



Comprehensive Annual Financial Report

Year Ended
September 30,
2014
City of
Round Rock,
Texas



RoundRockTexas.gov



CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014

ELECTED OFFICIALS

Alan McGraw, Mayor
George White, Mayor Pro-tem
Craig Morgan, Council Member
Joe Clifford, Council Member
Will Peckham, Council Member
John Moman, Council Member
Kris Whitfield, Council Member

MANAGEMENT STAFF

Laurie Hadley, City Manager
Bryan Williams, Assistant City Manager

OFFICIAL ISSUING REPORT

Lorie Lankford, Interim Finance Director



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INTRODUCTORY SECTION





Mayor
Alan McGraw

Mayor Pro-Tem
George White

Councilmembers
Craig Morgan
Frank Leffingwell
Will Peckham
John Moman
Kris Whitfield

City Manager
Laurie Hadley

City Attorney
Stephan L. Sheets

January 27, 2015

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, 2014, 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 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 unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2014. 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.

City of Round Rock Profile

The City of Round Rock, 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 water, sewer and drainage 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 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, 2014.

Significant Local Economic Events

The City of Round Rock is the largest City located within Williamson County and adjacent to the City of Austin. Williamson County topped Forbes Magazine's list of America's Fastest-Growing Counties in September 2014. "The population of Williamson County, on the outskirts of Austin, has expanded 11.00% since 2010, the strongest growth in the nation over that period ... over the past 25 years the county's residents have enjoyed the Lone Star state's fastest rate of income growth and the sixth-highest in the nation. With a strong tech scene – Dell is headquartered in the Williamson County town of Round Rock — the county has increased employment by 73% since 2000, the third highest rate in the country."

Round Rock ranks No. 4 on list of best suburbs in America. For those looking to move here – whether from out of the area or from the cities it borders – the Movoto Real Estate Blog has put together a ranking of the 10 best suburbs in America, based on criteria including cost of living, education, and amenities. To rank the cities, Movoto relied on a set of criteria used to measure how safe, affordable, and – ultimately – livable they are.

The Austin-Round Rock area ranked number one in the Milken Institute's list of Best-Performing Cities in America for 2013. The area moved up from second in 2012. The Best Performing Cities index includes both short-term and long-term measurements of job numbers, wages and salary, as well as the concentration and size of high-tech industries. The report describes the Austin-Round Rock area as a “case study in concocting the proper recipe for economic vitality.” The Austin - Round Rock - San Marcos Metropolitan Statistical Area (MSA) has more than doubled in population to 1.9 million since 1990.

Round Rock ranked 8th in CNBC’s list of suburbs with the best mix of affordable housing, good schools, educated neighbors, low crime, employment, and reasonable commutes. The current unemployment rate for the City is 4.0%, and remains lower than the Austin metro and statewide rates 4.4% and 5.1%, respectively. As of the end of fiscal year 2014, Round Rock’s population was estimated at 108,050.

Clearly, this kind of area 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.

General fund sales tax receipts for fiscal year 2014 were approximately \$ 51.0 million. This figure represents an increase of 8% compared to the prior year. The sales tax revenue category produced 52% of the total revenue available to the City’s general fund for this year, while the property tax levy produced 26%. 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.

The City understands that diversification of Round Rock’s economy is key to financial stability. The retail market place is consistently improving 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, Swedish furniture maker IKEA, and other national and regional retailers.

As a result of the City’s economic development focus several additional major businesses have recently located to Round Rock. These include Bass Pro Outdoor World, Theramsol, Insys Therapeutics, South Education – Texas, LLC, and Benchmark Electronics.

Bass Pro Shops, an outdoor retailer specializing in hunting, fishing, camping and other outdoor gear, will locate the company’s seventh Texas store in Round Rock. The 104,000-square-foot store will be located at I-35 between County Road 111 and east Chandler Road. It will feature the popular Uncle Buck’s Fishbowl and Grill and is scheduled to open in 2015.

Theramsol, a subsidiary of D.M.A. Enterprises, will develop a 27-acre upscale business park anchored by a new world headquarters facility. The 55-year-old company is the inventor and leading global manufacturer of steam bath equipment for homes, hotels, spas and resorts.

Insys Therapeutics, a local pharmaceutical manufacturer will expand their employment and move into a larger facility in Round Rock. The company, which employs 11 people at its current manufacturing facility in Round Rock, will be relocated to a 53,000-square-foot facility. Insys will hire an additional 30 people over the next four years at an average salary of \$ 50,000. Insys' minimum total investment for the expansion will be \$ 10.5 million.

South Education – Texas, LLC will move into a 45,000 sq. ft. new campus in Round Rock scheduled for completion in early 2015. The proposed campus will have 13 classrooms, 3 laboratories, an academic success center, and 2 conference rooms. Classrooms are designed to seat up to 30 students. A counseling center will be provided. The new building will provide ample private offices for faculty in a dedicated nursing facility suite.

Benchmark Electronics (NYSE:BHE) expanded business operations and opened a new location in Round Rock last summer. The worldwide electronics manufacturer will add 75 or more new technical manufacturing jobs to the regional economy at its new location in Corridor Park.

Round Rock has emerged as a hub for health education with the influx of new and expanding hospitals and medical education facilities. Over the past 5 to 10 years, Round Rock has benefited from several new and expanded facilities.

- St. David's Round Rock Medical Center provides comprehensive health services to residents of Williamson and surrounding counties. St David's was designated a level II trauma center in spring 2012.
- Scott & White Healthcare, a major regional health care organization 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.
- The Seton Medical Center Williamson is also a certified level II trauma center. The campus was built to accommodate future expansions, up to 350 beds over the next 10 to 15 years.
- To complement the healthcare activities, Round Rock is now home to several health education facilities. The City recognizes that a highly educated workforce is an important component of a well-rounded economic foundation. In 2005, Texas State University opened the Round Rock Higher Education Center (RRHEC) in northeast Round Rock.
- The Texas A&M University System Health Science Center's clinical campus in Round Rock opened in 2010, and includes both educational space and clinical facilities.
- The Austin Community College (ACC) campus in northeast Round Rock offers extensions of programs currently offered at other ACC campuses. The campus, opened in 2010, covers 598,000 square feet with maximum enrollment of 11,000 students.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. Currently, there are 27 hotels with over 2,500 rooms open for business maintaining solid occupancy rates. This strong industry bodes well for hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond Convention Center complex as well as the Round Rock Sports Center.

In 2011, voters approved an increase in the Hotel Occupancy Tax rate to help fund the Sports Complex (Venue Project) facility. Funding was provided by the issuance of \$ 7.5 million Hotel Occupancy Tax revenue bonds and existing sources. The Round Rock Sports Center is a flexible indoor sports facility with a total of 82,800 square feet providing 6 basketball courts, 12 volleyball courts, 9 multi-purpose rooms and more than 47,000 square feet of open, playable space. Its seating capacity is 1,300. The facility opened in January 2014.

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.

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.

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 meet increasing system demand, small, multi-year rate increases will be implemented. Phased-in rate increases for retail customers will commence in 2015. Even with these rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

A half-cent component of the local sales 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 \$ 17.1 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 \$ 69.7 million. The local portion, \$ 65.7 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 (5 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 similar level 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 52% 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. The City's financial management policy is designed to reduce operational reliance on sales tax generated from Dell, Inc. and 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.

Economic development and diversification continues to be the City's top strategic priority. The City and the Round Rock Chamber of Commerce have partnered to place emphasis on economic development. The economic development agreement between the City and the Chamber of Commerce was updated and enhanced. The funding is 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 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, 2013. This was the twenty-eighth 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, 2013. 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.

On May 14, 2014 the Texas Comptroller awarded the City of Round Rock the Leadership Circle Platinum member certificate. This award spotlights those local governments who are: opening their books to the public; providing clear, consistent pictures of spending, and sharing information in a user-friendly format that lets taxpayers easily drill down for more detail. In 2014, the Texas Comptroller enhanced the Leadership Circle Program by spotlighting entities that meet an even higher standard of financial transparency by adding the Platinum Award level.

Additionally, the GFOA awarded a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2013. This award recognized the City's abilities to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

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 commitment in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

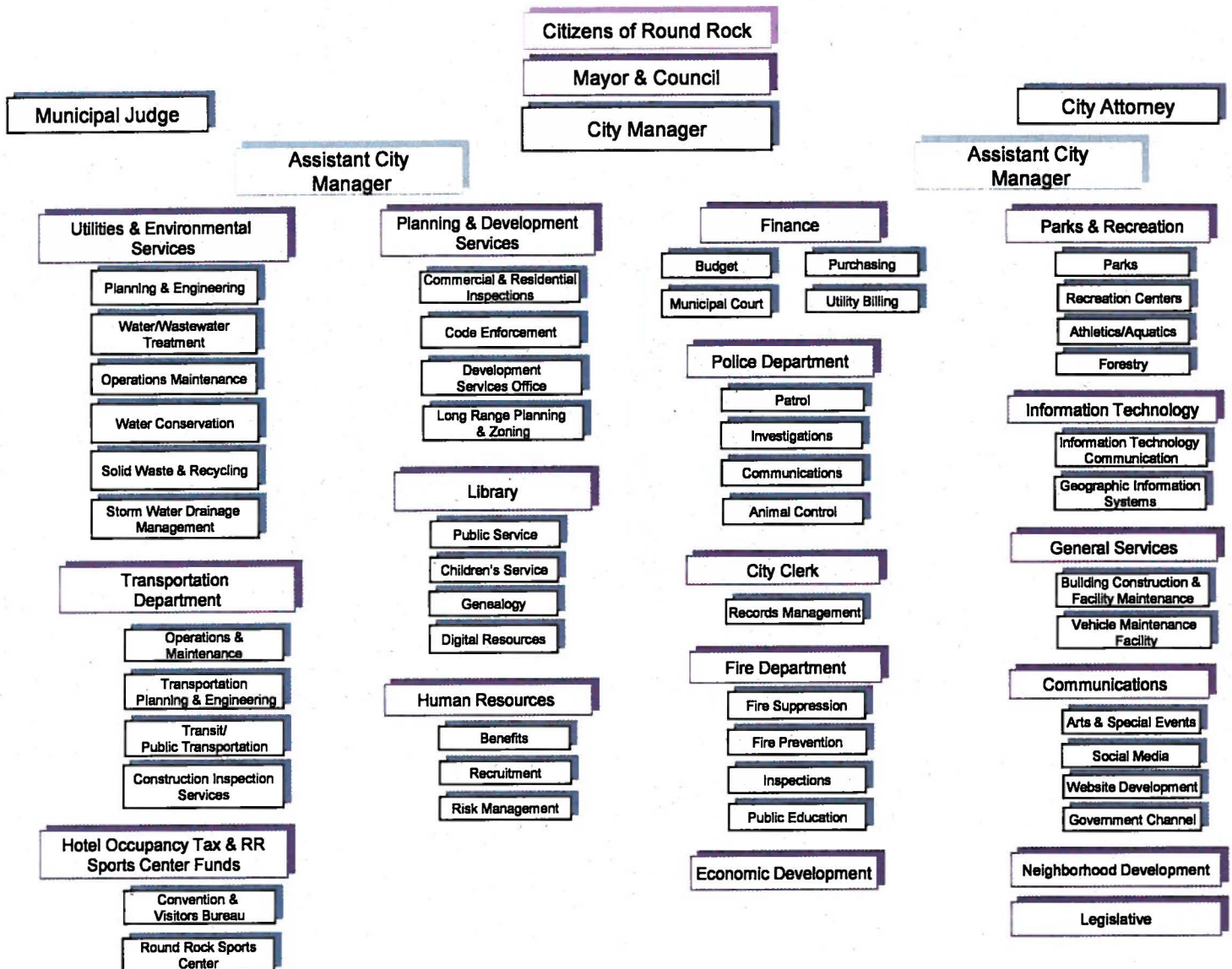


Laurie Hadley
City Manager



Lorie Lankford
Interim Finance Director

CITY OF ROUND ROCK, TEXAS CITY ORGANIZATION CHART







Government Finance Officers Association

**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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



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 of City of Round Rock, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 of the City of Round Rock, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Round Rock Transportation and Economic Development Corporation Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I (V) to the financial statements, in 2014 the City adopted new accounting guidance, GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 33 and the schedule of funding progress on page 104 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Round Rock, Texas' basic financial statements. The introductory section on pages 3 through 13, combining and individual nonmajor fund financial statements and schedules on pages 106 through 146, and statistical section on pages 148 through 181, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, on our consideration of the City of Round Rock, Texas' 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* in considering City of Round Rock, Texas' internal control over financial reporting and compliance.



Temple, Texas
January 27, 2015



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

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, 2014. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities at the close of the most recent fiscal year by \$ 831,743,759 (*net position*). Of this amount, \$ 190,844,720 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.

- The City's total net position increased by \$ 9,413,841, after restatement of the beginning net position balance as disclosed in Note I (V). Most 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 \$ 187,696,937, an increase of \$ 57,286,409 in comparison with the prior year. The increase is primarily due to the issuance of \$ 67 million in general obligation bonds. Approximately 20.6 percent of the total fund balance amount, \$ 38,726,365, 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 \$ 38,726,365, or 44.2 percent of the total general fund expenditures.

- The City of Round Rock's total debt increased by \$ 58,341,743 during the current fiscal year. The change was due to the issuance of \$ 74.9 million in general obligation and utility system revenue bonds, along with the offset by regularly scheduled debt principal retirement and 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 position* presents information on all of the City's assets, deferred outflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position 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, 2014

Overview of the Financial Statements (Continued)

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 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 2014 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.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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 and funding of OPEB liability as of September 30, 2014. 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 position. 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Round Rock, assets and deferred outflows of resources exceeded liabilities by \$ 831,743,759 as of September 30, 2014.

The largest portion of the City's net position (61.7%) 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Government-wide Financial Analysis (Continued)

An additional portion of the City's net position (15.3%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$ 190,844,720 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2014 and 2013, the City was able to report positive balances in all three categories of net position, 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 position as of September 30, 2014 and 2013. The 2013 amounts have been restated for the change in accounting method of expensing bond issuance cost as opposed to capitalizing and amortizing over life of bond.

	Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 217,971	\$ 165,575	\$ 133,717	\$ 129,011	\$ 351,688	\$ 294,586
Capital assets	515,411	513,871	311,862	299,572	827,273	813,443
Total assets	733,382	679,446	445,579	428,583	1,178,961	1,108,029
Deferred outflows	4,339	4,528	-	-	4,339	4,528
Long term liabilities	230,634	171,395	92,677	87,193	323,311	258,588
Other liabilities	22,276	27,947	5,970	3,692	28,246	31,639
Total liabilities	252,910	199,342	98,647	90,885	351,557	290,227
Net position, as restated:						
Net investment in						
capital assets	292,532	349,630	221,063	214,179	513,595	563,809
Restricted	119,539	55,641	7,764	6,868	127,303	62,509
Unrestricted	72,740	79,361	118,105	116,651	190,845	196,012
Total net position	\$ 484,811	\$ 484,632	\$ 346,932	\$ 337,698	\$ 831,743	\$ 822,330

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014

Analysis of Changes in Net Position

The following table summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2014 with comparisons to the previous year. The 2013 amounts have been restated for the change in accounting method of expensing bond issuance cost as opposed to capitalizing and amortizing over life of bond.

	Changes in Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 8,971	\$ 11,859	\$ 44,088	\$ 43,616	\$ 53,059	\$ 55,474
Operating grants and contributions	1,042	829	-	-	1,042	829
Capital grants and contributions	5,901	5,311	10,226	6,514	16,127	11,825
General revenues:						
Property taxes	36,502	34,980	-	-	36,502	34,980
Franchise taxes	6,460	5,953	-	-	6,460	5,953
Sales tax	68,462	66,216	-	-	68,462	66,216
Hotel occupancy tax	4,646	4,141	-	-	4,646	4,141
Public service taxes	478	348	-	-	478	348
Investment earnings	1,882	2,026	1,397	1,387	3,279	3,413
Total revenues	134,344	131,663	55,711	51,517	190,055	183,180
Expenses:						
General government	28,051	27,924	-	-	28,051	27,924
Public safety	45,284	41,842	-	-	45,284	41,842
Public works	36,079	32,575	-	-	36,079	32,575
Culture and recreation	18,074	15,702	-	-	18,074	15,702
Interest on long-term debt	8,478	6,916	-	-	8,478	6,916
Water and sewer utility	-	-	44,605	42,657	44,605	42,657
Golf course	-	-	71	142	71	142
Total expenses	135,966	124,959	44,676	42,799	180,642	167,758
Increases in net position before transfers	(1,622)	6,704	11,035	8,718	9,413	15,422
Transfers	1,801	2,883	(1,801)	(2,883)	-	-
Increase in net position	179	9,587	9,234	5,835	9,413	15,422
Net position - beginning, as restated	484,632	475,045	337,698	331,863	822,330	806,908
Net position - ending	\$ 484,811	\$ 484,632	\$ 346,932	\$ 337,698	\$ 831,743	\$ 822,330

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Analysis of Changes in Net Position (Continued)

Governmental activities. Governmental activities increased the City's net position by \$ 179,399 or 2 percent of the total growth in the net position of the City over the prior year. Key factors for the increase are as follows:

- Developer contributions of subdivision improvements approximated \$ 738,000 and are included in program revenues of public works and culture and recreation activities.
- Amounts received for property taxes increased from last year by 4.2 percent due primarily to the addition of new property to the tax base; regularly scheduled debt service requirements on bonds and a reduced reliance on sales tax. Other factors would include continued aggressive collection efforts.
- Sales tax collections of \$ 68.5 million increased by 3.4 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 52 percent of total revenues, while property taxes make up 27 percent of total revenues.

Expenses for governmental activities for the City totaled \$ 135,966,691 for the year ended September 30, 2014. 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 \$ 45.3 million, or 33.3 percent of total expenses for governmental activities. Most significant are personnel costs which totaled \$ 35.5 million.
- Public works program costs totaling \$ 36.1 million reflect primarily depreciation charges on infrastructure of \$ 24.6 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, 2014**

Analysis of Changes in Net Position (Continued)

Business-type activities. Business-type activities increased the City's net position by \$ 9,234,442 or 98 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:

	2014	2013
Operating revenues	\$ 43,705,878	\$ 43,094,185
Operating income	\$ 2,833,984	\$ 4,066,780
Income available for debt service	\$ 17,970,483	\$ 19,077,878
Annual debt service	\$ 6,347,632	\$ 6,101,113
Coverage	2.83	3.13

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. Even with the 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. However, operating revenue increased slightly due to the addition of drainage fees.

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.

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, 2014, the City's governmental funds reported combined ending fund balances of \$ 187,696,937. Approximately 20.6 percent of this total amount of \$ 38,726,365 constitutes unassigned fund balance and is available for spending at the City's discretion. \$ 27,531,323 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 \$ 2,278,062, 2) fund authorized capital projects of \$ 106,539,802, 3) other restricted purposes of \$ 12,224,114 or 4) nonspendable of \$ 397,271.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Financial Analysis of the Government's Funds (Continued)

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 \$ 39,123,636, of which \$ 38,726,365 was unassigned. Unassigned fund balance represented 44.2 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$ 143,768. 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 \$ 2,278,062 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net decrease in fund balance during the year was \$ 137,365. Debt service expenditure requirements increased by \$ 2,119,009 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 \$ 29,605,296, a decrease of \$ 690,107 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 2014 general obligation bond fund had a combined total fund balance at year-end of \$ 93,866,367. The collective net increase of \$ 63,261,389 is a result of contributions, transfers in for scheduled project construction activity and major progress in related project expenditures, as well as the issuance of \$ 67 million in debt during 2014.

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 position of the water and sewer utility totaled \$ 116,002,040 at September 30, 2014. The total growth in net position for the utility was \$ 9,292,538. The unrestricted net position represented 34.0 percent of the utility's total net position. 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 an increase in available cash of \$ 7.6 million or 8.1 percent. The amendments were primarily to fund specified capital purchases totaling \$ 7.1 million.

Funding sources for the above items were provided by various revenue budget amendments netting a total of \$ 7.5 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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, 2014, amounted to \$ 827,273,394 (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, 2014, included the following:

- Construction continued on the new Brushy Creek Trail Gap project at a total estimated project cost of \$ 3.2 million. Completion is expected in spring 2015.
- The complete renovation of the Rabb House was completed at a cost of \$ 2.7 million and opened in mid-2014.
- New projects underway funded by the 2014 G. O. bonds are as follows:
 - Parks and recreation improvements at Old Settler's Park including the Rockin' River expansion at a cost of \$ 6.6 million and new soccer fields and complex estimated at \$ 14 million.
 - Expansion of citywide trails began at an estimated cost of \$ 19.7 million with \$ 1.8 million incurred to date.
 - Work began to a new fire station along with renovation of existing facilities. Total cost is estimated at \$ 7.3 million with \$ 1 million incurred to date.
- The Sports Complex was completed and opened in 2014. The outdoor court and parking improvements construction completion is expected in mid-2015. Total cost of \$ 22 million is funded by revenue bonds and self-financed construction funds.
- Major arterial and road projects are underway and at various stages of completion. Completed projects totaled \$ 16.2 million while construction in progress at year-end approximated \$ 8.2 million.
- Various street, sidewalk and drainage improvement projects were underway with completions totaling \$ 14.9 million and construction in progress \$ 1.1 million at year end.
- Developers contributed infrastructure improvements for governmental activities of \$ 737,000, and \$ 2.8 million for water, sewer and drainage system infrastructure improvements.
- Drainage assets totaling \$ 2.7 million were contributed from the City's general assets to the City's utility system.
- The program to replace water meters citywide with automated reading equipment is scheduled for completion by the end of 2015 at a cost of \$ 3.3 million.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Capital Assets and Debt Administration (Continued)

- Various water and wastewater line replacement projects were completed and placed in service at a cost of \$ 2.2 million and similar projects were in progress costing \$ 6.4 million to date.
- Work was completed on the regional west wastewater treatment plan rehabilitation and improvement project at a total cost of \$ 4.3 million.
- Construction is underway on Phases 2 and 4 of the reuse treatment facility, elevated storage and water line at a total cost of \$ 6.6 million with construction in progress of \$ 5.8 million at year end.
- Construction has begun on Round Rock's regional water line. Total cost is estimated at \$ 8.4 million and \$ 6.8 million had been incurred by year end. Completion is scheduled for mid-2015.
- Phase 1 of a 36" water line on University Blvd. was completed and placed in service at a cost of \$ 3.5 million.

Capital Assets (in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 44,863	\$ 39,139	\$ 8,453	\$ 8,449	\$ 53,316	\$ 47,588
Buildings and Improvements	132,333	113,810	22,506	22,506	154,839	136,316
Improvements Other Than Buildings	638,069	615,897	389,874	374,259	1,027,943	990,156
Machinery and Equipment	63,563	57,463	13,960	12,039	77,523	69,502
Accumulated Depreciation	(377,295)	(344,584)	(143,351)	(128,189)	(520,646)	(472,773)
Construction in Progress	13,878	32,146	20,420	10,508	34,298	42,654
Total	<u>\$ 515,411</u>	<u>\$ 513,871</u>	<u>\$ 311,862</u>	<u>\$ 299,572</u>	<u>\$ 827,273</u>	<u>\$ 813,443</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV (E) to the financial statements.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$ 300,009,145. Of this amount, \$ 166,915,000 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 increased by \$ 58,341,743. The net increase is largely due to the issuance of \$ 67 million in debt for Fire, Parks, Fire/Police training and Library facilities during 2014. In addition, \$ 8 million in utility system revenue bonds for drainage improvements was also issued. Regularly scheduled debt principal was retired during 2014 as well.

In 2014, the City refinanced various existing debt issues to take advantage of favorable interest rates. Details of the refunding issue can be found in Note IV (F) (4) to the financial statements.

	Long-Term Debt (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 155,780	\$ 96,340	\$ -	\$ -	\$ 155,780	\$ 96,340
Certificates of obligation	11,135	11,770	-	-	11,135	11,770
Hotel tax revenue bonds	13,795	14,345	-	-	13,795	14,345
Sales tax revenue bonds	15,700	19,580	-	-	15,700	19,580
State infrastructure bank loans	14,574	16,007	-	-	14,574	16,007
Water and wastewater						
revenue bonds	-	-	89,025	83,625	89,025	83,625
Total	<u>\$ 210,984</u>	<u>\$ 158,042</u>	<u>\$ 89,025</u>	<u>\$ 83,625</u>	<u>\$ 300,009</u>	<u>\$ 241,667</u>

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, 2013 certified assessed valuation of \$ 8,689,652,435 at 100% collection, tax revenue of \$ 130,344,787 would be produced. This revenue could service the debt on \$ 1,557,670,054 issued as 20-year serial bonds at 5.5% (with level debt service payment). The resulting legal debt margin is \$ 1,396,663,116.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

Long-Term Debt (Continued)

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 2014-2015 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.

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 2014-2015 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.

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 will be implemented, the first of which is effective January 2015 and will increase rates by 2.5%.

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. The first phase of this project was substantially 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, 2014**

Economic Factors and Next Year's Budgets and Rates (Continued)

The City's water, sewer and drainage 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.

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 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 POSITION
SEPTEMBER 30, 2014**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,838,284	\$ 36,116,877	\$ 63,955,161
Investments	69,309,347	65,733,868	135,043,215
Receivables (net of allowances for uncollectibles)-			
Property taxes, including			
interest and penalties	392,570	-	392,570
Accounts & other	5,851,447	5,676,959	11,528,406
Loans	1,370,130	-	1,370,130
Accrued interest	231,845	127,375	359,220
Intergovernmental	875,016	4,471,887	5,346,903
Internal balances	(1,218,455)	1,218,455	-
Inventories	296,144	350,845	646,989
Other current assets	197,967	441,058	639,025
Restricted assets -			
Cash and cash equivalents	52,651,194	8,518,090	61,169,284
Investments	58,599,557	-	58,599,557
Property taxes receivable	239,308	-	239,308
Accounts and other	1,291,661	285,532	1,577,193
Accrued interest	45,387	-	45,387
Investment in joint venture	-	10,775,576	10,775,576
Capital assets -			
Land and construction in progress	58,741,066	28,872,887	87,613,953
Capital assets, net of accumulated depreciation	456,669,835	282,989,606	739,659,441
Total assets	733,382,303	445,579,015	1,178,961,318
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refundings	4,339,042	-	4,339,042

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 16,120,775	\$ 4,805,898	\$ 20,926,673
Accrued payroll	3,783,972	505,422	4,289,394
Unearned revenue	868,753	-	868,753
Accrued interest payable	1,502,455	658,675	2,161,130
Noncurrent liabilities:			
Due within one year	18,271,659	3,321,966	21,593,625
Due in more than one year	212,362,365	89,354,661	301,717,026
Total liabilities	252,909,979	98,646,622	351,556,601
NET POSITION			
Net investment in capital assets	292,532,167	221,062,599	513,594,766
Restricted for:			
Debt service	775,607	297,703	1,073,310
Capital projects	106,539,802	7,467,047	114,006,849
Hotel-motel tax	11,173,765	-	11,173,765
Public safety	1,050,349	-	1,050,349
Unrestricted	72,739,676	118,105,044	190,844,720
Total net position	\$ 484,811,366	\$ 346,932,393	\$ 831,743,759

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 28,050,936	\$ 2,559,380	\$ 957,659	\$ 466,503
Public safety	45,283,826	2,652,480	57,573	-
Public works	36,079,228	726,785	-	3,862,950
Culture and recreation	18,074,001	3,032,109	27,069	1,571,585
Interest on long-term debt	8,478,700	-	-	-
Total governmental activities	135,966,691	8,970,754	1,042,301	5,901,038
Business-type activities:				
Water and sewer utility	44,605,155	43,705,878	-	10,226,302
Golf course	71,090	382,081	-	-
Total business-type activities	44,676,245	44,087,959	-	10,226,302
Total primary government	\$ 180,642,936	\$ 53,058,713	\$ 1,042,301	\$ 16,127,340

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (24,067,394)	\$ -	\$ (24,067,394)
Public safety	(42,573,773)	-	(42,573,773)
Public works	(31,489,493)	-	(31,489,493)
Culture and recreation	(13,443,238)	-	(13,443,238)
Interest on long-term debt	(8,478,700)	-	(8,478,700)
Total governmental activities	(120,052,598)	-	(120,052,598)
Business-type activities:			
Water and sewer utility	-	9,327,025	9,327,025
Golf course	-	310,991	310,991
Total business-type activities	-	9,638,016	9,638,016
Total primary government	(120,052,598)	9,638,016	(110,414,582)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	24,383,917	-	24,383,917
Property taxes, levied for debt service	12,118,492	-	12,118,492
Franchise taxes	6,460,448	-	6,460,448
Sales tax	68,462,292	-	68,462,292
Hotel occupancy tax	4,646,208	-	4,646,208
Public service taxes	477,606	-	477,606
Unrestricted investment earnings	1,882,139	1,397,321	3,279,460
Transfers	1,800,895	(1,800,895)	-
Total general revenues and transfers	120,231,997	(403,574)	119,828,423
Change in net position	179,399	9,234,442	9,413,841
Net position-beginning, as restated	484,631,967	337,697,951	822,329,918
Net position-ending	\$ 484,811,366	\$ 346,932,393	\$ 831,743,759

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2014

ASSETS	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Cash and cash equivalents	\$ 4,679,063	\$ -	\$ -
Investments	65,309,323	-	-
Receivables (net of allowances for uncollectibles) -			
Property taxes, including interest and penalties	392,570	-	-
Accounts and other	5,381,140	-	-
Loans	-	-	-
Accrued interest	91,894	-	-
Interfund	352,354	8,596	-
Intergovernmental	225,433	-	-
Inventories	296,144	-	-
Other current assets	101,127	-	-
Restricted assets -			
Cash and cash equivalents	-	2,336,936	28,777,424
Investments	-	-	2,529,550
Receivables -			
Property taxes, including interest and penalties	-	239,308	-
Sales tax	-	-	1,291,661
Accrued interest	-	-	3,438
Total assets	<u>\$ 76,829,048</u>	<u>\$ 2,584,840</u>	<u>\$ 32,602,073</u>
LIABILITIES AND FUND BALANCES			
Liabilities-			
Accounts payable	\$ 8,645,949	\$ -	\$ 1,230,777
Accrued payroll	3,743,690	-	-
Interfund payables	24,821,835	74,596	1,766,000
Deferred revenue	493,938	232,182	-
Total liabilities	<u>37,705,412</u>	<u>306,778</u>	<u>2,996,777</u>
Fund balances -			
Nonspendable	397,271	-	-
Restricted - debt service	-	2,278,062	-
Restricted - authorized construction	-	-	29,605,296
Restricted - hotel-motel tax	-	-	-
Restricted - police	-	-	-
Committed, reported in-			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unassigned	38,726,365	-	-
Total fund balances	<u>39,123,636</u>	<u>2,278,062</u>	<u>29,605,296</u>
Total liabilities and fund balances	<u>\$ 76,829,048</u>	<u>\$ 2,584,840</u>	<u>\$ 32,602,073</u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2014 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,276,485	\$ 988,872	\$ -	\$ 13,147,187	\$ 20,091,607
-	-	-	2,000,012	67,309,335
-	-	-	-	392,570
-	-	-	470,307	5,851,447
58,000	1,312,130	-	-	1,370,130
-	138,687	-	632	231,213
1,500,000	23,920,131	-	19,788	25,800,869
-	649,583	-	-	875,016
-	-	-	-	296,144
-	9,340	-	-	110,467
-	-	12,895,802	8,641,032	52,651,194
-	-	56,070,007	-	58,599,557
-	-	-	-	239,308
-	-	-	-	1,291,661
-	-	41,949	-	45,387
<u>\$ 2,834,485</u>	<u>\$ 27,018,743</u>	<u>\$ 69,007,758</u>	<u>\$ 24,278,958</u>	<u>\$ 235,155,905</u>
\$ 2,032,661	\$ 1,890,576	\$ 1,071,382	\$ 643,518	\$ 15,514,863
-	-	-	40,282	3,783,972
-	-	-	20,008	26,682,439
-	-	-	751,574	1,477,694
<u>2,032,661</u>	<u>1,890,576</u>	<u>1,071,382</u>	<u>1,455,382</u>	<u>47,458,968</u>
-	-	-	-	397,271
-	-	-	-	2,278,062
801,824	-	67,936,376	8,196,306	106,539,802
-	-	-	11,173,765	11,173,765
-	-	-	1,050,349	1,050,349
-	-	-	961,299	961,299
-	25,128,167	-	1,441,857	26,570,024
-	-	-	-	38,726,365
<u>801,824</u>	<u>25,128,167</u>	<u>67,936,376</u>	<u>22,823,576</u>	<u>187,696,937</u>
<u>\$ 2,834,485</u>	<u>\$ 27,018,743</u>	<u>\$ 69,007,758</u>	<u>\$ 24,278,958</u>	<u>\$ 235,155,905</u>



CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Total Fund Balances - Governmental Funds **\$ 187,696,937**

Amounts reported for Governmental Activities in the Statement of Net Position 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	\$ 44,863,340	
Construction in progress	13,877,726	
Building and improvements	770,401,996	
Equipment	63,562,469	
Accumulated depreciation	(377,294,630)	
Total capital assets	\$ 515,410,901	515,410,901

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	608,941
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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 Position.	8,892,024
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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)	(227,797,437)
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Net Position of Governmental Activities	\$ 484,811,366
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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, 2014**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 82,379,720	\$ 12,097,615	\$ 17,115,574
Licenses, permits and fees	974,945	-	-
Charges for services	4,499,067	-	-
Fines and forfeitures	2,472,760	-	-
Intergovernmental	577,841	-	-
Hotel occupancy tax	-	-	-
Investment and other	3,615,755	3,486	324,027
Contributions	-	-	-
Total revenues	<u>94,520,088</u>	<u>12,101,101</u>	<u>17,439,601</u>
Expenditures -			
Current -			
General government	23,807,968	-	-
Public safety	41,573,520	-	-
Public works	10,255,226	-	1,036,273
Culture and recreation	12,050,706	-	-
Debt service -			
Principal retirement	-	14,395,697	-
Interest and fiscal charges	-	7,372,652	-
Issuance costs	-	149,338	-
Capital projects	-	-	-
Total expenditures	<u>87,687,420</u>	<u>21,917,687</u>	<u>1,036,273</u>
Excess (deficiency) of revenues over expenditures	<u>6,832,668</u>	<u>(9,816,586)</u>	<u>16,403,328</u>
Other financing sources (uses) -			
Issuance of debt	-	-	-
Issuance of lease	727,699	-	-
Issuance of refunding bonds	-	10,465,000	-
Issuance of premium	-	1,366,176	-
Payment to refunding agent	-	(11,682,994)	-
Transfers in	2,930,783	9,531,039	-
Transfers out	(10,347,382)	-	(17,093,435)
Total other financing sources (uses)	<u>(6,688,900)</u>	<u>9,679,221</u>	<u>(17,093,435)</u>
Net change in fund balances	143,768	(137,365)	(690,107)
Fund balances, October 1, 2013	<u>38,979,868</u>	<u>2,415,427</u>	<u>30,295,403</u>
Fund balances, September 30, 2014	<u>\$ 39,123,636</u>	<u>\$ 2,278,062</u>	<u>\$ 29,605,296</u>

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

Round Rock Transportation and Economic Development Corporation Project Fund	Self- Financed Construction	2014 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 111,592,909
-	-	-	268,912	1,243,857
-	-	-	146,460	4,645,527
-	-	-	200,910	2,673,670
-	2,038,088	-	428,166	3,044,095
-	-	-	4,646,208	4,646,208
117	66,681	213,587	559,914	4,783,567
2,892,965	72,033	-	187,102	3,152,100
<u>2,893,082</u>	<u>2,176,802</u>	<u>213,587</u>	<u>6,437,672</u>	<u>135,781,933</u>
-	-	-	567,826	24,375,794
-	-	-	733,321	42,306,841
-	-	-	-	11,291,499
-	-	-	1,724,996	13,775,702
-	-	-	-	14,395,697
-	-	-	-	7,372,652
-	-	713,550	-	862,888
12,745,116	16,688,864	3,244,372	6,015,887	38,694,239
<u>12,745,116</u>	<u>16,688,864</u>	<u>3,957,922</u>	<u>9,042,030</u>	<u>153,075,312</u>
<u>(9,852,034)</u>	<u>(14,512,062)</u>	<u>(3,744,335)</u>	<u>(2,604,358)</u>	<u>(17,293,379)</u>
-	-	66,885,000	-	66,885,000
-	722,301	-	-	1,450,000
-	-	-	-	10,465,000
-	-	4,795,711	-	6,161,887
-	-	-	-	(11,682,994)
10,634,033	8,427,594	-	1,460,788	32,984,237
-	(94,819)	-	(4,147,706)	(31,683,342)
<u>10,634,033</u>	<u>9,055,076</u>	<u>71,680,711</u>	<u>(2,686,918)</u>	<u>74,579,788</u>
781,999	(5,456,986)	67,936,376	(5,291,276)	57,286,409
19,825	30,585,153	-	28,114,852	130,410,528
<u>\$ 801,824</u>	<u>\$ 25,128,167</u>	<u>\$ 67,936,376</u>	<u>\$ 22,823,576</u>	<u>\$ 187,696,937</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, 2014**

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

Net Change in Fund Balances-Total Governmental Funds	\$ 57,286,409
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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.	3,797,510
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.	(2,257,400)
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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.	74,683
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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.	(58,912,083)
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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.	(816,170)
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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.	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">1,006,450</div>
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Change in Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 179,399</div>
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The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 82,379,720	\$ 76,153,000	\$ 82,268,000	\$ 111,720
Licenses, permits and fees	974,945	821,000	821,000	153,945
Charges for services	4,499,067	4,140,975	4,214,075	284,992
Fines and forfeitures	2,472,760	2,704,000	2,745,800	(273,040)
Intergovernmental	577,841	363,026	416,718	161,123
Investment and other	3,615,755	2,688,800	3,962,090	(346,335)
Total revenues	<u>94,520,088</u>	<u>86,870,801</u>	<u>94,427,683</u>	<u>92,405</u>
Expenditures -				
Current -				
General government	23,807,968	25,100,934	24,877,313	1,069,345
Public safety	41,573,520	41,490,240	42,481,671	908,151
Public works	10,255,226	11,919,303	10,740,049	484,823
Culture and recreation	12,050,706	12,065,025	12,327,058	276,352
Total expenditures	<u>87,687,420</u>	<u>90,575,502</u>	<u>90,426,091</u>	<u>2,738,671</u>
Excess (deficiency) of revenues over expenditures	<u>6,832,668</u>	<u>(3,704,701)</u>	<u>4,001,592</u>	<u>2,831,076</u>
Other financing sources (uses) -				
Issuance of lease	727,699	806,700	728,000	301
Transfers in	2,930,783	2,919,025	2,919,025	(11,758)
Transfers out	(10,347,382)	-	(7,627,593)	(2,719,789)
Total other financing sources (uses)	<u>(6,688,900)</u>	<u>3,725,725</u>	<u>(3,980,568)</u>	<u>(2,708,332)</u>
Net change in fund balances	143,768	<u>\$ 21,024</u>	<u>\$ 21,024</u>	<u>\$ 122,744</u>
Fund balance, October 1, 2013	<u>38,979,868</u>			
Fund balance, September 30, 2014	<u><u>\$ 39,123,636</u></u>			

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

CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND ECONOMIC DEVELOPMENT CORPORATION
REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 17,115,574	\$ 15,300,000	\$ 15,300,000	\$ 1,815,574
Investment and other	324,027	346,000	346,000	(21,973)
Total revenues	17,439,601	15,646,000	15,646,000	1,793,601
Expenditures -				
Current -				
Public works	1,036,273	1,602,100	1,344,100	307,827
Total expenditures	1,036,273	1,602,100	1,344,100	307,827
Excess of revenues over expenditures	16,403,328	14,043,900	14,301,900	2,101,428
Other financing uses-				
Transfers out	(17,093,435)	(6,593,435)	(17,093,435)	-
Total other financing uses	(17,093,435)	(6,593,435)	(17,093,435)	-
Net change in fund balances	(690,107)	\$ 7,450,465	\$ (2,791,535)	\$ 2,101,428
Fund balance, October 1, 2013	30,295,403			
Fund balance, September 30, 2014	\$ 29,605,296			

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

ASSETS	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Water and Sewer Fund	Golf Course Fund		Internal Service
Current assets:				
Cash and cash equivalents	\$ 35,322,113	\$ 794,764	\$ 36,116,877	\$ 7,746,677
Investments	65,733,868	-	65,733,868	2,000,012
Receivables (net of allowance for uncollectibles of \$ 1,513,893) -				
Accounts	5,672,254	4,705	5,676,959	-
Accrued interest	127,375	-	127,375	632
Interfund	2,920	-	2,920	966,650
Intergovernmental	4,471,887	-	4,471,887	-
Inventories	350,845	-	350,845	-
Other current assets	441,058	-	441,058	87,500
Total current assets	112,122,320	799,469	112,921,789	10,801,471
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	2,822,553	-	2,822,553	-
Construction	4,358,962	-	4,358,962	-
Customer deposits	1,038,872	-	1,038,872	-
Revenue bond covenant accounts	297,703	-	297,703	-
Restricted accounts and accrued interest receivable:				
Impact fees	70,002	-	70,002	-
Loans receivable	215,530	-	215,530	-
Investment in joint venture	10,775,576	-	10,775,576	-
Capital assets:				
Land and construction in progress	26,981,712	1,891,175	28,872,887	-
Capital assets being depreciated, (net of accumulated depreciation of \$ 143,350,923)	279,997,832	2,991,774	282,989,606	-
Total capital assets (net of accumulated depreciation)	306,979,544	4,882,949	311,862,493	-
Total noncurrent assets	326,558,742	4,882,949	331,441,691	-
Total assets	\$ 438,681,062	\$ 5,682,418	\$ 444,363,480	\$ 10,801,471

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

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2014**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable	\$ 4,805,898	\$ -	\$ 4,805,898	\$ 605,912
Accrued payroll	505,422	-	505,422	-
Accrued interest	658,675	-	658,675	-
Interfund payable	88,000	-	88,000	-
Current portion of bonds payable	2,900,000	-	2,900,000	-
Current portion of premiums on bonds	71,946	-	71,946	-
Accrued benefit obligations	350,020	-	350,020	-
Total current liabilities	9,379,961	-	9,379,961	605,912
Noncurrent liabilities:				
Bonds payable	86,125,000	-	86,125,000	-
Premiums on bonds payable	1,702,948	-	1,702,948	-
Accrued benefit obligations	467,985	-	467,985	-
Customer deposits	1,058,728	-	1,058,728	-
Total noncurrent liabilities	89,354,661	-	89,354,661	-
Total liabilities	98,734,622	-	98,734,622	605,912
Net position:				
Net investment in capital assets	216,179,650	4,882,949	221,062,599	-
Restricted for:				
Debt service	297,703	-	297,703	-
Capital projects	7,467,047	-	7,467,047	-
Committed for:				
Other post employment benefits	-	-	-	2,700,000
Unrestricted	116,002,040	799,469	116,801,509	7,495,559
Total net position	\$ 339,946,440	\$ 5,682,418	345,628,858	\$ 10,195,559
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			1,303,535	
Net position of business-type activities			\$ 346,932,393	

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 NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
Operating revenues -				
Charges for services	\$ 40,762,523	\$ 382,081	\$ 41,144,604	\$ 9,328,616
Licenses, permits and fees	2,943,355	-	2,943,355	-
Total operating revenues	43,705,878	382,081	44,087,959	9,328,616
Operating expenses -				
Personnel services	8,939,263	-	8,939,263	-
Contractual services	14,200,624	-	14,200,624	1,722,760
Supplies	1,023,594	-	1,023,594	-
Materials	1,140,137	-	1,140,137	-
Heat, light and power	1,829,036	-	1,829,036	-
Claims expense	-	-	-	7,118,788
Depreciation	13,739,240	71,090	13,810,330	-
Total operating expenses	40,871,894	71,090	40,942,984	8,841,548
Operating income	2,833,984	310,991	3,144,975	487,068
Nonoperating revenues (expenses) -				
Investment and other revenues	1,397,259	62	1,397,321	103,097
Interest and fiscal charges	(3,816,976)	-	(3,816,976)	-
Total nonoperating revenues (expenses)	(2,419,717)	62	(2,419,655)	103,097
Income before contributions and transfers	414,267	311,053	725,320	590,165
Contributions and transfers -				
Contributions - impact fees	4,709,387	-	4,709,387	-
Contributions - infrastructure	5,516,915	-	5,516,915	-
Transfers in	1,570,994	-	1,570,994	500,000
Transfers out	(2,919,025)	(452,864)	(3,371,889)	-
Total contributions and transfers	8,878,271	(452,864)	8,425,407	500,000
Change in net position	9,292,538	(141,811)	9,150,727	1,090,165
Net position, October 1, 2013, as restated	<u>330,653,902</u>	<u>5,824,229</u>		<u>9,105,394</u>
Net position, September 30, 2014	<u>\$ 339,946,440</u>	<u>\$ 5,682,418</u>		<u>\$ 10,195,559</u>
Reconciliation to government-wide statement of activities:				
Adjustment to reflect the net profit of the internal service fund that was allocated to enterprise fund functions.			83,715	
Change in net position of business-type activities			<u>\$ 9,234,442</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, 2014**

	Business Type Activities- Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 43,809,208	\$ 381,636	\$ 44,190,844	\$ 649,812
Cash received from other funds for services provided	(11,240)	-	(11,240)	8,303,714
Cash payments to suppliers for goods and services	(16,781,305)	-	(16,781,305)	(8,704,486)
Cash payments to employees for services	(8,734,568)	-	(8,734,568)	-
Cash payments to other funds for services	(1,369,791)	-	(1,369,791)	-
Net cash provided by operating activities	16,912,304	381,636	17,293,940	249,040
Cash flows from noncapital financing activities:				
Transfer from other funds	1,570,994	-	1,570,994	500,000
Transfers to other funds	(2,919,025)	(452,864)	(3,371,889)	-
Net cash provided (used) by noncapital financing activities	(1,348,031)	(452,864)	(1,800,895)	500,000
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds	8,000,000	-	8,000,000	-
Premium on issuance of bonds	79,167	-	79,167	-
Receipts of capital contributions	4,681,691	-	4,681,691	-
Acquisition and construction of capital assets	(18,238,582)	-	(18,238,582)	-
Investment in joint venture	(113,324)	-	(113,324)	-
Principal paid on revenue bonds	(2,600,000)	-	(2,600,000)	-
Collection of loans	417,761	-	417,761	-
Interest and fiscal charges paid	(3,748,383)	-	(3,748,383)	-
Net cash used by capital and related financing activities	(11,521,670)	-	(11,521,670)	-
Cash flows from investing activities:				
Purchase of investments	(34,583,780)	-	(34,583,780)	(2,000,486)
Proceeds from sale of investments	44,234,498	-	44,234,498	2,007,662
Investment and other income	1,756,478	72	1,756,550	103,097
Net cash provided by investing activities	11,407,196	72	11,407,268	110,273
Net increase (decrease) in cash and cash equivalents	15,449,799	(71,156)	15,378,643	859,313
Cash and cash equivalents at beginning of year	28,390,404	865,920	29,256,324	6,887,364
Cash and cash equivalents at end of year	\$ 43,840,203	\$ 794,764	\$ 44,634,967	\$ 7,746,677

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

(Continued)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Enterprise Funds			Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</u>				
Cash and cash equivalents	\$ 35,322,113	\$ 794,764	\$ 36,116,877	\$ 7,746,677
Restricted assets -				
Cash and cash equivalents	8,518,090	-	8,518,090	-
Cash and cash equivalents	<u>\$ 43,840,203</u>	<u>\$ 794,764</u>	<u>\$ 44,634,967</u>	<u>\$ 7,746,677</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 2,833,984	\$ 310,991	\$ 3,144,975	\$ 487,068
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	13,739,240	71,090	13,810,330	-
Provision for bad debts	32,021	-	32,021	-
(Increase) decrease in:				
Receivables	134,873	(445)	134,428	6,950
Interfund receivables	-	-	-	(382,040)
Inventory	22,585	-	22,585	-
Other assets	(24,101)	-	(24,101)	-
Increase (decrease) in:				
Accounts payable	11,789	-	11,789	137,062
Accrued payroll	156,694	-	156,694	-
Interfund payables	(11,240)	-	(11,240)	-
Customer deposits	(31,542)	-	(31,542)	-
Accrued benefit obligation	48,001	-	48,001	-
Total adjustments	<u>14,078,320</u>	<u>70,645</u>	<u>14,148,965</u>	<u>(238,028)</u>
Net cash provided by operations	<u>\$ 16,912,304</u>	<u>\$ 381,636</u>	<u>\$ 17,293,940</u>	<u>\$ 249,040</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2014, the Water and Sewer Fund had \$ 5,516,915 in capital assets contributed, recognized \$ 263,006 in unrealized investment losses, and loss on joint venture of \$ 3,084,274.

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

**CITY OF ROUND ROCK, TEXAS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014**

AGENCY FUND

Public
Improvement Districts

ASSETS

Cash and cash equivalents	<u>\$ 17,986</u>
Total assets	<u><u>\$ 17,986</u></u>

LIABILITIES

Liabilities -	
Due to participants	<u>\$ 17,986</u>
Total liabilities	<u><u>\$ 17,986</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, 2014**

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 park 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, 2014

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 position 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 are funded by fees and charges for services.

The City's statement of net position 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, 2014

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 2014 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

Special Revenue Funds - **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

There are ten groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement sales tax and funds designated for specific service programs. They are as follows:

Major Fund

— *Round Rock Transportation and Economic Development Corporation Revenue Fund*

Nonmajor Funds

— *Hotel-Motel Occupancy Tax Fund*

— *Hotel-Motel Occupancy Venue Tax Fund*

— *Police Fund*

— *Municipal Court Fund*

— *Landscape Fund*

— *Community Development Block Grant Fund*

— *Library Fund*

— *Public Education & Government 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, 2014

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 thirteen groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

Major Funds

- *Round Rock Transportation and Economic Development Corporation Project Fund*
- *Self-Financed Construction*
- *2014 General Obligation Bond Fund*

Nonmajor Funds

- *Streets and Drainage*
- *2007 General Obligation Bonds*
- *2004 General Obligation Bonds*
- *Park Development*
- *2007 Series Certificates of Obligation*
- *2002 Series General Obligation Bonds*
- *Convention Center Complex Fund*
- *Transit Fund*
- *Tourism Development Fund*
- *Venue Tax Projects Fund*

The Round Rock Transportation and Economic Development Corporation capital projects fund, the Self-Financed construction fund and the 2014 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 2014 Series General Obligation Bonds fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities and police and fire training facilities.

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, which includes the City's storm water drainage program, 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, 2014

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 position.

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

Revenue Recognition (Continued)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position.

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>

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 \$ 3,816,976.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position. Bond premiums and discounts 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. Deferred amount related to refundings are reported as deferred outflow of resources and amortized over the shorter of the refunded or refunding debt.

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

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

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

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. ACCRUED BENEFIT OBLIGATIONS (CONTINUED)

Unpaid Compensated Absences (Continued)

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 position. 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. NET POSITION

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Net position classified as restricted are balances with 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 position has 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. The most significant commitment in the special revenue funds is for public education and government fund activities.

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. The general fund is the only fund that reports an unassigned fund balance amount.

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, 2014

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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred amount on refundings reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category.

T. 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.

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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following which became effective for fiscal year 2014.

Statement No. 65 *“Items Previously Reported as Assets and Liabilities.”* – The objective of Statement No. 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported assets and liabilities as outflows of resources or inflows of resources.

The implementation of Statement No. 65 resulted in the restatement of the beginning net position of the governmental activities and the business-type activities in the government-wide financial statements and the beginning net position of the Statement of Revenues Expenses and Changes in Net Position – Proprietary Funds. Issuance costs, previously amortized over the life of the debt issuance, are now expensed at the time of issue. Retroactively applying this change results in the adjustment below:

	<u><i>Fund Statement</i></u>	<u><i>Government-wide Statement</i></u>		
	<u>Water and Sewer</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Net Position October 1, 2013:				
As originally reported	\$ 331,987,350	\$ 487,421,669	\$ 339,031,399	\$ 826,453,068
Change in equity for debt issuance cost:				
Primary government	(1,072,370)	(2,789,702)	(1,072,370)	(3,862,072)
Joint Venture	(261,078)	-	(261,078)	(261,078)
As restated	<u>\$ 330,653,902</u>	<u>\$ 484,631,967</u>	<u>\$ 337,697,951</u>	<u>\$ 822,329,918</u>

Statement No. 65 implementation also resulted in deferred amounts on refunding being reclassified to Deferred Outflow of Resources instead of a reduction to the debt liability. The deferred amounts continue to be amortized as interest expense over the life of the bonds.

The GASB has issued the following statement which will become effective in future years.

Statement No. 68, *“Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.”* – This statement changes the focus of pension accounting for employees from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date. This statement will become effective for the City in fiscal year 2015.

Management has not yet determined the effect of this statement on the financial statements; however, the impact is expected to be significant as they will now reflect a previously unrecorded liability. The City also expects the largest deferred inflows and outflows to be pension related.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above. Budgeted amounts are as originally adopted, or as amended by the City Council on November 25, 2014. Amendments to Special Revenue and Debt Service Funds were not material to the original appropriations. The original budget of the General Fund was amended three times during 2014. The following table compares original to final budgets. The largest amendment was to reallocate \$ 8,927,594 in available cash and departmental savings to fund specified capital purchases.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 76,153,000	\$ 6,115,000	\$ 82,268,000
Licenses, permits and fees	821,000	-	821,000
Charges for services	4,140,975	73,100	4,214,075
Fines and forfeitures	2,704,000	41,800	2,745,800
Intergovernmental	363,026	53,692	416,718
Investment and other	2,688,800	1,273,290	3,962,090
Total revenues	<u>86,870,801</u>	<u>7,556,882</u>	<u>94,427,683</u>
Expenditures -			
Current -			
General government	25,100,934	(223,621)	24,877,313
Public safety	41,490,240	991,431	42,481,671
Public works	11,919,303	(1,179,254)	10,740,049
Culture and recreation	12,065,025	262,033	12,327,058
Total expenditures	<u>90,575,502</u>	<u>(149,411)</u>	<u>90,426,091</u>
Excess (deficiency) of revenues over expenditures	<u>(3,704,701)</u>	<u>7,706,293</u>	<u>4,001,592</u>
Other financing sources (uses) -			
Issuance of lease	806,700	(78,700)	728,000
Transfers in	2,919,025	-	2,919,025
Transfers out	-	(7,627,593)	(7,627,593)
Total other financing sources (uses)	<u>3,725,725</u>	<u>(7,706,293)</u>	<u>(3,980,568)</u>
Net change in fund balances	<u>\$ 21,024</u>	<u>\$ -</u>	<u>\$ 21,024</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, 2014

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 POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. 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	\$ 196,410,000
Plus: Issuance premium (amortized against interest expense)	9,748,977
Less: Issuance discount (amortized against interest expense)	(143,106)
Less: Deferred amount on refundings (amortized over life of debt)	(4,339,042)
Bank loans	14,574,145
Accrued interest payable	1,502,455
Capital leases payable	2,288,718
Compensated absences	5,368,599
Other post-employment benefits	2,386,691
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net position - governmental activities</i>	\$ 227,797,437

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 position 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	\$ 38,644,877
Depreciation expense	(34,847,367)
Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds to arrive at changes in net position</i> <i>of governmental activities</i>	\$ 3,797,510

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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 position.” The details of this difference are as follows:

Donations	\$ 737,919
Reclassifications, disposals, and transfers	<u>(2,995,319)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (2,257,400)</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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Issuance of lease	\$ (1,450,000)
Issuance of debt	(77,350,000)
Premiums received on issuance of debt	(6,161,887)
Deferred amount on refunding	282,993
Debt payments/refundings	24,408,257
Capital leases payments	<u>1,358,554</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (58,912,083)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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 "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	\$ 557,452
Change in compensated absences	(168,370)
Increase in OPEB liability	(433,526)
Change in accrued interest	(299,761)
Amortization of deferred amount on refunding	(471,965)
Net adjustment to decrease <i>net changes in fund balances - total</i>	
<i>governmental funds to arrive at changes in net position of</i>	
<i>governmental activities</i>	<u><u>\$ (816,170)</u></u>

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2014, the carrying amount of deposits was a debit balance of \$ 7,728,418 primarily consisting of outstanding checks; and the respective bank balances totaled \$ 290,788. 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, 2014 is as follows:

Fair value at September 30, 2014	\$ 311,038,798
Add: Proceeds of investments matured this fiscal year	562,942,401
Less: Cost of investments purchased this fiscal year	(612,186,354)
Less: Fair value at September 30, 2013	(262,744,067)
	<u><u>\$ (949,222)</u></u>
Change in fair value of investments	<u><u>\$ (949,222)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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

Cash in banks	\$ 7,728,419
Investments	<u>311,038,798</u>
 Total cash and investments	 <u><u>\$ 318,767,217</u></u>
 Statement of net position presentation:	
Cash and cash equivalents	\$ 63,955,161
Investments	135,043,215
Restricted assets -	
Cash and cash equivalents	61,169,284
Investments	<u>58,599,557</u>
 Total cash and cash equivalents and investments	 <u><u>\$ 318,767,217</u></u>

Investments are classified as follows:

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 184,396,999	\$ 184,396,999	401
Certificates of Deposit	9,245,773	9,245,773	209
Investments in State Investment Pools	<u>117,396,026</u>	<u>117,396,026</u>	1
	<u><u>\$ 311,038,798</u></u>	<u><u>\$ 311,038,798</u></u>	
 Portfolio weighted average maturity			 244

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

5. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2014, 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 & Pools, 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, 2014, \$ 112,219,071 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, \$ 5,176,955 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 & Pools.

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 2014 were of the aforementioned categories.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES (CONTINUED)

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 2013 tax roll. The tax rate, based on total taxable assessed valuation of \$ 8,689,652,435 was \$ 0.41949 on each \$ 100 valuation and was allocated to the General Fund and Debt Service Fund at \$ 0.28003 and \$ 0.13946, respectively.

Property taxes receivable at September 30, 2014, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 124,677	\$ 61,343	\$ 186,020
Prior years' levies	314,546	201,242	515,788
	439,223	262,585	701,808
Less - allowance for uncollectible taxes	(46,653)	(23,277)	(69,930)
	<u>\$ 392,570</u>	<u>\$ 239,308</u>	<u>\$ 631,878</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, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2014 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Debt Service	\$ 74,596	\$ 74,596
	Round Rock Transportation Development Corporation Revenue Fund	266,000	266,000
	Nonmajor Governmental Funds	11,758	11,758
Debt Service	General Fund	8,596	8,596
Round Rock Transportation Development Corporation Project Fund	Round Rock Transportation Development Corporation Revenue Fund	1,500,000	1,500,000
Self-Financed Construction	General Fund	23,920,131	23,920,131
Nonmajor Governmental Funds	General Fund	19,788	19,788
	Nonmajor Governmental Funds	-	-
Water and Sewer	General Fund	2,920	2,920
Internal Service	General Fund	870,400	870,400
	Nonmajor Governmental Funds	8,250	8,250
	Water and Sewer	88,000	88,000
		<u>\$ 26,770,439</u>	<u>\$ 26,770,439</u>
Governmental Funds		\$ 25,800,869	\$ 26,682,439
Proprietary Funds		2,920	88,000
Internal Service		966,650	-
		<u>\$ 26,770,439</u>	<u>\$ 26,770,439</u>

The balance of \$ 23,920,131 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, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 2,919,025	\$ -
Debt Service Fund	-	1,400,000
Self-financed Construction	-	8,427,594
Nonmajor Governmental Funds	11,758	19,788
Internal Service Fund	-	500,000
	<u>2,930,783</u>	<u>10,347,382</u>
Debt Service Fund -		
General Fund	1,400,000	-
Golf Course Fund	452,864	-
Round Rock Transportation Development Corporation Revenue Fund	6,593,435	-
Nonmajor Governmental Funds	1,084,740	-
	<u>9,531,039</u>	<u>-</u>
Round Rock Transportation Development Corporation Revenue Fund -		
Round Rock Transportation Development Corporation Project Fund	-	10,500,000
Debt Service Fund	-	6,593,435
	<u>-</u>	<u>17,093,435</u>
Round Rock Transportation Development Corporation Project Fund -		
Round Rock Transportation Development Corporation Revenue Fund	10,500,000	-
Self-financed Construction	94,819	-
Nonmajor Governmental Funds	39,214	-
	<u>10,634,033</u>	<u>-</u>
Self-Financed Construction -		
General Fund	8,427,594	-
Round Rock Transportation Development Corporation Project Fund	-	94,819
	<u>8,427,594</u>	<u>94,819</u>
Nonmajor Governmental Funds -		
General Fund	-	11,758
Round Rock Transportation Development Corporation Project Fund	-	39,214
Nonmajor Governmental Funds	1,460,788	2,525,740
Water and Sewer Fund	-	1,570,994
	<u>1,460,788</u>	<u>4,147,706</u>
Subtotal of Governmental Funds	<u>32,984,237</u>	<u>31,683,342</u>
Water and Sewer Fund-		
General Fund	-	2,919,025
Nonmajor Governmental Funds	1,570,994	-
	<u>1,570,994</u>	<u>2,919,025</u>
Golf Course Fund-		
Debt Service Fund	-	452,864
	<u>-</u>	<u>452,864</u>
Subtotal of Proprietary Funds	<u>1,570,994</u>	<u>3,371,889</u>
Internal Service Fund-		
General Fund	500,000	-
	<u>500,000</u>	<u>-</u>
	<u>\$ 35,055,231</u>	<u>\$ 35,055,231</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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

STATEMENT OF NET POSITION

As of September 30, 2014

	<u>Total</u>	<u>City's Interest</u>
ASSETS		
Cash and cash equivalents	\$ 10,909,447	\$ 4,196,260
Receivables, other current assets	339,085	136,311
Restricted investments	31,436,119	13,079,694
Capital assets	154,774,267	56,890,925
Total Assets	<u>197,458,918</u>	<u>74,303,190</u>
LIABILITIES		
Accounts payable	1,085,542	297,682
Retainage payable	1,582,268	546,199
Accrued bond interest payable	1,357,669	478,733
Total current liabilities	<u>4,025,479</u>	<u>1,322,614</u>
Bonds payable	176,025,000	62,205,000
Total Liabilities	<u>180,050,479</u>	<u>63,527,614</u>
NET POSITION	<u><u>\$ 17,408,439</u></u>	<u><u>\$ 10,775,576</u></u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2014

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ 1,062,130	\$ 262,661
Interest expense	8,400,922	2,973,028
Other operating expenses	1,593,825	418,272
Other income	83,027	44,365
Changes in Net Position	<u>(8,849,590)</u>	<u>(3,084,274)</u>
Net position, October 1, 2013	17,087,295	10,902,466
Expense bond issuance cost per GASB 65	(770,871)	(261,078)
Contribution of capital, net	9,941,605	3,218,462
Net position, September 30, 2014	<u><u>\$ 17,408,439</u></u>	<u><u>\$ 10,775,576</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	October 1, 2013	Additions/ Completions	Retirements/ Adjustments	September 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 39,138,764	\$ 5,724,576	\$ -	\$ 44,863,340
Construction in progress	32,146,415	37,747,399	(56,016,088)	13,877,726
Total capital assets not being depreciated	71,285,179	43,471,975	(56,016,088)	58,741,066
Capital assets being depreciated:				
Buildings and improvements	729,706,705	43,498,384	(2,803,093)	770,401,996
Equipment	57,462,559	8,428,525	(2,328,615)	63,562,469
Total capital assets being depreciated	787,169,264	51,926,909	(5,131,708)	833,964,465
Less accumulated depreciation for:				
Buildings and improvements	302,456,848	28,842,543	5,000	331,304,391
Equipment	42,126,804	6,004,824	(2,141,389)	45,990,239
Total accumulated depreciation	344,583,652	34,847,367	(2,136,389)	377,294,630
Total capital assets being depreciated, net	442,585,612	17,079,542	(2,995,319)	456,669,835
Governmental activities capital assets, net	<u>\$ 513,870,791</u>	<u>\$ 60,551,517</u>	<u>\$ (59,011,407)</u>	<u>\$ 515,410,901</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,449,080	\$ 3,876	\$ -	\$ 8,452,956
Construction in progress	10,508,285	20,320,538	(10,408,892)	20,419,931
Total capital assets not being depreciated	18,957,365	20,324,414	(10,408,892)	28,872,887
Capital assets being depreciated:				
Buildings and improvements	396,764,813	12,812,786	2,803,093	412,380,692
Equipment	12,038,551	634,373	1,286,913	13,959,837
Total capital assets being depreciated	408,803,364	13,447,159	4,090,006	426,340,529
Less accumulated depreciation for:				
Building and improvements	120,410,154	12,687,007	15,394	133,112,555
Equipment	7,778,994	1,123,323	1,336,051	10,238,368
Total accumulated depreciation	128,189,148	13,810,330	1,351,445	143,350,923
Total capital assets being depreciated, net	280,614,216	(363,171)	2,738,561	282,989,606
Business-type activities capital assets, net	<u>\$ 299,571,581</u>	<u>\$ 19,961,243</u>	<u>\$ (7,670,331)</u>	<u>\$ 311,862,493</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 3,745,351
Public safety	2,616,517
Public works	24,646,123
Culture and recreation	3,839,376
Total depreciation expense-governmental activities	<u>\$ 34,847,367</u>

Business-type activities:

Water and sewer utility	\$ 13,739,240
Golf course	71,090
Total depreciation expense-business-type activities	<u>\$ 13,810,330</u>

Major construction contracts in progress from inception to September 30, 2014, consisted of the following:

	Project Authorization	Expended to 9/30/2014	Committed	Future Financing
Projects funded principally by general obligation debt -				
Parks and recreation facilities	\$ 15,009,626	\$ 15,009,626	\$ -	None
Parks, public safety, streets and public service facilities	68,756,244	68,632,315	123,929	None
Parks, public safety and library	3,244,372	3,244,372	-	None
Municipal complex, public safety and street improvements	20,651,554	20,651,554	-	None
Self-financed construction	136,096,839	136,089,021	7,818	None
Round Rock Transportation System- road improvements	243,292,987	206,166,008	37,126,979	None
Convention center complex	2,914,128	2,914,128	-	None
Sports venue complex	7,496,897	7,489,679	7,218	None
	<u>\$497,462,647</u>	<u>\$460,196,703</u>	<u>\$ 37,265,944</u>	
Projects funded by revenue bonds and developer contributions:				
Utility line improvements	\$ 2,376,616	\$ 2,138,975	\$ 237,641	None
Self-financed construction	62,339,198	41,354,352	20,984,846	None
	<u>\$ 64,715,814</u>	<u>\$ 43,493,327</u>	<u>\$ 21,222,487</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014:

	Balance October 1, 2013	Additions	Refundings/ Retirements	Balance September 30, 2014	Due within one year
Governmental Activities					
General obligation bonds	\$ 96,340,000	\$ 77,350,000	\$ (17,910,000)	\$ 155,780,000	\$ 6,435,000
Certificates of obligation	11,770,000	-	(635,000)	11,135,000	660,000
Hotel tax revenue bonds	14,345,000	-	(550,000)	13,795,000	570,000
Sales tax revenue bonds	19,580,000	-	(3,880,000)	15,700,000	3,950,000
State infrastructure bank loans	16,007,402	-	(1,433,257)	14,574,145	1,492,521
Plus deferred amount:					
For issuance premium	4,158,222	6,161,887	(571,132)	9,748,977	797,809
For issuance discount	(156,786)	-	13,680	(143,106)	(13,679)
Lease purchase payable	2,197,272	1,450,000	(1,358,554)	2,288,718	783,047
Compensated absences	5,200,229	3,652,523	(3,484,153)	5,368,599	3,596,961
Other post-employment benefits	1,953,165	717,210	(283,684)	2,386,691	-
Total governmental activities	<u>171,394,504</u>	<u>89,331,620</u>	<u>(30,092,100)</u>	<u>230,634,024</u>	<u>18,271,659</u>
Business-Type Activities					
Revenue bonds	83,625,000	8,000,000	(2,600,000)	89,025,000	2,900,000
Plus deferred amount:					
For issuance premium	1,767,673	79,167	(71,946)	1,774,894	71,946
Compensated absences	473,692	422,943	(374,217)	522,418	350,020
Other post-employment benefits	236,470	97,800	(38,683)	295,587	-
Total business-type activities	<u>86,102,835</u>	<u>8,599,910</u>	<u>(3,084,846)</u>	<u>91,617,899</u>	<u>3,321,966</u>
Total government	<u>\$ 257,497,339</u>	<u>\$ 97,931,530</u>	<u>\$ (33,176,946)</u>	<u>\$ 322,251,923</u>	<u>\$ 21,593,625</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, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2014 is comprised of the following:

	Governmental Activities	Business-type Activities
General Obligation Bonds:		
\$ 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%	\$ 37,280,000	\$ -
\$ 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%	16,785,000	-
\$ 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%	16,910,000	-
\$ 8,615,000 2013 refunding bonds due in annual installments of \$ 455,000 to \$ 925,000 through 2024; interest at 1.00% to 1.65%	7,615,000	-
\$ 10,465,000 2014A GO and refunding bonds due in annual installments of \$ 270,000 to \$ 1,740,000 through 2021; interest at 2.0% to 5.0%	10,305,000	-
\$ 66,885,000 2014 GO and refunding bonds due in annual installments of \$ -0- to \$ 4,790,000 through 2038; interest at 3.0% to 5.0%	66,885,000	-
Total General Obligation Bonds	<u>155,780,000</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%	11,135,000	-
Total Certificates of Obligation	<u>11,135,000</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%	6,190,000	-
\$ 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%	7,605,000	-
Total Hotel Tax Revenue Bonds	<u>13,795,000</u>	<u>-</u>
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%	10,840,000	-
\$ 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%	1,410,000	-
\$ 10,650,000 2011 refunding bonds due in annual installments of \$ 1.0 to \$ 2.5 million through 2016 including interest at 1.25%	3,450,000	-
Total Sales Tax Revenue Bonds	<u>15,700,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
State Infrastructure Bank Loans:		
\$ 7,000,000 2006 note due in annual installments of \$ 557,759 through 2021 including interest at 4%	\$ 3,822,309	\$ -
\$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2%	10,751,836	-
Total State Infrastructure Bank Loans	14,574,145	-
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 to 2.95%	-	8,655,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0 to 5.0%	-	72,370,000
\$ 8,000,000 2014 bonds due in annual installments of \$ -0- to \$ 585,000 through 2034; interest at 2.0 to 4.0%	-	8,000,000
Total Utility System Revenue Bonds	-	89,025,000
Issuance premium	9,748,977	1,774,894
Issuance discount	(143,106)	-
Lease purchases payable:		
\$ 6,822,023 leases due in semi annual installments including interest ranging from 1.02% -3.78% due in 2019. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$ 6,822,023 at 9/30/2014.	2,288,718	-
Compensated absences	5,368,599	522,418
Other post-employment benefits	2,386,691	295,587
Total primary government debt	\$ 230,634,024	\$ 91,617,899

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2014, including interest, are as follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities:

Year Ended September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
2015	\$ 7,095,000	\$ 7,114,230	\$ 14,209,230
2016	7,345,000	6,847,481	14,192,481
2017	7,640,000	6,561,071	14,201,071
2018	7,930,000	6,270,578	14,200,578
2019	10,200,000	5,993,818	16,193,818
2020-2024	47,905,000	23,932,296	71,837,296
2025-2029	32,830,000	14,736,743	47,566,743
2030-2034	23,935,000	7,986,344	31,921,344
2035-2039	22,035,000	2,966,381	25,001,381
	<u>\$ 166,915,000</u>	<u>\$ 82,408,942</u>	<u>\$ 249,323,942</u>

Year Ended September 30,	Hotel Tax Revenue		
	Principal	Interest	Total
2015	\$ 570,000	\$ 503,266	\$ 1,073,266
2016	590,000	482,366	1,072,366
2017	615,000	460,716	1,075,716
2018	635,000	438,166	1,073,166
2019	660,000	414,716	1,074,716
2020-2024	3,705,000	1,661,223	5,366,223
2025-2029	2,460,000	1,017,075	3,477,075
2030-2034	2,335,000	667,550	3,002,550
2034-2037	2,225,000	182,300	2,407,300
	<u>\$ 13,795,000</u>	<u>\$ 5,827,378</u>	<u>\$ 19,622,378</u>

Year Ended September 30,	Sales Tax Revenue		
	Principal	Interest	Total
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	1,755,000	319,856	2,074,856
2019	1,825,000	249,656	2,074,656
2020-2021	3,875,000	263,474	4,138,474
	<u>\$ 15,700,000</u>	<u>\$ 2,225,354</u>	<u>\$ 17,925,354</u>

Year Ended September 30,	State Infrastructure Bank Loans		
	Principal	Interest	Total
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	1,685,435	411,555	2,096,990
2019	1,755,133	341,858	2,096,991
2020-2023	6,468,312	637,053	7,105,365
	<u>\$ 14,574,145</u>	<u>\$ 3,016,174</u>	<u>\$ 17,590,319</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

<u>Year Ended September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 783,047	\$ 28,709	\$ 811,756
2016	622,343	19,228	641,571
2017	289,982	12,278	302,260
2018	294,420	7,840	302,260
2019	298,926	3,334	302,260
	<u>\$ 2,288,718</u>	<u>\$ 71,389</u>	<u>\$ 2,360,107</u>

Business-type Activities:

<u>Year Ended September 30,</u>	<u>Utility System Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,900,000	\$ 3,994,788	\$ 6,894,788
2016	2,860,000	3,820,204	6,680,204
2017	2,950,000	3,718,234	6,668,234
2018	3,030,000	3,627,429	6,657,429
2019	3,130,000	3,515,274	6,645,274
2020-2024	17,275,000	15,563,691	32,838,691
2025-2029	17,575,000	12,008,018	29,583,018
2030-2034	19,050,000	7,845,888	26,895,888
2035-2039	20,255,000	3,137,000	23,392,000
	<u>\$ 89,025,000</u>	<u>\$ 57,230,526</u>	<u>\$ 146,255,526</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, 2014, there are no bonds outstanding which have been reported as 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Purpose	Date Authorized	Amount Authorized	Amount Issued (*)	Unissued Balance
Fire Department	11/5/2013	\$ 16,500,000	\$ 7,000,000	\$ 9,500,000
Parks & Recreation	11/5/2013	56,500,000	46,200,000	10,300,000
Library	11/5/2013	23,200,000	1,500,000	21,700,000
Police & Fire	11/5/2013	27,400,000	16,300,000	11,100,000
		<u>\$ 123,600,000</u>	<u>\$ 71,000,000</u>	<u>\$ 52,600,000</u>

(*) "Amount issued" column is adjusted pursuant to rules used by the Texas Attorney General.

The City may incur non-voted debt payment from or secured by its levy and collection of ad valorem taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

(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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(2) HOTEL TAX REVENUE BONDS

The debt service fund for the hotel tax revenue bonds, aggregating \$ 865,052 at September 30, 2014, 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 \$ 837,434 at September 30, 2014. 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 \$ 95,295 at September 30, 2014, 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.

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) 2014 REFUNDING/ISSUANCE

In March, 2014 the City issued \$ 66,885,000 in General Obligation Bonds, Series 2014. When coupled with the reoffering premium, \$ 71,000,000 was available after payment of issuance costs to finance the City's fire department and library facilities, police and fire training facilities and park and recreation improvements.

In May, 2014 the City advance refunded portions of General Obligation Bonds. The net proceeds of the \$ 10,465,000 of general obligation refunding bonds plus the reoffering premium (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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(4) 2014 REFUNDING/ISSUANCE (CONTINUED)

This advance refunding will reduce the total debt service payments over the next 7 years by \$ 1,335,071, and will result in an economic gain (ie. The difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$ 1,251,796.

Also in May, 2014 the City issued \$ 8,615,000 in Utility System Revenue Bonds, Series 2014. The proceeds will be used for expansion and improvement of the City's drainage system and payment of costs to issue the bonds.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2014, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2013	\$ 5,200,229	\$ 473,692
Additions	3,652,523	422,943
Reductions	(3,484,153)	(374,217)
Balance, September 30, 2014	<u>\$ 5,368,599</u>	<u>\$ 522,418</u>

Accrued compensated absences due within one year were \$ 3,596,961 for governmental activities and \$ 350,020 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2014:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service fund	\$ 2,336,936	\$ -	\$ 239,308	\$ -	\$ -
Restricted by debt covenants-					
Round Rock Transportation					
System Development Corp.	28,777,424	2,529,550	-	1,291,661	45,387
2014 General Obligation Bond Fund	12,895,802	56,070,007	-	-	-
Nonmajor capital projects funds	8,641,032	-	-	-	-
Total Governmental Activities	\$ 52,651,194	\$ 58,599,557	\$ 239,308	\$ 1,291,661	\$ 45,387
	Cash & Cash Equivalents	Accounts Receivable	Loans Receivable		
Business-Type Activities:					
Water and sewer fund-					
Impact fees	\$ 2,822,553	\$ 70,002	\$ -		
Construction	4,358,962	-	-		
Customer deposits	1,038,872	-	-		
Revenue bond debt service	297,703	-	-		
Loans receivable	-	-	215,530		
Total Business-Type Activities	\$ 8,518,090	\$ 70,002	\$ 215,530		

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City had a contract with the Round Rock Independent School District to collect City taxes and deposit monies to the City's accounts. As of September 1, 2014, Williamson County Tax Office collects the City taxes and deposits monies to the City's accounts. For this service, the School District was paid a contract amount of \$ 8,938.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2014, the City's cost under this contract was \$ 441,168.

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, 2014, the City's cost under this contract was \$ 1,190,497.

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, 2014, the City's cost under these contracts was \$ 1,705,221.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the Authority.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2014, expenditures for operation of the regional facilities were \$ 3,756,786.

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, 2014, the potential rebate was calculated at \$ 0.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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 32% of the City's sales tax collections for the year ended September 30, 2014.

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, 2014

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
2012	\$ 386,658	\$ 7,422,037	\$ 7,257,211	\$ 551,484
2013	\$ 551,484	\$ 6,235,153	\$ 6,317,787	\$ 468,850
2014	\$ 468,850	\$ 7,118,789	\$ 6,981,727	\$ 605,912

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 2012	Plan Year 2013	Plan Year 2014
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, 2014

IV. 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 elected to contribute the full rate of 16.04% for fiscal year 2014. 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)
2012	\$ 7,059,219	\$ 7,059,219	100.0%	\$ -
2013	\$ 7,193,822	\$ 7,193,822	100.0%	\$ -
2014	\$ 7,707,278	\$ 7,707,278	100.0%	\$ -

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2012 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

<i>Schedule of Actuarial Valuations</i>				
Valuation Date	12/31/2011	12/31/2012	12/31/2013	
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal	
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	
Single Amortization Period	26.0 years; closed period	25.1 years; closed period	26.0 years; closed period	
Amortization Period for new Gain/Losses	30 years	30 years	30 years	
Assets Valuation Method	10 yr. smoothed market	10 yr. smoothed market	10 yr. smoothed market	
Actuarial Assumptions:				
Investment Rate of Return*	7.0%	7.0%	7.0%	
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service	
*Includes Inflation at	3.0%	3.0%	3.0%	
Cost-of-Living Adjustments	2.1%	2.1%	2.1%	

Funded Status and Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation date, and the prior two years is as follows:

<i>Schedule of Funding Progress</i>				
Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013	
Actuarial Value of Assets	\$ 116,942,673	\$ 131,506,866	\$ 148,052,738	
Actuarial Accrued Liability (AAL)	\$ 151,101,234	\$ 163,340,205	\$ 189,013,034	
<i>Funded Ratio</i>	77.4%	80.5%	78.3%	
Unfunded AAL (UAAL)	\$ 34,158,561	\$ 31,833,339	\$ 40,960,296	
Covered Payroll	\$ 42,647,264	\$ 44,168,860	\$ 45,938,087	
<i>UAAL as a Percentage of Covered Payroll</i>	80.1%	72.1%	89.2%	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Contributions (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.

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 2014 and 2013.

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 0.13% 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.

The City also provides basic life and accidental death and dismemberment insurance for all eligible employees at no cost. The benefit is equal to the employee's annual base earnings up to a maximum of \$ 100,000. This benefit is paid out to the beneficiaries in the event of the employee's death.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

V. OTHER INFORMATION (CONTINUED)

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, 2014 this fund had adequate resources to fund the net OPEB obligation. On September 30, 2014 this fund had adequate resources to fund the OPEB obligation. A designation of committed fund balance for the annual net OPEB obligation was established and reported on the Statement of Net Position.

The City recognized the following liability in the financial statements at September 30, 2014. The City performed an actuarial study during fiscal year 2013. The annual required contribution and OPEB liability for fiscal year 2014 is based upon the September 30, 2014 biennial actuarial study.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014, is as follows:

	2013 Total	2014 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 755,553	\$ 709,093	\$ 96,694	\$ 805,787
Interest on net OPEB obligation	74,500	86,710	11,824	98,534
Adjustment to annual required contribution	(67,526)	(78,593)	(10,718)	(89,311)
Annual OPEB cost	762,527	717,210	97,800	815,010
Contributions made	(228,450)	(283,684)	(38,683)	(322,367)
Change in net OPEB obligation	534,077	433,526	59,117	492,643
Beginning net OPEB obligation	1,655,558	1,953,165	236,470	2,189,635
Net OPEB obligation	<u>\$ 2,189,635</u>	<u>\$ 2,386,691</u>	<u>\$ 295,587</u>	<u>\$ 2,682,278</u>
Percentage of annual OPEB cost contributed	<u>30.0%</u>			<u>39.6%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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
2012	\$ 718,150	\$ 312,207	43.5%	\$ 1,655,558
2013	\$ 762,527	\$ 228,450	30.0%	\$ 2,189,635
2014	\$ 815,010	\$ 322,367	39.6%	\$ 2,682,278

The funded status as of September 30, 2014, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress

Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Estimated Annual Covered Payroll	Percentage of UAAL to Covered Payroll
September 30		UAAL(1)			
2012	\$ -	\$ 8,360,494	0.0%	\$ 44,923,600	18.6%
2013	\$ -	\$ 8,647,524	0.0%	\$ 46,982,319	18.4%
2014	\$ -	\$ 9,092,582	0.0%	\$ 48,391,789	18.8%

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2011	October 1, 2012	October 1, 2013
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 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	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 a Management Agreement since 1989. 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
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2014
(UNAUDITED)**

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
Texas Municipal Retirement System							
	12/31/10	\$ 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%
	12/31/12	\$ 131,506,866	\$ 163,340,205	\$ 31,833,339	80.5%	\$ 44,168,860	72.1%
	12/31/13	\$ 148,052,738	\$ 189,013,034	\$ 40,960,296	78.3%	\$ 45,938,087	89.2%
Other Post-employment Benefits							
	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%
	9/30/2013	\$ -	\$ 8,647,524	\$ 8,647,524	0.0%	\$ 46,982,319	18.4%
	9/30/2014	\$ -	\$ 9,092,582	\$ 9,092,582	0.0%	\$ 48,391,789	18.8%

Note: GASB 45 was implemented in fiscal year 2009; therefore, information is available for 2010 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, 2014**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,987,112	\$ 2,160,075	\$ 13,147,187
Investments	2,000,012	-	2,000,012
Receivables -			
Accounts and other	422,393	47,914	470,307
Accrued interest	632	-	632
Interfund	19,788	-	19,788
Intergovernmental	-	-	-
Restricted assets-			
Cash and cash equivalents	-	8,641,032	8,641,032
Total assets	<u>\$ 13,429,937</u>	<u>\$ 10,849,021</u>	<u>\$ 24,278,958</u>
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 195,992	\$ 447,526	\$ 643,518
Accrued payroll	40,282	-	40,282
Interfund payables	8,250	11,758	20,008
Deferred revenue	-	751,574	751,574
Total liabilities	<u>244,524</u>	<u>1,210,858</u>	<u>1,455,382</u>
Fund balances -			
Restricted - authorized construction	-	8,196,306	8,196,306
Restricted - hotel-motel tax	11,173,765	-	11,173,765
Restricted - public safety	1,050,349	-	1,050,349
Committed	961,299	1,441,857	2,403,156
Total fund balances	<u>13,185,413</u>	<u>9,638,163</u>	<u>22,823,576</u>
Total liabilities and fund balances	<u>\$ 13,429,937</u>	<u>\$ 10,849,021</u>	<u>\$ 24,278,958</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Licenses, permits and fees	\$ 268,912	\$ -	\$ 268,912
Charges for services	146,460	-	146,460
Fines and forfeitures	200,910	-	200,910
Intergovernmental	428,166	-	428,166
Hotel occupancy tax	4,646,208	-	4,646,208
Investment and other	485,128	74,786	559,914
Contributions	33,069	154,033	187,102
Total revenues	<u>6,208,853</u>	<u>228,819</u>	<u>6,437,672</u>
Expenditures -			
Current -			
General government	567,826	-	567,826
Public safety	733,321	-	733,321
Culture and recreation	1,724,996	-	1,724,996
Capital projects	-	6,015,887	6,015,887
Total expenditures	<u>3,026,143</u>	<u>6,015,887</u>	<u>9,042,030</u>
Excess (deficiency) of revenues over expenditures	<u>3,182,710</u>	<u>(5,787,068)</u>	<u>(2,604,358)</u>
Other financing sources /(uses) -			
Transfers in	609,788	851,000	1,460,788
Transfers out	<u>(4,135,948)</u>	<u>(11,758)</u>	<u>(4,147,706)</u>
Total other financing sources/(uses)	<u>(3,526,160)</u>	<u>839,242</u>	<u>(2,686,918)</u>
Net change in fund balances	(343,450)	(4,947,826)	(5,291,276)
Fund balances, October 1, 2013	<u>13,528,863</u>	<u>14,585,989</u>	<u>28,114,852</u>
Fund balances, September 30, 2014	<u><u>\$ 13,185,413</u></u>	<u><u>\$ 9,638,163</u></u>	<u><u>\$ 22,823,576</u></u>



NONMAJOR SPECIAL REVENUE FUNDS

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

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

Drainage Fund – To account for amounts received to manage storm water runoff. As of October 1, 2014, the balance of this fund was transferred to the Water and Sewer Fund.

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, 2014**

	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Police	Municipal Court	Landscape
ASSETS					
Cash and cash equivalents	\$ 7,361,688	\$ 1,553,009	\$ 542,757	\$ 439,441	\$ 295,012
Investments	2,000,012	-	-	-	-
Receivables -					
Accounts and other	328,520	93,873	-	-	-
Accrued interest	632	-	-	-	-
Interfund	-	-	-	-	-
Total assets	<u>\$ 9,690,852</u>	<u>\$ 1,646,882</u>	<u>\$ 542,757</u>	<u>\$ 439,441</u>	<u>\$ 295,012</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 94,454	\$ 20,983	\$ 45,273	\$ 1,570	\$ 30,350
Accrued payroll	9,292	30,990	-	-	-
Interfund payables	<u>1,500</u>	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>105,246</u>	<u>58,723</u>	<u>45,273</u>	<u>1,570</u>	<u>30,350</u>
Fund balances -					
Restricted - hotel-motel tax	9,585,606	1,588,159	-	-	-
Restricted - public safety	-	-	497,484	437,871	-
Committed	-	-	-	-	264,662
Total fund balances	<u>9,585,606</u>	<u>1,588,159</u>	<u>497,484</u>	<u>437,871</u>	<u>264,662</u>
Total liabilities and fund balances	<u>\$ 9,690,852</u>	<u>\$ 1,646,882</u>	<u>\$ 542,757</u>	<u>\$ 439,441</u>	<u>\$ 295,012</u>

<u>Community Development Block Grant</u>	<u>Library</u>	<u>Public Education & Government</u>	<u>Traffic Safety Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,328	\$ 12,472	\$ 684,199	\$ 95,206	\$ 10,987,112
-	-	-	-	2,000,012
-	-	-	-	422,393
-	-	-	-	632
-	-	-	19,788	19,788
<u>\$ 3,328</u>	<u>\$ 12,472</u>	<u>\$ 684,199</u>	<u>\$ 114,994</u>	<u>\$ 13,429,937</u>
\$ 3,328	\$ 34	\$ -	\$ -	\$ 195,992
-	-	-	-	40,282
-	-	-	-	8,250
<u>3,328</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>244,524</u>
-	-	-	-	11,173,765
-	-	-	114,994	1,050,349
-	12,438	684,199	-	961,299
<u>-</u>	<u>12,438</u>	<u>684,199</u>	<u>114,994</u>	<u>13,185,413</u>
<u>\$ 3,328</u>	<u>\$ 12,472</u>	<u>\$ 684,199</u>	<u>\$ 114,994</u>	<u>\$ 13,429,937</u>

CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014

	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Drainage	Police	Municipal Court
Revenues -					
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	146,460	-	-	-
Fines and forfeitures	-	-	-	111,816	89,093
Intergovernmental	-	-	-	-	-
Hotel occupancy tax	3,613,515	1,032,692	-	-	-
Investment and other	1,910	466,073	-	17,007	36
Contributions	-	24,770	-	-	-
	<u>3,615,425</u>	<u>1,669,995</u>	<u>-</u>	<u>128,823</u>	<u>89,129</u>
Expenditures -					
Current-					
General government	-	-	-	-	80,637
Public safety	-	-	-	356,000	-
Culture and recreation	711,711	1,013,286	-	-	-
	<u>711,711</u>	<u>1,013,286</u>	<u>-</u>	<u>356,000</u>	<u>80,637</u>
Total expenditures	<u>711,711</u>	<u>1,013,286</u>	<u>-</u>	<u>356,000</u>	<u>80,637</u>
Excess (deficiency) of revenues over expenditures	<u>2,903,714</u>	<u>656,709</u>	<u>-</u>	<u>(227,177)</u>	<u>8,492</u>
Other financing sources /(uses) -					
Transfers in	-	590,000	-	-	-
Transfers out	(2,160,240)	(365,500)	(1,570,994)	-	-
Total other financing sources/(uses)	<u>(2,160,240)</u>	<u>224,500</u>	<u>(1,570,994)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	743,474	881,209	(1,570,994)	(227,177)	8,492
Fund balances, October 1, 2013	<u>8,842,132</u>	<u>706,950</u>	<u>1,570,994</u>	<u>724,661</u>	<u>429,379</u>
Fund balances, September 30, 2014	<u>\$ 9,585,606</u>	<u>\$ 1,588,159</u>	<u>\$ -</u>	<u>\$ 497,484</u>	<u>\$ 437,871</u>

Landscape	Community Development Block Grant	Annexation	Library	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ 33,750	\$ -	\$ -	\$ -	\$ 235,164	\$ -	\$ 268,914
-	-	-	-	-	-	146,460
-	-	-	-	-	-	200,909
-	428,166	-	-	-	-	428,166
-	-	-	-	-	-	4,646,207
25	-	3	1	73	-	485,128
6,000	-	-	2,299	-	-	33,069
<u>39,775</u>	<u>428,166</u>	<u>3</u>	<u>2,300</u>	<u>235,237</u>	<u>-</u>	<u>6,208,853</u>
58,631	428,166	-	392	-	-	567,826
-	-	-	-	377,320	-	733,320
-	-	-	-	-	-	1,724,997
<u>58,631</u>	<u>428,166</u>	<u>-</u>	<u>392</u>	<u>377,320</u>	<u>-</u>	<u>3,026,143</u>
<u>(18,856)</u>	<u>-</u>	<u>3</u>	<u>1,908</u>	<u>(142,083)</u>	<u>-</u>	<u>3,182,710</u>
-	-	-	-	-	19,788	609,788
<u>-</u>	<u>-</u>	<u>(39,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,135,948)</u>
-	-	(39,214)	-	-	19,788	(3,526,160)
(18,856)	-	(39,211)	1,908	(142,083)	19,788	(343,450)
<u>283,518</u>	<u>-</u>	<u>39,211</u>	<u>10,530</u>	<u>826,282</u>	<u>95,206</u>	<u>13,528,863</u>
<u>\$ 264,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,438</u>	<u>\$ 684,199</u>	<u>\$ 114,994</u>	<u>\$ 13,185,413</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.

2007 General Obligation Bonds Fund – To account for street, traffic safety and sidewalk improvement projects, improvements and equipment for police, fire and municipal office facilities.

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 street, traffic safety and sidewalk improvement projects, parks and recreation facilities, public safety facilities and improvements, municipal office facilities and public works improvements.

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, 2014**

	Streets and Drainage	2007 General Obligation Bonds	2004 General Obligation Bonds	Park Development	2007 Series CO
ASSETS					
Cash and cash equivalents	\$ 1,106,262	\$ -	\$ -	\$ 1,053,813	\$ -
Receivables -					
Accounts and other	47,914	-	-	-	-
Restricted assets-					
Cash and cash equivalents	-	4,984,651	1,370,410	-	35,336
Total assets	<u>\$ 1,154,176</u>	<u>\$ 4,984,651</u>	<u>\$ 1,370,410</u>	<u>\$ 1,053,813</u>	<u>\$ 35,336</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 2,800	\$ 127,613	\$ 238,394	\$ -	\$ -
Interfund payables	11,758	-	-	-	-
Deferred revenue	-	-	-	751,574	-
Total liabilities	<u>14,558</u>	<u>127,613</u>	<u>238,394</u>	<u>751,574</u>	<u>-</u>
Fund balances -					
Restricted - authorized construction	-	4,857,038	1,132,016	-	35,336
Committed	<u>1,139,618</u>	<u>-</u>	<u>-</u>	<u>302,239</u>	<u>-</u>
Total fund balances	<u>1,139,618</u>	<u>4,857,038</u>	<u>1,132,016</u>	<u>302,239</u>	<u>35,336</u>
Total liabilities and fund balances	<u>\$ 1,154,176</u>	<u>\$ 4,984,651</u>	<u>\$ 1,370,410</u>	<u>\$ 1,053,813</u>	<u>\$ 35,336</u>

2002 General Obligation Bonds	Convention Center Complex	Transit	Tourism Development	Venue Tax Projects	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,160,075
-	-	-	-	-	47,914
<u>1,627,715</u>	<u>67,460</u>	<u>161,286</u>	<u>379,554</u>	<u>14,620</u>	<u>8,641,032</u>
<u>\$ 1,627,715</u>	<u>\$ 67,460</u>	<u>\$ 161,286</u>	<u>\$ 379,554</u>	<u>\$ 14,620</u>	<u>\$ 10,849,021</u>
\$ 23,328	\$ 5,866	\$ 49,525	\$ -	\$ -	\$ 447,526
-	-	-	-	-	11,758
-	-	-	-	-	751,574
<u>23,328</u>	<u>5,866</u>	<u>49,525</u>	<u>-</u>	<u>-</u>	<u>1,210,858</u>
1,604,387	61,594	111,761	379,554	14,620	8,196,306
-	-	-	-	-	1,441,857
<u>1,604,387</u>	<u>61,594</u>	<u>111,761</u>	<u>379,554</u>	<u>14,620</u>	<u>9,638,163</u>
<u>\$ 1,627,715</u>	<u>\$ 67,460</u>	<u>\$ 161,286</u>	<u>\$ 379,554</u>	<u>\$ 14,620</u>	<u>\$ 10,849,021</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014**

	Streets and Drainage	2007 General Obligation Bonds	2004 General Obligation Bonds	Park Development	2007 Series CO
Revenues -					
Investment and other	\$ 15,359	\$ (929)	\$ 56	\$ 13,042	\$ 27
Contributions	154,033	-	-	-	-
Total revenues	169,392	(929)	56	13,042	27
Expenditures -					
Capital projects	-	4,295,942	560,756	-	127,438
Total expenditures	-	4,295,942	560,756	-	127,438
Excess (deficiency) of revenues over expenditures	169,392	(4,296,871)	(560,700)	13,042	(127,411)
Other financing sources /(uses) -					
Transfers in	-	-	-	-	-
Transfers out	(11,758)	-	-	-	-
Total other financing sources/(uses)	(11,758)	-	-	-	-
Net change in fund balances	157,634	(4,296,871)	(560,700)	13,042	(127,411)
Fund balances, October 1, 2013	981,984	9,153,909	1,692,716	289,197	162,747
Fund balances, September 30, 2014	<u>\$ 1,139,618</u>	<u>\$ 4,857,038</u>	<u>\$ 1,132,016</u>	<u>\$ 302,239</u>	<u>\$ 35,336</u>

2002 General Obligation Bonds	Convention Center Complex	Transit	Tourism Development	Venue Tax Projects	Total Nonmajor Capital Projects Funds
\$ 140	\$ 47,107	\$ -	\$ (18)	\$ 2	\$ 74,786
-	-	-	-	-	154,033
140	47,107	-	(18)	2	228,819
57,387	428,540	173,004	360,820	12,000	6,015,887
57,387	428,540	173,004	360,820	12,000	6,015,887
(57,247)	(381,433)	(173,004)	(360,838)	(11,998)	(5,787,068)
-	428,000	-	423,000	-	851,000
-	-	-	-	-	(11,758)
-	428,000	-	423,000	-	839,242
(57,247)	46,567	(173,004)	62,162	(11,998)	(4,947,826)
1,661,634	15,027	284,765	317,392	26,618	14,585,989
<u>\$ 1,604,387</u>	<u>\$ 61,594</u>	<u>\$ 111,761</u>	<u>\$ 379,554</u>	<u>\$ 14,620</u>	<u>\$ 9,638,163</u>

CITY OF ROUND ROCK, TEXAS
PROJECT – LENGTH SCHEDULE OF CONSTRUCTION PROJECTS –
ALL CAPITAL PROJECTS FUNDS
BEGINNING OF PROJECTS TO SEPTEMBER 30, 2014

	2007 Series GO	Park Development	2007 Series CO	Self- Financed Construction	Round Rock Transportation System Development Corporation
Total funding authorization	<u>\$ 32,026,675</u>	<u>\$ 1,737,949</u>	<u>\$ 15,419,653</u>	<u>\$ 142,334,495</u>	<u>\$ 247,342,837</u>
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ 80,366	\$ -	\$ 5,627,526	\$ 1,753,320
Contributions	10,780	918,778	-	11,290,175	15,705,311
Investment and other	1,736,701	809,419	539,989	2,532,335	4,163,003
Lease purchase proceeds	-	-	-	6,678,762	-
Issuance of general obligation and other debt	34,475,000	-	14,915,000	-	61,563,410
Transfers in	-	231,620	-	141,612,712	135,921,717
Other sources/transfers	<u>537,303</u>	<u>-</u>	<u>-</u>	<u>1,423,235</u>	<u>-</u>
	<u>\$ 36,759,784</u>	<u>\$ 2,040,183</u>	<u>\$ 15,454,989</u>	<u>\$ 169,164,745</u>	<u>\$ 219,106,761</u>
Expenditures and other uses -					
Capital projects	\$ 31,057,155	\$ 1,627,949	\$ 15,009,626	\$ 132,866,729	\$ 206,166,008
Transfers out	350,288	110,000	-	9,267,766	4,049,850
Other costs/transfers	<u>495,303</u>	<u>-</u>	<u>410,027</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 31,902,746</u>	<u>\$ 1,737,949</u>	<u>\$ 15,419,653</u>	<u>\$ 142,334,495</u>	<u>\$ 210,215,858</u>

Convention Center Complex	Transit	2002 Series GO	2004 Series GO	Tourism Development	Venue Tax Projects	2014 Series GO
<u>\$ 2,943,996</u>	<u>\$ 3,230,110</u>	<u>\$ 38,648,405</u>	<u>\$ 21,341,348</u>	<u>\$ 4,640,242</u>	<u>\$ 7,715,000</u>	<u>\$ 3,957,922</u>
\$ -	\$ 2,550,110	\$ 867,851	\$ -	\$ -	\$ -	\$ -
402,549	-	91,989	-	45,743	-	-
100,466	-	3,612,780	2,315,288	60,053	7,402	213,587
-	-	-	-	-	-	-
-	-	35,000,000	19,435,000	-	7,715,000	71,680,711
2,502,575	783,943	680,173	32,476	4,914,000	-	-
-	-	-	690,600	-	-	-
<u>\$ 3,005,590</u>	<u>\$ 3,334,053</u>	<u>\$ 40,252,793</u>	<u>\$ 22,473,364</u>	<u>\$ 5,019,796</u>	<u>\$ 7,722,402</u>	<u>\$ 71,894,298</u>
\$ 2,914,128	\$ 3,222,292	\$ 37,575,160	\$ 20,651,554	\$ 4,640,242	\$ 7,489,679	\$ 3,244,372
29,868	-	783,943	329,885	-	-	-
-	-	289,302	359,909	-	218,103	713,550
<u>\$ 2,943,996</u>	<u>\$ 3,222,292</u>	<u>\$ 38,648,405</u>	<u>\$ 21,341,348</u>	<u>\$ 4,640,242</u>	<u>\$ 7,707,782</u>	<u>\$ 3,957,922</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, 2014
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2013 Actual
		Original	Final		
Revenues -					
Taxes and franchise -					
Property tax	\$ 24,241,012	\$ 23,975,000	\$ 24,325,000	\$ (83,988)	\$ 23,407,919
Penalty and interest	89,098	75,000	75,000	14,098	85,591
Sales tax	51,346,719	46,150,000	51,300,000	46,719	49,662,335
Franchise	6,225,285	5,655,000	6,120,000	105,285	5,952,712
Bingo tax	35,480	28,000	28,000	7,480	32,104
Mixed drink tax	442,126	270,000	420,000	22,126	315,742
Total taxes and franchise	82,379,720	76,153,000	82,268,000	111,720	79,456,403
Licenses, permits and fees -					
Building permits	391,161	370,000	370,000	21,161	426,124
Other permits	34,373	30,000	30,000	4,373	35,336
Fees	549,411	421,000	421,000	128,411	736,644
Total licenses, permits and fees	974,945	821,000	821,000	153,945	1,198,104
Charges for services -					
Trash collection fees	1,772,015	1,662,000	1,702,000	70,015	1,674,814
Swimming pool fees	521,514	486,000	486,000	35,514	523,883
Recreation program fees	2,039,979	1,820,500	1,820,500	219,479	2,043,479
Filing and reproduction fees	24,103	21,000	21,000	3,103	21,922
Other	141,456	151,475	184,575	(43,119)	172,681
Total charges for services	4,499,067	4,140,975	4,214,075	284,992	4,436,779
Fines and forfeitures	2,472,760	2,704,000	2,745,800	(273,040)	2,702,635
Intergovernmental	577,841	363,026	416,718	161,123	374,881
Investment and other -					
Investment income	203,406	336,000	201,000	2,406	195,687
Other	3,412,349	2,352,800	3,761,090	(348,741)	2,125,206
Total investment and other	3,615,755	2,688,800	3,962,090	(346,335)	2,320,893
Total revenues	94,520,088	86,870,801	94,427,683	92,405	90,489,695

(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, 2014
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2013 Actual
		Original	Final		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 9,389,505	\$ 10,102,134	\$ 9,614,168	\$ 224,663	\$ 9,000,237
Contractual services	3,982,636	4,437,892	4,488,229	505,593	3,775,314
Supplies and materials	713,221	675,123	735,545	22,324	649,105
Other services and charges	8,832,791	8,923,676	9,119,396	286,605	8,915,546
Capital outlay	79,698	106,247	88,247	8,549	104,997
Total executive	22,997,851	24,245,072	24,045,585	1,047,734	22,445,199
Judicial -					
Personnel services	733,667	744,214	735,910	2,243	680,453
Contractual services	54,645	80,873	70,043	15,398	59,039
Supplies and materials	13,623	20,145	15,145	1,522	21,478
Other services and charges	8,182	10,630	10,630	2,448	6,878
Total judicial	810,117	855,862	831,728	21,611	767,848
Total general government	23,807,968	25,100,934	24,877,313	1,069,345	23,213,047
Public safety					
Police-					
Personnel services	21,510,363	21,936,569	21,656,521	146,158	20,360,882
Contractual services	1,472,892	1,346,931	1,595,948	123,056	1,323,727
Supplies and materials	1,617,799	1,615,182	1,683,092	65,293	1,691,229
Other services and charges	939,881	1,031,459	939,422	(459)	1,049,952
Capital outlay	532,885	595,000	581,000	48,115	426,828
Total police	26,073,820	26,525,141	26,455,983	382,163	24,852,618
Fire -					
Personnel services	13,968,428	13,610,422	14,452,743	484,315	12,910,097
Contractual services	308,768	334,833	313,843	5,075	292,080
Supplies and materials	969,943	819,370	992,128	22,185	829,927
Other services and charges	141,031	145,474	145,474	4,443	179,285
Capital outlay	111,530	55,000	121,500	9,970	102,446
Total fire	15,499,700	14,965,099	16,025,688	525,988	14,313,835
Total public safety	41,573,520	41,490,240	42,481,671	908,151	39,166,453

(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, 2014
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2013 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 2,984,677	\$ 2,943,558	\$ 2,979,696	\$ (4,981)	\$ 2,770,583
Contractual services	162,288	647,971	205,159	42,871	205,039
Supplies and materials	655,357	655,449	601,114	(54,243)	575,196
Other services and charges	654,800	70,799	673,492	18,692	469,255
Capital outlay	269,420	-	270,142	722	28,296
Total administration	4,726,542	4,317,777	4,729,603	3,061	4,048,369
Streets -					
Personnel services	1,870,249	1,909,155	1,939,726	69,477	1,806,049
Contractual services	1,353,634	3,185,120	1,667,602	313,968	1,211,715
Supplies and materials	684,525	796,237	738,615	54,090	720,599
Other services and charges	8,530	45,153	45,153	36,623	7,377
Capital outlay	433,552	420,700	412,782	(20,770)	261,057
Total streets	4,350,490	6,356,365	4,803,878	453,388	4,006,797
Maintenance shop -					
Personnel services	1,015,957	1,069,480	1,039,466	23,509	974,829
Contractual services	36,955	29,053	36,193	(762)	28,230
Supplies and materials	86,835	86,412	86,898	63	68,858
Other services and charges	9,327	25,216	9,011	(316)	14,126
Capital outlay	29,120	35,000	35,000	5,880	16,377
Total maintenance shop	1,178,194	1,245,161	1,206,568	28,374	1,102,420
Total public works	10,255,226	11,919,303	10,740,049	484,823	9,157,586

(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, 2014
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance- Positive (Negative)	2013 Actual
		Original	Final		
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,771,014	\$ 1,730,194	\$ 1,780,895	\$ 9,881	\$ 1,645,022
Contractual services	138,474	140,171	157,061	18,587	134,989
Supplies and materials	366,916	403,566	368,489	1,573	402,611
Other services and charges	170,522	145,033	169,242	(1,280)	100,772
Capital outlay	1,980	-	-	(1,980)	-
Total library	<u>2,448,906</u>	<u>2,418,964</u>	<u>2,475,687</u>	<u>26,781</u>	<u>2,283,394</u>
Parks and recreation -					
Personnel services	6,052,984	6,011,578	6,182,093	129,109	5,715,077
Contractual services	1,656,910	1,766,678	1,684,834	27,924	1,597,387
Supplies and materials	1,407,107	1,377,870	1,461,628	54,521	1,458,318
Other services and charges	248,791	244,185	270,365	21,574	239,188
Capital outlay	236,008	245,750	252,451	16,443	112,538
Total parks and recreation	<u>9,601,800</u>	<u>9,646,061</u>	<u>9,851,371</u>	<u>249,571</u>	<u>9,122,508</u>
Total culture and recreation	<u>12,050,706</u>	<u>12,065,025</u>	<u>12,327,058</u>	<u>276,352</u>	<u>11,405,902</u>
Total expenditures	<u>87,687,420</u>	<u>90,575,502</u>	<u>90,426,091</u>	<u>2,738,671</u>	<u>82,942,988</u>
Excess (deficiency) of revenues over expenditures	<u>6,832,668</u>	<u>(3,704,701)</u>	<u>4,001,592</u>	<u>2,831,076</u>	<u>7,546,707</u>
Other financing sources (uses) -					
Issuance of lease	727,699	806,700	728,000	(301)	445,980
Transfers in	2,930,783	2,919,025	2,919,025	11,758	2,832,850
Transfers out	<u>(10,347,382)</u>	<u>-</u>	<u>(7,627,593)</u>	<u>(2,719,789)</u>	<u>(9,079,094)</u>
Total other financing sources (uses)	<u>(6,688,900)</u>	<u>3,725,725</u>	<u>(3,980,568)</u>	<u>(2,708,332)</u>	<u>(5,800,264)</u>
Net change in fund balances	143,768	<u>\$ 21,024</u>	<u>\$ 21,024</u>	<u>\$ 122,744</u>	<u>\$ 1,746,443</u>
Fund balance, October 1, 2013	<u>38,979,868</u>				
Fund balance, September 30, 2014	<u><u>\$ 39,123,636</u></u>				

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Property taxes, including interest and penalties	\$ 12,097,615	\$ 11,992,000	\$ 11,992,000	\$ 105,615
Investment and other	3,486	11,000	11,000	(7,514)
Total revenues	12,101,101	12,003,000	12,003,000	98,101
Expenditures -				
Debt service -				
Principal retirement	14,395,697	14,238,452	14,398,452	2,755
Interest and fiscal charges	7,372,652	6,210,518	7,450,518	77,866
Issuance costs	149,338	149,338	149,338	-
Total expenditures	21,917,687	20,598,308	21,998,308	80,621
Excess (deficiency) of revenues over expenditures	(9,816,586)	(8,595,308)	(9,995,308)	178,722
Other financing sources (uses) -				
Issuance of debt	10,465,000	10,465,000	10,465,000	-
Issuance of premium	1,366,176	1,366,176	1,366,176	-
Payment to refunding agent	(11,682,994)	(11,682,994)	(11,682,994)	-
Transfers in	9,531,039	8,131,175	9,531,175	136
Total other financing sources (uses)	9,679,221	8,279,357	9,679,357	136
Net change in fund balances	(137,365)	<u>\$ (315,951)</u>	<u>\$ (315,951)</u>	<u>\$ 178,858</u>
Fund balance, October 1, 2013	<u>2,415,427</u>			
Fund balance, September 30, 2014	<u>\$ 2,278,062</u>			

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Hotel occupancy tax	\$ 3,613,515	\$ 3,100,000	\$ 3,100,000	\$ 513,515
Investment and other	1,910	25,000	25,000	(23,090)
Total revenues	3,615,425	3,125,000	3,125,000	490,425
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	255,285	257,131	257,131	1,846
Contractual services	281,625	241,421	293,321	11,696
Supplies and materials	11,001	20,770	15,770	4,769
Other services and charges	130,766	312,500	232,500	101,734
Capital outlay	33,034	-	33,100	66
Total expenditures	711,711	831,822	831,822	120,111
Excess of revenues over expenditures	2,903,714	2,293,178	2,293,178	610,536
Other financing sources /(uses) -				
Transfers out	(2,160,240)	(2,082,240)	(2,160,240)	-
Total other financing sources/(uses)	(2,160,240)	(2,082,240)	(2,160,240)	-
Net change in fund balances	743,474	\$ 210,938	\$ 132,938	\$ 610,536
Fund balance, October 1, 2013	8,842,132			
Fund balance, September 30, 2014	\$ 9,585,606			

**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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Charges for services	\$ 146,460	\$ 210,000	\$ 210,000	\$ (63,540)
Hotel occupancy tax	1,032,692	867,000	867,000	165,692
Investment and other	466,073	448,500	448,500	17,573
Contributions	24,770	50,000	50,000	(25,230)
Total revenues	1,669,995	1,575,500	1,575,500	94,495
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	569,242	761,708	761,708	192,466
Contractual services	207,100	690,605	672,403	465,303
Supplies and materials	187,197	206,717	223,419	36,222
Other services and charges	21,437	81,327	81,327	59,890
Capital outlay	28,310	50,088	51,588	23,278
Total expenditures	1,013,286	1,790,445	1,790,445	777,159
Excess of revenues over expenditures	656,709	(214,945)	(214,945)	871,654
Other financing sources /(uses) -				
Transfers in	590,000	590,000	590,000	-
Transfers out	(365,500)	(365,500)	(365,500)	-
Total other financing sources/(uses)	224,500	224,500	224,500	-
Net change in fund balances	881,209	\$ 9,555	\$ 9,555	\$ 871,654
Fund balance, October 1, 2013	706,950			
Fund balance, September 30, 2014	\$ 1,588,159			

**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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 111,816	\$ -	\$ -	\$ 111,816
Investment and other	17,007	418	418	16,589
Total revenues	128,823	418	418	128,405
Expenditures -				
Current -				
Public safety -				
Supplies and materials	20,000	20,000	20,000	-
Capital outlay	336,000	670,000	670,000	334,000
Total expenditures	356,000	690,000	690,000	334,000
Excess (deficiency) of revenues over expenditures	(227,177)	<u>\$ (689,582)</u>	<u>\$ (689,582)</u>	<u>\$ 462,405</u>
Fund balance, October 1, 2013	<u>724,661</u>			
Fund balance, September 30, 2014	<u>\$ 497,484</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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Fines and forfeitures	\$ 89,093	\$ 127,500	\$ 127,500	\$ (38,407)
Investment and other	36	300	300	(264)
Total revenues	89,129	127,800	127,800	(38,671)
Expenditures -				
Current -				
General government -				
Personnel services	54,472	65,000	65,000	10,528
Supplies and materials	25,965	38,705	38,705	12,740
Other services and charges	200	3,300	3,300	3,100
Total expenditures	80,637	107,005	107,005	26,368
Net change in fund balances	8,492	\$ 20,795	\$ 20,795	\$ (12,303)
Fund balance, October 1, 2013	429,379			
Fund balance, September 30, 2014	\$ 437,871			

**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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 33,750	\$ 25,000	\$ 25,000	\$ 8,750
Investment and other	25	340	340	(315)
Contributions	6,000	500	500	5,500
Total revenues	39,775	25,840	25,840	13,935
Expenditures -				
Current -				
General government -				
Supplies and materials	58,631	248,100	248,100	189,469
Total expenditures	58,631	248,100	248,100	189,469
Excess (deficiency) of revenues over expenditures	(18,856)	<u>\$ (222,260)</u>	<u>\$ (222,260)</u>	<u>\$ 203,404</u>
Fund balance, October 1, 2013	<u>283,518</u>			
Fund balance, September 30, 2014	<u>\$ 264,662</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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Intergovernmental	\$ 428,166	\$ 513,054	\$ 513,054	\$ (84,888)
Total revenues	428,166	513,054	513,054	(84,888)
Expenditures -				
Current -				
General government -				
Personnel services	54,857	54,857	54,857	-
Contractual services	-	-	-	-
Supplies and materials	129,557	140,177	140,177	10,620
Other services and charges	102,361	102,361	102,361	-
Capital outlay	141,391	215,659	215,659	74,268
Total expenditures	428,166	513,054	513,054	84,888
Excess (deficiency) of revenues over expenditures	-	\$ -	\$ -	\$ -
Fund balance, October 1, 2013	-			
Fund balance, September 30, 2014	\$ -			

**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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Investment and other	\$ 3	\$ 10	\$ 10	\$ (7)
Total revenues	3	10	10	(7)
Other financing sources /(uses) -				
Transfers in	-	-	-	-
Transfers out	(39,214)	(40,000)	(40,000)	786
Total other financing sources/(uses)	(39,214)	(40,000)	(40,000)	786
Net change in fund balances	(39,211)	<u>\$ (39,990)</u>	<u>\$ (39,990)</u>	<u>\$ 779</u>
Fund balance, October 1, 2013	<u>39,211</u>			
Fund balance, September 30, 2014	<u><u>\$ -</u></u>			

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2014

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues-				
Investment and other	\$ 1	\$ 10	\$ 10	\$ (9)
Contributions	2,299	4,000	4,000	(1,701)
Total revenues	2,300	4,010	4,010	(1,710)
Expenditures -				
Current -				
General government -				
Supplies and materials	392	5,550	5,550	5,158
Total expenditures	392	5,550	5,550	5,158
Excess of revenues over expenditures	1,908	<u>\$ (1,540)</u>	<u>\$ (1,540)</u>	<u>\$ 3,448</u>
Fund balance, October 1, 2013	<u>10,530</u>			
Fund balance, September 30, 2014	<u><u>\$ 12,438</u></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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Revenues -				
Licenses, permits and fees	\$ 235,164	\$ 240,000	\$ 240,000	\$ (4,836)
Investment and other	73	1,000	1,000	(927)
Total revenues	235,237	241,000	241,000	(5,763)
Expenditures -				
Current -				
Public safety-				
Capital outlay	377,320	450,000	450,000	72,680
Total expenditures	377,320	450,000	450,000	72,680
Net change in fund balances	(142,083)	<u>\$ (209,000)</u>	<u>\$ (209,000)</u>	<u>\$ 66,917</u>
Fund balance, October 1, 2013	<u>826,282</u>			
Fund balance, September 30, 2014	<u><u>\$ 684,199</u></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, 2014**

	Actual	Budgeted Amounts		Variance- Positive (Negative)
		Original	Final	
Expenditures -				
Current -				
Public works -				
Capital outlay	\$ -	\$ 30,000	\$ 30,000	\$ 30,000
Total expenditures	-	30,000	30,000	30,000
Excess (deficiency) of revenues over expenditures	-	(30,000)	(30,000)	30,000
Other financing sources /(uses) -				
Transfers in	19,788	-	-	19,788
Total other financing sources/(uses)	19,788	-	-	19,788
Net change in fund balances	19,788	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	<u>\$ 49,788</u>
Fund balance, October 1, 2013	<u>95,206</u>			
Fund balance, September 30, 2014	<u><u>\$ 114,994</u></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, 2014**

	Balances October 1, 2013	Additions	Deductions	Balances September 30, 2014
Assets				
Cash and cash equivalents	\$ 10,208	\$ 610,318	\$ 602,540	\$ 17,986
Total assets	<u>\$ 10,208</u>	<u>\$ 610,318</u>	<u>\$ 602,540</u>	<u>\$ 17,986</u>
Liabilities				
Due to participants	\$ 10,208	\$ 610,318	\$ 602,540	\$ 17,986
Total liabilities	<u>\$ 10,208</u>	<u>\$ 610,318</u>	<u>\$ 602,540</u>	<u>\$ 17,986</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2014

Capital assets -

Land	\$ 44,863,340
Buildings and improvements	770,401,996
Equipment	63,562,469
Construction in progress	<u>13,877,726</u>
	<u><u>\$ 892,705,531</u></u>

Investment in capital assets from -

Capital Projects Funds -

General obligation bonds	\$ 230,493,935
Federal grants	4,000,763
State grants	1,008,753
General Fund revenues	132,623,631
Special Revenue Fund revenues	213,811,692
Hotel Occupancy Tax revenues	35,892,270
Gifts	274,157,578
Special assessments	<u>716,909</u>
	<u><u>\$ 892,705,531</u></u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2014**

Function and Activity	Total	Land
General Government -		
Control -		
Executive	\$ 1,028,705	\$ -
Staff agencies -		
Public works	15,415,549	293,740
Finance	12,845,506	-
Law	59,134	-
Planning and zoning	1,910,843	-
General government	42,068,822	13,363,095
Total staff agencies	72,299,854	13,656,835
Total general government	73,328,559	13,656,835
Public safety -		
Police protection	34,426,229	2,622,159
Fire protection	20,649,333	2,392,200
Inspection	173,677	-
Total public safety	55,249,239	5,014,359
Public works -		
City shop	2,543,951	-
Streets and drainage	605,687,418	2,885,886
Total public works	608,231,369	2,885,886
Culture and recreation -		
Library	7,075,860	278,252
Recreation	134,942,778	23,028,008
Total culture and recreation	142,018,638	23,306,260
Total capital assets allocated to functions	878,827,805	\$ 44,863,340
Construction in progress	13,877,726	
Total capital assets	\$ 892,705,531	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,028,705</u>
3,035,343	2,748,881	9,337,585
103,895	1,239,833	11,501,778
-	-	59,134
31,230	1,734,794	144,819
19,276,648	5,932,411	3,496,668
<u>22,447,116</u>	<u>11,655,919</u>	<u>24,539,984</u>
<u>22,447,116</u>	<u>11,655,919</u>	<u>25,568,689</u>
18,692,888	1,073,806	12,037,376
7,506,798	420,187	10,330,148
-	-	173,677
<u>26,199,686</u>	<u>1,493,993</u>	<u>22,541,201</u>
333,817	1,332,663	877,471
4,068,577	596,849,217	1,883,738
<u>4,402,394</u>	<u>598,181,880</u>	<u>2,761,209</u>
4,208,093	21,939	2,567,576
75,076,018	26,714,958	10,123,794
<u>79,284,111</u>	<u>26,736,897</u>	<u>12,691,370</u>
<u>\$ 132,333,307</u>	<u>\$ 638,068,689</u>	<u>\$ 63,562,469</u>

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS –
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2014

Function and Activity	Capital Assets October 1, 2013	Additions	Retirements/ Adjustments	Capital Assets September 30, 2014
General Government -				
Control -				
Executive	\$ 748,237	\$ 358,944	\$ (78,476)	\$ 1,028,705
Staff Agencies -				
Public works	19,027,023	564,534	(4,176,008)	15,415,549
Finance	10,578,329	2,331,885	(64,708)	12,845,506
Law	59,134	-	-	59,134
Planning and zoning	1,352,478	558,365	-	1,910,843
General government	39,567,949	2,512,693	(11,820)	42,068,822
Total staff agencies	70,584,913	5,967,477	(4,252,536)	72,299,854
Total general government	71,333,150	6,326,421	(4,331,012)	73,328,559
Public safety -				
Police protection	33,619,456	1,137,831	(331,058)	34,426,229
Fire protection	18,877,538	1,850,210	(78,415)	20,649,333
Inspection	173,677	-	-	173,677
Total public safety	52,670,671	2,988,041	(409,473)	55,249,239
Public works -				
City shop	2,487,027	97,315	(40,391)	2,543,951
Streets and drainage	581,477,140	24,297,048	(86,770)	605,687,418
Total public works	583,964,167	24,394,363	(127,161)	608,231,369
Culture and recreation -				
Library	7,030,784	45,076	-	7,075,860
Recreation	111,309,256	23,897,584	(264,062)	134,942,778
Total culture and recreation	118,340,040	23,942,660	(264,062)	142,018,638
Construction in progress	32,146,415	37,747,399	(56,016,088)	13,877,726
Total capital assets	\$ 858,454,443	\$ 95,398,884	\$ (61,147,796)	\$ 892,705,531

**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.	148
Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	158
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.	166
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.	173
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.	175

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities-				
Net investment in capital assets	\$ 191,409,740	\$ 218,160,338	\$ 207,796,040	\$ 232,391,397
Restricted	80,729,650	77,194,520	122,586,350	112,917,770
Unrestricted	<u>66,469,441</u>	<u>74,382,554</u>	<u>80,260,007</u>	<u>81,136,188</u>
Total governmental activities net position	<u><u>\$ 338,608,831</u></u>	<u><u>\$ 369,737,412</u></u>	<u><u>\$ 410,642,397</u></u>	<u><u>\$ 426,445,355</u></u>
Business-type activities-				
Net investment in capital assets	\$ 166,695,648	\$ 184,270,630	\$ 203,541,558	\$ 219,607,998
Restricted	20,737,192	17,534,251	21,938,288	14,376,789
Unrestricted	<u>35,012,093</u>	<u>44,027,327</u>	<u>46,122,809</u>	<u>53,228,109</u>
Total business-type activities net position	<u><u>\$ 222,444,933</u></u>	<u><u>\$ 245,832,208</u></u>	<u><u>\$ 271,602,655</u></u>	<u><u>\$ 287,212,896</u></u>
Primary government-				
Net investment in capital assets	\$ 358,105,388	\$ 402,430,968	\$ 411,337,598	\$ 451,999,395
Restricted	101,466,842	94,728,771	144,524,638	127,294,559
Unrestricted	<u>101,481,534</u>	<u>118,409,881</u>	<u>126,382,816</u>	<u>134,364,297</u>
Total primary government activities net position	<u><u>\$ 561,053,764</u></u>	<u><u>\$ 615,569,620</u></u>	<u><u>\$ 682,245,052</u></u>	<u><u>\$ 713,658,251</u></u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 266,247,218	\$ 274,037,741	\$ 282,782,272	\$ 301,091,350	\$ 349,629,681	\$ 292,532,167
98,598,163	96,271,490	98,064,518	92,310,664	55,641,097	119,539,523
<u>77,469,398</u>	<u>80,169,689</u>	<u>81,720,938</u>	<u>81,643,640</u>	<u>79,361,189</u>	<u>72,739,676</u>
<u>\$ 442,314,779</u>	<u>\$ 450,478,920</u>	<u>\$ 462,567,728</u>	<u>\$ 475,045,654</u>	<u>\$ 484,631,967</u>	<u>\$ 484,811,366</u>
\$ 217,990,010	\$ 210,960,047	\$ 213,536,543	\$ 212,883,311	\$ 214,178,908	\$ 221,062,599
15,571,119	9,125,932	11,984,130	13,994,028	6,868,062	7,764,750
<u>66,770,620</u>	<u>85,930,757</u>	<u>95,693,542</u>	<u>104,985,805</u>	<u>116,650,981</u>	<u>118,105,044</u>
<u>\$ 300,331,749</u>	<u>\$ 306,016,736</u>	<u>\$ 321,214,215</u>	<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>	<u>\$ 346,932,393</u>
\$ 484,237,228	\$ 484,997,788	\$ 496,318,815	\$ 513,974,661	\$ 563,808,589	\$ 513,594,766
114,169,282	105,397,422	110,048,648	106,304,692	62,509,159	127,304,273
<u>144,240,018</u>	<u>166,100,446</u>	<u>177,414,480</u>	<u>186,629,445</u>	<u>196,012,170</u>	<u>190,844,720</u>
<u>\$ 742,646,528</u>	<u>\$ 756,495,656</u>	<u>\$ 783,781,943</u>	<u>\$ 806,908,798</u>	<u>\$ 822,329,918</u>	<u>\$ 831,743,759</u>

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

	2005	2006	2007	2008
Expenses:				
Governmental activities-				
General government	\$ 20,282,360	\$ 21,634,710	\$ 21,823,415	\$ 24,154,706
Public safety	22,762,219	27,724,273	28,879,882	34,541,169
Public works	20,919,303	24,804,177	27,114,039	28,727,136
Culture and recreation	10,921,173	11,714,066	11,905,643	12,842,679
Interest on long-term debt	8,613,637	7,856,260	8,733,873	9,353,621
Total governmental activities expenses	83,498,692	93,733,486	98,456,852	109,619,311
Business-type activities-				
Water and sewer utility	25,051,538	27,783,218	29,275,204	33,032,588
Golf course	215,595	150,029	167,906	185,659
Total business-type activities expenses	25,267,133	27,933,247	29,443,110	33,218,247
Total primary government expenses	108,765,825	121,666,733	127,899,962	142,837,558
Program revenues:				
Governmental activities-				
Charges for services-				
General government	1,352,613	2,021,621	1,766,153	1,941,519
Public safety	2,674,255	2,371,379	2,851,787	3,197,900
Public works	1,040,788	1,139,836	1,337,371	1,295,783
Culture and recreation	1,941,047	2,408,710	2,489,438	2,721,570
Operating grants and contributions	625,905	1,057,821	931,269	1,097,733
Capital grants and contributions	14,435,954	12,548,335	17,322,551	3,825,335
Total governmental activities program revenues	22,070,562	21,547,702	26,698,569	14,079,840
Business-type activities-				
Charges for services-				
Water and sewer utility	27,161,741	30,566,103	30,968,868	35,060,024
Golf course	427,504	476,082	476,025	474,353
Capital grants and contributions	16,001,810	19,706,224	24,381,521	13,967,314
Total business-type activities program revenues	43,591,055	50,748,409	55,826,414	49,501,691
Total primary government program revenues	65,661,617	72,296,111	82,524,983	63,581,531
Net (expense) revenue-				
Governmental activities	(61,428,130)	(72,185,784)	(71,758,283)	(95,539,471)
Business-type activities	18,323,922	22,815,162	26,383,304	16,283,444
Total primary government net expense	(43,104,208)	(49,370,622)	(45,374,979)	(79,256,027)

2009	2010	2011	2012	2013	2014
\$ 24,856,934	\$ 27,064,905	\$ 28,487,648	\$ 30,406,768	\$ 27,923,780	\$ 28,050,936
37,104,418	36,688,203	39,140,352	40,944,978	41,842,363	45,283,826
27,608,721	29,053,781	28,285,749	29,373,310	32,574,926	36,079,228
14,433,602	14,260,057	14,514,561	15,069,456	15,702,435	18,074,001
9,410,388	9,394,116	8,608,399	7,144,755	6,915,772	8,478,700
113,414,063	116,461,062	119,036,709	122,939,267	124,959,276	135,966,691
37,178,011	37,623,591	38,602,875	38,842,107	42,657,792	44,605,155
182,521	192,595	174,149	157,135	141,153	71,090
37,360,532	37,816,186	38,777,024	38,999,242	42,798,945	44,676,245
150,774,595	154,277,248	157,813,733	161,938,509	167,758,221	180,642,936
3,820,455	3,927,379	3,519,857	3,104,355	2,822,715	2,559,380
3,646,892	4,150,577	4,295,283	4,215,243	3,248,867	2,652,480
877,676	836,169	2,032,530	2,760,386	2,942,382	726,785
2,503,925	2,531,989	3,136,422	2,737,969	2,844,842	3,032,109
1,064,411	932,879	1,130,628	1,135,386	829,367	1,042,301
14,083,063	7,634,857	9,257,876	9,782,214	5,310,541	5,901,038
25,996,422	20,013,850	23,372,596	23,735,553	17,998,714	15,914,093
37,802,909	37,512,213	44,922,715	43,327,656	43,094,185	43,705,878
485,972	349,424	431,413	480,116	522,169	382,081
12,490,491	6,014,265	9,518,890	7,533,264	6,514,369	10,226,302
50,779,372	43,875,902	54,873,018	51,341,036	50,130,723	54,314,261
76,775,794	63,889,752	78,245,614	75,076,589	68,129,437	70,228,354
(87,417,641)	(96,447,212)	(95,664,113)	(99,203,714)	(106,960,562)	(120,052,598)
13,418,840	6,059,716	16,095,994	12,341,794	7,331,778	9,638,016
(73,998,801)	(90,387,496)	(79,568,119)	(86,861,920)	(99,628,784)	(110,414,582)

(Continued)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General revenues and other changes				
in net position:				
Governmental activities-				
Taxes-				
Property	20,486,575	21,632,249	24,409,535	27,560,939
Franchise	4,488,608	4,990,439	5,499,222	5,748,333
Sales	58,546,001	64,999,744	67,924,755	64,038,208
Hotel occupancy	1,905,049	2,268,619	2,838,689	2,939,352
Public service	212,565	227,784	257,384	286,179
Investment earnings	3,932,154	7,232,842	9,912,657	8,220,228
Miscellaneous	206,057	122,499	152,805	257,495
Transfers	<u>2,752,423</u>	<u>1,840,189</u>	<u>1,668,221</u>	<u>2,291,695</u>
Total governmental activities	<u>92,529,432</u>	<u>103,314,365</u>	<u>112,663,268</u>	<u>111,342,429</u>
Business-type activities-				
Investment earnings	997,802	2,363,692	1,055,364	1,618,492
Miscellaneous	29,067	48,610	-	-
Transfers	<u>(2,752,423)</u>	<u>(1,840,189)</u>	<u>(1,668,221)</u>	<u>(2,291,695)</u>
Total business-type activities	<u>(1,725,554)</u>	<u>572,113</u>	<u>(612,857)</u>	<u>(673,203)</u>
Total primary government	<u>90,803,878</u>	<u>103,886,478</u>	<u>112,050,411</u>	<u>110,669,226</u>
Change in net position:				
Governmental activities	31,101,302	31,128,581	40,904,985	15,802,958
Business-type activities	<u>16,598,368</u>	<u>23,387,275</u>	<u>25,770,447</u>	<u>15,610,241</u>
Total primary government	<u>\$ 47,699,670</u>	<u>\$ 54,515,856</u>	<u>\$ 66,675,432</u>	<u>\$ 31,413,199</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
29,867,765	33,040,085	33,578,991	34,379,529	34,979,578	36,502,409
6,213,263	5,934,540	6,221,790	6,326,735	5,952,712	6,460,448
58,777,622	59,545,288	61,734,643	63,305,917	66,216,447	68,462,292
2,394,145	2,291,326	2,684,046	3,252,542	4,140,920	4,646,208
315,739	327,723	352,159	316,320	347,846	477,606
4,112,703	1,365,802	988,222	1,635,630	2,026,554	1,882,139
-	-	-	-	-	-
<u>1,605,828</u>	<u>2,106,589</u>	<u>2,193,070</u>	<u>2,464,967</u>	<u>2,882,818</u>	<u>1,800,895</u>
<u>103,287,065</u>	<u>104,611,353</u>	<u>107,752,921</u>	<u>111,681,640</u>	<u>116,546,875</u>	<u>120,231,997</u>
1,305,841	1,731,860	1,294,555	772,102	1,385,847	1,397,321
-	-	-	-	-	-
<u>(1,605,828)</u>	<u>(2,106,589)</u>	<u>(2,193,070)</u>	<u>(2,464,967)</u>	<u>(2,882,818)</u>	<u>(1,800,895)</u>
<u>(299,987)</u>	<u>(374,729)</u>	<u>(898,515)</u>	<u>(1,692,865)</u>	<u>(1,496,971)</u>	<u>(403,574)</u>
<u>102,987,078</u>	<u>104,236,624</u>	<u>106,854,406</u>	<u>109,988,775</u>	<u>115,049,904</u>	<u>119,828,423</u>
15,869,424	8,164,141	12,088,808	12,477,926	9,586,313	179,399
<u>13,118,853</u>	<u>5,684,987</u>	<u>15,197,479</u>	<u>10,648,929</u>	<u>5,834,807</u>	<u>9,234,442</u>
<u>\$ 28,988,277</u>	<u>\$ 13,849,128</u>	<u>\$ 27,286,287</u>	<u>\$ 23,126,855</u>	<u>\$ 15,421,120</u>	<u>\$ 9,413,841</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 100,000	\$ -	\$ -	\$ -
<i>Restricted for-</i>				
Debt service	2,600,354	3,200,508	3,058,395	3,431,063
Authorized construction	80,318,821	72,754,038	116,277,182	104,541,402
Hotel-motel tax	3,131,203	4,153,604	5,191,941	6,368,822
Public safety	520,145	697,587	564,391	521,354
Community development	19,181	19,181	19,181	-
<i>Committed to-</i>				
Authorized construction	23,915,700	29,813,838	32,755,858	34,543,559
Drainage	-	-	-	-
Public education	-	-	-	-
Landscape improvements	33,128	66,802	388,111	788,440
Annexation fees	1,007,685	60,335	62,340	158,190
Library	14,551	14,269	14,815	15,164
<i>Unassigned</i>	<u>31,890,713</u>	<u>35,628,308</u>	<u>36,689,422</u>	<u>36,415,765</u>
Total governmental funds	<u>\$ 143,551,481</u>	<u>\$ 146,408,470</u>	<u>\$ 195,021,636</u>	<u>\$ 186,783,759</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ -	\$ -	\$ 288,758	\$ 321,044	\$ 375,087	\$ 397,271
2,887,281	1,944,761	2,238,270	2,301,340	2,415,427	2,278,062
90,000,407	88,064,514	88,021,123	81,424,206	43,630,036	106,539,802
7,005,856	7,314,509	8,114,729	8,927,441	9,549,082	11,173,765
497,243	862,273	1,024,405	937,105	1,249,246	1,050,349
-	-	-	-	-	-
31,250,099	33,739,591	35,731,396	35,645,374	31,856,334	26,570,024
-	-	573,809	1,179,777	1,570,994	-
-	-	862,066	872,484	826,282	684,199
574,093	571,705	542,779	248,771	283,518	264,662
158,886	158,990	39,163	39,190	39,211	-
14,302	11,176	11,239	6,625	10,530	12,438
<u>36,785,055</u>	<u>36,857,155</u>	<u>36,238,854</u>	<u>36,912,381</u>	<u>38,604,781</u>	<u>38,726,365</u>
<u>\$ 169,173,222</u>	<u>\$ 169,524,674</u>	<u>\$ 173,686,591</u>	<u>\$ 168,815,738</u>	<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>

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

	2005	2006	2007	2008
Revenues-				
Taxes and franchise	\$ 83,865,455	\$ 91,642,025	\$ 97,889,771	\$ 97,759,902
Licenses, permits and fees	1,218,975	970,570	1,585,091	1,593,711
Charges for services	4,100,595	4,311,153	3,569,077	3,895,886
Fines and forfeitures	1,455,280	1,696,474	1,849,523	2,014,379
Intergovernmental	885,038	1,165,978	2,578,680	1,317,506
Hotel occupancy tax	1,970,978	2,362,656	2,986,136	2,939,352
Investment and other	4,853,019	8,640,878	11,424,988	9,977,103
Contributions	1,258,618	165,670	826,807	2,094,375
Total revenues	99,607,958	110,955,404	122,710,073	121,592,214
Expenditures-				
General government	20,638,875	22,163,330	22,105,269	22,858,670
Public safety	21,674,409	25,785,545	28,456,892	32,949,754
Public works	7,587,502	8,506,994	8,719,701	9,360,999
Culture and recreation	9,382,752	10,021,489	10,711,796	11,693,213
Capital projects	27,972,915	36,896,924	36,542,219	53,298,559
Debt service-				
Principal retirement	7,518,388	7,090,383	11,940,981	10,448,506
Interest and fiscal charges	8,046,683	7,698,552	7,052,015	9,060,707
Other charges	313,483	-	3,994,688	-
Total expenditures	103,135,007	118,163,217	129,523,561	149,670,408
Excess of revenues over (under) expenditures	(3,527,049)	(7,207,813)	(6,813,488)	(28,078,194)
Other financing sources (uses)-				
Proceeds from sale of capital assets	-	1,423,235	-	-
Issuance of lease	600,000	600,000	3,250,000	750,000
Issuance of debt	19,915,000	6,201,378	80,110,000	16,798,622
Premium on bonds issued	1,361,510	-	573,448	-
Payment to refunded bond escrow agent	(20,927,719)	-	(30,175,015)	-
Transfers in	27,802,722	29,387,915	45,681,150	26,429,303
Transfers out	(25,050,299)	(27,547,726)	(44,012,929)	(24,137,608)
Total other financing sources (uses)	3,701,214	10,064,802	55,426,654	19,840,317
Net change in fund balances	\$ 174,165	\$ 2,856,989	\$ 48,613,166	\$ (8,237,877)
Capital outlay including amounts reported under departmental current expenditures	\$ 29,836,204	\$ 36,896,924	\$ 36,542,219	\$ 53,298,559
Debt service as a percentage of noncapital expenditures	21.2%	18.2%	20.4%	20.2%

2009	2010	2011	2012	2013	2014
\$ 95,097,743	\$ 98,990,298	\$ 101,914,916	\$ 104,318,270	\$ 107,417,612	\$ 111,592,909
1,053,959	907,705	2,155,358	3,094,983	3,567,437	1,243,857
3,757,215	3,767,565	3,985,634	4,198,815	4,436,779	4,645,527
2,057,353	2,260,401	2,492,261	2,814,987	3,208,637	2,673,670
1,232,594	3,953,092	3,302,276	2,158,621	1,225,195	3,044,095
2,394,145	2,291,326	2,684,046	3,252,543	4,140,920	4,646,208
8,406,513	3,652,629	3,786,134	2,635,613	3,565,842	4,783,567
1,729,637	972,641	3,282,812	5,858,346	2,567,327	3,152,100
115,729,159	116,795,657	123,603,437	128,332,178	130,129,749	135,781,933
22,640,290	22,874,155	24,346,515	25,332,577	23,783,735	24,375,794
34,099,601	34,539,844	36,556,318	37,646,821	39,475,791	42,306,841
10,065,601	9,565,430	8,797,799	9,791,618	11,852,443	11,291,499
11,813,663	11,157,995	11,336,602	11,958,179	12,440,948	13,775,702
38,798,458	21,184,635	22,981,288	39,916,082	65,523,775	38,694,239
10,942,820	11,456,810	11,815,968	13,040,604	12,852,059	14,395,697
9,290,481	9,097,057	8,072,821	6,825,065	6,797,281	7,372,652
-	1,327,989	247,433	256,373	98,630	862,888
137,650,914	121,203,915	124,154,744	144,767,319	172,824,662	153,075,312
(21,921,755)	(4,408,258)	(551,307)	(16,435,141)	(42,694,913)	(17,293,379)
-	-	-	-	-	-
1,505,390	1,310,569	1,372,023	500,000	1,000,000	1,450,000
-	18,575,000	16,145,000	27,295,000	8,615,000	77,350,000
-	1,387,593	223,248	1,317,881	-	6,161,887
-	(19,682,356)	(16,083,357)	(20,616,784)	(8,509,756)	(11,682,994)
33,385,722	24,459,490	27,752,457	34,447,300	49,547,722	32,984,237
(30,579,894)	(21,290,586)	(24,696,147)	(31,379,109)	(46,363,263)	(31,683,342)
4,311,218	4,759,710	4,713,224	11,564,288	4,289,703	74,579,788
\$ (17,610,537)	\$ 351,452	\$ 4,161,917	\$ (4,870,853)	\$ (38,405,210)	\$ 57,286,409
\$ 40,000,535	\$ 22,684,310	\$ 23,932,697	\$ 41,282,292	\$ 67,059,226	\$ 38,644,877
20.7%	20.9%	19.8%	19.2%	18.6%	19.0%

**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			
	\$	\$	\$	\$	\$	\$
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
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195

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	
	\$	\$	\$	\$	\$	\$	\$
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
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908

Source: Williamson County Tax Office

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

Name of Taxpayer	2014			2005		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 153,414,617	1	1.765 %	\$ 178,337,086	1	3.345 %
CPG Round Rock, LP	134,200,248	2	1.544	-	-	-
Baltgem Development Corp.	71,285,140	3	0.820	78,354,834	2	1.470
Dell Computer Corp.	65,445,280	4	0.753	71,584,394	3	1.343
Columbia/St. David Healthcare	62,152,791	5	0.715	27,472,523	6	0.515
CMF 15 Portfolio, LLC	56,206,719	6	0.647	-	-	-
Oncor Electric Delivery Co.	41,212,619	7	0.474	39,290,012	4	0.737
Inland American University Oaks, LP	38,671,693	8	0.445	-	-	-
Las Brisas Luxury Apartment Homes, LLP	38,325,183	9	0.441	-	-	-
Fisher-Rosemount Systems, Inc.	38,200,000	10	0.440	-	-	-
DuPont Photomasks, Inc.	-	-	-	38,491,250	5	0.722
Drever, Limestone, LP	-	-	-	26,846,544	7	0.504
2800 La Frontera #1A, LTD	-	-	-	23,557,086	8	0.442
A & B Texas, LLC	-	-	-	23,306,673	9	0.437
Lakeside II Partners, LP	-	-	-	21,015,396	10	0.394
	<u>\$ 699,114,290</u>		<u>8.044 %</u>	<u>\$ 528,255,798</u>		<u>9.909 %</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
	\$	\$	%	\$	\$	%
2005	20,296,296	20,103,093	99.05	178,103	20,281,196	99.93
2006	21,432,056	21,260,880	99.20	158,448	21,419,328	99.94
2007	24,021,335	23,862,022	99.34	145,984	24,008,006	99.94
2008	27,220,757	27,194,031	99.90	11,077	27,205,108	99.94
2009	29,931,048	29,745,017	99.38	158,137	29,903,154	99.91
2010	33,001,196	32,822,350	99.46	145,275	32,967,625	99.90
2011	33,469,184	33,330,239	99.58	108,921	33,439,160	99.91
2012	34,255,559	34,161,567	99.73	56,368	34,217,935	99.89
2013	34,865,783	34,717,536	99.57	90,045	34,807,581	99.83
2014	36,452,223	36,281,479	99.53	-	36,281,479	99.53

**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>
	\$	\$	\$	\$	\$
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	1,105,890,841	1,364,773,284	345,856,874	20,631,380	20,631,380
2012	1,223,316,405	1,191,461,753	380,227,320	18,545,355	26,448,906
2013	<u>1,395,609,347</u>	<u>1,185,606,648</u>	<u>404,494,748</u>	<u>20,223,143</u>	<u>29,352,089</u>
	<u>\$ 11,570,619,125</u>	<u>\$ 12,739,075,986</u>	<u>\$ 3,223,251,874</u>	<u>\$ 208,889,889</u>	<u>\$ 189,406,302</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
\$	\$	\$	\$	%	%	%
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%
69,836,183	2,841,380	-	2,912,677,302	2.0%	6.25%	8.25%
88,781,193	2,370,265	-	3,126,437,433	2.0%	6.25%	8.25%
<u>\$ 452,556,432</u>	<u>\$ 19,899,820</u>	<u>\$ 246,267,532</u>	<u>\$ 28,649,966,960</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2014**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended September 30, 2014	Number of Rooms	% of Total Collections
Austin Marriott North	\$ 699,648	\$ 199,899	\$ 899,547	295	19.4%
Homewood Suites	321,127	91,751	412,878	115	8.9%
Hilton Garden Inn	225,243	64,355	289,598	122	6.2%
Hampton Inn	223,289	63,797	287,086	93	6.2%
Residence Inn	184,843	52,812	237,655	96	5.1%
Holiday Inn	170,115	48,604	218,719	124	4.7%
Courtyard by Marriott	166,655	47,616	214,271	113	4.6%
Springhill Suites	157,394	44,970	202,364	104	4.4%
Holiday Inn Express	132,140	37,754	169,894	91	3.7%
La Quinta Inn	131,836	37,668	169,504	116	3.6%
Wingate Inn	122,798	35,085	157,883	100	3.4%
Baymont Inn	117,513	33,575	151,088	86	3.3%
Staybridge Suites	113,577	32,450	146,027	81	3.1%
Red Roof Inn	107,348	30,671	138,019	100	3.0%
Sleep Inn	101,754	30,073	131,827	74	2.8%
Microtel Inn & Suites	101,745	28,331	130,076	100	2.8%
Best Western Executive Inn	86,414	24,689	111,103	69	2.4%
Comfort Suites	75,246	21,499	96,745	63	2.1%
Round Rock Inn	70,691	20,197	90,888	62	1.9%
Candlewood Suites	67,526	19,293	86,819	98	1.9%
Country Inn & Suites	67,101	19,172	86,273	63	1.9%
Extended Stay America # 6197	54,926	15,693	70,619	104	1.5%
Extended Stay America #6030	45,980	13,137	59,117	138	1.3%
Days Inn & Suites	43,946	12,556	56,502	48	1.2%
Value Place	24,660	7,046	31,706	121	0.6%
	<u>\$ 3,613,515</u>	<u>\$ 1,032,693</u>	<u>\$ 4,646,208</u>	<u>2,576</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>
	\$	\$	\$	\$	\$
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
2013	964,181	1,091,350	1,152,982	932,407	4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208

**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		
	\$	\$	\$	\$	\$	%	\$
2005	98,680,000	3,471,000	59,825,594	270,000	162,246,594	6.70	1,887
2006	95,020,000	2,968,000	63,554,463	-	161,542,463	6.26	1,799
2007	124,960,000	16,120,000	60,994,604	355,000	202,429,604	7.53	2,188
2008	120,060,000	15,300,000	73,598,054	8,290,000	217,248,054	7.67	2,258
2009	115,725,000	14,475,000	69,270,163	11,555,000	211,025,163	7.10	2,121
2010	110,470,000	13,530,000	65,830,308	91,166,635	280,996,943	9.16	2,788
2011	105,980,000	12,965,000	60,691,660	89,888,648	269,525,308	8.63	2,655
2012	101,185,000	12,380,000	62,571,173	87,765,660	263,901,833	8.27	2,574
2013	96,340,000	11,770,000	56,131,110	85,392,673	249,633,783	7.56	2,380
2014	155,780,000	11,135,000	55,963,734	90,799,894	313,678,628	9.12	2,903

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
		\$	\$	\$	\$	%	\$
2005	86,000	5,331,148	98,603,919	(2) 2,600,354	96,003,565	1.80	1,116
2006	89,800	5,773,483	94,509,955	(2) 3,200,508	91,309,447	1.58	1,017
2007	92,500	6,514,969	138,226,097	(2) 3,058,395	135,167,702	2.07	1,461
2008	96,200	7,503,434	132,716,787	(2) 3,431,063	129,285,724	1.72	1,344
2009	99,500	8,194,468	127,721,445	(2) 2,887,281	124,834,164	1.52	1,255
2010	100,800	8,322,297	123,017,131	(2) 1,944,761	121,072,370	1.45	1,201
2011	101,500	8,017,148	118,122,822	(2) 2,238,270	115,884,552	1.45	1,142
2012	102,515	8,096,658	114,268,570	(2) 2,301,340	111,967,230	1.38	1,092
2013	104,900	8,291,050	108,241,436	(2) 2,415,427	105,826,009	1.28	1,009
2014	108,050	8,689,652	172,890,871	(2) 2,278,062	170,612,809	1.96	1,579

Note: Includes Certificates of Obligation and General Obligation Bonds net of related premiums and discounts.

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

(2) Gross bonded debt does not include self-supporting debt funded by enterprise funds. Gross self-supporting debt totaled \$ 3,630,000 at September 30, 2014.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2014**

<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	\$ 621,720,000 *	37.77%	\$ 234,823,644
Williamson County	849,554,942 *	21.69%	184,268,467
Austin Community College	82,713,659 *	6.75%	5,583,172
Georgetown ISD	208,090,000 *	0.22%	457,798
Travis County Healthcare District	13,240,000 *	0.28%	37,072
Travis County	660,879,987 *	0.28%	<u>1,850,464</u>
Subtotal, overlapping debt			427,020,617
City direct debt			<u>222,878,734</u>
Total direct and overlapping debt			<u><u>\$ 649,899,351</u></u>

* Gross Debt as of September 30, 2014

** 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 955,638,811	\$ 1,034,929,880	\$ 1,167,845,500	\$ 1,345,033,513
Total net debt applicable to limit	<u>93,578,032</u>	<u>89,029,039</u>	<u>132,491,172</u>	<u>126,786,525</u>
Legal debt margin	<u>\$ 862,060,779</u>	<u>\$ 945,900,841</u>	<u>\$ 1,035,354,328</u>	<u>\$ 1,218,246,988</u>
Total net debt applicable to the limit as a percentage of debt limit	9.79%	8.60%	11.34%	9.43%

Legal Debt Margin Calculation for Fiscal Year 2014

Total assessed value	<u>\$ 8,689,652,435</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,557,670,054
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 166,915,000
Less:	
Amount available in Debt Service Fund	(2,278,062)
Amounts considered self-supporting	<u>(3,630,000)</u>
Total net debt applicable to debt limit	<u>161,006,938</u>
Legal debt margin	<u>\$ 1,396,663,116</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, 2013, assessed valuation of \$ 8,689,652,435 at 100% collection, tax revenue of \$ 130,344,787 would be produced. This revenue could service the debt on \$1,557,670,054 issued as 20- year serial bonds at 5.50% (with level debt service payment).

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470	\$ 1,486,218,341	\$ 1,557,670,054
<u>122,512,295</u>	<u>117,540,239</u>	<u>112,406,730</u>	<u>107,568,660</u>	<u>101,824,573</u>	<u>161,006,938</u>
<u>\$ 1,346,393,057</u>	<u>\$ 1,374,279,194</u>	<u>\$ 1,324,713,124</u>	<u>\$ 1,343,803,810</u>	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>
8.34%	7.88%	7.82%	7.41%	6.85%	10.34%

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

<u>Fiscal Year</u>	<u>(1) Gross Revenue</u>	<u>(2) Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements Principal and Interest</u>	<u>Revenue Bond Coverage</u>
	\$	\$	\$	\$	
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
2013	44,479,457	25,401,579	19,077,878	6,101,113	3.13
2014	45,103,137	27,132,654	17,970,483	6,347,632	2.83

⁽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
		\$	\$			%
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
2013	104,900	3,301,727,500	31,475	32.0	45,361	5.0
2014	108,050	3,439,879,800	31,836	31.7	45,924	4.2

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

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

⁽³⁾ Round Rock Chamber of Commerce

⁽⁴⁾ Round Rock Independent School District

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

Name of Employer	2014			2005		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	13,000	1	22.93	9,500	1	20.95
Round Rock Independent School District	5,800	2	10.23	4,700	2	10.35
Sears TeleServe	1,500	3	2.65	1,450	3	3.20
City of Round Rock, Texas	830	4	1.46	738	4	1.63
Emerson Process Management	750	5	1.32			
Scott & White University Medical Campus	750	5	1.32			
Texas Guaranteed Student Loan	700	7	1.23	617	8	1.36
Round Rock Medical Center	690	8	1.22	685	6	1.51
Seton Williamson Medical Center	450	9	0.79			
Dresser Wayne, Inc.	450	9	0.79	700	5	1.54
Farmer's Insurance				650	7	1.42
Michel Angelo's Gourmet Foods				600	9	1.32
TECO/Westinghouse				450	10	0.99
	<u>24,920</u>		<u>43.95</u>	<u>20,090</u>		<u>44.27</u>

Source: Round Rock Chamber of Commerce

CITY OF ROUND ROCK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
CURRENT YEAR AND NINE YEARS AGO

Function:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	148	158	163	176	173	176	164	164	164	171
Public safety-										
Police-										
Officers	126	131	135	146	151	152	152	154	153	160
Civilians	47	55	58	62	61	61	67	67	68	64
Fire-										
Firefighters & officers	104	111	119	124	124	124	124	124	124	129
Civilians	4	4	5	5	5	5	5	5	6	8
Public works-										
Street & Drainage	48	48	48	48	48	48	48	48	55	55
Shop	14	15	15	15	15	15	15	15	15	16
Culture & recreation-										
Library	28	29	29	29	29	29	29	29	30	31
Parks & Recreation	91	93	93	95	97	98	94	94	91	91
Water	93	92	93	95	96	97	91	91	91	93
Sewer	<u>35</u>	<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Total	<u>738</u>	<u>771</u>	<u>793</u>	<u>831</u>	<u>835</u>	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>	<u>853</u>

Source: City of Round Rock Finance Department

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

Function:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police-				
Arrests	3,592	4,013	3,754	3,749
Accident reports	1,942	1,907	1,990	1,997
Index crimes reported	2,326	2,072	2,512	2,449
Crimes per thousand residents	28.30	22.80	27.90	30.10
Officers per thousand of population	1.50	1.50	1.46	1.52
Fire-				
Incident volume	6,709	6,430	7,463	7,690
Priority calls answered	5,376	4,977	4,592	5,656
Non-emergency calls answered	1,333	1,453	2,871	2,034
Priority calls-response less than 6 minutes	76%	73%	73%	64%
Public Works-				
Street-				
Street resurfacing (lane miles)	71	124	130	135
Potholes repaired annually	3,223	4,000	4,000	4,000
Signals maintained	42	52	57	59
Shop-				
Work orders	4,468	4,118	5,418	5,618
Number of departments served	15	18	18	19
Culture and Recreation-				
Library-				
Number of items circulated	647,343	671,816	725,370	762,926
Number of card holders	41,448	42,792	44,820	49,829
Number of library visits	298,996	302,900	306,000	311,000
Parks & Recreation-				
Total park acres maintained	1,532	1,547	1,610	1,610
Number of athletic fields maintained	38	38	38	38
Number of trees planted	325	843	500	818
Number of recreation enrollees	359,128	372,998	371,201	402,548
Water-				
New connections	1,228	1,549	1,181	572
Line maintenance work orders	5,434	4,242	4,400	4,400
Average monthly consumption	474,500,000	553,600,000	432,101,000	552,610,000
Sewer-				
Average monthly treatment	287,948,166	303,103,333	298,038,200	296,208,875
Line feet reviewed for infiltration & inflow	163,143	181,316	152,515	161,291

Source: City of Round Rock Finance Department

2009	2010	2011	2012	2013	2014
3,908	4,328	4,521	6,715	6,182	5,773
1,646	1,877	2,747	4,485	4,845	6,383
2,960	3,154	3,154	2,777	2,632	2,338
30.30	31.30	31.30	27.10	25.10	21.70
1.52	1.48	1.48	1.49	1.46	1.42
8,000	8,500	8,141	8,350	8,749	9
5,800	6,000	5,916	3,475	3,728	3,713
2,200	2,500	2,225	4,875	5,021	5,314
65%	65%	65%	60%	60%	63%
137	137	45	60	80	80
4,000	4,000	4,000	4,000	4,000	4,000
59	59	68	76	79	121
6,330	6,930	4,609	5,336	4,447	4,178
19	19	19	19	19	19
780,000	810,000	854,000	903,219	940,135	975,291
51,000	53,000	59,000	55,336	81,620	74,192
310,000	320,000	292,000	294,768	323,384	309,167
1,757	1,780	1,935	2,035	2,035	2,045
43	45	46	49	49	49
877	350	345	558	163	165
401,000	401,000	420,000	420,000	487,455	490,704
254	356	335	313	442	360
4,226	4,044	3,185	3,279	5,500	6,734
589,159,550	466,096,342	655,615,475	560,281,041	549,154,150	491,936,100
301,433,205	327,351,600	475,482,100	457,967,400	409,000,000	394,000,000
156,934	114,176	317,789	361,784	377,783	459,128

Source: City of Round Rock Finance Department

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

Function:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police-				
Number of stations	1	1	1	1
Number of units	136	142	186	189
Fire-				
Number of stations	6	6	6	7
Number of fire trucks	10	10	11	11
Public Works-				
Street-				
Lane miles	898	997	1,036	1,124
Drainage miles	92	92	92	100
Number of street lights	4,702	4,796	5,034	5,075
Number of traffic signals	42	52	57	59
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	160,559	133,111	147,000	180,397
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,532	1,547	1,610	1,610
Number of athletic fields	38	38	38	38
Number of parks	52	52	53	53
Number of tennis courts	23	23	23	23
Number of pools	4	5	5	5
Water-				
Number of miles of water lines	425	458	481	487
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	355	365	376	392
Wastewater lift stations	11	11	11	12

Source: City of Round Rock Finance Department

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1 195	1 199	1 199	1 199	1 201	1 229
7 14	7 15	7 16	7 16	7 16	7 14
1,124 100 5,103 59	1,137 100 5,104 59	1,200 100 5,119 68	1,200 100 5,312 76	1,250 150 6,000 79	1,250 150 6,800 83
1 19	1 19	1 19	1 19	1 19	1 19
185,000 1	185,000 1	183,000 1	195,000 1	150,211 1	154,278 1
1,855 44 60 23 5	2,119 46 84 23 5	2,274 47 85 23 4	2,035 49 62 23 4	2,035 49 62 23 4	2,035 49 62 25 4
503 15 19 48	591 15 20 52	584 15 20 52	585 15 20 52	587 14 20 52	601 14 20 52
400 12	417 12	422 12	422 12	424 12	432 12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2014**

<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	287,977,000	5.068 %
Williamson County Municipal Utility District # 11	Municipal Utility District	195,161,500	3.435
Williamson County Municipal Utility District # 10	Municipal Utility District	163,291,700	2.874
Vista Oaks Municipal Utility District	Municipal Utility District	116,447,000	2.049
Chandler Creek Municipal Utility District	Municipal Utility District	115,811,900	2.038
Paloma Lake Municipal Utility District #1	Municipal Utility District	76,317,900	1.343
Dell, Inc.	Electronic Equipment	75,979,000	1.337
Round Rock Independent School District	Public Schools	73,683,300	1.297
Michael Angelo's	Food Production	60,463,000	1.064
Walsh Ranch Municipal Utility District	Municipal Utility District	<u>50,002,100</u>	<u>0.880</u>
		<u>1,215,134,400</u>	<u>21.385 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2014**

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.

Source: City of Round Rock Finance Department



SINGLE AUDIT SECTION



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014

Federal Grantor/Pass-through Grantor Program Title	CFDA Number	Federal Grant I. D.	Federal Expenditures
U. S. Department of Housing & Urban Development			
CDBG Grant - 2013	14.218	B12MC480514	\$ 428,166
Total U. S. Department of Housing & Urban Development			<u>428,166</u>
U.S. Department of the Interior Pass-Through Programs			
<i>Passed-Through the Bureau of Reclamation</i>			
Williamson County Water Reclamation and Reuse Program	15.504	08FC602334	781,134
Total U.S. Department of the Interior Pass-Through Programs			<u>781,134</u>
U. S. Department of Justice			
Bulletproof Vest Program	16.607	2013BUBX	964
Total U. S. Department of Justice			<u>964</u>
U. S. Department of Transportation			
<i>Passed Through the Texas Department of Transportation</i>			
Intelligent Transportation System Deployment Project	20.205	CSJ#0914-00-167 & CSJ#0914-00-192	233,252
Brushy Creek Gap Trail Project	20.219	CSJ#0914-05-161	1,571,584
Federal Transit Formula Grants	20.507	TX-90-Y001-00	252,074
Job Access and Reverse Commute Program	20.516	TX-37-X065-01	162,167
Total U.S. Department of the Transportation Pass-Through Programs			<u>2,219,077</u>
U. S. Department of Homeland Security Pass-Through Programs			
<i>Passed-Through FEMA</i>			
Emergency Management Performance Grant	97.042	13-TX-EMPG-1425	45,401
Total U. S. Department of Homeland Security Pass-Through Programs			<u>45,401</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,474,742</u></u>

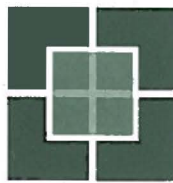
CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of Round Rock, Texas. The City's reporting entity is defined in the notes of the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned.



BROCKWAY
GERSBACH
FRANKLIN &
NIEMEIER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and
City Council
City of Round Rock, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Round Rock, Texas' basic financial statements, and have issued our report thereon dated January 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Round Rock, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Round Rock, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Round Rock, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Round Rock, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brockway, Dinsbach, Franklin & Nimmick, P.C.

Temple, Texas
January 27, 2015



BROCKWAY
GERSBACH
FRANKLIN &
NIEMEIER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable Mayor and
City Council
City of Round Rock, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Round Rock, Texas' major federal programs for the year ended September 30, 2014. City of Round Rock, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Round Rock, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Round Rock, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Round Rock, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, City of Round Rock, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)**

Report on Internal Control Over Compliance

Management of City of Round Rock, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Round Rock, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Round Rock, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ernst & Young LLP

Temple, Texas
January 27, 2015

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
20.219	Brushy Creek GAP Travel Project

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II-Financial Statement Findings
None

Section III – Federal Award Findings and Questioned Costs
None