	21,674,409	25,785,545
Public works	7,277,171	7,430,727	7,587,502	8,506,994
Culture and recreation	8,412,271	9,088,693	9,382,752	10,021,489
Capital projects	25,564,047	20,138,116	27,972,915	36,896,924
Debt service-				
Principal retirement	5,179,568	6,879,318	7,518,388	7,090,383
Interest and fiscal charges	8,381,599	7,343,728	8,046,683	7,698,552
Other charges	-	929,692	313,483	-
Total expenditures	<u>90,144,920</u>	<u>89,971,931</u>	<u>103,135,007</u>	<u>118,163,217</u>
Excess of revenues over (under) expenditures	<u>(11,337,904)</u>	<u>(6,874,559)</u>	<u>(4,020,541)</u>	<u>(7,271,778)</u>
Other financing sources (uses)-				
Proceeds from sale of capital assets	-	-	-	1,423,235
Issuance of lease	-	575,000	600,000	600,000
Issuance of debt	-	31,945,000	19,915,000	6,201,378
Premium on bonds issued	-	1,209,144	1,361,510	-
Payment to refunded bond escrow agent	-	(12,803,761)	(20,927,719)	-
Transfers in	14,761,767	18,998,512	27,802,722	29,387,915
Transfers out	(12,523,699)	(16,262,983)	(25,050,299)	(27,547,726)
Total other financing sources (uses)	<u>2,238,068</u>	<u>23,660,912</u>	<u>3,701,214</u>	<u>10,064,802</u>
Net change in fund balances	<u>\$ (9,099,836)</u>	<u>\$ 16,786,353</u>	<u>\$ (319,327)</u>	<u>\$ 2,793,024</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 25,535,305	\$ 21,386,215	\$ 29,836,204	\$ 36,896,924
Debt service as a percentage of noncapital expenditures	21.0%	20.7%	21.2%	18.2%

2007	2008	2009	2010	2011	2012
\$ 99,100,555	\$ 101,938,374	\$ 97,339,627	\$ 101,070,150	\$ 102,793,623	\$ 104,318,270
1,585,091	1,593,711	1,053,959	907,705	2,155,358	3,094,983
3,569,077	3,895,886	3,757,215	3,767,565	3,985,634	4,198,815
1,849,523	2,014,379	2,057,353	2,260,401	2,492,261	2,814,987
2,578,680	1,317,506	1,232,594	3,953,092	3,302,276	2,158,621
2,838,689	2,939,352	2,394,145	2,291,326	2,684,046	3,252,543
11,424,988	9,977,103	8,406,513	3,652,629	3,786,134	2,635,613
826,807	2,094,375	1,729,637	972,641	3,282,812	5,858,346
123,773,410	125,770,686	117,971,043	118,875,509	124,482,144	128,332,178
22,207,904	22,801,093	22,830,329	23,050,458	24,421,000	25,332,577
28,456,892	31,996,008	34,099,601	34,539,844	36,556,318	37,646,821
8,719,701	9,360,999	10,065,601	9,565,430	8,797,799	9,791,618
10,711,796	11,524,905	11,813,663	11,157,995	11,336,602	11,958,179
36,542,219	53,298,559	38,798,458	21,184,635	22,981,288	39,916,082
11,940,981	10,448,506	10,942,820	11,456,810	11,815,968	13,040,604
7,052,015	9,060,707	9,290,481	9,097,057	8,072,821	6,825,065
3,994,688	-	-	1,327,989	247,433	256,373
129,626,196	148,490,777	137,840,953	121,380,218	124,229,229	144,767,319
(5,852,786)	(22,720,091)	(19,869,910)	(2,504,709)	252,915	(16,435,141)
-	-	-	-	-	-
3,250,000	750,000	1,505,390	1,310,569	1,372,023	500,000
80,110,000	16,798,622	-	18,575,000	16,145,000	27,295,000
573,448	-	-	1,387,593	223,248	1,317,881
(30,175,015)	-	-	(19,682,356)	(16,083,357)	(20,616,784)
45,681,150	26,429,303	33,385,722	24,459,490	27,752,457	34,447,300
(44,012,929)	(24,137,608)	(30,579,894)	(21,290,586)	(24,696,147)	(31,379,109)
55,426,654	19,840,317	4,311,218	4,759,710	4,713,224	11,564,288
\$ 49,573,868	\$ (2,879,774)	\$ (15,558,692)	\$ 2,255,001	\$ 4,966,139	\$ (4,870,853)
\$ 36,542,219	\$ 53,298,559	\$ 40,000,535	\$ 22,684,310	\$ 23,932,697	\$ 41,282,292
20.4%	20.5%	20.7%	20.8%	19.8%	19.2%

**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			
	\$	\$	\$	\$	\$	\$
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
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232

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	
	\$	\$	\$	\$	\$	\$	\$
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
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607

Source: Williamson County Tax Office

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

Name of Taxpayer	2012			2003		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 155,280,931	1	1.918 %	\$ 211,653,232	1	4.184 %
CPG Round Rock, LP	130,431,679	2	1.611	-		-
Baltgem Development Corp.	75,531,830	3	0.933	-		-
Columbia/St. David Healthcare	61,513,369	4	0.760	-		-
Dell Computer Corp.	57,801,317	5	0.714	61,552,844	3	1.217
CMF 15 Portfolio, LLC	43,928,400	6	0.543	-		-
Inland American University Oaks, LP	39,479,777	7	0.488	-		-
Oncor Electric Delivery Co.	39,320,400	8	0.486	34,207,020	5	0.676
Round Rock Luxury Apartments, LTD	32,000,000	9	0.395			
FST La Frontera, LLC	29,914,916	10	0.369	-		-
DDR DB Development Ventures	-		-	65,675,000	2	1.298
DuPont Photo Mask	-		-	53,246,169	4	1.052
Limestone Ranch, LLP	-		-	30,712,160	6	0.607
Southwestern Bell Telephone	-		-	26,284,760	7	0.520
La Frontera Multi-Family	-		-	22,227,016	8	0.439
Lodge at Warner Ranch, LP	-		-	22,220,333	9	0.439
Sysco Food Services, Inc.	-		-	21,790,617	10	0.431
	<u>\$ 665,202,619</u>		<u>8.217 %</u>	<u>\$ 549,569,151</u>		<u>10.863 %</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
	\$	\$	%	\$	\$	%
2003	17,293,085	17,129,231	99.05	149,596	17,278,827	99.92
2004	18,305,147	18,117,224	98.97	167,256	18,284,480	99.89
2005	20,296,494	20,103,093	99.05	177,297	20,280,390	99.92
2006	21,432,170	21,260,880	99.20	157,504	21,418,384	99.94
2007	24,021,447	23,862,022	99.34	145,027	24,007,049	99.94
2008	27,219,540	27,194,031	99.91	5,510	27,199,541	99.93
2009	29,907,316	29,745,017	99.46	131,859	29,876,876	99.90
2010	32,996,325	32,822,350	99.47	105,357	32,927,707	99.79
2011	33,449,316	33,330,239	99.64	73,706	33,403,945	99.86
2012	34,265,868	34,161,567	99.70	-	34,161,567	99.70

**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>
	\$	\$	\$	\$	\$
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	1,076,705,717	1,364,186,925	331,286,488	20,916,060	17,788,882
2011	<u>1,105,890,841</u>	<u>1,364,773,284</u>	<u>345,856,874</u>	<u>20,631,380</u>	<u>20,631,380</u>
	<u>\$ 11,039,505,800</u>	<u>\$ 11,958,012,596</u>	<u>\$ 2,884,888,260</u>	<u>\$ 205,884,582</u>	<u>\$ 191,312,475</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
\$	\$	\$	\$	%	%	%
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%
61,424,806	2,996,141	-	2,922,204,706	2.0%	6.25%	8.25%
<u>\$ 324,180,727</u>	<u>\$ 19,756,675</u>	<u>\$ 251,615,338</u>	<u>\$ 26,875,156,453</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2012**

<u>Taxpayer</u>	<u>Hotel Motel Occupancy Tax</u>	<u>Hotel Motel Occupancy Venue Tax</u>	<u>Total Collections Year Ended September 30, 2012</u>	<u>Number of Rooms</u>	<u>% of Total Collections</u>
Austin Marriott North	\$ 530,486	\$ 99,444	\$ 629,930	295	19.3%
Homewood Suites	228,873	43,785	272,658	115	8.4%
Hilton Garden Inn	190,738	35,675	226,413	122	7.0%
Hampton Inn	179,401	33,996	213,397	93	6.6%
Residence Inn	152,061	27,030	179,091	96	5.5%
Courtyard by Marriott	135,226	26,056	161,282	113	5.0%
Springhill Suites	132,875	24,573	157,448	104	4.8%
Holiday Inn	124,674	25,333	150,007	124	4.6%
Wingate Inn	121,203	8,378	129,581	100	4.0%
La Quinta Inn	106,517	19,794	126,311	116	3.9%
Holiday Inn Express	100,705	20,145	120,850	91	3.7%
Baymont Inn	93,026	16,476	109,502	86	3.4%
Staybridge Suites	84,593	18,016	102,609	81	3.2%
Red Roof Inn	78,697	15,336	94,033	100	2.9%
Sleep Inn	70,788	14,552	85,340	74	2.6%
Best Western Executive Inn	68,218	12,900	81,118	69	2.5%
Comfort Suites	57,332	10,922	68,254	63	2.1%
Extended Stay America #6030	51,405	10,072	61,477	138	1.9%
Candlewood Suites	47,305	9,812	57,117	98	1.8%
Country Inn & Suites	46,797	9,209	56,006	63	1.7%
Extended Stay America # 6197	46,420	8,889	55,309	104	1.7%
Days Inn & Suites	46,597	8,074	54,671	48	1.7%
Round Rock Inn	31,391	6,123	37,514	59	1.1%
Value Place	19,168	3,457	22,625	121	0.6%
	<u>\$ 2,744,496</u>	<u>\$ 508,047</u>	<u>\$ 3,252,543</u>	<u>2,473</u>	<u>100.0%</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>
	\$	\$	\$	\$	\$
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
2012	610,280	835,331	1,004,705	802,227	3,252,543

**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		
	\$	\$	\$	\$	\$	%	\$
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
2012	101,185,000	12,380,000	58,172,603	85,930,000	257,667,603	8.08	2,513

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
		\$	\$	\$	\$	%	\$
2003	77,600	5,059,033	82,845,904	(2) 2,304,816	80,541,088	1.59	1,038
2004	81,825	5,139,963	99,367,869	(2) 2,338,493	97,029,376	1.89	1,186
2005	86,000	5,331,148	96,178,386	(2) 2,600,354	93,578,032	1.76	1,088
2006	89,800	5,773,483	92,229,547	(2) 3,200,508	89,029,039	1.54	991
2007	92,500	6,514,969	135,549,567	(2) 3,058,395	132,491,172	2.03	1,432
2008	96,200	7,503,434	130,217,588	(2) 3,431,063	126,786,525	1.69	1,318
2009	99,500	8,194,468	125,399,576	(2) 2,887,281	122,512,295	1.50	1,231
2010	100,800	8,322,297	119,485,000	(2) 1,944,761	117,540,239	1.41	1,166
2011	101,500	8,017,148	114,645,000	(2) 2,238,270	112,406,730	1.40	1,107
2012	102,515	8,096,658	109,870,000	(2) 2,301,340	107,568,660	1.33	1,049

Note: Includes Certificates of Obligation and General Obligation Bonds.

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

(2) Gross bonded debt not include self-supporting debt funded by enterprise funds.
Gross self-supporting debt totaled \$ 4,095,000 at September 30, 2012.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2012**

<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	\$ 705,365,000 **	39.72%	\$ 280,170,978
Williamson County	763,887,486 *	21.89%	167,214,971
Austin Community College	89,903,659 **	6.93%	6,230,324
Georgetown ISD	209,135,000 **	0.23%	481,011
Travis County Healthcare District	15,070,000 **	0.27%	40,689
Travis County	614,487,432 *	0.27%	<u>1,659,116</u>
Subtotal, overlapping debt			455,797,089
City direct debt			<u>176,136,173</u>
Total direct and overlapping debt			<u><u>\$ 631,933,262</u></u>

* Gross Debt as of 9-30-12

** Gross Debt as of 10-31-12

*** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

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**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 906,860,750	\$ 921,367,824	\$ 955,638,811	\$ 1,034,929,880
Total net debt applicable to limit	<u>80,541,088</u>	<u>97,029,376</u>	<u>93,578,032</u>	<u>89,029,039</u>
Legal debt margin	<u>\$ 826,319,662</u>	<u>\$ 824,338,448</u>	<u>\$ 862,060,779</u>	<u>\$ 945,900,841</u>
Total net debt applicable to the limit as a percentage of debt limit	8.88%	10.53%	9.79%	8.60%

Legal Debt Margin Calculation for Fiscal Year 2012

Total assessed value	<u>\$ 8,096,658,397</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,451,372,470
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 113,965,000
Less:	
Amount available in Debt Service Fund	(2,301,340)
Amounts considered self-supporting	<u>(4,095,000)</u>
Total net debt applicable to debt limit	<u>107,568,660</u>
Legal debt margin	<u>\$ 1,343,803,810</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, 2011, assessed valuation of \$ 8,096,658,397 at 100% collection, tax revenue of \$ 121,449,876 would be produced. This revenue could service the debt on \$1,451,372,470 issued as 20- year serial bonds at 5.50% (with level debt service payment).

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,167,845,500	\$ 1,345,033,513	\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470
<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>107,568,660</u>
<u><u>\$ 1,035,354,328</u></u>	<u><u>\$ 1,218,246,988</u></u>	<u><u>\$ 1,346,393,057</u></u>	<u><u>\$ 1,374,279,194</u></u>	<u><u>\$ 1,324,713,124</u></u>	<u><u>\$ 1,343,803,810</u></u>
11.34%	9.43%	8.34%	7.88%	7.82%	7.41%

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

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal and Interest	Revenue Bond Coverage
	\$	\$	\$	\$	
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	24,736,819	11,892,370	153,666	77.39
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
2012	44,098,633	21,274,247	22,824,386	5,893,953	3.87

⁽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
		\$	\$			%
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	3,122,749,000	30,766	31.6	44,331	6.1
2012	102,515	3,190,164,285	31,119	32.0	45,000	5.9

- 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
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Name of Employer	2012			2003		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	10,000	1	19.47	9,400	1	25.32
Round Rock Independent School District	5,750	2	11.20	4,600	2	12.39
Sears TeleServe	1,500	3	2.92	1,100	3	2.96
City of Round Rock, Texas	824	4	1.60	655	5	1.76
Emerson Process Management	750	5	1.46			
Scott & White University Medical Campus	750	5	1.46			
Round Rock Medical Center	689	7	1.34	575	8	1.55
Dresser Wayne, Inc.	633	8	1.23	500	10	1.35
Texas Guaranteed Student Loan	625	9	1.22	550	9	1.48
Seton Williamson Medical Center	450	10	0.88			
Michael Angelo's Gourmet Foods				700	4	1.89
Farmer's Insurance				650	6	1.75
TECO/Westinghouse				650	6	1.75
	<u>21,971</u>		<u>42.79</u>	<u>19,380</u>		<u>52.20</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>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>	<u>2012</u>
General government	134	142	148	158	163	176	173	176	164	164
Public safety-										
Police-										
Officers	112	119	126	131	135	146	151	152	152	154
Civilians	41	47	47	55	58	62	61	61	67	67
Fire-										
Firefighters & officers	78	90	104	111	119	124	124	124	124	124
Civilians	4	4	4	4	5	5	5	5	5	5
Public works-										
Street & Drainage	49	48	48	48	48	48	48	48	48	48
Shop	14	14	14	15	15	15	15	15	15	15
Culture & recreation-										
Library	26	27	28	29	29	29	29	29	29	29
Parks & Recreation	83	90	91	93	93	95	97	98	94	94
Water	80	90	93	92	93	95	96	97	91	91
Sewer	<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>	<u>35</u>
Total	<u>653</u>	<u>703</u>	<u>738</u>	<u>771</u>	<u>793</u>	<u>831</u>	<u>835</u>	<u>840</u>	<u>824</u>	<u>826</u>

Source:

Finance Department, City of Round Rock

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

Function:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police-				
Arrests	1,684	2,625	3,592	4,013
Accident reports	2,360	2,669	1,942	1,907
Index crimes reported	1,813	1,679	2,326	2,072
Crimes per thousand residents	25.50	21.00	28.30	22.80
Officers per thousand of population	1.49	1.49	1.50	1.50
Fire-				
Incident volume	5,076	5,219	6,709	6,430
Priority calls answered	3,787	3,959	5,376	4,977
Non-emergency calls answered	1,289	1,260	1,333	1,453
Priority calls-response less than 6 minutes	73%	78%	76%	73%
Public Works-				
Street-				
Street resurfacing (lane miles)	84	72	71	124
Potholes repaired annually	3,000	3,223	3,223	4,000
Signals maintained	36	36	42	52
Shop-				
Work orders	4,485	4,650	4,468	4,118
Number of departments served	13	15	15	18
Culture and Recreation-				
Library-				
Number of items circulated	545,921	648,609	647,343	671,816
Number of card holders	40,532	42,321	41,448	42,792
Number of library visits	258,017	288,100	298,996	302,900
Parks & Recreation-				
Total park acres maintained	1,573	1,532	1,532	1,547
Number of athletic fields maintained	38	38	38	38
Number of trees planted	238	350	325	843
Number of recreation enrollees	314,814	330,036	359,128	372,998
Water-				
New connections	1,172	1,578	1,228	1,549
Line maintenance work orders	3,810	5,938	5,434	4,242
Average monthly consumption	447,000,000	439,000,000	474,500,000	553,600,000
Sewer-				
Average monthly treatment	263,416,666	286,166,666	287,948,166	303,103,333
Line feet reviewed for infiltration & inflow	110,236	142,817	163,143	181,316

Source: City of Round Rock Finance Department
N/A – Data not available

2007	2008	2009	2010	2011	2012
3,754	3,749	3,908	4,328	4,521	6,367
1,990	1,997	1,646	1,877	2,747	2,767
2,512	2,449	2,960	3,154	3,154	2,559
27.90	30.10	30.30	31.30	31.30	25.42
1.46	1.52	1.52	1.48	1.48	1.49
7,463	7,690	8,000	8,500	8,141	8,350
4,592	5,656	5,800	6,000	5,916	3,475
2,871	2,034	2,200	2,500	2,225	4,875
73%	64%	65%	65%	65%	60%
130	135	137	137	45	60
4,000	4,000	4,000	4,000	4,000	4,000
57	59	59	59	68	76
5,418	5,618	6,330	6,930	4,609	5,336
18	19	19	19	19	19
725,370	762,926	780,000	810,000	854,000	903,219
44,820	49,829	51,000	53,000	59,000	55,336
306,000	311,000	310,000	320,000	292,000	294,768
1,610	1,610	1,757	1,780	1,935	2,035
38	38	43	45	46	49
500	818	877	350	345	558
371,201	402,548	401,000	401,000	420,000	420,000
1,181	572	254	356	335	313
4,400	4,400	4,226	4,044	3,185	3,279
432,101,000	552,610,000	589,159,550	466,096,342	655,615,475	560,281,041
298,038,200	296,208,875	301,433,205	327,351,600	475,482,100	457,967,400
152,515	161,291	156,934	114,176	317,789	361,784

Source: City of Round Rock Finance Department
N/A – Data not available

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

Function:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police-				
Number of stations	1	1	1	1
Number of patrol units	120	126	136	142
Fire-				
Number of stations	5	5	6	6
Number of fire trucks	8	9	10	10
Public Works-				
Street-				
Lane miles	220	266	898	997
Drainage miles	92	92	92	92
Number of street lights	4,610	4,656	4,702	4,796
Number of traffic signals	36	36	42	52
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	134,899	150,436	160,559	133,111
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,573	1,532	1,532	1,547
Number of athletic fields	38	38	38	38
Number of parks	72	70	52	52
Number of tennis courts	9	21	23	23
Number of pools	4	4	4	5
Water-				
Number of miles of water lines	394	394	425	458
Pumping stations	14	14	14	14
Tanks	18	18	18	18
Treatment capacity (millions of gallons/day)	48	48	48	48
Sewer-				
Number of miles of sewer mains	242	242	355	365
Wastewater lift stations	12	12	11	11

Source: City of Round Rock Finance Department

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
186	189	195	199	199	199
6	7	7	7	7	7
11	11	14	15	16	16
1,036	1,124	1,124	1,137	1,200	1,200
92	100	100	100	100	100
5,034	5,075	5,103	5,104	5,119	5,312
57	59	59	59	68	76
1	1	1	1	1	1
19	19	19	19	19	19
147,000	180,397	185,000	185,000	183,000	195,000
1	1	1	1	1	1
1,610	1,610	1,855	2,119	2,274	2,035
38	38	44	46	47	49
53	53	60	84	85	62
23	23	23	23	23	23
5	5	5	5	4	4
481	487	503	591	584	585
14	14	15	15	15	15
18	18	19	20	20	20
48	48	48	52	52	52
376	392	400	417	422	422
11	12	12	12	12	12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2012**

<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	335,326,000	5.249 %
Williamson County Municipal Utility District # 10	Municipal Utility District	227,856,500	3.567
Williamson County Municipal Utility District # 11	Municipal Utility District	223,955,100	3.506
Chandler Creek Municipal Utility District	Municipal Utility District	176,737,600	2.767
Vista Oaks Municipal Utility District	Municipal Utility District	150,688,600	2.359
Dell, Inc.	Electronic Equipment	130,416,300	2.042
Round Rock Independent School District	Public Schools	88,579,800	1.387
Walsh Ranch Municipal Utility District	Municipal Utility District	58,265,400	0.912
Michael Angelo's	Food Production	57,365,000	0.898
Aquasource--Tonkawa Springs	Water Service Provider	<u>52,320,900</u>	<u>0.819</u>
		<u><u>1,501,511,200</u></u>	<u><u>23.505 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2012**

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

Volume Rate	Monthly Service Charge	
<i>Non-peak billing periods:</i>	Meter Size Base	Monthly Water
\$2.35 per 1,000 gallons of water used by all customers	<u>Serving Customer</u>	<u>Service Charge</u>
<i>Peak billing periods:</i>		
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: Base rate times 125%		
Block 2: Base rate times 150%		
Block 3: Base rate times 175%		
Block 4: Base rate times 200%		\$
	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	Monthly Sewer
	<u>Serving Customer</u>	<u>Service Charge</u>
		\$
	5/8 inch	12.63
	3/4 inch	16.48
	1 inch	23.63
	1 1/2 inch	43.08
	2 inch	66.43
	3 inch	120.89
	4 inch	198.70
	6 inch	585.64
	8 inch	1,021.96
	10 inch	1,603.71
	12 inch	1,967.29

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

