

CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2003

ELECTED OFFICIALS

Nyle Maxwell, Mayor
Tom Nielson, Mayor Pro-tem
Alan McGraw, Council Member
Carrie Pitt, Council Member
Scot Knight, Council Member
Scott Rhode, Council Member
Gary Coe, Council Member

MANAGEMENT STAFF

James R. Nuse, City Manager
David Kautz, Assistant City Manager/Chief Financial Officer

OFFICIAL ISSUING REPORT

David Kautz, Assistant City Manager/Chief Financial Officer

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INTRODUCTORY SECTION





ROUND ROCK, TEXAS
PURPOSE. PASSION. PROSPERITY.

December 11, 2003

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, 2003, is submitted herewith. The City's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Financial Statement Presentation

The Comprehensive Annual Financial Report is divided into three sections. The Introductory Section includes the transmittal letter and an organization chart. The Financial Section includes the independent auditors' opinion, management's discussion and analysis (MD&A), the basic financial statements with notes thereto and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The statistical section includes various schedules of unaudited data depicting the financial history of the City over the past ten years as well as demographic and miscellaneous statistics.

Mayor

Nyle Maxwell

Mayor Pro-tem

Tom Nielson

Council Members

Alan McGraw

Carrie Pitt

Scot Knight

Scott Rhode

Gary Coe

City Manager

James R. Nuse

City Attorney

Stephan L. Sheets

Accounting System and Budgetary Control

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.

Budgetary control is maintained at the subfunction 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 subfunction balances are not released until additional appropriations are made available. The City had no material encumbrances as of September 30, 2003.

The Reporting Entity and Its Services

The City of Round Rock, Texas operates under a Council-Manager form of government with six council members and a mayor. The City Manager is appointed by the City Council and is responsible to them for managing and administering all City affairs.

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

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

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

Cash Management

The City's cash management program supports the goals of maintaining yield, security and liquidity. It is the City's policy to invest all idle cash, maximizing return on investment in compliance with the aforementioned goals. The City continued to participate in the Texas Local Government Investment Pool, an investment program administered by the Comptroller of the State of Texas. The City also invested in treasury and government agency securities and commercial paper. This program has enabled the City to maintain its cash management goals. The amount of investment income earned in fiscal year 2003 was \$2,902,330.

Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk 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.

Significant Local Economic Events

As indicated in the body of this report, the City's financial condition remains healthy and has continued to improve year after year. The City's strong financial position is a result of prudent fiscal management as well as growth in the local economy experienced over the past several years. It is important to keep in mind the fact that Round Rock is located within Williamson County, which has been one of the fastest growing counties in the nation. In March 2001, the 2000 census data was released and indicated that Round Rock, with a population listed at 61,136 had nearly doubled in size during the previous decade. Furthermore, the population growth was evidence that Round Rock was the fastest growing community when compared to cities that had at least 30,000 people in the 1990 census. Another way of looking at the information is that Round Rock grew by almost 100% from 1990 to 2000. Correspondingly, Williamson County, in which Round Rock is the largest city, grew by 79% over this period of time. The County was also one of five counties statewide responsible for 80% of all net migration into Texas for this period. As of the end of fiscal year 2003, Round Rock's population was estimated at 77,600.

In concert with these local growth statistics, Austin ranked fifth among the fastest-growing U.S. cities for the time period noted above. Clearly, this kind of growth sets the stage for not only economic opportunities like job creation and sales tax generation, but also increased demands for City services and infrastructure. Many of the issues Round Rock faces are *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. Biennial budgeting and multi-year capital improvement project programming have become important tools in planning for the financial impact of a fast-growing community.

In 1998, Round Rock entered the ranks of the 20 largest sales tax producing cities in Texas. In 2000, the City led the state's largest cities in sales tax growth, a strong indicator of the vibrant economic activity present in the region over the past several years. As with the national economy, this activity has slowed down somewhat. In fiscal year 2002, the City experienced its first sales tax receipt shortfall in more than a decade.

After a decline from 2001 to 2002, sales tax receipts for fiscal year 2003 rebounded strongly, reflecting a recovering economy. Sales tax receipts were \$3,724,610 over the previous year. This figure represents an increase of 12.4%. Over the past 5 years, sales tax has increased 125% or an average growth rate of 17.6% per year. The sales tax revenue category produced 61.8% of the total revenue available to the City's general fund for this year, while the property tax levy produced 18.0%. Because of reliance on the sales tax, funding for operations is more sensitive to cyclical economic changes. While no adverse economic change is foreseen, financial operations are managed prudently and in anticipation of these economic influences.

Two years ago the slowdown in the high tech sector of the regional economy spawned a trickle down effect on other sectors of the economy. Lower job growth affected the real estate market, mainly reducing demand for high-end housing in the \$400,000 range and higher. However, Round Rock continues to see a healthy trend in single-family building permits issued with 1,353 permits issued in 2003. This compares to 1,401 permits issued in 2002 and 1,363 issued in 2001. Building activity is expected to remain strong, fueled by in-migration to the community while job creation will continue to remain moderate from the levels seen before the economic slowdown. The unemployment rate in Round Rock stabilized at 4.7% in 2003 and remained lower than the Austin metro and statewide rates at 5.6% of 6.6%, respectively.

Commercial and industrial construction activity has been strong for the past several years and therefore, a good supply of commercial office space is available. For example, in 2003, Texas Guaranteed Student Loan Corporation (TGSLC) purchased a new but vacant 193,000 square foot office building in Round Rock's La Frontera retail/commercial complex. TGSLC is in the process of moving approximately 550 permanent employees and 200 contract employees to the site.

Dell Computer has been in Round Rock since 1994 and continues to be a strong economic force in the community. Through operating efficiencies and successful marketing, Dell continues to show increased earnings. Latest figures show Dell to be up 18% in revenues and 24% in net income compared to the prior year.

The City was instrumental in successfully obtaining state legislation for funding of the first permanent building for the Round Rock Higher Education Center (RRHEC) on 101 donated acres of land in northeast Round Rock. The RRHEC is a multi-institution teaching facility currently providing classes in portable buildings. In conjunction with Texas State University, it is anticipated that the new campus will become a full-service college and play a significant role in the development of the northeast section of Round Rock as well as influence economic activity within the community. The first building of the new campus site is expected to be open and holding classes by the fall of 2005.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. In 1996, the City had 2 hotels with a total of 181 rooms. At the end of fiscal 2003, 19 hotels with 1,892 rooms were open for business maintaining solid occupancy rates. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond Convention Center complex. To ensure continued development and success of Round Rock's tourism industry, the City and the Chamber of Commerce engaged a tourism consultant to provide a long-range tourism plan for Round Rock. The recommendations of the plan support continued growth in the industry with special emphasis on sporting events. With several area sports facilities in place and statewide events being planned, Round Rock will market its tourism brand as the "Sports Capital of Texas". Tourism is expected to become an expanded component of the City's overall economic development strategy.

In conjunction with the "Sports Capital of Texas" theme, the City's AA minor league baseball team, the Round Rock Express, announced plans to become a AAA team in the 2005 season. This expansion will increase Round Rock's exposure across the United States, as the team will be affiliated with the Pacific Coast League and playing in several cities nationwide.

The City's largest medical facility, Round Rock Medical Center, has announced a \$62 million expansion project, responding to the needs of a growing community. The expansion includes an equipped, three-story tower and will double the size of the facility to 312,000 square feet.

The Austin area's Interstate 35 retail corridor continues to increase in density. Simon Property Group, Inc., based in Indianapolis, plans a 750,000 square foot outdoor regional mall with office and residential components on 133 acres just north of Chandler Road. Besides the 750,000 square feet of retail, the phased project plans indicate 50,000 to 100,000 square feet of office space, a hotel and 250 residential units. Estimated opening date of tenants in the project is the fall of 2006. The project should ultimately create more than 2,000 jobs.

Although not directly impacting the Round Rock community, the recent decision by Toyota Motor Corporation to locate a truck assembly plant in San Antonio has spurred efforts to attract plant suppliers to the Austin and Round Rock areas. Round Rock will continue to partner with the surrounding communities in this and other business recruitment efforts.

In November 2001, an \$89.8 million General Obligation bond authorization for streets, public safety, parks and general improvements was passed by more than a 2-1 margin, or 70%. These capital projects will be financed and constructed over a span of 6-8 years and represent a significant upgrade and expansion of the City's infrastructure. The first phase of the improvements is well underway.

To continue to meet the projected service demands of existing and new customers, the water and wastewater utility faces a significant capital improvement program. The City recently completed a utility rate study conducted by an independent rate consulting firm. Findings from the study indicated the water and wastewater utility to be in good financial health. However, in order to fund the capital improvement program and to meet increasing system demand, small, multi-year rate increases are projected. Even with these projected increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

In August of 1997 voters of Round Rock approved an increase in the local sales and use tax rate of ½ of 1%. This increase in the sales and use tax rate went into effect January 1, 1998 and the proceeds are to be used for streets, roads, drainage and other related transportation system improvements, including the payment of maintenance expenses associated with such authorized projects. The additional revenues are not part of the operating budget but are budgeted and spent by a non-profit industrial development corporation established expressly to oversee the above purposes with the approval of the City Council. Collections for the past year were approximately \$11.26 million. Next year, revenue from this sales tax source is estimated to be higher than last year. These funds will help provide major improvements to the City's transportation system, significantly benefiting the local and regional economy.

Because traffic congestion is one of the central problems of Round Rock and the region, road projects are a high priority. Project completions scheduled over the next several months will bring significant improvement to local and commuter traffic, thereby helping to protect the region's economic well being. Work on Texas State Highway 45, a major highway project funded by state and local funds, is underway. This extremely important road project adjacent to Dell Computer and the La Frontera development will be completed in phases. The frontage roads in Round Rock were completed in 2002 and major structural components of the main lanes are well underway. Many other local road projects, also funded with local and state funds, are in planning or construction phases. Total current expenditure estimates for these various projects approximate \$100 million. The local portion is funded largely by the one-half percent sales tax mentioned earlier. The City's road development is closely following the Comprehensive Transportation Master Plan which developed a short-term (10 year), a long-term (20 year) and ultimate term (build-out) transportation plans to serve the community needs. These efforts, along with the development of funding sources for transportation improvements, discussed above, are indicative of the City's commitment to preserving its economic base and quality of life.

Prospects for the Future

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

As stated earlier, the local region and Round Rock saw rapid, unprecedented growth over the past decade. Population growth projections are expected to remain strong as the area economy rebounds, although at a slower pace than previously experienced. Correspondingly, the City's infrastructure, streets, utility systems and service delivery must be rapidly developed to serve a growing population. For the past several years, infrastructure expansions have concentrated on water and wastewater facilities. Streets and transportation improvements will continue to be a priority in the future as the City manages the significant growth discussed above.

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. For example, the construction of the first building of a planned full-service university has begun. The community development and opportunities presented by this type of institution are virtually unlimited. Not only will the physical development of the northeast area of the City be shaped by this campus but also the knowledge and creativity that will remain and/or be brought to the community will ensure continued success for Round Rock.

Economic development and diversification continues to be the City's top strategic priority. Two years ago, the City and the Round Rock Chamber of Commerce partnered to update the City's economic development plan. The plan assisted the City in identifying how to enhance its image as a premier location for high growth industries. Efforts to implement the marketing plan were successful and we are now entering the next phase of the plan. The City and the Round Rock Chamber of Commerce are intensifying their partnership by entering into an expanded economic development agreement. This agreement establishes a commission charged with overseeing the economic development efforts in the city. It also provides for the creation of an economic development work plan and increased funding for the economic development effort. This reinvigorated partnership is expected to yield a new, inspired approach to economic development for Round Rock.

With the City's natural commercial attractiveness, a strong economic development plan and a rebounding economy, the future of the community is bright.

Independent Audit

The City Charter requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the auditors' opinion has been included in this report.

Certificate of Achievement

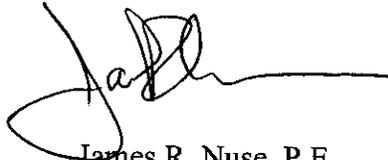
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2002. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit 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.

Acknowledgements

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 Peña Swayze & Co., L.L.P. for their valuable assistance in production of the report. We would also like to thank the Mayor and Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

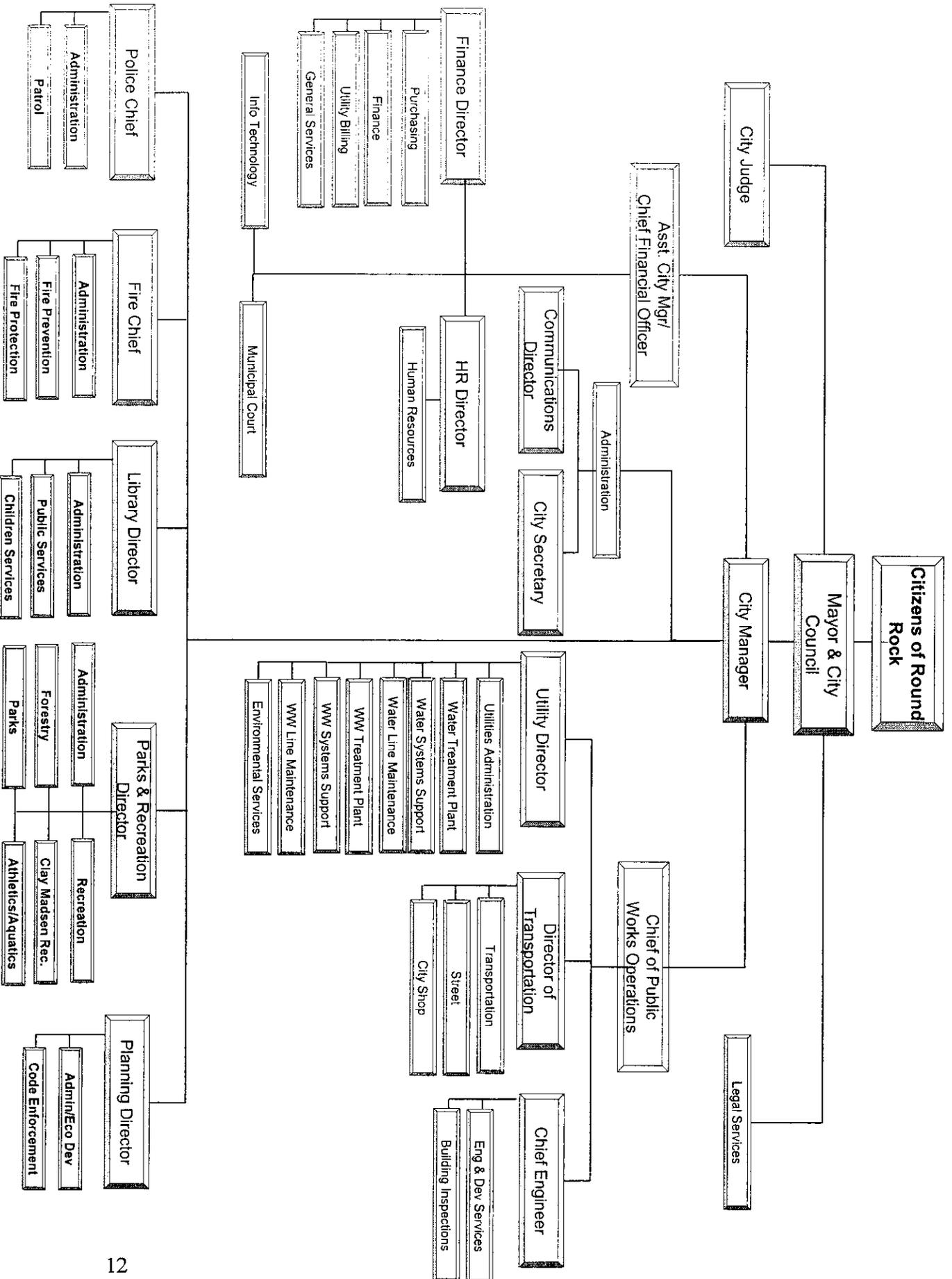
A handwritten signature in black ink, appearing to read 'J. Nuse', with a long horizontal flourish extending to the right.

James R. Nuse, P.E.
City Manager

A handwritten signature in black ink, appearing to read 'D. Kautz', with a large loop at the beginning and a flourish at the end.

David Kautz, CGFO
Assistant City Manager/
Chief Financial Officer

City Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Round Rock,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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



President

Executive Director



FINANCIAL SECTION





PEÑA SWAYZE & CO., L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Steve D. Pena, C.P.A.
R. Michael Swayze, C.P.A.
Mary H. Bott, C.P.A.
Connie S. Bradley, C.P.A.

Stacie A. Carter, C.P.A.
Pam Oakes, C.P.A.
Mike Hardison, C.P.A.

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the
City Council, and City Manager
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 the City of Round Rock, Texas as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund and the major special revenue fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2003 on our consideration of the City of Round Rock's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of September 30, 2003.

The management's discussion and analysis is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

December 11, 2003
Round Rock, Texas

A handwritten signature in black ink that reads "Peria Dyer & Co. LLP". The signature is written in a cursive, flowing style.

City of Round Rock, Texas
Management's Discussion And Analysis
September 30, 2003

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, 2003. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. This discussion and analysis does not include comparative data for prior years, as this information is not available for the first year of implementation of Government Accounting Standards Board (GASB) Statement Number 34. Future years will include, when available, comparative analysis of government-wide data.

Financial Highlights

- The assets of the City of Round Rock exceeded its liabilities at the close of the most recent fiscal year by \$474,685,024 (*net assets*). Of this amount, \$89,661,456 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$43,982,864. Approximately 58.7 percent of this increase is a result of contributions from developers.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$122,151,023, a decrease of \$9,099,836 in comparison with the prior year. The decrease is primarily a result of major progress in the City's capital projects programs. Approximately half of the total fund balance amount, \$61,495,572, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$25,204,136, or 50.4 percent of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$5,629,061 during the current fiscal year. The City issued no debt during the year.

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.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City of Round Rock include a water and sewer utility and a golf course.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Round Rock, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

The City of Round Rock maintains 27 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the Round Rock Transportation System Development Corporation (RRTSDC) revenue and project funds and the 2002 General Obligation Bond fund, all of which are considered to be major funds. Data from the other 22 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.

Proprietary funds. The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility and for its golf course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility and for the golf course. The water and sewer utility is considered a major fund of the City, and 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 Encino Plaza Public Improvement District agency fund activities are reported in the statement of fiduciary net assets. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the City's operations. Consequently, the City is responsible for ensuring that these resources are used only for their intended purpose.

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

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

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

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 assets may serve over time as a useful indicator of a government's financial position. For the City of Round Rock, assets exceeded liabilities by \$474,685,024 as of September 30, 2003.

The largest portion of the City's net assets (62.2%) 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.

With the implementation of GASB Statement No. 34, the City is required to include all of its capital assets, net of accumulated depreciation, and net of related debt, as well as all of its long-term liabilities. Consequently, these long term considerations have a significant impact on the resulting net assets.

The following table summarizes the City's net assets as of September 30, 2003. This is the first year for government-wide financial statements, therefore a comparison with prior year data is not available. A comparative analysis will be provided in subsequent years.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

City of Round Rock's Net Assets

	Governmental Activities <u>2003</u>	Business- Type Activities <u>2003</u>	<u>Total</u>
Current and other assets	\$ 131,398,361	\$ 59,600,084	\$ 190,998,445
Capital assets	313,366,993	137,906,758	451,273,751
	<hr/>	<hr/>	<hr/>
Total assets	444,765,354	197,506,842	642,272,196
	<hr/>	<hr/>	<hr/>
Long term liabilities	146,456,330	1,192,319	147,648,649
Other liabilities	14,337,883	5,600,640	19,938,523
	<hr/>	<hr/>	<hr/>
Total liabilities	160,794,213	6,792,959	167,587,172
	<hr/>	<hr/>	<hr/>
Net assets:			
Invested in capital assets, net of related debt	162,113,491	133,189,058	295,302,549
Restricted	62,407,428	27,313,591	89,721,019
Unrestricted	59,450,222	30,211,234	89,661,456
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 283,971,141	\$ 190,713,883	\$ 474,685,024
	<hr/>	<hr/>	<hr/>

An additional portion of the City's net assets (18.9%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets \$89,661,456 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2003, the City was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Analysis of Changes in Net Assets

The following table summarizes the changes in the City's net assets from its activities for the fiscal year ended September 30, 2003. As mentioned earlier, this is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year data is not available. A comparative analysis will be provided in subsequent years.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

City of Round Rock's Changes in Net Assets

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,919,650	\$ 24,455,434	\$ 30,375,084
Operating grants and contributions	672,000	-	672,000
Capital grants and contributions	17,982,478	98,866	18,081,344
General revenues:			
Property taxes	17,463,237	-	17,463,237
Franchise taxes	4,255,978	-	4,255,978
Sales tax	45,023,664	-	45,023,664
Hotel occupancy tax	1,618,744	-	1,618,744
Public service taxes	205,185	-	205,185
Impact fees	-	6,215,734	6,215,734
Grants and contributions not restricted to specific programs	-	9,206,954	9,206,954
Investment earnings	1,990,200	901,541	2,891,741
Miscellaneous	334,869	-	334,869
	<hr/>	<hr/>	<hr/>
Total revenues	95,466,005	40,878,529	136,344,534
	<hr/>	<hr/>	<hr/>
Expenses:			
General government	19,642,141	-	19,642,141
Public safety	19,066,383	-	19,066,383
Public works	16,588,968	-	16,588,968
Culture and recreation	9,325,558	-	9,325,558
Interest on long term debt	7,393,065	-	7,393,065
Water and sewer utility	-	20,182,559	20,182,559
Golf course	-	162,996	162,996
	<hr/>	<hr/>	<hr/>
Total expenses	72,016,115	20,345,555	92,361,670
	<hr/>	<hr/>	<hr/>
Increases in net assets before transfers	23,449,890	20,532,974	43,982,864
Transfers	2,238,068	(2,238,068)	-
	<hr/>	<hr/>	<hr/>
Increase in net assets	25,687,958	18,294,906	43,982,864
	<hr/>	<hr/>	<hr/>
Net assets, October 1, 2002	258,283,183	172,418,977	430,702,160
	<hr/>	<hr/>	<hr/>
Net assets, September 30, 2003	\$ 283,971,141	\$ 190,713,883	\$ 474,685,024
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

Governmental activities. Governmental activities increased the City's net assets by \$25,687,958 or 58.4 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase are as follows:

- Developer contributions of subdivision improvements approximated \$16.6 million and are included in program revenues of public works activities.
- Amounts received for property taxes increased from last year by about 19 percent due to the addition of new property, an increase in assessed valuations and continued aggressive collection efforts.
- Sales taxes increased by 12 percent over the prior year as a result of fairly strong population and economic growth along with an improving technology sector.

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 47 percent of total revenues while property taxes make up 18 percent of total revenues.

Expenses for governmental activities for the City totaled \$72,016,115 for the year ended September 30, 2003. 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 \$19 million or over 26 percent of total expenses for governmental activities. Most significant are personnel costs which total \$15.7 million.
- Public works program costs totaling \$16.6 million reflect primarily depreciation charges on infrastructure along with expansion of the City's street maintenance and improvement programs and significant personnel costs.

As with the statement of net assets and the statement of changes in net assets (because GASB 34 reporting significantly changes the form of financial data), the City has not restated prior fiscal year governmental revenue and expenditure information. Comparative analyses will be included in future years.

Business-type activities. Business-type activities increased the City's net assets by \$18,294,906 or 41.6 percent of the total growth in the net assets of the City over the prior year. Key factors for the increase follow.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

The City's water and sewer utility continues to show improvement 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:

	2003	2002
Operating revenues	\$24,002,196	\$23,448,046
Operating income	\$ 3,797,125	\$ 5,572,033
Income available for debt service	\$ 9,567,353	\$11,596,286
Annual debt service	\$ 1,392,358	\$ 1,583,835
Coverage	6.87	7.32

Growth in the customer base, adequate system capacity and increased consumption levels combined to provide strong revenue growth over the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Round Rock uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

For the fiscal year ended September 30, 2003, the City's governmental funds reported combined ending fund balances of \$122,151,023. Approximately half of this total amount (\$61,495,572) constitutes unreserved fund balance and is available for spending at the City's discretion. The remainder of fund balances is reserved to indicate that it is not available for new spending because it has already been committed to 1) pay debt service (\$2,304,816), 2) maintain an endowment (\$100,000), 3) fund authorized capital projects (\$58,100,810), or 4) a variety of other restricted purposes (\$149,825).

The general fund is the chief operating fund of the City. At the close of the current fiscal year, unreserved fund balance of the general fund was \$25,204,136, while total fund balance reached \$25,250,736. Unreserved fund balance represented 50.4 percent of total general fund expenditures.

The fund balance of the general fund increased by \$1,988,815 during the current fiscal year. The primary reasons for the increase mirror those highlighted in the analysis of governmental activities in the government-wide statements.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

The debt service fund had a total fund balance of \$2,304,816 at the end of the fiscal year, all of which is reserved for the payment of debt service. The net increase in fund balance during the year was minimal (\$229,975). Debt service expenditures increased by \$2,051,860 during the fiscal year but were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTSDC revenue fund was \$26,968,454, an increase of \$6,575,494 over the prior year. The increase reflects sales tax collections dedicated to transportation system improvements and related maintenance and debt service costs.

The RRTSDC project fund and the 2002 general obligation bonds fund had a combined total fund balance at year-end of \$43,280,400. The collective decrease of \$15,614,443 occurred as a result of scheduled project construction activity and was adequately funded.

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

Unrestricted net assets of the water and sewer utility totaled \$29,523,364 at September 30, 2003. The total growth in net assets for the utility was \$18,234,687. The unrestricted net assets represented 16 percent of the utility's total net assets. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund were a net increase in appropriations of \$3,106,470 or 5.9 percent. The amendments were primarily for the following purposes:

- The largest portion of the budget amendments was to reallocate available cash to fund specified capital purchases totaling \$4,062,948.
- Additional funding was provided for the results of a market compensation study.
- Funding was also increased for the City's self-funded health insurance program totaling approximately \$620,000.

Funding sources for the above items were provided by revenue budget amendments netting a total of \$3,106,470 and various delays implementing budgeted programs. Sales tax revenue amendments were the primary source of additional revenues as described previously.

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, 2003

Capital Assets

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounted to \$451,273,751 (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, 2003, included the following:

- A new municipal office building for housing various departments was completed at a cost of \$5.7 million.
- Work began on new police and fire facilities; total cost is estimated at \$8.9 million; construction in progress had reached \$1.5 million at year-end.
- New storage location and facilities for parks and recreation were near completion at a cost of \$1.2 million.
- Major arterial and road projects are underway and are in various stages of completion; construction in progress at year-end approximated \$38.1 million.
- A 20 million gallon per day expansion of the water treatment plant is underway at an estimated cost of \$18 million. Completion is expected in mid 2004.
- Various water systems improvements were completed totaling \$7.7 million.
- The first phase of the east side water main transmission line was completed at a cost of \$2.7 million.
- Phase 1 of the sanitary sewer evaluation and rehabilitation program was completed during the fiscal year at a cost of \$1.3 million.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

Capital Assets

September 30, 2003

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total Primary</u> <u>Government</u>
Land	\$ 17,107,324	\$ 2,451,223	\$ 19,558,547
Buildings and Improvements	43,903,189	21,688,952	65,592,141
Improvements Other Than Buildings	298,192,822	123,042,842	421,235,664
Machinery and Equipment	26,302,422	6,862,409	33,164,831
Accumulated Depreciation	(118,050,689)	(34,815,900)	(152,866,589)
Construction in Progress	<u>45,911,925</u>	<u>18,677,232</u>	<u>64,589,157</u>
Total	<u>\$ 313,366,993</u>	<u>\$ 137,906,758</u>	<u>\$ 451,273,751</u>

Additional information on the City of Round Rock's capital assets can be found in Note 4 to the financial statements.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$153,958,555. Of this amount, \$90,432,000 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).

Long-Term Debt

September 30, 2003

	<u>Governmental</u> <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total Primary</u> <u>Government</u>
General obligation bonds	\$ 70,265,000	\$ -	\$ 70,265,000
Certificates of obligation	20,167,000	-	20,167,000
Hotel tax revenue bonds	8,580,000	-	8,580,000
Sales tax revenue bonds	24,465,000	-	24,465,000
State infrastructure bank loans	28,122,555	-	28,122,555
Water and wastewater revenue bonds	-	2,359,000	2,359,000
Total	<u>\$ 151,599,555</u>	<u>\$ 2,359,000</u>	<u>\$ 153,958,555</u>

The City of Round Rock received bond ratings of AA- and Aa3 with stable outlooks from Standard & Poor's and Moody's respectively, in May 2002. These ratings affirmed those previously issued.

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, 2002 certified assessed valuation of \$5,059,033,314 at 95% collection, tax revenue of \$75,885,500 would be produced. This revenue could service the debt on

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

\$906,860,750 issued as 20-year serial bonds at 5.50% (with level debt service payment). The resulting legal debt margin is \$826,319,662.

The City had authorized but unissued bonds totaling \$56,385,000 at September 30, 2003; general obligation bonds of \$54,800,000 and water and wastewater system revenue bonds of \$1,585,000.

Additional information on the City's long-term debt can be found in Note 5 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 need to continue to provide basic and improved customers services for a growing population. The fiscal year 2003-2004 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.

Revenue assumptions for fiscal year 2003-2004 are expected to generally follow the growth curve of job creation, population growth and housing starts. Revenue growth estimates, in general, are predicted to grow by 3 percent.

The following items highlight the City's effort in developing the general fund operating budget:

- New police department personnel and programs;
- New fire station personnel and equipment;
- The continuing street maintenance program;
- Fleet and equipment replacement;
- Additional parks and recreation and library programs; and,
- Storm sewer management program.

It is anticipated that in the summer of 2004, the City will issue the second phase of the total \$89.8 million General Obligation Bond package authorized by Round Rock voters in 2001. This issuance will fund new public safety facilities and various infrastructure improvements.

In August 2003, the City completed a water/wastewater utility rate study conducted by an independent rate consulting firm. Implementation of initial recommendations from the study will be phased in beginning January 2004 with an average 3% increase in water and wastewater rates. Future rate adjustments will be reviewed and implemented as needed.

City of Round Rock, Texas
Management's Discussion And Analysis - continued
September 30, 2003

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Round Rock, 221 East Main Street, Round Rock, Texas 78664.

BASIC FINANCIAL STATEMENTS

CITY OF ROUND ROCK, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2003

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 31,299,643	\$ 6,392,610	\$ 37,692,253
Investments	35,956,310	26,241,063	62,197,373
Receivables (net of allowances for uncollectibles)-			
Property taxes, including interest and penalties	261,272	-	261,272
Accounts & other	609,011	3,865,063	4,474,074
Loans	65,781	-	65,781
Accrued interest	263,913	232,115	496,028
Internal balances	231,730	(231,730)	-
Assessments	10,306	-	10,306
Intergovernmental	41,694	-	41,694
Inventories	69,624	99,714	169,338
Other current assets	32,881	186,864	219,745
Restricted assets -			
Cash and cash equivalents	49,299,637	19,202,734	68,502,371
Investments	12,091,960	3,504,480	15,596,440
Property taxes receivable	256,921	-	256,921
Accounts receivable	-	92,060	92,060
Accrued interest	85,723	15,111	100,834
Deferred charges, net	821,955	-	821,955
Capital assets, net	313,366,993	137,906,758	451,273,751
Total assets	<u>444,765,354</u>	<u>197,506,842</u>	<u>642,272,196</u>

(continued)

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

STATEMENT OF NET ASSETS - CONTINUED

SEPTEMBER 30, 2003

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 3,846,020	\$ 2,826,492	\$ 6,672,512
Accrued payroll	1,266,894	192,731	1,459,625
Accrued compensated absences payable	1,144,014	186,791	1,330,805
Capital lease obligations payable	537,211	-	537,211
Payable from restricted assets -			
Accounts payable	-	146,048	146,048
Accrued interest	1,127,590	20,488	1,148,078
Customer deposits	-	736,892	736,892
Current portion of long-term debt	6,342,108	1,185,000	7,527,108
Deferred revenues	74,046	306,198	380,244
Noncurrent liabilities, net of current portion	146,456,330	1,192,319	147,648,649
Total liabilities	160,794,213	6,792,959	167,587,172
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	162,113,491	133,189,058	295,302,549
Temporarily restricted for:			
Debt service	1,413,120	1,809,269	3,222,389
Capital projects	58,100,811	25,504,322	83,605,133
Self-funded insurance	2,793,497	-	2,793,497
Permanently restricted for:			
Nonexpendable endowment	100,000	-	100,000
Unrestricted	59,450,222	30,211,234	89,661,456
Total net assets	\$ 283,971,141	\$ 190,713,883	\$ 474,685,024

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2003

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 19,642,141	\$ 1,356,528	\$ 499,170	\$ -
Public safety	19,066,383	1,437,534	172,830	21,419
Public works	16,588,968	1,149,150	-	17,926,736
Culture and recreation	9,325,558	1,976,438	-	34,323
Interest on long-term debt	7,393,065	-	-	-
Total governmental activities	72,016,115	5,919,650	672,000	17,982,478
Business-type activities:				
Water and sewer utility	20,182,559	24,002,196	-	98,866
Golf course	162,996	453,238	-	-
Total business-type activities	20,345,555	24,455,434	-	98,866
Total primary government	\$ 92,361,670	\$ 30,375,084	\$ 672,000	\$ 18,081,344

The accompanying notes are an integral part of this statement.

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (17,786,443)	\$ -	\$ (17,786,443)
Public safety	(17,434,600)	-	(17,434,600)
Public works	2,486,918	-	2,486,918
Culture and recreation	(7,314,797)	-	(7,314,797)
Interest on long-term debt	(7,393,065)	-	(7,393,065)
Total governmental activities	<u>(47,441,987)</u>	<u>-</u>	<u>(47,441,987)</u>
Business-type activities:			
Water and sewer utility	-	3,918,503	3,918,503
Golf course	-	290,242	290,242
Total business-type activities	<u>-</u>	<u>4,208,745</u>	<u>4,208,745</u>
Total primary government	<u>(47,441,987)</u>	<u>4,208,745</u>	<u>(43,233,242)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purpose	9,898,416	-	9,898,416
Property taxes, levied for debt service	7,564,821	-	7,564,821
Franchise taxes	4,255,978	-	4,255,978
Sales tax	45,023,664	-	45,023,664
Hotel occupancy tax	1,618,744	-	1,618,744
Public service taxes	205,185	-	205,185
Impact fees	-	6,215,734	6,215,734
Grants and contributions not restricted to specific programs	-	9,206,954	9,206,954
Unrestricted investment earnings	1,990,200	901,541	2,891,741
Miscellaneous	334,869	-	334,869
Transfers	2,238,068	(2,238,068)	-
Total general revenues and transfers	<u>73,129,945</u>	<u>14,086,161</u>	<u>87,216,106</u>
Change in net assets	25,687,958	18,294,906	43,982,864
Net assets-beginning	<u>258,283,183</u>	<u>172,418,977</u>	<u>430,702,160</u>
Net assets-ending	<u>\$ 283,971,141</u>	<u>\$ 190,713,883</u>	<u>\$ 474,685,024</u>

CITY OF ROUND ROCK, TEXAS

GOVERNMENTAL FUNDS
BALANCE SHEET

SEPTEMBER 30, 2003

<u>ASSETS</u>	General Fund	Debt Service Fund
Cash and cash equivalents	\$ 5,566,505	\$ -
Investments	33,965,170	-
Receivables (net of allowances for uncollectibles) -		
Property taxes, including interest and penalties	261,272	-
Accounts and other	554,268	-
Loans	46,600	-
Accrued interest	263,883	-
Interfund receivables	376,888	16,196
Assessments	-	-
Intergovernmental	41,694	-
Inventories	69,624	-
Other current assets	32,881	-
Restricted assets -		
Cash and cash equivalents	-	2,298,319
Investments	-	-
Receivables -		
Property taxes, including interest and penalties	-	256,921
Accrued interest	-	85
Total assets	<u>\$ 41,178,785</u>	<u>\$ 2,571,521</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities-		
Accounts payable	\$ 1,867,005	\$ -
Accrued payroll	1,266,894	-
Interfund payables	12,562,703	30,810
Deferred revenue	231,447	235,895
Total liabilities	<u>15,928,049</u>	<u>266,705</u>
Fund balances -		
Reserved for federal seizure	-	-
Reserved for non-current loans receivable	46,600	-
Reserved for debt service	-	2,304,816
Reserved for nonexpendable endowments	-	-
Reserved for authorized construction	-	-
Unreserved, reported in-		
General fund	25,204,136	-
Special revenue funds	-	-
Capital projects funds	-	-
Permanent fund	-	-
Total fund balances	<u>25,250,736</u>	<u>2,304,816</u>
Total liabilities and fund balances	<u>\$ 41,178,785</u>	<u>\$ 2,571,521</u>

The accompanying notes are an integral part of this statement.

Round Rock Transportation System Development Corporation Revenue Fund	Round Rock Transportation System Development Corporation Project Fund	2002 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 7,279,720	\$ 9,236,559	\$ -	\$ 7,573,481	\$ 29,656,265
1,991,140	-	-	-	35,956,310
-	-	-	-	261,272
-	-	-	20,719	574,987
-	-	-	19,181	65,781
-	-	-	28	263,911
-	152,543	-	13,925,349	14,470,976
-	-	-	10,306	10,306
-	-	-	-	41,694
-	-	-	-	69,624
-	-	-	-	32,881
19,861,626	5,029,169	17,679,778	4,430,745	49,299,637
-	-	12,091,960	-	12,091,960
-	-	-	-	256,921
-	-	85,638	-	85,723
<u>\$ 29,132,486</u>	<u>\$ 14,418,271</u>	<u>\$ 29,857,376</u>	<u>\$ 25,979,809</u>	<u>\$ 143,138,248</u>
\$ -	\$ 653,793	\$ 341,454	\$ 821,566	\$ 3,683,818
-	-	-	-	1,266,894
2,164,032	-	-	760,000	15,517,545
-	-	-	51,626	518,968
<u>2,164,032</u>	<u>653,793</u>	<u>341,454</u>	<u>1,633,192</u>	<u>20,987,225</u>
-	-	-	84,044	84,044
-	-	-	19,181	65,781
-	-	-	-	2,304,816
-	-	-	100,000	100,000
19,861,626	4,532,364	29,515,922	4,190,898	58,100,810
-	-	-	-	25,204,136
7,106,828	-	-	3,304,853	10,411,681
-	9,232,114	-	16,640,204	25,872,318
-	-	-	7,437	7,437
<u>26,968,454</u>	<u>13,764,478</u>	<u>29,515,922</u>	<u>24,346,617</u>	<u>122,151,023</u>
<u>\$ 29,132,486</u>	<u>\$ 14,418,271</u>	<u>\$ 29,857,376</u>	<u>\$ 25,979,809</u>	

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

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	313,366,993
Other long-term assets are not available to pay for current-period expenditures and; therefore, are deferred in the funds.	444,919
Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,793,497
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(154,785,291)
Net assets of governmental activities	<u>\$ 283,971,141</u>

CITY OF ROUND ROCK, TEXAS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2003

	General Fund	Debt Service Fund
Revenues -		
Taxes and franchise, including interest and penalties	\$ 47,890,887	\$ 7,553,179
Licenses, permits and fees	575,796	-
Charges for services	3,451,103	-
Fines and forfeitures	984,795	-
Assessments	-	-
Intergovernmental	277,001	-
Hotel occupancy tax	-	-
Investment and other	1,455,638	53,794
Contributions	-	-
Total revenues	<u>54,635,220</u>	<u>7,606,973</u>
Expenditures -		
Current -		
General government	16,733,283	-
Public safety	18,072,361	-
Public works	7,106,767	-
Culture and recreation	8,076,979	-
Debt service -		
Principal retirement	-	5,179,568
Interest and fiscal charges	-	8,381,599
Capital projects		
Total expenditures	<u>49,989,390</u>	<u>13,561,167</u>
Excess (deficiency) of revenues over expenditures	<u>4,645,830</u>	<u>(5,954,194)</u>
Other financing sources (uses) -		
Operating transfers in	1,405,933	6,185,614
Operating transfers out	(4,062,948)	(1,445)
Total other financing sources (uses)	<u>(2,657,015)</u>	<u>6,184,169</u>
Net change in fund balance	<u>1,988,815</u>	<u>229,975</u>
Fund balances, October 1, 2002	<u>23,261,921</u>	<u>2,074,841</u>
Fund balances, September 30, 2003	<u>\$ 25,250,736</u>	<u>\$ 2,304,816</u>

The accompanying notes are an integral part of this statement.

Round Rock Transportation System Development Corporation Revenue Fund	Round Rock Transportation System Development Corporation Project Fund	2002 General Obligation Bonds Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,255,916	\$ -	\$ -	\$ -	\$ 66,699,982
-	-	-	225,312	801,108
-	-	-	-	3,451,103
-	-	-	58,260	1,043,055
-	-	-	789,304	789,304
-	-	-	477,430	754,431
-	-	-	1,618,744	1,618,744
334,538	303,879	452,915	220,391	2,821,155
-	-	-	828,134	828,134
<u>11,590,454</u>	<u>303,879</u>	<u>452,915</u>	<u>4,217,575</u>	<u>78,807,016</u>
-	-	-	497,888	17,231,171
-	-	-	26,732	18,099,093
170,404	-	-	-	7,277,171
-	-	-	335,292	8,412,271
-	-	-	-	5,179,568
-	-	-	-	8,381,599
-	11,469,040	5,786,538	8,308,469	25,564,047
<u>170,404</u>	<u>11,469,040</u>	<u>5,786,538</u>	<u>9,168,381</u>	<u>90,144,920</u>
<u>11,420,050</u>	<u>(11,165,161)</u>	<u>(5,333,623)</u>	<u>(4,950,806)</u>	<u>(11,337,904)</u>
-	884,341	-	6,285,879	14,761,767
(4,844,556)	-	-	(3,614,750)	(12,523,699)
<u>(4,844,556)</u>	<u>884,341</u>	<u>-</u>	<u>2,671,129</u>	<u>2,238,068</u>
<u>6,575,494</u>	<u>(10,280,820)</u>	<u>(5,333,623)</u>	<u>(2,279,677)</u>	<u>(9,099,836)</u>
<u>20,392,960</u>	<u>24,045,298</u>	<u>34,849,545</u>	<u>26,626,294</u>	<u>131,250,859</u>
<u>\$ 26,968,454</u>	<u>\$ 13,764,478</u>	<u>\$ 29,515,922</u>	<u>\$ 24,346,617</u>	<u>\$ 122,151,023</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, 2003

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

Net change in fund balance-total governmental funds	\$ (9,099,836)
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 in the current period.	11,288,896
The net effect of various miscellaneous transactions involving capital assets (ie. sales, disposals, and donations) is to increase net assets.	16,630,761
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	31,823
The issuance of long-term debt (ie. 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. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,179,568
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.	670,435
Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	<u>986,311</u>
Change in net assets of governmental activities	<u>\$ 25,687,958</u>

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Taxes and franchise, including interest and penalties	\$ 47,890,887	\$ 44,043,906	\$ 47,872,143	\$ 18,744
Licenses, permits and fees	575,796	738,600	553,600	22,196
Charges for services	3,451,103	2,986,730	3,358,039	93,064
Fines and forfeitures	984,795	866,600	951,600	33,195
Intergovernmental	277,001	222,500	228,424	48,577
Investment and other	1,455,638	1,530,700	1,481,700	(26,062)
Total revenues	<u>54,635,220</u>	<u>50,389,036</u>	<u>54,445,506</u>	<u>189,714</u>
Expenditures -				
Current -				
General government	16,733,283	16,908,217	17,510,436	777,153
Public safety	18,072,361	18,706,005	18,586,624	514,263
Public works	7,106,767	8,983,131	7,409,152	302,385
Culture and recreation	8,076,979	8,125,893	8,260,556	183,577
Total expenditures	<u>49,989,390</u>	<u>52,723,246</u>	<u>51,766,768</u>	<u>1,777,378</u>
Excess (deficiency) of revenues over expenditures	<u>4,645,830</u>	<u>(2,334,210)</u>	<u>2,678,738</u>	<u>1,967,092</u>
Other financing sources (uses) -				
Lease purchase proceeds	-	600,000	-	-
Operating transfers in	1,405,933	1,750,000	1,400,000	5,933
Operating transfers out	(4,062,948)	-	(4,062,948)	-
Total other financing sources (uses)	<u>(2,657,015)</u>	<u>2,350,000</u>	<u>(2,662,948)</u>	<u>5,933</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>1,988,815</u>	<u>\$ 15,790</u>	<u>\$ 15,790</u>	<u>\$ 1,973,025</u>
Fund balance, October 1, 2002	<u>23,261,921</u>			
Fund balance, September 30, 2003	<u>\$ 25,250,736</u>			

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

ROUND ROCK TRANSPORTATION SYSTEM DEVELOPMENT CORPORATION REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues -				
Sales tax	\$ 11,255,916	\$ 10,000,000	\$ 10,000,000	\$ 1,255,916
Investment and other	334,538	220,000	220,000	114,538
Total revenues	<u>11,590,454</u>	<u>10,220,000</u>	<u>10,220,000</u>	<u>1,370,454</u>
Expenditures -				
Current -				
Public works	170,404	323,510	323,510	153,106
Total expenditures	<u>170,404</u>	<u>323,510</u>	<u>323,510</u>	<u>153,106</u>
Excess of revenues over expenditures	<u>11,420,050</u>	<u>9,896,490</u>	<u>9,896,490</u>	<u>1,523,560</u>
Other financing sources (uses)-				
Operating transfers out	<u>(4,844,556)</u>	<u>(4,770,829)</u>	<u>(4,770,829)</u>	<u>(73,727)</u>
Total other financing uses	<u>(4,844,556)</u>	<u>(4,770,829)</u>	<u>(4,770,829)</u>	<u>(73,727)</u>
Excess of revenues over expenditures and other financing uses	6,575,494	<u>\$ 5,125,661</u>	<u>\$ 5,125,661</u>	<u>\$ 1,449,833</u>
Fund balance, October 1, 2002	<u>20,392,960</u>			
Fund balance, September 30, 2003	<u>\$ 26,968,454</u>			

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2003

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 5,892,262	\$ 500,348	\$ 6,392,610	\$ 1,643,378
Investments	26,241,063	-	26,241,063	-
Receivables (net of allowance for uncollectibles of \$743,757)				
Accounts	3,865,063	-	3,865,063	34,024
Accrued interest	232,115	-	232,115	-
Interfund	1,544	-	1,544	1,480,314
Inventories	99,714	-	99,714	-
Other current assets	186,864	-	186,864	-
Total current assets	<u>36,518,625</u>	<u>500,348</u>	<u>37,018,973</u>	<u>3,157,716</u>
Restricted assets:				
Cash and cash equivalents	19,202,734	-	19,202,734	-
Investments	3,504,480	-	3,504,480	-
Receivables-				
Accounts	92,060	-	92,060	-
Accrued interest	15,111	-	15,111	-
Total restricted assets	<u>22,814,385</u>	<u>-</u>	<u>22,814,385</u>	<u>-</u>
Noncurrent assets:				
Capital assets, (net of accumulated depreciation of \$34,815,900)	132,511,633	5,395,125	137,906,758	-
Total assets	<u>191,844,643</u>	<u>5,895,473</u>	<u>197,740,116</u>	<u>3,157,716</u>

(continued)

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS - CONTINUED

SEPTEMBER 30, 2003

LIABILITIES AND NET ASSETS	Business-Type Activities Enterprise Funds		Total	Governmental
	Water and	Golf Course		Activities
	Sewer Fund	Fund		Internal Service
Current liabilities:				
Accounts payable	\$ 2,811,997	\$ 14,495	\$ 2,826,492	\$ 162,203
Accrued payroll	192,731	-	192,731	-
Interfund payables	435,291	-	435,291	-
Accrued compensated absences payable	186,791	-	186,791	-
Total current liabilities	<u>3,626,810</u>	<u>14,495</u>	<u>3,641,305</u>	<u>162,203</u>
Current liabilities payable from restricted assets:				
Accounts payable	146,048	-	146,048	-
Accrued interest	20,488	-	20,488	-
Customer deposits	736,892	-	736,892	-
Revenue bonds	1,185,000	-	1,185,000	-
Total current liabilities payable from restricted assets	<u>2,088,428</u>	<u>-</u>	<u>2,088,428</u>	<u>-</u>
Noncurrent liabilities:				
Deferred revenue	306,198	-	306,198	-
Revenue bonds payable	1,173,850	-	1,173,850	-
Accrued compensated absences payable	18,469	-	18,469	-
Total noncurrent liabilities	<u>1,498,517</u>	<u>-</u>	<u>1,498,517</u>	<u>-</u>
Total liabilities	<u>7,213,755</u>	<u>14,495</u>	<u>7,228,250</u>	<u>162,203</u>
Net assets:				
Invested in capital assets, net of related debt	127,793,933	5,395,125	133,189,058	-
Restricted for:				
Debt service	1,809,269	-	1,809,269	-
Capital projects	25,504,322	-	25,504,322	-
Unrestricted	29,523,364	485,853	30,009,217	2,995,513
Total net assets	<u>\$ 184,630,888</u>	<u>\$ 5,880,978</u>	<u>190,511,866</u>	<u>\$ 2,995,513</u>
Reconciliation to government-wide statement of net assets:				
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.			202,017	
Net assets of business-type activities			<u>\$ 190,713,883</u>	

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED SEPTEMBER 30, 2003

	Business-Type Activities- Enterprise Funds		Total	Governmental
	Water and Sewer Fund	Golf Course Fund		Internal Service
Operating revenues -				
Charges for services	\$ 24,002,196	\$ 453,238	\$ 24,455,434	\$ 5,642,105
Total operating revenues	24,002,196	453,238	24,455,434	5,642,105
Operating expenses -				
Personal services	4,990,402	-	4,990,402	-
Contractual services	7,520,158	-	7,520,158	820,718
Supplies	653,221	-	653,221	-
Materials	775,788	1,216	777,004	-
Heat, light and power	1,270,889	-	1,270,889	-
Claims expense	-	-	-	3,642,536
Bad debts	117,911	-	117,911	-
Depreciation	4,876,702	161,780	5,038,482	-
Total operating expenses	20,205,071	162,996	20,368,067	4,463,254
Operating income	3,797,125	290,242	4,087,367	1,178,851
Non-operating revenues (expenses) -				
Investment and other revenues	893,526	8,015	901,541	9,477
Interest and fiscal charges	(179,505)	-	(179,505)	-
Total non-operating revenues (expenses)	714,021	8,015	722,036	9,477
Income before contributions and transfers	4,511,146	298,257	4,809,403	1,188,328
Contributions and transfers				
Contributions - impact fees	6,215,734	-	6,215,734	-
Contributions - other	98,866	-	98,866	-
Developer contributions - infrastructure	9,206,954	-	9,206,954	-
Operating transfers (out)	(1,798,013)	(440,055)	(2,238,068)	-
Total contributions and transfers	13,723,541	(440,055)	13,283,486	-
Change in net assets	18,234,687	(141,798)	18,092,889	1,188,328
Net assets, October 1, 2002	166,396,201	6,022,776		1,807,185
Net assets, September 30, 2003	\$ 184,630,888	\$ 5,880,978		\$ 2,995,513
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.			202,017	
Change in net assets of business-type activities			\$ 18,294,906	

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2003

	Business Type Activities- Enterprise Funds		Total	Governmental Activities
	Water and Sewer Fund	Golf Course		Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 24,242,215	\$ 453,238	\$ 24,695,453	\$ 514,424
Cash received from other funds for services provided	-	-	-	5,130,870
Cash payments to suppliers for goods and services	(9,318,236)	(3,097)	(9,321,333)	(4,415,241)
Cash payments to employees for services	(4,145,829)	-	(4,145,829)	-
Cash payments to other funds for services	(791,901)	-	(791,901)	-
Net cash provided by operating activities	<u>9,986,249</u>	<u>450,141</u>	<u>10,436,390</u>	<u>1,230,053</u>
Cash flows from noncapital financing activities:				
Operating transfers to other funds	(1,798,013)	(440,055)	(2,238,068)	-
Net cash used for noncapital financing activities	<u>(1,798,013)</u>	<u>(440,055)</u>	<u>(2,238,068)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Receipts of capital contributions	6,314,600	-	6,314,600	-
Acquisition and construction of capital assets	(20,634,921)	(44,977)	(20,679,898)	-
Proceeds from sale of capital assets	66	-	66	-
Principal paid on revenue bonds	(1,201,925)	-	(1,201,925)	-
Collection of loans	68,406	-	68,406	-
Interest and fiscal charges paid	(179,505)	-	(179,505)	-
Net cash used by capital and related financing activities	<u>(15,633,279)</u>	<u>(44,977)</u>	<u>(15,678,256)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(20,913,750)	-	(20,913,750)	-
Proceeds from sale of investments	28,078,513	-	28,078,513	-
Investment and other income	893,526	8,015	901,541	9,477
Net cash provided by investing activities	<u>8,058,289</u>	<u>8,015</u>	<u>8,066,304</u>	<u>9,477</u>
Net increase (decrease) in cash and cash equivalents	613,246	(26,876)	586,370	1,239,530
Cash and cash equivalents at beginning of year	<u>24,481,750</u>	<u>527,224</u>	<u>25,008,974</u>	<u>403,848</u>
Cash and cash equivalents at end of year	<u>\$ 25,094,996</u>	<u>\$ 500,348</u>	<u>\$ 25,595,344</u>	<u>\$ 1,643,378</u>

(continued)

CITY OF ROUND ROCK, TEXAS

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS - CONTINUED**

YEAR ENDED SEPTEMBER 30, 2003

	Business-Type Activities		Total	Governmental
	Enterprise Funds			Activities
	Water and Sewer Fund	Golf Course		Internal Service
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Assets</u>				
Cash and cash equivalents	\$ 5,892,262	\$ 500,348	\$ 6,392,610	\$ 1,643,378
Restricted assets -				
Cash and cash equivalents	19,202,734	-	19,202,734	-
Cash and cash equivalents	<u>\$ 25,094,996</u>	<u>\$ 500,348</u>	<u>\$ 25,595,344</u>	<u>\$ 1,643,378</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ 3,797,125	\$ 290,242	\$ 4,087,367	\$ 1,178,851
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,876,702	161,780	5,038,482	-
Loss on asset disposal	204	-	204	-
Decrease in receivables	329,036	-	329,036	10,820
(Increase) in inventory	(68,590)	-	(68,590)	-
(Increase) in interfund receivables	-	-	-	(7,631)
(Increase) in other assets	(101,418)	-	(101,418)	-
Increase (decrease) in accounts payable	1,472,430	(1,881)	1,470,549	48,013
Increase in accrued payroll	28,252	-	28,252	-
Increase in interfund payables	86,506	-	86,506	-
(Decrease) in payables from restricted assets	(390,012)	-	(390,012)	-
(Decrease) in deferred revenue	(68,406)	-	(68,406)	-
Increase in compensated absences	24,420	-	24,420	-
Total adjustments	<u>6,189,124</u>	<u>159,899</u>	<u>6,349,023</u>	<u>51,202</u>
Net cash provided by operations	<u>\$ 9,986,249</u>	<u>\$ 450,141</u>	<u>\$ 10,436,390</u>	<u>\$ 1,230,053</u>

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2003, the Water and Sewer Fund had \$ 9,206,954 in capital assets contributed, amortized \$ 33,075 of deferred loss on refunding of debt, and recognized \$ 341,280 in unrealized investment losses.

The accompanying notes are an integral part of this statement.

CITY OF ROUND ROCK, TEXAS

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2003

AGENCY FUND

Encino Plaza Public
Improvement District

ASSETS

Cash and cash equivalents	<u>\$ 1,026,627</u>
Total assets	<u><u>\$ 1,026,627</u></u>

LIABILITIES

Liabilities -	
Due to participants	<u>\$ 1,026,627</u>
Total liabilities	<u><u>\$ 1,026,627</u></u>

The accompanying notes are an integral part of this statement.

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NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

(A) Reporting Entity

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

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

Blended component unit

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

(B) Implementation of New Accounting Principles

During the fiscal year ended September 30, 2003 the City implemented the new financial reporting model as a result of the following Statements of the GASB: GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments: Omnibus, and amendment of GASB Statements No. 21 and No. 34*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(B) Implementation of New Accounting Principles-continued*

The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects fund balance for governmental funds at October 1, 2002 adjusted for the conversion to the accrual basis of accounting and the consolidation of the permanent fund and internal service fund net assets.

The beginning net asset amount for governmental activities reflects the following changes required by GASB 34:

Fund balances – governmental funds, October 1, 2002	\$ 131,144,763
Capital assets	285,447,338
Long-term liabilities	(158,519,168)
Accrued interest	(2,116,125)
Deferred revenue	413,094
Permanent fund	106,096
Internal service funds	1,807,185
Total net assets, October 1, 2002	<u>\$ 258,283,183</u>

(C) Basis of Presentation-Government-wide and Fund Financial Statements

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

Government-wide Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The previous reporting model emphasized fund types (the total of all funds of a particular type). In the new reporting model as defined by GASB Statement No., 34 the focus is either the City as a whole or major individual funds (within the fund financial statements).

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(C) Basis of Presentation – Government-wide and Fund Financial Statements - continued*

The City's statement of net assets includes both non-current assets and non-current liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses 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.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

Fund Financial Statements:

Separate fund based financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the general fund, the debt service fund, the Round Rock Transportation System Development Corporation's special revenue and capital project funds, and the 2002 General Obligation Bond capital projects fund. The nonmajor funds are combined in a separate column in the fund financial statements.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(C) Basis of Presentation – Government-wide and Fund Financial Statements - continued*

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.

(D) 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.

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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued(D) Governmental Fund Types-continued

There are thirteen groups of funds within the Special Revenue Fund 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:

- *1981 Community Development Block Grant Fund*
- *Public Education Programs Fund*
- *Street and Bridge Fund*
- *Hotel-Motel Occupancy Tax Fund*
- *Brown Foundation Grant Fund*
- *Police Special Revenue Fund*
- *Municipal Court Fund*
- *Landscape Fund*
- *Convention Center Revenue Fund*
- *Round Rock Transportation System Development Corporation Revenue Fund*
- *Community Development Block Grant Fund*
- *Annexation Fees Fund*
- *Library Fund*

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

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

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).

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued**(D) Governmental Fund Types-continued**

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

- *Streets and Drainage*
- *1995 Series Certificates of Obligation (Yard and Fire Improvements Fund)*
- *Park Development*
- *1990 Series Certificates of Obligation (City Hall Complex)*
- *Self-Financed Construction*
- *1997 Series Certificates of Obligation (Streets and Public Safety Improvements)*
- *1998 Series General Obligation Bonds (Public Works, Police and Parks Facilities Improvements)*
- *Round Rock Transportation System Development Corporation*
- *1999 Series Hotel Tax Revenue Bonds (Convention Center Complex)*
- *2000 Series Certificates of Obligation (Municipal Complex, Park Land & Streets)*
- *2002 Series General Obligation Bonds*

The Round Rock Transportation System Development Corporation capital project fund and the 2002 Series General Obligation Bonds are considered major funds in the fund financial statements. The Round Rock Transportation System Development Corporation fund accounts for transportation system improvements funded by sales tax revenues. The 2002 Series GO Bonds fund accounts for the costs of public service and public safety facilities and streets and related improvements approved in the 2001 bond election.

Permanent Fund – The **Permanent Fund** is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for authorized purposes that support the City's park improvement programs. The permanent fund is the Ron Sproull Memorial Endowment Fund.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued**(E) 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.

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

(F) 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 Encino Plaza Public Improvement District Fund.

(G) Non-current Governmental Assets/Liabilities:

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

(H) Basis of Accounting**(1) 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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(H) Basis of Accounting-continued***(2) Fund Financial Statements**

In the fund financial statements, all governmental and agency 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.

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.

Sales and hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. 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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(H) Basis of Accounting-continued***Governmental Funds-continued**

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

Expenditure Recognition

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

Proprietary Funds

In the fund financial statements and the government-wide statements, proprietary 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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued***(I) Budgets and Budgetary Accounting***

The City follows these procedures in establishing the appropriated budget as reflected in the accompanying financial statements:

- (1) At least sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget may be heard.
- (3) The budget is legally enacted by the City Council through passage of an appropriation ordinance and tax-levying ordinance not later than the final day of the last month of the fiscal year.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the individual office, department, or agency level.
- (5) Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.
- (6) Amendments that alter total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control at which expenditures may not exceed the budget is at the fund level. The reported budgetary data has been revised for amendments authorized.
- (7) Any appropriation balances in the General Fund and Special Revenue Funds lapse or revert to the undesignated fund balances at the close of each fiscal year.

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued(I) Budgets and Budgetary Accounting-continued

Budgeted amounts are as originally adopted, or as amended by the City Council on September 25, 2003. Amendments to Special Revenue and Debt Service Funds were not material to the original appropriations. The original budget of the General Fund was amended twice during 2003. The following table compares original to final budgets.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 44,043,906	\$ 3,828,237	\$ 47,872,143
Licenses, permits and fees	738,600	(185,000)	553,600
Charges for services	2,986,730	371,309	3,358,039
Fines and forfeitures	866,600	85,000	951,600
Intergovernmental	222,500	5,924	228,424
Investment and other	1,530,700	(49,000)	1,481,700
Total revenues	<u>50,389,036</u>	<u>4,056,470</u>	<u>54,445,506</u>
Expenditures -			
Current -			
General government	16,908,217	602,219	17,510,436
Public safety	18,706,005	(119,381)	18,586,624
Public works	8,983,131	(1,573,979)	7,409,152
Culture and recreation	8,125,893	134,663	8,260,556
Total expenditures	<u>52,723,246</u>	<u>(956,478)</u>	<u>51,766,768</u>
Excess (deficiency) of revenues over expenditures	<u>(2,334,210)</u>	<u>5,012,948</u>	<u>2,678,738</u>
Other financing sources (uses) -			
Lease purchase proceeds	600,000	(600,000)	-
Operating transfers in	1,750,000	(350,000)	1,400,000
Operating transfers out	-	(4,062,948)	(4,062,948)
Total other financing sources (uses)	<u>2,350,000</u>	<u>(5,012,948)</u>	<u>(2,662,948)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ 15,790</u>	<u>\$ -</u>	<u>\$ 15,790</u>

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued**(J) Encumbrances**

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end.

(K) 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.

(L) Inventories and Prepaid Items

Inventories for all funds are valued the lower of cost or market. 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.

(M) 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 \$ 2,000 and a useful life greater than 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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued(M) Capital Assets-continued

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 \$179,505.

(N) Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premium 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.

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued*(N) Long-Term Debt – continued*

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

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

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

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

(O) Unpaid Compensated Absences

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

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

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

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

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued**(P) Fund Changes and Transactions Between Funds**

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

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

As part of the implementation of GASB Statement No. 34, the Library Fund is now recognized as a special revenue fund rather than an agency fund. The Ron Sproull Memorial Endowment Fund is now a permanent fund rather than a nonexpendable trust fund.

(Q) Restricted Assets

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

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

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

(R) Fund Balance/Net Assets

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

NOTE 1 – SUMMARY OF PRINCIPAL ACCOUNTING POLICIES- continued**(R) Fund Balance/Net Assets - continued**

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

- 1) Fund balance components:
 - i. Federal seizure – reserved for expenditures on law enforcement expenditures as authorized by state law for asset forfeiture monies.
 - ii. Non-current loans receivable – reserved for loans receivable that are not due within the next year.
 - iii. Debt service – reserved for the retirement of general long-term debt.
 - iv. Endowments – reserved for the principal amount of the original contribution.
 - v. Authorized construction – reserved to fund capital projects.
 - vi. Unreserved & undesignated – funds available for expenditure in the following period.
- 2) Net asset categories :
 - i. Invested in capital assets, net of related debt — capital assets, net of accumulated depreciation, reduced by
 - a) the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.
 - b) unspent bond proceeds.
 - ii. Debt service – restricted for the retirement of bonds.
 - iii. Capital projects – funds whose source is restricted for future capital improvements.
 - iv. Self-insurance – restricted for future claims.
 - v. Endowments – restricted for the principal amount of the original contribution.
 - vi. Unrestricted – no limitations are imposed on the use of net assets.

(S) Tap-In (Connection Fees) and Impact Fees

Water and sewer tap-in fees (connection fees) represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service.

The impact fee substantially exceeds the cost of connection to the water and sewer system, and is therefore viewed as a contribution. Effective with the implementation of Governmental Accounting Standards Board Statement 33 on October 1, 2001, impact fees are recorded as contributions revenue in the Enterprise Fund.

(T) Comparative Data/Reclassifications

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

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ 154,785,291 difference are as follows:

Bonds payable	\$ 151,599,555
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(821,963)
Accrued interest payable	1,127,590
Capital leases payable	734,211
Compensated absences	<u>2,145,898</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 154,785,291</u>

(B) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$11,288,896 difference are as follows:

Capital outlay	\$ 25,535,305
Depreciation expense	<u>(14,246,409)</u>
Net adjustment to increase <i>net changes in fund balances-</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u>\$ 11,288,896</u>

NOTE 2 – 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 that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net assets.” The details of this \$16,630,761 difference are as follows:

Donations	\$ 16,630,341
Net book value – assets transferred from the Water and Sewer Fund	<u>420</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 16,630,761</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” Principal repayments of \$ 5,179,568 comprise the balance of this line item.

Another element of that 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 \$ 670,435 difference are as follows:

Compensated absences	\$ (275,851)
Accrued interest	988,534
Amortization of issuance costs	<u>(42,248)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 670,435</u>

NOTE 3 – PROPERTY TAXES

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 County Appraisal District established appraisal values in accordance with requirements of the Texas Legislature.

NOTE 3 – PROPERTY TAXES-continued

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

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2002 tax roll. The tax rate, based on total taxable assessed valuation of \$ 5,059,033,314 was \$.3422 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$.19415 and \$.14805 respectively.

Property taxes receivable at September 30, 2003, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Current year levy	\$ 125,479	\$ 95,685	\$221,164
Prior years' levies	<u>178,565</u>	<u>193,970</u>	<u>372,535</u>
	304,044	289,655	593,699
Less - allowance for uncollectible taxes	<u>(42,772)</u>	<u>(32,734)</u>	<u>(75,506)</u>
	<u>\$ 261,272</u>	<u>\$256,921</u>	<u>\$518,193</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.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2003, was as follows:

	<u>October 1, 2002</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>September 30, 2003</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,229,114	\$ 878,210	\$ -	\$ 17,107,324
Construction in progress	<u>55,498,833</u>	<u>24,057,917</u>	<u>33,644,825</u>	<u>45,911,925</u>
Total capital assets not being depreciated	<u>71,727,947</u>	<u>24,936,127</u>	<u>33,644,825</u>	<u>63,019,249</u>
Capital assets being depreciated:				
Buildings and improvements	296,298,386	45,875,324	77,699	342,096,011
Equipment	<u>22,109,937</u>	<u>4,998,607</u>	<u>806,122</u>	<u>26,302,422</u>
Total capital assets being depreciated	<u>318,408,323</u>	<u>50,873,931</u>	<u>883,821</u>	<u>368,398,433</u>
Less accumulated depreciation for:				
Building and improvements	90,632,521	11,052,241	150,827	101,533,935
Equipment	<u>14,131,510</u>	<u>3,194,168</u>	<u>808,924</u>	<u>16,516,754</u>
Total accumulated depreciation	<u>104,764,031</u>	<u>14,246,409</u>	<u>959,751</u>	<u>118,050,689</u>
Total capital assets being depreciated, net	<u>213,644,292</u>	<u>36,627,522</u>	<u>(75,930)</u>	<u>250,347,744</u>
Governmental activities capital assets, net	<u>\$ 285,372,239</u>	<u>\$ 61,563,649</u>	<u>\$ 33,568,895</u>	<u>\$ 313,366,993</u>

NOTE 4 – CAPITAL ASSETS-continued

Business-type activities:	October 1, 2002	Additions/ Completions	Retirements/ Adjustments	September 30, 2003
Capital assets not being depreciated:				
Land	\$ 2,429,773	\$ 21,450	\$ -	\$ 2,451,223
Construction in progress	12,720,108	20,059,370	14,102,246	18,677,232
Total capital assets not being depreciated	15,149,881	20,080,820	14,102,246	21,128,455
Capital assets being depreciated:				
Buildings and improvements	121,774,313	23,201,217	243,736	144,731,794
Equipment	6,676,851	872,537	686,979	6,862,409
Total capital assets being depreciated	128,451,164	24,073,754	930,715	151,594,203
Less accumulated depreciation for:				
Building and improvements	25,941,738	4,267,115	4,282	30,204,571
Equipment	4,600,651	771,367	760,689	4,611,329
Total accumulated depreciation	30,542,389	5,038,482	764,971	34,815,900
Total capital assets being depreciated, net	97,908,775	19,035,272	165,744	116,778,303
Business-type activities capital assets, net	<u>\$ 113,058,656</u>	<u>\$ 39,116,092</u>	<u>\$ 14,267,990</u>	<u>\$ 137,906,758</u>

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

Governmental activities:	
General government	\$ 1,495,349
Public safety	1,451,816
Public works	9,672,362
Culture and recreation	1,626,882
Total depreciation expense-governmental activities	<u>\$14,246,409</u>
Business-type activities:	
Water and sewer utility	\$ 4,876,702
Golf course	161,780
Total depreciation expense-business-type activities	<u>\$ 5,038,482</u>

CITY OF ROUND ROCK, TEXAS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2003

NOTE 4 – CAPITAL ASSETS - continued

Major construction contracts in progress from inception to September 30, 2003, consisted of the following:

	<u>Project Authorization</u>	<u>Expended to 9-30-03</u>	<u>Committed</u>	<u>Future Financing</u>
Projects funded principally by general obligation debt –				
Streets, parks, library, public safety and general improvements	\$ 8,966,117	\$ 8,133,642	\$ 832,475	NONE
Streets and other improvements	5,492,255	5,483,235	9,020	NONE
Public safety, streets & public service facilities	19,695,358	6,243,569	13,451,789	NONE
Municipal complex, parkland and streets	10,896,565	10,392,199	504,366	NONE
Yard site and fire improvements	1,562,521	1,562,521	-	NONE
Self-financed construction	24,226,055	22,476,710	1,749,345	NONE
Round Rock Transportation System— road improvements	75,535,818	66,302,693	9,233,125	NONE
Convention Center Complex	19,248,988	19,199,444	49,544	NONE
	<u>\$165,623,677</u>	<u>\$139,794,013</u>	<u>\$ 25,829,664</u>	
Projects funded by revenue bonds and developer contributions -				
Utility line improvements	\$ 12,571,521	\$ 12,063,374	\$ 508,147	NONE
Self-financed construction	70,573,128	53,403,634	17,169,494	NONE
	<u>\$ 83,144,649</u>	<u>\$ 65,467,008</u>	<u>\$ 17,677,641</u>	

NOTE 5 – BONDED DEBT

The following is a summary of bond transactions of the City for the year ended September 30, 2003, (in thousands of dollars):

	<u>Governmental Activities</u>					<u>Business- Type Activities</u>	<u>Total</u>
	<u>Bonds</u>	<u>Certificates</u>	<u>Hotel Tax Revenue</u>	<u>State Infrastructure Bank Loan</u>	<u>Sales Tax Revenue</u>	<u>Revenue</u>	
Payable, October 1, 2002	\$71,835	\$20,805	\$8,605	\$29,437	\$25,345	\$3,561	\$159,588
Issuances	-	-	-	-	-	-	-
Retirements	(1,570)	(638)	(25)	(1,314)	(880)	(1,202)	(5,629)
Balance, September 30, 2003	<u>\$70,265</u>	<u>\$20,167</u>	<u>\$8,580</u>	<u>\$ 28,123</u>	<u>\$24,465</u>	<u>\$2,359</u>	<u>\$153,959</u>

CITY OF ROUND ROCK, TEXAS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2003

NOTE 5 – BONDED DEBT-continued

Bonds and certificates of obligation payable at September 30, 2003, were comprised of the following individual issues (in thousands of dollars):

<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding 9-30-03</u>
<u>Governmental Activities:</u>			
<u>General Obligation Bonds</u>			
Series 1975 / 8-1-75	5.00%	\$ 330	\$ 20
Series 1996 / 8-15-96	4.50 - 5.80%	13,125	12,325
Series 1997 / 11-15-97 Refunding	4.10 - 5.25%	5,300	5,035
Series 1998 / 7-9-98	4.80 - 6.75%	8,905	8,685
Series 2002/ 5-9-02 GO & Refunding	3.25 - 5.50%	45,465	44,200
		<u>73,125</u>	<u>70,265</u>
<u>Certificates of Obligation</u>			
Series 1975 / 8-1-75	5.00%	69	12
Series 1995 / 3-15-95	4.60 - 6.25%	7,940	2,900
Series 1997 / 4-15-97	5.25 - 6.50%	5,185	4,515
Series 1998 / 7-9-98	4.40 - 6.40%	2,550	2,190
Series 2000 / 5-25-00	5.00 - 6.25%	10,750	10,550
		<u>26,494</u>	<u>20,167</u>
<u>Hotel Tax Revenue Bonds</u>			
Series 1999 / 3-25-99	5.00 - 5.85%	8,605	8,580
<u>State Infrastructure Bank Loans</u>			
Series 2000 / 8-28-00	4.60%	16,000	13,601
Series 2002 / 7-31-02	4.50%	15,000	14,522
		<u>31,000</u>	<u>28,123</u>
<u>Sales Tax Revenue Bonds</u>			
Series 2001 / 5-15-01	3.90 - 5.50%	25,890	24,465
Total Governmental Bonded Debt		\$ 165,114	\$ 151,600
<u>Business-type Activities:</u>			
<u>Revenue Bonds</u>			
Series 1987 / 2-1-87	5.30 - 8.3 %	\$ 2,910	\$ 525
Series 1992 / 1-1-92 Refunding	3.50 - 5.8 %	4,035	265
Series 1995 / 7-15-95 Refunding	3.85 - 5.1 %	7,220	1,569
Total Business-Type Activities Bonded Debt		\$ 14,165	\$ 2,359

NOTE 5 – BONDED DEBT - continued

The annual requirements to amortize all bonded and certificate of obligation debt at September 30, 2003, including interest, are as follows (in thousands of dollars):

Governmental Activities:

Year Ended September 30,	General Obligation Debt		Hotel Tax Revenue		State Infrastructure Bank Loan		Sales Tax Revenue		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2004	\$ 4,018	\$ 4,666	\$ 35	\$ 492	\$ 1,374	\$ 1,279	\$ 915	\$ 1,192	\$ 13,971
2005	4,388	4,504	45	490	1,437	1,216	950	1,155	14,185
2006	3,338	4,329	50	488	1,502	1,151	990	1,117	12,965
2007	3,813	4,160	55	485	1,571	1,082	1,030	1,078	13,274
2008	2,875	3,963	275	477	1,642	1,011	1,070	1,037	12,350
2009-2013	16,950	17,455	1,630	2,136	9,410	3,857	6,085	4,442	61,965
2014-2018	22,076	12,486	2,165	1,594	7,051	1,716	7,719	2,814	57,621
2019-2023	22,866	5,998	2,905	860	4,136	476	5,706	614	43,561
2024-2027	10,108	1,259	1,420	84	-	-	-	-	12,873
	<u>\$ 90,432</u>	<u>\$ 58,820</u>	<u>\$ 8,580</u>	<u>\$ 7,106</u>	<u>\$ 28,123</u>	<u>\$ 11,788</u>	<u>\$ 24,465</u>	<u>\$ 13,449</u>	<u>\$ 242,765</u>

Business-type Activities:

Year Ended September 30,	Revenue		Total
	Principal	Interest	
2004	\$ 1,185	\$ 95	\$ 1,280
2005	971	45	1,016
2006	203	14	217
	<u>\$ 2,359</u>	<u>\$ 154</u>	<u>\$ 2,513</u>

In prior years, the City defeased certain certificates of obligation and 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, 2003, \$ 3,795,000 of bonds outstanding are considered defeased.

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

NOTE 5 – BONDED DEBT – continued

Bonds authorized and unissued at September 30, 2003, amounted to \$ 56,385,000.

In March of 1997, the City issued \$2,690,000 in special assessment debt for which it is not obligated in any manner beyond the resources provided by the Encino Plaza Public Improvement District. For purposes of this debt, the City is merely acting as an agent for property owners in collecting the assessments and forwarding them to the bondholders. At September 30, 2003, the amount of debt outstanding was \$1,520,000.

(A) 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, aggregating \$ 1,010,197 at September 30, 2003, 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 semiannual principal and interest requirements as they become due.

The bond reserve funds for revenue bond retirement, aggregating \$ 858,893 at September 30, 2003, 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. At September 30, 2003, the required reserve totaled \$ 858,893. 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.

(B) Hotel Tax Revenue Bonds:

The debt service fund for the hotel tax revenue bonds, aggregating \$ 281,595 at September 30, 2003, 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 semiannual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$ 629,348 at September 30, 2003. 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 bond in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

NOTE 5 – BONDED DEBT - continued(C) Sales Tax Revenue Bonds:

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

The debt service fund for the sales tax revenue bonds, aggregating \$ 234,475 at September 30, 2003, 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 semiannual 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.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2003 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt service	\$ 30,810
	Water and Sewer	11,435
	Round Rock Transportation System Development Corporation Revenue	334,643
Debt service	General Fund	16,196
Self Financed Construction	General Fund	11,335,960
	Round Rock Transportation System Development Corporation Revenue	1,829,389
Round Rock Transportation System Development Corporation Project	Water and Sewer	152,543
Convention Center Complex	Hotel Occupancy Tax	760,000
Water and Sewer	General Fund	1,544
Internal Service	General Fund	1,209,003
	Water and Sewer	271,311
		<u>\$ 15,952,834</u>

CITY OF ROUND ROCK, TEXAS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

SEPTEMBER 30, 2003

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS- continued

The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds. For the year ended September 30, 2003, transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Sewer Fund	\$ 1,400,000	\$ -
Nonmajor Governmental Funds	5,933	4,062,948
	<u>1,405,933</u>	<u>4,062,948</u>
Debt Service Fund-		
Water and Sewer Fund	398,013	-
Golf Course Fund	440,055	-
Round Rock Transportation Development Corporation Revenue Fund	4,744,556	-
Nonmajor Governmental Funds	602,990	1,445
	<u>6,185,614</u>	<u>1,445</u>
Round Rock Transportation Development Corporation Revenue Fund-		
Round Rock Transportation Development Corporation Project Fund	-	100,000
Debt Service Fund	-	4,744,556
	<u>-</u>	<u>4,844,556</u>
Round Rock Transportation Development Corporation Project Fund-		
Round Rock Transportation Development Corporation Revenue Fund	100,000	-
Nonmajor Governmental Funds	784,341	-
	<u>884,341</u>	<u>-</u>
Nonmajor Governmental Funds -		
General Fund	4,062,948	5,933
Debt Service Fund	1,445	602,990
Nonmajor Governmental Funds	2,221,486	3,005,827
	<u>6,285,879</u>	<u>3,614,750</u>
Water and Sewer Fund-		
General Fund	-	1,400,000
Debt Service Fund	-	398,013
	<u>-</u>	<u>1,798,013</u>
Golf Course Fund-		
Debt Service Fund	-	440,055
	<u>-</u>	<u>440,055</u>
	<u>\$ 14,761,767</u>	<u>\$ 14,761,767</u>

NOTE 7 – RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2003:

	Cash & Cash Equivalents	Investments	Accrued Interest Receivable	Property Taxes Receivable
GOVERNMENTAL ACTIVITIES				
Debt Service fund	\$ 2,298,319	\$ -	\$ 85	\$256,921
Restricted by debt covenants-				
Round Rock Transportation System Development Corp.	19,861,626	-	-	-
Convention Center	6,212	-	-	-
Construction	27,033,480	12,091,960	85,638	-
Permanent fund	100,000	-	-	-
Total Governmental Activities	\$ 49,299,637	\$ 12,091,960	\$ 85,723	\$256,921
	Cash & Cash Equivalents	Investments	Accrued Interest Receivable	Accounts & Other Receivables
BUSINESS-TYPE ACTIVITIES				
Water and sewer fund-				
Revenue bond debt service	\$ 1,869,090	\$ -	\$ -	\$ -
Construction	6,967,088	-	-	92,060
Impact fees	9,629,664	3,504,480	15,111	-
Customer deposits	736,892	-	-	-
Total Business-Type Activities	\$ 19,202,734	\$ 3,504,480	\$ 15,111	\$ 92,060

NOTE 8 – EMPLOYEE RETIREMENT PLAN***Plan Description***

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide *Texas Municipal Retirement System (TMRS)*, one of 774 administered by *TMRS*, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the

NOTE 8 – EMPLOYEE RETIREMENT PLAN - continued*Plan Description – continued*

plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit rate:	7%
Matching Ratio (City to Employee):	2-1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service to the City.
 The Service Retirement Eligibilities for the City are: with 5 yrs/age 60
 with 20 yrs/any age

Contributions

Under the state law governing *TMRS*, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution 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 is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2002 valuation is effective for rates beginning January 2004).

NOTE 8 - EMPLOYEE RETIREMENT PLAN - continued*Schedule of Actuarial Liabilities and Funding Progress*

Actuarial Valuation Date	12/31/2000	12/31/2001	12/31/2002
Actuarial Value of Assets	\$ 21,981,226	\$ 26,548,097	\$ 30,949,360
Actuarial Accrued Liability	\$ 28,438,158	\$ 33,851,589	\$ 39,737,830
Percentage Funded	77.3%	78.4%	77.9%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,456,932	\$ 7,303,492	\$ 8,788,470
Annual Covered Payroll	\$ 17,696,924	\$ 21,595,121	\$ 24,466,510
UAAL as a Percentage of Covered Payroll	36.5%	33.8%	35.9%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -0-	\$ -0-	\$ -0-
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 2,194,465	\$ 2,582,984	\$ 2,713,534
Interest on NPO	-0-	-0-	-0-
Adjustment to the ARC	-0-	-0-	-0-
Subtotal	<u>2,194,465</u>	<u>2,582,984</u>	<u>2,713,534</u>
Contributions Made	2,194,465	2,582,984	2,713,534
Increase in NPO	-0-	-0-	-0-
NPO at the end of the period	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The following assumptions utilized by *TMRS*, and applicable 6-year trend information are contained in the 2002 *TMRS Comprehensive Annual Financial Report*, a copy of which can be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Actuarial Cost Method –	Unit Credit
Amortization Method –	Level Percent of Payroll
Remaining Amortization Period –	25 Years – Open Period
Asset Valuation Method –	Amortized Cost
Investment Rate of Return –	8%
Projected Salary Increases –	None
Includes Inflation At –	None
Cost-of-Living Adjustments –	None

NOTE 9 – LEASE-PURCHASES PAYABLE

The City is obligated under certain capital leases. Equipment under capital leases totaled \$1,575,000 at September 30, 2003. Following is a summarization of capital lease transactions for the year ended September 30, 2003:

	<u>Governmental Activities</u>
Balance, September 30, 2002	\$ 1,486,643
Retirements	<u>(752,432)</u>
Balance, September 30, 2003	<u>\$ 734,211</u>

Lease obligations are funded with general revenue sources.

The annual requirements to amortize the lease-purchases to maturity are as follows:

<u>Year Ended September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 537,211	\$ 19,108	\$ 556,319
2005	<u>197,000</u>	<u>4,132</u>	<u>201,132</u>
	<u>\$ 734,211</u>	<u>\$ 23,240</u>	<u>\$ 757,451</u>

NOTE 10 – ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2003, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance, September 30, 2002	\$1,870,046	\$180,840
Increase in accrual	<u>275,851</u>	<u>24,420</u>
Balance, September 30, 2003	<u>\$2,145,897</u>	<u>\$205,260</u>

Accrued compensated absences due within one year were \$1,144,014 for governmental activities and \$186,791 for business-type activities. Liabilities for accrued compensated absences are funded from general revenues for the governmental activities and program revenues for the business-type activities.

NOTE 11 – CASH AND INVESTMENTSCash -

At September 30, 2003, the carrying amount of deposits for the City was a credit balance of \$1,115,928 primarily consisting of outstanding checks and the respective bank balances totaled \$2,974,382. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name.

NOTE 11 – CASH AND INVESTMENTS – continued

Investments –

Investments held as of September 30, 2003 by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1** Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

	<u>Category</u>			Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government Securities	\$ 77,793,813	\$ -	\$ -	\$ 77,793,813
	<u>\$ 77,793,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>77,793,813</u>
Investments in State Investment Pool				<u>107,310,552</u>
Total investments				<u>\$185,104,365</u>

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 position in the state investment pool is the same as the value of the pool shares. The decrease in the fair value of investments during the year ended September 30, 2003 is as follows:

Fair value at September 30, 2003	\$ 77,793,813
Add: Proceeds of investments matured this fiscal year	67,176,100
Less: Cost of investments purchased this fiscal year	(64,435,215)
Less: Fair value at September 30, 2002	<u>(81,644,851)</u>
Change in fair value of investments	<u>\$ (1,110,153)</u>

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

Cash in banks	\$ (1,115,928)
Investments	<u>185,104,365</u>
Total cash and investments	<u>\$183,988,437</u>
Statement of net assets presentation:	
Cash and cash equivalents	\$ 37,692,253
Investments	62,197,373
Restricted assets -	
Cash and cash equivalents	68,502,371
Investments	<u>15,596,440</u>
Total cash and cash equivalents and investments	<u>\$183,988,437</u>

NOTE 11 – CASH AND INVESTMENTS - continued

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 2003 were of the aforementioned categories.

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.

NOTE 12 – MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed since 1989 by CCA Sibley/Golfcorp/Round Rock, Inc. (Operator) in accordance with the terms of agreements dated December 1, 1989 and October 24, 1995. On May 1, 2000, 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, the base management fee, the variable fee and any unpaid management fees limited by available gross receipts. Any remaining gross receipts are to be distributed to the City.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with the Round Rock Independent School District to collect City taxes and deposit monies to the City's accounts. For this service, the School District was paid a contract amount of \$ 8,508.

Commitments for Road Construction

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES-continued*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, 2003, the City's cost under this contract was \$231,840.

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, 2003, the City's cost under this contract was \$625,623.

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. Effective September 1, 2002, a "Water Sale Contract" granted Round Rock rights to 4,500 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2003, the City's cost under these contracts was \$581,731.

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

Regional Sewer Project

In 1985, the City entered into a Wastewater Disposal Contract with Brushy Creek Water Control and Improvement District No. 1 of Williamson and Milam Counties ("District"), the City of Austin, and two Municipal Utility Districts. The agreement provided for the District to construct a pipeline and a treatment plant for the collection and treatment of wastewater. In subsequent years, the two Municipal Utility Districts withdrew from the project. In 1989, the City sold certain facilities to the District for approximately \$3,300,000. In 1991, the City and the City of Austin postponed further construction until such time that demand was greater.

NOTE 13 – COMMITMENTS AND CONTINGENCIES-continued

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. BRA will operate and maintain the regional system to collect wastewater from the City and other participants for the purpose of treating and disposing of such wastewater. Based on demand, the Alliance will acquire and/or construct additional facilities. Acquisition and construction funding, as well as debt servicing, is the responsibility of the Alliance.

As a customer of the system, the City has an unconditional obligation to pay fees to the Alliance. Fees are calculated from capital and flow components based on reserved capacity and proportional flows. The capital charge component is paid for the term of Alliance bonds used to construct or purchase system facilities. The flow charge component continues as long as the City uses the system.

For the year ended September 30, 2003, the City has paid fees totaling \$ 4,392,660 for use of the regional facilities.

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, 2003, the potential rebate requirements of approximately \$ 2,282 have been accrued within the accompanying financial statements.

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.

Self-Funded Health Insurance Fund

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with a lifetime maximum of \$1,000,000 per employee. The City purchases commercial insurance for claims in excess of a contractual City liability limit. Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES-continued

An analysis of claims activities is presented below:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Year-End</u>
1999	\$ 58,042	\$1,175,765	\$1,082,690	\$151,117
2000	\$151,117	\$1,915,324	\$2,000,304	\$ 66,137
2001	\$ 66,137	\$2,952,298	\$2,336,888	\$681,547
2002	\$681,547	\$2,966,461	\$3,533,818	\$114,190
2003	\$114,190	\$3,642,536	\$3,594,523	\$162,203

The liability is estimated based upon claims settled within the next month.

Post employment Healthcare Benefits

The City does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs.

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.

Participation in Public Entity Risk Pool

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.

NOTE 13 – COMMITMENTS AND CONTINGENCIES-continued

Economic Development Agreement

The City has entered into an economic development agreement with a computer manufacturer. Under the terms of the agreement the City refunds approximately 31% of sales tax collections on sales made by the computer manufacturer in the State of Texas. The computer manufacturer represents approximately 48.8% of the City's sales tax collections for the year ended September 30, 2003.

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). Primarily general obligation bonds fund the capital projects.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The City's permanent fund is the Ron Sproull Memorial Endowment Fund, which is used to account for a contribution that is legally restricted so that only the earnings, and not the initial contribution, may be expended on park improvements.

CITY OF ROUND ROCK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

SEPTEMBER 30, 2003

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,233,912	\$ 3,332,132	\$ 7,437	\$ 7,573,481
Receivables -				
Accounts and other	16,710	4,009	-	20,719
Loans	19,181	-	-	19,181
Accrued interest	-	28	-	28
Interfund receivables	-	13,925,349	-	13,925,349
Assessments	10,306	-	-	10,306
Restricted assets-				
Cash and cash equivalents	6,212	4,324,533	100,000	4,430,745
Total assets	<u>\$ 4,286,321</u>	<u>\$ 21,586,051</u>	<u>\$ 107,437</u>	<u>\$ 25,979,809</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Accounts payable	\$ 66,617	\$ 754,949	\$ -	\$ 821,566
Interfund payables	760,000	-	-	760,000
Deferred revenue	51,626	-	-	51,626
Total liabilities	<u>878,243</u>	<u>754,949</u>	<u>-</u>	<u>1,633,192</u>
Fund balances -				
Reserved for federal seizure	84,044	-	-	84,044
Reserved for non-current loans receivable	19,181	-	-	19,181
Reserved for endowments	-	-	100,000	100,000
Reserved for authorized construction	-	4,190,898	-	4,190,898
Unreserved - undesignated	3,304,853	16,640,204	7,437	19,952,494
Total fund balances	<u>3,408,078</u>	<u>20,831,102</u>	<u>107,437</u>	<u>24,346,617</u>
Total liabilities and fund balances	<u>\$ 4,286,321</u>	<u>\$ 21,586,051</u>	<u>\$ 107,437</u>	<u>\$ 25,979,809</u>

CITY OF ROUND ROCK, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2003

	Special Revenue	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Revenues -				
Licenses, permits and fees	\$ 225,312	\$ -	\$ -	\$ 225,312
Fines and forfeitures	58,260	-	-	58,260
Assessments	4,963	784,341	-	789,304
Intergovernmental	477,430	-	-	477,430
Hotel occupancy tax	1,618,744	-	-	1,618,744
Investment and other	107,371	111,679	1,341	220,391
Contributions	34,448	793,686	-	828,134
Total revenues	<u>2,526,528</u>	<u>1,689,706</u>	<u>1,341</u>	<u>4,217,575</u>
Expenditures -				
Current -				
General government	497,888	-	-	497,888
Public safety	26,732	-	-	26,732
Culture and recreation	335,292	-	-	335,292
Capital projects	-	8,308,469	-	8,308,469
Total expenditures	<u>859,912</u>	<u>8,308,469</u>	<u>-</u>	<u>9,168,381</u>
Excess (deficiency) of revenues over expenditures	<u>1,666,616</u>	<u>(6,618,763)</u>	<u>1,341</u>	<u>(4,950,806)</u>
Other financing sources /(uses) -				
Operating transfers in	1,345,921	4,939,958	-	6,285,879
Operating transfers out	<u>(2,828,075)</u>	<u>(786,675)</u>	<u>-</u>	<u>(3,614,750)</u>
Total other financing sources/(uses)	<u>(1,482,154)</u>	<u>4,153,283</u>	<u>-</u>	<u>2,671,129</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>184,462</u>	<u>(2,465,480)</u>	<u>1,341</u>	<u>(2,279,677)</u>
Fund balances, October 1, 2002	<u>3,223,616</u>	<u>23,296,582</u>	<u>106,096</u>	<u>26,626,294</u>
Fund balances, September 30, 2003	<u>\$ 3,408,078</u>	<u>\$ 20,831,102</u>	<u>\$ 107,437</u>	<u>\$ 24,346,617</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.

1981 CDBG Fund – To account for operations of projects involving economic and community development.

Public Education Programs Fund – To account for donations received that are designated for conducting the fire safety awareness program.

Street and Bridge Fund – To account for funds due from improvements within the North Industrial Parkway Public Improvement District.

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

Brown Foundation Grant Fund – To account for a grant from the Brown Foundation which is restricted to the Child Abuse Prevention program.

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.

Convention Center Revenue Fund – To account for pledged revenues related to the Hotel Occupancy Tax Revenue Bonds.

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

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

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

CITY OF ROUND ROCK

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2003

	1981 Community Development Block Grant	Public Education Programs	Street and Bridge	Hotel-Motel Occupancy Tax	Brown Foundation Grant	Police
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 659,710	\$ 2,829,553	\$ 9,434	\$ 123,845
Receivables -						
Accounts and other	-	-	-	5,890	-	-
Loans	19,181	-	-	-	-	-
Assessments	-	-	10,306	-	-	-
Restricted assets-						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	<u>\$ 19,181</u>	<u>\$ -</u>	<u>\$ 670,016</u>	<u>\$ 2,835,443</u>	<u>\$ 9,434</u>	<u>\$ 123,845</u>
LIABILITIES AND FUND BALANCES						
Liabilities -						
Accounts payable	\$ -	\$ -	\$ -	\$ 19,283	\$ -	\$ 29,986
Interfund payables	-	-	-	760,000	-	-
Deferred revenue	-	-	10,306	41,320	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>10,306</u>	<u>820,603</u>	<u>-</u>	<u>29,986</u>
Fund balances -						
Reserved for federal seizure	-	-	-	-	-	84,044
Reserved for non-current loans receivable	19,181	-	-	-	-	-
Unreserved - undesignated	-	-	659,710	2,014,840	9,434	9,815
Total fund balances	<u>19,181</u>	<u>-</u>	<u>659,710</u>	<u>2,014,840</u>	<u>9,434</u>	<u>93,859</u>
Total liabilities and fund balances	<u>\$ 19,181</u>	<u>\$ -</u>	<u>\$ 670,016</u>	<u>\$ 2,835,443</u>	<u>\$ 9,434</u>	<u>\$ 123,845</u>

<u>Municipal Court</u>	<u>Landscape</u>	<u>Convention Center Revenue</u>	<u>Community Development Block Grant</u>	<u>Annexation Fees</u>	<u>Library Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 147,367	\$ 20,263	\$ -	\$ -	\$ 428,435	\$ 15,305	\$ 4,233,912
-	-	-	10,820	-	-	16,710
-	-	-	-	-	-	19,181
-	-	-	-	-	-	10,306
-	-	6,212	-	-	-	6,212
<u>\$ 147,367</u>	<u>\$ 20,263</u>	<u>\$ 6,212</u>	<u>\$ 10,820</u>	<u>\$ 428,435</u>	<u>\$ 15,305</u>	<u>\$ 4,286,321</u>
\$ -	\$ 4,875	\$ -	\$ 10,376	\$ -	\$ 2,097	\$ 66,617
-	-	-	-	-	-	760,000
-	-	-	-	-	-	51,626
-	4,875	-	10,376	-	2,097	878,243
-	-	-	-	-	-	84,044
-	-	-	-	-	-	19,181
147,367	15,388	6,212	444	428,435	13,208	3,304,853
<u>147,367</u>	<u>15,388</u>	<u>6,212</u>	<u>444</u>	<u>428,435</u>	<u>13,208</u>	<u>3,408,078</u>
<u>\$ 147,367</u>	<u>\$ 20,263</u>	<u>\$ 6,212</u>	<u>\$ 10,820</u>	<u>\$ 428,435</u>	<u>\$ 15,305</u>	<u>\$ 4,286,321</u>

CITY OF ROUND ROCK, TEXAS

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2003

	1981 Community Development Block Grant	Public Education Programs	Street and Bridge	Hotel-Motel Occupancy Tax	Brown Foundation Grant	Police
Revenues -						
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	58,260
Assessments	-	-	4,963	-	-	-
Intergovernmental	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	1,618,744	-	-
Investment and other Contributions	-	69	8,118	28,891	117	1,544
Total revenues	<u>-</u>	<u>69</u>	<u>13,081</u>	<u>1,647,635</u>	<u>117</u>	<u>59,804</u>
Expenditures -						
Current -						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	26,732
Culture and recreation	-	-	-	313,871	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,871</u>	<u>-</u>	<u>26,732</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>69</u>	<u>13,081</u>	<u>1,333,764</u>	<u>117</u>	<u>33,072</u>
Other financing sources /(uses) -						
Operating transfers in	-	-	-	671,071	-	-
Operating transfers out	-	(5,933)	-	(2,151,071)	-	-
Total other financing sources/(uses)	<u>-</u>	<u>(5,933)</u>	<u>-</u>	<u>(1,480,000)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>-</u>	<u>(5,864)</u>	<u>13,081</u>	<u>(146,236)</u>	<u>117</u>	<u>33,072</u>
Fund balances, October 1, 2002	<u>19,181</u>	<u>5,864</u>	<u>646,629</u>	<u>2,161,076</u>	<u>9,317</u>	<u>60,787</u>
Fund balances, September 30, 2003	<u>\$ 19,181</u>	<u>\$ -</u>	<u>\$ 659,710</u>	<u>\$ 2,014,840</u>	<u>\$ 9,434</u>	<u>\$ 93,859</u>

Municipal Court	Landscape	Convention Center Revenue	Community Development Block Grant	Annexation Fees	Library Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 225,312	\$ -	\$ 225,312
-	-	-	-	-	-	58,260
-	-	-	-	-	-	4,963
-	-	-	477,430	-	-	477,430
-	-	-	-	-	-	1,618,744
62,312	4,057	208	1,750	-	305	107,371
-	124	-	-	-	34,324	34,448
<u>62,312</u>	<u>4,181</u>	<u>208</u>	<u>479,180</u>	<u>225,312</u>	<u>34,629</u>	<u>2,526,528</u>
19,152	-	-	478,736	-	-	497,888
-	-	-	-	-	-	26,732
-	-	-	-	-	21,421	335,292
<u>19,152</u>	<u>-</u>	<u>-</u>	<u>478,736</u>	<u>-</u>	<u>21,421</u>	<u>859,912</u>
43,160	4,181	208	444	225,312	13,208	1,666,616
-	-	674,850	-	-	-	1,345,921
-	-	(671,071)	-	-	-	(2,828,075)
-	-	3,779	-	-	-	(1,482,154)
43,160	4,181	3,987	444	225,312	13,208	184,462
104,207	11,207	2,225	-	203,123	-	3,223,616
<u>\$ 147,367</u>	<u>\$ 15,388</u>	<u>\$ 6,212</u>	<u>\$ 444</u>	<u>\$ 428,435</u>	<u>\$ 13,208</u>	<u>\$ 3,408,078</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). Primarily general obligation bonds fund the capital projects.

Streets and Drainage Fund – To account for street and drainage improvements in the Arterial II section of the City. Financing has been provided by general government resources.

1995 Series Certificates of Obligation (Yard and Fire Improvements Fund) – To account for improvements to the maintenance yard and the acquisition of a fire pumper truck.

Park Development Fund – To account for the development and improvements to various neighborhood parks. Financing is provided by general government resources.

1990 Series Certificates of Obligation (City Hall Complex Fund) – To acquire the city hall complex.

Self-Financed Construction Fund – To account for costs of authorized general capital improvements and facilities. Financing is provided by general government resources.

1997 Series Certificates of Obligation (Streets and Public Safety Improvements Fund) – To account for improvements to the City's streets and bridge system, and public safety facilities.

1998 Series General Obligation Bonds (Public Works, Police and Parks Facilities Improvements Fund) – To account for improvements to public safety, public works and parks department facilities and improvements to the City's streets, sidewalks and traffic signal systems.

Convention Center Complex Fund – To account for construction and expansion of a convention center complex. Funding is provided by the 1999 Series Hotel Tax Revenue Bonds, hotel tax revenues and private contributions.

2000 Series Certificates of Obligation (Municipal Complex, Park Land & Streets Fund) – To account for costs of constructing municipal office buildings, improving streets, drainage, sidewalks, City parks, and fire department facilities.

CITY OF ROUND ROCK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003

	<u>Streets and Drainage</u>	<u>1995 Series CO</u>	<u>Park Development</u>	<u>1990 Series CO</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 494,516	\$ -	\$ 27,551	\$ -
Receivables -				
Accounts and other	225	-	-	-
Accrued interest	-	-	-	-
Interfund receivables	-	-	-	-
Restricted assets-				
Cash and cash equivalents	-	67,329	-	22,479
Total assets	<u>\$ 494,741</u>	<u>\$ 67,329</u>	<u>\$ 27,551</u>	<u>\$ 22,479</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,258</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,258</u>
Fund balances -				
Reserved for authorized construction	-	67,329	-	9,221
Unreserved - unrestricted	494,741	-	27,551	-
Total fund balances	<u>494,741</u>	<u>67,329</u>	<u>27,551</u>	<u>9,221</u>
Total liabilities and fund balances	<u>\$ 494,741</u>	<u>\$ 67,329</u>	<u>\$ 27,551</u>	<u>\$ 22,479</u>

<u>Self-Financed Construction</u>	<u>1997 Series CO</u>	<u>1998 Series GO</u>	<u>Convention Center Complex</u>	<u>2000 Series CO</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 2,345,727	\$ -	\$ -	\$ 464,338	\$ -	\$ 3,332,132
3,784	-	-	-	-	4,009
-	-	-	28	-	28
13,165,349	-	-	760,000	-	13,925,349
-	236,310	2,712,512	301,343	984,560	4,324,533
<u>\$ 15,514,860</u>	<u>\$ 236,310</u>	<u>\$ 2,712,512</u>	<u>\$1,525,709</u>	<u>\$ 984,560</u>	<u>\$ 21,586,051</u>
\$ 616,411	\$ 1,458	\$ 37,165	\$ 4,875	\$ 81,782	\$ 754,949
<u>616,411</u>	<u>1,458</u>	<u>37,165</u>	<u>4,875</u>	<u>81,782</u>	<u>754,949</u>
-	234,852	2,675,347	301,371	902,778	4,190,898
14,898,449	-	-	1,219,463	-	16,640,204
<u>14,898,449</u>	<u>234,852</u>	<u>2,675,347</u>	<u>1,520,834</u>	<u>902,778</u>	<u>20,831,102</u>
<u>\$ 15,514,860</u>	<u>\$ 236,310</u>	<u>\$ 2,712,512</u>	<u>\$1,525,709</u>	<u>\$ 984,560</u>	<u>\$ 21,586,051</u>

CITY OF ROUND ROCK, TEXAS

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2003

	Streets and Drainage	1995 Series CO	Park Development	1990 Series CO
Revenues -				
Assessments	\$ 784,341	\$ -	\$ -	\$ -
Investment and other	6,403	-	9,781	495
Contributions	-	-	-	-
Total revenues	<u>790,744</u>	<u>-</u>	<u>9,781</u>	<u>495</u>
Expenditures -				
Capital projects	-	3,601	19,553	30,759
Total expenditures	<u>-</u>	<u>3,601</u>	<u>19,553</u>	<u>30,759</u>
Excess (deficiency) of revenues over expenditures	<u>790,744</u>	<u>(3,601)</u>	<u>(9,772)</u>	<u>(30,264)</u>
Other financing sources /(uses) -				
Operating transfers in	-	-	-	-
Operating transfers out	(784,341)	-	-	-
Total other financing sources/(uses)	<u>(784,341)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>6,403</u>	<u>(3,601)</u>	<u>(9,772)</u>	<u>(30,264)</u>
Fund balances, October 1, 2002	<u>488,338</u>	<u>70,930</u>	<u>37,323</u>	<u>39,485</u>
Fund balances, September 30, 2003	<u>\$ 494,741</u>	<u>\$ 67,329</u>	<u>\$ 27,551</u>	<u>\$ 9,221</u>

Self-Financed Construction	1997 Series CO	1998 Series GO	Convention Center Complex	2000 Series CO	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 784,341
28,313	4,869	31,689	6,241	23,888	111,679
290,946	-	-	502,740	-	793,686
<u>319,259</u>	<u>4,869</u>	<u>31,689</u>	<u>508,981</u>	<u>23,888</u>	<u>1,689,706</u>
4,735,326	163,938	721,963	246,942	2,386,387	8,308,469
<u>4,735,326</u>	<u>163,938</u>	<u>721,963</u>	<u>246,942</u>	<u>2,386,387</u>	<u>8,308,469</u>
<u>(4,416,067)</u>	<u>(159,069)</u>	<u>(690,274)</u>	<u>262,039</u>	<u>(2,362,499)</u>	<u>(6,618,763)</u>
4,062,948	-	-	877,010	-	4,939,958
-	-	-	(2,334)	-	(786,675)
<u>4,062,948</u>	<u>-</u>	<u>-</u>	<u>874,676</u>	<u>-</u>	<u>4,153,283</u>
<u>(353,119)</u>	<u>(159,069)</u>	<u>(690,274)</u>	<u>1,136,715</u>	<u>(2,362,499)</u>	<u>(2,465,480)</u>
<u>15,251,568</u>	<u>393,921</u>	<u>3,365,621</u>	<u>384,119</u>	<u>3,265,277</u>	<u>23,296,582</u>
<u>\$ 14,898,449</u>	<u>\$ 234,852</u>	<u>\$ 2,675,347</u>	<u>\$ 1,520,834</u>	<u>\$ 902,778</u>	<u>\$ 20,831,102</u>

CITY OF ROUND ROCK, TEXAS

PROJECT - LENGTH SCHEDULE OF CONSTRUCTION PROJECTS -

ALL CAPITAL PROJECTS FUNDS

BEGINNING OF PROJECTS TO SEPTEMBER 30, 2003

	Streets and Drainage	1995 Series CO	Park Development	1990 Series CO	Self- Financed Construction
Total project authorization	\$ -	\$ 1,712,521	\$ 931,316	\$ 1,700,039	\$ 31,543,758
Revenues and other financing sources -					
Intergovernmental	\$ -	\$ -	\$ 80,366	\$ -	\$ 10,614
Contributions	-	-	120,315	-	8,102,393
Investment and other	-	115,720	526,562	27,240	314,985
Lease purchase proceeds	-	-	-	-	1,533,453
Proceeds of general obligation bonds	-	1,650,000	-	1,595,000	-
Operating transfers in	-	14,129	231,620	78,000	34,433,500
	<u>\$ -</u>	<u>\$ 1,779,849</u>	<u>\$ 958,863</u>	<u>\$ 1,700,240</u>	<u>\$ 44,394,945</u>
Expenditures and other uses -					
Capital projects	\$ -	\$ 1,562,521	\$ 831,316	\$ 1,681,836	\$ 22,476,710
Operating transfers out	-	150,000	100,000	9,183	7,317,703
	<u>\$ -</u>	<u>\$ 1,712,521</u>	<u>\$ 931,316</u>	<u>\$ 1,691,019</u>	<u>\$ 29,794,413</u>

1997 Series CO	1998 Series GO	Round Rock Transportation System Development Corporation	Convention Center Complex	2000 Series CO	2002 Series GO
<u>\$ 6,530,315</u>	<u>\$ 9,495,916</u>	<u>\$ 75,535,818</u>	<u>\$ 19,283,152</u>	<u>\$ 10,896,565</u>	<u>\$ 19,695,358</u>
\$ -	\$ 400,000	\$ -	\$ -	\$ 50,000	\$ -
300,000	-	-	12,037,128	-	-
680,881	1,145,855	1,327,216	480,748	651,190	759,492
-	-	-	-	-	-
5,185,000	8,905,000	56,364,331	7,109,556	10,493,786	35,000,000
589,285	887,934	22,375,623	1,127,010	100,000	-
<u>\$ 6,755,166</u>	<u>\$ 11,338,789</u>	<u>\$ 80,067,170</u>	<u>\$ 20,754,442</u>	<u>\$ 11,294,976</u>	<u>\$ 35,759,492</u>
\$ 3,801,399	\$ 8,133,642	\$ 66,302,693	\$ 19,199,444	\$ 10,392,199	\$ 6,243,569
2,728,916	529,799	-	34,164	-	-
<u>\$ 6,530,315</u>	<u>\$ 8,663,441</u>	<u>\$ 66,302,693</u>	<u>\$ 19,233,608</u>	<u>\$ 10,392,199</u>	<u>\$ 6,243,569</u>



**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

**GENERAL, DEBT SERVICE
AND NON-MAJOR SPECIAL REVENUE FUNDS**

CITY OF ROUND ROCK, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2002

	Actual	Budgeted Amounts		Variance -	2002
		Original	Final	Positive (Negative)	Actual
Revenues -					
Taxes and franchise -					
General property tax	\$ 9,813,377	\$9,521,906	\$9,801,906	\$ 11,471	\$8,077,682
Penalty and interest	64,855	30,000	63,000	1,855	48,033
City sales tax	33,767,748	30,000,000	33,769,237	(1,489)	30,043,138
Franchise	4,039,722	4,310,000	4,036,000	3,722	4,159,511
Bingo tax	24,809	22,000	22,000	2,809	21,266
Mixed drink tax	180,376	160,000	180,000	376	159,384
Total taxes and franchise	47,890,887	44,043,906	47,872,143	18,744	42,509,014
Licenses, permits and fees -					
Building permits	352,798	400,000	338,000	14,798	358,148
Other permits	35,743	30,600	30,600	5,143	21,583
Fees	187,255	308,000	185,000	2,255	248,819
Total licenses, permits and fees	575,796	738,600	553,600	22,196	628,550
Charges for services -					
Trash collection fees	784,283	815,000	787,000	(2,717)	787,177
Swimming pool fees	211,788	196,250	211,250	538	171,584
Recreation program fees	1,447,794	1,192,900	1,374,900	72,894	1,211,078
Filing and reproduction fees	410,172	285,400	407,400	2,772	580,306
Other	597,066	497,180	577,489	19,577	532,619
Total charges for services	3,451,103	2,986,730	3,358,039	93,064	3,282,764
Fines and forfeitures	984,795	866,600	951,600	33,195	1,015,020
Intergovernmental	277,001	222,500	228,424	48,577	352,099
Investment and other -					
Investment income	744,547	1,100,200	823,200	(78,653)	1,273,176
Other	711,091	430,500	658,500	52,591	719,270
Total investment and other	1,455,638	1,530,700	1,481,700	(26,062)	1,992,446
Total revenues	54,635,220	50,389,036	54,445,506	189,714	49,779,893

(continued)

CITY OF ROUND ROCK, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED

YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2002

	Actual	Budgeted Amounts		Variance -	2002
		Original	Final	Positive (Negative)	Actual
Expenditures -					
Current -					
General government					
Executive -					
Personal services	\$ 5,389,644	\$ 5,631,976	\$ 5,585,604	\$ 195,960	\$ 4,941,774
Contractual services	2,081,165	2,362,370	2,250,870	169,705	1,955,855
Supplies and materials	290,261	291,823	343,373	53,112	274,221
Other services and charges	8,419,733	8,068,966	8,744,603	324,870	6,816,546
Capital outlay	102,071	136,300	131,223	29,152	134,767
Total executive	16,282,874	16,491,435	17,055,673	772,799	14,123,163
Judicial -					
Personal services	327,146	313,017	350,998	23,852	291,071
Contractual services	101,542	86,150	82,150	(19,392)	79,929
Supplies and materials	12,174	8,100	8,100	(4,074)	6,583
Other services and charges	8,214	7,515	11,515	3,301	3,716
Capital outlay	1,333	2,000	2,000	667	16,539
Total judicial	450,409	416,782	454,763	4,354	397,838
Total general government	16,733,283	16,908,217	17,510,436	777,153	14,521,001
Public safety					
Police-					
Personal services	9,859,268	9,821,461	10,037,465	178,197	8,844,934
Contractual services	369,487	444,108	399,644	30,157	315,799
Supplies and materials	646,177	820,853	753,804	107,627	533,793
Other services and charges	342,325	392,810	411,512	69,187	341,353
Capital outlay	240,584	549,769	241,122	538	419,313
Total police	11,457,841	12,029,001	11,843,547	385,706	10,455,192
Fire -					
Personal services	5,871,325	5,911,604	5,977,677	106,352	5,331,430
Contractual services	128,068	152,500	150,500	22,432	122,136
Supplies and materials	493,367	439,300	480,600	(12,767)	512,848
Other services and charges	101,364	150,500	106,000	4,636	102,011
Capital outlay	20,396	23,100	28,300	7,904	102,616
Total fire	6,614,520	6,677,004	6,743,077	128,557	6,171,041
Total public safety	18,072,361	18,706,005	18,586,624	514,263	16,626,233

(continued)

CITY OF ROUND ROCK, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED

YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2002

	Actual	Budgeted Amounts		Variance -	2002 Actual
		Original	Final	Positive (Negative)	
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personal services	\$ 2,069,639	\$2,278,444	\$2,114,518	\$ 44,879	\$1,849,608
Contractual services	122,605	174,650	165,050	42,445	106,026
Supplies and materials	92,255	174,083	135,583	43,328	76,418
Other services and charges	29,113	28,950	32,650	3,537	14,286
Capital outlay	25,486	40,400	20,800	(4,686)	87,369
Total administration	2,339,098	2,696,527	2,468,601	129,503	2,133,707
Streets -					
Personal services	2,208,759	2,142,724	2,204,161	(4,598)	2,082,184
Contractual services	875,600	2,199,700	877,046	1,446	632,038
Supplies and materials	612,025	740,500	674,500	62,475	662,503
Other services and charges	45,796	57,500	42,500	(3,296)	51,681
Capital outlay	166,223	229,000	211,654	45,431	197,336
Total streets	3,908,403	5,369,424	4,009,861	101,458	3,625,742
Maintenance shop -					
Personal services	660,859	703,890	717,400	56,541	581,421
Contractual services	53,124	59,000	59,000	5,876	46,711
Supplies and materials	80,966	80,290	80,290	(676)	54,360
Other services and charges	6,914	7,500	7,500	586	3,289
Capital outlay	57,403	66,500	66,500	9,097	3,219
Total maintenance shop	859,266	917,180	930,690	71,424	689,000
Total public works	7,106,767	8,983,131	7,409,152	302,385	6,448,449

(continued)

CITY OF ROUND ROCK, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CONTINUED

YEAR ENDED SEPTEMBER 30, 2003
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2002

	Actual	Budgeted Amounts		Variance -	2002
		Original	Final	(Negative)	Actual
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personal services	\$ 1,112,747	\$ 1,096,907	\$ 1,122,137	\$ 9,390	\$ 1,034,748
Contractual services	180,122	224,452	224,452	44,330	171,733
Supplies and materials	77,631	80,993	80,993	3,362	67,848
Other services and charges	29,126	30,500	30,500	1,374	26,892
Capital outlay	297,984	288,559	298,483	499	334,771
Total library	<u>1,697,610</u>	<u>1,721,411</u>	<u>1,756,565</u>	<u>58,955</u>	<u>1,635,992</u>
Parks and recreation -					
Personal services	3,941,188	3,868,049	3,967,558	26,370	3,387,220
Contractual services	1,212,139	1,173,898	1,186,853	(25,286)	1,109,505
Supplies and materials	832,355	915,095	880,295	47,940	839,377
Other services and charges	136,407	148,090	154,090	17,683	126,543
Capital outlay	257,280	299,350	315,195	57,915	231,861
Total parks and recreation	<u>6,379,369</u>	<u>6,404,482</u>	<u>6,503,991</u>	<u>124,622</u>	<u>5,694,506</u>
Total culture and recreation	<u>8,076,979</u>	<u>8,125,893</u>	<u>8,260,556</u>	<u>183,577</u>	<u>7,330,498</u>
Total expenditures	<u>49,989,390</u>	<u>52,723,246</u>	<u>51,766,768</u>	<u>1,777,378</u>	<u>44,926,181</u>
Excess (deficiency) of revenues over expenditures	<u>4,645,830</u>	<u>(2,334,210)</u>	<u>2,678,738</u>	<u>1,967,092</u>	<u>4,853,712</u>
Other financing sources (uses) -					
Lease purchase proceeds	-	600,000	-	-	575,000
Operating transfers in	1,405,933	1,750,000	1,400,000	5,933	1,160,000
Operating transfers out	(4,062,948)	-	(4,062,948)	-	(5,512,445)
Total other financing sources (uses)	<u>(2,657,015)</u>	<u>2,350,000</u>	<u>(2,662,948)</u>	<u>5,933</u>	<u>(3,777,445)</u>
Excess of revenues and other sources over expenditures and other uses	<u>1,988,815</u>	<u>\$ 15,790</u>	<u>\$ 15,790</u>	<u>\$ 1,973,025</u>	<u>\$ 1,076,267</u>
Fund balance, October 1, 2002	<u>23,261,921</u>				
Fund balance, September 30, 2003	<u>\$25,250,736</u>				

CITY OF ROUND ROCK, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Original and Final Budgeted Amounts	Variance - Positive (Negative)
Revenues -			
Property taxes, including interest and penalties	\$ 7,553,179	\$ 7,308,600	\$ 244,579
Investment and other	53,794	72,000	(18,206)
Total revenues	<u>7,606,973</u>	<u>7,380,600</u>	<u>226,373</u>
Expenditures -			
Debt service -			
Principal retirement	5,179,568	5,179,568	-
Interest and fiscal charges	8,381,599	7,987,018	(394,581)
Total expenditures	<u>13,561,167</u>	<u>13,166,586</u>	<u>(394,581)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,954,194)</u>	<u>(5,785,986)</u>	<u>(168,208)</u>
Other financing sources (uses) -			
Operating transfers in	6,185,614	5,609,884	575,730
Operating transfers out	(1,445)	-	(1,445)
Total other financing sources (uses)	<u>6,184,169</u>	<u>5,609,884</u>	<u>574,285</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>229,975</u>	<u>\$ (176,102)</u>	<u>\$ 406,077</u>
Fund balance, October 1, 2002	<u>2,074,841</u>		
Fund balance, September 30, 2003	<u>\$ 2,304,816</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

1981 COMMUNITY DEVELOPMENT BLOCK GRANT FUND

YEAR ENDED SEPTEMBER 30, 2003

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Fund balance, October 1, 2002	<u>\$ 19,181</u>		
Fund balance, September 30, 2003	<u><u>\$ 19,181</u></u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

PUBLIC EDUCATON PROGRAMS FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Investment and other	\$ 69	\$ 69	\$ -
Total revenues	<u>69</u>	<u>69</u>	<u>-</u>
Other financing sources /(uses) -			
Operating transfers out	<u>(5,933)</u>	<u>(5,933)</u>	<u>-</u>
Total other financing sources/(uses)	<u>(5,933)</u>	<u>(5,933)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(5,864)	<u>\$ (5,864)</u>	<u>\$ -</u>
Fund balance, October 1, 2002	<u>5,864</u>		
Fund balance, September 30, 2003	<u>\$ -</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

STREET AND BRIDGE FUND

YEAR ENDED SEPTEMBER 30, 2003

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Assessments	\$ 4,963	\$ 4,963	\$ -
Investment and other	8,118	8,118	-
	<hr/>	<hr/>	<hr/>
Total revenues	13,081	\$ 13,081	\$ -
		<hr/> <hr/>	<hr/> <hr/>
Fund balance, October 1, 2002	<u>646,629</u>		
Fund balance, September 30, 2003	<u>\$ 659,710</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

HOTEL-MOTEL OCCUPANCY TAX FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Hotel occupancy tax	\$ 1,618,744	\$ 1,400,000	\$ 218,744
Investment and other	28,891	50,000	(21,109)
Total revenues	<u>1,647,635</u>	<u>1,450,000</u>	<u>197,635</u>
Expenditures -			
Current -			
Culture and recreation -			
Other services and charges	313,871	365,000	51,129
Total expenditures	<u>313,871</u>	<u>365,000</u>	<u>51,129</u>
Excess of revenues over expenditures	<u>1,333,764</u>	<u>1,085,000</u>	<u>248,764</u>
Other financing sources /(uses) -			
Operating transfers in	671,071	671,071	-
Operating transfers out	(2,151,071)	(2,151,071)	-
Total other financing sources/(uses)	<u>(1,480,000)</u>	<u>(1,480,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(146,236)	<u>\$ (395,000)</u>	<u>\$ 248,764</u>
Fund balance, October 1, 2002	<u>2,161,076</u>		
Fund balance, September 30, 2003	<u>\$ 2,014,840</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

BROWN FOUNDATION GRANT FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Investment and other	\$ 117	\$ 117	\$ -
Total revenues	<u>117</u>	<u>117</u>	<u>-</u>
Excess of revenues over expenditures	117	<u>\$ 117</u>	<u>\$ -</u>
 Fund balance, October 1, 2002	 <u>9,317</u>		
Fund balance, September 30, 2003	<u>\$ 9,434</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

POLICE FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Fines and forfeitures	\$ 58,260	\$ 10,000	\$ 48,260
Investment and other	1,544	1,165	379
Total revenues	<u>59,804</u>	<u>11,165</u>	<u>48,639</u>
Expenditures -			
Current -			
Public safety -			
Other services and charges	<u>26,732</u>	<u>28,581</u>	<u>1,849</u>
Total expenditures	<u>26,732</u>	<u>28,581</u>	<u>1,849</u>
Excess (deficiency) of revenues over expenditures	33,072	<u>\$ (17,416)</u>	<u>\$ 50,488</u>
Fund balance, October 1, 2002	<u>60,787</u>		
Fund balance, September 30, 2003	<u>\$ 93,859</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

MUNICIPAL COURT FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Investment and other	\$ 62,312	\$ 62,312	\$ -
Total revenues	<u>62,312</u>	<u>62,312</u>	<u>-</u>
Expenditures -			
Current -			
General government -			
Personal services	12,977	12,977	-
Supplies and materials	288	288	-
Capital outlay	5,887	5,887	-
Total expenditures	<u>19,152</u>	<u>19,152</u>	<u>-</u>
Excess of revenues over expenditures	43,160	<u>\$ 43,160</u>	<u>\$ -</u>
Fund balance, October 1, 2002	<u>104,207</u>		
Fund balance, September 30, 2003	<u>\$ 147,367</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

LANDSCAPE FUND

YEAR ENDED SEPTEMBER 30, 2003

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance- Positive (Negative)</u>
Revenues -			
Investment and other	\$ 4,057	\$ 4,057	\$ -
Contributions	124	124	-
	<u>4,181</u>	<u>\$ 4,181</u>	<u>\$ -</u>
Fund balance, October 1, 2002	<u>11,207</u>		
Fund balance, September 30, 2003	<u>\$ 15,388</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

CONVENTION CENTER REVENUE

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Investment and other	\$ 208	\$ 208	\$ -
Total revenues	<u>208</u>	<u>208</u>	<u>-</u>
Other financing sources /(uses) -			
Operating transfers in	674,850	674,850	-
Operating transfers out	<u>(671,071)</u>	<u>(671,071)</u>	<u>-</u>
Total other financing sources/(uses)	<u>3,779</u>	<u>3,779</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	3,987	<u>\$ 3,987</u>	<u>\$ -</u>
Fund balance, October 1, 2002	<u>2,225</u>		
Fund balance, September 30, 2003	<u>\$ 6,212</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues -			
Intergovernmental	\$ 477,430	\$ 743,906	\$ (266,476)
Investment and other	1,750	-	1,750
Total revenues	<u>479,180</u>	<u>743,906</u>	<u>(264,726)</u>
Expenditures -			
Current -			
General government -			
Personal services	66,359	67,611	1,252
Contractual services	51,905	71,928	20,023
Supplies and materials	4,486	4,486	-
Other services and charges	211,340	268,394	57,054
Capital outlay	144,646	331,487	186,841
Total expenditures	<u>478,736</u>	<u>743,906</u>	<u>265,170</u>
Excess of revenues over expenditures	<u>444</u>	<u>\$ -</u>	<u>\$ 444</u>
Fund balance, October 1, 2002	<u>-</u>		
Fund balance, September 30, 2003	<u>\$ 444</u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

ANNEXATION FEES FUND

YEAR ENDED SEPTEMBER 30, 2003

	<u>Actual</u>	<u>Final Budget</u>	Variance- Positive (Negative)
Revenues -			
Licenses, permits and fees	<u>\$ 225,312</u>	<u>\$ 225,312</u>	<u>\$ -</u>
Total revenues	225,312	<u><u>\$ 225,312</u></u>	<u><u>\$ -</u></u>
Fund balance, October 1, 2002	<u>203,123</u>		
Fund balance, September 30, 2003	<u><u>\$ 428,435</u></u>		

CITY OF ROUND ROCK, TEXAS

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL

LIBRARY FUND

YEAR ENDED SEPTEMBER 30, 2003

	Actual	Final Budget	Variance- Positive (Negative)
Revenues-			
Investment and other Contributions	\$ 305 34,324	\$ 305 34,324	\$ - -
Total revenues	<u>34,629</u>	<u>34,629</u>	<u>-</u>
Expenditures-			
Current-			
Culture and recreation - Capital outlay	21,421	21,421	-
Total expenditures	<u>21,421</u>	<u>21,421</u>	<u>-</u>
Excess of revenues over expenditures	13,208	<u>\$ 13,208</u>	<u>\$ -</u>
Fund balance, October 1, 2002	<u>-</u>		
Fund balance, September 30, 2003	<u>\$ 13,208</u>		

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS



CITY OF ROUND ROCK, TEXAS

SCHEDULE OF CAPITAL ASSETS - BY SOURCES

SEPTEMBER 30, 2003

Capital assets -	
Land	\$ 17,107,324
Buildings	342,096,011
Equipment	26,302,422
Construction in progress	45,911,925
	<u>431,417,682</u>
	<u>\$ 431,417,682</u>
Investment in capital assets from -	
Capital Projects Funds -	
General obligation bonds	\$ 128,835,830
Federal grants	202,383
State grants	1,008,753
General Fund revenues	34,040,925
Special Revenue Fund revenues	45,948,731
Hotel Occupancy Tax revenues	19,457,116
Gifts	201,207,035
Special assessments	716,909
	<u>431,417,682</u>
	<u>\$ 431,417,682</u>

CITY OF ROUND ROCK, TEXAS

SCHEDULE OF CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY

SEPTEMBER 30, 2003

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>
General Government -		
Control -		
Executive	\$ 117,490	\$ -
Staff agencies -		
Public works	6,731,750	293,740
Finance	473,800	-
Law	207,535	-
Planning and zoning	1,332,134	-
General government	32,750,286	3,024,383
Total staff agencies	41,495,505	3,318,123
Total general government	41,612,995	3,318,123
Public safety -		
Police protection	8,737,586	225,205
Fire protection	8,523,681	423,820
Inspection	292,778	-
Total public safety	17,554,045	649,025
Public works -		
City shop	1,802,787	-
Streets and drainage	284,128,692	3,549
Total public works	285,931,479	3,549
Culture and recreation -		
Library	6,602,424	278,252
Recreation	33,804,814	12,858,375
Total culture and recreation	40,407,238	13,136,627
Total capital assets allocated to functions	385,505,757	\$ 17,107,324
Construction in progress	45,911,925	
Total capital assets	\$ 431,417,682	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
\$ -	\$ -	\$ 117,490
2,895,588	2,748,881	793,541
-	-	473,800
5,187	-	202,348
-	517,974	814,160
26,235,302	1,565,900	1,924,701
<u>29,136,077</u>	<u>4,832,755</u>	<u>4,208,550</u>
<u>29,136,077</u>	<u>4,832,755</u>	<u>4,326,040</u>
839,800	1,007,130	6,665,451
2,538,136	420,187	5,141,538
71,652	-	221,126
<u>3,449,588</u>	<u>1,427,317</u>	<u>12,028,115</u>
51,942	1,332,663	418,182
571,900	279,887,251	3,665,992
<u>623,842</u>	<u>281,219,914</u>	<u>4,084,174</u>
3,872,766	21,940	2,429,466
6,820,916	10,690,896	3,434,627
<u>10,693,682</u>	<u>10,712,836</u>	<u>5,864,093</u>
<u>\$ 43,903,189</u>	<u>\$ 298,192,822</u>	<u>\$ 26,302,422</u>

CITY OF ROUND ROCK, TEXAS

**SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY**

YEAR ENDED SEPTEMBER 30, 2003

<u>Function and Activity</u>	<u>Capital Assets 10-1-02</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Capital Assets 09-30-03</u>
General Government -				
Control -				
Executive	\$ 107,955	\$ 10,371	\$ (836)	\$ 117,490
Staff Agencies -				
Public works	5,870,562	853,145	8,043	6,731,750
Finance	393,671	84,504	(4,375)	473,800
Law	155,571	62,417	(10,453)	207,535
Planning and zoning	1,117,136	255,409	(40,411)	1,332,134
General government	27,262,825	5,495,317	(7,856)	32,750,286
Total staff agencies	<u>34,799,765</u>	<u>6,750,792</u>	<u>(55,052)</u>	<u>41,495,505</u>
Total general government	<u>34,907,720</u>	<u>6,761,163</u>	<u>(55,888)</u>	<u>41,612,995</u>
Public safety -				
Police protection	6,870,170	1,936,757	(69,341)	8,737,586
Fire protection	7,769,866	991,247	(237,432)	8,523,681
Inspection	221,185	-	71,593	292,778
Total public safety	<u>14,861,221</u>	<u>2,928,004</u>	<u>(235,180)</u>	<u>17,554,045</u>
Public works -				
City shop	1,685,461	131,186	(13,860)	1,802,787
Streets and drainage	244,915,598	39,282,559	(69,465)	284,128,692
Total public works	<u>246,601,059</u>	<u>39,413,745</u>	<u>(83,325)</u>	<u>285,931,479</u>
Culture and recreation -				
Library	6,719,488	294,976	(412,040)	6,602,424
Recreation	31,547,949	2,354,253	(97,388)	33,804,814
Total culture and recreation	<u>38,267,437</u>	<u>2,649,229</u>	<u>(509,428)</u>	<u>40,407,238</u>
Construction in progress	<u>55,498,833</u>	<u>24,057,917</u>	<u>(33,644,825)</u>	<u>45,911,925</u>
Total capital assets	<u>\$ 390,136,270</u>	<u>\$ 75,810,058</u>	<u>\$ (34,528,646)</u>	<u>\$ 431,417,682</u>

STATISTICAL SECTION

(UNAUDITED)

CITY OF ROUND ROCK, TEXAS

GENERAL REVENUES BY SOURCE ⁽¹⁾

LAST TEN YEARS

(UNAUDITED)

Fiscal Year Ended 9-30	Taxes and Franchise	Licenses and Permits	Charges For Services	Fines and Forfeitures
1994	\$ 12,906,140	\$ 583,935	\$ 765,287	\$ 634,140
1995	15,769,609	576,718	951,760	523,931
1996	18,133,838	539,241	1,210,486	661,483
1997	21,801,655	515,852	1,318,516	660,196
1998	29,617,637	669,622	1,611,370	898,496
1999	39,598,214	743,791	1,609,133	879,865
2000	47,424,826	970,656	2,268,857	729,172
2001	58,333,682	799,550	3,010,382	834,185
2002	59,029,046	628,550	3,282,764	1,078,089
2003	<u>66,699,982</u>	<u>801,108</u>	<u>3,451,103</u>	<u>1,043,055</u>
	<u>\$369,314,629</u>	<u>\$6,829,023</u>	<u>\$19,479,658</u>	<u>\$7,942,612</u>

⁽¹⁾ - Above data are for General, Special Revenue and Debt Service Funds.

<u>Special Assessments</u>	<u>Intergovernmental</u>	<u>Hotel Occupancy Tax</u>	<u>Investment and Other</u>	<u>Total</u>
\$ 23,191	\$ 665,717	\$ 170,400	\$ 524,657	\$ 16,273,467
38,698	655,063	204,555	891,362	19,611,696
27,972	144,645	235,565	938,688	21,891,918
26,846	196,305	339,592	1,415,145	26,274,107
267,416	88,713	434,356	1,524,701	35,112,311
28,177	294,221	616,483	1,951,468	45,721,352
2,041	647,445	1,017,826	2,980,466	56,041,289
1,021	1,185,810	1,354,429	4,193,627	69,712,686
-	735,590	1,477,050	2,798,290	69,029,379
<u>4,963</u>	<u>754,431</u>	<u>1,618,744</u>	<u>1,985,789</u>	<u>76,359,175</u>
<u>\$420,325</u>	<u>\$5,367,940</u>	<u>\$7,469,000</u>	<u>\$19,204,193</u>	<u>\$ 436,027,380</u>



CITY OF ROUND ROCK, TEXAS

GENERAL EXPENDITURES BY FUNCTION

LAST TEN YEARS

(UNAUDITED)

Fiscal Year Ended 9-30	General Government	Public Safety	Public Works	Culture and Recreation	Debt Service	Total
1994	\$ 2,622,214	\$ 4,641,358	\$ 2,519,249*	\$ 1,994,240	\$ 5,434,609	\$ 17,211,670
1995	3,485,279	5,875,865	2,794,420*	2,324,229	5,453,764	19,933,557
1996	3,925,200	6,803,488	2,579,777*	2,637,704	6,519,963	22,466,132
1997	5,577,920	8,047,235	2,999,461*	3,190,056	7,210,759	27,025,431
1998	6,440,010	9,583,146	3,559,959*	3,312,479	7,287,282	30,182,876
1999	8,897,742	10,958,903	4,035,009	4,070,940	7,589,040	35,551,634
2000	11,979,536	12,698,746	5,234,245	5,164,311	7,895,740	42,972,578
2001	14,675,517	15,074,503	6,240,934	7,223,780	10,034,421	53,249,155
2002	15,071,967	16,767,233	6,448,449	7,568,798	11,509,307	57,365,754
2003	<u>17,231,171</u>	<u>18,099,093</u>	<u>7,277,171</u>	<u>8,412,271</u>	<u>13,561,167</u>	<u>64,580,873</u>
	<u>\$89,906,556</u>	<u>\$108,549,570</u>	<u>\$43,688,674</u>	<u>\$45,898,808</u>	<u>\$82,496,052</u>	<u>\$370,539,660</u>

Note - Above data are for General, Special Revenue and Debt Service Funds.

* - The capital project expenditures in the Special Revenue Funds are included in Public Works.

CITY OF ROUND ROCK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>
	\$	\$	%
1994	6,137,825	6,127,354	99.83
1995	6,904,316	6,837,807	99.04
1996	7,295,538	7,188,878	98.54
1997	7,883,421	7,809,238	99.06
1998	8,692,342	8,601,905	98.96
1999	9,888,321	9,790,084	99.01
2000	10,804,487	10,686,138	98.90
2001	12,296,243	12,181,034	99.06
2002	14,487,121	14,335,048	98.95
2003	17,312,012	17,129,231	98.94

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collection to Tax Levy</u>
\$	\$	%
107,983	6,235,337	101.59
76,971	6,914,778	100.15
87,561	7,276,439	99.74
73,884	7,883,122	100.00
82,119	8,684,024	99.90
92,895	9,882,979	99.95
122,565	10,808,703	100.04
361,469	12,542,503	102.00
196,322	14,531,370	100.31
185,073	17,314,304	100.01

CITY OF ROUND ROCK, TEXAS
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Gross Assessed Value</u>			<u>Total</u>
	<u>Assessment Ratio</u>	<u>Real Property</u>	<u>Personal Property</u>	
	%	\$	\$	\$
1994	100	930,285,202	205,884,908	1,136,170,110
1995	100	1,287,341,887	200,850,567	1,488,192,454
1996	100	1,496,294,910	311,336,059	1,807,630,969
1997	100	1,759,724,187	358,435,090	2,118,159,277
1998	100	2,077,547,602	428,959,755	2,506,507,357
1999	100	2,306,196,524	486,851,223	2,793,047,747
2000	100	2,670,155,112	504,988,781	3,175,143,893
2001	100	3,270,519,641	712,609,336	3,983,128,977
2002	100	3,977,561,419	853,720,952	4,831,282,371
2003	100	4,536,275,722	832,454,143	5,368,729,865

Source: Round Rock Independent School District Tax Office

Reductions to Gross Assessed Value
Property Tax Exemptions

<u>Over 65</u>	<u>Disabled & Deceased Veterans</u>	<u>Freeport, Property Redevelopment, Agricultural and Other</u>	<u>Total Taxable Assessed Valuation</u>
\$	\$	\$	\$
9,138,754	368,000	48,414,229	1,078,249,127
14,321,816	611,470	61,218,008	1,412,041,160
15,660,868	657,500	80,063,271	1,711,249,330
16,917,414	2,097,500	122,358,756	1,976,785,607
18,437,050	2,340,000	180,388,498	2,305,341,809
19,897,723	2,526,000	202,228,959	2,568,395,065
21,604,689	2,735,000	173,951,536	2,976,852,668
23,737,949	2,990,000	233,763,660	3,722,637,368
23,871,132	3,095,500	306,187,720	4,498,128,019
26,861,588	3,718,500	279,116,463	5,059,033,314

CITY OF ROUND ROCK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUE
LAST TEN YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>City</u> \$	<u>Round Rock Independent School District</u> \$	<u>Williamson County</u> \$	<u>Total</u> \$
1994	0.5692	1.5738	.3656	2.5086
1995	0.4889	1.4246	.3542	2.2677
1996	0.4264	1.6209	.3378	2.3851
1997	0.3988	1.6300	.2712	2.3000
1998	0.3770	1.6396	.2960	2.3126
1999	0.3850	1.7575	.2990	2.4415
2000	0.3629	1.7111	.2995	2.3735
2001	0.3303	1.7086	.3477	2.3866
2002	0.3221	1.7387	.3543	2.4151
2003	0.3422	1.7924	.4154	2.5500

Source: Williamson County Tax Office

CITY OF ROUND ROCK, TEXAS

SPECIAL ASSESSMENT COLLECTIONS

LAST TEN YEARS

(UNAUDITED)

<u>Fiscal Year Ended 9-30</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
	\$	\$	%	\$
1994	32,857	23,191	71	122,777
1995	32,857	38,698	118	84,079
1996	31,482	16,849	54	67,230
1997	31,482	26,846	85	40,384
1998	307,800	267,416	87	46,507
1999	42,425	28,177	66	18,330
2000	13,228	2,041	15	16,289
2001	13,228	1,021	8	15,269
2002	14,248	-	-	15,269
2003	799,610	789,304	99	10,306

CITY OF ROUND ROCK, TEXAS

RATIO OF NET GENERAL BONDED DEBT

TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN YEARS

(UNAUDITED)

<u>Fiscal Year Ended 9-30</u>	<u>(1) Population</u>	<u>Net Assessed Value (in thousands)</u>	<u>(2) Gross Bonded Debt</u>	<u>Amount Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
		\$	\$	\$	\$	%	\$
1994	40,665	1,078,249	38,261,000	718,117	37,542,883	3.48	923.22
1995	42,880	1,412,041	43,069,000 ⁽²⁾	1,223,787	41,845,213	2.96	975.87
1996	45,355	1,711,249	51,967,000 ⁽²⁾	1,482,719	50,484,281	2.95	1,113.09
1997	47,760	1,976,786	53,435,000 ⁽²⁾	1,161,951	52,273,049	2.64	1,094.49
1998	50,905	2,305,342	61,628,000 ⁽²⁾	1,083,021	60,544,979	2.63	1,189.37
1999	56,030	2,568,395	57,861,000 ⁽²⁾	1,876,382	55,984,618	2.18	999.19
2000	60,340	2,976,853	65,004,000 ⁽²⁾	1,471,892	63,532,108	2.13	1,052.90
2001	68,835	3,722,637	61,262,000 ⁽²⁾	2,132,743	59,129,257	1.59	859.00
2002	73,295	4,498,128	92,640,000 ⁽²⁾	2,074,841	90,565,159	2.01	1,235.63
2003	77,600	5,059,033	90,432,000 ⁽²⁾	2,304,816	88,127,184	1.74	1,135.66

Note: Includes Certificates of Obligation and General Obligation Bonds.

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

⁽²⁾ Gross bonded debt includes self-supporting debt funded by enterprise funds. Gross self-supporting debt totaled \$ 7,586,096 at September 30, 2003.

CITY OF ROUND ROCK, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2003
(UNAUDITED)

Total assessed value		<u>\$5,059,033,314</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value		\$ 906,860,750
Amount of debt applicable to debt limit:		
Total General Obligation Debt	\$90,432,000	
Less: Amount available in		
Debt Service Fund	\$ 2,304,816	
Amounts considered self-supporting	7,586,096	
Other deductions allowed by law:		
Special Assessment Bonds	_____ -	
Total deductions	<u>9,890,912</u>	
Total amount of debt applicable to debt limit		<u>80,541,088</u>
Legal debt margin		<u>\$ 826,319,662</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, 2002 assessed valuation of \$5,059,033,314 at 100% collection, tax revenue of \$75,885,500 would be produced. This revenue could service the debt on \$906,860,750 issued as 20-year serial bonds at 5.50% (with level debt service payment).

CITY OF ROUND ROCK, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

SEPTEMBER 30, 2003

(UNAUDITED)

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>	<u>Percentage Applicable to City of Round Rock</u>	<u>Amount Applicable to City of Round Rock</u>
		%	
City of Round Rock	\$ 90,432,000*	100.00	\$ 90,432,000
Round Rock Independent School District	378,379,131**	28.68	108,519,135
Williamson County	376,880,000*	19.50	73,491,600
Georgetown ISD	69,337,210**	.03	20,801
Travis County	<u>444,189,644*</u>	.46	<u>2,043,272</u>
Total	<u>\$ 1,359,217,985</u>		<u>\$274,506,808</u>

*Gross Debt as of 9-30-03

**Gross Debt as of 6-30-03

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

CITY OF ROUND ROCK, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN YEARS
(UNAUDITED)

Fiscal Year Ended 9-30	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>(1) Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
	\$	\$	\$	\$	%
1994	2,670,100	2,764,509	5,434,609	17,211,670	31.6
1995	3,340,728	2,113,036	5,453,764	19,933,557	27.4
1996	3,965,152	2,554,811	6,519,963	22,466,132	29.0
1997	4,351,757	2,859,002	7,210,759	27,025,431	26.7
1998	4,244,493	3,042,789	7,287,282	30,182,876	24.1
1999	4,268,300	3,320,740	7,589,040	35,551,634	21.3
2000	4,156,328	3,140,833	7,297,161 ⁽²⁾	42,972,578	17.0
2001	4,331,667	3,708,433	8,040,100 ⁽²⁾	53,249,155	15.1
2002	4,432,962	3,118,996	7,551,958 ⁽²⁾	57,365,754	13.2
2003	2,960,432	5,321,465	8,281,897 ⁽²⁾	64,580,873	12.8

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Total debt service for general bonded debt does not include self-supporting Hotel Tax and Sales Tax Revenue Bond and State Infrastructure Loan payments, which totaled \$5,279,270 for fiscal year ended September 30, 2003.

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN YEARS
(UNAUDITED)

Fiscal Year Ended 9-30	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available For Debt Service	<u>Debt Service Requirements</u> <u>Principal and Interest</u>	<u>Revenue Bond Coverage</u>
	\$	\$	\$	\$	
1994	11,351,716	4,442,056	6,909,660	1,813,470	3.81
1995	12,842,219	5,324,255	7,517,964	1,739,222	4.32
1996	14,621,577	5,595,285	9,026,292	1,779,260	5.07
1997	16,649,651 ⁽³⁾	8,015,148	8,634,503	1,745,528	4.95
1998	18,031,066	8,632,306	9,398,760	1,751,339	5.37
1999	19,065,800	8,762,007	10,303,793	1,745,175	5.90
2000	23,867,459	10,561,505	13,305,954	1,765,565	7.54
2001	24,333,346	12,645,648	11,687,698	1,575,210	7.42
2002	25,436,842	13,840,556	11,596,286	1,583,835	7.32
2003	24,895,722	15,328,369	9,567,353	1,392,358	6.87

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

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

(3) Excludes lawsuit settlement proceeds of \$6,120,000.

CITY OF ROUND ROCK, TEXAS

DEMOGRAPHIC STATISTICS

LAST TEN YEARS

(UNAUDITED)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Per Capita Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
		\$		%
1994	40,665	17,146	23,951	1.5
1995	42,880	18,273	24,971	1.9
1996	45,355	19,053	26,107	1.7
1997	47,760	20,737	27,223	1.9
1998	50,905	21,929	28,455	1.8
1999	56,030	23,453	30,100	1.5
2000	60,340	26,149	31,572	1.3
2001	68,835	28,552	32,652	3.9
2002	73,295	29,822	34,120	4.7
2003	77,600	26,940	35,579	4.7

- 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 Independent School District.
 - (4) Texas Workforce Commission; data is for the City of Round Rock.

CITY OF ROUND ROCK, TEXAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS
(UNAUDITED)

Fiscal Year Ended 9-30	(1)	(2)	(3)		(3)	
	Commercial Bank Deposits	Property Value	Commercial Construction Units	Commercial Construction Value	Residential Construction Units	Residential Construction Value
	\$	\$		\$		\$
1994	N/A	1,136,170,110	11	5,181,021	1,234	97,948,985
1995	N/A	1,488,192,454	37	74,665,483	1,000	91,621,287
1996	N/A	1,807,630,969	57	150,287,986	1,065	104,926,563
1997	N/A	2,118,159,277	55	73,791,058	962	82,813,943
1998	N/A	2,506,507,357	54	185,095,131	1,355	124,003,089
1999	N/A	2,793,047,747	52	67,529,071	1,667	152,341,464
2000	N/A	3,175,143,893	83	139,196,103	1,724	174,489,516
2001	N/A	3,983,128,977	56	93,120,082	1,363	173,065,113
2002	N/A	4,831,282,371	37	47,137,000	1,401	156,999,872
2003	N/A	5,368,729,865	30	26,568,200	1,353	155,048,240

Source: (1) Round Rock Chamber of Commerce and FDIC

(2) Round Rock Independent School District Tax Office

(3) City Inspection Department

N/A: Information is unavailable on a local basis

CITY OF ROUND ROCK, TEXAS

PRINCIPAL TAXPAYERS

SEPTEMBER 30, 2003

(UNAUDITED)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Net Assessed Valuation</u>	<u>% of Total Net Assessed Valuation</u>
<i>Dell Computer Holdings, LP</i>	Electronic Equipment	\$211,653,232	4.184%
<i>DDR DB Development Ventures</i>	Property Management	65,675,000	1.298
<i>Dell Computer Corp.</i>	Electronic Equipment	61,552,844	1.217
<i>DuPont Photomasks, Inc.</i>	Chemicals	53,246,169	1.052
<i>Oncor Electric Delivery Co.</i>	Electric Utility	34,207,020	0.676
<i>Limestone Ranch, LLP</i>	Property Management	30,712,160	0.607
<i>Southwestern Bell Telephone</i>	Telecommunications	26,284,760	0.520
<i>La Frontera Multi-Family</i>	Property Management	22,227,016	0.439
<i>Lodge at Warner Ranch, LP</i>	Property Management	22,220,333	0.439
<i>Sysco Food Services, Inc.</i>	Food Service Manufacturer	<u>21,790,617</u>	<u>0.431</u>
		<u>\$549,569,151</u>	<u>10.863%</u>

CITY OF ROUND ROCK, TEXAS

HOTEL TAXPAYERS

SEPTEMBER 30, 2003

(UNAUDITED)

<u>Taxpayer</u>	<u>Total Collections Year Ended September 30, 2003</u>	<u>Number of Rooms</u>
<i>La Quinta Inn</i>	\$ 85,873	116
<i>Courtyard by Marriott</i>	114,542	113
<i>Red Roof Inn</i>	69,445	107
<i>Baymont Inn</i>	65,186	93
<i>Best Western Executive Inn</i>	51,477	67
<i>Days Inn & Suites</i>	22,383	49
<i>Super 8 Motel</i>	40,597	62
<i>Extended Stay America</i>	41,433	138
<i>Wingate Inn</i>	56,545	101
<i>Amerisuites</i>	37,343	90
<i>Residence Inn</i>	101,063	96
<i>Hilton Garden Inn</i>	128,614	122
<i>Comfort Suites</i>	51,551	62
<i>Springhill Suites</i>	94,831	104
<i>Hampton Inn</i>	131,316	93
<i>Staybridge Suites</i>	62,467	81
<i>Austin Marriott North</i>	419,098	295
<i>Candlewood Suites</i>	43,877	98
<i>Lodge at Warner Ranch</i>	<u>1,103</u>	<u>5</u>
	<u>\$1,618,744</u>	<u>1,892</u>

CITY OF ROUND ROCK, TEXAS

HOTEL OCCUPANCY TAX COLLECTION HISTORY BY QUARTER

LAST TEN YEARS

(UNAUDITED)

Fiscal Year Ended 9-30	1 st Quarter <u>Oct. – Dec.</u>	2 nd Quarter <u>Jan. – Mar.</u>	3 rd Quarter <u>Apr. – June</u>	4 th Quarter <u>July – Sept.</u>	<u>Total</u>
	\$	\$	\$	\$	\$
1994	42,025	39,596	40,531	48,247	170,399
1995	50,325	45,553	51,511	57,165	204,554
1996	58,008	59,915	45,806	71,836	235,565
1997	60,820	76,515	89,230	113,027	339,592
1998	102,162	99,392	101,966	130,835	434,355
1999	121,858	134,096	163,087	197,442	616,483
2000	219,642	215,824	255,911	326,448	1,017,825
2001	323,789	308,735	333,479	388,426	1,354,429
2002	360,606	307,427	368,583	440,434	1,477,050
2003	401,794	367,136	410,803	439,011	1,618,744

CITY OF ROUND ROCK, TEXAS

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2003

(UNAUDITED)

Established ⁽¹⁾	1850
Date of Incorporation	1913
Form of Government	Council - Manager
Area	28 Square miles
Fire Protection ⁽²⁾ -	
Number of stations	5
Number of firefighters	80 Salaried 45 Volunteer
Police protection ⁽²⁾ -	
Number of stations	1
Number of police officers	110
Municipal Water Department ⁽²⁾ -	
Number of consumers	23,822
Average monthly consumption	447,000,000 Gallons
Residential, Commercial, Industrial Building Permits ⁽²⁾	1,383
Recreation and Culture ⁽²⁾ -	
Number of parks	72
Number of libraries	1
Number of library volumes	143,157 (approx.)
Employees ⁽²⁾	654

⁽¹⁾ Source: Round Rock Chamber of Commerce

⁽²⁾ Source: City of Round Rock

