

**CITY OF ROCKWALL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Prepared by:

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

Mary P. Smith, Director of Finance

**CITY OF ROCKWALL, TEXAS**  
**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2007**

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*INTRODUCTORY SECTION*



City of Rockwall  
*The New Horizon*

March 10, 2008

To the Honorable Mayor,  
Members of the City Council,  
and the Citizens of the City of Rockwall, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Rockwall for the fiscal year ended September 30, 2007, is hereby submitted. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Rockwall. Consequently, management assumes full responsibility for both the accuracy of the data, and the completeness and reliability of all of the information presented in this report. Fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds in the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities has been included.

To provide a reasonable basis for making these representations, management of the City of Rockwall has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rockwall's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management.

Because the cost of internal controls should not outweigh their benefits, the City of Rockwall's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The internal control structure is subject to periodic evaluation by City management.

The City of Rockwall's financial statements have been audited by Fox, Byrd & Company, CPA a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rockwall for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the financial statements as required by GAAP. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The City of Rockwall, Texas, County Seat of Rockwall County, Texas was incorporated in 1874. Its name is derived from an underground rock wall discovered in 1854. The unusual rock formations are found throughout the county. The City is located on the eastern shore of Lake Ray Hubbard, 22 miles east of downtown Dallas on Interstate Highway 30. The Dallas/Fort Worth area is recognized as one of the top growth areas in the country. The Dallas/Fort Worth International Airport and Love Field in Dallas meet the air transportation needs of the region.

The City currently has a land area of approximately 23.83 square miles and an estimated population of 31,407.

The City of Rockwall adopted a home rule charter in 1985 which established a council-manager form of government. Charter amendments have been adopted as recently as 2005. Policymaking and legislative authority is vested in the City Council, which consists of a Mayor and six Council Members, all elected at large. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The mayor and six council members are elected to two year staggered terms. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Rockwall provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; planning and zoning, parks and recreational activities and general administrative services. Additionally, the City provides water and sewer services as an enterprise function.

Discretely presented component units are legally separate entities and are not part of the primary government's operations. The City of Rockwall is financially accountable for its component units. Accordingly, the Rockwall Economic Development Corporation (REDC) and Rockwall Technology Park Association are included in these financial statements and are explained in more detail in Note 1 of the Notes to the Financial Statements.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Rockwall operates.

### **Local Economy**

The City of Rockwall is situated in the Dallas/Fort Worth Consolidated Metropolitan Statistical Area. Rockwall enjoys a favorable economic environment and local indicators point to continued stability. In 2007 new commercial development starts were strong. The city has a varied tax base including a mix of residential, commercial and light industrial properties. Property values continue to rise. The most recent five-year average is 8.97% per annum. The City's largest taxpayers include a number of commercial developments. Table 12 in the Statistical Section provides further information on the principal taxpayers. The Rockwall Economic Development Corporation continues to assist companies looking to locate their business in the City. The year's highlights included:

- Completion by Whittle Development of Phase I of their Bella Harbor, lakefront development. Construction was completed on approximately 90,000 square feet of retail and restaurant space which began providing premier entertainment opportunities for the area. Progress continues on the full service Hilton Hotel and Convention Center at the development. The grand opening for these facilities is expected in Spring 2008.
- Office Depot and 24 Hour Fitness Center are the new tenants of the former Kroger Building, after the company moved to its new retail center.
- Belk's Department Store is completing construction in The Plaza development with their grand opening in October 2007.
- Best Buy and Dick's Sporting Goods are also under construction as tenants of The Plaza development and will open in time for holiday shopping. Staples, Ulta and JC Penney will follow shortly after the holidays.
- The Crossing phases I and II which broke ground in 2006 has added over 500,000 square feet of new retail space to enhance Rockwall's role as a regional shopping destination.
- Presbyterian Hospital of Rockwall will complete construction of their acute care facility in December 2007 and approximately 40,000 square feet of medical office space in the immediate area soon after.
- Downtown Rockwall are welcoming Tulum Bistro and the Rockwall Cake Factory to the business district and Smitty's Roadhouse near the Square. Candlelights and Lamposts Lady's Boutique and Men's Shop opened summer 2007.
- SPR Packaging, LLC is completing development of a major rail-served industrial location on the new Justin Road and Industrial Boulevard extensions. SPR is expected to build, phased-development in excess of 150,000 square feet, adding significant value to the property tax base. The Justin Road project was financed by the REDC and will enhance the area's potential for industrial development.

## Long-term Financial Planning

The City Council and staff have recognized the need for long-range planning. It is the goal of the City government to provide responsible leadership, services, and infrastructure to achieve a safe environment and provide for a high quality of life.

A number of long-range studies have been completed or updated recently. Our Parks consultant continues to develop plans for several future parks projects, while the City is moving forward with the acquisition of land for another regional park project. This land will allow the City to develop a 50-acre park in the southern area of the City. The City Council received the consultant's report on long range planning of space needs for the next 20 years.

The Planning and Zoning department hired a staff person to continue implementation of GIS technology in order to further expand the City's capabilities and coordination across departments. The City Council has identified the downtown area as a critical component of our long range plan. The City working with business and community leaders will continue the central business district planning effort. City staff completed an update of the Central Business District zoning in 2007. Staff is working with a Historic Preservationist to document the historic business buildings in the downtown area.

The City has studies underway to evaluate a roadway impact fee as well as updates to the water and sewer impact fees. A water and sewer rate study will be completed in 2008

The Rockwall Economic Development Corporation will further their planning efforts by finalizing their Destination 2020 plan in 2008. This comprehensive document will include demographics, target industries, marketing strategies, competition, site selection criteria, and alliances among its parameters.

Organizationally, the City began the process of refining its strategic plan using the Balanced Scorecard Methodology. When the strategy map was completed in 2003, the City's strategic initiatives for the implementation of the City's goals were formalized within the organization. Departmental business plans were developed and are updated as progress is made and priorities change. These business plans develop performance measures for the strategic initiatives for which each department is responsible. During 2006, the City began a process to implement the Customer Centered Culture methodology (C3) into the organization.

C3 encourages cross department teams to follow a proven course of data compilation and actions that allow the teams to develop product improvements. C3 recognizes that the services we provide are ultimately comprised of a number of products and those products need to be designed to meet our customer's needs, not what we perceive are their needs. Training was conducted with more than 40 employees to develop meeting facilitation skills in order to further this effort. Four project teams met regularly during 2007 to develop product improvements. Their efforts were used to build the framework by which the City moves forward integrating C3 organizationally.

In addition, the City refined its "Rockwall University" program to cover a broader range of training programs. Courses initially allowed employees to understand the workings of departments other than their own. The course offerings will also be used to complement the city's succession planning program. Mid level managers and first line supervisors are participating in workshops to develop their management skills and prepare our next generation of organization leaders. This group will continue to collaborate on projects to build cross department alliances and understanding of the resources available to our managers.

## Future Development

### Transportation

The City began the multi-phased design of the 205 Bypass roadway project approved by voters in late 2005. Right of Way acquisition is being completed and the phased road construction is underway. This roadway, on the eastern edge of the City is expected to provide traffic relief through the City's center and should be complete in December 2008. The Texas Department of Transportation began construction on the widening of SH205 (Goliad Street) through the City in 2007, a project which will take up to 4 years to complete. City projects under construction in 2008 will include the reconstruction of Fannin and Sam Houston streets as well as several drainage projects.

The City is a member of a County-wide Consortium which allows the County government officials to work with officials of each of the seven cities in the county to further transportation planning efforts. The Consortium meets monthly to discuss funding alternatives for the County's transportation needs, most of which involves partial or complete state participation.

### Medical Services

Recent developments in the Horizon Road area have focused on medical services. Several new medical buildings with Doctor's suites joined state of the art out-patient diagnostic imaging facilities in the past two years. With the opening of Presbyterian Hospital of Rockwall in 2008, acute care will now be available in the City. Ancillary medical office buildings and long term care facilities are planned for near term development. The medical corridor is expected to quickly develop into a regional medical destination.

### Retail / Entertainment

"The Harbor" public improvements, situated on the shores of Lake Ray Hubbard at I-30, were completed early in fiscal year 2007. A public/private partnership provided opportunities for new retailers in the Bella Harbor development as well as public open space. The largely undeveloped hillside will soon include a full-service Hilton Hotel and Conference Center. In addition, Phase II of Bella Harbor will shortly add more retail, restaurant and office space. The City and Chamber of Commerce are working to attract events to the Conference Center which will formally open in Spring 2008. The development has become a regional entertainment destination.

In conjunction with the private development, the City established a tax increment financing (TIF) zone in an approximately 103 acre tract which allowed the financing and development of public open space to complement the development and allow citizens access to the Lake Ray Hubbard shore line. The City partnered with Rockwall County, and the Rockwall Economic Development Corporation to establish the TIF to finance the public projects.

Tenant finish out continues in the private development with Agave, El Patillo and Valore's restaurants opening late in 2007. They will be joined in 2008 by the Blue Canyon and Celebrity Bakery. Retail establishments entering the development will include Bath Junkie and Rocky Mountain Chocolate Factory.

## Recreation

The City completed construction on neighborhood parks in the Shores and Fox Chase subdivisions. Neighborhood parks in the Emerald Bay and Hickory Ridge subdivisions will be completed in 2008. Planning for the third major park commenced with a C3 project by the City to determine customer's desires for the park and its amenities. Planning will continue on the remaining regional parks projects. Trail development has long been a priority for the City and construction of trail connections will continue in 2008 with voter approved bond proceeds.

The City's popular Concert on the Lake series continues to draw thousands of residents and visitors each week. Founder's Day on the Downtown Square draws visitors to shop merchant's wares, see artist's exhibits, learn about city departments and enjoy free concerts all day. The event culminates with a concert by a nationally recognized artist, also free to all who attend.

## Facilities

Site selection is complete and the design of Fire Stations 3 and 4, approved by voters in 2005, will be completed early in 2008 with construction expected to start late in the year.

The Rockwall Animal Adoption Center will open in 2008, the culmination of many years of planning and funding efforts. The new facility will allow staff to care for animals until they are reunited with their family and provide opportunities for the public to find their new pet.

The Rockwall Police Department will begin training in their new Firearms Training Facility in 2008. A joint effort between the county and four area cities allows each entity to provide a training facility which should meet their department's needs for many years at a reasonable cost to the taxpayers. The joint project was the first capital improvement project financed by the Emergency Services Corporation, a local government corporation established by Rockwall County and its seven cities to promote regional cooperation on emergency services projects.

## Utilities

The water and sewer rates were last increased in 2006 by 4% to our retail and wholesale customers. A water and sewer rate study will be completed in 2008 and staff expects to be recommending additional rate increases. The City purchases treated water as a founding member city of the North Texas Municipal Water District. The City has begun construction on a new two-million gallon water tower in the northern area of the City as well as projects to increase capacity in the regional sewer interceptor system and is preparing to move forward with construction on the Squabble Creek sewer system. A number of main extension projects are being undertaken to provide water and sewer service to annexed areas of the City.

The City's water system was recognized with the Texas Commission on Environmental Quality's "Superior" rating in 2007.

Cash Management: The City invests cash temporarily idle during the year in money market funds and short-term notes of the U.S. Government and its agencies. Other cash classified as being not immediately needed is invested in longer-term obligations of the U.S. Government and its agencies. All of these investments are classified as "hold-to-maturity" investments. The City believes that it will not be required to sell these investments prior to maturity, barring an event that would be isolated, nonrecurring, unusual, and could not reasonably be anticipated by the

City. The City has no reverse repos nor has any other form of borrowing been used to finance the City's portfolio.

The City's investment policy is to safeguard the City's assets and maintain liquidity while enhancing the yield of its portfolio and ensuring public trust. Securities owned by the City were held in a financial institution trust department acting as an agent of the City, in the City's name.

Risk Management: In fiscal year 1990, the City established a Self-Insurance and Risk Management Program. Under the terms of this program, the City is permitted by law and its home rule charter to insure itself against the various risks of liability and loss to which it is exposed. This may be done either through an insurance provider or through a defined self-insurance program. Other risks to which the City is exposed are covered by commercial insurance.

Retirement System: The City of Rockwall provides pension benefits to all full-time employees through a nontraditional, joint contributory defined benefit plan administered by the Texas Municipal Retirement System, an agent multiple-employer public retirement system. Pension expense for the calendar year ended December 31, 2007 (including prior service costs amortized over 25 years) was \$1,491,116. The City of Rockwall does not provide post employment health and dental benefits for retirees.

Debt Administration: Two ratios traditionally used to analyze the debt structure of municipalities are presented below. Revenue debt has been excluded since system charges are used to retire the debt.

Outstanding General Obligation Debt at 9-30-07(net of Debt Service)	\$74,962,504
Estimated Population	31,407
G.O. Debt Per Capita	\$2,387
Net G.O. Debt per Assessed Value	2.91%

The City's bond ratings at September 30, 2007 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor's Rating Group	A+	A-	A-
Moody's Investor Service Inc.	A1	A2	A3

**AWARDS AND ACKNOWLEDGEMENTS**

Awards:

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 for its comprehensive annual financial report for the fiscal year ended September 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. 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. The City has received a Certificate of Achievement for each of the last seventeen consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgement:

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,



Julie Couch  
City Manager



Mary Smith, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rockwall  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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.



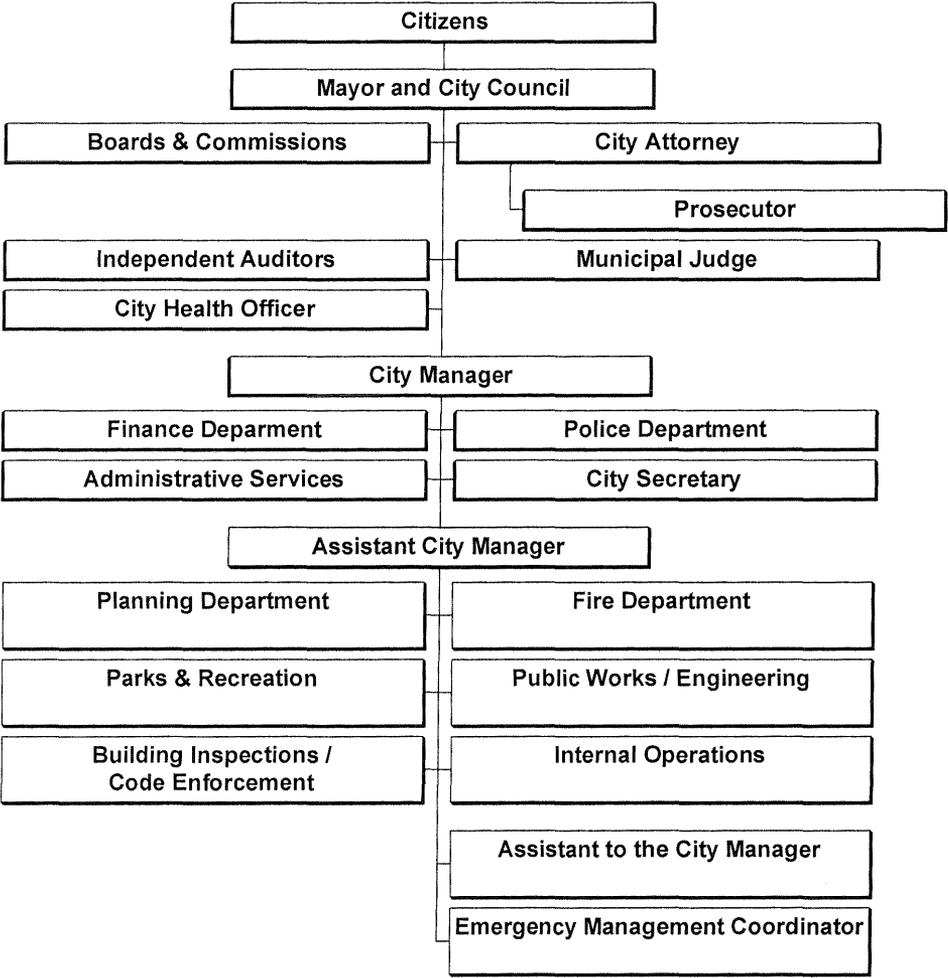
*Clare S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# City of Rockwall Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2007

**City Council**

Bill Cecil, Mayor  
Stephen Straughan, Mayor Pro-Tempore  
Glen Farris, Councilmember  
Margo Nielsen, Councilmember  
Matt Scott, Councilmember  
Cliff Sevier, Councilmember  
David Sweet, Councilmember

**City Staff**

Julie Couch, City Manager  
Rick Crowley, Assistant City Manager  
Mary Smith, Director of Finance  
Cheryl Dunlop, Director of Administrative Services  
Mark Moeller, Chief of Police  
Mark Poindexter, Fire Chief  
Robert LaCroix, Director of Community Development  
Chuck Todd, City Engineer/Director of Public Works  
Jeffrey Widmer, Director of Building Inspections & Code Enforcement  
Brad Griggs, Director of Parks, Recreation and Rights-of-Way

*FINANCIAL SECTION*

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Rockwall, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of and for the year ended September 30, 2007, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows 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 March 10, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 14–25 and the budgetary comparison information on page 67 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the 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 and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

*Jax, Byrd & Company, P.C.*

Dallas, Texas

March 10, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Rockwall's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City's total net assets were \$154,110,068 at September 30, 2007.
- During the year, the City's expenses were \$2,680,684 less than the \$34,609,698 generated in taxes and other revenues for governmental activities.
- The assets of the City of Rockwall attributable to governmental activities exceeded its liabilities at the close of the fiscal year ending September 30, 2007 by \$86,132,544 (net assets). Of this amount \$13,386,297 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of this fiscal year, unreserved fund balance for the general fund was \$8,335,289 or approximately 42.5 percent of the total general fund expenditures and transfers out.
- The City's total outstanding bonds and certificates of obligation (excluding enterprise and component unit debt) decreased by \$3,726,505 during fiscal year 2007. More detailed information is given in the notes section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presenting different views of the City:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

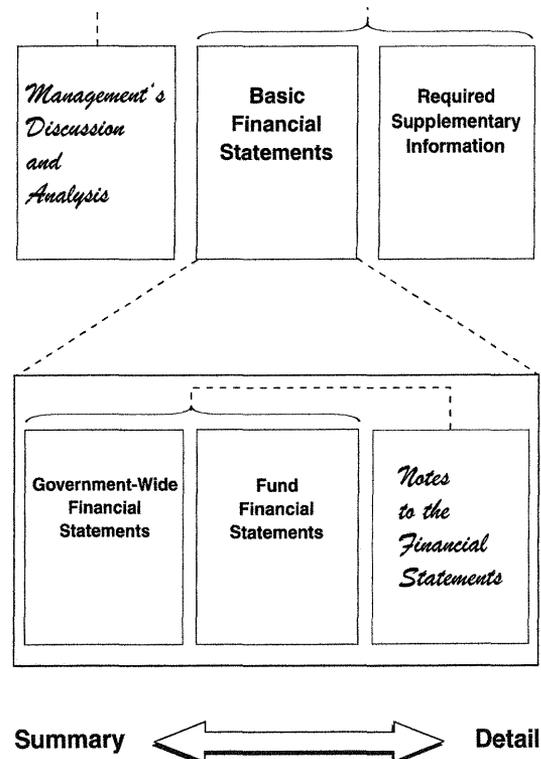
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>◆ Statement of net assets</li> <li>◆ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>◆ Balance Sheet</li> <li>◆ Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>◆ Statement of net assets</li> <li>◆ Statement of revenues, expenditures &amp; changes in fund net assets</li> <li>◆ Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>◆ Statement of fiduciary net assets</li> <li>◆ Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

### **Government-wide Financial Statements**

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

The *statement of net assets* presents information on all of the city of Rockwall'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 Rockwall is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example uncollected taxes and earned but unused vacation leave. Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

*Governmental activities* – Most of the City's basic services are reported here, including administration, police, fire, planning and zoning, finance, parks and recreation, municipal court and engineering. Property taxes, sales taxes, franchise fees and charges for services finance most of the activities.

*Business-type activities* – The City charges fees to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.

*Component Units* – The City of Rockwall (the primary government) includes two discretely presented component units. The City's 4A Sales Tax Corporation known as the Rockwall Economic Development Corporation and the Rockwall Technology Park Association. Although legally separate, The City of Rockwall is financially accountable for these component units. The City Council appoints the component unit's Board of Directors, sets the budget and approves any debt issuance.

The government-wide financial statements can be found on pages 26 - 28 of this report.

## **Reporting the City's Most Significant Funds**

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. *Funds* are accounting devices the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. However, the City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following types of funds:

*Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps users of the financial statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

The City of Rockwall maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund, G.O. bonds capital projects fund and 205 Bypass fund, all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City’s enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the governmental-wide statement but provide more detail and additional information such as cash flows, for proprietary funds. The Internal Service funds (the other component of proprietary funds) are utilized to report activities that provide services for the City’s self insurance funds. The Internal Service funds are reported as governmental activities in the government-wide financial statements.

The City of Rockwall maintains an Enterprise Fund to account for water and sewer services provided to the City’s retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operations, maintenance, debt service, capital improvements, billing and collection. The City’s intent is that all costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

The City maintains two internal service funds to account for funds accumulated to self-insure for health and workers compensation claims. Individual fund data for each of these business-type funds is provided in the form of combining statements elsewhere in this report.

*Fiduciary funds*—The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

*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**

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the City of Rockwall. This information is required by accounting principles generally accepted in the United States of America.

## CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

At the end of fiscal year 2007, the City's net assets (assets exceeding liabilities) totaled \$154,110,068. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).

The largest portion of the City's net assets (63% percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 41,092,200	\$ 56,288,609	\$ 21,972,598	\$ 26,774,588	\$ 63,064,798	\$ 83,063,197
Capital Assets	<u>126,605,277</u>	<u>113,792,963</u>	<u>66,519,736</u>	<u>57,396,358</u>	<u>193,125,013</u>	<u>171,189,321</u>
Total Assets	<u>167,697,477</u>	<u>170,081,572</u>	<u>88,492,334</u>	<u>84,170,946</u>	<u>256,189,811</u>	<u>254,252,518</u>
Long-term liabilities	77,966,001	81,685,267	18,678,087	15,520,879	96,644,088	97,206,146
Other liabilities	<u>3,598,932</u>	<u>4,944,445</u>	<u>1,836,723</u>	<u>1,584,695</u>	<u>5,435,655</u>	<u>6,529,140</u>
Total Liabilities	<u>81,564,933</u>	<u>86,629,712</u>	<u>20,514,810</u>	<u>17,105,574</u>	<u>102,079,743</u>	<u>103,735,286</u>
Net Assets:						
Invested in capital assets,						
net of related debt	49,487,300	34,020,634	47,893,027	41,923,596	97,380,327	75,944,230
Restricted for debt service	1,213,241	1,218,820	1,894,720	1,445,984	3,107,961	2,664,804
Restricted for capital projects	22,045,706	36,529,256	12,726,158	16,614,065	34,771,864	53,143,321
Unrestricted	<u>13,386,297</u>	<u>11,683,150</u>	<u>5,463,619</u>	<u>7,081,727</u>	<u>18,849,916</u>	<u>18,764,877</u>
Total net assets	<u>\$ 86,132,544</u>	<u>\$ 83,451,860</u>	<u>\$ 67,977,524</u>	<u>\$ 67,065,372</u>	<u>\$ 154,110,068</u>	<u>\$ 150,517,232</u>

An additional portion of the City of Rockwall's net assets, \$37,879,825 or 24.5 percent represents resources that are subject to external restrictions on how they may be used. The net assets which are *Restricted for capital projects* are due to debt being issued as projects are designed and construction is beginning. The remaining unrestricted net assets, \$18,849,916, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table will document key elements of the increase in total net assets for the year ended September 30, 2007.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Program revenues:						
Charges for services	\$ 3,798,806	\$ 4,622,302	\$ 8,771,324	\$ 11,067,802	\$ 12,570,130	\$ 15,690,104
Operating grants & contributions	1,059,602	783,317	-	-	1,059,602	783,317
Capital grants & contributions	3,193,554	11,804,857	2,808,528	4,319,065	6,002,082	16,123,922
General Revenues:						
Property taxes	11,827,931	9,063,530	-	-	11,827,931	9,063,530
Sales taxes	8,901,929	8,529,051	-	-	8,901,929	8,529,051
Other	<u>4,477,541</u>	<u>3,566,689</u>	<u>1,600,342</u>	<u>1,111,064</u>	<u>6,077,883</u>	<u>4,677,753</u>
Total revenues	33,259,363	38,369,746	13,180,194	16,497,931	46,439,557	54,867,677
Program expenses:						
Mayor/Council	111,555	108,366	-	-	111,555	108,366
Administration	5,523,924	6,040,692	-	-	5,523,924	6,040,692
Finance	1,138,210	1,027,654	-	-	1,138,210	1,027,654
Municipal Court	298,383	304,492	-	-	298,383	304,492
Police	7,001,771	6,095,435	-	-	7,001,771	6,095,435
Fire	2,207,468	1,889,269	-	-	2,207,468	1,889,269
Public works	6,928,067	5,530,219	-	-	6,928,067	5,530,219
Community development	2,018,363	1,781,548	-	-	2,018,363	1,781,548
Parks and recreation	3,088,750	2,583,547	-	-	3,088,750	2,583,547
Interest on long-term debt	3,612,523	2,179,950	-	-	3,612,523	2,179,950
Water and sewer	-	-	<u>10,917,707</u>	<u>10,253,226</u>	<u>10,917,707</u>	<u>10,253,226</u>
Total expenses	31,929,014	27,541,172	10,917,707	10,253,226	42,846,721	37,794,398
Increase (decrease) in net assets						
before transfers	1,330,349	10,828,574	2,262,487	6,244,705	3,592,836	17,073,279
Transfers	<u>1,350,335</u>	<u>2,375,000</u>	<u>(1,350,335)</u>	<u>(2,375,000)</u>	-	-
Increase (decrease) in net assets	2,680,684	13,203,574	912,152	3,869,705	3,592,836	17,073,279
Net assets, October 1	<u>83,451,860</u>	<u>70,248,286</u>	<u>67,065,372</u>	<u>63,195,667</u>	<u>150,517,232</u>	<u>133,443,953</u>
Net assets, September 30	<u>\$ 86,132,544</u>	<u>\$ 83,451,860</u>	<u>\$ 67,977,524</u>	<u>\$ 67,065,372</u>	<u>\$ 154,110,068</u>	<u>\$ 150,517,232</u>

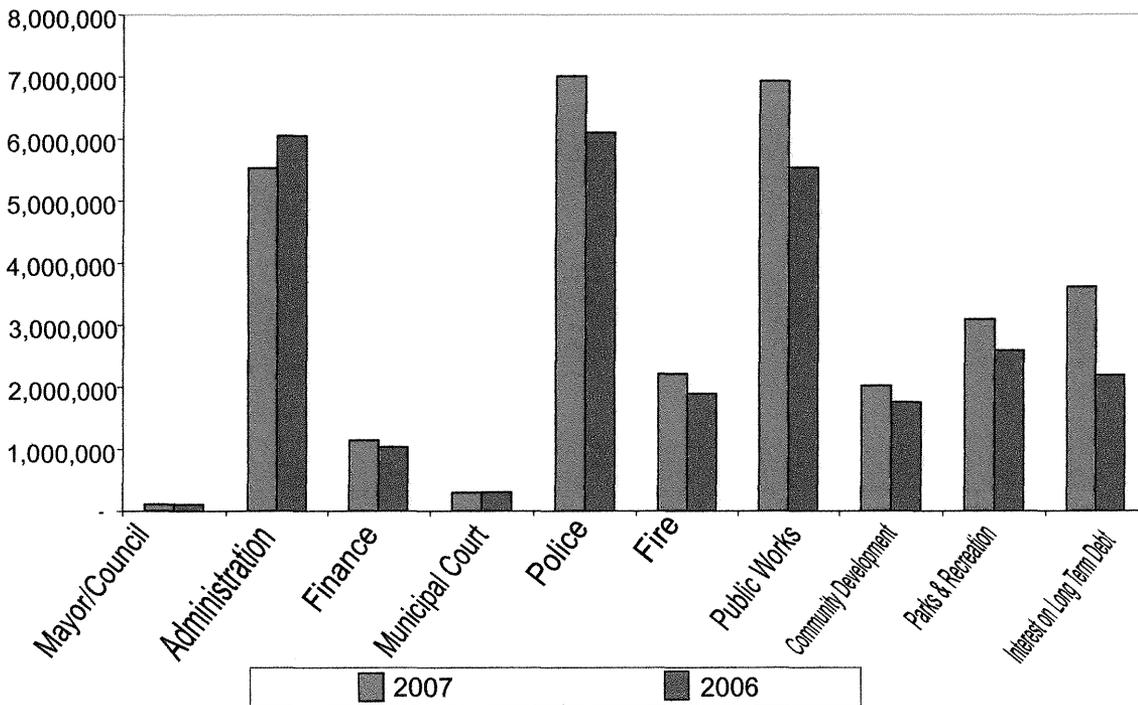
## Governmental Activities

The City's total revenues of governmental activities were \$33,259,363. A significant portion 35.6%, of the City's revenues came from property taxes. Another 26.8% of revenue came from sales taxes. Ad valorem property tax revenues continue to increase each year due to the addition of new properties and increased valuation throughout the City. Assessed values of the properties in the City increased by 147,621,216 or 3.1%. The City adopted a property tax rate of 42.50 cents per \$100 of assessed valuation for fiscal year 2007. This represented an increase of 5.61 cents. This marked only the second time in twelve years that the tax rate was increased. The increase was attributable in large part to debt service requirements for voter approved projects. Sales tax revenue increased only slightly over the prior year. The increase, a modest 4.4% was reflective of a general slowing of the economy.

The overall economy slowed significantly during 2007. The national decline in new housing starts was felt on the local level as well with residential building permits revenue down (included in other revenues) when compared to prior year's levels. The City experienced higher levels of commercial building during the fiscal year which moderated the revenues. Over the past several years, Rockwall County, of which the City of Rockwall is the County seat, was one of the fastest growing counties in America, and the fastest growing county in Texas.

The Bella Harbor project, a lakefront multi-use planned development, is finishing construction with several more establishments expected to open late in 2007. It is expected to have a positive effect on sales taxes and property taxes in the area as well as tourism. A tax increment financing zone was established to provide for public improvements in the area.

## Comparative Expenses – Governmental Activities



The total cost of all programs and services were \$31,929,014. Of these costs \$7,001,771 (21.9%) was for the Police Department. Administrative departments including Administration, Human Resources, and Internal Operations had combined costs of \$5,523,924 (17.3%). Public Works costs were \$6,928,067 (21.7%) and reflected ongoing projects.

## Business-Type Activities

The City's business-type activities recorded an increase of \$912,152 in net assets. Water sales were very strong in 2006 due primarily to near record drought conditions. The City having previously implemented conservation water rates in 2001 began enforcing mandatory water restrictions in a regional effort to curtail usage during the drought period. Conservation efforts early in the fiscal year followed by near record rainfalls in the summer 2007 caused water sales to be lower than the prior year by 35.9%. Sewer charges were not affected significantly because the City uses winter averaging to calculate sewer billing. Water and sewer charges were \$8,771,324. Ending working capital, excluding restricted assets, for the water and sewer fund was \$3,751,770. This decline in working capital is reflective of both the decrease in water sales and planned expenditures for capital projects in advance of debt issuance.

Water and sewer impact fees totaled \$598,866 for the fiscal year. These impact fees are paid by developers and are designed to reduce the system's initial costs in building assets.

The City's water system received the "Superior" rating by the Texas Commission on Environmental Quality during 2007.

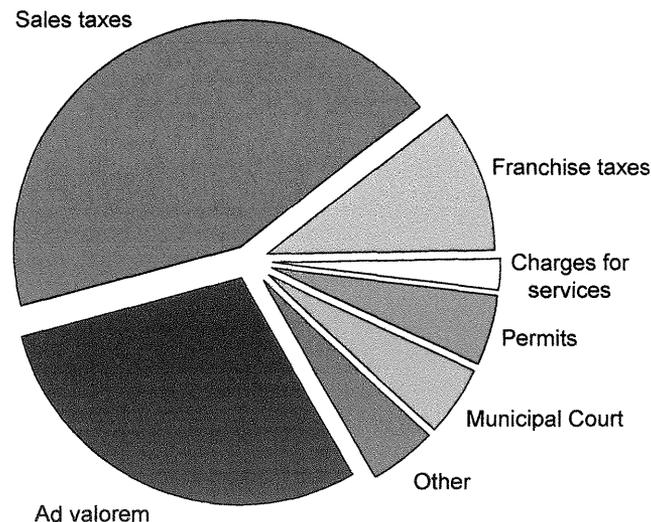
## Component Units

The Rockwall Economic Development Corporation (REDC) reported revenues primarily from a ½ cent sales tax, authorized under the 4A Corporation statutes, of \$3,408,218. Assets managed by the corporation include an inventory of over 230 acres of land, zoned for light industrial uses and available for sale and an industrial building currently leased and also available for sale. The REDC continues to attract companies to the City through its marketing efforts and ability to match businesses to available land.

## ANALYSIS OF INDIVIDUAL FUNDS

The City's *General Fund* reported an ending unreserved fund balance of \$8,335,289; an increase of \$642,627 from the prior year. The main source of general fund revenue is sales tax, it accounted for \$8,534,183 (43.5%) of total general fund revenue. Ad valorem property taxes account for \$5,720,256 (29.2%) of general fund revenues. The increase in fund balance allows the City to maintain a "recommended" fund balance as defined within the City's financial policies. This "reserve" balance, representing five months of recurring operating expenditures allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows.

## Revenues by Source – General Fund



The City's *Debt Service Fund* reported a planned decrease in fund balance of \$377,974. Property tax collections for debt service requirements were \$6,100,738. This represents an increase of 64.8% in order to pay debt service payments on bonds issued to construct numerous road and parks projects underway in 2007.

The City *Capital Projects Fund* was used to account for the construction of the extension of Justin Road to serve new industrial projects and for infrastructure for the Presbyterian Hospital of Rockwall project. The Rockwall Economic Development Corporation issued debt in 2006 to fund the projects. Both projects are nearing completion at the end of fiscal year 2007.

The City began several road projects in fiscal year 2006 which were funded through debt issuance. The City reports these projects in its *GO Bonds Capital Projects Fund*. The City issued General Obligation bonds for voter approved projects. In addition to roadway rehabilitation and extension projects, the acquisition of park land, completion of neighborhood parks projects and construction of two fire stations was funded. Capital Outlay totaling \$7,635,093 is reported for 2007 on these multi-year projects. Most projects are expected to be completed in 2008.

The City also issued General Obligation bonds in 2006 to begin phased design and construction of the new *205 Bypass Project*. Voters approved construction of the roadway in a 2005 Bond Election Proposition. The project will include the multi-phase design, right of way acquisition and construction of a new 7 mile roadway on the eastern edge of the City which is designed to alleviate traffic burdens on State Highway 205 through the center of the City. Additional debt is anticipated in fiscal year 2008 with construction completion targeted in fiscal year 2009.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During fiscal year 2007, the City Council of the City of Rockwall amended the budget to provide funding for several unforeseen projects and to recognize salary savings over the year, as well as increases or decreases in revenues when compared to original projections. With the adjustments made to the budget, the budgeted expenditures of \$19,177,500 decreased to \$18,567,350 while revenues decreased from \$19,859,200 to \$19,302,800. The City of Rockwall had originally estimated the ending general fund balance to be \$7,585,242 however due to the budget adjustments mentioned above, the fund balance was re-estimated to be \$7,736,042.

Management took steps to slow the City's spending in light of a decline in the actual revenues compared to projected revenues. Actual general fund revenues were \$19,617,205, an increase of \$314,405 over the final budget. Actual general fund total expenditures were \$373,349 less than the revised budget. Total revenues exceeded total expenditures by \$1,423,204. The actual fund balance of \$8,336,696 was higher due to management's conservative projections of both revenues and expenditures and cost saving measures adopted during the year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### Capital Assets

At the end of the fiscal year 2007 the City had \$193,125,013 (Table 3) invested in a broad range of capital assets, including buildings, parks facilities, roads, police and fire equipment and water and sewer lines. The balances shown below are net of accumulated depreciation.

**Table 3  
Capital Assets at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 4,713,559	\$ 3,274,598	\$ 799,533	\$ 799,533	\$ 5,513,092	\$ 4,074,131
Buildings	8,400,432	8,528,602	105,971	-	8,506,403	8,528,602
Improvements other than buildings	19,718,273	1,708,537	50,688,864	43,777,397	70,407,137	45,485,934
Machinery & Equipment	2,313,256	1,552,658	479,970	187,001	2,793,226	1,739,659
Vehicles	2,585,058	1,982,085	-	-	2,585,058	1,982,085
Furniture & Fixtures	779,273	898,660	4,031	5,142	783,304	903,802
Infrastructure	63,913,203	54,643,599	-	-	63,913,203	54,643,599
Construction in Progress	24,182,223	41,204,224	5,923,977	5,533,952	30,106,200	46,738,176
Wastewater treatment facilities	-	-	8,517,390	7,093,333	8,517,390	7,093,333
	<u>\$ 126,605,277</u>	<u>\$ 113,792,963</u>	<u>\$ 66,519,736</u>	<u>\$ 57,396,358</u>	<u>\$ 193,125,013</u>	<u>\$ 171,189,321</u>

The City's capital improvement program includes a number of voter authorized projects to construct new streets and reconstruct several older city streets. Many of those projects were under construction in 2007. A number of drainage projects will also be undertaken during the five-year planned capital improvement period. The City is also under construction on the new Animal Adoption Center which should be completed in Spring 2008.

The City held a bond election in November 2005 which funded road, park and fire projects in excess of \$64,000,000. In addition to the 205 Bypass project, the City was authorized to move forward with several neighborhood parks projects and the acquisition of land for two large regional parks. Progress has been made and includes the purchase of land for a large park in the northern area of the City, and completed construction on 3 of the neighborhood parks. The addition of two new fire stations was approved by the voters. Design is underway with construction to begin in fiscal year 2008.

Construction in progress at September 30, 2007 for governmental activities included the rehabilitation of Townsend Road and Fannin Street, initial costs of the 205 Bypass project, and various other improvements.

Notably, the construction in progress at fiscal year end for business-type funds includes the construction of waterline improvements and the extension of sanitary sewers into new areas of the city. A new two-million gallon water tower to be constructed in the northern area of the City was under construction at year end. Several projects approved in the City's capital improvement plan including participation in the joint construction of a shared ground storage facility and pump station as well as other line projects to improve system capacity and extend services were completed in 2007.

Additional information pertaining to the City of Rockwall's capital assets can be found in note 3-C on pages 49 - 52.

Debt

At year end, the City had \$94,630,094 in bonds and capitalized leases shown in Table 4.

**Table 4  
City of Rockwall Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General obligation bonds	\$ 55,720,824	\$ 57,632,329	\$ 184,176	\$ 212,671	\$ 55,905,000	\$ 57,845,000
Certificates of obligation	20,045,000	21,825,000	-	-	20,045,000	21,825,000
Contractual obligations	280,000	315,000	-	-	280,000	315,000
Revenue bonds	-	-	13,360,000	14,145,000	13,360,000	14,145,000
Capital Lease obligations	-	-	5,040,094	1,145,000	5,040,094	1,145,000
	<u>\$ 76,045,824</u>	<u>\$ 79,772,329</u>	<u>\$ 18,584,270</u>	<u>\$ 15,502,671</u>	<u>\$ 94,630,094</u>	<u>\$ 95,275,000</u>

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported debt to assessed value of all taxable property is 2.91% or \$2,387 per capita.

The City’s bond ratings at September 30, 2007 were as follows:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor’s Rating Group	A+	A-	A-
Moody’s Investor Service Inc.	A1	A2	A3

Additional information on the City of Rockwall’s long-term debt can be found in note 3-E, on pages 54-61 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City’s elected and appointed officials considered many factors when setting the fiscal year 2008 budget, tax rate and fees that will be charged for the business-type activities. The major factor affecting all decisions has been and will continue to be the growth in our community and its population. Rockwall has seen the construction of a number of new commercial/retail business developments which should positively impact sales tax revenues. Commercial building permits showed strong improvement over the prior year including several new retail developments underway as well as the development of the Presbyterian Hospital of Rockwall and accompanying medical office district. Interviews with local builders led the City to project continued slow home starts for the coming year, a trend reported nationally as well. An emphasis continues by the City on the custom home market. The City of Rockwall’s citizens enjoy above-average income levels per household. This in combination with the City’s proximity to major highways, and the Dallas-Ft.Worth SMSA make Rockwall an attractive city in which to locate. The City prides itself on a quality school district and a “hometown” atmosphere in Rockwall.

The Rockwall Economic Development Corporation works diligently to attract businesses with relocation incentives as well as providing business retention incentives such as workforce training opportunities.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2008. The budgeted revenues for fiscal year 2008 total \$20,468,100 for the general fund. Ad valorem tax revenue is determined by two major factors, the total assessed value established by the Rockwall Central Appraisal District and the tax rate established by the Rockwall City Council. Due to the debt service requirements of voter approved debt, issued in 2006 and to be issued shortly after the new fiscal year begins, the property tax rate was increased to 48.65 cents per hundred dollars of assessed value. Due to the slowing economy but in recognition of new retailers opening shortly, city officials have projected a 7.15% increase in that revenue over the prior fiscal year.

The City adopted written financial policies in 2001 which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. In addition, the policies set minimum, recommended and maximum fund balance levels for the City's fund types. The general fund minimum fund balance is set at 3 months recurring operating expenditures. The recommended fund balance is 5 months of recurring operating expenditures and the maximum fund balance is 7 months of recurring operating expenditures. The budget as adopted for fiscal year 2008 projects a fund balance of approximately 4.75 months of recurring operating expenditures.

A number of planning initiatives including an evaluation of existing street condition and maintenance needs are authorized for fiscal year 2008. The City budget includes funds for several small business owners to attend an exciting program on building destination businesses and to continue sending mid level managers to the LEAD program at the University of Virginia. The City is studying annexation of an area which is currently underserved in a number of ways. Planning efforts will focus on appropriate zoning for the area, bringing the water and wastewater system in the area up to city standards and assisting with property rehabilitations. Following the Customer Centered Culture methodology, the City expects to continue to integrate the program across all city departments. These cross department teams are expected to complete their work in 2007. In addition, the City will again offer Citizen Fire and Police Academies to provide citizens the opportunity to learn more about these city departments and become active with the City.

The water and sewer rates adopted in fiscal year 2006 will be reviewed by our rate consultant with his report to be issued in fiscal year 2008. City Council adopted a 4% rate increase in early 2006. A number of capital projects to expand the system are being planned for fiscal year 2008.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances. For more information contact the City's Director of Finance, Mary Smith at (972) 771-7700; Finance Department; City of Rockwall; 385 South Goliad Street, Rockwall TX 75087. Email [msmith@rockwall.com](mailto:msmith@rockwall.com).

***BASIC FINANCIAL STATEMENTS***

CITY OF ROCKWALL, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Rockwall Economic Development Corporation	Rockwall Technology Park
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,769,108	\$ 240,825	\$ 2,009,933	\$ 8,040	\$ 6,134
Investments	34,810,390	4,347,573	39,157,963	2,182,191	38,583
Receivables (net of allowances for uncollectibles):					
Ad valorem taxes	327,471	-	327,471	-	-
Franchise taxes	965,037	-	965,037	-	-
Interest	204,504	69,064	273,568	931	-
Accounts	277,032	1,533,355	1,810,387	-	16,583
Notes	-	-	-	604,804	-
Assessments	193,202	-	193,202	-	-
Intergovernmental	1,535,284	322,787	1,858,071	492,744	-
Due from component unit	324	-	324	-	-
Due from primary government	-	-	-	4,905	-
Inventory	1,407	220,809	222,216	14,721,495	-
Restricted assets:					
Cash and cash equivalents	-	2,377,544	2,377,544	-	-
Investments	-	12,179,084	12,179,084	639,029	-
Accrued interest	-	238,696	238,696	-	-
Deferred charges	1,008,441	442,861	1,451,302	143,420	-
Capital assets not being depreciated	28,895,782	6,723,510	35,619,292	-	-
Capital assets being depreciated, net	97,709,495	59,796,226	157,505,721	9,484	-
Total assets	<u>167,697,477</u>	<u>88,492,334</u>	<u>256,189,811</u>	<u>18,807,043</u>	<u>61,300</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	2,795,469	1,317,698	4,113,167	61,450	14,001
Accrued interest payable	574,067	174,446	748,513	121,056	-
Unearned revenue	47,858	-	47,858	-	-
Due to other governments	176,633	-	176,633	-	-
Due to component unit	4,905	-	4,905	-	-
Due to primary government	-	-	-	324	-
Customer deposits	-	344,579	344,579	-	-
Noncurrent liabilities:					
Due within one year	3,802,972	1,127,871	4,930,843	700,109	-
Due in more than one year	74,163,029	17,550,216	91,713,245	17,876,003	-
Total liabilities	<u>81,564,933</u>	<u>20,514,810</u>	<u>102,079,743</u>	<u>18,758,942</u>	<u>14,001</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	49,487,300	47,893,027	97,380,327	9,484	-
Restricted for:					
Debt service	1,213,241	1,894,720	3,107,961	441,196	-
Capital projects	22,045,706	12,726,158	34,771,864	76,777	-
Unrestricted	13,386,297	5,463,619	18,849,916	(479,356)	47,299
Total net assets	<u>\$ 86,132,544</u>	<u>\$ 67,977,524</u>	<u>\$ 154,110,068</u>	<u>\$ 48,101</u>	<u>\$ 47,299</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
Mayor/council	\$ 111,555	\$ -	\$ -	\$ -
Administration	5,523,924	380,226	40,031	-
Finance	1,138,210	5,750	2,000	-
Municipal court	298,383	989,677	-	-
Police	7,001,771	415,637	119,319	-
Fire	2,207,468	124,105	150,398	88,321
Public works	6,928,067	464,587	634,438	2,694,346
Community development	2,018,363	1,118,001	-	-
Parks and recreation	3,088,750	300,823	113,416	410,887
Interest on long-term debt	3,612,523	-	-	-
Total governmental activities	31,929,014	3,798,806	1,059,602	3,193,554
Business-type activities:				
Water and sewer	10,917,707	8,771,324	-	2,808,528
Total business-type activities	10,917,707	8,771,324	-	2,808,528
Total primary government	\$ 42,846,721	\$ 12,570,130	\$ 1,059,602	\$ 6,002,082
<b>COMPONENT UNITS:</b>				
Rockwall Economic Development Corporation	\$ 3,099,902	\$ -	\$ -	\$ -
Rockwall Technology Park	120,371	115,253	-	-
Total component units	\$ 3,220,273	\$ 115,253	\$ -	\$ -

General revenues:

Ad valorem taxes, penalty and interest

Sales taxes

Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Rockwall Economic Development Corporation	Rockwall Technology Park
\$ (111,555)		\$ (111,555)		
(5,103,667)		(5,103,667)		
(1,130,460)		(1,130,460)		
691,294		691,294		
(6,466,815)		(6,466,815)		
(1,844,644)		(1,844,644)		
(3,134,696)		(3,134,696)		
(900,362)		(900,362)		
(2,263,624)		(2,263,624)		
(3,612,523)		(3,612,523)		
<u>(23,877,052)</u>		<u>(23,877,052)</u>		
	\$ 662,145	662,145		
	<u>662,145</u>	<u>662,145</u>		
<u>(23,877,052)</u>	<u>662,145</u>	<u>(23,214,907)</u>		
			\$ (3,099,902)	\$ -
			<u>-</u>	<u>(5,118)</u>
			<u>(3,099,902)</u>	<u>(5,118)</u>
11,827,931	-	11,827,931	-	-
8,901,929	-	8,901,929	2,866,097	-
2,014,845	-	2,014,845	-	-
2,109,690	1,362,153	3,471,843	206,130	2,002
353,006	238,189	591,195	335,991	-
<u>1,350,335</u>	<u>(1,350,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,557,736</u>	<u>250,007</u>	<u>26,807,743</u>	<u>3,408,218</u>	<u>2,002</u>
2,680,684	912,152	3,592,836	308,316	(3,116)
<u>83,451,860</u>	<u>67,065,372</u>	<u>150,517,232</u>	<u>(260,215)</u>	<u>50,415</u>
<u>\$ 86,132,544</u>	<u>\$ 67,977,524</u>	<u>\$ 154,110,068</u>	<u>\$ 48,101</u>	<u>\$ 47,299</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007

	General	Debt Service	Capital Projects	G.O. Bonds Capital Projects	205 Bypass Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 93,266	\$ 15,519	\$ 2,702	\$ 6,225	\$ 1,271,314	\$ 263,611	\$ 1,652,637
Investments	7,847,421	1,012,916	806,111	4,927,059	16,187,291	2,551,179	33,331,977
Receivables (net of allowances for uncollectibles):							
Ad valorem taxes	174,709	152,762	-	-	-	-	327,471
Interest	121,511	4,606	1,064	13,936	50,956	10,120	202,193
Accounts	14,072	-	-	168,000	-	56,356	238,428
Assessments	-	-	-	-	-	193,202	193,202
Intergovernmental	1,452,063	27,438	33,942	-	-	21,841	1,535,284
Due from component unit	324	-	-	-	-	-	324
Due from other funds	307,500	-	-	1,270,000	-	-	1,577,500
Inventory	1,407	-	-	-	-	-	1,407
<b>Total assets</b>	<b><u>\$ 10,012,273</u></b>	<b><u>\$ 1,213,241</u></b>	<b><u>\$ 843,819</u></b>	<b><u>\$ 6,385,220</u></b>	<b><u>\$ 17,509,561</u></b>	<b><u>\$ 3,096,309</u></b>	<b><u>\$ 39,060,423</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 1,071,782	\$ -	\$ 307,103	\$ 881,800	\$ 218,298	\$ 61,112	\$ 2,540,095
Deferred revenue	152,257	129,921	-	168,000	-	216,060	666,238
Due to other governments	176,633	-	-	-	-	-	176,633
Due to component unit	4,905	-	-	-	-	-	4,905
Due to other funds	270,000	-	-	-	1,000,000	307,500	1,577,500
<b>Total liabilities</b>	<b><u>1,675,577</u></b>	<b><u>129,921</u></b>	<b><u>307,103</u></b>	<b><u>1,049,800</u></b>	<b><u>1,218,298</u></b>	<b><u>584,672</u></b>	<b><u>4,965,371</u></b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Inventory	1,407	-	-	-	-	-	1,407
Debt service	-	1,083,320	-	-	-	-	1,083,320
<b>Unreserved, reported in:</b>							
General fund	8,335,289	-	-	-	-	-	8,335,289
Special revenue funds	-	-	-	-	-	2,797,330	2,797,330
Capital projects funds	-	-	536,716	5,335,420	16,291,263	(285,693)	21,877,706
<b>Total fund balances</b>	<b><u>8,336,696</u></b>	<b><u>1,083,320</u></b>	<b><u>536,716</u></b>	<b><u>5,335,420</u></b>	<b><u>16,291,263</u></b>	<b><u>2,511,637</u></b>	<b><u>34,095,052</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 10,012,273</u></b>	<b><u>\$ 1,213,241</u></b>	<b><u>\$ 843,819</u></b>	<b><u>\$ 6,385,220</u></b>	<b><u>\$ 17,509,561</u></b>	<b><u>\$ 3,096,309</u></b>	<b><u>\$ 39,060,423</u></b>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2007

Total fund balances - governmental funds	\$ 34,095,052
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.</p>	1,342,572
<p>The following assets are not available to pay for current period expenditures and are deferred in the funds:</p>	
Property taxes receivable	282,178
Assessments receivable	168,202
Contributions receivable	168,000
<p>The following assets are not available to pay for current period expenditures and are not accrued in the funds:</p>	
Franchise taxes receivable	965,037
Court fines receivable	37,853
<p>The following assets are not current financial resources and are not reported in the funds:</p>	
Capital assets used in governmental activities (net of accumulated depreciation of \$43,997,321)	126,605,277
Costs of bonds issued to finance governmental activities (net of accumulated amortization of \$189,938)	1,008,441
<p>The following liabilities are not due in the current period and are not reported in the funds:</p>	
Compensated absences	(848,024)
Bonds payable	(77,117,977)
Accrued interest payable	(574,067)
	(852,068)
Net assets of governmental activities	\$ 86,132,544

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General	Debt Service	Capital Projects	G.O. Bonds Capital Projects	205 Bypass Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Ad valorem taxes, penalty and interest	\$ 5,720,256	\$ 6,100,738	\$ -	\$ -	\$ -	\$ -	\$ 11,820,994
Sales taxes	8,534,183	164,344	-	-	-	203,402	8,901,929
Franchise taxes	2,046,674	-	-	-	-	-	2,046,674
Charges for services	417,049	-	-	-	-	-	417,049
Permits	1,009,884	-	-	-	-	123,101	1,132,985
Municipal court	957,064	-	-	-	-	62,196	1,019,260
Intergovernmental	243,163	-	410,887	-	-	443,740	1,097,790
Interest income	460,776	152,883	134,883	391,135	753,514	119,053	2,012,244
Miscellaneous	228,156	-	-	-	-	488,740	716,896
Contributions and donations	-	634,438	-	863,706	-	743,442	2,241,586
Total revenues	<u>19,617,205</u>	<u>7,052,403</u>	<u>545,770</u>	<u>1,254,841</u>	<u>753,514</u>	<u>2,183,674</u>	<u>31,407,407</u>
<b>Expenditures:</b>							
<b>Current:</b>							
Mayor/council	111,555	-	-	-	-	-	111,555
Administration	2,750,197	-	-	-	-	-	2,750,197
Finance	895,028	-	-	-	-	243,210	1,138,238
Municipal court	300,186	-	-	-	-	-	300,186
Police	6,095,218	89,933	-	-	-	241,806	6,426,957
Fire	1,329,846	-	-	-	-	10,778	1,340,624
Public works	2,343,288	-	-	-	-	84,247	2,427,535
Community development	2,002,767	-	-	-	-	-	2,002,767
Parks and recreation	2,357,216	-	-	-	-	116,022	2,473,238
Total current	<u>18,185,301</u>	<u>89,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>696,063</u>	<u>18,971,297</u>
<b>Capital outlay:</b>							
Administration	-	-	3,173,717	764,729	-	90,487	4,028,933
Police	-	-	-	-	-	225,992	225,992
Fire	4,699	-	-	24,563	-	1,549,361	1,578,623
Public works	1,896	-	2,728,098	5,164,933	2,301,078	413,511	10,609,516
Community development	2,105	-	-	-	-	-	2,105
Parks and recreation	-	-	471,882	1,680,868	-	244,598	2,397,348
Total capital outlay	<u>8,700</u>	<u>-</u>	<u>6,373,697</u>	<u>7,635,093</u>	<u>2,301,078</u>	<u>2,523,949</u>	<u>18,842,517</u>
<b>Debt service:</b>							
Principal	-	3,726,505	-	-	-	-	3,726,505
Interest	-	3,607,455	-	-	-	-	3,607,455
Bond issuance costs	-	-	-	-	9,500	-	9,500
Fiscal charges	-	6,484	-	-	-	-	6,484
Total debt service	<u>-</u>	<u>7,340,444</u>	<u>-</u>	<u>-</u>	<u>9,500</u>	<u>-</u>	<u>7,349,944</u>
Total expenditures	<u>18,194,001</u>	<u>7,430,377</u>	<u>6,373,697</u>	<u>7,635,093</u>	<u>2,310,578</u>	<u>3,220,012</u>	<u>45,163,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,423,204</u>	<u>(377,974)</u>	<u>(5,827,927)</u>	<u>(6,380,252)</u>	<u>(1,557,064)</u>	<u>(1,036,338)</u>	<u>(13,756,351)</u>
<b>Other financing sources (uses):</b>							
Transfers in	617,000	-	577,665	424,536	-	966,603	2,585,804
Transfers out	<u>(1,422,300)</u>	<u>-</u>	<u>(13,398)</u>	<u>(785,109)</u>	<u>-</u>	<u>(645,312)</u>	<u>(2,866,119)</u>
Total other financing sources (uses)	<u>(805,300)</u>	<u>-</u>	<u>564,267</u>	<u>(360,573)</u>	<u>-</u>	<u>321,291</u>	<u>(280,315)</u>
Net change in fund balances	617,904	(377,974)	(5,263,660)	(6,740,825)	(1,557,064)	(715,047)	(14,036,666)
Fund balances, October 1	<u>7,718,792</u>	<u>\$ 1,461,294</u>	<u>\$ 5,800,376</u>	<u>\$ 12,076,245</u>	<u>\$ 17,848,327</u>	<u>\$ 3,226,684</u>	<u>48,131,718</u>
Fund balances, September 30	<u>\$ 8,336,696</u>	<u>\$ 1,083,320</u>	<u>\$ 536,716</u>	<u>\$ 5,335,420</u>	<u>\$ 16,291,263</u>	<u>\$ 2,511,637</u>	<u>\$ 34,095,052</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - governmental funds	\$ (14,036,666)
Amounts reported for governmental activities in the statement of activities are different because:	
The net revenue (expense) of internal service funds is reported with governmental activities in the statement of net assets.	(40,458)
Certain assets are not available to pay for current period expenditures and are not reported as revenues in the funds. The following amounts represent the changes in these assets during the year:	
Property taxes receivable	6,937
Assessments receivable	98,018
Contributions receivable	168,000
Franchise taxes receivable	(31,829)
Court fines receivable	17,146
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$18,631,097) exceeded depreciation (\$5,197,449) and retirements (\$1,710,215) in the current period.	11,723,433
Donations of capital assets increase net assets in the statement of activities, but are not reported in the funds because they do not provide current financial resources.	1,088,881
Governmental funds report debt issuance costs as expenditures. However, in the statement of activities these costs are allocated over the term of the underlying debt and reported as amortization expense. This is the amount of amortization in the current period.	(59,220)
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds. This is the amount of the change in accrued interest payable during the year.	27,176
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments (\$3,726,505) and bond premium amortization (\$42,960) in the current period.	3,769,465
Compensated absences payable do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences during the year.	(50,199)
Change in net assets of governmental activities	\$ 2,680,684

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2007

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 240,825	\$ 116,471
Investments	4,347,573	1,478,413
Receivables (net of allowances for uncollectibles):		
Interest	69,064	2,311
Accounts	1,533,355	751
Intergovernmental	322,787	-
Inventory	220,809	-
Restricted assets:		
Cash and cash equivalents	2,377,544	-
Investments	12,179,084	-
Accrued interest	238,696	-
Total current assets	<u>21,529,737</u>	<u>1,597,946</u>
Noncurrent assets:		
Deferred charges	442,861	-
Capital assets not being depreciated	6,723,510	-
Capital assets being depreciated, net	59,796,226	-
Total noncurrent assets	<u>66,962,597</u>	<u>-</u>
Total Assets	<u>88,492,334</u>	<u>1,597,946</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	1,317,698	255,374
Customer deposits	344,579	-
Liability for compensated absences	51,378	-
General obligation bonds payable - current	29,538	-
Liabilities payable from restricted assets:		
Revenue bonds payable - current	830,000	-
Obligations under capital leases - current	235,004	-
Accrued interest payable	174,446	-
Total current liabilities	<u>2,982,643</u>	<u>255,374</u>
Noncurrent liabilities:		
General obligation bonds payable	154,638	-
Revenue bonds payable	12,511,165	-
Obligations under capital leases	4,866,364	-
Total noncurrent liabilities	<u>17,532,167</u>	<u>-</u>
Total Liabilities	<u>20,514,810</u>	<u>255,374</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	47,893,027	-
Restricted for debt service	1,894,720	-
Restricted for construction	12,726,158	-
Unrestricted	5,463,619	1,342,572
Total Net Assets	<u>\$ 67,977,524</u>	<u>\$ 1,342,572</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 8,771,324	\$ 341,956
Total operating revenues	<u>8,771,324</u>	<u>341,956</u>
<b>OPERATING EXPENSES:</b>		
Personnel services	1,560,987	-
Contractual services	5,897,176	2,175,911
Materials and supplies	395,979	-
Operations	176,573	-
Utilities	375,059	-
Depreciation and amortization	1,578,795	-
Total operating expenses	<u>9,984,569</u>	<u>2,175,911</u>
Operating loss	<u>(1,213,245)</u>	<u>(1,833,955)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Capital recovery fees	598,866	-
Interest income	1,362,153	97,445
Miscellaneous income	238,189	65,402
Paying agent fees	(6,282)	-
Interest expense	(926,856)	-
Total non-operating revenues (expenses)	<u>1,266,070</u>	<u>162,847</u>
Income (loss) before transfers and capital contributions	<u>52,825</u>	<u>(1,671,108)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>		
Capital contributions	2,209,662	-
Transfers in	-	1,630,650
Transfers out	(1,350,335)	-
Total transfers and capital contributions	<u>859,327</u>	<u>1,630,650</u>
Increase (decrease) in net assets	912,152	(40,458)
Net assets, October 1	<u>67,065,372</u>	<u>1,383,030</u>
Net assets, September 30	<u>\$ 67,977,524</u>	<u>\$ 1,342,572</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 8,551,791	\$ 406,607
Cash paid to employees for services	(1,566,094)	-
Cash paid to suppliers for goods and services	(6,458,291)	(2,273,030)
Net cash provided (used) by operating activities	<u>527,406</u>	<u>(1,866,423)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash paid to other funds	(1,350,335)	-
Cash received from other funds	-	1,630,650
Net cash provided (used) by non-capital financing activities	<u>(1,350,335)</u>	<u>1,630,650</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition or construction of capital assets	(8,458,020)	-
Capital recovery fees received	598,866	-
Proceeds from capital debt	4,030,598	-
Principal paid on capital debt	(1,076,835)	-
Interest and fees paid on capital debt	(880,421)	-
Net cash used by capital and related financing activities	<u>(5,785,812)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(30,272,868)	(3,415,000)
Proceeds from sales and maturities of investments	38,415,906	3,577,771
Interest and dividends received	669,067	64,696
Net cash provided by investing activities	<u>8,812,105</u>	<u>227,467</u>
Net increase (decrease) in cash and cash equivalents	2,203,364	(8,306)
Cash and cash equivalents at beginning of year	415,005	124,777
Cash and cash equivalents at end of year	<u>\$ 2,618,369</u>	<u>\$ 116,471</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (1,213,245)	\$ (1,833,955)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation and amortization	1,578,795	-
Miscellaneous income	238,189	65,402
Decrease (increase) in assets:		
Receivables	(339,557)	(751)
Inventories	60,652	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	317,476	(97,119)
Customer deposits	(118,165)	-
Compensated absences	3,261	-
Net cash provided (used) by operating activities	<u>\$ 527,406</u>	<u>\$ (1,866,423)</u>
<b>Non-cash investing and financing activities:</b>		
Capital contributions	<u>\$ 2,209,662</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2007

	Agency Fund
	Special Escrow
	Agency
<b>ASSETS</b>	
Cash and cash equivalents	\$ 611
Investments	1,516,066
Accrued interest receivable	27,496
Total assets	\$ <u>1,544,173</u>
 <b>LIABILITIES</b>	
Due to developers	\$ <u>1,544,173</u>
Total liabilities	\$ <u>1,544,173</u>

The accompanying notes are an integral part of this statement.

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CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Reporting Entity*

The City of Rockwall, Texas (the "City") was founded in 1854 and incorporated in 1874. The City operates under the Council-Manager form of government as adopted by a home rule charter approved January 21, 1985. The City provides a full range of municipal services including public safety (police and fire), highway and streets, parks and recreation, health and social services, planning and zoning, and general administrative services. In addition, the City provides water and sewer services as a proprietary function of the City.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's basic financial statements.

The City is a home rule municipality governed by an elected Mayor and six-member City Council who appoint a City Manager. The City's financial statements include its component units. The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either: (1) the City's ability to impose its will on the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

*Discretely Presented Component Units*

The Rockwall Economic Development Corporation (REDC) is governed by a five-member Board of Directors appointed, at will, by the City Council. REDC represents the City by promoting it as a location for new business; it also acquires and develops land for that purpose. REDC collects a half-cent sales tax to support its activities.

The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park being developed by REDC. RTPA's Board of Directors is composed of representatives of the landowners. At September 30, 2007, REDC owned the majority of the land and the Board was therefore composed of REDC board members. When the park becomes 75% or more owned by private landowners, it will become an entity independent of the City. RTPA does not have the authority to determine its budget, set rates or charges, or issue bonded debt without the approval of the City. Accordingly, RTPA is fiscally dependent on the City, and the City is financially accountable for RTPA.

The funds of both REDC and RTPA are composed of governmental fund types. Stand alone financial statements for REDC and RTPA as of and for the fiscal year ended September 30, 2007, are not prepared.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate 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.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued*

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Capital Projects Fund* accounts for miscellaneous street and drainage projects which are financed with contributions from the General Fund and the Rockwall Economic Development Corporation.

The *G.O. Bonds Capital Projects Fund* accounts for the acquisition or construction of capital assets used in the operation of governmental funds.

The *205 Bypass Project Fund* accounts for revenues and expenditures related to the construction of the new 205 Bypass roadway project.

The City reports the following major proprietary fund:

The *Water and Sewer Fund* operates the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems.

Additionally, the City reports the following fund types:

Internal Service Funds account for employees' health insurance and workers' compensation coverage services provided to other departments or agencies of the government on a cost-reimbursement basis.

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for developer contributions for infrastructure projects related to various developments to be constructed at a later date.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued*

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise fund are charges to customers for sales and services. The enterprise utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, and net assets or equity*

Deposits and investments

The City maintains various accounts for each fund at its depository. The City also has cash maintained by agents for debt payments and reserves, construction reserves and workers' compensation claims. For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The City's investment policy authorizes the Director of Finance to invest in the following types of investments:

- a. Obligations of the United States or its agencies and instrumentalities with finite maturity dates, with a maximum maturity of not greater than five (5) years. Laddering of investments should be considered.
- b. Direct obligations of the State of Texas or its agencies and instrumentalities, with stated finite maturity dates.
- c. Other obligations, with finite maturity dates, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies or instrumentalities.
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Deposits and investments - continued

- e. Certificates of deposit issued by a state or national bank domiciled in the State of Texas or a savings bank domiciled in the State of Texas provided that they are:
  - (1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor,
  - (2) Secured by obligations outlined in items "a" through "d" above. The market value of all collateral must be marked to market on a daily basis and shall not be less than 102% of the principal amount of the certificate plus accrued interest, or
  - (3) Secured in any other manner in an amount provided by law for deposits of the City.
- f. Repurchase agreements which are fully collateralized by obligations of the United States or its agencies and instrumentalities, marked to market on a daily basis with a market value of at least 102% of the principal invested, including accrued interest. The securities being purchased must be pledged to the City and held in the City's name by a third party selected and approved by the City. The repurchase agreement must have a defined termination date and be placed through a primary government securities dealer or a financial institution doing business in the State of Texas. The repurchase agreements should be secured by obligations approved in this policy.
- g. Banker's acceptances having a stated maturity of 270 days or less, to be liquidated in full at maturity, which are rated not less than "A-1" or "P-1" (or an equivalent rating) by at least one nationally recognized credit rating agency provided that it is eligible for borrowing from a Federal Reserve Bank.
- h. Commercial paper having a stated maturity of 270 days or less and rated not less than "A-1" or "P-1" (or an equivalent rating) by at least two nationally recognized rating agencies or one nationally recognized rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States.
- i. No-load money market mutual fund registered with and regulated by the SEC, which has a dollar-weighted average stated maturity of 90 days or less. It must have included in its investment objectives its intent to maintain a stable net asset value of \$1 for each share. The fund must provide the City with a prospectus and other information required by the SEC.
- j. No-load mutual funds, registered with and regulated by the SEC, having weighted maturity of less than two years, and which invests exclusively in investments approved by this policy.
- k. Investment pools which are approved by the City Council, provided they meet all the criteria for investment pools outlined in Chapter 2256, Texas Local Government Code, and maintain a continuous rating not lower than AAA or AAA-m (or an equivalent rating) from at least one nationally recognized rating service.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

The City holds various mortgage-backed securities that offer higher yields but are sensitive to changes in interest rates and other market conditions. Timely payment of interest and principal are guaranteed by federal agencies. The City will not be required to sell these securities prior to maturity barring an event that would be isolated, nonrecurring, unusual, and could not reasonably be anticipated by the City. The City has no borrowed funds used for investing or reverse repurchase agreements.

Investments having a maturity of one year or more, when purchased, are stated at fair value. Short-term investments are stated at cost or amortized cost.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied on October 1st by the City based on the January 1st property values as assessed by the Rockwall Central Appraisal District. Taxes are due without penalty until January 31st of the next calendar year. After January 31st the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

Inventories and prepaid items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 30 years
Building improvements	20 - 50 years
Public domain infrastructure	20 years
System infrastructure	50 years
Equipment	3 - 10 years

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits up to specified limits. Sick leave is accrued at 1.25 days per month. However, once an employee has accrued 120 days of sick leave, earned sick leave in excess of 120 days may be converted to vacation leave at a ratio of three days of sick leave to one day of vacation leave up to a maximum of 15 sick leave days per year. Upon termination, any accumulated sick leave over 120 days shall be converted to vacation leave at a ratio of three days of sick leave to one day of vacation leave to be paid to the employee in accordance with the vacation leave policy. Upon retirement from the City, all accrued sick leave shall be converted to vacation pay at a ratio of three days of sick leave to one day of vacation leave and shall be paid to the employee. Unused compensatory time for nonexempt employees is paid on termination. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Long-term obligations

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 straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore the fund level is the legal level of control.
4. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, certain special revenue funds and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During the year ended September 30, 2007, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

A. Budgetary information – continued

6. The City did not adopt budgets for the Emergency Siren Fund, the Kidzone Fund, the Downtown Improvement Fund, and the Art in Public Places Fund, all of which are special revenue funds.
7. Capital project funds were not budgeted. Since project-length financial plans usually extend into two or more fiscal years, annual comparisons would be confusing and misleading.

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations by \$3,787 in the Police Investigation Fund because of a security upgrade project which exceeded budget projections by this amount.

Expenditures exceeded appropriations by \$1,093 in the Special Crimes Unit Fund due to costs incurred to move their offices to a new location late in the fiscal year.

Expenditures exceeded appropriations by \$163,681 in the Rockwall Economic Development Corporation as a result of certain incentive commitments which matured sooner than originally anticipated in the budget process.

C. Deficit fund equity

The Equipment Acquisition Fund had a deficit fund balance in the amount of \$285,693 at September 30, 2007, as a result of equipment purchases made in advance of a related debt issue. The City adopted a reimbursing resolution which allows these funds to be repaid with the proceeds of a future debt issue.

The Employee Benefits Fund had a deficit fund balance in the amount of \$18,885 at September 30, 2007, because of unanticipated health care claims late in the fiscal year in excess of budgeted amounts. This deficit will be covered by future transfers from the General Fund.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2007, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

Under a contractual agreement with North Texas Municipal Water District (NTMWD), depository accounts are maintained by NTMWD for interest and sinking, debt, and construction reserves totaling \$1,354,328, which are separately insured or secured by collateral pledged by NTMWD's depository. This amount is included in restricted cash on the statement of net assets.

The deposits of REDC and RTPA are covered by the City's depository contract and, therefore, at September 30, 2007, these deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the deposits of REDC and RTPA were not exposed to custodial credit risk.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments

At September 30, 2007, the City's investments were as follows:

	Carrying Value	Maturity (months)			
		Less than 1	2-6	7-12	13-30
<b>Primary Government</b>					
U.S. Treasury bills and notes	\$ 9,021,798	\$ 2,498,587	\$ -	\$ 6,523,211	\$ -
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	4,897,163	-	4,897,163	-	-
Federal National Mortgage Association	11,617,691	-	7,400,438	-	4,217,253
Federal Home Loan Bank	1,504,215	-	-	-	1,504,215
Federal Farm Credit Bank	1,501,410	-	1,501,410	-	-
	<u>19,520,479</u>	<u>-</u>	<u>13,799,011</u>	<u>-</u>	<u>5,721,468</u>
Money market funds	<u>24,310,836</u>	<u>24,310,836</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>52,853,113</u>	<u>26,809,423</u>	<u>13,799,011</u>	<u>6,523,211</u>	<u>5,721,468</u>
<b>Discretely Presented Component Units</b>					
Rockwall Economic Development Corporation:					
Certificates of deposit	300,000	-	300,000	-	-
Money market funds	2,521,220	2,521,220	-	-	-
Rockwall Technology Park:					
Money market funds	<u>38,583</u>	<u>38,583</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total discretely presented component units	<u>2,859,803</u>	<u>2,559,803</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total reporting entity	\$ <u>55,712,916</u>	\$ <u>29,369,226</u>	\$ <u>14,099,011</u>	\$ <u>6,523,211</u>	\$ <u>5,721,468</u>

Investments are reported in the statement of net assets as follows:

Governmental activities	\$ 34,810,390
Business-type activities	16,526,657
Discretely presented component units:	
Rockwall Economic Development Corporation	2,821,220
Rockwall Technology Park	38,583
Fiduciary funds	1,516,066
	\$ <u>55,712,916</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments – continued

The City's investments in U.S. Treasury bills and notes are backed by the full faith and credit of the U.S. government. The City's investments in U.S. government agencies are rated AAA by Standard & Poor's or Aaa by Moody's Investors Service. The City's investments in certificates of deposit and money market funds are not rated.

Custodial credit risk for investments is the risk that the City will not be able to recover the value of its investments that are in the possession of an outside party. At September 30, 2007, the City's investments were entirely insured or registered in the City's name; as a result, the City's investments were not exposed to custodial credit risk.

B. Receivables

In the Water and Sewer Fund, accounts receivable and revenues are reported net of uncollectible amounts. For the year ended September 30, 2007, the uncollectible amounts related to accounts receivable totaled \$352,148, and the uncollectible amounts related to revenues of the current period totaled \$88,884.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable:		
General Fund	\$ 152,257	\$ -
Debt Service Fund	129,921	-
Assessments receivable not yet due:		
Street Improvements	168,202	-
Contributions not yet received:		
G.O. Bonds Capital Projects	168,000	-
Seizures not awarded:		
Special Crimes Unit	-	<u>47,858</u>
Total deferred revenue for governmental funds	<u>\$ 618,380</u>	<u>\$ 47,858</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

C. Capital assets

Capital asset activity of the primary government for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,274,598	\$ -	\$ -	\$ 1,438,961	\$ 4,713,559
Construction in progress	<u>41,204,224</u>	<u>16,137,070</u>	<u>(1,670,808)</u>	<u>(31,488,263)</u>	<u>24,182,223</u>
Total capital assets not being depreciated	<u>44,478,822</u>	<u>16,137,070</u>	<u>(1,670,808)</u>	<u>(30,049,302)</u>	<u>28,895,782</u>
Capital assets being depreciated:					
Buildings	10,335,142	116,454	-	100,000	10,551,596
Improvements other than buildings	2,116,511	618,599	-	18,011,348	20,746,458
Machinery and equipment	2,937,154	398,242	(28,303)	720,623	4,027,716
Vehicles	4,552,000	1,194,711	(657,299)	-	5,089,412
Furniture and fixtures	1,975,590	166,021	(26,717)	-	2,114,894
Infrastructure	<u>86,870,528</u>	<u>1,088,881</u>	<u>-</u>	<u>11,217,331</u>	<u>99,176,740</u>
Total capital assets being depreciated	<u>108,786,925</u>	<u>3,582,908</u>	<u>(712,319)</u>	<u>30,049,302</u>	<u>141,706,816</u>
Less accumulated depreciation for:					
Buildings	(1,806,540)	(344,624)	-	-	(2,151,164)
Improvements other than buildings	(407,974)	(620,211)	-	-	(1,028,185)
Machinery and equipment	(1,384,496)	(358,267)	28,303	-	(1,714,460)
Vehicles	(2,569,915)	(554,494)	620,055	-	(2,504,354)
Furniture and fixtures	(1,076,930)	(283,245)	24,554	-	(1,335,621)
Infrastructure	<u>(32,226,929)</u>	<u>(3,036,608)</u>	<u>-</u>	<u>-</u>	<u>(35,263,537)</u>
Total accumulated depreciation	<u>(39,472,784)</u>	<u>(5,197,449)</u>	<u>672,912</u>	<u>-</u>	<u>(43,997,321)</u>
Total capital assets being depreciated, net	<u>69,314,141</u>	<u>(1,614,541)</u>	<u>(39,407)</u>	<u>30,049,302</u>	<u>97,709,495</u>
Governmental activities capital assets, net	<u>\$ 113,792,963</u>	<u>\$ 14,522,529</u>	<u>\$ (1,710,215)</u>	<u>\$ -</u>	<u>\$ 126,605,277</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

C. Capital assets – continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 799,533	\$ -	\$ -	\$ -	\$ 799,533
Construction in progress	<u>5,533,952</u>	<u>4,811,413</u>	<u>-</u>	<u>(4,421,388)</u>	<u>5,923,977</u>
Total capital assets not being depreciated	<u>6,333,485</u>	<u>4,811,413</u>	<u>-</u>	<u>(4,421,388)</u>	<u>6,723,510</u>
Capital assets being depreciated:					
Buildings	89,421	108,688	-	-	198,109
Improvements other than buildings	53,566,492	3,708,401	-	4,421,388	61,696,281
Sewage treatment plants and pump station	10,777,614	1,656,534	-	-	12,434,148
Machinery and equipment	3,384,222	388,708	(70,739)	-	3,702,191
Furniture and fixtures	<u>69,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,031</u>
Total capital assets being depreciated	<u>67,886,780</u>	<u>5,862,331</u>	<u>(70,739)</u>	<u>4,421,388</u>	<u>78,099,760</u>
Less accumulated depreciation for:					
Buildings	(89,421)	(2,717)	-	-	(92,138)
Improvements other than buildings	(9,789,095)	(1,218,322)	-	-	(11,007,417)
Sewage treatment plants and pump station	(3,684,281)	(232,477)	-	-	(3,916,758)
Machinery and equipment	(3,197,221)	(89,677)	64,677	-	(3,222,221)
Furniture and fixtures	<u>(63,889)</u>	<u>(1,111)</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
Total accumulated depreciation	<u>(16,823,907)</u>	<u>(1,544,304)</u>	<u>64,677</u>	<u>-</u>	<u>(18,303,534)</u>
Total capital assets being depreciated, net	<u>51,062,873</u>	<u>4,318,027</u>	<u>(6,062)</u>	<u>4,421,388</u>	<u>59,796,226</u>
Business-type activities capital assets, net	<u>\$ 57,396,358</u>	<u>\$ 9,129,440</u>	<u>\$ (6,062)</u>	<u>\$ -</u>	<u>\$ 66,519,736</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

C. Capital assets – continued

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

Governmental activities:		
Administration	\$	629,962
Police		390,674
Fire		378,144
Public works		3,140,606
Parks and recreation		<u>658,063</u>
Total depreciation expense - governmental activities		<u>\$ 5,197,449</u>
Business-type activities:		
Water and sewer	\$	<u>1,544,304</u>

Construction commitments

The City has active construction projects as of September 30, 2007. At year end the City's commitments with contractors are as follows:

Project	Source of Funding	Spent to Date	Remaining Commitment
Governmental activities:			
205 Bypass	Bond proceeds	\$ -	\$ 5,967,956
Animal Shelter	Bond proceeds	521,092	1,067,898
Townsend Drive reconstruction	Bond proceeds	594,331	597,646
Fannin Street improvements	Bond proceeds	697,328	2,321,222
Other improvements	Various	<u>5,973,051</u>	<u>1,027,380</u>
Total governmental activities		<u>7,785,802</u>	<u>10,982,102</u>
Business-type activities:			
N Country Lane water tower	Bond proceeds	997,357	2,892,143
Other improvements	Various	<u>3,175,058</u>	<u>696,089</u>
Total business-type activities		<u>4,172,415</u>	<u>3,588,232</u>
Total reporting entity		<u>\$ 11,958,217</u>	<u>\$ 14,570,334</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

C. Capital assets – continued

Capital asset activity of the Rockwall Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital assets being depreciated:					
Furniture and fixtures	\$ 66,866	\$ 2,638	\$ -	\$ -	\$ 69,504
Less accumulated depreciation for:					
Furniture and fixtures	<u>(55,270)</u>	<u>(4,750)</u>	<u>-</u>	<u>-</u>	<u>(60,020)</u>
REDC capital assets, net	<u>\$ 11,596</u>	<u>\$ (2,112)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,484</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2007, is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 307,500	\$ 270,000
G.O. Bonds Capital Projects	1,270,000	-
205 Bypass Project	-	1,000,000
Nonmajor governmental funds	<u>-</u>	<u>307,500</u>
Total interfund balances	<u>\$ 1,577,500</u>	<u>\$ 1,577,500</u>

The outstanding balances between funds result primarily from the time delay between the dates that interfund goods and services are provided and payments between funds are made. Also, working capital loans are made to capital projects funds in advance of debt issuances. These are expected to be collected within one year.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Interfund receivables, payables, and transfers – continued

The composition of interfund transfers for the year ended September 30, 2007, is as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 617,000	\$ 1,422,300
Capital Projects	577,665	13,398
G.O. Bonds Capital Projects	424,536	785,109
Nonmajor governmental funds	966,603	645,312
Water and Sewer Fund	-	1,350,335
Internal service funds	1,630,650	-
Total interfund transfers	\$ 4,216,454	\$ 4,216,454

Transfers are used to move unrestricted revenues to finance various programs or capital projects that the City must account for in other funds in accordance with budgetary authorizations.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt

General obligation debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City. General obligation debt outstanding as of September 30, 2007, is as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance 9/30/07</u>
Governmental Activities:					
General obligation bonds:					
Improvements	\$ 7,185,000	1999	2019	4.25%-5.25%	\$ 5,275,000
Improvements	2,150,000	2000	2020	5.00%-6.00%	285,000
Refunding	4,024,394	2003	2015	2.00%-4.00%	2,465,824
Refunding and improvement	13,345,000	2005	2025	3.00%-4.50%	12,760,000
Improvements	35,775,000	2006	2036	4.50%-5.50%	<u>34,935,000</u>
Total general obligation bonds					<u>55,720,824</u>
Contractual obligations:					
Equipment purchase	1,165,000	1999	2014	4.00%-4.80%	<u>280,000</u>
Certificates of obligation:					
Improvements	6,500,000	2000	2020	4.75%-5.75%	845,000
Improvements	4,295,000	2002	2012	2.80%-3.80%	1,315,000
Improvements	13,950,000	2005	2025	3.00%-5.00%	12,950,000
Improvements	5,270,000	2006	2026	4.25%-5.00%	<u>4,935,000</u>
Total certificates of obligation					<u>20,045,000</u>
Total governmental activities general obligation debt					76,045,824
Business-type Activities:					
General obligation bonds:					
Refunding	300,606	2003	2015	2.00%-4.00%	<u>184,176</u>
Total general obligation debt					<u>\$ 76,230,000</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2008	\$ 3,655,462	\$ 3,444,402	\$ 29,538	\$ 6,494	\$ 7,135,896
2009	3,660,540	3,278,966	19,460	5,682	6,964,648
2010	3,054,845	3,111,746	20,155	5,098	6,191,844
2011	3,309,150	2,970,907	20,850	4,443	6,305,350
2012	3,538,455	2,826,410	21,545	3,713	6,390,123
2013-2017	18,647,372	11,664,434	72,628	5,908	30,390,342
2018-2022	17,980,000	7,434,531	-	-	25,414,531
2023-2027	13,670,000	3,539,494	-	-	17,209,494
2028-2032	4,270,000	1,606,700	-	-	5,876,700
2033-2036	4,260,000	504,819	-	-	4,764,819
Total	\$ <u>76,045,824</u>	\$ <u>40,382,409</u>	\$ <u>184,176</u>	\$ <u>31,338</u>	\$ <u>116,643,747</u>

Revenue bonds

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay the debt service. Revenue bonds outstanding as of September 30, 2007, are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rates	Balance 9/30/07
Improvements	\$3,535,000	1999	2019	4.15%-5.00%	\$ 1,945,000
Improvements	6,700,000	2002	2022	4.00%-4.90%	5,570,000
Refunding and improvement	6,415,000	2005	2025	3.00%-4.50%	<u>5,845,000</u>
					13,360,000
Plus unamortized premium					11,613
Less unamortized discount					<u>(30,448)</u>
Total revenue bonds					\$ <u>13,341,165</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending September 30	Water and Sewer Fund		
	Principal	Interest	Total
2008	\$ 830,000	\$ 575,410	\$ 1,405,410
2009	860,000	542,595	1,402,595
2010	895,000	507,657	1,402,657
2011	740,000	471,228	1,211,228
2012	770,000	440,818	1,210,818
2013-2017	3,970,000	1,703,468	5,673,468
2018-2022	4,180,000	815,368	4,995,368
2023-2025	1,115,000	100,555	1,215,555
	13,360,000	\$ 5,157,099	\$ 18,517,099
Plus unamortized premium	11,613		
Less unamortized discount	(30,448)		
Total revenue bonds	\$ 13,341,165		

Refunded bonds

In previous years, the City purchased U.S. government securities that were placed in irrevocable trusts with escrow agents to provide for all future debt service payments on certain bonds. As a result, these bonds are considered to be defeased and the liability for these bonds has been removed from the City's statement of net assets. The outstanding balances of refunded bonds at September 30, 2007, are as follows:

Bond Type	Year of Issue	Year Refunded	Balance 9/30/07
General obligation	1995	2003	\$ 2,440,000
General obligation	2000	2005	1,395,000
Certificates of obligation	2000	2005	4,235,000
Total refunded bonds			\$ 8,070,000

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Capitalized lease obligations

The City has entered into contracts with NTMWD, a conservation and reclamation district and political subdivision of the State of Texas, for the construction and operation of certain water and sewer facilities. The contractual obligations have been treated as capitalized lease obligations. Capitalized lease obligations outstanding as of September 30, 2007, are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/07</u>
South Plant Improvements	\$ 1,800,000	1996	2016	Various	\$ 1,060,000
Ground Storage Facility	2,013,434	2005	2025	Various	1,880,094
Pump Station	2,145,000	2006	2026	Various	<u>2,100,000</u>
					5,040,094
Plus unamortized premium					<u>61,274</u>
Total capitalized lease obligations					<u>\$ 5,101,368</u>

Future minimum lease payments under capitalized lease obligations as of September 30, 2007, are as follows:

<u>Year Ending September 30</u>	<u>Total</u>
2008	\$ 465,466
2009	467,487
2010	463,867
2011	464,841
2012	465,175
2013-2017	2,186,498
2018-2022	1,598,727
2023-2026	<u>1,148,625</u>
Total minimum lease payments	7,260,686
Less amount representing interest	<u>(2,220,592)</u>
Present value of minimum lease payments	5,040,094
Plus unamortized premium	<u>61,274</u>
Total capitalized lease obligations	<u>\$ 5,101,368</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Changes in long-term liabilities

Long-term liability activity of the primary government for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 57,632,329	\$ -	\$ (1,911,505)	\$ 55,720,824	\$ 2,000,462
Contractual obligations	315,000	-	(35,000)	280,000	35,000
Certificates of obligation	21,825,000	-	(1,780,000)	20,045,000	1,620,000
Plus unamortized premium	<u>1,115,113</u>	<u>-</u>	<u>(42,960)</u>	<u>1,072,153</u>	<u>-</u>
Total bonds payable	80,887,442	-	(3,769,465)	77,117,977	3,655,462
Compensated absences	<u>797,825</u>	<u>948,526</u>	<u>(898,327)</u>	<u>848,024</u>	<u>147,510</u>
Total	<u>\$ 81,685,267</u>	<u>\$ 948,526</u>	<u>\$ (4,667,792)</u>	<u>\$ 77,966,001</u>	<u>\$ 3,802,972</u>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 212,671	\$ -	\$ (28,495)	\$ 184,176	\$ 29,538
Revenue bonds	14,145,000	-	(785,000)	13,360,000	830,000
Plus unamortized premium	12,258	-	(645)	11,613	-
Less unamortized discount	<u>(42,167)</u>	<u>-</u>	<u>11,719</u>	<u>(30,448)</u>	<u>-</u>
Total bonds payable	<u>14,327,762</u>	<u>-</u>	<u>(802,421)</u>	<u>13,525,341</u>	<u>859,538</u>
Capitalized lease obligations	1,145,000	4,158,434	(263,340)	5,040,094	235,004
Plus unamortized premium	<u>-</u>	<u>64,610</u>	<u>(3,336)</u>	<u>61,274</u>	<u>-</u>
Total capitalized lease obligations	<u>1,145,000</u>	<u>4,223,044</u>	<u>(266,676)</u>	<u>5,101,368</u>	<u>235,004</u>
Compensated absences	<u>48,117</u>	<u>147,628</u>	<u>(144,367)</u>	<u>51,378</u>	<u>33,329</u>
Total	<u>\$ 15,520,879</u>	<u>\$ 4,370,672</u>	<u>\$ (1,213,464)</u>	<u>\$ 18,678,087</u>	<u>\$ 1,127,871</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Conduit debt obligations

Certain revenue bonds have been issued in the past to provide financial assistance to private-sector and nonprofit entities for the acquisition and construction of industrial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2007, there was one series of revenue bonds outstanding. The aggregate principal amount payable on the outstanding bonds was approximately \$1,700,000.

Authorized and unissued debt

The following table details the status of all authorized and unissued debt as of September 30, 2007:

Year Authorized	Amount Authorized	* Amount Issued	Balance Unissued 9/30/07
General obligation bonds:			
1985	\$ 1,500,000	\$ (600,000)	\$ 900,000
1994	4,100,000	(3,600,000)	500,000
2002	19,845,000	(14,675,000)	5,170,000
2005	<u>63,705,000</u>	<u>(26,135,000)</u>	<u>37,570,000</u>
Total general obligation bonds	<u>\$ 89,150,000</u>	<u>\$ (45,010,000)</u>	<u>\$ 44,140,000</u>
Revenue bonds:			
1980	\$ 2,000,000	\$ (1,060,000)	\$ 940,000
1985	<u>1,540,000</u>	<u>-</u>	<u>1,540,000</u>
Total revenue bonds	<u>\$ 3,540,000</u>	<u>\$ (1,060,000)</u>	<u>\$ 2,480,000</u>

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Discretely presented component units

REDC, a discretely presented component unit, has the following debt outstanding as of September 30, 2007:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/07</u>
Sales tax revenue bonds:					
Land improvements	\$ 5,000,000	1999	2019	4.20%-6.20%	\$ 3,665,000
Certificates of obligation:					
Infrastructure improvements	3,225,000	2005	2025	3.00%-5.00%	2,685,000
Infrastructure improvements	5,540,000	2006	2026	4.25%-5.00%	5,365,000
Interim construction loan	6,684,229	2005	2009	Variable	<u>6,684,229</u>
Total REDC debt					<u>\$ 18,399,229</u>

Annual debt service requirements to maturity for REDC debt are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 695,000	\$ 926,868	\$ 1,621,868
2009	7,414,229	726,852	8,141,081
2010	770,000	459,629	1,229,629
2011	800,000	429,011	1,229,011
2012	835,000	396,107	1,231,107
2013-2017	3,995,000	1,393,063	5,388,063
2018-2022	2,345,000	614,619	2,959,619
2023-2026	<u>1,545,000</u>	<u>177,525</u>	<u>1,722,525</u>
Total	<u>\$ 18,399,229</u>	<u>\$ 5,123,674</u>	<u>\$ 23,522,903</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Long-term debt – continued

Long-term liability activity of the REDC for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Sales tax revenue bonds	\$ 3,885,000	\$ -	\$ (220,000)	\$ 3,665,000	\$ 230,000
Certificates of obligation	8,500,000	-	(450,000)	8,050,000	465,000
Plus unamortized premium	<u>172,622</u>	<u>-</u>	<u>(9,072)</u>	<u>163,550</u>	<u>-</u>
Total bonds payable	12,557,622	-	(679,072)	11,878,550	695,000
Interim construction loan	6,684,229	-	-	6,684,229	-
Compensated absences	<u>7,941</u>	<u>14,836</u>	<u>(9,444)</u>	<u>13,333</u>	<u>5,109</u>
Total	<u>\$ 19,249,792</u>	<u>\$ 14,836</u>	<u>\$ (688,516)</u>	<u>\$ 18,576,112</u>	<u>\$ 700,109</u>

4. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures.

The City uses a medical self-insurance fund to pay medical and dental claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims in any one year exceeding \$65,000 per covered individual, or approximately \$1,337,497 in the aggregate for the group, are covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee are paid through the fund. The self-insurance fund is funded by operating transfers from other funds and charges to employees for extended benefits at their option. The City does not believe there are material claims incurred but not reported as of September 30, 2007.

The City uses a Self-Insurance and Risk Management Program (as permitted by law and its home rule charter) to insure itself against the various risks of liability or loss to which it is exposed, either through an insurance provider or through a defined self-insurance program. The City issued certificates of obligation, based on an actuarial analysis, to fund a self-insured workers' compensation plan. Under this plan, workers' compensation insurance is provided in accordance with state statutes to all City employees. To protect the assets of the plan from a catastrophic claim, the City has purchased stop loss coverage in the amount of \$200,000 per occurrence with a maximum City liability of \$600,000 per year.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

A. Risk management – continued

The Workers' Compensation Fund (an internal service fund) accounts for the activity of this plan. The City establishes claim liabilities based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Any claims incurred and not reported are not believed to be significant to the City's financial statements.

Changes in the balances of claims liabilities during the past two years are as follows:

	Employee Benefits		Workers' Compensation	
	2007	2006	2007	2006
Claims payable, beginning of the year	\$ 234,990	\$ 48,260	\$ 2,933	\$ 2,360
Claims incurred	1,698,992	1,838,867	34,746	56,009
Claims paid	<u>(1,786,587)</u>	<u>(1,652,137)</u>	<u>(35,162)</u>	<u>(55,436)</u>
Claims payable, end of the year	<u>\$ 147,395</u>	<u>\$ 234,990</u>	<u>\$ 2,517</u>	<u>\$ 2,933</u>

Commercial insurance is purchased for the other risks of loss to which the City is exposed. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. North Texas Municipal Water District

The District is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, originally compiled as Vernon's Article 8270-141 (the "Act"), pursuant to Article 16, Section 59 of the Texas Constitution. The District comprises all of the territory of its member cities, viz., Allen, Garland, Princeton, Plano, Mesquite, Wylie, Rockwall, Farmersville, McKinney, Richardson, Forney, Royse City, and Frisco (the "Member Cities"). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment, processing, and transportation of such water to its Member Cities and to its other customers located in North Central Texas, all within the Dallas Standard Metropolitan Statistical Area.

Under the Act, including specifically Section 27 thereof, and under the Constitution and Statutes of the State of Texas, the District has broad powers to: (1) impound, control, store, preserve, treat, transmit and use storm and flood water, the water of rivers and streams, and underground water for irrigation, power and all other useful purposes and to supply water for municipal, domestic, power, industrial and commercial uses and purposes and all other beneficial uses and purposes; and (2) collect, transport, process, treat, dispose of, and control all municipal, domestic, industrial or commercial waste whether in fluid, solid or composite state, including specifically the control, abatement or reduction of all types of pollution. The City retains no ongoing financial interest, equity investments, and/or responsibilities for the District other than the contractual arrangements discussed more fully herein.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

B. North Texas Municipal Water District – continued

The District has long-term contracts with the City to supply treated water and sewer treatment. The City's water contract with the District provides that the City pay a predetermined annual amount for treated water in twelve monthly installments. The amount of this annual payment is based upon an annually established rate per thousand gallons and the largest annual amount of water consumption of past years. The City owns one sewage treatment facility, Squabble Creek, and in 1978 entered into an agreement with the District for the construction of a second facility, Buffalo Creek. Under the terms of this agreement, the District issued contractually secured bonds in its name to construct and operate this sewage disposal plant for the City. In subsequent years, similar contractual agreements have been made to enable the District to: (1) expand the sewage treatment facilities and continue to provide sewage treatment services to the City; (2) construct a 3.0 million gallon ground storage reservoir in which the Cities of Rockwall and Heath own 66.67% and 33.33% undivided interests, respectively; and (3) construct an 8.6 million gallon-per-day pump station for the exclusive benefit of the City. Under the terms of these contracts, the City's payments, which began when the facilities were first utilized, are equal to the operating and maintenance expenses for the next ensuing calendar year, as shown in the annual budget. The contracts further provide that the debt service payments will be equal to the principal and/or interest coming due on the bonds on the next succeeding interest payment date, plus the fees and charges of the paying agent and the registrar.

These contractual obligations have been included as capital lease obligations in amounts equal to the bonds outstanding under these agreements. Accordingly, the related assets have been capitalized and are being depreciated over the estimated life of the facilities.

The outstanding principal balance on the bond issues as of September 30, 2007, is \$5,040,094. See Note 3E for the annual requirements to amortize the bonds as of September 30, 2007.

With respect to the ground storage reservoir discussed above, the Cities of Rockwall and Heath are contractually obligated to make timely payments to the District representing 66.67% and 33.33%, respectively, of the related operating expenses and debt service payments. While the City anticipates its share of these payments to be 66.67%, the Cities of Rockwall and Heath are each contractually obligated to make any payments which the other party is required, but is unable, to make to the District.

C. Contingent liabilities and commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

As described in Note 3E above, the general revenues of the City are contingently liable in the amount of \$184,176 for general obligation bonds which are currently outstanding and recorded as obligations of the Water and Sewer Fund.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

C. Contingent liabilities and commitments – continued

The City contracts for solid waste disposal with a third party. Under the terms of the agreement, the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

The Rockwall Economic Development Corporation provides monetary incentives to companies to relocate within the City of Rockwall. At September 30, 2007, these commitments totaled \$1,541,181.

D. Employee retirement systems and pension plans

Texas Municipal Retirement System

Plan Description – The City provides pension benefits for all of its full-time employees (except volunteer firefighters) through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report which can be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Benefits – 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 at least 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 percent (100%) 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 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/her 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 for the City were as follows:

Deposit rate: 7.00%

Matching Ratio (City to Employee): 2 to 1

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years.

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Employee retirement systems and pension plans – continued

Contributions – Under the state law governing TMRS, the actuary annually determines the City contribution rate. The 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 serves as the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2006 valuation is effective for rates beginning January 2008.

A schedule of funding progress as of the three most recent actuarial valuation dates is as follows:

	Actuarial Valuation Date		
	12/31/2006	12/31/2005	12/31/2004
Actuarial value of assets (a)	\$ 17,878,974	\$ 15,968,994	\$ 14,505,752
Actuarial accrued liability (AAL) - unit credit (b)	23,911,430	21,310,890	19,508,568
Unfunded (over-funded) AAL (UAAL) (b-a)	6,032,456	5,341,896	5,002,816
Funded ratio (a/b)	74.8%	74.9%	74.4%
Annual covered payroll (c)	10,942,328	10,325,619	9,354,662
UAAL as a percentage of covered payroll ((b-a)/c)	55.1%	51.7%	53.5%

CITY OF ROCKWALL, TEXAS  
NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Employee retirement systems and pension plans – continued

A summary of the City's net pension obligation (NPO) and annual required contributions for the last three fiscal years is as follows:

	Fiscal Year Ended September 30		
	2007	2006	2005
NPO at the beginning of the period	\$ -	\$ -	\$ -
Annual required contribution	1,491,116	1,367,738	1,270,547
Contributions made (100%)	(1,491,116)	(1,367,738)	(1,270,547)
NPO at the end of the period	\$ -	\$ -	\$ -

A summary of the actuarial assumptions used is as follows:

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	7.0%
Projected Salary Increases	None
Includes Inflation At	3.5%
Cost-of-Living Adjustments	None

Texas Statewide Emergency Services Personnel Retirement Fund

The City acts as agent for the Texas Statewide Emergency Services Personnel Retirement Fund (the "Fund") which is a component unit of the State of Texas. The City reimbursed the Fund \$54,194 for benefits paid on a pay-as-you-go basis during the year in recognition of services provided to the City by volunteer emergency services personnel. The Fund has a Board of Directors not designated by City officials and is administered by the State Fire Fighters' Pension Commissioner. There are 38 active participants currently covered by the Fund and payments are being made to 19 retirees or their survivors. The Fund does not prepare separate financial statements for participating departments; however, financial statements for the Fund as a whole may be obtained from the administrator at Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, Texas 78711.

E. Subsequent event

In October 2007, the City issued debt totaling \$32,580,000. This debt issuance was comprised of: (1) general obligation bonds (\$21,765,000) for the continued construction of the 205 Bypass and other roadway rehabilitation projects; (2) revenue certificates of obligation (\$10,310,000) for the construction of the North Water Tower and various water transmission line and wastewater force main projects; and (3) tax-supported contractual obligations (\$505,000) for equipment acquisition.

***REQUIRED SUPPLEMENTARY INFORMATION***

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CITY OF ROCKWALL, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes, penalty and interest	\$ 5,980,000	\$ 5,735,000	\$ 5,720,256	\$ (14,744)
Sales taxes	9,141,000	8,551,000	8,534,183	(16,817)
Franchise taxes	1,880,000	2,055,400	2,046,674	(8,726)
Charges for services	303,500	402,000	417,049	15,049
Permits	1,228,000	988,000	1,009,884	21,884
Municipal court	851,000	851,000	957,064	106,064
Intergovernmental	222,200	247,200	243,163	(4,037)
Interest income	200,000	300,000	460,776	160,776
Miscellaneous	53,500	173,200	228,156	54,956
Total revenues	<u>19,859,200</u>	<u>19,302,800</u>	<u>19,617,205</u>	<u>314,405</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Mayor/council	113,300	113,300	111,555	1,745
Administration	2,922,200	2,848,700	2,750,197	98,503
Finance	894,550	898,500	895,028	3,472
Municipal court	319,550	307,550	300,186	7,364
Police	6,181,150	6,150,200	6,095,218	54,982
Fire	1,452,300	1,372,500	1,329,846	42,654
Public works	2,613,750	2,400,350	2,343,288	57,062
Community development	2,115,450	2,040,200	2,002,767	37,433
Parks and recreation	2,540,950	2,423,500	2,357,216	66,284
Total current	<u>19,153,200</u>	<u>18,554,800</u>	<u>18,185,301</u>	<u>369,499</u>
<b>Capital outlay:</b>				
Police	12,900	-	-	-
Fire	7,200	7,200	4,699	2,501
Public works	3,200	3,200	1,896	1,304
Community development	1,000	2,150	2,105	45
Total capital outlay	<u>24,300</u>	<u>12,550</u>	<u>8,700</u>	<u>3,850</u>
Total expenditures	<u>19,177,500</u>	<u>18,567,350</u>	<u>18,194,001</u>	<u>373,349</u>
Excess of revenues over expenditures	<u>681,700</u>	<u>735,450</u>	<u>1,423,204</u>	<u>687,754</u>
<b>Other financing sources (uses):</b>				
Transfers in	617,000	617,000	617,000	-
Transfers out	(1,432,250)	(1,335,200)	(1,422,300)	(87,100)
Total other financing sources (uses)	<u>(815,250)</u>	<u>(718,200)</u>	<u>(805,300)</u>	<u>(87,100)</u>
Net change in fund balances	(133,550)	17,250	617,904	600,654
Fund balances, October 1	<u>7,718,792</u>	<u>7,718,792</u>	<u>7,718,792</u>	<u>-</u>
Fund balances, September 30	<u>\$ 7,585,242</u>	<u>\$ 7,736,042</u>	<u>\$ 8,336,696</u>	<u>\$ 600,654</u>

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***COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES  
AS SUPPLEMENTARY INFORMATION***

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CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-3)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 261,594	\$ 2,017	\$ 263,611
Investments	2,535,012	16,167	2,551,179
Receivables (net of allowances for uncollectibles):			
Interest	9,854	266	10,120
Accounts	56,356	-	56,356
Assessments	193,202	-	193,202
Intergovernmental	<u>15,234</u>	<u>6,607</u>	<u>21,841</u>
 Total assets	 <u>\$ 3,071,252</u>	 <u>\$ 25,057</u>	 <u>\$ 3,096,309</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 50,362	\$ 10,750	\$ 61,112
Deferred revenue	216,060	-	216,060
Due to other funds	7,500	300,000	307,500
Total liabilities	<u>273,922</u>	<u>310,750</u>	<u>584,672</u>
 Fund balances:			
Unreserved, undesignated	<u>2,797,330</u>	<u>(285,693)</u>	<u>2,511,637</u>
Total fund balances	<u>2,797,330</u>	<u>(285,693)</u>	<u>2,511,637</u>
 Total liabilities and fund balances	 <u>\$ 3,071,252</u>	 <u>\$ 25,057</u>	 <u>\$ 3,096,309</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-5)</u>
Revenues:			
Sales taxes	\$ 203,402	\$ -	\$ 203,402
Permits	123,101	-	123,101
Municipal court	62,196	-	62,196
Intergovernmental	348,812	94,928	443,740
Interest income	107,607	11,446	119,053
Miscellaneous	427,882	60,858	488,740
Contributions and donations	169,683	573,759	743,442
Total revenues	<u>1,442,683</u>	<u>740,991</u>	<u>2,183,674</u>
Expenditures:			
Current:			
Finance	243,210	-	243,210
Police	241,806	-	241,806
Fire	10,778	-	10,778
Public works	84,247	-	84,247
Parks and recreation	116,022	-	116,022
Total current	<u>696,063</u>	<u>-</u>	<u>696,063</u>
Capital outlay:			
Administration	-	90,487	90,487
Police	76,424	149,568	225,992
Fire	152,928	1,396,433	1,549,361
Public works	4,599	408,912	413,511
Parks and recreation	244,598	-	244,598
Total capital outlay	<u>478,549</u>	<u>2,045,400</u>	<u>2,523,949</u>
Total expenditures	<u>1,174,612</u>	<u>2,045,400</u>	<u>3,220,012</u>
Excess of revenues over (under) expenditures	<u>268,071</u>	<u>(1,304,409)</u>	<u>(1,036,338)</u>
Other financing sources (uses):			
Transfers in	327,659	638,944	966,603
Transfers out	(220,776)	(424,536)	(645,312)
Total other financing sources (uses)	<u>106,883</u>	<u>214,408</u>	<u>321,291</u>
Net change in fund balances	374,954	(1,090,001)	(715,047)
Fund balances, October 1	<u>2,422,376</u>	<u>804,308</u>	<u>3,226,684</u>
Fund balances, September 30	<u>\$ 2,797,330</u>	<u>\$ (285,693)</u>	<u>\$ 2,511,637</u>

## *SPECIAL REVENUE FUNDS*

**Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.**

Cemetery – established to account for the annual income from the sale of plots and cemetery maintenance costs.

Police Investigation – established to account for donations, court security fees, and forfeitures.

Recreational Development – established to account for the annual lease income from marinas and golf course.

Radio System – established to account for revenues and expenditures for the support of the City's radio system.

Street Improvements – established to account for the proceeds of street improvement assessments.

Hotel Motel Tax – established to account for the annual income from hotel motel taxes.

Fire Equipment – established to account for funds to be used for the purchase of fire equipment for the volunteer fire department.

Aviation – established to account for funds received from airport operations and related expenses.

Recycling – established to account for funds to be used for the City's recycling program.

Emergency Siren – established to account for revenues accumulated and expenditures to add emergency sirens within the City.

Kidzone – established to account for revenues and expenditures related to a joint project with the Rockwall Breakfast Rotary and Kiwanis clubs to construct a playground.

Downtown Improvement – established to account for revenues and expenditures related to the City's efforts to revitalize the downtown square.

Art in Public Places – established to account for donations received for developing art displays in public areas such as parks.

Special Crimes Unit – established to account for revenues and expenditures related to a county-wide crime task force.

CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2007

	<u>Cemetery</u>	<u>Police Investigation</u>	<u>Recreational Development</u>	<u>Radio System</u>	<u>Street Improvements</u>	<u>Hotel Motel Tax</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,596	\$ 7,443	\$ 125,079	\$ 469	\$ 3,043	\$ 2,628
Investments	112,793	173,064	125,594	-	1,590,888	23,188
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	9,854	-
Accounts	-	-	-	-	-	54,312
Assessments	-	-	-	-	193,202	-
Intergovernmental	-	1,963	-	13,271	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>134,389</u>	\$ <u>182,470</u>	\$ <u>250,673</u>	\$ <u>13,740</u>	\$ <u>1,796,987</u>	\$ <u>80,128</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 22,182	\$ 4,050	\$ 2,875	\$ -	\$ -
Deferred revenue	-	-	-	-	168,202	-
Due to other funds	-	-	-	7,500	-	-
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	22,182	4,050	10,375	168,202	-
 Fund balances:						
Unreserved, undesignated	<u>134,389</u>	<u>160,288</u>	<u>246,623</u>	<u>3,365</u>	<u>1,628,785</u>	<u>80,128</u>
Total fund balances	<u>134,389</u>	<u>160,288</u>	<u>246,623</u>	<u>3,365</u>	<u>1,628,785</u>	<u>80,128</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ <u>134,389</u>	\$ <u>182,470</u>	\$ <u>250,673</u>	\$ <u>13,740</u>	\$ <u>1,796,987</u>	\$ <u>80,128</u>

Fire Equipment	Aviation	Recycling	Emergency Siren	Kidzone	Downtown Improvement	Art in Public Places	Special Crimes Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 9,583	\$ 15,217	\$ 2,554	\$ 4,020	\$ -	\$ 1,024	\$ 655	\$ 68,283	\$ 261,594
158,057	55,119	51,297	14,479	-	18,532	-	212,001	2,535,012
-	-	-	-	-	-	-	-	9,854
-	-	2,044	-	-	-	-	-	56,356
-	-	-	-	-	-	-	-	193,202
-	-	-	-	-	-	-	-	15,234
<u>\$ 167,640</u>	<u>\$ 70,336</u>	<u>\$ 55,895</u>	<u>\$ 18,499</u>	<u>\$ -</u>	<u>\$ 19,556</u>	<u>\$ 655</u>	<u>\$ 280,284</u>	<u>\$ 3,071,252</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,255	\$ 50,362
-	-	-	-	-	-	-	47,858	216,060
-	-	-	-	-	-	-	-	7,500
-	-	-	-	-	-	-	69,113	273,922
<u>167,640</u>	<u>70,336</u>	<u>55,895</u>	<u>18,499</u>	<u>-</u>	<u>19,556</u>	<u>655</u>	<u>211,171</u>	<u>2,797,330</u>
<u>167,640</u>	<u>70,336</u>	<u>55,895</u>	<u>18,499</u>	<u>-</u>	<u>19,556</u>	<u>655</u>	<u>211,171</u>	<u>2,797,330</u>
<u>\$ 167,640</u>	<u>\$ 70,336</u>	<u>\$ 55,895</u>	<u>\$ 18,499</u>	<u>\$ -</u>	<u>\$ 19,556</u>	<u>\$ 655</u>	<u>\$ 280,284</u>	<u>\$ 3,071,252</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Cemetery	Police Investigation	Recreational Development	Radio System	Street Improvements	Hotel Motel Tax
Revenues:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,402
Permits	275	-	122,826	-	-	-
Municipal court	-	62,196	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest income	3,562	5,267	10,766	-	79,198	1,907
Miscellaneous	5,475	-	127,966	13,271	75,654	656
Contributions and donations	2,000	39,319	112,761	-	-	-
Total revenues	<u>11,312</u>	<u>106,782</u>	<u>374,319</u>	<u>13,271</u>	<u>154,852</u>	<u>205,965</u>
Expenditures:						
Current:						
Finance	-	-	-	-	-	243,210
Police	-	13,244	-	-	-	-
Fire	-	-	-	-	-	-
Public works	-	-	-	8,307	-	-
Parks and recreation	1,200	-	88,354	-	-	-
Total current	<u>1,200</u>	<u>13,244</u>	<u>88,354</u>	<u>8,307</u>	<u>-</u>	<u>243,210</u>
Capital outlay:						
Police	-	69,193	-	-	-	-
Fire	-	-	-	-	-	-
Public works	-	-	-	4,599	-	-
Parks and recreation	-	-	244,598	-	-	-
Total capital outlay	<u>-</u>	<u>69,193</u>	<u>244,598</u>	<u>4,599</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,200</u>	<u>82,437</u>	<u>332,952</u>	<u>12,906</u>	<u>-</u>	<u>243,210</u>
Excess of revenues over (under) expenditures	<u>10,112</u>	<u>24,345</u>	<u>41,367</u>	<u>365</u>	<u>154,852</u>	<u>(37,245)</u>
Other financing sources (uses):						
Transfers in	-	27,000	3,611	3,000	-	-
Transfers out	-	(52,000)	(165,165)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(25,000)</u>	<u>(161,554)</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,112	(655)	(120,187)	3,365	154,852	(37,245)
Fund balances, October 1	<u>124,277</u>	<u>160,943</u>	<u>366,810</u>	<u>-</u>	<u>1,473,933</u>	<u>117,373</u>
Fund balances, September 30	<u>\$ 134,389</u>	<u>\$ 160,288</u>	<u>\$ 246,623</u>	<u>\$ 3,365</u>	<u>\$ 1,628,785</u>	<u>\$ 80,128</u>

Fire Equipment	Aviation	Recycling	Emergency Siren	Kidzone	Downtown Improvement	Art in Public Places	Special Crimes Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,402
-	-	-	-	-	-	-	-	123,101
-	-	-	-	-	-	-	-	62,196
238,782	30,030	-	-	-	-	-	80,000	348,812
2,371	1,671	974	424	-	1,024	-	443	107,607
1,000	10,262	23,644	3,819	-	-	-	166,135	427,882
4,948	-	-	-	-	10,000	655	-	169,683
<u>247,101</u>	<u>41,963</u>	<u>24,618</u>	<u>4,243</u>	<u>-</u>	<u>11,024</u>	<u>655</u>	<u>246,578</u>	<u>1,442,683</u>
-	-	-	-	-	-	-	-	243,210
-	-	-	-	-	-	-	228,562	241,806
10,778	-	-	-	-	-	-	-	10,778
-	71,821	4,119	-	-	-	-	-	84,247
-	-	-	-	-	26,468	-	-	116,022
<u>10,778</u>	<u>71,821</u>	<u>4,119</u>	<u>-</u>	<u>-</u>	<u>26,468</u>	<u>-</u>	<u>228,562</u>	<u>696,063</u>
-	-	-	-	-	-	-	7,231	76,424
152,928	-	-	-	-	-	-	-	152,928
-	-	-	-	-	-	-	-	4,599
-	-	-	-	-	-	-	-	244,598
<u>152,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,231</u>	<u>478,549</u>
<u>163,706</u>	<u>71,821</u>	<u>4,119</u>	<u>-</u>	<u>-</u>	<u>26,468</u>	<u>-</u>	<u>235,793</u>	<u>1,174,612</u>
<u>83,395</u>	<u>(29,858)</u>	<u>20,499</u>	<u>4,243</u>	<u>-</u>	<u>(15,444)</u>	<u>655</u>	<u>10,785</u>	<u>268,071</u>
5,250	42,398	-	-	-	-	-	246,400	327,659
-	-	-	-	(3,611)	-	-	-	(220,776)
<u>5,250</u>	<u>42,398</u>	<u>-</u>	<u>-</u>	<u>(3,611)</u>	<u>-</u>	<u>-</u>	<u>246,400</u>	<u>106,883</u>
88,645	12,540	20,499	4,243	(3,611)	(15,444)	655	257,185	374,954
<u>78,995</u>	<u>57,796</u>	<u>35,396</u>	<u>14,256</u>	<u>3,611</u>	<u>35,000</u>	<u>-</u>	<u>(46,014)</u>	<u>2,422,376</u>
<u>\$ 167,640</u>	<u>\$ 70,336</u>	<u>\$ 55,895</u>	<u>\$ 18,499</u>	<u>\$ -</u>	<u>\$ 19,556</u>	<u>\$ 655</u>	<u>\$ 211,171</u>	<u>\$ 2,797,330</u>

CITY OF ROCKWALL, TEXAS  
CEMETERY FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 800	\$ 200	\$ 275	\$ 75
Interest income	1,000	5,050	3,562	(1,488)
Miscellaneous	3,000	5,450	5,475	25
Contributions and donations	-	2,000	2,000	-
Total revenues	<u>4,800</u>	<u>12,700</u>	<u>11,312</u>	<u>(1,388)</u>
Expenditures:				
Current:				
Parks and recreation	-	1,200	1,200	-
Total expenditures	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Net change in fund balances	4,800	11,500	10,112	(1,388)
Fund balances, October 1	<u>124,277</u>	<u>124,277</u>	<u>124,277</u>	<u>-</u>
Fund balances, September 30	<u>\$ 129,077</u>	<u>\$ 135,777</u>	<u>\$ 134,389</u>	<u>\$ (1,388)</u>

CITY OF ROCKWALL, TEXAS  
POLICE INVESTIGATION FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal court	\$ 58,000	\$ 57,000	\$ 62,196	\$ 5,196
Interest income	2,000	7,000	5,267	(1,733)
Contributions and donations	2,000	35,550	39,319	3,769
Total revenues	<u>62,000</u>	<u>99,550</u>	<u>106,782</u>	<u>7,232</u>
Expenditures:				
Current:				
Police	-	12,250	13,244	(994)
Total current	<u>-</u>	<u>12,250</u>	<u>13,244</u>	<u>(994)</u>
Capital outlay:				
Police	63,400	66,400	69,193	(2,793)
Total capital outlay	<u>63,400</u>	<u>66,400</u>	<u>69,193</u>	<u>(2,793)</u>
Total expenditures	<u>63,400</u>	<u>78,650</u>	<u>82,437</u>	<u>(3,787)</u>
Excess of revenues over (under) expenditures	<u>(1,400)</u>	<u>20,900</u>	<u>24,345</u>	<u>3,445</u>
Other financing sources (uses):				
Transfers in	27,000	27,000	27,000	-
Transfers out	(52,000)	(52,000)	(52,000)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	(26,400)	(4,100)	(655)	3,445
Fund balances, October 1	<u>160,943</u>	<u>160,943</u>	<u>160,943</u>	<u>-</u>
Fund balances, September 30	<u>\$ 134,543</u>	<u>\$ 156,843</u>	<u>\$ 160,288</u>	<u>\$ 3,445</u>

CITY OF ROCKWALL, TEXAS  
RECREATIONAL DEVELOPMENT FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 115,750	\$ 146,000	\$ 122,826	\$ (23,174)
Interest income	5,000	15,000	10,766	(4,234)
Miscellaneous	110,000	115,000	127,966	12,966
Contributions and donations	156,000	113,200	112,761	(439)
Total revenues	<u>386,750</u>	<u>389,200</u>	<u>374,319</u>	<u>(14,881)</u>
Expenditures:				
Current:				
Parks and recreation	184,900	188,900	88,354	100,546
Total current	<u>184,900</u>	<u>188,900</u>	<u>88,354</u>	<u>100,546</u>
Capital outlay:				
Parks and recreation	269,000	223,000	244,598	(21,598)
Total capital outlay	<u>269,000</u>	<u>223,000</u>	<u>244,598</u>	<u>(21,598)</u>
Total expenditures	<u>453,900</u>	<u>411,900</u>	<u>332,952</u>	<u>78,948</u>
Excess of revenues over (under) expenditures	<u>(67,150)</u>	<u>(22,700)</u>	<u>41,367</u>	<u>64,067</u>
Other financing sources (uses):				
Transfers in	-	-	3,611	3,611
Transfers out	(50,000)	(50,000)	(165,165)	(115,165)
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(161,554)</u>	<u>(111,554)</u>
Net change in fund balances	(117,150)	(72,700)	(120,187)	(47,487)
Fund balances, October 1	<u>366,810</u>	<u>366,810</u>	<u>366,810</u>	<u>-</u>
Fund balances, September 30	<u>\$ 249,660</u>	<u>\$ 294,110</u>	<u>\$ 246,623</u>	<u>\$ (47,487)</u>

CITY OF ROCKWALL, TEXAS  
RADIO SYSTEM FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 31,600	\$ 11,500	\$ 13,271	\$ 1,771
Total revenues	<u>31,600</u>	<u>11,500</u>	<u>13,271</u>	<u>1,771</u>
Expenditures:				
Current:				
Public works	73,800	56,000	8,307	47,693
Total current	<u>73,800</u>	<u>56,000</u>	<u>8,307</u>	<u>47,693</u>
Capital outlay:				
Public works	84,200	10,200	4,599	5,601
Total capital outlay	<u>84,200</u>	<u>10,200</u>	<u>4,599</u>	<u>5,601</u>
Total expenditures	<u>158,000</u>	<u>66,200</u>	<u>12,906</u>	<u>53,294</u>
Excess of revenues over (under) expenditures	<u>(126,400)</u>	<u>(54,700)</u>	<u>365</u>	<u>55,065</u>
Other financing sources:				
Transfers in	126,400	54,700	3,000	(51,700)
Total other financing sources	<u>126,400</u>	<u>54,700</u>	<u>3,000</u>	<u>(51,700)</u>
Net change in fund balances	-	-	3,365	3,365
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,365</u>	<u>\$ 3,365</u>

CITY OF ROCKWALL, TEXAS  
STREET IMPROVEMENTS FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 7,600	\$ 40,300	\$ 79,198	\$ 38,898
Miscellaneous	7,700	49,800	75,654	25,854
Total revenues	<u>15,300</u>	<u>90,100</u>	<u>154,852</u>	<u>64,752</u>
Expenditures:				
Capital outlay:				
Public works	<u>276,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>276,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(260,700)	90,100	154,852	64,752
Fund balances, October 1	<u>1,473,933</u>	<u>1,473,933</u>	<u>1,473,933</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,213,233</u>	<u>\$ 1,564,033</u>	<u>\$ 1,628,785</u>	<u>\$ 64,752</u>

CITY OF ROCKWALL, TEXAS  
HOTEL MOTEL TAX  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 180,000	\$ 180,000	\$ 203,402	\$ 23,402
Interest income	1,000	2,700	1,907	(793)
Miscellaneous	-	650	656	6
Total revenues	<u>181,000</u>	<u>183,350</u>	<u>205,965</u>	<u>22,615</u>
Expenditures:				
Current:				
Finance	237,750	243,250	243,210	40
Total expenditures	<u>237,750</u>	<u>243,250</u>	<u>243,210</u>	<u>40</u>
Net change in fund balances	(56,750)	(59,900)	(37,245)	22,655
Fund balances, October 1	<u>117,373</u>	<u>117,373</u>	<u>117,373</u>	<u>-</u>
Fund balances, September 30	<u>\$ 60,623</u>	<u>\$ 57,473</u>	<u>\$ 80,128</u>	<u>\$ 22,655</u>

CITY OF ROCKWALL, TEXAS  
 FIRE EQUIPMENT FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 78,000	\$ 207,300	\$ 238,782	\$ 31,482
Interest income	1,000	3,350	2,371	(979)
Miscellaneous	-	1,000	1,000	-
Contributions and donations	-	5,000	4,948	(52)
Total revenues	<u>79,000</u>	<u>216,650</u>	<u>247,101</u>	<u>30,451</u>
Expenditures:				
Current:				
Fire	11,000	151,000	10,778	140,222
Total current	<u>11,000</u>	<u>151,000</u>	<u>10,778</u>	<u>140,222</u>
Capital outlay:				
Fire	33,150	33,150	152,928	(119,778)
Total capital outlay	<u>33,150</u>	<u>33,150</u>	<u>152,928</u>	<u>(119,778)</u>
Total expenditures	<u>44,150</u>	<u>184,150</u>	<u>163,706</u>	<u>20,444</u>
Excess of revenues over expenditures	<u>34,850</u>	<u>32,500</u>	<u>83,395</u>	<u>50,895</u>
Other financing sources:				
Transfers in	-	5,250	5,250	-
Total other financing sources	<u>-</u>	<u>5,250</u>	<u>5,250</u>	<u>-</u>
Net change in fund balances	34,850	37,750	88,645	50,895
Fund balances, October 1	<u>78,995</u>	<u>78,995</u>	<u>78,995</u>	<u>-</u>
Fund balances, September 30	<u>\$ 113,845</u>	<u>\$ 116,745</u>	<u>\$ 167,640</u>	<u>\$ 50,895</u>

CITY OF ROCKWALL, TEXAS  
 AVIATION FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 30,050	\$ 30,030	\$ (20)
Interest income	400	2,300	1,671	(629)
Miscellaneous	8,500	9,100	10,262	1,162
Total revenues	<u>8,900</u>	<u>41,450</u>	<u>41,963</u>	<u>513</u>
Expenditures:				
Current:				
Public works	47,350	75,250	71,821	3,429
Total expenditures	<u>47,350</u>	<u>75,250</u>	<u>71,821</u>	<u>3,429</u>
Excess of revenues over (under) expenditures	<u>(38,450)</u>	<u>(33,800)</u>	<u>(29,858)</u>	<u>3,942</u>
Other financing sources:				
Transfers in	30,000	29,000	42,398	13,398
Total other financing sources	<u>30,000</u>	<u>29,000</u>	<u>42,398</u>	<u>13,398</u>
Net change in fund balances	(8,450)	(4,800)	12,540	17,340
Fund balances, October 1	<u>57,796</u>	<u>57,796</u>	<u>57,796</u>	<u>-</u>
Fund balances, September 30	<u>\$ 49,346</u>	<u>\$ 52,996</u>	<u>\$ 70,336</u>	<u>\$ 17,340</u>

CITY OF ROCKWALL, TEXAS  
 RECYCLING FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 100	\$ 1,350	\$ 974	\$ (376)
Miscellaneous	24,000	24,000	23,644	(356)
Total revenues	<u>24,100</u>	<u>25,350</u>	<u>24,618</u>	<u>(732)</u>
Expenditures:				
Current:				
Public works	6,000	6,000	4,119	1,881
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,119</u>	<u>1,881</u>
Net change in fund balances	18,100	19,350	20,499	1,149
Fund balances, October 1	<u>35,396</u>	<u>35,396</u>	<u>35,396</u>	<u>-</u>
Fund balances, September 30	<u>\$ 53,496</u>	<u>\$ 54,746</u>	<u>\$ 55,895</u>	<u>\$ 1,149</u>

CITY OF ROCKWALL, TEXAS  
SPECIAL CRIMES UNIT FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 80,000	\$ 80,000	\$ -
Interest income	-	500	443	(57)
Miscellaneous	-	37,300	166,135	128,835
Total revenues	<u>-</u>	<u>117,800</u>	<u>246,578</u>	<u>128,778</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Police	246,400	227,400	228,562	(1,162)
Total current	<u>246,400</u>	<u>227,400</u>	<u>228,562</u>	<u>(1,162)</u>
<b>Capital outlay:</b>				
Police	-	7,300	7,231	69
Total capital outlay	<u>-</u>	<u>7,300</u>	<u>7,231</u>	<u>69</u>
Total expenditures	<u>246,400</u>	<u>234,700</u>	<u>235,793</u>	<u>(1,093)</u>
Excess of revenues over (under) expenditures	<u>(246,400)</u>	<u>(116,900)</u>	<u>10,785</u>	<u>127,685</u>
<b>Other financing sources:</b>				
Transfers in	246,400	246,400	246,400	-
Total other financing sources	<u>246,400</u>	<u>246,400</u>	<u>246,400</u>	<u>-</u>
Net change in fund balances	-	129,500	257,185	127,685
Fund balances, October 1	<u>(46,014)</u>	<u>(46,014)</u>	<u>(46,014)</u>	<u>-</u>
Fund balances, September 30	<u>\$ (46,014)</u>	<u>\$ 83,486</u>	<u>\$ 211,171</u>	<u>\$ 127,685</u>

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***DEBT SERVICE FUND***

**The debt service fund is used to account for the accumulation of resources and payment of bond principal and interest from governmental resources.**

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CITY OF ROCKWALL, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes, penalty and interest	\$ 6,256,900	\$ 6,051,900	\$ 6,100,738	\$ 48,838
Sales taxes	238,000	172,000	164,344	(7,656)
Interest income	50,000	104,000	152,883	48,883
Contributions and donations	544,650	599,650	634,438	34,788
<b>Total revenues</b>	<u>7,089,550</u>	<u>6,927,550</u>	<u>7,052,403</u>	<u>124,853</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Police	-	-	89,933	(89,933)
<b>Total current</b>	<u>-</u>	<u>-</u>	<u>89,933</u>	<u>(89,933)</u>
<b>Debt service:</b>				
Principal	3,817,350	3,817,350	3,726,505	90,845
Interest	3,684,900	3,673,900	3,607,455	66,445
Fiscal charges	13,200	13,200	6,484	6,716
<b>Total debt service</b>	<u>7,515,450</u>	<u>7,504,450</u>	<u>7,340,444</u>	<u>164,006</u>
<b>Total expenditures</b>	<u>7,515,450</u>	<u>7,504,450</u>	<u>7,430,377</u>	<u>74,073</u>
Net change in fund balances	(425,900)	(576,900)	(377,974)	198,926
Fund balances, October 1	<u>1,461,294</u>	<u>1,461,294</u>	<u>1,461,294</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,035,394</u>	<u>\$ 884,394</u>	<u>\$ 1,083,320</u>	<u>\$ 198,926</u>

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## *CAPITAL PROJECTS FUNDS*

**Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.**

Capital Projects – established to account for miscellaneous street and drainage projects which are financed with contributions from the General Fund and the Rockwall Economic Development Corporation.

Equipment Acquisition – established to account for capital equipment acquisition using operating transfers from benefiting funds and residual proceeds from miscellaneous debt.

Harbor/TIF Projects – established to account for revenues and expenditures related to the Tax Increment Financing District and the associated public improvements within the Harbor development.

G.O. Bonds Capital Projects – established to account for street and drainage projects using proceeds from the issuance of bonds.

205 Bypass Project – established to account for revenues and expenditures related to the construction of the new 205 Bypass roadway project.

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CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 SEPTEMBER 30, 2007

	<u>Equipment Acquisition</u>	<u>Harbor/TIF Projects</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,017	\$ -	\$ 2,017
Investments	16,167	-	16,167
Receivables (net of allowances for uncollectibles):			
Interest	266	-	266
Intergovernmental	<u>6,607</u>	<u>-</u>	<u>6,607</u>
 Total assets	 <u>\$ 25,057</u>	 <u>\$ -</u>	 <u>\$ 25,057</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 10,750	\$ -	\$ 10,750
Due to other funds	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total liabilities	<u>310,750</u>	<u>-</u>	<u>310,750</u>
 <b>Fund balances:</b>			
Unreserved, undesignated	<u>(285,693)</u>	<u>-</u>	<u>(285,693)</u>
Total fund balances	<u>(285,693)</u>	<u>-</u>	<u>(285,693)</u>
 Total liabilities and fund balances	 <u>\$ 25,057</u>	 <u>\$ -</u>	 <u>\$ 25,057</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Equipment Acquisition	Harbor/TIF Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Intergovernmental	\$ 94,928	\$ -	\$ 94,928
Interest income	7,646	3,800	11,446
Miscellaneous	60,858	-	60,858
Contributions and donations	-	573,759	573,759
Total revenues	<u>163,432</u>	<u>577,559</u>	<u>740,991</u>
Expenditures:			
Capital outlay:			
Administration	90,487	-	90,487
Police	149,568	-	149,568
Fire	1,396,433	-	1,396,433
Public works	159,186	249,726	408,912
Total expenditures	<u>1,795,674</u>	<u>249,726</u>	<u>2,045,400</u>
Excess of revenues over (under) expenditures	<u>(1,632,242)</u>	<u>327,833</u>	<u>(1,304,409)</u>
Other financing sources (uses):			
Transfers in	460,659	178,285	638,944
Transfers out	-	(424,536)	(424,536)
Total other financing sources (uses)	<u>460,659</u>	<u>(246,251)</u>	<u>214,408</u>
Net change in fund balances	(1,171,583)	81,582	(1,090,001)
Fund balances, October 1	<u>885,890</u>	<u>(81,582)</u>	<u>804,308</u>
Fund balances, September 30	<u>\$ (285,693)</u>	<u>\$ -</u>	<u>\$ (285,693)</u>

### *INTERNAL SERVICE FUNDS*

**Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.**

Employee Benefits Fund – established to account for the financing of a medical self-insurance fund to pay medical and dental claims of the City's employees and their covered dependents.

Workers' Compensation Fund – established to account for the costs of the workers' compensation self-insurance program for the City.

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CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2007

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 14,804	\$ 101,667	\$ 116,471
Investments	215,139	1,263,274	1,478,413
Receivables (net of allowances for uncollectibles):			
Interest	1,388	923	2,311
Accounts	751	-	751
Total current assets	<u>232,082</u>	<u>1,365,864</u>	<u>1,597,946</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	<u>250,967</u>	<u>4,407</u>	<u>255,374</u>
Total current liabilities	<u>250,967</u>	<u>4,407</u>	<u>255,374</u>
<b>NET ASSETS</b>			
Unrestricted	<u>(18,885)</u>	<u>1,361,457</u>	<u>1,342,572</u>
Total Net Assets	<u>\$ (18,885)</u>	<u>\$ 1,361,457</u>	<u>\$ 1,342,572</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 341,956	\$ -	\$ 341,956
Total operating revenues	<u>341,956</u>	<u>-</u>	<u>341,956</u>
<b>OPERATING EXPENSES:</b>			
Contractual services	2,031,039	144,872	2,175,911
Total operating expenses	<u>2,031,039</u>	<u>144,872</u>	<u>2,175,911</u>
Operating loss	<u>(1,689,083)</u>	<u>(144,872)</u>	<u>(1,833,955)</u>
<b>NON-OPERATING REVENUES:</b>			
Interest income	24,433	73,012	97,445
Miscellaneous income	56,402	9,000	65,402
Total non-operating revenues	<u>80,835</u>	<u>82,012</u>	<u>162,847</u>
Loss before transfers and capital contributions	<u>(1,608,248)</u>	<u>(62,860)</u>	<u>(1,671,108)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>			
Transfers in	1,600,650	30,000	1,630,650
Total transfers and capital contributions	<u>1,600,650</u>	<u>30,000</u>	<u>1,630,650</u>
Decrease in net assets	(7,598)	(32,860)	(40,458)
Net assets, October 1	<u>(11,287)</u>	<u>1,394,317</u>	<u>1,383,030</u>
Net assets, September 30	<u>\$ (18,885)</u>	<u>\$ 1,361,457</u>	<u>\$ 1,342,572</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	Total Internal Service Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 397,607	\$ 9,000	\$ 406,607
Cash paid to suppliers for goods and services	<u>(2,125,707)</u>	<u>(147,323)</u>	<u>(2,273,030)</u>
Net cash used by operating activities	<u>(1,728,100)</u>	<u>(138,323)</u>	<u>(1,866,423)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash received from other funds	<u>1,600,650</u>	<u>30,000</u>	<u>1,630,650</u>
Net cash provided by non-capital financing activities	<u>1,600,650</u>	<u>30,000</u>	<u>1,630,650</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of investments	(1,000,000)	(2,415,000)	(3,415,000)
Proceeds from sales and maturities of investments	1,027,771	2,550,000	3,577,771
Interest and dividends received	<u>107</u>	<u>64,589</u>	<u>64,696</u>
Net cash provided by investing activities	<u>27,878</u>	<u>199,589</u>	<u>227,467</u>
Net increase (decrease) in cash and cash equivalents	(99,572)	91,266	(8,306)
Cash and cash equivalents at beginning of year	<u>114,376</u>	<u>10,401</u>	<u>124,777</u>
Cash and cash equivalents at end of year	<u>\$ 14,804</u>	<u>\$ 101,667</u>	<u>\$ 116,471</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ (1,689,083)	\$ (144,872)	\$ (1,833,955)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Miscellaneous income	56,402	9,000	65,402
Decrease (increase) in assets:			
Receivables	(751)	-	(751)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	<u>(94,668)</u>	<u>(2,451)</u>	<u>(97,119)</u>
Net cash used by operating activities	<u>\$ (1,728,100)</u>	<u>\$ (138,323)</u>	<u>\$ (1,866,423)</u>

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### *AGENCY FUND*

**Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.**

Special Escrow Agency Fund – established to account for developer contributions for infrastructure projects related to various developments to be constructed at a later date.

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CITY OF ROCKWALL, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SPECIAL ESCROW AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,074	\$ 382,353	\$ 386,816	\$ 611
Investments	1,856,729	253,533	594,196	1,516,066
Accrued interest receivable	6,253	27,058	5,815	27,496
 Total assets	 <u>\$ 1,868,056</u>	 <u>\$ 662,944</u>	 <u>\$ 986,827</u>	 <u>\$ 1,544,173</u>
 <b>LIABILITIES</b>				
Due to developers	\$ 1,868,056	\$ 450,500	\$ 774,383	\$ 1,544,173
 Total liabilities	 <u>\$ 1,868,056</u>	 <u>\$ 450,500</u>	 <u>\$ 774,383</u>	 <u>\$ 1,544,173</u>

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*DISCRETELY PRESENTED COMPONENT UNITS*

**The Rockwall Economic Development Corporation (REDC) represents the City by promoting it as a location for new business. It also acquires and develops land for that purpose. REDC collects a half-cent sales tax to support its activities.**

**The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park developed by REDC.**

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CITY OF ROCKWALL, TEXAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNITS  
SEPTEMBER 30, 2007

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,040	\$ 6,134
Investments	2,821,220	38,583
Receivables (net of allowances for uncollectibles):		
Interest	931	-
Accounts	-	16,583
Notes	604,804	-
Intergovernmental	492,744	-
Due from primary government	4,905	-
Inventory	<u>14,721,495</u>	<u>-</u>
 Total assets	 <u>\$ 18,654,139</u>	 <u>\$ 61,300</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 61,450	\$ 14,001
Due to primary government	<u>324</u>	<u>-</u>
Total liabilities	<u>61,774</u>	<u>14,001</u>
 Fund balances:		
Reserved for inventory	14,721,495	-
Unreserved, undesignated	<u>3,870,870</u>	<u>47,299</u>
Total fund balances	<u>18,592,365</u>	<u>47,299</u>
 Total liabilities and fund balances	 <u>\$ 18,654,139</u>	 <u>\$ 61,300</u>

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>
Total fund balances - discretely presented component units	\$ 18,592,365	\$ 47,299
Amounts reported for discretely presented component units in the statement of net assets are different because:		
The following assets are not current financial resources and are not reported in the component units balance sheet:		
Capital assets used by component units (net of accumulated depreciation of \$60,020)	9,484	-
Costs of bonds issued to finance component units (net of accumulated amortization of \$38,709)	143,420	-
The following liabilities are not due in the current period and are not reported in the component units balance sheet:		
Compensated absences	(13,333)	-
Bonds payable	(11,878,550)	-
Interim construction loan	(6,684,229)	-
Accrued interest payable	<u>(121,056)</u>	<u>-</u>
Net assets of discretely presented component units	<u>\$ 48,101</u>	<u>\$ 47,299</u>

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>
Revenues:		
Sales taxes	\$ 2,866,097	\$ -
Charges for services	-	115,253
Interest income	206,130	2,002
Miscellaneous	335,991	-
Total revenues	<u>3,408,218</u>	<u>117,255</u>
Expenditures:		
Current:		
Administration	<u>2,123,661</u>	<u>120,371</u>
Total current	<u>2,123,661</u>	<u>120,371</u>
Capital outlay:		
Administration	<u>3,121</u>	<u>-</u>
Total capital outlay	<u>3,121</u>	<u>-</u>
Debt service:		
Principal	670,000	-
Interest	966,928	-
Fiscal charges	3,321	-
Total debt service	<u>1,640,249</u>	<u>-</u>
Total expenditures	<u>3,767,031</u>	<u>120,371</u>
Net change in fund balances	(358,813)	(3,116)
Fund balances, October 1	<u>18,951,178</u>	<u>50,415</u>
Fund balances, September 30	<u>\$ 18,592,365</u>	<u>\$ 47,299</u>

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED  
COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>
Net change in fund balances - discretely presented component units	\$ (358,813)	\$ (3,116)
Amounts reported for discretely presented component units in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$4,750) exceeded capital outlays (\$2,638) in the current period.	(2,112)	-
Governmental funds report debt issuance costs as expenditures.		
However, in the statement of activities these costs are allocated over the term of the underlying debt and reported as amortization expense. This is the amount of amortization expense in the current period.	(10,188)	-
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds. This is the amount of the change in accrued interest payable during the year.		
	5,749	-
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments (\$670,000) and bond premium amortization (\$9,072) in the current period		
	679,072	-
Compensated absences payable do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences during the year.		
	<u>(5,392)</u>	<u>-</u>
Change in net assets of discretely presented component units	<u>\$ 308,316</u>	<u>\$ (3,116)</u>

CITY OF ROCKWALL, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
 ROCKWALL ECONOMIC DEVELOPMENT CORPORATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 3,019,000	\$ 2,829,300	\$ 2,866,097	\$ 36,797
Interest income	120,000	211,000	206,130	(4,870)
Miscellaneous	321,650	435,000	335,991	(99,009)
Total revenues	<u>3,460,650</u>	<u>3,475,300</u>	<u>3,408,218</u>	<u>(67,082)</u>
Expenditures:				
Current:				
Administration	3,534,150	1,955,550	2,123,661	(168,111)
Total current	<u>3,534,150</u>	<u>1,955,550</u>	<u>2,123,661</u>	<u>(168,111)</u>
Capital outlay:				
Administration	27,000	7,000	3,121	3,879
Total capital outlay	<u>27,000</u>	<u>7,000</u>	<u>3,121</u>	<u>3,879</u>
Debt service:				
Principal	670,000	670,000	670,000	-
Interest	900,300	966,300	966,928	(628)
Fiscal charges	4,500	4,500	3,321	1,179
Total debt service	<u>1,574,800</u>	<u>1,640,800</u>	<u>1,640,249</u>	<u>551</u>
Total expenditures	<u>5,135,950</u>	<u>3,603,350</u>	<u>3,767,031</u>	<u>(163,681)</u>
Net change in fund balances	(1,675,300)	(128,050)	(358,813)	(230,763)
Fund balances, October 1	<u>18,951,178</u>	<u>18,951,178</u>	<u>18,951,178</u>	<u>-</u>
Fund balances, September 30	<u>\$ 17,275,878</u>	<u>\$ 18,823,128</u>	<u>\$ 18,592,365</u>	<u>\$ (230,763)</u>

CITY OF ROCKWALL, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
 ROCKWALL TECHNOLOGY PARK ASSOCIATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 131,650	\$ 115,600	\$ 115,253	\$ (347)
Interest income	1,750	1,950	2,002	52
Total revenues	<u>133,400</u>	<u>117,550</u>	<u>117,255</u>	<u>(295)</u>
Expenditures:				
Current:				
Administration	133,400	128,550	120,371	8,179
Total expenditures	<u>133,400</u>	<u>128,550</u>	<u>120,371</u>	<u>8,179</u>
Net change in fund balances	-	(11,000)	(3,116)	7,884
Fund balances, October 1	<u>50,415</u>	<u>50,415</u>	<u>50,415</u>	-
Fund balances, September 30	<u>\$ 50,415</u>	<u>\$ 39,415</u>	<u>\$ 47,299</u>	<u>\$ 7,884</u>

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

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CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 SEPTEMBER 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Governmental funds capital assets:		
Land	\$ 4,713,559	\$ 3,274,598
Buildings	10,551,596	10,335,142
Improvements other than buildings	20,746,458	2,116,511
Machinery and equipment	4,027,716	2,937,154
Vehicles	5,089,412	4,552,000
Furniture and fixtures	2,114,894	1,975,590
Infrastructure	99,176,740	86,870,528
Construction in progress	<u>24,182,223</u>	<u>41,204,224</u>
 Total governmental funds capital assets	 <u>\$ 170,602,598</u>	 <u>\$ 153,265,747</u>
 Investments in governmental funds capital assets by source:		
Bond proceeds	\$ 65,211,300	\$ 55,216,520
General government	39,488,381	33,936,838
Grants and entitlements	2,135,112	1,590,211
Developer contributions	<u>63,767,805</u>	<u>62,522,178</u>
 Total investments in governmental funds capital assets	 <u>\$ 170,602,598</u>	 <u>\$ 153,265,747</u>

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 SEPTEMBER 30, 2007

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>
General government	\$ 2,664,646	\$ 3,794,472	\$ 2,266,130
Public works	273,803	171,724	-
Public safety	81,712	2,268,150	12,802
Recreation/development	1,693,398	2,272,730	18,467,526
Fire equipment	<u>-</u>	<u>2,044,520</u>	<u>-</u>
Total governmental funds capital asset	<u>\$ 4,713,559</u>	<u>\$ 10,551,596</u>	<u>\$ 20,746,458</u>

<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 921,055	\$ 331,617	\$ 1,583,499	\$ -	\$ 24,182,223	\$ 35,743,642
634,797	587,466	15,370	99,176,740	-	100,859,900
517,388	1,290,179	411,860	-	-	4,582,091
900,347	295,434	29,073	-	-	23,658,508
<u>1,054,129</u>	<u>2,584,716</u>	<u>75,092</u>	<u>-</u>	<u>-</u>	<u>5,758,457</u>
<u>\$ 4,027,716</u>	<u>\$ 5,089,412</u>	<u>\$ 2,114,894</u>	<u>\$ 99,176,740</u>	<u>\$ 24,182,223</u>	<u>\$ 170,602,598</u>

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>Function and Activity</u>	<u>Balance 10/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Balance 9/30/07</u>
General government	\$ 13,163,730	\$ 4,098,034	\$ (71,763)	\$ 18,553,641	\$ 35,743,642
Public works	121,917,926	11,596,299	(1,335,970)	(31,318,355)	100,859,900
Public safety	6,457,764	491,719	(883,223)	(1,484,169)	4,582,091
Recreation/development	6,834,309	2,442,040	-	14,382,159	23,658,508
Fire equipment	<u>4,892,018</u>	<u>1,091,886</u>	<u>(92,171)</u>	<u>(133,276)</u>	<u>5,758,457</u>
Total governmental funds capital assets	<u>\$ 153,265,747</u>	<u>\$ 19,719,978</u>	<u>\$ (2,383,127)</u>	<u>\$ -</u>	<u>\$ 170,602,598</u>

***STATISTICAL SECTION***



## STATISTICAL SECTION

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	102-111
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	112-117
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118-122
<u>Demographic and Economic Information</u> - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	123-124
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	125-128

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

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CITY OF ROCKWALL, TEXAS  
NET ASSETS  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 1

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental activities										
Invested in capital assets, net of related debt	\$ 49,487,300	\$ 34,020,634	\$ 41,346,180	\$ 47,695,043	\$ 43,120,444	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	23,258,947	37,748,076	17,051,680	5,897,961	8,354,614	-	-	-	-	-
Unrestricted	13,386,297	11,683,150	11,850,426	10,242,495	9,975,317	-	-	-	-	-
Total governmental activities net assets	<u>\$ 86,132,544</u>	<u>\$ 83,451,860</u>	<u>\$ 70,248,286</u>	<u>\$ 63,835,499</u>	<u>\$ 61,450,375</u>	<u>\$ -</u>				
Business-type activities										
Invested in capital assets, net of related debt	\$ 47,893,027	\$ 41,923,596	\$ 37,368,956	\$ 38,406,139	\$ 32,724,578	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	14,620,878	18,060,049	18,350,884	11,698,161	15,635,741	-	-	-	-	-
Unrestricted	5,463,619	7,081,727	7,475,827	9,457,896	3,746,526	-	-	-	-	-
Total business-type activities net assets	<u>\$ 67,977,524</u>	<u>\$ 67,065,372</u>	<u>\$ 63,195,667</u>	<u>\$ 59,562,196</u>	<u>\$ 52,106,845</u>	<u>\$ -</u>				
Primary government										
Invested in capital assets, net of related debt	\$ 97,380,327	\$ 75,944,230	\$ 78,715,136	\$ 86,101,182	\$ 75,845,022	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	37,879,825	55,808,125	35,402,564	17,596,122	23,990,355	-	-	-	-	-
Unrestricted	18,849,916	18,764,877	19,326,253	19,700,391	13,721,843	-	-	-	-	-
Total primary government net assets	<u>\$ 154,110,068</u>	<u>\$ 150,517,232</u>	<u>\$ 133,443,953</u>	<u>\$ 123,397,695</u>	<u>\$ 113,557,220</u>	<u>\$ -</u>				

Note: The City implemented GASB Statement No. 34 in fiscal year 2003, thus 10 years of data is not available.

CITY OF ROCKWALL, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS

TABLE 2

	(unaudited)		Fiscal Year							
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Expenses</b>										
Governmental activities:										
Mayor/Council	\$ 111,555	\$ 108,366	\$ 78,114	\$ 74,416	\$ 58,378	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	5,523,924	6,040,692	4,908,083	5,757,527	3,583,719	-	-	-	-	-
Finance	1,138,210	1,027,654	954,840	877,537	760,436	-	-	-	-	-
Municipal Court	298,383	304,492	295,379	254,210	236,201	-	-	-	-	-
Police	7,001,771	6,095,435	6,372,344	6,862,707	5,446,279	-	-	-	-	-
Fire	2,207,468	1,889,269	1,144,577	1,530,503	966,400	-	-	-	-	-
Public Works	6,928,067	5,530,219	4,753,190	6,155,726	3,961,797	-	-	-	-	-
Community Development	2,018,363	1,781,548	1,680,857	1,493,249	442,470	-	-	-	-	-
Parks and Recreation	3,088,750	2,583,547	2,329,095	2,323,558	1,487,036	-	-	-	-	-
Interest on long-term debt	3,612,523	2,179,950	1,136,584	1,277,825	1,244,127	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>31,929,014</b>	<b>27,541,172</b>	<b>23,653,063</b>	<b>26,607,258</b>	<b>18,186,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business-type activities:										
Water and Sewer	10,917,707	10,253,226	8,777,277	7,061,272	6,436,878	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>10,917,707</b>	<b>10,253,226</b>	<b>8,777,277</b>	<b>7,061,272</b>	<b>6,436,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government expenses</b>	<b>\$ 37,794,398</b>	<b>\$ 32,430,340</b>	<b>\$ 33,668,530</b>	<b>\$ 24,623,721</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:	\$ 3,798,806	\$ 4,622,302	\$ 4,337,664	\$ 3,906,111	\$ 2,931,111	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants & contributions	1,059,602	783,317	894,114	1,424,824	772,911	-	-	-	-	-
Capital grants & contributions	3,193,554	11,804,857	5,893,301	6,624,160	181,426	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>8,051,962</b>	<b>17,210,476</b>	<b>11,125,079</b>	<b>11,955,095</b>	<b>3,885,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business-type activities:										
Charges for services:										
Water Sales	4,815,631	6,547,846	5,379,382	4,474,069	4,530,970	-	-	-	-	-
Sewer Charges	1,809,478	1,922,989	2,046,425	1,922,989	1,809,478	-	-	-	-	-
Other	2,146,215	2,596,967	2,072,748	1,890,686	1,797,588	-	-	-	-	-
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	2,808,528	4,319,065	3,411,639	6,576,943	2,906,811	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>11,579,852</b>	<b>15,386,867</b>	<b>12,910,194</b>	<b>14,864,687</b>	<b>11,044,847</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government program revenues</b>	<b>\$ 19,631,814</b>	<b>\$ 32,597,343</b>	<b>\$ 24,035,273</b>	<b>\$ 26,819,782</b>	<b>\$ 14,930,295</b>	<b>\$ -</b>				

CITY OF ROCKWALL, TEXAS  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS

TABLE 2

	(unaudited)			Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Net (Expense)/Revenue										
Governmental activities	(23,877,052)	(10,330,696)	(12,527,984)	(14,652,163)	(14,301,395)	-	-	-	-	-
Business-type activities	662,145	5,133,641	4,132,917	7,803,415	4,607,969	-	-	-	-	-
Total primary government net expense	<u>(23,214,907)</u>	<u>(5,197,055)</u>	<u>(8,395,067)</u>	<u>(6,848,748)</u>	<u>(9,693,426)</u>	-	-	-	-	-
<b>General Revenues and Transfers</b>										
Governmental activities:										
Property taxes	\$ 11,827,931	\$ 9,063,530	\$ 8,111,715	\$ 7,265,947	\$ 6,717,883	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	8,901,929	8,529,051	7,379,841	6,736,054	6,277,216	-	-	-	-	-
Other	4,477,541	3,566,689	2,442,815	2,167,786	1,843,906	-	-	-	-	-
Transfers	1,350,335	2,375,000	1,006,400	867,500	1,337,963	-	-	-	-	-
Total governmental activities	<u>26,557,736</u>	<u>23,534,270</u>	<u>18,940,771</u>	<u>17,037,287</u>	<u>16,176,968</u>	-	-	-	-	-
Business-type activities:										
Other	1,600,342	1,111,064	506,954	519,436	345,017	-	-	-	-	-
Transfers	(1,350,335)	(2,375,000)	(1,006,400)	(867,500)	(1,337,963)	-	-	-	-	-
Total business-type activities	<u>250,007</u>	<u>(1,263,936)</u>	<u>(499,446)</u>	<u>(348,064)</u>	<u>(992,946)</u>	-	-	-	-	-
Total primary government	<u>\$ 26,807,743</u>	<u>\$ 22,270,334</u>	<u>\$ 18,441,325</u>	<u>\$ 16,689,223</u>	<u>\$ 15,184,022</u>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Assets</b>										
Governmental activities	\$ 2,680,684	\$ 13,203,574	\$ 6,412,787	\$ 2,385,124	\$ 1,875,573	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	912,152	3,869,705	3,633,471	7,455,351	3,615,023	-	-	-	-	-
Total primary government	<u>\$ 3,592,836</u>	<u>\$ 17,073,279</u>	<u>\$ 10,046,258</u>	<u>\$ 9,840,475</u>	<u>\$ 5,490,596</u>	\$ -	\$ -	\$ -	\$ -	\$ -

Note: The City implemented GASB Statement No. 34 in fiscal year 2003, thus 10 years of data is not available.

CITY OF ROCKWALL, TEXAS  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (unaudited)

TABLE 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	6,717,883	6,277,216	1,567,874	14,562,973
2004	7,265,947	6,736,054	1,776,406	15,778,407
2005	8,111,715	7,379,841	1,765,509	17,257,065
2006	9,063,530	8,529,051	2,111,798	19,704,379
2007	11,827,931	8,901,929	2,014,845	22,744,705

Note: The City implemented GASB Statement No. 34 in fiscal year 2003, thus 10 years of data is not available.

CITY OF ROCKWALL, TEXAS  
 BUSINESS TYPE ACTIVITIES REVENUES BY SOURCE  
 (accrual basis of accounting)  
 (unaudited)

TABLE 4

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
1998	3,081,641	1,177,647	4,259,288
1999	3,252,453	1,260,397	4,512,850
2000	3,612,008	1,379,684	4,991,692
2001	3,835,507	1,601,062	5,436,569
2002	3,913,496	1,770,522	5,684,018
2003	4,530,970	1,809,478	6,340,448
2004	4,474,069	1,922,989	6,397,058
2005	5,379,382	2,046,425	7,425,807
2006	6,547,846	1,922,989	8,470,835
2007	4,815,631	1,809,478	6,625,109

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CITY OF ROCKWALL, TEXAS  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 5

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 1,407	\$ 26,130	\$ 26,980	\$ 16,104	\$ 7,500	\$ 6,862	\$ 16,414	\$ 11,663	\$ 12,614	\$ 687,280
Unreserved	8,335,289	7,692,662	7,301,334	6,860,155	7,235,979	7,579,095	6,436,530	6,770,275	4,826,291	3,031,786
Total general fund	<u>\$ 8,336,696</u>	<u>\$ 7,718,792</u>	<u>\$ 7,328,314</u>	<u>\$ 6,876,259</u>	<u>\$ 7,243,479</u>	<u>\$ 7,585,957</u>	<u>\$ 6,452,944</u>	<u>\$ 6,781,938</u>	<u>\$ 4,838,905</u>	<u>\$ 3,719,066</u>
All other governmental funds										
Reserved for:										
Debt Service	\$ 1,083,320	\$ 1,461,294	\$ 1,155,897	\$ 694,758	\$ 683,650	\$ 551,753	\$ 509,255	\$ 386,149	\$ 284,139	\$ 228,315
Unreserved, reported in:										
Special revenue funds	2,797,330	2,422,376	2,046,410	1,358,357	926,507	671,382	1,171,009	5,120,309	6,534,173	822,669
Capital projects funds	21,877,706	36,529,256	16,113,095	5,271,300	7,540,907	9,031,865	13,065,344	16,135,737	8,235,081	3,749,670
Total all other governmental funds	<u>\$25,758,356</u>	<u>\$40,412,926</u>	<u>\$19,315,402</u>	<u>\$ 7,324,415</u>	<u>\$ 9,151,064</u>	<u>\$10,255,000</u>	<u>\$14,745,608</u>	<u>\$21,642,195</u>	<u>\$15,053,393</u>	<u>\$ 4,800,654</u>

CITY OF ROCKWALL, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 6

	Fiscal Year										
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenues</b>											
Ad valorem taxes, penalty and interest	\$ 11,820,994	\$ 8,979,948	\$ 8,140,125	\$ 7,270,408	\$ 6,678,166	\$ 5,722,744	\$ 5,032,885	\$ 4,072,641	\$ 3,450,302	\$ 3,146,060	\$ 2,777,296
Sales taxes	8,901,929	8,529,051	7,379,841	6,736,054	6,277,216	6,228,716	6,109,463	7,726,450	6,031,372	3,577,892	2,683,477
Franchise taxes	2,046,674	1,981,016	1,715,242	1,702,156	1,548,499	1,506,971	1,278,671	1,034,660	1,002,559	878,843	834,365
Charges for services	417,049	426,996	268,125	266,450	263,349	159,451	135,417	108,441	89,450	64,636	67,254
Permits	1,132,985	1,325,832	1,718,218	1,709,832	1,521,019	1,467,736	618,405	570,932	515,688	439,881	295,393
Municipal court	1,019,260	987,066	906,634	937,164	734,500	584,171	509,645	472,921	504,015	571,367	428,541
Intergovernmental	1,097,790	1,011,739	3,182,350	1,772,811	1,100,961	1,452,565	1,155,484	1,891,965	872,468	658,736	695,528
Interest income	2,012,244	1,149,204	304,644	143,269	312,700	598,483	1,002,624	1,569,214	756,313	610,716	242,982
Miscellaneous	716,896	1,060,866	1,080,366	755,733	422,427	375,753	297,490	584,386	1,874,540	523,572	414,010
Donations	2,241,586	6,251,435	163,635	252,037	56,463	35,112	60,539	244,594	465,487	443,541	29,566
<b>Total Revenues</b>	<b>31,407,407</b>	<b>31,703,153</b>	<b>24,859,180</b>	<b>21,545,914</b>	<b>18,915,300</b>	<b>18,131,702</b>	<b>16,200,623</b>	<b>18,276,204</b>	<b>15,562,194</b>	<b>10,915,244</b>	<b>8,468,412</b>
<b>Expenditures</b>											
<b>Current:</b>											
Mayor/council	111,555	108,366	78,114	74,416	58,377	68,480	38,068	31,148	30,590	35,473	38,123
Administration	2,750,197	2,910,478	2,708,948	2,324,516	3,024,304	2,421,992	1,880,816	1,348,888	1,457,683	1,370,623	1,280,420
Finance	1,138,238	1,025,230	952,808	837,800	756,688	707,823	615,694	515,463	347,570	344,736	326,115
Municipal court	300,186	303,131	291,348	249,839	234,832	189,088	187,687	163,977	142,452	134,084	102,467
Police	6,426,957	6,235,463	6,070,311	6,083,676	5,171,682	5,024,188	4,261,907	3,770,329	3,227,329	1,877,408	1,970,191
Fire	1,340,624	1,242,836	1,075,427	950,622	757,447	373,099	336,556	267,251	254,931	429,585	129,951
Public works	2,427,535	2,411,324	2,050,077	2,005,360	1,781,760	1,648,599	1,393,969	1,278,762	1,337,413	1,667,103	1,498,742
Community development	2,002,767	1,783,961	1,682,480	1,477,483	440,481	302,156	391,843	954,429	776,061	-	-
Parks and recreation	2,473,238	2,318,135	1,826,608	1,758,180	1,369,986	1,322,614	1,030,236	862,235	659,184	673,077	649,635
<b>Total current</b>	<b>18,971,297</b>	<b>18,338,924</b>	<b>16,736,121</b>	<b>15,761,892</b>	<b>13,595,557</b>	<b>12,058,039</b>	<b>10,136,776</b>	<b>9,192,482</b>	<b>8,233,213</b>	<b>6,532,089</b>	<b>5,995,644</b>
<b>Capital outlay:</b>											
Administration	4,028,933	1,580,706	602,847	623,526	1,843,858	8,767,869	3,101,580	4,596,796	7,195,832	1,212,029	590,032
Finance	-	-	-	36,746	141,102	104,138	66,898	88,238	230,327	40,948	8,823
Municipal Court	-	-	-	3,958	13,152	-	-	11,705	3,256	4,188	1,749
Police	225,992	285,150	1,850,771	978,179	372,661	370,552	298,869	880,517	76,666	40,079	229,058
Fire	1,578,623	835,685	711,166	525,888	172,970	542,049	1,322,965	750,226	1,025,551	17,999	1,765
Public works	10,609,516	25,733,888	9,756,038	1,667,682	1,198,999	892,865	1,306,605	108,831	272,955	111,801	864,290
Community development	2,105	-	519	668	1,123	-	97,479	60,738	36,216	-	-
Parks and recreation	2,397,348	1,477,499	757,360	600,049	443,049	199,661	646,525	239,448	42,216	175,795	77,785
<b>Total capital outlay</b>	<b>18,842,517</b>	<b>29,912,928</b>	<b>13,678,701</b>	<b>4,436,696</b>	<b>4,186,914</b>	<b>10,877,134</b>	<b>6,840,921</b>	<b>6,736,499</b>	<b>8,883,019</b>	<b>1,602,839</b>	<b>1,773,502</b>
(continued)											
<b>Debt service:</b>											
Principal	3,726,505	2,620,235	1,801,369	2,831,984	1,623,841	1,590,000	1,196,321	780,188	799,572	682,915	585,875

CITY OF ROCKWALL, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 6

	Fiscal Year										
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Interest	3,607,455	1,748,001	977,878	1,032,504	1,229,093	1,198,065	1,305,721	1,438,232	407,390	500,273	486,463
Bond issuance costs	9,500	500,889	429,728	99,311	-	50,879	-	-	-	-	-
Fiscal charges	6,484	6,020	5,063	7,403	9,272	14,580	10,380	6,968	8,026	8,460	4,839
Total debt services	7,349,944	4,875,145	3,214,038	3,971,202	2,862,206	2,853,524	2,512,422	2,225,388	1,214,988	1,191,648	1,077,177
Total expenditures	45,163,758	53,126,997	33,628,860	24,169,790	20,644,677	25,788,697	19,490,119	18,154,369	18,331,220	9,326,576	8,846,323
Excess (deficiency) of revenues over (under) expenditures	(13,756,351)	(21,423,844)	(8,769,680)	(2,623,876)	(1,729,377)	(7,656,995)	(3,289,496)	121,835	(2,769,026)	1,588,668	(377,911)
<b>Other financing sources (uses):</b>											
Transfers in	2,585,804	4,305,332	2,959,535	2,429,909	4,445,973	4,976,111	2,942,643	2,815,824	1,180,243	330,000	260,914
Sale of fixed assets	-	-	-	-	-	-	-	-	42,031	-	-
Transfers out	(2,866,119)	(3,478,832)	(3,416,135)	(2,812,409)	(4,163,010)	(4,971,711)	(2,996,182)	(3,055,824)	(1,424,986)	(540,000)	(525,914)
Bonds issued	-	41,045,000	21,200,000	-	-	4,295,000	-	8,650,000	13,421,011	203,550	571,600
Refunding bonds issued	-	-	6,095,000	4,067,415	-	-	-	-	-	-	-
Accrued interest on bonds issued	-	176,020	129,913	-	-	-	-	-	-	-	-
Premium on bonds issued	-	864,326	271,518	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(6,027,109)	(3,120,178)	-	-	-	-	-	-	-
Total other financing sources (uses)	(280,315)	42,911,846	21,212,722	564,737	282,963	4,299,400	(53,539)	8,410,000	13,218,299	(6,450)	306,600
Net change in fund balances	(14,036,666)	21,488,002	12,443,042	(2,059,139)	(1,446,414)	(3,357,595)	(3,343,035)	8,531,835	10,449,273	1,582,218	(71,311)
Debt service as a percentage of noncapital expenditures	27.9%	21.0%	16.1%	20.1%	17.4%	19.1%	19.9%	19.5%	12.9%	15.4%	15.2%

CITY OF ROCKWALL, TEXAS  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>	
1998	3,146,060	3,577,892	878,843	7,602,795	1.137261
1999	3,450,302	6,031,372	1,002,559	10,484,233	1.748071
2000	4,072,641	7,726,450	1,034,660	12,833,751	1.89716
2001	5,032,885	6,109,463	1,278,671	12,421,019	1.213909
2002	5,722,744	6,228,716	1,506,971	13,458,431	1.088414
2003	6,678,166	6,277,216	1,548,499	14,503,881	0.939961
2004	7,270,408	6,736,054	1,702,156	15,708,618	0.926503
2005	8,140,125	7,379,841	1,715,242	17,235,208	0.9066
2006	8,979,948	8,529,051	1,981,016	19,490,015	0.949788
2007	11,820,994	8,901,929	2,046,674	22,769,597	0.753061

CITY OF ROCKWALL  
 SALES TAX COLLECTIONS AS COMPARED TO TAX LEVY  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 8

<u>Fiscal Year</u>	<u>Total Sales Tax Collections</u>	<u>Percent of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>
1998	3,577,892	156.20%	0.51
1999	4,548,948	133.67%	0.48
2000	5,834,244	143.91%	0.52
2001	6,109,463	124.62%	0.45
2002	6,228,716	108.84%	0.39
2003	6,277,216	94.00%	0.34
2004	6,736,054	94.08%	0.34
2005	7,379,841	91.93%	0.33
2006	8,286,316	92.22%	0.34
2007	8,901,929	76.73%	0.35

CITY OF ROCKWALL, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 9

Fiscal Year	Tax Year	Estimated Market Value			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
1998	1997	539,565,365	220,097,027	120,504,113	45,322,187	834,844,318	0.3600
1999	1998	601,976,181	252,746,017	144,053,947	53,803,586	944,972,559	0.3600
2000	1999	713,080,370	313,108,302	161,240,698	65,713,842	1,121,715,528	0.3600
2001	2000	879,924,785	370,271,592	201,150,402	86,564,864	1,364,781,915	0.3600
2002	2001	1,005,596,905	434,430,607	231,005,372	92,155,332	1,578,877,552	0.3600
2003	2002	1,180,867,660	484,847,529	271,117,946	99,943,555	1,836,889,580	0.3600
2004	2003	1,371,585,380	487,360,218	258,028,313	130,750,657	1,986,223,254	0.3600
2005	2004	1,573,206,290	525,794,698	284,849,415	154,608,703	2,229,241,700	0.3600
2006	2005	1,736,808,885	567,435,458	286,808,498	163,343,787	2,427,709,054	0.3689
2007	2006	1,943,727,690	921,234,223	261,957,560	551,589,203	2,575,330,270	0.4250

Source: Rockwall Central Appraisal District

CITY OF ROCKWALL  
PROPERTY TAX EXEMPTIONS  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 10

<u>Fiscal Year</u>	<u>Over 65 and Disabled</u>	<u>Disabled Veterans</u>	<u>Agriculture</u>	<u>Abatement</u>	<u>Prorated Total Exempt</u>
1998	21,247,629	569,970	20,550,470	1,634,676	3,676
1999	24,255,378	733,000	29,972,670	6,844,740	57,091
2000	27,511,159	759,504	34,508,640	7,041,464	26,250
2001	28,201,159	783,004	34,719,380	8,600,537	26,250
2002	31,135,770	938,984	47,080,860	7,031,665	-
2003	32,005,770	949,484	48,516,530	7,025,287	71,939
2004	69,074,650	1,067,984	44,198,700	10,670,039	338,011
2005	77,182,580	1,233,504	52,695,448	10,658,736	1,587,746
2006	87,691,150	1,495,504	50,548,990	18,883,658	1,100,093
2007	96,624,100	1,537,004	61,259,470	16,146,371	328,999

CITY OF ROCKWALL, TEXAS  
PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 11

<u>Fiscal Year</u>	<u>City of Rockwall</u>			<u>Overlapping Rates</u>	
	<u>M&amp;O</u>	<u>Debt</u>	<u>Total</u>	<u>School</u>	<u>County</u>
1998	0.1999	0.1601	0.3600	1.4900	0.3202
1999	0.2179	0.1421	0.3600	1.4900	0.3202
2000	0.1898	0.1702	0.3600	1.5780	0.3536
2001	0.1748	0.1852	0.3600	1.8400	0.3534
2002	0.1826	0.1774	0.3600	1.8372	0.3534
2003	0.1982	0.1618	0.3600	1.8800	0.3534
2004	0.2099	0.1501	0.3600	1.8800	0.3507
2005	0.2239	0.1361	0.3600	1.8800	0.3507
2006	0.2167	0.1522	0.3689	1.8800	0.3506
2007	0.2067	0.2183	0.425	1.7100	0.3507

CITY OF ROCKWALL, TEXAS  
 PRINCIPAL TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (unaudited)

TABLE 12

Taxpayer	2007			1998		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Continental Pet Technology	30,974,977	1	1.20%	19,908,903	2	2.38%
Wal-mart	22,518,286	2	0.87%	20,118,553	1	2.41%
TXU Electric Delivery Service (formerly T	21,792,930	3	0.85%	7,619,300	3	0.91%
Rockwall Crossing LTD	18,748,420	4	0.73%			
SPM/WRI Rockwall, L.P.	18,700,000	5	0.73%	-	-	-
Mariah Bay Development, Inc	17,534,790	6	0.68%			
Mission NE Dallas 1 LLC Etal	15,686,510	7	0.61%	-	-	-
Texas Star Express	13,012,768	8	0.51%	-	-	-
Lowes Home Centers, Inc.	12,940,087	9	0.50%	-	-	-
Steger Towne Crossing, LP	11,717,715	10	0.45%	4,559,090	6	0.55%
Bent Tree Realty Co.	-	-	-	6,968,440	4	0.83%
Southwestern Bell Telephone	-	-	-	6,063,800	5	0.73%
WDC/Hi-Life Properties	-	-	-	4,283,810	7	0.51%
Columbia Extrusion Corp.	-	-	-	3,957,879	8	0.47%
Rockwall Steel Co.	-	-	-	3,637,820	9	0.44%
Lago Vista Partners, LTD	-	-	-	3,573,440	10	0.43%
Subtotal	<u>183,626,483</u>		<u>7.13%</u>	<u>80,691,035</u>		<u>9.67%</u>
Total Taxable Value	<u><u>2,575,330,270</u></u>		<u><u>100.00%</u></u>	<u><u>834,844,318</u></u>		<u><u>100.00%</u></u>

Source: Rockwall Central Appraisal District  
 Note: For tax years 2006 and 1997

CITY OF ROCKWALL, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 13

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Total Current Year Collections</b>	<b>Percent of Levy Collected During Fiscal Period</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Tax Levy</b>
1998	1997	3,038,767	2,986,332	2,986,332	98.27%	89,084	3,075,416	101.21%
1999	1998	3,403,144	3,314,812	3,314,812	97.40%	90,041	3,404,853	100.05%
2000	1999	4,054,089	3,937,051	3,937,051	97.11%	90,041	4,027,092	99.33%
2001	2000	4,915,155	4,864,930	4,864,930	98.98%	110,627	4,975,557	101.23%
2002	2001	5,696,005	5,605,385	5,605,385	98.41%	55,841	5,661,226	99.39%
2003	2002	6,619,325	6,487,602	6,487,602	98.01%	77,090	6,564,692	99.17%
2004	2003	7,194,520	7,145,433	7,145,433	99.32%	176,253	7,321,686	101.77%
2005	2004	8,063,888	8,021,945	8,021,945	99.48%	141,227	8,163,172	101.23%
2006	2005	8,984,907	8,921,613	8,921,613	99.30%	114,598	9,036,211	100.57%
2007	2006	11,602,218	11,433,285	11,433,285	98.54%	112,247	11,545,532	99.51%

CITY OF ROCKWALL  
TOP TEN WATER CUSTOMERS  
CURRENT YEAR AND NINE YEARS AGO  
(unaudited)

TABLE 14

Customer	2007			1998		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	33,724,300	1	1.38%	-	-	-
Rockwall I.S.D.	24,138,500	2	0.99%	37,009,900	1	2.15%
D.W.C./Highlife Properties	15,240,900	3	0.62%	-	-	-
Whittle Development	9,459,700	4	0.39%	-	-	-
Bent Creek Condos, HOA	8,317,400	5	0.34%	9,284,700	5	0.54%
Walden Residential Properties	8,162,600	6	0.33%	16,847,900	2	0.98%
Mission Rockwall	7,796,700	7	0.32%	-	-	-
Lake Pointe Church	6,997,200	8	0.29%	-	-	-
Whitmore Manufacturing	6,774,700	9	0.28%	-	-	-
Sabre Realty	6,414,400	10	0.26%	13,922,700	3	0.81%
Lone Star Circuits	-	-	-	12,647,300	4	0.73%
Continental Can	-	-	-	8,951,900	6	0.52%
Rockwall Nursing Home	-	-	-	8,941,900	7	0.52%
J&L Plating	-	-	-	6,174,200	8	0.36%
Wal-mart	-	-	-	6,033,300	9	0.35%
Rockwall Travel Center	-	-	-	2,772,600	10	0.16%
Subtotal	<u>93,302,100</u>		<u>3.81%</u>	<u>122,586,400</u>		<u>7.12%</u>
Total Water Usage	<u>2,446,090,960</u>		<u>100.00%</u>	<u>1,721,409,000</u>		<u>100.00%</u>

CITY OF ROCKWALL, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 15

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Water and Sewer Revenue Bonds			
1998	6,361,805	-	1,114,368	852,595	-	255,631	3,326,494	11,910,893	2.58%	778
1999	13,094,712	-	1,990,449	715,288	-	189,551	5,114,141	21,104,141	4.00%	1,311
2000	14,809,306	6,500,000	1,725,245	610,694	-	119,755	4,815,936	28,580,936	5.12%	1,676
2001	14,088,900	6,375,000	1,374,329	506,100	-	60,644	4,563,753	26,968,726	5.00%	1,424
2002	13,295,364	10,485,000	945,000	384,636	-	-	10,991,569	36,101,569	6.11%	1,722
2003	12,521,523	9,890,000	690,000	288,477	-	-	10,555,000	33,945,000	5.27%	1,486
2004	11,918,933	9,075,000	420,000	271,067	-	-	10,035,000	31,720,000	3.86%	1,259
2005	22,992,564	17,940,000	345,000	247,436	-	-	14,910,000	56,435,000	6.07%	2,030
2006	57,632,329	21,825,000	315,000	212,671	-	-	14,145,000	94,130,000	9.45%	3,117
2007	55,720,824	20,045,000	280,000	184,176	-	-	13,360,000	89,590,000	8.40%	2,853

Note: See Table 19 for personal income and population data

CITY OF ROCKWALL, TEXAS  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE 16

Fiscal Year	Governmental Activities				Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Gross Bonded Debt				
1998	6,361,805	-	1,114,368	7,476,173	228,315	7,247,858	0.87%	474
1999	13,094,712	-	1,990,449	15,085,161	284,139	14,801,022	1.56%	919
2000	14,809,306	6,500,000	1,725,245	23,034,551	386,149	22,648,402	2.01%	1,328
2001	14,088,900	6,375,000	1,374,329	21,838,229	509,255	21,328,974	1.58%	1,126
2002	13,295,364	10,485,000	945,000	24,725,364	551,753	24,173,611	1.52%	1,153
2003	12,521,523	9,890,000	690,000	23,101,523	683,650	22,417,873	1.21%	981
2004	11,918,933	9,075,000	420,000	21,413,933	694,758	20,719,175	1.04%	822
2005	22,992,564	17,940,000	345,000	41,277,564	1,014,713	40,262,851	1.80%	1,448
2006	57,632,329	21,825,000	315,000	79,772,329	1,461,294	78,311,035	3.22%	2,593
2007	55,720,824	20,045,000	280,000	76,045,824	1,083,320	74,962,504	2.91%	2,387

Note: See Table 19 for population data and Table 8 for property value data

CITY OF ROCKWALL, TEXAS  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 SEPTEMBER 30, 2007  
 (unaudited)

TABLE 17

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to the City of Rockwall	Amounts Applicable to the City of Rockwall
Direct:			
City of Rockwall	\$ 76,230,000	100.00%	\$ 76,230,000
Indirect:			
Rockwall Independent School District	277,820,409	57.99%	161,108,055
Rockwall County	9,110,000	49.53%	4,512,183
Total Indirect	286,930,409		165,620,238
Total Direct and Overlapping Bonded Debt	\$ 363,160,409		\$ 241,850,238
Average debt per capita			\$ 7,701

(1) Includes all General Obligation Bonds, Contractual Obligations, and Certificates of Obligation of the primary government.

CITY OF ROCKWALL, TEXAS  
 COMPUTATION OF LEGAL DEBT MARGIN  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 18

The City of Rockwall, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to \$2.50 per \$100 assessed valuation for cities operating under a Home Rule Charter. Accordingly, the City's tax margin for the previous ten years was:

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Maximum Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total Tax Rate	0.425	0.3689	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600
Legal Debt Margin	2.0750	2.1311	2.1400	2.1400	2.1400	2.1400	2.1400	2.1400	2.1400	2.1400

CITY OF ROCKWALL, TEXAS  
 SCHEDULE OF REVENUE BOND COVERAGE - WATER AND SEWER BONDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 19

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	6,694,849	1,131,069	5,563,780	255,000	222,888	477,888	11.64
1999	7,114,040	2,787,236	4,326,804	280,000	205,017	485,017	8.92
2000	9,225,111	3,068,964	6,156,147	255,000	242,228	497,228	12.38
2001	10,253,437	3,773,301	6,480,136	260,000	227,663	487,663	13.29
2002	7,785,753	4,159,459	3,626,294	280,000	213,638	493,638	7.35
2003	9,259,528	4,647,959	4,611,569	510,000	486,884	996,884	4.63
2004	10,081,442	5,194,575	4,886,867	520,000	476,108	996,108	4.91
2005	11,447,810	6,817,094	4,630,716	550,000	453,305	1,003,305	4.62
2006	12,921,162	8,229,674	4,691,488	765,000	635,235	1,400,235	3.35
2007	10,970,532	8,405,774	2,564,758	785,000	606,179	1,391,179	1.84

Note: Direct operating expenses excludes depreciation

CITY OF ROCKWALL, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS  
 (unaudited)

TABLE 20

<b>DEMOGRAPHICS</b>					
<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income (1)</b>	<b>RISD School Enrollment (2)</b>	<b>Unemployment Rate (%) (3)</b>
1998	15,300	462,075	30,201	6,898	2.3
1999	16,100	526,969	32,731	7,335	2.7
2000	17,050	558,064	32,731	8,435	3.0
2001	18,934	539,278	28,482	8,898	5.5
2002	20,967	590,473	28,162	9,617	7.1
2003	22,850	644,256	28,195	10,077	6.7
2004	25,200	822,453	32,637	10,527	5.1
2005	27,800	929,882	33,449	11,560	3.5
2006	30,200	995,574	32,966	12,627	3.4
2007	31,407	1,066,362	33,953	13,086	3.9

Source: (1) Rockwall Economic Development Corporation  
 (2) Rockwall Independent School District - private schools not included  
 (3) Texas Workforce Commission

CITY OF ROCKWALL, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (unaudited)

TABLE 21

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,601	1	9.97%	835	1	9.64%
Texas Star Express	484	2	3.01%	175	6	2.02%
Wal-Mart Superstore	450	3	2.80%	450	3	5.19%
Rockwall County	253	4	1.58%	-	-	-
City of Rockwall	238	5	1.48%	-	-	-
Special Products	205	6	1.28%	-	-	-
Target	200	7	1.25%	170	7	1.96%
Rockwall Nursing Home	160	8	1.00%	-	-	-
Kohl's Department Store	140	9	0.87%	-	-	-
Home Depot	130	10	0.81%	-	-	-
Lake Pointe Medical Center*	-	-	-	600	2	6.93%
Precision Cable	-	-	-	200	4	2.31%
James Helwig & Son	-	-	-	180	5	2.08%
Kroger Food	-	-	-	159	8	1.84%
Albertsons	-	-	-	120	9	1.39%
Continental Pet				100	10	
Subtotal	3,861		24.04%	2,769		31.96%
Total	16,058		100.00%	8,664		100.00%

Sources: Rockwall Economic Development Corporation  
 North Central Texas Council of Governments  
 Texas Workforce Commission

\*Lake Pointe Medical Center was originally presented in 1998, however the facility is in Rockwall County, outside of Rockwall city limits and has been removed for future years.

CITY OF ROCKWALL, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 22

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Administration	22	21	21	21	23	19	13	12	11	6.25
Finance	8	8	7.5	6.5	4.5	4.5	5	5	5	5
Municipal Court	4	4	4	3	3	3	3	3	3	3
Fire	10	9	9	8	5	4	3	2	2	1
Police	85	80	72	70	68	63	57	53	47	50
Community Development	29.5	28.5	25.5	22	21	19	14	15	13	13
Parks & Recreation	25.5	25	24	21	21	22	18	16	16	14.5
Public Works	23	23	21	21	21	20	19	19.5	19.5	20
Water/Sewer	31	29	26	25	23	22	21	20	19	18
<b>Total</b>	<b>238.00</b>	<b>227.50</b>	<b>210.00</b>	<b>197.50</b>	<b>189.50</b>	<b>176.50</b>	<b>153.00</b>	<b>145.50</b>	<b>135.50</b>	<b>130.75</b>

CITY OF ROCKWALL, TEXAS  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 23

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Finance										
Invoices processed	16,015	15,883	14,919	14,246	14,430	n/a	n/a	n/a	n/a	n/a
Payroll checks issued	7,840	7,042	6,579	6,543	5,882	4,983	4,277	4,196	n/a	n/a
Purchase orders issued	2,553	2,468	2,561	2,420	2,338	n/a	n/a	n/a	n/a	n/a
Municipal Court										
Violations Processed	17,455	16,635	15,225	13,913	15,000	9,364	8,010	7,173	6,930	10,307
Fire										
Employees (paid)	9	9	9	8	4	3	2	1	1	0
Volunteers	37	40	39	36	38	38	36	37	38	37
Fire Calls (City and County)	777	718	772	623	560	474	460	425	382	318
Police										
Employees (uniformed)	66	61	55	51	49	42	37	36	33	35
Employees (civilian)	18	18	17	17	15	12	12	12	15	17
Calls for Service	27,158	21,121	17,915	16,066	14,699	14,717	13,924	14,633	n/a	n/a
Community Development										
# permits - New commercial construction	33	18	51	18	27	22	13	26	36	44
Value - New commercial construction	104,798,013	39,358,497	49,918,558	29,067,960	40,304,701	41,967,125	16,001,068	12,444,115	18,810,452	21,562,833
# permits - New residential construction	192	470	739	885	775	945	767	655	488	504
Value - New residential construction	40,174,623	82,305,725	123,215,423	135,501,919	117,512,216	144,002,845	119,521,248	94,343,746	72,960,161	73,552,939

CITY OF ROCKWALL, TEXAS  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 23

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Parks &amp; Recreation</b>										
The Center facility rentals	69,988	75,757	71,118	58,060	38,821	2,713	n/a	n/a	n/a	n/a
Special event attendance	54,156	25,231	26,547	35,736	14,300	9,113	5,440	n/a	n/a	n/a
# recreation participants (youth & adult)	2,727	2,381	2,034	1,793	1,411	882	1,028	n/a	n/a	n/a
<b>Public Works</b>										
Streets - sq yd concrete street repair	739.69	1,967.75	2,961.55	2,395.76	n/a	n/a	n/a	n/a	n/a	n/a
\$ spent on concrete/asphalt street repair	341,685	478,169	352,048	431,475	339,507	284,129	242,810	294,895	n/a	n/a
Miles of public street maintained by City	144.83	139.52	129.23	127.66	122.70	116.03	105.38	98.70	89.69	87.10
<b>Water/Sewer</b>										
Water customers	12,345	11,985	11,491	10,497	9,440	8,827	7,875	7,035	6,615	6,124
Sewer customers	10,987	10,445	10,020	9,282	8,510	7,781	7,026	6,310	5,749	5,340
Average daily water consumption (gal)	6,701,619	5,991,288	5,023,404	4,327,595	4,209,473	3,019,976	3,937,395	3,874,655	3,009,200	4,716,189
Maximum storage capacity (gal)	7,500,000	7,500,000	7,500,000	7,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000

Source: City departments

Notes: Operating indicators are not available for Mayor/Council and Administration functions.

n/a - Data not available

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE 24

Function	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Fire										
Number of stations	2	2	2	2	2	2	1	1	1	1
Number of fire engines/trucks	11	9	8	8	8	8	8	8	7	7
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	43	42	37	30	26	22	n/a	n/a	n/a	n/a
Parks & Recreation										
Parks acres (developed)	341.50	324.60	307.30	287.70	283.20	n/a	n/a	n/a	n/a	n/a
Playgrounds	23	18	12	12	12	11	10	10	10	10
Picnic areas	29	27	26	26	25	12	5	5	5	5
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ spent on new street construction	4,885,417	1,689,445	2,477,496	165,359	116,368	1,670,734	377,153	n/a	n/a	n/a
\$ spent on street rehabilitation	2,492,251	6,575,541	2,352,112	583,947	397,026	967,878	1,503,738	n/a	n/a	n/a
Miles of public street	144.83	139.52	129.23	127.66	122.70	116.03	105.38	98.70	89.69	87.10
Water/Sewer										
Water mains (miles)	160.06	155.37	146.32	139.93	128.49	120.93	105.35	96.43	86.62	n/a
Sanitary sewers (miles)	117.51	113.58	107.83	103.62	96.64	91.87	79.21	69.59	59.62	n/a

Source: City departments

Notes: Asset indicators are not available for Mayor/Council, Administration, Finance, Municipal Court, and Community Development functions.

n/a - data not available