

CITY OF ROCKWALL, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Prepared by:

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

Mary P. Smith, CPA
Director of Finance

**CITY OF ROCKWALL, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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Introductory Section

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City of Rockwall
The New Horizon

March 2, 2011

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, 2010, is hereby submitted in accordance with Section 7.18 of the City Charter. The financial statements are 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.

Management assumes full responsibility for both 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 have 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 Rutledge, Crain & Company, PC, 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, 2010, 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, 2010, are fairly presented in conformity with GAAP. The independent auditors' 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 29.62 square miles and an estimated population of 35,050.

The City of Rockwall adopted a home rule charter in 1985 which established a council-manager form of government. Charter amendments were adopted as recently as 2005. Policy making 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. With its concentration of commercial and retail development, the City of Rockwall has long drawn shoppers from surrounding areas. In spite of the continued slow economy throughout the nation, Rockwall saw some new businesses open in 2010 and others break ground. The city's revenues increased over the prior year due in part to the new businesses which are described below. The city has a varied tax base including a mix of residential, commercial and light industrial properties. Total property values rose by 2.48%. The most recent five-year average is 6.73% 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 market Rockwall and assist companies looking to locate their business in the City. The year's highlights included:

- Tom Thumb opened a 59,000 square foot "lifestyle" store in May 2010. This marked the first new store for Tom Thumb in several years and the first full service grocery store in the northern area of the city. It opened as the anchor tenant for the Shops at Stone Creek which added an additional 15,000 square feet of neighborhood services retail space. Out parcel development is expected to kick off in 2011.
- After welcoming Presbyterian Hospital of Rockwall in late 2008, more than 78,000 square feet of medical office space has been added in the adjacent area. In addition, a 54,000 square foot assisted living development opened in early 2010. The Presbyterian development has added more than \$55,000,000 to the City's tax rolls.
- Downtown Rockwall benefited from the attention garnered as Rockwall has been named a Texas Main Street City. A number of new retail establishments including Candles by Carol and Bella's House on the Square and the Candy Jar Malt Shop joined to complement the many offerings in the downtown area. The City has seen a 25% increase in sales taxes in the downtown area in the last year.
- Half Price Books joined the retail mix in April 2010 allowing the City to meet a long standing goal of a book store opening in the City.
- The Woodmont Company broke ground on the 100,000 square foot, second phase of their "Plaza" development. They will add retail draws such as Maurice's, Joann Fabrics and Home Goods as well as several restaurant favorites including Freebirds in 2011.
- The City completed annexation of more than 1,000 acres of largely agricultural land in the southeastern quadrant. This area is expected to include frontage on the TxDOT proposed "Outer Loop" project.

Long-term Planning

The City Council and staff recognize 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.

Financial Policies

The City Council adopted financial policies in 2001 which have guided the City allowing us to build a strong fund balance and reinforcing the need to budget conservatively for both revenues and expenditures. The general fund reserve policy was reviewed and updated more recently in 2009. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5 month level will be available to fund capital projects in coming years.

Planning Projects

Having identified the downtown area as a critical component of our long range plan, the City and business and community leaders work with the City's Texas Main Street Manager to coordinate planning efforts and develop interest in locating business downtown and to bring events to the Square. The structured Main Street program provides planning and design opportunities.

The City worked with a consulting firm to prepare an extensive conceptual plan for Planned Development 32 (PD32) which encompasses 60 acres of undeveloped land inside the City's tax increment financing zone and adjacent to the Harbor development. The city recognized the importance of having the conceptual plan ready when the economy improves. The City initiated the zoning process to establish a form based code for the area. It is expected the area will soon see the expansion of the mixed-use concept with retail, restaurants, office and residential spaces as interest from the development community is being expressed.

The Rockwall Economic Development Corporation in conjunction with their Destination 2020 plan has refined the focus and role of their planning committee as well. Their marketing program now includes social media components and targeted marketing aimed at desired industries

Capital Improvement Planning

Having accepted the report from a street condition study designed to evaluate the condition of and prioritize street repairs; the City increased budgeted funding and began a capital improvement planning process.

Planning is underway for a bond election to be held in November 2011. The ballot will include propositions to provide an athletic complex and downtown accessibility projects in addition to roadway and park projects. The City will hire design and construction management professionals to work with staff and City Council to develop the vision for the projects and cost estimates to ensure the projects if approved can move forward expeditiously and in budget.

Strategic Planning

Organizationally, the City uses the Balanced Scorecard Methodology for strategic planning. Bi-annually the City conducts a Citizen Satisfaction Survey to document our progress meeting the needs of our citizens. The City employs the C3 methodology of "Customer Centered Culture" which encourages cross department teams to follow a proven course of data compilation and actions that allow the teams to develop product and process improvements. C3 recognizes that the services we provide are ultimately comprised of a number of products and processes and

those must be designed to meet our customer's needs, not what we perceive are their needs. Two project teams presented their reports to Council in 2010 and many of their suggested improvements have been implemented. The City will move ahead with a biannual survey of our residents' opinions regarding our progress on adopted goals and strategies as well as areas of interest for future projects.

Future Development

Transportation

The City completed construction of the 205 Bypass roadway project which is officially named "John King Boulevard" in honor of our late council member. Shortly after completion of the final railroad crossing in spring 2010, the Texas Department of Transportation began work on the overpass which will connect the northern and southern roadways and allow additional access to I-30. With construction progressing, it should be completed mid 2012. TxDOT, having completed widening of SH205 (Goliad Street) through the City in early 2010, began the widening project for FM740 through southern Rockwall. City projects underway in 2011 will include the reconstruction of Airport Road, a much traveled east-west roadway which will allow better access to John King Boulevard. Having obtained the release of a segment of FM549 from the State, the roadway renamed "Corporate Crossing" will be widened to provide improved and enhanced access to the City's light industrial area between I-30 and SH276.

The City is a member of a County-wide Consortium which allows 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, which also involve planning and state participation. The County's bond initiatives allow funding for the advance planning and design of 5 major roadway projects. This will allow those projects to be ready to commence as soon as state funding is allocated for construction.

Medical Services

Developments in the Horizon Road area have focused on medical services. With the availability of acute care with the opening of Presbyterian Hospital of Rockwall in 2008, and the addition of several new medical buildings with Doctor's suites and state of the art out-patient diagnostic imaging facilities in the past two years, Rockwall has become a regional medical services destination. Additional ancillary medical office buildings and long term care facilities are planned for near term development. Arbor House Assisted Living Center opened in 2010 and will be joined by another such facility in 2011.

Retail / Entertainment

"The Harbor" public improvements, situated on the shores of Lake Ray Hubbard at I-30, were completed in 2007. A public/private partnership provided opportunities for new retailers in the Bella Harbor development as well as public open space and a full-service Hilton Hotel and Conference Center. The Conference Center has been busy with many more events scheduled for 2011. The development has become a regional entertainment destination.

In conjunction with the private development, the City established a tax increment financing (TIF) zone on 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. A new owner and property manager in late 2010 have focused on adding several new restaurants to the mixed use development including Paradise Burgers, Urban Slice and Luna De Noche. The City completed construction of new boat docks to enhance the development and allow boaters easy access to come into the entertainment area after spending time on the lake.

The City's extremely successful Concert on the Lake Series managed by the City's Recreation Department draws approximately 5,000 attendees each Thursday evening for a free concert. The series extended 16 weeks in 2010. Surveys conducted during the events gathered data regarding the distance from which visitors traveled and approximate retail and restaurant dollars expended while here. The term "Live Music Capital of North Texas" has been coined to describe the many opportunities available year round.

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.

A Farmer's Market brings visitors downtown Saturdays from May to October. In 2010 the City added an Art Fair each month. The second annual "Rib Rub" was held in fall 2010 drawing more than 50 teams to the downtown square. The Main Street Advisory Board and "Friends of Downtown Rockwall", citizen volunteer group, are working to plan more special events downtown.

The City is fast becoming the triathlon destination as well. In addition to several locally sponsored races, the City welcomed the Toyota US Open Triathlon in fall 2010. The event saw more than 1,200 participants including a contingent of international Olympians take advantage of our lake access and terrain to complete the final event of the annual seven race series. The City has been notified the event will return for 2011. Early series races will be held in cities including Chicago, Miami and Los Angeles culminating with the Rockwall race and the final prize standings.

Utilities

The water and sewer rates were increased in 2010 and staff will not be recommending a rate increase for 2011. The City purchases treated water as a founding member city of the North Texas Municipal Water District. Construction is ongoing for the Squabble Creek sewer system which will connect to the regional sewer interceptor 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 is recognized with the Texas Commission on Environmental Quality's "Superior" rating.

The City is actively working to acquire the right to serve recently annexed areas which are currently served by wholesale water supply corporations and an investor owned utility. It remains the City's desire to be the provider for all residents in our city limits.

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 9-30-10(net of Debt Service)	\$101,747,179
Estimated Population	35,050
G.O. Debt Per Capita	\$2,903
Net G.O. Debt per Assessed Value	3.30%

The City seeks a bond rating update as new debt is issued. The current ratings are shown below:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor's Rating Group	AA-	A-	A-
Moody's Investor Service Inc.	Aa2	Aa3	A1

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, 2009. 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 twenty 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, 2009

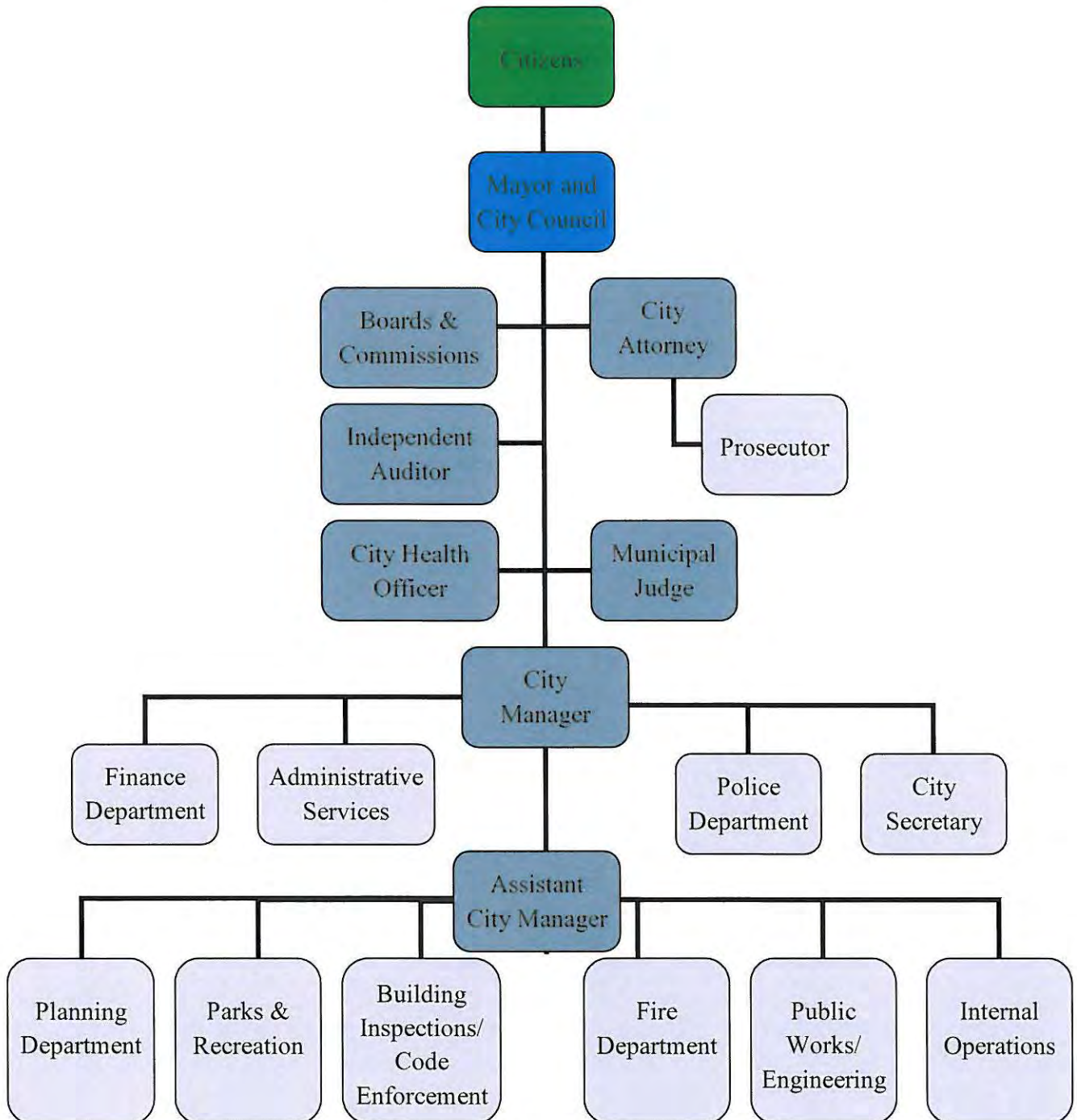
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

City of Rockwall Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2010

City Council

Bill Cecil, Mayor
Glen Farris, Mayor Pro-Tempore
Margo Nielsen, Councilmember
Mark Russo, 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

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Financial Section

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

2401 Garden Park Court, Suite B
Arlington, Texas 76013

Independent Auditors' Report on Financial Statements

To the City Council
City of Rockwall, Texas

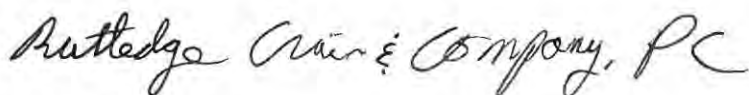
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rockwall, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19 through 29 and 71 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



February 21, 2011

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Management's Discussion and Analysis

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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, 2010. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets were \$171,048,458 at September 30, 2010.
- During the year, the City's expenses were \$1,568,653 less than the \$39,949,481 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, 2010 by \$105,198,540 (net assets). Of this amount \$4,308,457 (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 \$9,159,333 or approximately 38.80 percent of the total general fund operating expenditures and transfers out.
- The City's total outstanding general obligation bonds and certificates of obligation (excluding enterprise and component unit debt) decreased by \$4,458,038 during fiscal year 2010. 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.

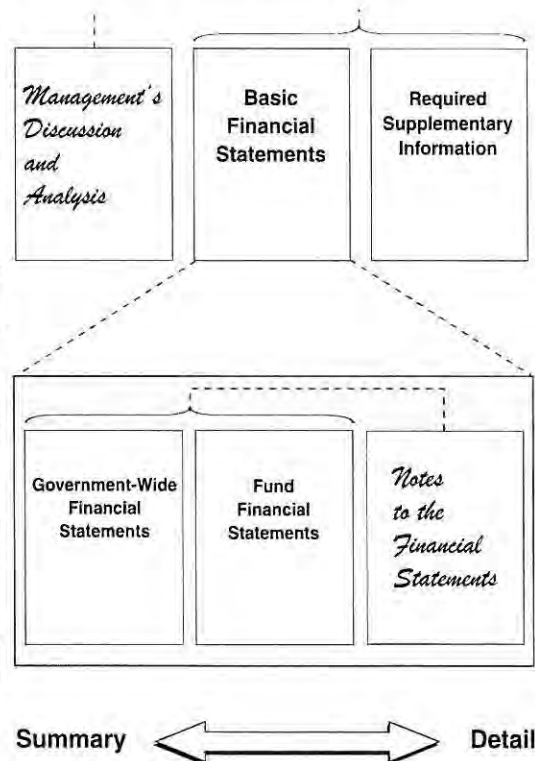
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

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 of Rockwall’s Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private business.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance Sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net assets ◆ Statement of revenues, expenses & changes in fund net assets ◆ Statement of cash flows
<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
<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
<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

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 provide funds for 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 Type A 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 33-35 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 20 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 and Debt Service fund are considered major funds. Data from the other 18 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 2010, the City's net assets (assets exceeding liabilities) totaled \$171,048,458. 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 (83.82% percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets which 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 29,132,797	\$ 35,699,050	\$ 22,378,392	\$ 30,640,868	\$ 51,511,189	\$ 66,339,918
Capital Assets	<u>186,559,440</u>	<u>182,827,873</u>	<u>88,232,301</u>	<u>83,311,589</u>	<u>274,791,741</u>	<u>266,139,462</u>
Total Assets	<u>215,692,237</u>	<u>218,526,923</u>	<u>110,610,693</u>	<u>113,952,457</u>	<u>326,302,930</u>	<u>332,479,380</u>
Non-current liabilities	107,375,817	111,487,365	42,006,013	44,007,156	149,381,830	155,494,521
Other liabilities	<u>3,117,880</u>	<u>3,409,672</u>	<u>2,754,762</u>	<u>2,796,045</u>	<u>5,872,642</u>	<u>6,205,717</u>
Total Liabilities	<u>110,493,697</u>	<u>114,897,037</u>	<u>44,760,775</u>	<u>46,803,201</u>	<u>155,254,472</u>	<u>161,700,238</u>
Net Assets						
Invested in capital assets,						
net of related debt	89,101,460	88,367,580	54,288,096	53,418,392	143,389,556	141,785,972
Restricted for debt service	1,350,710	1,268,238	1,128,828	1,216,379	2,479,538	2,484,617
Restricted for capital projects	10,437,913	1,038,291	5,092,891	6,352,322	15,530,804	7,390,613
Unrestricted	<u>4,308,457</u>	<u>12,955,777</u>	<u>5,340,103</u>	<u>6,162,163</u>	<u>9,648,560</u>	<u>19,117,940</u>
Total net assets	<u>\$105,198,540</u>	<u>\$103,629,886</u>	<u>\$ 65,849,918</u>	<u>\$ 67,149,256</u>	<u>\$ 171,048,458</u>	<u>\$170,779,142</u>

An additional portion of the City of Rockwall's net assets, \$18,010,342 or 10.53% 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 which was issued as projects are designed and construction is beginning. The remaining unrestricted net assets, \$9,648,560, 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, 2010.

Table 2
Changes in Net Assets

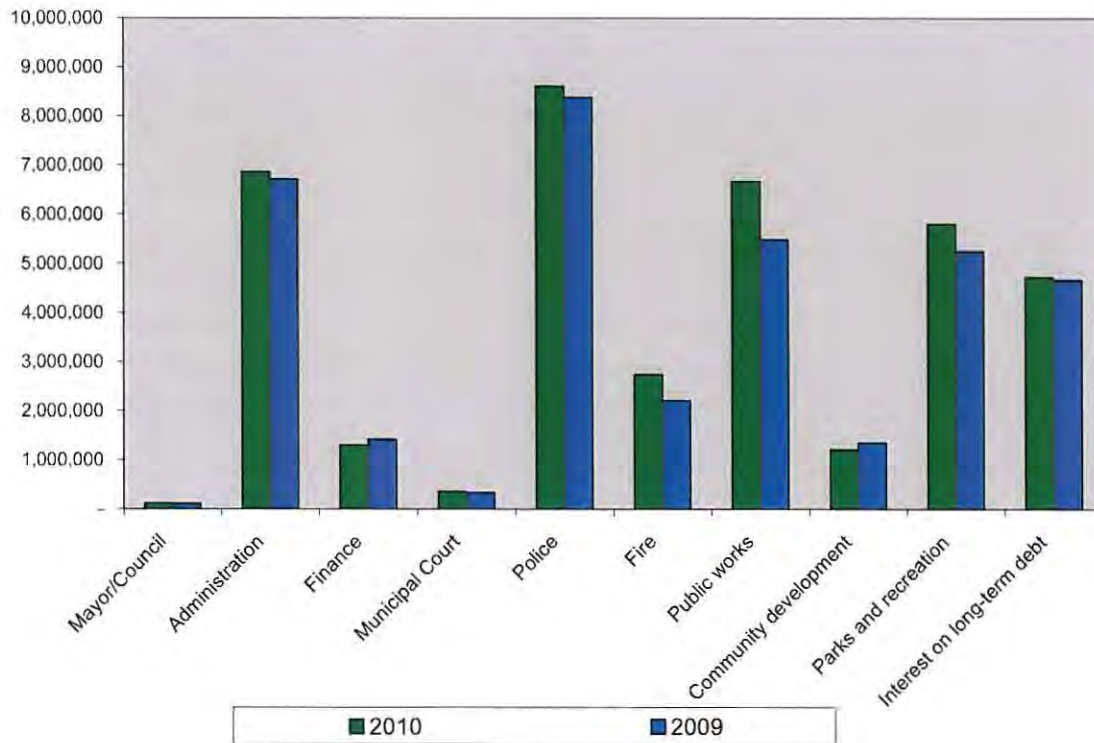
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 3,086,929	\$ 3,287,149	\$ 11,932,337	\$ 11,274,215	\$ 15,019,266	\$ 14,561,364
Operating grants & contributions	56,783	81,199	-	-	56,783	81,199
Capital grants & contributions	4,439,998	8,127,487	1,992,680	3,374,321	6,432,678	11,501,808
General Revenues:						
Property taxes	16,735,510	16,422,119	-	-	16,735,510	16,422,119
Sales taxes	10,833,398	10,264,401	-	-	10,833,398	10,264,401
Other	<u>3,304,089</u>	<u>3,734,068</u>	<u>203,622</u>	<u>675,348</u>	<u>3,507,711</u>	<u>4,409,416</u>
Total revenues	38,456,706	41,916,423	14,128,639	15,323,884	52,585,345	57,240,307
Program expenses:						
Mayor/Council	116,372	109,844	-	-	116,372	109,844
Administration	6,881,788	6,707,709	-	-	6,881,788	6,707,709
Finance	1,294,888	1,409,054	-	-	1,294,888	1,409,054
Municipal Court	353,147	334,922	-	-	353,147	334,922
Police	8,609,827	8,384,774	-	-	8,609,827	8,384,774
Fire	2,741,288	2,201,236	-	-	2,741,288	2,201,236
Public works	6,669,448	5,482,571	-	-	6,669,448	5,482,571
Community development	1,210,519	1,350,023	-	-	1,210,519	1,350,023
Parks and recreation	5,805,241	5,250,506	-	-	5,805,241	5,250,506
Interest on long-term debt	4,717,319	4,669,459	-	-	4,717,319	4,669,459
Water and sewer	-	-	<u>13,916,192</u>	<u>13,272,884</u>	<u>13,916,192</u>	<u>13,272,884</u>
Total expenses	38,399,837	35,900,098	13,916,192	13,272,884	52,316,029	49,172,982
Increase (decrease) in net assets						
before transfers	56,869	6,016,325	212,447	2,051,000	269,316	8,067,325
Transfers	<u>1,511,785</u>	<u>6,201,291</u>	<u>(1,511,785)</u>	<u>(6,201,291)</u>	-	-
Increase (decrease) in net assets	1,568,654	12,217,616	(1,299,338)	(4,150,291)	269,316	8,067,325
Net assets, October 1	<u>103,629,886</u>	<u>91,412,270</u>	<u>67,149,256</u>	<u>71,299,547</u>	<u>170,779,142</u>	<u>170,779,142</u>
Net assets, September 30	<u>\$105,198,540</u>	<u>\$103,629,886</u>	<u>\$ 65,849,918</u>	<u>\$ 67,149,256</u>	<u>\$171,048,458</u>	<u>\$178,846,467</u>

Governmental Activities

The City's total revenues of governmental activities were \$38,437,698. A significant portion 43.6%, of the City's revenues came from property taxes. Another 28.2% of revenue came from sales taxes. Ad valorem property tax revenues as a percent of revenues continue to increase each year due to the addition of new properties and increased valuation throughout the City as well as increases in the tax rate to pay debt service. Assessed values of the properties in the City increased by \$74,671,525 or 2.48%. The City adopted a property tax rate of 50.31 cents per \$100 of assessed valuation for fiscal year 2010. The rate did not increase over the prior year's rate. Sales tax revenue increased over the prior year by 5.54% and was reflective of the addition of Costco Wholesale and other new retail business openings.

The economy while slower than in years past began to improve. The national decline in new housing starts had been felt on the local level but 2010 saw a 25% increase in residential building permits. This represented the largest number of housing starts since 2006. The City experienced little commercial development during the fiscal year but revenues were in line with prior years. 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 City's investment earnings included in the "other" revenues above were reflective of today's interest rate environment.

Comparative Expenses – Governmental Activities



The total cost of all programs and services were \$38,380,829. Of these costs \$8,609,827 (22.4%) was for the Police Department. The department added a new officer and a dispatcher in fiscal year 2010 and upgraded their dispatch and mobile reporting software. Administrative departments including Administration, Human Resources, and Internal Operations had combined costs of \$6,862,780 (17.9%). Public Works costs were \$6,669,448 (17.4%) and reflected ongoing maintenance focused projects.

Business-Type Activities

The City's business-type activities recorded a decrease of \$1,299,338 in net assets. Retail water sales increased by 4.78% over the prior year but are not back to the consumption levels seen before the extended period of near record drought conditions in 2007-08. The City's rates were increased in January 2010 which led to the additional revenue this year. The City implemented conservation water rates in 2001 and increases them each time new rates are adopted. Sewer charges were not affected significantly because the City uses winter averaging to calculate sewer billing. Water and sewer charges were \$11,932,337. The ending working capital, excluding restricted assets and liabilities payable from restricted assets, for the water and sewer fund was \$3,590,491.

Water and sewer impact fees revenue totaled \$508,124 for the fiscal year. Impact fees, paid by developers, are designed to reduce the system's initial costs in building assets. Residential development is assessed an impact fee at the building permit stage while commercial projects are assessed at the start of site development.

The City's water system has achieved the "Superior" rating by the Texas Commission on Environmental Quality.

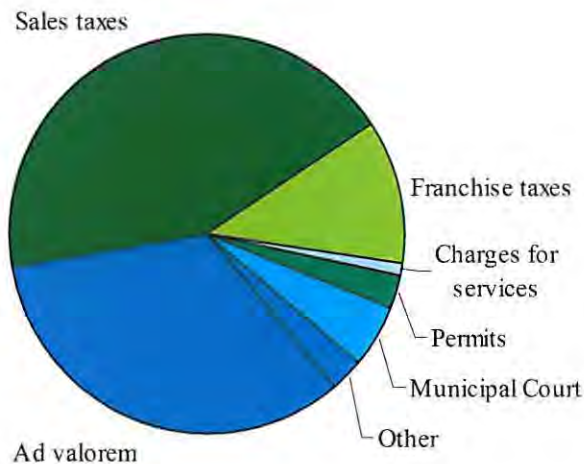
Component Units

The Rockwall Economic Development Corporation (REDC) reported revenues primarily from a ½ cent sales tax, authorized under the Type A Corporation statutes, of \$3,493,708. Assets managed by the corporation include an inventory of over 310 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 \$9,159,333. The largest source of general fund revenue is sales tax, it accounted for \$10,366,522 (43.7%) of total general fund revenue. Ad valorem property taxes account for \$7,917,126 (33.4%) of general fund revenues. The City maintains the unreserved fund balance at or above acceptable levels as defined within the City's financial policies. This "reserve" balance 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 an increase in fund balance of \$17,734. Property tax collections for debt service requirements were \$8,317,432. This is required in order to pay debt service payments on bonds issued to construct numerous road and parks projects completed in 2009 or underway in 2010. After extensive study, the City adopted a Roadway Impact Fee in fiscal year 2009 which provided \$232,702 in new revenue to this fund in fiscal year 2010.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2010, 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 original budgeted expenditures of \$21,875,100 increased to \$21,951,150 while revenues increased from \$22,829,800 to \$23,200,650. The City of Rockwall had originally estimated the ending general fund balance to be \$8,331,129 however due to the budget adjustments mentioned above and a planned reduction in fund balance for equipment for the police department, the fund balance was re-estimated to be \$8,209,929.

General fund revenues were \$23,731,553, an increase of \$530,903, reflecting strong sales tax collections in the latter months of the budget year. Actual general fund total expenditures were \$21,863,517 a decrease of \$87,633 less than final projections. This allowed the City to end the year with a fund balance of \$9,159,333, an increase of \$949,406 over the projected balance. The higher fund balance is attributable to management's conservative projections of both revenues and expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2010 the City had \$274,791,741 (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	
	2010	2009	2010	2009	2010	2009
Land	\$13,867,438	\$ 5,692,561	\$ 799,533	\$ 799,533	\$ 14,666,971	\$ 6,492,094
Buildings	14,025,618	9,288,285	89,668	95,102	14,115,286	9,383,387
Improvements other than buildings	21,754,264	21,622,268	70,870,766	60,685,467	92,625,030	82,307,735
Machinery & Equipment	5,020,277	5,263,317	714,704	708,000	5,734,981	5,971,317
Infrastructure	126,863,500	79,401,906	-	-	126,863,500	79,401,906
Construction in Progress	5,028,343	61,559,536	7,904,039	12,921,047	12,932,382	74,480,583
Wastewater treatment facilities	-	-	7,853,592	8,102,439	7,853,592	8,102,439
	<u>\$186,559,440</u>	<u>\$182,827,873</u>	<u>\$ 88,232,302</u>	<u>\$ 83,311,588</u>	<u>\$274,791,742</u>	<u>\$266,139,461</u>

The City's capital improvement program included a number of voter authorized projects to construct new streets and reconstruct several older city streets. Many of those projects were completed in 2010 reflected in the reduction of construction in progress above. A number of drainage projects were anticipated during the five-year planned capital improvement period.

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 was made and includes the purchase of land for a large park in the northern area of the City, and completed construction on all of the neighborhood parks.

Construction in progress at September 30, 2010 for governmental activities included the ongoing construction costs associated with the Airport Road and Discovery Boulevard projects, the addition of a public safety radio tower which is nearing completion 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. Work commenced on a project to connect the Squabble Creek treatment plan to the regional wastewater interceptor project and will continue into 2011.

Additional information regarding the City's capital assets is found in note IV-C on pages 54-56.

Debt

At year end, the City had \$148,305,079 in bonds and capitalized leases shown in Table 4.

**Table 4
City of Rockwall Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 83,271,784	\$ 86,179,822	\$ 135,178	\$ 135,178	\$ 83,406,962	\$ 86,315,000
Certificates of obligation	20,875,000	22,425,000	25,890,000	25,890,000	46,765,000	48,315,000
Revenue bonds	-	-	10,775,000	11,670,000	10,775,000	11,670,000
Capital Lease obligations	278,034	-	7,080,083	7,431,754	7,358,117	7,431,754
	<u>\$ 104,424,818</u>	<u>\$108,604,822</u>	<u>\$ 43,880,261</u>	<u>\$ 45,126,932</u>	<u>\$148,305,079</u>	<u>\$153,731,754</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 3.30% or \$2,903 per capita. This is a reduction from the prior year due to the approximately 9.2% population increase experienced as a result of annexation efforts.

The City's bond ratings at September 30, 2010 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.	Aa2	Aa3	A1

Additional information on the City of Rockwall's long-term debt can be found in note IV-E, on pages 58-64 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 2011 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 slowed growth in our community and the impact of the national economic recession. Rockwall saw only a few new commercial/retail business openings in 2010 which would positively impact sales tax revenues in fiscal year 2011. With this in mind and to continue the City's conservative budget philosophy,

sales tax projections were flat. Slowed development caused the City to be very conservative in projecting building permit revenues as well. Commercial building starts were strong in late 2010 but are not expected to impact new year revenues. Interviews with local builders led the City to project continued slow home starts for the coming year.

The City of Rockwall's citizens enjoy above-average income levels per household. This combined 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 "hometown" atmosphere. The Rockwall Economic Development Corporation works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities. The City's unemployment rate was 6.6%, well below the national totals.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2011. The budgeted revenues for fiscal year 2011 total \$23,335,700 for the general fund. Ad valorem tax revenue is determined by two factors, the total assessed value established by the Rockwall Central Appraisal District and the tax rate established by the Rockwall City Council. New debt was not issued in 2010 and the 2011 issuance will be significantly less than in years 2006 – 2009 due to completion of the majority of voter approved projects. The property tax rate was maintained at 50.31 cents per hundred dollars of assessed value.

The City adopted written financial policies in 2001 which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. These policies were reviewed by the City Council in 2009 and certain provisions related to the City's fund balance were changed. The amended policy provides that the General Fund reserves should be no less than 3 months of recurring operating appropriations. In addition, the policies provide that should an audited fund balance at the end of the fiscal year exceed 3.5 months, the City Council may elect to transfer a portion to a Capital Projects Fund. The budget as adopted for fiscal year 2011 projects a fund balance of approximately 4.9 months of recurring operating expenditures.

The 2011 budget expenditures includes absorbing the increasing costs of employee health and retirement costs as well as increasing police patrol overtime and street maintenance expenditures. The budget did not include significant new programs due to budgetary constraints.

The water and sewer rate study has been updated and the budget does not anticipate an increase in those rates. A number of capital projects to continue system expansion and the system are being planned for fiscal year 2011 while operational costs will be slightly reduced from prior year levels.

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.

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Basic Financial Statements

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CITY OF ROCKWALL, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,707,296	\$ 210,496	\$ 2,917,792	\$ 309,916
Investments	20,243,439	2,810,073	23,053,512	6,734,785
Receivables (net of allowances for uncollectibles)	2,788,708	2,139,669	4,928,377	4,631
Due from other governments	1,862,314	--	1,862,314	591,787
Due from component unit	1,050	--	1,050	--
Inventories	3,453	225,263	228,716	13,874,711
Restricted assets:				
Cash and cash equivalents	--	1,731,239	1,731,239	--
Investments	--	14,681,381	14,681,381	--
Accrued interest	--	56,632	56,632	--
Deferred charges	1,526,537	523,639	2,050,176	172,320
Capital assets (net of accumulated depreciation)				
Land	13,867,438	799,533	14,666,971	--
Buildings and system	14,025,618	78,814,025	92,839,643	--
Improvements other than buildings	21,754,264	--	21,754,264	--
Machinery and equipment	5,020,277	714,704	5,734,981	14,598
Infrastructure	126,863,500	--	126,863,500	--
Construction in progress	5,028,343	7,904,039	12,932,382	--
Total Assets	215,692,237	110,610,693	326,302,930	21,702,748
LIABILITIES				
Accounts payable and accrued liabilities	2,918,555	1,286,263	4,204,818	216,411
Unearned revenue	38,978	--	38,978	--
Due to other governments	160,347	--	160,347	--
Due to primary government	--	--	--	1,050
Customer deposits	--	320,540	320,540	--
Liabilities payable from restricted assets	--	1,147,959	1,147,959	--
Noncurrent liabilities:				
Due within one year	5,110,370	966,200	6,076,570	1,152,219
Due in more than one year	102,265,447	41,039,813	143,305,260	18,542,370
Total Liabilities	110,493,697	44,760,775	155,254,472	19,912,050
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	89,101,460	54,288,096	143,389,556	14,598
Restricted For:				
Debt Service	1,350,710	1,128,828	2,479,538	--
Capital Projects	10,437,913	5,092,891	15,530,804	--
Unrestricted	4,308,457	5,340,103	9,648,560	1,776,100
Total Net Assets	\$ 105,198,540	\$ 65,849,918	\$ 171,048,458	\$ 1,790,698

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
Mayor/Council	\$ 116,372	\$ --	\$ --	\$ --
Administration	6,881,788	136,990	1,950	120
Finance	1,294,888	4,922	18,798	--
Municipal court	353,147	1,193,019	--	--
Police	8,609,827	522,919	32,344	--
Fire	2,741,288	125,450	3,691	78,000
Public works	6,669,448	62,795	--	4,251,768
Community development	1,210,519	664,711	--	--
Parks and recreation	5,805,241	376,123	--	110,110
Interest on long-term debt	4,717,319	--	--	--
Total governmental activities	38,399,837	3,086,929	56,783	4,439,998
Business-type Activities:				
Water and Sewer	13,916,192	11,932,337	--	1,992,680
Total Business-type Activities	13,916,192	11,932,337	--	1,992,680
Total Primary Government	\$ 52,316,029	\$ 15,019,266	\$ 56,783	\$ 6,432,678
COMPONENT UNITS:				
Economic Development Corporation	\$ 2,122,769	\$ --	\$ --	\$ --
Rockwall Technology Park Association	160,721	151,047	--	--
Total Component Units	\$ 2,283,490	\$ 151,047	\$ --	\$ --

General Revenues:
Ad valorem taxes, penalty and interest
Sales Taxes
Franchise Taxes
Miscellaneous
Unrestricted Investment Earnings
Transfers
Total General Revenues
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Units
\$ (116,372)		\$ (116,372)	
(6,742,728)		(6,742,728)	
(1,271,168)		(1,271,168)	
839,872		839,872	
(8,054,564)		(8,054,564)	
(2,534,147)		(2,534,147)	
(2,354,885)		(2,354,885)	
(545,808)		(545,808)	
(5,319,008)		(5,319,008)	
(4,717,319)		(4,717,319)	
<u>(30,816,127)</u>		<u>(30,816,127)</u>	
	\$ 8,825	8,825	
	8,825	8,825	
<u>(30,816,127)</u>	<u>8,825</u>	<u>(30,807,302)</u>	
			\$ (2,122,769)
			(9,674)
			<u>(2,132,443)</u>
16,735,510	--	16,735,510	--
10,833,397	--	10,833,397	3,493,708
2,748,483	--	2,748,483	--
476,168	149,248	625,416	295
79,438	54,374	133,812	9,604
1,511,785	(1,511,785)	--	--
<u>32,384,781</u>	<u>(1,308,163)</u>	<u>31,076,618</u>	<u>3,503,607</u>
1,568,654	(1,299,338)	269,316	1,371,164
103,629,886	67,149,256	170,779,142	419,534
<u>\$ 105,198,540</u>	<u>\$ 65,849,918</u>	<u>\$ 171,048,458</u>	<u>\$ 1,790,698</u>

CITY OF ROCKWALL, TEXAS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 369,983	\$ 782,567	\$ 1,521,603	\$ 2,674,153
Investments	7,388,066	296,501	11,621,401	19,305,968
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	225,866	232,618	116,811	575,295
Fines	93,333	--	--	93,333
Accrued interest	37,656	--	38,424	76,080
Accounts receivable	86,535	--	484,859	571,394
Assessments receivable	--	--	71,563	71,563
Other receivables	251,559	--	2,423	253,982
Due from other funds	1,036,953	--	--	1,036,953
Due from other governments	1,713,677	--	148,637	1,862,314
Due from component unit	1,050	--	--	1,050
Inventory	3,453	--	--	3,453
Total Assets	<u>\$ 11,208,131</u>	<u>\$ 1,311,686</u>	<u>\$ 14,005,721</u>	<u>\$ 26,525,538</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,340,544	\$ --	\$ 552,430	\$ 1,892,974
Deferred revenue	533,407	216,657	472,717	1,222,781
Due to other funds	14,500	--	504,979	519,479
Due to other governments	160,347	--	--	160,347
Total Liabilities	<u>2,048,798</u>	<u>216,657</u>	<u>1,530,126</u>	<u>3,795,581</u>
Fund balances:				
Reserved for:				
Debt service	--	1,095,029	--	1,095,029
Unreserved, reported in:				
General fund	9,159,333	--	--	9,159,333
Debt service fund deficit	--	--	(164,739)	(164,739)
Special revenue funds	--	--	2,320,833	2,320,833
Capital projects funds	--	--	10,319,501	10,319,501
Total fund balances	<u>9,159,333</u>	<u>1,095,029</u>	<u>12,475,595</u>	<u>22,729,957</u>
Total Liabilities and Fund Balances	<u>\$ 11,208,131</u>	<u>\$ 1,311,686</u>	<u>\$ 14,005,721</u>	<u>\$ 26,525,538</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXASRECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Total fund balances - governmental funds balance sheet	\$ 22,729,957
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	186,559,440
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	543,438
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	190,231
Payables for bond principal which are not due in the current period are not reported in the funds.	(105,907,449)
Payables for capital leases which are not due in the current period are not reported in the funds.	(278,034)
Payables for bond interest which are not due in the current period are not reported in the funds.	(750,578)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,190,335)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	1,526,537
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	79,384
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	1,134,969
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	118,412
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	111,563
Contracts receivable unavailable to pay for current period expenditures are deferred in the funds .	331,005
Net assets of governmental activities - Statement of Net Assets	\$ 105,198,540

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, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes, penalty and interest	\$ 7,917,126	\$ 8,317,432	\$ 326,208	\$ 16,560,766
Sales taxes	10,366,522	--	466,875	10,833,397
Franchise taxes	2,728,251	--	--	2,728,251
Charges for services	239,059	--	474,701	713,760
Permits	651,108	--	--	651,108
Municipal court	1,165,983	--	7,924	1,173,907
Intergovernmental	413,290	--	92,810	506,100
Interest income	54,156	5,432	19,849	79,437
Miscellaneous	186,058	247,701	135,499	569,258
Donations	10,000	--	138,512	148,512
Total revenues	23,731,553	8,570,565	1,662,378	33,964,496
Expenditures:				
Current:				
Mayor/Council	116,372	--	--	116,372
Administration	3,095,616	--	277,028	3,372,644
Finance	1,007,850	--	181,400	1,189,250
Municipal court	333,234	--	--	333,234
Police	7,818,034	88,604	176,437	8,083,075
Fire	2,061,243	--	118,129	2,179,372
Public works	1,577,760	--	--	1,577,760
Community development	1,130,169	--	--	1,130,169
Parks and recreation	4,392,369	--	137,370	4,529,739
Total current	21,532,647	88,604	890,364	22,511,615
Capital outlay:				
Administration	--	--	4,746,949	4,746,949
Finance	--	--	57,653	57,653
Police	330,870	--	985,756	1,316,626
Fire	--	--	434,754	434,754
Public works	--	--	24,575	24,575
Parks and recreation	--	--	1,095,622	1,095,622
Total capital outlay	330,870	--	7,345,309	7,676,179
Debt service:				
Principal	--	4,208,038	250,000	4,458,038
Interest	--	4,124,157	642,331	4,766,488
Fiscal charges	--	7,032	--	7,032
Total debt service:	--	8,339,227	892,331	9,231,558
Total expenditures	21,863,517	8,427,831	9,128,004	39,419,352
Excess (deficiency) of revenues over (under) expenditures	1,868,036	142,734	(7,465,626)	(5,454,856)
Other financing sources (uses):				
Transfers in	721,200	--	757,635	1,478,835
Transfers out	(2,056,750)	(125,000)	(122,300)	(2,304,050)
Capital leases	330,870	--	--	330,870
Total other financing sources (uses)	(1,004,680)	(125,000)	635,335	(494,345)
Net change in fund balances	863,356	17,734	(6,830,291)	(5,949,201)
Fund balances, October 1	8,295,977	1,077,295	19,305,886	28,679,158
Fund balances, September 30	\$ 9,159,333	\$ 1,095,029	\$ 12,475,595	\$ 22,729,957

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, 2010

Net change in fund balances - total governmental funds	\$ (5,949,201)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	7,701,014
The depreciation of capital assets used in governmental activities is not reported in the funds.	(8,176,847)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.	(44,367)
Donations of capital assets increase net assets in the SOA but not in the funds.	4,251,767
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	174,745
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,458,038
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	52,836
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(88,090)
(Increase) decrease in accrued interest from beginning of period to end of period.	56,201
The net revenue (expense) of internal service funds is reported with governmental activities.	(452,540)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(149,726)
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	24,020
Certain assessment revenues are deferred in the funds. This is the change in these amounts this year.	(38,026)
Revenues in the SOA for franchise taxes not providing current financial resources are not reported in the funds.	20,232
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(330,870)
Certain contracts receivable revenues are deferred in the funds. This is the change in these amounts this year.	59,468
Change in net assets of governmental activities - Statement of Activities	\$ <u>1,568,654</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2010

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 210,496	\$ 33,143
Investments	2,810,073	937,471
Accrued interest	--	189
Accounts receivable (net of allowance)	2,139,669	--
Other receivables	--	11,908
Inventory	225,263	--
Restricted assets:		
Cash and cash equivalents	1,731,239	--
Investments	14,681,381	--
Accrued interest	56,632	--
Total current assets	<u>21,854,753</u>	<u>982,711</u>
Noncurrent assets:		
Deferred charges	523,639	--
Capital assets not being depreciated	8,703,572	--
Capital assets being depreciated, net	79,528,729	--
Total noncurrent assets	<u>88,755,940</u>	<u>--</u>
Total Assets	<u>\$ 110,610,693</u>	<u>\$ 982,711</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,286,263	\$ 275,006
Due to other funds	--	517,474
Customer deposits	320,540	--
General obligation bonds - current	951,962	--
Liability for compensated absences	110,193	--
Liabilities Payable From Restricted Assets:		
Revenue bonds payable - current	740,000	--
Obligations under capital leases - current	370,004	--
Accrued interest payable	37,955	--
Total current liabilities	<u>3,816,917</u>	<u>792,480</u>
Noncurrent Liabilities:		
General obligation bonds payable	24,166,254	--
Revenue bonds payable	10,067,524	--
Obligations under capital leases payable	6,710,080	--
Total noncurrent liabilities	<u>40,943,858</u>	<u>--</u>
Total Liabilities	<u>44,760,775</u>	<u>792,480</u>
NET ASSETS		
Invested in capital assets, net of related debt	54,288,096	--
Restricted for debt service	1,128,828	--
Restricted for construction	5,092,891	--
Unrestricted	5,340,103	190,231
Total Net Assets	<u>\$ 65,849,918</u>	<u>\$ 190,231</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 11,932,337	\$ 503,147
Reinsurance reimbursement	--	72,113
Total Operating Revenues	<u>11,932,337</u>	<u>575,260</u>
OPERATING EXPENSES:		
Personnel services	1,986,514	--
Contractual services	6,919,880	3,375,727
Materials and supplies	397,304	--
Operations	186,132	--
Utilities	382,159	--
Depreciation and amortization	1,930,306	--
Total Operating Expenses	<u>11,802,295</u>	<u>3,375,727</u>
Operating Income (Loss)	130,042	<u>(2,800,467)</u>
NON-OPERATING REVENUES (EXPENSES):		
Capital recovery fees	508,124	--
Interest income	54,374	5,187
Miscellaneous income	149,248	5,740
Paying agent fees	(6,922)	--
Interest expense	(2,106,975)	--
Total Non-operating Revenues (Expenses)	<u>(1,402,151)</u>	<u>10,927</u>
Net Income (Loss) before Operating Transfers	<u>(1,272,109)</u>	<u>(2,789,540)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Capital contributions	1,484,556	--
Transfers in	--	2,337,000
Transfers out	(1,511,785)	--
Total Transfers and Capital Contributions	<u>(27,229)</u>	<u>2,337,000</u>
Change in net assets	(1,299,338)	(452,540)
Net assets, October 1	67,149,256	642,771
Net assets, September 30	<u>\$ 65,849,918</u>	<u>\$ 190,231</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2010

	Business Type Activities	Governmental Activities
	Enterprise Water and Sewer Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 11,703,738	\$ 662,758
Cash Payments to Employees for Services	(1,968,049)	--
Cash Payments to Other Suppliers for Goods and Services	(7,794,716)	(3,457,484)
Net Cash Provided (Used) by Operating Activities	<u>1,940,973</u>	<u>(2,794,726)</u>
Cash Flows from Non-capital Financing Activities:		
Cash Paid to Other Funds	(1,511,785)	--
Cash Received From Other Funds	--	2,637,058
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(1,511,785)</u>	<u>2,637,058</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital debt	--	--
Principal and Interest Paid	(4,198,851)	--
Capital recovery fees received	508,124	--
Acquisition or Construction of Capital Assets	(5,366,462)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(9,057,189)</u>	<u>--</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(3,350,000)	--
Proceeds from Sale and Maturities of Securities	9,620,284	--
Interest and Dividends on Investments	54,374	4,129
Net Cash Provided (Used) for Investing Activities	<u>6,324,658</u>	<u>4,129</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,303,343)	(153,539)
Cash and Cash Equivalents at Beginning of Year	16,386,532	1,124,153
Cash and Cash Equivalents at End of Year	<u>\$ 14,083,189</u>	<u>\$ 970,614</u>
Cash Equivalents Included in Investments:		
Unrestricted	\$ 1,310,073	\$ 937,471
Restricted	10,831,381	--
	<u>\$ 12,141,454</u>	<u>\$ 937,471</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 130,072	\$ (2,799,598)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	1,930,306	--
Miscellaneous Income	149,248	5,740
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	(378,867)	80,889
Decrease (Increase) in Inventories	(5,362)	--
Decrease (Increase) in Due From Other Governments	--	--
Increase (Decrease) in Accounts Payable and Accrued Liabilities	96,124	(81,757)
Increase (Decrease) in Customer Deposits	990	--
Increase (Decrease) in Compensated Absences	18,462	--
Total Adjustments	<u>1,810,901</u>	<u>4,872</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,940,973</u>	<u>\$ (2,794,726)</u>
Non-Cash Activities:		
Capital Contributions	\$ 1,484,556	\$ --

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2010

	Agency Fund
	Special Escrow Agency
ASSETS	
Cash and cash equivalents	\$ 45,818
Investments	1,311,252
Accrued interest	7,826
Total Assets	<u>1,364,896</u>
LIABILITIES	
Due to developers	1,364,896
Total Liabilities	<u>1,364,896</u>
NET ASSETS	
Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Rockwall, Texas, 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 service as a proprietary function of the City.

The accounting policies of the City of Rockwall, Texas, conform to generally accepted accounting principals issued by the Governmental Accounting Standards Board 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 of Rockwall is a home rule municipality governed by an elected mayor and six member City Council who appoint a City Manager. The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the 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 over 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 nine 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 (RTP) provides repair and maintenance of the common area within the park being developed by REDC. RTP's board of directors is composed of representatives of the landowners. At September 30, 2010, 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.

The funds of both REDC and RTP are composed of governmental fund types. Stand alone financial statements for RTP as of and for the fiscal year ended September 30, 2010 are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) 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

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

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 enterprise funds are reported as separate columns in the fund financial statements.

C. 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.

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 general obligation debt of governmental funds.

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 worker's compensation coverage services provided to other departments or agencies of the government, or to other governments 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).

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

Capital Projects Funds account for the acquisition of capital assets or the construction of major capital projects (such as streets and sidewalks) not being financed by proprietary funds.

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.

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 wastewater 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.

D. Assets, liabilities, and net assets or equity

1. 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 worker 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 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 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.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

- 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.
- 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 1 – 4. 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 of the 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 assets 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.

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 1 year or more, when purchased, are stated at fair value. Short term investments are stated at cost or amortized cost.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

2. 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 inter fund 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 1 by the City based on the January 1 property values as assessed by the Rockwall County Central Appraisal District. Taxes are due without penalty until January 31, of the next calendar year. After January 31 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.

3. 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.

4. Restricted assets

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

5. 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 assets 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.

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2010

Capital assets of the primary government, as well as the component units, is 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

6. 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 6.67 hours 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 3 days 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 3 days sick leave to one day 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 3 days sick leave to one day vacation leave and shall be paid to the employee if he/she has 10 or more years of service to the City. 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. Compensated absences are reported in governmental funds only if they have matured for example, as a result of employee's resignation and retirement.

7. Long-term obligations

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

8. 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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$1,526,537 difference are as follows:

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2010

Bonds issuance costs:	
City	<u>\$1,526,537</u>

III. 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 1, 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 2010, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.
6. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

Emergency Siren Fund	
Downtown Improvement Fund	
Art in Public Places Fund	
7. Capital Project funds were not budgeted. Since project length financial plans usually extend into two or more fiscal years, this makes comparisons confusing and misleading.

B. Deficit fund equity

The following funds had deficit fund balances at September 30, 2010:

Harbor Debt Service Fund	\$164,739
Employee Benefits Internal Service Fund	\$750,207

The deficit in the Harbor Debt Service Fund was caused by property tax revenue delays, and will be covered by additional revenues in the future. The deficit in the Employee Benefits fund was caused by unanticipated health care cost increases, and will be covered by additional transfers from the general fund.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

IV. 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, 2010, 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 \$1,235,723 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, 2010, 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 THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

Investments

At September 30, 2010, the City's investments were:

	Carrying Value	Maturity (months)			
		Less than 1	2-6	7-12	13-18
Primary Government					
U.S. Government Agencies					
Federal Home Loan Bank	\$9,529,988	\$ --	\$ --	\$1,495,545	\$8,034,443
Federal Home Loan Mortgage Corp.	2,351,174	--	--	--	2,351,174
Federal National Mortgage Asso.	3,457,992	--	--	1,998,808	1,459,184
Treasury bills and notes	<u>2,197,480</u>	<u>697,625</u>	--	--	<u>1,499,855</u>
	17,536,634	697,625	--	3,494,353	13,344,656
Money Market Funds	<u>21,509,510</u>	<u>21,509,510</u>	--	--	--
Total Primary Government	<u>39,046,144</u>	<u>22,207,135</u>	--	<u>3,494,353</u>	<u>13,344,656</u>
Discrete Component Units					
Rockwall Economic Development Corporation					
Money Market Funds	6,694,421	6,694,421	--	--	--
Rockwall Technology Park					
Money Market Funds	<u>40,364</u>	<u>40,364</u>	--	--	--
Total Discrete Component Units	<u>6,734,785</u>	<u>6,734,785</u>	--	--	--
Total Reporting Entity	<u>\$45,780,929</u>	<u>\$28,941,920</u>	<u>\$ --</u>	<u>\$3,494,353</u>	<u>\$13,344,656</u>

Investments are reported in the

Statement of net assets as follows:

Governmental activities \$20,243,439

Business-type activities 17,491,454

Fiduciary Fund 1,311,251

Discrete component units:

Rockwall Economic

Development Corporation 6,694,421

Rockwall Technology Park 40,364

\$45,780,929

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor and Other	Total Governmental	Water and Sewer
Taxes receivable - delinquent	\$225,866	\$232,618	\$116,811	\$575,295	\$ --
Fines receivable	\$146,256	\$ --	\$ --	\$146,256	\$ --
Allowance for uncollectibles	(52,923)	--	--	(52,923)	--
	\$93,333	\$ --	\$ --	\$93,333	\$ --
Accrued Interest	\$37,656	\$ --	\$38,424	\$76,080	\$56,632
Accounts receivable	\$86,535	\$ --	\$484,859	\$571,394	\$2,699,540
Allowance for uncollectibles	--	--	--	--	(559,871)
Net other receivables	\$86,535	\$ --	\$484,859	\$571,394	\$2,139,669
Assessments receivable	\$ --	\$ --	\$71,563	\$71,563	\$ --
Other receivables	\$251,559	\$ --	\$2,423	\$253,982	\$ --

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* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$209,971	\$ --
Contract receivable not yet due	244,052	--
Fines receivable	79,384	--
Delinquent property taxes receivable (Debt Service Fund)	216,657	--
Delinquent property taxes receivable (Harbor Debt Service)	116,811	--
Contract receivable not yet due (Harbor Debt service)	--	86,953
Assessments receivable not yet due (Street improvements)	111,563	--
Contributions not yet received (Street Improvements)	118,412	--
Seizures not awarded (Special Crimes Unit)	--	38,979
Total deferred/unearned revenue for governmental funds	\$1,096,850	\$125,932

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

C. Capital assets

Capital asset activity for the year ended September 30, 2010:

Primary Government

	Balance 9/30/09	Additions	Retirements	Completed Construction	Balance 9/30/10
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$5,692,561	\$ --	\$ --	\$8,174,877	\$13,867,438
Construction in progress	61,559,536	5,773,539	(7,930)	(62,296,802)	5,028,343
Total capital assets not being depreciated	67,252,097	5,773,539	(7,930)	(54,121,925)	18,895,781
Capital assets, being depreciated:					
Buildings	12,167,916	--	(78,999)	5,232,057	17,320,974
Improvements other than buildings	25,208,584	1,107,315	--	439,424	26,755,323
Machinery and equipment	12,574,776	820,160	(444,547)	296,926	13,247,315
Infrastructure	122,036,932	4,251,767	--	48,153,518	174,442,217
Total capital assets being depreciated	171,988,208	6,179,242	(523,546)	54,121,925	231,765,829
Less accumulated depreciation for:					
Buildings	(2,879,631)	(489,309)	73,584	--	(3,295,356)
Improvements other than buildings	(3,586,316)	(1,414,743)	--	--	(5,001,059)
Machinery and equipment	(7,311,459)	(1,329,104)	413,525	--	(8,227,038)
Infrastructure	(42,635,026)	(4,943,691)	--	--	(47,578,717)
Total accumulated depreciation	(56,412,432)	(8,176,847)	487,109	--	(64,102,170)
Total capital assets being depreciated, net	115,575,776	(1,997,605)	(36,437)	--	167,663,659
Governmental activities capital assets, net	\$182,827,873	\$3,775,934	(\$44,367)	\$ --	\$186,559,440

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

	Balance 9/30/09	Additions	Retirements	Completed Construction	Balance 9/30/10
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$799,533	--	--	--	\$799,533
Construction in progress	12,921,047	5,238,030	--	(10,255,038)	7,904,039
Total capital assets not being depreciated	13,720,580	5,238,030	--	(10,255,038)	8,703,572
Capital assets, being depreciated:					
Buildings	198,109	--	--	--	198,109
Improvements other than buildings	74,424,332	1,545,980	--	10,255,038	86,225,350
Sewage treatment plants and pump station	12,516,072	--	--	--	12,516,072
Machinery and equipment	4,072,862	67,009	--	--	4,139,871
Total capital assets being depreciated	91,211,375	1,612,989	--	--	103,079,402
Less accumulated depreciation for:					
Buildings	(103,007)	(5,434)	--	--	(108,441)
Improvements other than buildings	(13,738,864)	(1,615,720)	--	--	(15,354,584)
Sewage treatment plants and pump station	(4,413,633)	(248,847)	--	--	(4,662,480)
Machinery and equipment	(3,364,862)	(60,305)	--	--	(3,425,167)
Total accumulated depreciation	(21,620,366)	(1,930,306)	--	--	(23,550,672)
Capital assets being depreciated, net	69,591,009	(317,317)	--	--	79,528,730
Business type activities capital assets, net	\$83,311,589	\$4,920,713	\$ --	\$ --	\$88,232,302

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

Governmental activities:

Administration	\$568,904
Finance	96,785
Municipal court	19,123
Police	446,750
Fire	606,463
Public works	5,089,720
Community development	75,727
Parks and recreation	1,273,375
Total depreciation expense - governmental activities	<u>\$8,176,847</u>

Business-type activities:

Water and sewer	<u>\$1,930,306</u>
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CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2010

Construction commitments

The City has active construction projects as of September 30, 2010. The projects include street construction, parking improvements, water system improvements, and sewer system improvements.

Project	Spent to Date	Remaining Commitment
Street improvements	\$820,770	\$41,583
Parking improvements	131,769	51,714
Communications improvements	652,757	87,724
Water system improvements	462,792	112,105
Sewer system improvements	3,457,251	1,594,458
	<u>\$5,525,339</u>	<u>\$1,887,584</u>

The street improvements, parking improvements, and communications improvements are being financed by bond proceeds. The commitment for water system improvements and sewer system improvements are being financed by bond proceeds.

Discretely presented component units - Rockwall Economic Development Corporation:

	Balance 9/30/09	Additions	Retirements	Completed Construction	Balance 9/30/10
Capital assets, being depreciated:					
Furniture and fixtures	\$83,945	\$1,476	--	--	\$85,421
Total capital assets being depreciated	83,945	1,476	--	--	85,421
Less accumulated depreciation for:					
Furniture and fixtures	(67,872)	(2,951)	--	--	(70,823)
Total accumulated depreciation	(67,872)	(2,951)	--	--	(70,823)
Total capital assets being depreciated, net	<u>\$16,073</u>	<u>(\$1,475)</u>	--	--	<u>\$14,598</u>

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2010, is as follows:

Fund	Receivable	Payable
General Fund	\$1,036,953	\$14,500
Nonmajor governmental funds	--	504,979
Internal Service Funds	--	517,474
Total Internal Service Funds	1,036,953	1,036,953
Totals	\$1,036,953	\$1,036,953

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. These are expected to be collected within one year.

The composition of interfund transfers for the year ended September 30, 2010, is as follows:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$721,200	\$2,056,750
Debt Service Fund	--	125,000
Nonmajor Governmental Funds	757,635	122,300
Water and Sewer Enterprise Fund	--	1,511,785
Internal Service Funds	2,337,000	--
Totals	\$3,815,835	\$3,815,835

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 THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

E. Long-term 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, 2010, is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/10
Governmental Activities					
General Obligation Bonds:					
Refunding	4,024,394	2003	2015	2.00%-4.00%	1,541,784
Refunding and Improvements	13,345,000	2005	2025	3.00%-4.50%	11,815,000
Improvements	35,775,000	2006	2036	4.50%-5.50%	32,185,000
Improvements	21,765,000	2007	2037	5.13%-6.13%	20,275,000
Improvements	9,515,000	2008	2028	2.05%-2.50%	8,875,000
Improvements	9,065,000	2009	2029	2.00%-4.60%	8,580,000
Total General Obligation Bonds					83,271,784
Certificates of Obligation Bonds:					
Improvements	4,295,000	2002	2012	2.80%-3.80%	240,000
Improvements	12,415,000	2005	2025	3.00%-5.00%	11,650,000
Improvements	5,270,000	2006	2026	4.25%-5.00%	3,845,000
Improvements	505,000	2007	2011	4.25%-4.50%	135,000
Improvements	395,000	2008	2028	3.00%-5.00%	205,000
Improvements	5,125,000	2009	2029	2.00%-4.60%	4,800,000
Total Certificates of Obligation					20,875,000
Total Governmental Activities General Obligation Debt					104,146,784
Business-type Activities:					
General Obligation Bonds:					
Refunding	300,606	2003	2015	2.00%-4.00%	113,216
Certificates of Obligation:					
Improvements	10,310,000	2007	2027	4.25%-4.50%	9,255,000
Improvements	16,895,000	2008	2028	3.00%-5.00%	15,750,000
Total Certificates of obligation					25,005,000
Total business-type general obligation debt					25,118,216
Total General Debt					\$129,265,000

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

Annual debt service requirements to maturity for general debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2011	\$4,748,038	\$4,603,526	\$951,962	\$1,094,412	\$11,397,938
2012	5,218,038	4,417,033	991,962	1,061,949	11,688,982
2013	5,218,038	4,206,821	1,041,962	1,028,099	11,494,920
2014	5,428,038	4,400,284	1,091,962	990,949	11,911,233
2015	5,459,632	3,785,898	1,145,368	949,360	11,340,258
2016-2020	26,990,000	15,433,725	6,490,000	4,037,238	52,950,963
2021-2025	26,130,000	9,491,763	8,240,000	2,433,668	46,295,431
2026-2030	13,270,000	4,264,689	5,165,000	458,675	23,158,364
2031-2035	8,745,000	1,951,306	--	--	10,696,306
2036-2037	2,940,000	181,919	--	--	3,121,919
Total	<u>\$104,146,784</u>	<u>\$52,736,964</u>	<u>\$25,118,216</u>	<u>\$12,054,350</u>	<u>\$194,056,314</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 at year end are as follows:

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/10
Revenue Bonds					
Improvements	\$3,535,000	1999	2019	4.15%-5.00%	\$1,115,000
Improvements	6,700,000	2002	2022	4.00%-4.90%	4,755,000
Refunding and improvements	6,415,000	2005	2025	3.00%-4.50%	4,905,000
Total Revenue Bonds					10,775,000
Plus unamortized premium					89,045
Less unamortized discount on bonds					(133,147)
Total Revenue Bonds					<u>\$10,730,898</u>

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2010

Revenue bond debt service requirements to maturity are as follows:

Year	Water and Sewer Fund		Total
	Principal	Interest	
2011	\$740,000	\$471,228	\$1,211,228
2012	770,000	440,817	1,210,817
2013	795,000	407,986	1,202,986
2014	830,000	374,474	1,204,474
2015	750,000	339,084	1,089,084
2016-2020	4,115,000	1,182,789	5,297,789
2021-2025	2,775,000	315,066	3,090,066
Total	10,775,000	\$ 3,531,444	\$14,306,444
Unamortized Premium	89,045		
Unamortized Discount	(133,147)		
Total Revenue bonds	\$10,730,898		

Capitalized Lease Obligations

The City has entered into a contract with a software vendor for an upgrade to the public safety software system. This contract has been treated as a capitalized leases.

The City has entered into a contract with the North Texas Municipal Water District), a conservation and reclamation district and political subdivision of the state of Texas, for construction and operation of sewer plants and to provide treated water to the City. The contractual obligations have been treated as capitalized leases.

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2010

Capitalized lease obligations outstanding at September 30, 2010 are as follows:

Purpose	Original Amount	Year Issue	Final Maturity	Interest Rate	Balance 9/30/10
Capital Leases					
Governmental activities					
Public safety computer upgrade	\$330,870	2010	2016	4.45%	\$278,034
Business-type activities					
South Plant Improvements	\$1,800,000	1996	2016	various	760,000
Ground Storage Facility	2,013,434	2005	2025	various	1,660,084
Pump Station	2,145,000	2006	2026	various	1,880,000
Buffalo Creek Plant	2,960,000	2008	2028	various	2,780,000
					7,080,084
Total Capitalized Lease Obligations					\$7,358,118

Capital lease obligation debt service requirements to maturity are as follows:

Year	Governmental Activities	Business-type Activities	Total
2010	\$53,818	\$713,791	\$767,609
2011	53,818	715,125	768,943
2012	53,818	720,501	774,319
2013	53,818	714,226	768,044
2014	53,818	712,304	766,122
2015-2019	53,818	2,980,721	3,034,539
2020-2024	--	2,860,412	2,860,412
2025-2026	--	915,502	915,502
Total payments	322,908	10,332,582	10,655,490
Less imputed interest	(44,874)	(3,252,498)	(3,297,372)
Total Capital Lease Obligations	\$278,034	\$7,080,084	\$7,358,118

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2010, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/09	Additions	Retirements	Balance 9/30/10	Due Within One Year
Governmental activities:					
General obligation bonds	\$86,179,822	--	(\$2,908,038)	\$83,271,784	\$3,333,038
Certificates of obligation	22,425,000	--	(1,550,000)	20,875,000	1,415,000
Deferred amounts:					
Unamortized premium (discount)	1,865,641	--	(82,517)	1,783,124	82,517
Loss on refunding	(23,707)	--	1,248	(22,459)	(1,248)
Total bonds payable	110,446,756	--	(4,539,307)	105,907,449	4,829,307
Capital lease obligations	--	330,870	(52,836)	278,034	41,445
Compensated absences	1,040,609	1,029,774	(880,048)	1,190,335	239,618
Governmental activity Long-Term Liabilities	\$111,487,365	\$1,360,644	(\$5,472,191)	\$107,375,818	\$5,110,370
Business-type activities:					
General obligation bonds	\$26,025,178	--	(\$906,962)	\$25,118,216	\$951,962
Revenue bonds	11,670,000	--	(895,000)	10,775,000	740,000
Less deferred premium (discount)	46,741	--	(14,216)	32,525	2,639
Total bonds payable	37,741,919	--	(1,816,178)	35,925,741	1,694,601
Capital lease obligations	7,431,754	--	(351,671)	7,080,083	370,004
Compensated absences	91,731	147,663	(129,201)	110,193	11,599
Business-type activities	\$45,265,404	\$147,663	(\$2,297,050)	\$43,116,017	\$2,076,204

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund. The government-wide statement of activities includes \$740,000 of revenue bonds and \$370,004 of capital leases due within one year for business-type activities in "liabilities payable from restricted assets" on that same statement.

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 and housing 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, 2010, there was one series of revenue bonds outstanding. The aggregate principal amount payable for the issue was \$1,700,000.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

Authorized and Unissued Debt

The following tables detail the status of all authorized general obligation and revenue bonded debt as of September 30, 2010:

Year Authorized	General Obligation Bonds		Balance
	Amount Authorized	Amount Issued	Unissued 9/30/10
1985	\$1,500,000	(\$600,000)	\$900,000
1994	4,100,000	(3,600,000)	500,000
2002	19,845,000	(19,540,000)	305,000
2005	63,705,000	(56,985,000)	6,720,000
	<u>\$89,150,000</u>	<u>(\$80,725,000)</u>	<u>\$8,425,000</u>

Year Authorized	Revenue Bonds		Balance
	Amount Authorized	Amount Issued	Unissued 9/30/10
1980	\$2,000,000	(\$1,060,000)	\$940,000
1985	1,540,000	--	1,540,000
Totals	<u>\$3,540,000</u>	<u>(\$1,060,000)</u>	<u>\$2,480,000</u>

Discretely presented component units - Rockwall Economic Development Corporation:

\$5,000,000 Sales Tax Revenue Bonds, series 1999, payable in annual installments through August 1, 2019, interest payable at 4.20% to 6.20%	\$2,940,000
\$4,545,000 Sales Tax Revenue Bonds, series 2008, payable in annual installments through August 1, 2028, interest payable at 7.00%	<u>4,280,000</u>
Total Sales Tax Revenue Bonds	<u>7,220,000</u>
\$3,225,000 Certificates of Obligation, series 2005, payable in annual installments through August 1, 2015, interest payable at 3.00% to 5.00%	1,785,000
\$5,540,000 Certificates of Obligation, series 2006, payable in annual installments through August 1, 2025, interest payable at 4.25% to 5.00%	4,795,000
\$6,130,000 Certificates of Obligation, series 2008, payable in annual installments through August 1, 2028, interest payable at 3.00% to 5.00%	<u>5,715,000</u>
Total Certificates of Obligation	<u>12,295,000</u>
Total	<u>\$19,515,000</u>

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

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

Year	Governmental Activities		Total
	Principal	Interest	
2011	\$1,135,000	\$985,269	\$2,120,269
2012	1,185,000	935,657	2,120,657
2013	1,245,000	881,319	2,126,319
2014	1,315,000	823,569	2,138,569
2015	1,380,000	762,507	2,142,507
2016-2020	5,355,000	2,946,169	8,301,169
2021-2025	5,050,000	1,644,662	6,694,662
2026-2028	2,850,000	306,635	3,156,635
Total	<u>\$19,515,000</u>	<u>\$9,285,787</u>	<u>\$28,800,787</u>

During the year ended September 30, 2010, the following changes occurred in liabilities reported in the capital long-term debt:

	Balance 9/30/09	Additions	Retirements	Balance 9/30/10	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$7,595,000	\$ --	(\$375,000)	\$7,220,000	\$395,000
Certificates of obligation	13,005,000	--	(710,000)	12,295,000	740,000
Unamortized premium (discount)	174,526	--	(10,602)	163,924	10,602
Total bonds payable	20,774,526	--	(1,095,602)	19,678,924	1,145,602
Compensated absences	20,384	20,605	(25,325)	15,664	6,617
Total	<u>\$20,794,910</u>	<u>\$20,605</u>	<u>(\$1,120,927)</u>	<u>\$19,694,588</u>	<u>\$1,152,219</u>

V. 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 the City employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Medical claims in any one year exceeding \$75,000 per covered individual or, approximately \$3,238,610 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, 2010.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

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, worker 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 cap of \$600,000 per year.

The Worker's 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.

	Employee Benefits		Worker's Compensation	
	2010	2009	2010	2009
Claims payable beginning of the year	\$173,703	\$176,172	\$17,454	\$10,697
Claims incurred	2,717,990	2,427,029	64,996	90,752
Payment on claims	(2,743,678)	(2,429,498)	(67,047)	(83,995)
	<u>\$148,015</u>	<u>\$173,703</u>	<u>\$15,403</u>	<u>\$17,454</u>

Commercial insurance is purchased for the other risks of losses 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 and Royse City (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.

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

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

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 NTMWD to expand the sewage treatment facilities and continue to provide sewage treatment services to 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 sewage treatment facilities 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, 2010, is \$7,080,084. See Note IV E for the annual requirements to amortize the bonds as of September 30, 2010.

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 5 above, the general revenues of the City are contingently liable for the \$25,118,216 payable in General Obligation Bonds which are currently outstanding and recorded as obligations of the Enterprise Fund.

The City contracts for garbage 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, 2010, these commitments totaled \$2,173,020.

E. Employee retirement systems and pension plans

1. Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available within the options available in the governing state statutes of TMRS.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

TMRS issues a publically available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a 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 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.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. 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.

2. Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service 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 (over funded) 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 to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect, i.e. December 31, 2008 valuation is effective for rates beginning January 2010.

Actuarial Assumptions

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization	25 Years - Closed Period
Asset Valuation Method	Amortized Cost

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2010

Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost of Living Adjustments	0.0%

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	<u>12/31/09</u>	<u>12/31/08</u>	<u>12/31/07</u>
Actuarial Value of Asset	\$25,780,417	\$22,226,747	\$20,486,755
Actuarial Accrued Liabilities	\$40,255,888	\$35,689,690	\$32,796,027
Percentage Funded	64.0%	62.3%	62.5%
Unfunded (Over-funded) Actuarial			
Accrued Liability	\$14,475,471	\$13,462,943	\$12,309,272
Annual Covered Payroll	\$14,294,431	\$13,582,924	\$12,404,225
UAAL as a Percentage of Covered Payroll	101.3%	99.1%	99.2%
Net Pension Obligation (NPO)	\$ --	\$ --	\$ --

	<u>Fiscal Year Ended September 30,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual Required Contribution (ARC)	\$1,963,265	\$1,743,863	\$1,561,437
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	<u>1,963,265</u>	<u>1,743,863</u>	<u>1,561,347</u>
Contributions Made (100%)	1,963,265	1,743,863	1,561,347
Increase in NPO	--	--	--
NPO at the End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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 \$50,500 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 22 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.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

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CITY OF ROCKWALL, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 7,785,200	\$ 7,908,200	\$ 7,917,126	\$ 8,926
Sales taxes	10,117,000	10,137,000	10,366,522	229,522
Franchise taxes	2,355,000	2,624,000	2,728,251	104,251
Charges for services	218,500	224,100	239,059	14,959
Permits	745,750	656,250	651,108	(5,142)
Municipal court	995,000	1,030,000	1,165,983	135,983
Intergovernmental	416,350	409,100	413,290	4,190
Interest income	110,000	75,000	54,156	(20,844)
Miscellaneous	77,000	127,000	186,058	59,058
Donations	10,000	10,000	10,000	--
Total revenues	<u>22,829,800</u>	<u>23,200,650</u>	<u>23,731,553</u>	<u>530,903</u>
Expenditures:				
Current:				
Mayor/Council Administration	118,700	118,700	116,372	2,328
Finance	3,113,450	3,119,750	3,095,616	24,134
Municipal court	1,031,800	1,018,600	1,007,850	10,750
Police	329,050	341,450	333,234	8,216
Fire	7,817,200	7,906,150	7,818,034	88,116
Public works	2,173,550	2,133,550	2,061,243	72,307
Community development	1,617,650	1,631,250	1,577,760	53,490
Parks and recreation	1,161,050	1,171,950	1,130,169	41,781
Total current	<u>4,512,650</u>	<u>4,509,750</u>	<u>4,392,369</u>	<u>117,381</u>
Total current	<u>21,875,100</u>	<u>21,951,150</u>	<u>21,532,647</u>	<u>418,503</u>
Capital outlay:				
Police	--	--	330,870	(330,870)
Total capital outlay	<u>--</u>	<u>--</u>	<u>330,870</u>	<u>(330,870)</u>
Total expenditures	<u>21,875,100</u>	<u>21,951,150</u>	<u>21,863,517</u>	<u>87,633</u>
Excess (deficiency) of revenues over (under) expenditures	954,700	1,249,500	1,868,036	618,536
Other financing sources (uses):				
Transfers in	721,200	721,200	721,200	--
Transfers out	(1,640,750)	(2,056,750)	(2,056,750)	--
Capital leases	--	--	330,870	330,870
Total other financing sources (uses)	<u>(919,550)</u>	<u>(1,335,550)</u>	<u>(1,004,680)</u>	<u>330,870</u>
Net change in fund balances	35,150	(86,050)	863,356	949,406
Fund balances, October 1	8,295,977	8,295,977	8,295,977	--
Fund balances, September 30	<u>\$ 8,331,127</u>	<u>\$ 8,209,927</u>	<u>\$ 9,159,333</u>	<u>\$ 949,406</u>

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Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of general, certificate, & contractual obligation bond principal and interest from governmental resources.

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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.

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

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

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.

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.

CITY OF ROCKWALL, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2010

	Special Revenue Funds	Debt Service Fund Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	\$ 599,829	\$ 4	\$ 921,770	\$ 1,521,603
Investments	1,764,424	--	9,856,977	11,621,401
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	--	116,811	--	116,811
Accrued interest	350	--	38,074	38,424
Accounts receivable	107,954	236,573	140,332	484,859
Assessments receivable	71,563	--	--	71,563
Other receivables	2,423	--	--	2,423
Due from other governments	--	148,637	--	148,637
Total Assets	<u>\$ 2,546,543</u>	<u>\$ 502,025</u>	<u>\$ 10,957,153</u>	<u>\$ 14,005,721</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 33,190	\$ --	\$ 519,240	\$ 552,430
Deferred revenue	150,541	203,764	118,412	472,717
Due to other funds	41,979	463,000	--	504,979
Total Liabilities	<u>225,710</u>	<u>666,764</u>	<u>637,652</u>	<u>1,530,126</u>
Fund balances (deficits):				
Unreserved, reported in:				
Debt service fund deficit	--	(164,739)	--	(164,739)
Special revenue funds	2,320,833	--	--	2,320,833
Capital projects funds	--	--	10,319,501	10,319,501
Total fund balances (deficits)	<u>2,320,833</u>	<u>(164,739)</u>	<u>10,319,501</u>	<u>12,475,595</u>
Total Liabilities and Fund Balances	<u>\$ 2,546,543</u>	<u>\$ 502,025</u>	<u>\$ 10,957,153</u>	<u>\$ 14,005,721</u>

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds	Debt Service Fund Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Ad valorem taxes, penalty and interest	\$ --	\$ 326,208	\$ --	\$ 326,208
Sales taxes	190,432	276,443	--	466,875
Charges for services	474,701	--	--	474,701
Municipal court	7,924	--	--	7,924
Intergovernmental	92,810	--	--	92,810
Interest income	3,866	--	15,983	19,849
Miscellaneous	135,499	--	--	135,499
Donations	138,512	--	--	138,512
Total revenues	<u>1,043,744</u>	<u>602,651</u>	<u>15,983</u>	<u>1,662,378</u>
Expenditures:				
Current:				
Administration	213,587	--	63,441	277,028
Finance	181,400	--	--	181,400
Police	176,437	--	--	176,437
Fire	118,129	--	--	118,129
Parks and recreation	137,370	--	--	137,370
Total current	<u>826,923</u>	<u>--</u>	<u>63,441</u>	<u>890,364</u>
Capital outlay:				
Administration	98,070	--	4,648,879	4,746,949
Finance	--	--	57,653	57,653
Police	47,047	--	938,709	985,756
Fire	54,592	--	380,162	434,754
Public works	--	--	24,575	24,575
Parks and recreation	144,334	--	951,288	1,095,622
Total capital outlay	<u>344,043</u>	<u>--</u>	<u>7,001,266</u>	<u>7,345,309</u>
Debt service:				
Principal	--	250,000	--	250,000
Interest	--	642,331	--	642,331
Total debt service:	<u>--</u>	<u>892,331</u>	<u>--</u>	<u>892,331</u>
Total expenditures	<u>1,170,966</u>	<u>892,331</u>	<u>7,064,707</u>	<u>9,128,004</u>
Excess (deficiency) of revenues over (under) expenditures	(127,222)	(289,680)	(7,048,724)	(7,465,626)
Other financing sources (uses):				
Transfers in	170,750	125,000	461,885	757,635
Transfers out	(122,300)	--	--	(122,300)
Total other financing sources (uses)	<u>48,450</u>	<u>125,000</u>	<u>461,885</u>	<u>635,335</u>
Net change in fund balances	(78,772)	(164,680)	(6,586,839)	(6,830,291)
Fund balances (deficits), October 1	2,399,605	(59)	16,906,340	19,305,886
Fund balances (deficits), September 30	<u>\$ 2,320,833</u>	<u>\$ (164,739)</u>	<u>\$ 10,319,501</u>	<u>\$ 12,475,595</u>

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2010

	Cemetery	Police Investigation	Recreational Development	Radio System
ASSETS				
Cash and cash equivalents	\$ 4,796	\$ 4,651	\$ 148,889	\$ 10,015
Investments	137,949	194,756	80,042	--
Receivables (net of allowances for uncollectibles):				
Accrued interest	--	--	--	--
Accounts receivable	8,798	--	--	--
Assessments receivable	--	--	--	--
Other receivables	--	--	--	--
Total Assets	<u>\$ 151,543</u>	<u>\$ 199,407</u>	<u>\$ 228,931</u>	<u>\$ 10,015</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ --	\$ 15,644	\$ 10,472	\$ --
Deferred revenue	--	--	--	--
Due to other funds	--	--	--	--
Total Liabilities	<u>--</u>	<u>15,644</u>	<u>10,472</u>	<u>--</u>
Fund balances:				
Unreserved	151,543	183,763	218,459	10,015
Total fund balances	<u>151,543</u>	<u>183,763</u>	<u>218,459</u>	<u>10,015</u>
Total Liabilities and Fund Balances	<u>\$ 151,543</u>	<u>\$ 199,407</u>	<u>\$ 228,931</u>	<u>\$ 10,015</u>

Street Improvements	Hotel Motel Tax	Fire Equipment	Aviation	Recycling
\$ 384,236	\$ --	\$ 5,752	\$ 18,829	\$ 6,268
902,146	1,911	171,059	36,999	33,140
350	--	--	--	--
40,000	56,446	600	2,110	--
71,563	--	--	--	--
--	--	--	--	2,423
<u>\$ 1,398,295</u>	<u>\$ 58,357</u>	<u>\$ 177,411</u>	<u>\$ 57,938</u>	<u>\$ 41,831</u>
\$ --	\$ --	\$ 642	\$ 950	\$ --
111,563	--	--	--	--
--	41,979	--	--	--
<u>111,563</u>	<u>41,979</u>	<u>642</u>	<u>950</u>	<u>--</u>
1,286,732	16,378	176,769	56,988	41,831
<u>1,286,732</u>	<u>16,378</u>	<u>176,769</u>	<u>56,988</u>	<u>41,831</u>
<u>\$ 1,398,295</u>	<u>\$ 58,357</u>	<u>\$ 177,411</u>	<u>\$ 57,938</u>	<u>\$ 41,831</u>

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2010

	Emergency Siren	Downtown Improvement
ASSETS		
Cash and cash equivalents	\$ 9,150	\$ 1,585
Investments	14,999	13,168
Receivables (net of allowances for uncollectibles):		
Accrued interest	--	--
Accounts receivable	--	--
Assessments receivable	--	--
Other receivables	--	--
Total Assets	<u>\$ 24,149</u>	<u>\$ 14,753</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ --	\$ --
Deferred revenue	--	--
Due to other funds	--	--
Total Liabilities	<u>--</u>	<u>--</u>
Fund balances:		
Unreserved	24,149	14,753
Total fund balances	<u>24,149</u>	<u>14,753</u>
 Total Liabilities and Fund Balances	 <u>\$ 24,149</u>	 <u>\$ 14,753</u>

	Art in Public Places	Special Crimes Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
	\$ 1,105	\$ 4,553	\$ 599,829
	--	178,255	1,764,424
	--	--	350
	--	--	107,954
	--	--	71,563
	--	--	2,423
	<u>\$ 1,105</u>	<u>\$ 182,808</u>	<u>\$ 2,546,543</u>
	\$ --	\$ 5,482	\$ 33,190
	--	38,978	150,541
	--	--	41,979
	--	<u>44,460</u>	<u>225,710</u>
	1,105	138,348	2,320,833
	1,105	<u>138,348</u>	<u>2,320,833</u>
	<u>\$ 1,105</u>	<u>\$ 182,808</u>	<u>\$ 2,546,543</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, 2010

	Cemetery	Police Investigation	Recreational Development	Radio System
Revenues:				
Sales taxes	\$ --	\$ --	\$ --	\$ --
Charges for services	3,650	63,417	278,407	32,818
Municipal court	--	7,924	--	--
Intergovernmental	--	12,860	--	--
Interest income	--	--	--	--
Miscellaneous	--	--	--	--
Donations	8,798	19,484	110,110	--
Total revenues	<u>12,448</u>	<u>103,685</u>	<u>388,517</u>	<u>32,818</u>
Expenditures:				
Current:				
Administration	--	--	--	158,127
Finance	--	--	--	--
Police	--	14,963	--	--
Fire	--	--	--	--
Parks and recreation	--	--	132,311	--
Total current	<u>--</u>	<u>14,963</u>	<u>132,311</u>	<u>158,127</u>
Capital outlay:				
Administration	--	--	--	--
Police	--	47,047	--	--
Fire	--	--	--	--
Parks and recreation	--	--	144,334	--
Total capital outlay	<u>--</u>	<u>47,047</u>	<u>144,334</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>62,010</u>	<u>276,645</u>	<u>158,127</u>
Excess (deficiency) of revenues over (under) expenditures	12,448	41,675	111,872	(125,309)
Other financing sources (uses):				
Transfers in	--	--	--	115,000
Transfers out	--	(72,300)	(50,000)	--
Total other financing sources (uses)	<u>--</u>	<u>(72,300)</u>	<u>(50,000)</u>	<u>115,000</u>
Net change in fund balances	12,448	(30,625)	61,872	(10,309)
Fund balances, October 1	139,095	214,388	156,587	20,324
Fund balances, September 30	<u>\$ 151,543</u>	<u>\$ 183,763</u>	<u>\$ 218,459</u>	<u>\$ 10,015</u>

Street Improvements	Hotel Motel Tax	Fire Equipment	Aviation	Recycling
\$ --	\$ 190,432	\$ --	\$ --	\$ --
--	--	95,900	--	--
--	--	--	--	--
--	--	78,000	1,950	--
3,866	--	--	--	--
42,270	--	--	13,809	35,779
--	--	--	--	--
<u>46,136</u>	<u>190,432</u>	<u>173,900</u>	<u>15,759</u>	<u>35,779</u>
8,014	--	--	12,546	34,164
--	181,400	--	--	--
--	--	--	--	--
--	--	118,129	--	--
--	--	--	--	--
<u>8,014</u>	<u>181,400</u>	<u>118,129</u>	<u>12,546</u>	<u>34,164</u>
98,070	--	--	--	--
--	--	--	--	--
--	--	54,592	--	--
--	--	--	--	--
<u>98,070</u>	<u>--</u>	<u>54,592</u>	<u>--</u>	<u>--</u>
106,084	181,400	172,721	12,546	34,164
(59,948)	9,032	1,179	3,213	1,615
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>(59,948)</u>	<u>9,032</u>	<u>1,179</u>	<u>3,213</u>	<u>1,615</u>
1,346,680	7,346	175,590	53,775	40,216
\$ <u>1,286,732</u>	\$ <u>16,378</u>	\$ <u>176,769</u>	\$ <u>56,988</u>	\$ <u>41,831</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, 2010

	<u>Emergency Siren</u>	<u>Downtown Improvement</u>
Revenues:		
Sales taxes	\$ --	\$ --
Charges for services	509	--
Municipal court	--	--
Intergovernmental	--	--
Interest income	--	--
Miscellaneous	--	--
Donations	--	--
Total revenues	<u>509</u>	<u>--</u>
Expenditures:		
Current:		
Administration	--	736
Finance	--	--
Police	--	--
Fire	--	--
Parks and recreation	--	5,059
Total current	<u>--</u>	<u>5,795</u>
Capital outlay:		
Administration	--	--
Police	--	--
Fire	--	--
Parks and recreation	--	--
Total capital outlay	<u>--</u>	<u>--</u>
Total expenditures	<u>--</u>	<u>5,795</u>
Excess (deficiency) of revenues over (under) expenditures	509	(5,795)
Other financing sources (uses):		
Transfers in	--	--
Transfers out	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Net change in fund balances	509	(5,795)
Fund balances, October 1	23,640	20,548
Fund balances, September 30	<u>\$ 24,149</u>	<u>\$ 14,753</u>

	Art in Public Places	Special Crimes Unit	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$	--	\$ --	\$ 190,432
	--	--	474,701
	--	--	7,924
	--	--	92,810
	--	--	3,866
	--	43,641	135,499
	120	--	138,512
	120	<u>43,641</u>	<u>1,043,744</u>
	--	--	213,587
	--	--	181,400
	--	161,474	176,437
	--	--	118,129
	--	--	137,370
	--	<u>161,474</u>	<u>826,923</u>
	--	--	98,070
	--	--	47,047
	--	--	54,592
	--	--	144,334
	--	--	<u>344,043</u>
	--	<u>161,474</u>	<u>1,170,966</u>
	120	(117,833)	(127,222)
	--	55,750	170,750
	--	--	(122,300)
	--	<u>55,750</u>	<u>48,450</u>
	120	(62,083)	(78,772)
	985	200,431	2,399,605
\$	<u>1,105</u>	\$ <u>138,348</u>	\$ <u>2,320,833</u>

CITY OF ROCKWALL, TEXAS
CEMETERY FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 1,300	\$ 3,650	\$ 2,350
Interest income	900	--	(900)
Donations	--	8,798	8,798
Total revenues	<u>2,200</u>	<u>12,448</u>	<u>10,248</u>
Expenditures:			
Current:			
Parks and recreation	6,000	--	6,000
Total current	<u>6,000</u>	<u>--</u>	<u>6,000</u>
Total expenditures	<u>6,000</u>	<u>--</u>	<u>6,000</u>
Net change in fund balances	(3,800)	12,448	16,248
Fund balances, October 1	139,095	139,095	--
Fund balances, September 30	<u>\$ 135,295</u>	<u>\$ 151,543</u>	<u>\$ 16,248</u>

CITY OF ROCKWALL, TEXAS
POLICE INVESTIGATION FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 59,800	\$ 63,417	\$ 3,617
Municipal court	8,500	7,924	(576)
Intergovernmental	15,200	12,860	(2,340)
Interest income	500	--	(500)
Donations	19,150	19,484	334
Total revenues	<u>103,150</u>	<u>103,685</u>	<u>535</u>
Expenditures:			
Current:			
Police	36,850	14,963	21,887
Total current	<u>36,850</u>	<u>14,963</u>	<u>21,887</u>
Capital outlay:			
Police	39,500	47,047	(7,547)
Total capital outlay	<u>39,500</u>	<u>47,047</u>	<u>(7,547)</u>
Total expenditures	<u>76,350</u>	<u>62,010</u>	<u>14,340</u>
Excess (deficiency) of revenues over (under) expenditures	26,800	41,675	14,875
Other financing sources (uses):			
Transfers out	(72,300)	(72,300)	--
Total other financing sources (uses)	<u>(72,300)</u>	<u>(72,300)</u>	<u>--</u>
Net change in fund balances	(45,500)	(30,625)	14,875
Fund balances, October 1	214,388	214,388	--
Fund balances, September 30	<u>\$ 168,888</u>	<u>\$ 183,763</u>	<u>\$ 14,875</u>

CITY OF ROCKWALL, TEXAS
 RECREATIONAL DEVELOPMENT FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 307,900	\$ 278,407	\$ (29,493)
Interest income	1,600	--	(1,600)
Donations	112,000	110,110	(1,890)
Total revenues	<u>421,500</u>	<u>388,517</u>	<u>(32,983)</u>
Expenditures:			
Current:			
Parks and recreation	154,200	132,311	21,889
Total current	<u>154,200</u>	<u>132,311</u>	<u>21,889</u>
Capital outlay:			
Parks and recreation	140,000	144,334	(4,334)
Total capital outlay	<u>140,000</u>	<u>144,334</u>	<u>(4,334)</u>
Total expenditures	<u>294,200</u>	<u>276,645</u>	<u>17,555</u>
Excess (deficiency) of revenues over (under) expenditures	127,300	111,872	(15,428)
Other financing sources (uses):			
Transfers out	(50,000)	(50,000)	--
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>--</u>
Net change in fund balances	77,300	61,872	(15,428)
Fund balances, October 1	156,587	156,587	--
Fund balances, September 30	<u>\$ 233,887</u>	<u>\$ 218,459</u>	<u>\$ (15,428)</u>

CITY OF ROCKWALL, TEXAS
RADIO SYSTEM
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 32,800	\$ 32,818	\$ 18
Total revenues	<u>32,800</u>	<u>32,818</u>	<u>18</u>
Expenditures:			
Current:			
Administration	158,400	158,127	273
Total current	<u>158,400</u>	<u>158,127</u>	<u>273</u>
Total expenditures	<u>158,400</u>	<u>158,127</u>	<u>273</u>
Excess (deficiency) of revenues over (under) expenditures	(125,600)	(125,309)	291
Other financing sources (uses):			
Transfers in	115,000	115,000	--
Total other financing sources (uses)	<u>115,000</u>	<u>115,000</u>	<u>--</u>
Net change in fund balances	(10,600)	(10,309)	291
Fund balances, October 1	20,324	20,324	--
Fund balances, September 30	<u>\$ 9,724</u>	<u>\$ 10,015</u>	<u>\$ 291</u>

CITY OF ROCKWALL, TEXAS
STREET IMPROVEMENTS FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest income	\$ 8,000	\$ 3,866	\$ (4,134)
Miscellaneous	3,200	42,270	39,070
Total revenues	<u>11,200</u>	<u>46,136</u>	<u>34,936</u>
Expenditures:			
Current:			
Administration	8,150	8,014	136
Total current	<u>8,150</u>	<u>8,014</u>	<u>136</u>
Capital outlay:			
Administration	100,050	98,070	1,980
Total capital outlay	<u>100,050</u>	<u>98,070</u>	<u>1,980</u>
Total expenditures	<u>108,200</u>	<u>106,084</u>	<u>2,116</u>
Net change in fund balances	(97,000)	(59,948)	37,052
Fund balances, October 1	1,346,680	1,346,680	--
Fund balances, September 30	<u>\$ 1,249,680</u>	<u>\$ 1,286,732</u>	<u>\$ 37,052</u>

CITY OF ROCKWALL, TEXAS
HOTEL MOTEL TAX
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-10

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales taxes	\$ 175,000	\$ 190,432	\$ 15,432
Total revenues	<u>175,000</u>	<u>190,432</u>	<u>15,432</u>
Expenditures:			
Current:			
Finance	181,400	181,400	--
Total current	<u>181,400</u>	<u>181,400</u>	<u>--</u>
Total expenditures	<u>181,400</u>	<u>181,400</u>	<u>--</u>
Net change in fund balances	(6,400)	9,032	15,432
Fund balances, October 1	7,346	7,346	--
Fund balances, September 30	<u>\$ 946</u>	<u>\$ 16,378</u>	<u>\$ 15,432</u>

CITY OF ROCKWALL, TEXAS
 FIRE EQUIPMENT FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-11

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 94,750	\$ 95,900	\$ 1,150
Intergovernmental	78,000	78,000	--
Interest income	1,000	--	(1,000)
Total revenues	<u>173,750</u>	<u>173,900</u>	<u>150</u>
Expenditures:			
Current:			
Fire	120,000	118,129	1,871
Total current	<u>120,000</u>	<u>118,129</u>	<u>1,871</u>
Capital outlay:			
Fire	104,200	54,592	49,608
Total capital outlay	<u>104,200</u>	<u>54,592</u>	<u>49,608</u>
Total expenditures	<u>224,200</u>	<u>172,721</u>	<u>51,479</u>
Net change in fund balances	(50,450)	1,179	51,629
Fund balances, October 1	175,590	175,590	--
Fund balances, September 30	<u>\$ 125,140</u>	<u>\$ 176,769</u>	<u>\$ 51,629</u>

CITY OF ROCKWALL, TEXAS

EXHIBIT C-12

AVIATION FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 24,800	\$ 1,950	\$ (22,850)
Interest income	250	--	(250)
Miscellaneous	14,500	13,809	(691)
Total revenues	<u>39,550</u>	<u>15,759</u>	<u>(23,791)</u>
Expenditures:			
Current:			
Administration	46,200	12,546	33,654
Total current	<u>46,200</u>	<u>12,546</u>	<u>33,654</u>
Total expenditures	<u>46,200</u>	<u>12,546</u>	<u>33,654</u>
Net change in fund balances	(6,650)	3,213	9,863
Fund balances, October 1	53,775	53,775	--
Fund balances, September 30	<u>\$ 47,125</u>	<u>\$ 56,988</u>	<u>\$ 9,863</u>

CITY OF ROCKWALL, TEXAS
 RECYCLING FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-13

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest income	\$ 350	\$ --	\$ (350)
Miscellaneous	33,000	35,779	2,779
Total revenues	<u>33,350</u>	<u>35,779</u>	<u>2,429</u>
Expenditures:			
Current:			
Administration	45,750	34,164	11,586
Total current	<u>45,750</u>	<u>34,164</u>	<u>11,586</u>
Total expenditures	<u>45,750</u>	<u>34,164</u>	<u>11,586</u>
Net change in fund balances	(12,400)	1,615	14,015
Fund balances, October 1	40,216	40,216	--
Fund balances, September 30	<u>\$ 27,816</u>	<u>\$ 41,831</u>	<u>\$ 14,015</u>

CITY OF ROCKWALL, TEXAS

SPECIAL CRIMES UNIT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-14

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest income	\$ 250	\$ --	\$ (250)
Miscellaneous	--	43,641	43,641
Total revenues	<u>250</u>	<u>43,641</u>	<u>43,391</u>
Expenditures:			
Current:			
Police	179,850	161,474	18,376
Total current	<u>179,850</u>	<u>161,474</u>	<u>18,376</u>
Total expenditures	<u>179,850</u>	<u>161,474</u>	<u>18,376</u>
Excess (deficiency) of revenues over (under) expenditures	(179,600)	(117,833)	61,767
Other financing sources (uses):			
Transfers in	55,750	55,750	--
Total other financing sources (uses)	<u>55,750</u>	<u>55,750</u>	<u>--</u>
Net change in fund balances	(123,850)	(62,083)	61,767
Fund balances, October 1	200,431	200,431	--
Fund balances, September 30	<u>\$ 76,581</u>	<u>\$ 138,348</u>	<u>\$ 61,767</u>

CITY OF ROCKWALL, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-15

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes, penalty and interest	\$ 8,288,000	\$ 8,317,432	\$ 29,432
Interest income	5,000	5,432	432
Miscellaneous	240,000	247,701	7,701
Total revenues	<u>8,533,000</u>	<u>8,570,565</u>	<u>37,565</u>
Expenditures:			
Current:			
Police	88,600	88,604	(4)
Total current	<u>88,600</u>	<u>88,604</u>	<u>(4)</u>
Debt service:			
Principal	4,209,000	4,208,038	962
Interest	4,125,450	4,124,157	1,293
Fiscal charges	12,600	7,032	5,568
Total debt service:	<u>8,347,050</u>	<u>8,339,227</u>	<u>7,823</u>
Total expenditures	<u>8,435,650</u>	<u>8,427,831</u>	<u>7,819</u>
Excess (deficiency) of revenues over (under) expenditures	97,350	142,734	45,384
Other financing sources (uses):			
Transfers out	(125,000)	(125,000)	--
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>--</u>
Net change in fund balances	(27,650)	17,734	45,384
Fund balances, October 1	1,077,295	1,077,295	--
Fund balances, September 30	<u>\$ 1,049,645</u>	<u>\$ 1,095,029</u>	<u>\$ 45,384</u>

CITY OF ROCKWALL, TEXAS
HARBOR DEBT SERVICE
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-16

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes, penalty and interest	\$ 528,800	\$ 326,208	\$ (202,592)
Sales taxes	250,700	276,443	25,743
Total revenues	<u>779,500</u>	<u>602,651</u>	<u>(176,849)</u>
Expenditures:			
Debt service:			
Principal	250,000	250,000	--
Interest	642,350	642,331	19
Total debt service:	<u>892,350</u>	<u>892,331</u>	<u>19</u>
Total expenditures	<u>892,350</u>	<u>892,331</u>	<u>19</u>
Excess (deficiency) of revenues over (under) expenditures	(112,850)	(289,680)	(176,830)
Other financing sources (uses):			
Transfers in	125,000	125,000	--
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>--</u>
Net change in fund balances	12,150	(164,680)	(176,830)
Fund balances (deficit), October 1	(59)	(59)	--
Fund balances (deficit), September 30	<u>\$ 12,091</u>	<u>\$ (164,739)</u>	<u>\$ (176,830)</u>

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2010

	Capital Projects	Equipment Acquisition
ASSETS		
Cash and cash equivalents	\$ 1,088	\$ 51,275
Investments	2,523,613	1,806,058
Receivables (net of allowances for uncollectibles):		
Accrued interest	17,178	5,645
Accounts receivable	--	--
Total Assets	<u>\$ 2,541,879</u>	<u>\$ 1,862,978</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,828	\$ 286,735
Deferred revenue	--	--
Total Liabilities	<u>1,828</u>	<u>286,735</u>
Fund balances:		
Unreserved	<u>2,540,051</u>	<u>1,576,243</u>
Total fund balances	<u>2,540,051</u>	<u>1,576,243</u>
Total Liabilities and Fund Balances	<u>\$ 2,541,879</u>	<u>\$ 1,862,978</u>

205 Bypass Project	G.O. Bonds Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 806,957	\$ 62,450	\$ 921,770
2,029,844	3,497,462	9,856,977
10,170	5,081	38,074
--	140,332	140,332
\$ 2,846,971	\$ <u>3,705,325</u>	\$ <u>10,957,153</u>
\$ 113,773	\$ 116,904	\$ 519,240
--	118,412	118,412
113,773	<u>235,316</u>	<u>637,652</u>
2,733,198	3,470,009	10,319,501
2,733,198	<u>3,470,009</u>	<u>10,319,501</u>
\$ 2,846,971	\$ <u>3,705,325</u>	\$ <u>10,957,153</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, 2010

	Capital Projects	Equipment Acquisition
Revenues:		
Interest income	\$ 4,525	\$ 7,393
Total revenues	<u>4,525</u>	<u>7,393</u>
Expenditures:		
Current:		
Administration	44,434	--
Total current	<u>44,434</u>	<u>--</u>
Capital outlay:		
Administration	192,453	225
Finance	--	57,653
Police	--	938,709
Fire	--	234,826
Public works	575	24,000
Parks and recreation	951,288	--
Total capital outlay	<u>1,144,316</u>	<u>1,255,413</u>
Total expenditures	<u>1,188,750</u>	<u>1,255,413</u>
Excess (deficiency) of revenues over (under) expenditures	(1,184,225)	(1,248,020)
Other financing sources (uses):		
Transfers in	25,000	372,500
Total other financing sources (uses)	<u>25,000</u>	<u>372,500</u>
Net change in fund balances	(1,159,225)	(875,520)
Fund balances, October 1	3,699,276	2,451,763
Fund balances, September 30	<u>\$ 2,540,051</u>	<u>\$ 1,576,243</u>

	205 Bypass Project	G.O. Bonds Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
	\$ 4,065	\$ --	\$ 15,983
	4,065	--	15,983
	--	19,007	63,441
	--	19,007	63,441
	3,356,976	1,099,225	4,648,879
	--	--	57,653
	--	--	938,709
	--	145,336	380,162
	--	--	24,575
	--	--	951,288
	3,356,976	1,244,561	7,001,266
	3,356,976	1,263,568	7,064,707
	(3,352,911)	(1,263,568)	(7,048,724)
	64,385	--	461,885
	64,385	--	461,885
	(3,288,526)	(1,263,568)	(6,586,839)
	6,021,724	4,733,577	16,906,340
\$	2,733,198	\$ 3,470,009	\$ 10,319,501

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2010

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 6,480	\$ 26,663	\$ 33,143
Investments	8,482	928,989	937,471
Accrued interest	--	189	189
Other receivables	11,908	--	11,908
Total current assets	<u>26,870</u>	<u>955,841</u>	<u>982,711</u>
Total Assets	<u>\$ 26,870</u>	<u>\$ 955,841</u>	<u>\$ 982,711</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 259,603	\$ 15,403	\$ 275,006
Due to other funds	517,474	--	517,474
Total current liabilities	<u>777,077</u>	<u>15,403</u>	<u>792,480</u>
Total Liabilities	<u>777,077</u>	<u>15,403</u>	<u>792,480</u>
NET ASSETS (DEFICITS)			
Unrestricted	(750,207)	940,438	190,231
Total Net Assets (Deficits)	<u>\$ (750,207)</u>	<u>\$ 940,438</u>	<u>\$ 190,231</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, 2010

	Employee Benefits	Workers' Compensation	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:			
Charges for services	\$ 503,147	\$ --	\$ 503,147
Reinsurance reimbursement	72,113	--	72,113
Total Operating Revenues	<u>575,260</u>	<u>--</u>	<u>575,260</u>
OPERATING EXPENSES:			
Contractual services	3,205,719	170,008	3,375,727
Total Operating Expenses	<u>3,205,719</u>	<u>170,008</u>	<u>3,375,727</u>
Operating Income (Loss)	<u>(2,630,459)</u>	<u>(170,008)</u>	<u>(2,800,467)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	869	4,318	5,187
Miscellaneous income	--	5,740	5,740
Total Non-operating Revenues (Expenses)	<u>869</u>	<u>10,058</u>	<u>10,927</u>
Net Income (Loss) before Operating Transfers	<u>(2,629,590)</u>	<u>(159,950)</u>	<u>(2,789,540)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:			
Transfers in	2,307,000	30,000	2,337,000
Total Transfers and Capital Contributions	<u>2,307,000</u>	<u>30,000</u>	<u>2,337,000</u>
Change in net assets	(322,590)	(129,950)	(452,540)
Net assets (deficits), October 1	(427,617)	1,070,388	642,771
Net assets (deficits), September 30	<u>\$ (750,207)</u>	<u>\$ 940,438</u>	<u>\$ 190,231</u>

CITY OF ROCKWALL, TEXAS
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Employee Benefits	Workers' Compensation	Total Internal Service Funds (See Exhibit A-9)
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 657,018	\$ 5,740	\$ 662,758
Cash Payments to Suppliers for Goods and Services	(3,285,425)	(172,059)	(3,457,484)
Net Cash Provided (Used) by Operating Activities	<u>(2,628,407)</u>	<u>(166,319)</u>	<u>(2,794,726)</u>
Cash Flows from Non-capital Financing Activities:			
Cash Received from Other Funds	2,607,058	30,000	2,637,058
Net Cash Provided (Used) by Non-capital Financing Activities	<u>2,607,058</u>	<u>30,000</u>	<u>2,637,058</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	--	4,129	4,129
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>4,129</u>	<u>4,129</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,349)	(132,190)	(153,539)
Cash and Cash Equivalents at Beginning of Year	36,311	1,087,842	1,124,153
Cash and Cash Equivalents at End of Year	<u>\$ 14,962</u>	<u>\$ 955,652</u>	<u>\$ 970,614</u>
Cash Equivalents Included in Investments:			
Unrestricted	<u>\$ 8,482</u>	<u>\$ 928,989</u>	<u>\$ 937,471</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (2,629,590)	\$ (170,008)	\$ (2,799,598)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Miscellaneous income	--	5,740	5,740
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	80,889	--	80,889
Increase (Decrease) in Accounts Payable	(79,706)	(2,051)	(81,757)
Total Adjustments	1,183	3,689	4,872
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,628,407)</u>	<u>\$ (166,319)</u>	<u>\$ (2,794,726)</u>

CITY OF ROCKWALL, TEXAS

EXHIBIT C-22

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

SPECIAL ESCROW AGENCY FUND

YEAR ENDED SEPTEMBER 30, 2010

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
ASSETS				
Cash	\$ 25,421	\$ 1,245,536	\$ 1,225,139	\$ 45,818
Investments	1,342,797	3,541,039	3,572,584	1,311,252
Accrued interest receivable	--	7,826	--	7,826
Total Assets	<u>\$ 1,368,218</u>	<u>\$ 4,794,401</u>	<u>\$ 4,797,723</u>	<u>\$ 1,364,896</u>
LIABILITIES				
Due to developers	\$ 1,368,218	\$ 136,966	\$ 140,288	\$ 1,364,896
Total Liabilities	<u>\$ 1,368,218</u>	<u>\$ 136,966</u>	<u>\$ 140,288</u>	<u>\$ 1,364,896</u>

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Capital Assets Used in the
Operation of Governmental Funds

CITY OF ROCKWALL, TEXAS
 COMPARATIVE SCHEDULES BY SOURCE OF
 CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2010 AND 2009

EXHIBIT C-23

	2010	2009
General fixed assets:		
Land	\$ 13,867,438	\$ 5,692,561
Construction in progress	5,028,343	61,559,537
Buildings	17,320,974	12,465,268
Improvements other than buildings	26,755,323	25,208,584
Machinery and equipment	13,247,315	12,574,777
Infrastructure	174,442,217	122,036,931
Total general fixed assets	<u>\$ 250,661,610</u>	<u>\$ 239,537,658</u>
Investment in general fixed assets by source:		
Bond proceeds	\$ 125,929,295	\$ 119,355,741
General government	42,208,596	42,062,576
Grants and entitlements	2,238,598	2,177,098
Developer contributions	80,285,121	75,942,243
Total investment in general fixed assets	<u>\$ 250,661,610</u>	<u>\$ 239,537,658</u>

CITY OF ROCKWALL, TEXAS

SCHEDULE BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

EXHIBIT C-24

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total
General government	\$ 3,051,302	\$ 5,028,343	\$ 5,407,436	\$ 3,174,375	\$ 3,066,501	--	\$ 19,727,957
Public works	8,102,308	--	324,434	826,893	1,251,818	174,442,217	184,947,670
Public safety	1,020,430	--	2,039,796	12,802	2,684,021	--	5,757,049
Recreational/development	1,693,398	--	2,272,730	22,741,253	1,188,113	--	27,895,494
Fire equipment	--	--	7,276,578	--	5,056,863	--	12,333,441
Total Governmental Capital Asss	\$ 13,867,438	\$ 5,028,343	\$ 17,320,974	\$ 26,755,323	\$ 13,247,316	\$ 174,442,217	\$ 250,661,611

CITY OF ROCKWALL, TEXAS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY OF
CAPITAL ASSETS USED IN GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-25

Function and Activity	Capital Assets October 1, 2009	Additions	Deductions	Transfers	Capital Assets September 30, 2010
General government	\$ 75,772,015	\$ 5,868,861	(7,932)	\$ (61,904,988)	\$ 19,727,956
Public works	124,651,234	4,311,235	(104,060)	56,089,261	184,947,670
Public Safety	5,312,360	524,005	(274,558)	195,241	5,757,048
Recreation/development	26,798,604	1,107,315	(101,927)	91,502	27,895,494
Fire Equipment	6,706,093	141,365	(43,000)	5,528,984	12,333,442
Total governmental funds Capital Assets	\$ 239,240,306	\$ 11,952,781	(531,477)	\$ --	\$ 250,661,610

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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.

CITY OF ROCKWALL, TEXAS

COMBINING BALANCE SHEET - DISCRETE COMPONENT UNITS
 SEPTEMBER 30, 2010

	Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,415	\$ 2,501	\$ 9,916
Investments	6,994,421	40,364	7,034,785
Receivables (net of allowances for uncollectibles):			
Accrued interest	421	--	421
Accounts receivable	--	4,210	4,210
Due from other governments	591,787	--	591,787
Inventory	13,874,711	--	13,874,711
Total Assets	\$ 21,468,755	\$ 47,075	\$ 21,515,830
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 54,216	\$ 1,553	\$ 55,769
Due to primary government	1,050	--	1,050
Total Liabilities	55,266	1,553	56,819
Fund balances:			
Reserved for:			
Inventory	13,874,711	--	13,874,711
Unreserved	7,538,778	45,522	7,584,300
Total fund balances	21,413,489	45,522	21,459,011
Total Liabilities and Fund Balances	\$ 21,468,755	\$ 47,075	\$ 21,515,830

CITY OF ROCKWALL, TEXASRECONCILIATION OF THE DISCRETE COMPONENT UNITS GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Total fund balances - discrete component units governmental funds balance sheet	\$ 21,459,011
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	14,598
Payables for bond interest which are not due in the current period are not reported in the funds.	(160,642)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(15,664)
Payables for contracts which are not due in the current period are not reported in the funds.	(19,678,925)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	<u>172,320</u>
Net assets of governmental activities discrete component units - Statement of Net Assets	\$ <u>1,790,698</u>

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DISCRETE COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
Revenues:			
Sales taxes	\$ 3,493,708	\$ --	\$ 3,493,708
Interest income	9,575	30	9,605
Miscellaneous	295	151,047	151,342
Total revenues	3,503,578	151,077	3,654,655
Expenditures:			
Current:			
Administration	826,790	160,721	987,511
Total current	826,790	160,721	987,511
Capital outlay:			
Administration	272,267	--	272,267
Total capital outlay	272,267	--	272,267
Debt service:			
Principal	1,085,000	--	1,085,000
Interest	1,024,266	--	1,024,266
Fiscal charges	8,817	--	8,817
Total debt service:	2,118,083	--	2,118,083
Total expenditures	3,217,140	160,721	3,377,861
Net change in fund balances	286,438	(9,644)	276,794
Fund balances, October 1	21,127,051	55,166	21,182,217
Fund balances, September 30	\$ 21,413,489	\$ 45,522	\$ 21,459,011

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, 2010

Net change in fund balances - total governmental funds	\$	276,794
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		1,475
The depreciation of capital assets used in governmental activities is not reported in the funds.		(2,950)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,085,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(12,060)
(Increase) decrease in accrued interest from beginning of period to end of period.		18,186
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		4,719
Change in net assets of governmental activities - Statement of Activities	\$	<u>1,371,164</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
 ECONOMIC DEVELOPMENT CORPORATION
 DISCRETE COMPONENT UNIT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-30

	Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales taxes	\$ 3,358,400	\$ 3,493,708	\$ 135,308
Interest income	12,500	9,575	(2,925)
Miscellaneous	--	295	295
Total revenues	<u>3,370,900</u>	<u>3,503,578</u>	<u>132,678</u>
Expenditures:			
Current:			
Administration	944,000	826,790	117,210
Total current	<u>944,000</u>	<u>826,790</u>	<u>117,210</u>
Capital outlay:			
Administration	495,100	272,267	222,833
Total capital outlay	<u>495,100</u>	<u>272,267</u>	<u>222,833</u>
Debt service:			
Principal	1,085,000	1,085,000	--
Interest	1,034,466	1,024,266	10,200
Fiscal charges	3,500	8,817	(5,317)
Total debt service	<u>2,122,966</u>	<u>2,118,083</u>	<u>4,883</u>
Total expenditures	<u>3,562,066</u>	<u>3,217,140</u>	<u>344,926</u>
Net change in fund balances	(191,166)	286,438	477,604
Fund balances, October 1	21,127,051	21,127,051	--
Fund balances, September 30	<u>\$ 20,935,885</u>	<u>\$ 21,413,489</u>	<u>\$ 477,604</u>

CITY OF ROCKWALL, TEXAS
 ROCKWALL TECHNOLOGY PARK ASSOCIATION
 DISCRETE COMPONENT UNIT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT C-31

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Interest income	\$ 500	\$ 30	\$ (470)
Miscellaneous	172,600	151,047	(21,553)
Total revenues	173,100	151,077	(22,023)
Expenditures:			
Current:			
Administration	172,600	160,721	11,879
Total current	172,600	160,721	11,879
Total expenditures	172,600	160,721	11,879
Net change in fund balances	500	(9,644)	(10,144)
Fund balances, October 1	55,166	55,166	--
Fund balances, September 30	\$ 55,666	\$ 45,522	\$ (10,144)

STATISTICAL SECTION

This part of the City of Rockwall, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	121
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	130
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	138
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.	
Demographic and Economic Information	143
These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	146
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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 BY COMPONENT
LAST EIGHT FISCAL YEARS
(unaudited)

TABLE D-1

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 89,101,460	\$ 88,367,580	\$ 63,546,273	\$ 49,487,300	\$ 34,020,634	\$ 41,346,180	\$ 47,695,043	\$ 43,120,444
Restricted	11,788,623	2,306,529	14,222,187	23,258,947	37,748,076	17,051,680	5,897,961	8,354,614
Unrestricted	4,308,457	12,955,777	13,643,810	13,386,297	11,683,150	11,850,426	10,242,495	9,975,317
Total governmental activities net assets	<u>\$ 105,198,540</u>	<u>\$ 103,629,886</u>	<u>\$ 91,412,270</u>	<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>
Business-type activities								
Invested in capital assets, net of related debt	\$ 54,288,096	\$ 53,418,392	\$ 48,127,382	\$ 47,893,027	\$ 41,923,596	\$ 37,368,956	\$ 38,406,139	\$ 32,724,578
Restricted	6,221,719	7,568,701	17,888,236	14,620,878	18,060,049	18,350,884	11,698,161	15,635,741
Unrestricted	5,340,103	6,162,163	5,283,929	5,463,619	7,081,727	7,475,827	9,457,896	3,746,526
Total business-type activities net assets	<u>\$ 65,849,918</u>	<u>\$ 67,149,256</u>	<u>\$ 71,299,547</u>	<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>
Primary government								
Invested in capital assets, net of related debt	\$ 143,389,556	\$ 141,785,972	\$ 111,673,655	\$ 97,380,327	\$ 75,944,230	\$ 78,715,136	\$ 86,101,182	\$ 75,845,022
Restricted	18,010,342	9,875,230	32,110,423	37,879,825	55,808,125	35,402,564	17,596,122	23,990,355
Unrestricted	9,648,560	19,117,940	18,927,739	18,849,916	18,764,877	19,326,253	19,700,391	13,721,843
Total primary government net assets	<u>\$ 171,048,458</u>	<u>\$ 170,779,142</u>	<u>\$ 162,711,817</u>	<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>

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 EIGHT FISCAL YEARS
(unaudited)

TABLE D-2

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities:								
Mayor/Council	\$ 116,372	\$ 109,844	\$ 117,366	\$ 111,555	\$ 108,366	\$ 78,114	\$ 74,416	\$ 58,378
Administration	6,862,780	6,707,709	7,384,773	5,523,924	6,040,692	4,908,083	5,757,527	3,583,719
Finance	1,294,888	1,409,054	1,338,894	1,138,210	1,027,654	954,840	877,537	760,436
Municipal Court	353,147	334,922	312,601	298,383	304,492	295,379	254,210	236,201
Police	8,609,827	8,384,774	7,130,698	7,001,771	6,095,435	6,372,344	6,862,707	5,446,279
Fire	2,741,288	2,201,236	2,242,829	2,207,468	1,889,269	1,144,577	1,530,503	966,400
Public Works	6,669,448	5,482,571	7,094,068	6,928,067	5,530,219	4,753,190	6,155,726	3,961,797
Community Development	1,210,519	1,350,023	2,229,753	2,018,363	1,781,548	1,680,857	1,493,249	442,470
Parks and Recreation	5,805,241	5,250,506	4,025,927	3,088,750	2,583,547	2,329,095	2,323,558	1,487,036
Interest on long-term debt	4,717,319	4,669,459	4,418,519	3,612,523	2,179,950	1,136,584	1,277,825	1,244,127
Total governmental activities expenses	38,380,829	35,900,098	36,295,428	31,929,014	27,541,172	23,653,063	26,607,258	18,186,843
Business-type activities:								
Water and Sewer	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226	8,777,277	7,061,272	6,436,878
Total business-type activities expenses	13,916,192	13,272,884	12,206,742	10,917,707	10,253,226	8,777,277	7,061,272	6,436,878
Total primary government expenses	\$ 52,297,021	\$ 49,172,982	\$ 48,502,170	\$ 42,846,721	\$ 37,794,398	\$ 32,430,340	\$ 33,668,530	\$ 24,623,721
Program Revenues								
Governmental activities:								
Charges for services:								
Community Development	\$ 664,711	\$ 1,020,979	\$ 1,072,444	\$ 1,118,001	\$ 1,318,516	\$ 1,687,141	\$ 1,680,531	\$ 1,487,000
Municipal Court	1,193,019	1,082,488	974,973	989,677	883,228	917,610	928,470	730,753
Police	522,919	516,591	658,015	415,637	649,261	720,395	402,980	221,076
Other	706,280	667,091	1,252,838	1,275,491	1,771,297	1,012,518	894,130	492,282
Operating grants & contributions	59,303	81,199	151,741	1,059,602	783,317	894,114	1,424,824	772,911
Capital grants & contributions	4,437,478	8,127,487	6,620,540	3,193,554	11,804,857	5,893,301	6,624,160	181,426
Total governmental activities program revenues	7,583,710	11,495,835	10,730,551	8,051,962	17,210,476	11,125,079	11,955,095	3,885,448

CITY OF ROCKWALL, TEXAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(unaudited)

TABLE D-2
(continued)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:								
Charges for services:								
Water Sales	6,917,587	6,574,110	6,060,043	4,815,631	6,547,846	5,379,382	4,474,069	4,530,970
Sewer Charges	2,864,595	2,748,160	2,409,614	2,338,820	2,355,821	2,046,425	1,922,989	1,809,478
Other	2,150,155	1,951,945	1,797,390	1,616,873	2,164,135	2,072,748	1,890,686	1,797,588
Operating grants & contributions	-	-	-	-	-	-	-	-
Capital grants & contributions	1,992,680	3,374,321	5,616,869	2,808,528	4,319,065	3,411,639	6,576,943	2,906,811
Total business-type activities program revenues	<u>13,925,017</u>	<u>14,648,536</u>	<u>15,883,916</u>	<u>11,579,852</u>	<u>15,386,867</u>	<u>12,910,194</u>	<u>14,864,687</u>	<u>11,044,847</u>
Total primary government program revenues	<u>\$ 21,508,727</u>	<u>\$ 26,144,371</u>	<u>\$ 26,614,467</u>	<u>\$ 19,631,814</u>	<u>\$ 32,597,343</u>	<u>\$ 24,035,273</u>	<u>\$ 26,819,782</u>	<u>\$ 14,930,295</u>
Net (Expense)/Revenue								
Governmental activities	(30,797,119)	(24,404,263)	(25,564,877)	(23,877,052)	(10,330,696)	(12,527,984)	(14,652,163)	(14,301,395)
Business-type activities	8,825	1,375,652	3,677,174	662,145	5,133,641	4,132,917	7,803,415	4,607,969
Total primary government net expense	<u>(30,788,294)</u>	<u>(23,028,611)</u>	<u>(21,887,703)</u>	<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>
General Revenues and Transfers								
Governmental activities:								
Property taxes	\$ 16,735,510	\$ 16,422,119	\$ 14,780,112	\$ 11,827,931	\$ 9,063,530	\$ 8,111,715	\$ 7,265,947	\$ 6,717,883
Sales taxes	10,833,397	10,264,401	10,123,636	8,901,929	8,529,051	7,379,841	6,736,054	6,277,216
Other	3,285,081	3,734,068	4,625,450	4,477,541	3,566,689	2,442,815	2,167,786	1,843,906
Transfers	1,511,785	6,201,291	1,315,405	1,350,335	2,375,000	1,006,400	867,500	1,337,963
Total governmental activities	<u>32,365,773</u>	<u>36,621,879</u>	<u>30,844,603</u>	<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	203,622	675,348	960,254	1,600,342	1,111,064	506,954	519,436	345,017
Transfers	(1,511,785)	(6,201,291)	(1,315,405)	(1,350,335)	(2,375,000)	(1,006,400)	(867,500)	(1,337,963)
Total business-type activities	<u>(1,308,163)</u>	<u>(5,525,943)</u>	<u>(355,151)</u>	<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>\$ 31,057,610</u>	<u>\$ 31,095,936</u>	<u>\$ 30,489,452</u>	<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>
Change in Net Assets								
Governmental activities	\$ 1,568,654	\$ 12,217,616	\$ 5,279,726	\$ 2,680,684	\$ 13,203,574	\$ 6,412,787	\$ 2,385,124	\$ 1,875,573
Business-type activities	(1,299,338)	(4,150,291)	3,322,023	912,152	3,869,705	3,633,471	7,455,351	3,615,023
Total primary government	<u>\$ 269,316</u>	<u>\$ 8,067,325</u>	<u>\$ 8,601,749</u>	<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 D-3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
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
2008	14,780,112	10,123,636	2,421,094	27,324,842
2009	16,422,119	10,264,401	2,535,846	29,222,366
2010	16,735,510	10,833,397	2,748,483	30,317,390

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 D-4

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
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	2,355,821	8,903,667
2007	4,815,631	2,338,820	7,154,451
2008	6,060,043	2,409,614	8,469,657
2009	6,574,110	2,748,160	9,322,270
2010	6,917,587	2,864,595	9,782,182

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

TABLE D-5

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ -	\$ 2,870	\$ 2,446	\$ 1,407	\$ 26,130	\$ 26,980	\$ 16,104	\$ 7,500	\$ 6,862	\$ 16,414
Unreserved	9,159,333	8,293,107	8,264,368	8,335,289	7,692,662	7,301,334	6,860,155	7,235,979	7,579,095	6,436,530
Total general fund	<u>\$ 9,159,333</u>	<u>\$ 8,295,977</u>	<u>\$ 8,266,814</u>	<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>
All other governmental funds										
Reserved for:										
Debt Service	\$ 930,290	\$ 1,077,236	\$ 835,203	\$ 1,083,320	\$ 1,461,294	\$ 1,155,897	\$ 694,758	\$ 683,650	\$ 551,753	\$ 509,255
Unreserved, reported in:										
Special revenue funds	2,320,833	2,399,605	3,145,275	2,797,330	2,422,376	2,046,410	1,358,357	926,507	671,382	1,171,009
Capital projects funds	10,319,501	16,906,340	13,094,614	21,877,706	36,529,256	16,113,095	5,271,300	7,540,907	9,031,865	13,065,344
Total all other governmental funds	<u>\$ 13,570,624</u>	<u>\$ 20,383,181</u>	<u>\$ 17,075,092</u>	<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>

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

TABLE D-6

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Ad valorem taxes, penalty and interest	\$ 16,560,766	\$ 16,407,575	\$ 14,708,142	\$ 11,820,994	\$ 8,979,948	\$ 8,140,125	\$ 7,270,408	\$ 6,678,166	\$ 5,722,744	\$ 5,032,885
Sales taxes	10,833,397	10,264,401	10,123,637	8,901,929	8,529,051	7,379,841	6,736,054	6,277,216	6,228,716	6,109,463
Franchise taxes	2,728,251	2,444,296	2,179,847	2,046,674	1,981,016	1,715,242	1,702,156	1,548,499	1,506,971	1,278,671
Charges for services	713,760	738,146	362,107	417,049	426,996	268,125	266,450	263,349	159,451	135,417
Permits	651,108	1,005,541	1,122,505	1,132,985	1,325,832	1,718,218	1,709,832	1,521,019	1,467,736	618,405
Municipal court	1,173,907	1,056,904	1,177,410	1,019,260	987,066	906,634	937,164	734,500	584,171	509,645
Intergovernmental	506,100	428,747	419,700	1,097,790	1,011,739	3,182,350	1,772,811	1,100,961	1,452,565	1,155,484
Interest income	60,429	611,615	1,702,870	2,012,244	1,149,204	304,644	143,269	312,700	598,483	1,002,624
Miscellaneous	569,258	872,988	837,707	716,896	1,060,866	1,080,366	755,733	422,427	375,753	297,490
Contributions and donations	148,512	2,812,457	775,695	2,241,586	6,251,435	163,635	252,037	56,463	35,112	60,539
Total Revenues	33,945,488	36,642,670	33,409,620	31,407,407	31,703,153	24,859,180	21,545,914	18,915,300	18,131,702	16,200,623
Expenditures										
Current:										
Mayor/council	116,372	109,845	117,366	111,555	108,366	78,114	74,416	58,377	68,480	38,068
Administration	3,353,637	3,358,705	3,056,885	2,750,197	2,910,478	2,708,948	2,324,516	3,024,304	2,421,992	1,880,816
Finance	1,189,250	1,266,436	1,199,417	1,138,238	1,025,230	952,808	837,800	756,688	707,823	615,694
Municipal court	333,234	318,467	311,706	300,186	303,131	291,348	249,839	234,832	189,088	187,687
Police	8,083,075	7,775,622	6,923,679	6,426,957	6,235,463	6,070,311	6,083,676	5,171,682	5,024,188	4,261,907
Fire	2,179,372	1,618,559	1,451,970	1,340,624	1,242,836	1,075,427	950,622	757,447	373,099	336,556
Public works	1,577,760	1,528,010	2,824,267	2,427,535	2,411,324	2,050,077	2,005,360	1,781,760	1,648,599	1,393,969
Community development	1,130,169	1,258,030	2,219,167	2,002,767	1,783,961	1,682,480	1,477,483	440,481	302,156	391,843
Parks and recreation	4,529,739	4,493,524	2,907,229	2,473,238	2,318,135	1,826,608	1,758,180	1,369,986	1,322,614	1,030,236
Total current	22,492,608	21,727,198	21,011,686	18,971,297	18,338,924	16,736,121	15,761,892	13,595,557	12,058,039	10,136,776
Capital outlay:										
Administration	4,746,948	18,427,890	2,373,369	4,028,933	1,580,706	602,847	623,526	1,843,858	8,767,869	3,101,580
Finance	57,653	78,866	137,035	-	-	-	36,746	141,102	104,138	66,898
Municipal Court	-	-	-	-	-	-	3,958	13,152	-	-
Police	1,316,626	258,623	74,899	225,992	285,150	1,850,771	978,179	372,661	370,552	298,869
Fire	434,754	6,462,691	727,795	1,578,623	835,685	711,166	525,888	172,970	542,049	1,322,965
Public works	24,575	90,798	29,051,639	10,609,516	25,733,888	9,756,038	1,667,682	1,198,999	892,865	1,306,605
Community development	-	-	-	2,105	-	519	668	1,123	-	97,479
Parks and recreation	1,095,622	482,177	1,742,004	2,397,348	1,477,499	757,360	600,049	443,049	199,661	646,525
Total capital outlay	7,676,178	25,801,045	34,106,741	18,842,517	29,912,928	13,678,701	4,436,696	4,186,914	10,877,134	6,840,921

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

TABLE D-6
 (continued)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt service:										
Principal	4,458,038	4,670,540	4,335,462	3,726,505	2,620,235	1,801,369	2,831,984	1,623,841	1,590,000	1,196,321
Interest	4,766,488	4,716,545	4,254,162	3,607,455	1,748,001	977,878	1,032,504	1,229,093	1,198,065	1,305,721
Bond issuance costs	-	242,173	468,837	9,500	500,889	429,728	99,311	-	50,879	-
Fiscal charges	7,032	15,284	6,384	6,484	6,020	5,063	7,403	9,272	14,580	10,380
Total debt services	9,231,558	9,644,542	9,064,845	7,349,944	4,875,145	3,214,038	3,971,202	2,862,206	2,853,524	2,512,422
Total expenditures	39,400,344	57,172,785	64,183,272	45,163,758	53,126,997	33,628,860	24,169,790	20,644,677	25,788,697	19,490,119
Excess (deficiency) of revenues over (under) expenditures	(5,454,856)	(20,530,115)	(30,773,652)	(13,756,351)	(21,423,844)	(8,769,680)	(2,623,876)	(1,729,377)	(7,656,995)	(3,289,496)
Other financing sources (uses):										
Transfers in	1,478,835	8,664,757	1,975,436	2,585,804	4,305,332	2,959,535	2,429,909	4,445,973	4,976,111	2,942,643
Transfers out	(2,304,050)	(4,488,966)	(2,715,031)	(2,866,119)	(3,478,832)	(3,416,135)	(2,812,409)	(4,163,010)	(4,971,711)	(2,996,182)
Bonds issued	-	19,295,000	22,270,000	-	41,045,000	21,200,000	-	-	4,295,000	-
Capital Leases	330,870	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	4,805,000	-	-	-	6,095,000	4,067,415	-	-	-
Accrued interest on bonds issued	-	-	-	-	176,020	129,913	-	-	-	-
Premium (discounts) on bonds issued	-	444,623	490,101	-	864,326	271,518	-	-	-	-
Payment to refunded bond escrow agent	-	(4,853,047)	-	-	-	(6,027,109)	(3,120,178)	-	-	-
Total other financing sources (uses)	(494,345)	23,867,367	22,020,506	(280,315)	42,911,846	21,212,722	564,737	282,963	4,299,400	(53,539)
Net change in fund balances	(5,949,201)	3,337,252	(8,753,146)	(14,036,666)	21,488,002	12,443,042	(2,059,139)	(1,446,414)	(3,357,595)	(3,343,035)
Debt service as a percentage of noncapital expenditures	29.1%	30.6%	24.0%	22.0%	17.4%	13.5%	14.4%	18.1%	19.1%	19.9%

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

TABLE D-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2001	\$ 5,032,885	\$ 6,109,463	\$ 1,278,671	\$ 12,421,019
2002	5,722,744	6,228,716	1,506,971	13,458,431
2003	6,678,166	6,277,216	1,548,499	14,503,881
2004	7,270,408	6,736,054	1,702,156	15,708,618
2005	8,140,125	7,379,841	1,715,242	17,235,208
2006	8,979,948	8,529,051	1,981,016	19,490,015
2007	11,820,994	8,901,929	2,046,674	22,769,597
2008	14,708,142	10,123,637	2,179,847	27,011,626
2009	16,407,575	10,264,401	2,444,296	29,116,272
2010	16,560,766	10,833,397	2,728,251	30,122,414

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

TABLE D-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>
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
2008	10,123,637	70.44%	0.36
2009	10,264,401	64.13%	0.34
2010	10,833,397	65.62%	0.35

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

TABLE D-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			
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
2008	2007	2,405,432,149	709,899,929	289,545,141	602,975,668	2,801,901,551	0.4865
2009	2008	2,147,701,430	1,155,846,969	330,037,398	625,065,569	3,008,520,228	0.5031
2010	2009	2,185,092,860	1,222,610,470	338,639,915	663,151,492	3,083,191,753	0.5031

Source: Rockwall Central Appraisal District

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

TABLE D-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>
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
2008	104,805,677	1,658,500	66,881,780	13,651,705	248,013
2009	111,535,268	1,805,500	79,131,370	24,266,824	2,147,724
2010	117,336,354	6,522,310	101,284,160	25,091,542	182,290

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

TABLE D-11

Fiscal Year	City of Rockwall			Overlapping Rates	
	M&O	Debt	Total	School	County
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
2008	0.2243	0.2622	0.4865	1.4700	0.3500
2009	0.2270	0.2761	0.5031	1.4700	0.3750
2010	0.2453	0.2578	0.5031	1.4700	0.3750

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

TABLE D-12

Taxpayer	2010			2001		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
CNLRs Rockwall, LP	\$ 50,948,210	1	1.65%	\$ -	-	-
Continental Pet Technology	37,595,890	2	1.22%	27,613,168	1	2.02%
Rockwall Regional Hospital, LLP	36,925,810	3	1.20%	-	-	-
Mariah Bay Development, Inc	30,981,690	4	1.00%	-	-	-
Rockwall Hotel & Conference Group	29,160,780	5	0.95%	-	-	-
Rockwall HH, LLC	25,000,000	6	0.81%	-	-	-
Wal-mart	23,474,360	7	0.76%	16,666,249	2	1.22%
Rockwall Crossing LTD	22,646,520	8	0.73%	-	-	-
Oncor Electric Delivery Service	21,633,760	9	0.70%	13,217,490	5	0.97%
Texas Star Express	18,814,200	10	0.61%	-	-	-
SPM/WRI Rockwall, L.P.	-	-	-	16,631,660	3	1.22%
Lowes Home Centers, Inc.	-	-	-	14,302,570	4	1.05%
Rockwall/ S-30 Ltd.	-	-	-	12,199,550	6	0.89%
Steger Towne Crossing, LP	-	-	-	9,644,750	7	0.71%
Southwestern Bell Telephone	-	-	-	9,638,070	8	0.71%
Bent Tree Realty Co.	-	-	-	9,322,760	9	0.68%
Dayton Hudson	-	-	-	9,141,165	10	0.67%
Subtotal	<u>297,181,220</u>		<u>9.64%</u>	<u>138,377,432</u>		<u>10.14%</u>
Total Taxable Value	<u><u>3,083,191,753</u></u>		<u><u>100.00%</u></u>	<u><u>1,365,273,846</u></u>		<u><u>100.00%</u></u>

Source: Rockwall Central Appraisal District
 Note: For tax years 2009 and 2000

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

TABLE D-13

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy
2001	2000	4,915,155	4,864,930	98.98%	110,627	4,975,557	101.23%
2002	2001	5,696,005	5,605,385	98.41%	55,841	5,661,226	99.39%
2003	2002	6,619,325	6,487,602	98.01%	77,090	6,564,692	99.17%
2004	2003	7,194,520	7,145,433	99.32%	176,253	7,321,686	101.77%
2005	2004	8,063,888	8,021,945	99.48%	141,227	8,163,172	101.23%
2006	2005	8,984,907	8,921,613	99.30%	114,598	9,036,211	100.57%
2007	2006	11,602,218	11,433,285	98.54%	112,247	11,545,532	99.51%
2008	2007	14,371,045	14,173,725	98.63%	139,450	14,313,175	99.60%
2009	2008	16,005,417	15,923,847	99.49%	269,545	16,193,392	101.17%
2010	2009	16,509,972	16,280,346	98.61%	138,823	16,419,169	99.45%

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

TABLE D-14

Customer	2010			2001		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	55,989,000	1	1.92%	13,569,900	8	0.94%
Rockwall I.S.D.	40,715,900	2	1.40%	40,728,500	1	2.83%
Mission Rockwall	17,258,600	3	0.59%	19,873,200	3	1.38%
D.W.C./Highlife Properties	16,933,800	4	0.58%	17,954,100	4	1.25%
TF-Harbor, LLC	16,153,700	5	0.55%	-	-	-
Mansions of Rockwall	14,100,400	6	0.48%	-	-	-
Walden Residential Properties	11,754,000	7	0.40%	13,236,600	9	0.92%
Rockwall Nursing Home	11,046,400	8	0.38%	11,156,700	10	0.78%
Rockwall Crossing, Ltd.	10,028,300	9	0.34%	-	-	-
Continental Can	9,590,300	10	0.33%	13,634,000	7	0.95%
Lone Star Circuits	-	-	-	24,041,200	2	1.67%
Steger Towne Crossing	-	-	-	15,369,300	5	1.07%
Sabre Realty	-	-	-	14,955,000	6	1.04%
Subtotal	<u>203,570,400</u>		<u>6.99%</u>	<u>184,518,500</u>		<u>12.84%</u>
Total Water Usage	<u>2,913,744,835</u>		<u>100.00%</u>	<u>1,437,149,000</u>		<u>100.00%</u>

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

TABLE D-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	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Water and Sewer Revenue Bonds	Capitalized Lease Obligations			
2001	14,088,900	6,375,000	1,374,329	-	506,100	-	60,644	4,563,753	2,840,000	29,808,726	5.53%	1,574
2002	13,295,364	10,485,000	945,000	-	384,636	-	-	10,991,569	2,505,000	38,606,569	6.54%	1,841
2003	12,521,523	9,890,000	690,000	-	288,477	-	-	10,555,000	2,150,000	36,095,000	5.60%	1,580
2004	11,918,933	9,075,000	420,000	-	271,067	-	-	10,035,000	1,780,000	33,500,000	4.07%	1,329
2005	22,992,564	17,940,000	345,000	-	247,436	-	-	14,910,000	1,385,000	57,820,000	6.22%	2,080
2006	57,632,329	21,825,000	315,000	-	212,671	-	-	14,145,000	1,145,000	95,275,000	9.57%	3,155
2007	55,720,824	20,045,000	280,000	-	184,176	-	-	13,360,000	5,040,094	94,630,094	8.87%	3,013
2008	74,925,362	18,810,000	245,000	-	154,638	9,935,000	-	12,530,000	4,805,090	121,405,090	11.18%	3,824
2009	86,179,822	22,425,000	-	-	135,178	25,890,000	-	11,670,000	7,431,754	153,731,754	14.29%	4,789
2010	83,271,784	20,875,000	-	278,034	113,216	25,005,000	-	10,775,000	7,080,083	147,398,117	11.67%	4,205

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 D-16

Fiscal Year	Governmental Activities			Gross Bonded Debt	Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations					
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
2008	74,925,362	18,810,000	245,000	93,980,362	835,203	93,145,159	3.32%	2,934
2009	86,179,822	22,425,000	-	108,604,822	1,077,236	107,527,586	3.57%	3,349
2010	83,271,784	20,875,000	-	104,146,784	2,399,605	101,747,179	3.30%	2,903

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, 2010
 (unaudited)

TABLE D-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	\$ 104,146,784	100.00%	\$ 104,146,784
Indirect:			
Rockwall Independent School District	356,233,119	58.31%	207,719,532
Rockwall County	62,230,000	49.09%	30,548,707
Total Indirect	418,463,119		238,268,239
Total Direct and Overlapping Bonded Debt	\$ 522,609,903		\$ 342,415,023
Average debt per capita			9,769

(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 D-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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
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	0.5031	0.5031	0.4865	0.425	0.3689	0.3600	0.3600	0.3600	0.3600	0.3600
Legal Debt Margin	1.9969	1.9969	2.0135	2.0750	2.1311	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 D-19

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			
				Principal	Interest	Total	Coverage
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
2008	11,638,576	9,308,603	2,329,973	830,000	575,410	1,405,410	1.66
2009	12,706,804	9,516,940	3,189,864	860,000	542,595	1,402,595	2.27
2010	12,644,083	9,871,989	2,772,094	895,000	507,658	1,402,658	1.98

Note: Direct operating expenses excludes depreciation

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

TABLE D-20

DEMOGRAPHICS					
Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (3)
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
2008	31,748	1,085,718	34,198	13,407	4.9
2009	32,103	1,075,900	33,514	13,721	7.0
2010	35,050	1,263,553	36,050	14,030	6.6

Source: (1) Rockwall Economic Development Corporation and North Central Texas Workforce Solutions
 (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 D-21

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,896	1	10.89%	1,200	1	11.15%
Texas Star Express	484	2	2.78%	200	6	1.86%
Wal-Mart Superstore	450	3	2.59%	500	2	4.65%
Presbyterian Hospital	419	4	2.41%	-	-	-
Rockwall County	298	5	1.71%	140	7	1.30%
City of Rockwall	256	6	1.47%	-	-	-
Special Products	205	7	1.18%	135	10	1.25%
Target	200	8	1.15%	-	-	-
Rockwall Nursing Home	160	9	0.92%	140	9	1.30%
Kohl's Department Store	140	10	0.80%	140	8	1.30%
Continental Pet	-	-	-	225	3	2.09%
Precision Cable	-	-	-	200	4	1.86%
James Helwig & Son	-	-	-	200	5	1.86%
Subtotal	<u>4,508</u>		<u>25.90%</u>	<u>3,080</u>		<u>28.62%</u>
Total	<u>17,407</u>		<u>100.00%</u>	<u>10,763</u>		<u>100.00%</u>

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

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

TABLE D-22

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	22	22	22	22	21	21	21	23	19	13
Finance	8	8	8	8	8	7.5	6.5	4.5	4.5	5
Municipal Court	4	4	4	4	4	4	3	3	3	3
Fire	17	17	10	10	9	9	8	5	4	3
Police	90.5	90.5	88	85	80	72	70	68	63	57
Community Development	29.5	29.5	29.5	29.5	28.5	25.5	22	21	19	14
Parks & Recreation	26	26	24.5	24.5	25	24	21	21	22	18
Public Works	21	21	23	23	23	21	21	21	20	19
Water/Sewer	38	38	34	31	29	26	25	23	22	21
Total	256.00	256.00	243.00	237.00	227.50	210.00	197.50	189.50	176.50	153.00

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

TABLE D-23

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Finance										
Invoices processed	16,613	16,933	16,696	16,015	15,883	14,919	14,246	14,430	n/a	n/a
Payroll checks issued	8,356	8,176	7,765	7,840	7,042	6,579	6,543	5,882	4,983	4,277
Purchase orders issued	2,391	2,572	2,363	2,553	2,468	2,561	2,420	2,338	n/a	n/a
Municipal Court										
Violations Processed	17,261	16,526	12,984	17,455	16,635	15,225	13,913	15,000	9,364	8,010
Fire										
Employees (paid)	16	16	9	9	9	9	8	4	3	2
Volunteers	38	35	42	37	40	39	36	38	38	36
Fire Calls (City and County)	771	771	860	777	718	772	623	560	474	460
Police										
Employees (uniformed)	70	70	69	66	61	55	51	49	42	37
Employees (civilian)	20	20	19	18	18	17	17	15	12	12
Calls for Service	30,569	30,610	29,097	27,158	21,121	17,915	16,066	14,699	14,717	13,924
Community Development										
# permits - New commercial construction	4	17	26	33	18	51	18	27	22	13
Value - New commercial construction	10,969,950	71,061,773	40,553,363	104,798,013	39,358,497	49,918,558	29,067,960	40,304,701	41,967,125	16,001,068
# permits - New residential construction	212	169	173	192	470	739	885	775	945	767
Value - New residential construction	40,293,359	30,914,120	31,962,169	40,174,623	82,305,725	123,215,423	135,501,919	117,512,216	144,002,845	119,521,248
Parks & Recreation										
The Center facility usage	68,665	61,713	76,530	69,988	75,757	71,118	58,060	38,821	2,713	n/a
Special event attendance	95,000	90,680	75,232	54,156	25,231	26,547	35,736	14,300	9,113	5,440
# recreation participants (youth & adult)	3,428	2,155	2,757	2,727	2,381	2,034	1,793	1,411	882	1,028

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

TABLE D-23
 (continued)

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Works										
Streets - sq yd concrete street repair	2,851.55	5,507.20	3,415.26	739.69	1,967.75	2,961.55	2,395.76	n/a	n/a	n/a
\$ spent on concrete/asphalt street repair	575,446	541,430	411,814	341,685	478,169	352,048	431,475	339,507	284,129	242,810
Miles of public street maintained by City	196.10	192.86	183.86	144.83	139.52	129.23	127.66	122.70	116.03	105.38
Water/Sewer										
Water customers	12,859	12,471	12,285	12,345	11,985	11,491	10,497	9,440	8,827	7,875
Sewer customers	11,651	11,401	11,106	10,987	10,445	10,020	9,282	8,510	7,781	7,026
Average daily water consumption (gal)	7,434,917	8,228,041	8,052,778	6,701,619	5,991,288	5,023,404	4,327,595	4,209,473	3,019,976	3,937,395
Maximum storage capacity (gal)	12,000,000	12,000,000	9,500,000	7,500,000	7,500,000	7,500,000	7,500,000	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 D-24

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire										
Number of stations	4	2	2	2	2	2	2	2	2	1
Number of fire engines/trucks	14	12	11	11	9	8	8	8	8	8
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	42	42	42	42	42	37	30	26	22	n/a
Parks & Recreation										
Parks acres (developed)	538.00	538.00	538.00	341.50	324.60	307.30	287.70	283.20	n/a	n/a
Playgrounds	25	23	23	23	18	12	12	12	11	10
Picnic areas	32	31	31	29	27	26	26	25	12	5
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ spent on new street construction	2,596,948	15,444,384	24,508,043	4,885,417	1,689,445	2,477,496	165,359	116,368	1,670,734	377,153
\$ spent on street rehabilitation	1,929,529	1,446,058	4,219,701	2,492,251	6,575,541	2,352,112	583,947	397,026	967,878	1,503,738
Miles of public street	196.10	192.86	183.86	144.83	139.52	129.23	127.66	122.70	116.03	105.38
Water/Sewer										
Water mains (miles)	269.82	255.88	250.40	160.06	155.37	146.32	139.93	128.49	120.93	105.35
Sanitary sewers (miles)	215.88	212.77	209.95	117.51	113.58	107.83	103.62	96.64	91.87	79.21

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