

CITY OF ROCKWALL, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

Prepared by the

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

Mary P. Smith, Director of Finance

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Introductory Section

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, 2003, 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, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rockwall was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rockwall's separately issued Single Audit Report.

In the current year's financial statements the City implemented a dramatic change in governmental financial reporting. We believe this new presentation will provide valuable information to the readers of our comprehensive annual financial report. The new reporting model issued, by the Governmental Accounting Standards Board, requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Rockwall's MD&A can be found immediately following the report of the independent auditors.

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 1851. The unusual rock formations are found throughout the county. The City is located on the east 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 Airport, one of the largest in the world, continues with expansion plans to meet the air transportation needs of the region. Love Field in Dallas and Alliance Airport near Fort Worth provide commuter air service and general aviation facilities for the area. Due to favorable economic conditions, excellent business climate, and desirable living conditions, corporate relocations to the area continue.

The City of Rockwall has operated under a council-manager form of government since 1985. Policymaking and legislative authority is vested in the City Council, which consists of a mayor and six council members, all elected at large. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The mayor and six council members are elected to two year staggered terms.

Organizationally, the City is in the process of refining its strategic plan using the Balanced Scorecard Methodology. When the strategy map was completed in 2003, the City's strategic initiatives for the implementation of the City's goals were formalized within the organization. Departmental business plans are being developed as well as performance measures for the strategic initiatives.

Future Development. The City has announced a private public partnership which will begin development in fiscal year 2004. "The Harbor" will be situated on the shores of Lake Ray Hubbard at I-30. The largely undeveloped hillside will soon be the home of a twelve-screen Cinemark Theatre, full-service Hilton Hotel and Conference Center and approximately 222,000 sq.ft of retail, restaurant and office space. In conjunction with the private development, the City expects to establish a tax increment financing (TIF) zone in an approximately 103 acre area which will allow for the financing and development of public open space to complement the development and allow citizens access to the Lake Ray Hubbard shore line. The public area will include both passive and active event areas, a Harbor/Urban Court, spray plaza and large open areas suitable for a variety of outdoor events. The City has sponsored a very well attended "Concert on the Lake Series" which will use this public space as its venue in the future. The City will be partnering with Rockwall County, and the Rockwall Economic Development Corporation to establish the TIF and finance the public projects. This is expected to transform the area and spur development in the entire TIF zone. Groundbreaking ceremonies will be held in Spring 2004 with phase I of the retail area to be open near Christmas 2004. All construction on both the private and public improvements is expected to take approximately 30 months to complete.

Design is underway on several road and drainage projects approved by voters in 2002. Debt will be issued in Spring 2004 and construction will begin on several roadway projects.

The water and sewer rate study will be updated in 2004, ensuring that the city's goal of providing sufficient water and sewer rates to meet system needs is achieved. Construction work continues on the new two-million gallon water tower as well as design of a new pump station and ground storage facility. A number of main extension projects will be undertaken to increase system capacity and provide water and sewer service to outlying areas of the City.

Cash Management:

The City invests cash temporarily idle during the year in money market funds and short-term notes of the U.S. Government and its agencies.

Other cash classified as being not immediately needed is invested in longer-term obligations of the U.S. Government and its agencies. All of these investments are classified as "hold-to-maturity" investments. The City believes that it will not be required to sell these investments prior to maturity, barring an event that would be isolated, nonrecurring, unusual, and could not reasonably be anticipated by the City. The City has no reverse repos nor has any other form of borrowing been used to finance the City's portfolio.

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

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, 2002. 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 comprehensive annual financial report satisfies 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 the last thirteen 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,

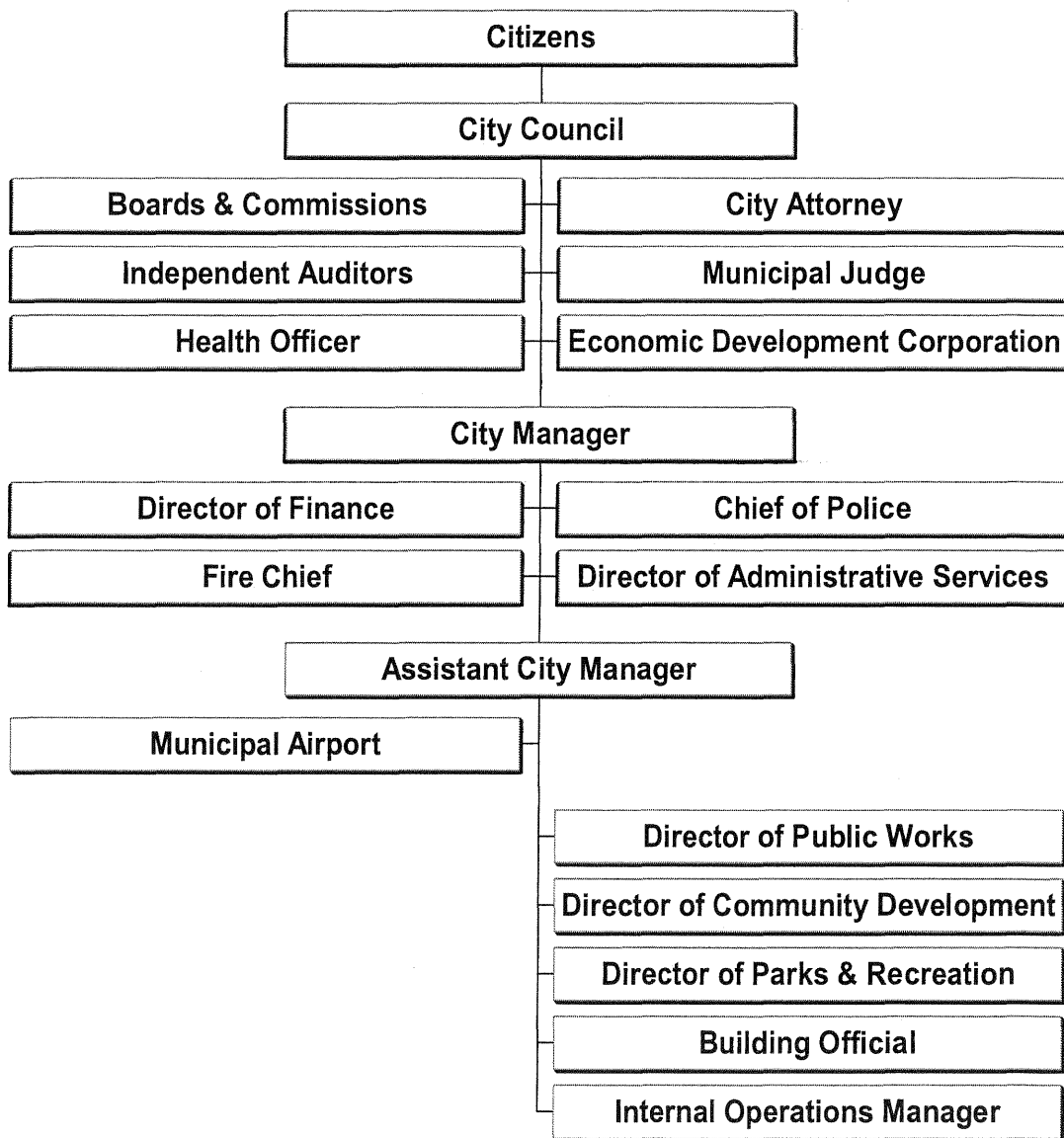


Julie Couch
City Manager



Mary Smith, CPA
Director of Finance

City of Rockwall Organization Chart



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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, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 1 E, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of September 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, on our consideration of the City of Rockwall, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis identified as Required Supplementary Information in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

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

Rutledge Crain & Company, PC

December 12, 2003

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, 2003. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$113,888,414 At September 30, 2003.
- During the year, the City's expenditures were \$2,077,115 less than the \$20,263,958 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, 2003 by \$61,651,917 (net assets). Of this amount \$10,176,859 (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 \$7,235,979 or approximately 49 percent of the total general fund expenditures and transfers out.
- The City did not issue bonds during the fiscal year ended September 30, 2003. Total debt was reduced by \$2,577,184 during the fiscal year. 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.

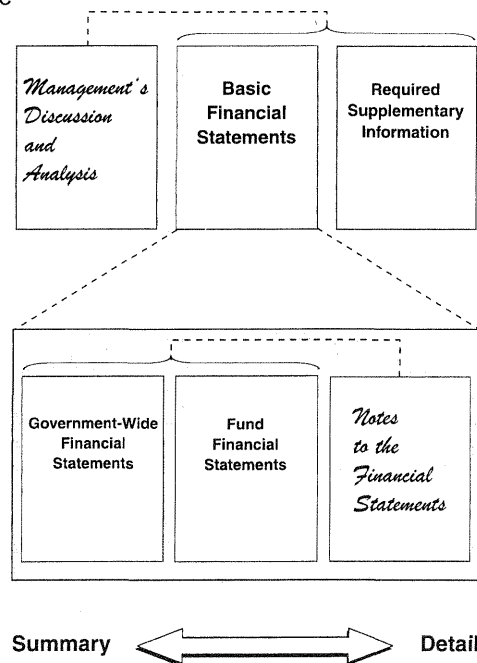
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

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



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

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

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

Component Units – The City of Rockwall (the primary government) includes two discretely presented component units. The City's 4A Sales Tax Corporation known as the Rockwall Economic Development Corporation and the Rockwall Technology Park Association. Although legally separate, The City of Rockwall is financially accountable for these component units.

The government-wide financial statements can be found on pages 23-25 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 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and the G.O. Bonds Capital Projects fund, all of which are considered to be major funds. Data from the other 14 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. Because these services benefit both governmental as well as business type functions, they have been included in both the governmental and business-type 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

Governmental activities increased the City's net assets by \$2,077,115. The key elements of this increase are as follows:

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Revenues:			
Program revenues:			
Charges for services	\$ 2,931,111	\$ 8,138,036	\$ 11,069,147
Operating grants & contributions	772,911	-	772,911
Capital grants & contributions	181,426	2,906,811	3,088,237
General Revenues:			-
Property taxes	6,717,883	-	6,717,883
Sales taxes	6,277,216	-	6,277,216
Other	<u>2,045,448</u>	<u>474,669</u>	<u>2,520,117</u>
Total revenues	<u>\$ 18,925,995</u>	<u>\$ 11,519,516</u>	<u>\$ 30,445,511</u>
Program expenses:			
Mayor/Council	58,378	-	58,378
Administration	3,583,719	-	3,583,719
Finance	760,436	-	760,436
Municipal Court	236,201	-	236,201
Police	5,446,279	-	5,446,279
Fire	966,400	-	966,400
Public works	3,961,797	-	3,961,797
Community development	442,470	-	442,470
Parks and recreation	1,487,036	-	1,487,036
Interest on long-term debt	1,244,127	-	1,244,127
Water and sewer	<u>-</u>	<u>6,436,878</u>	<u>6,436,878</u>
Total expenses	<u>\$ 18,186,843</u>	<u>\$ 6,436,878</u>	<u>\$ 24,623,721</u>
Increase (decrease) in net assets before transfers	739,152	5,082,638	5,821,790
Transfers	<u>1,337,963</u>	<u>(1,337,963)</u>	<u>-</u>
Increase (decrease) in net assets	2,077,115	3,744,675	5,821,790
Net assets, October 1	<u>59,574,802</u>	<u>48,491,822</u>	<u>108,066,624</u>
Net assets, September 30	<u>\$ 61,651,917</u>	<u>\$ 52,236,497</u>	<u>\$ 113,888,414</u>

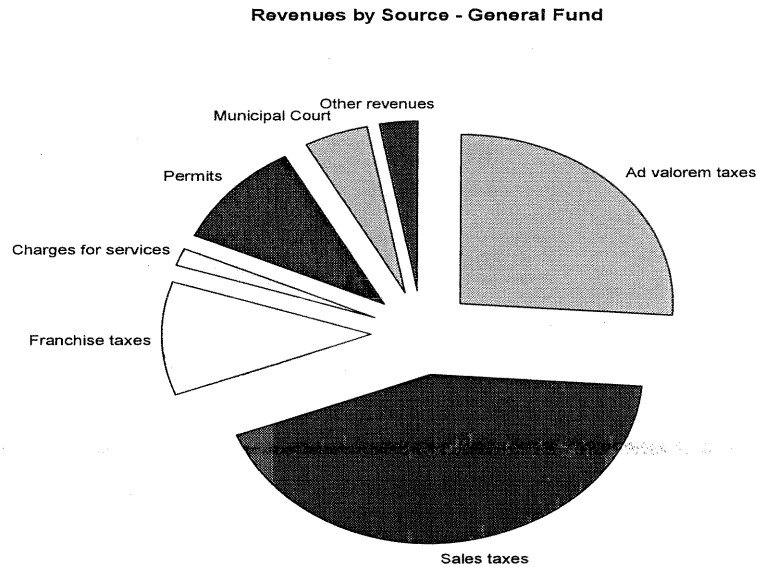
Note: The City did not restate its 2002 financial statements in this first year of implementation of GASB 34. Comparative information will be provided in future years.

Component Units

The Rockwall Economic Development Corporation (REDC) reported operating revenues primarily from a ½ cent sales tax, authorized under the 4A Corporation statutes, of \$2,094,670. Assets managed by the corporation including an inventory of land available for sale to business entities. During the fiscal year ended September 30, 2003; the corporation sold a speculative building constructed in 2002 and held for lease and future sale. All associated debt for the building was extinguished.

ANALYSIS OF INDIVIDUAL FUNDS

The City's General Fund reported an ending unreserved fund balance of \$7,235,979 (25.3%); a decrease of \$342,477 from the prior year. The main source of general fund revenue is sales tax, it accounted for \$6,138,437 (43.0%) of total general fund revenue. Ad valorem property taxes account for \$3,707,621 (26.0%) of general fund revenues. The decrease in fund balance was planned and expended for the purchase of equipment typically financed with contractual obligations.



The City's Debt Service Fund reported an increase in fund balance of \$131,897. Property tax collections for debt service requirements were \$2,970,545.

Water and sewer charges were \$8,138,036. Ending working capital for the water and sewer fund was \$1,930,978. No new debt was issued during the fiscal year ended September 30, 2003.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2003, 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 in revenues beyond projections. With the adjustments made to the budget, the budgeted expenditures of \$13,391,745 increased to \$14,084,950 while revenues increased from \$13,163,500 to \$13,799,200. The City of Rockwall had originally estimated the ending general fund balance to be \$6,897,711 however due to the budget adjustments mentioned above, the fund balance was re-estimated to be \$5,798,156. The actual fund balance was higher due to management's conservative projections.

Actual general fund revenues were \$14,262,632, an increase of \$463,432 over the final budget. Actual general fund total expenditures were \$981,891 less than the revised budget. Total revenues exceeded total expenditures by \$1,159,573.

No significant budget shortfalls are noted.

The City of Rockwall's general obligation bonds carry an "A" rating from Standard & Poor's Corporation and an "A1" rating from Moody's Investor Services, both national rating agencies. The City's water and sewer bonds carry an "A-" rating from Standard & Poor's and an "A2" rating from Moody's. 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 1.22% or \$981 per capita.

Additional information on the City of Rockwall's long-term debt can be found in note IV-F on pages 54-59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials consider many factors when setting the fiscal year 2004 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 national and regional economies. The population growth experienced by the City has helped to offset declines in spending seen regionally. While building permits were somewhat lower for fiscal 2003 than previous years, interviews with local builders project strong home sales continuing for the foreseeable future. The City of Rockwall's citizens enjoy above-average income levels per household. This in combination with the City's proximity to major highways, and the Dallas-Ft.Worth SMSA make Rockwall an attractive city in which to locate. The Rockwall Economic Development Corporation works diligently to attract businesses with relocation incentives as well as providing business retention incentives such as workforce training opportunities.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2004. The budgeted revenues for fiscal year 2004 total \$14,201,000 for the general fund. Ad valorem tax revenue is determined by two major factors, the total assessed value established by the Rockwall Central Appraisal District and the tax rate established by the Rockwall City Council. Due to the fact that property values have continued to rise, the City has been able to maintain the 36 cent tax rate for the next year. Due to an uncertain economic recovery and the volatility of sales tax revenues, city officials have chosen to be very conservative in projecting sales tax revenues, projecting them to be at the same level as the prior fiscal year.

The City adopted written financial policies in 2001 which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. In addition, the policies set minimum, recommended and maximum fund balance levels for the City's fund types. The general fund minimum fund balance is set at 3 months recurring operating expenditures. The recommended fund balance is 5 months of recurring operating expenditures and the maximum fund balance is 7 months of recurring operating expenditures. The budget as adopted for fiscal year 2004 projects a fund balance of approximately 5 ½ months of recurring operating expenditures.

A number of planning initiatives including the completion of the Comprehensive Plan and Zoning Ordinance and a study of GIS systems are planned for fiscal year 2004. In addition, the City will design and implement a new website for improved citizen, visitor and business information, as well as e-commerce opportunities. The City will continue will training opportunities for all employees including Rockwall University, an education initiative for employees across the organization to learn about the work performed by other departments in a university style curriculum. An economic analysis and forecasting study will allow the City to project revenue and expenditure levels for the various zoning categories as applied to currently zoned agricultural land. This will allow city officials to determine the "highest and best" use for tracts of land being rezoned. In addition, the City began incorporating the Balanced Scorecard methodology into the budget.

The water and sewer rates adopted in fiscal year 2002 will be reviewed by our rate consultant during the coming fiscal year. The rates were designed to be adequate for approximately five years, and will be reviewed to confirm their sufficiency.

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

CITY OF ROCKWALL, TEXAS

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Cash and cash equivalents</i>	\$ 864,489	\$ 144,955	\$ 1,009,444	\$ 356,550
<i>Investments</i>	17,342,908	1,609,665	18,952,573	2,459,022
<i>Receivables (net of allowances for uncollectibles)</i>	1,519,127	1,251,914	2,771,041	572,024
<i>Due from other governments</i>	1,173,746	71,471	1,245,217	346,887
<i>Due from component unit</i>	1,928	--	1,928	--
<i>Inventories</i>	7,500	108,907	116,407	4,633,386
Restricted assets:				
<i>Cash and cash equivalents</i>	--	1,268,261	1,268,261	--
<i>Investments</i>	--	16,045,499	16,045,499	--
<i>Accrued interest</i>	--	70,455	70,455	--
<i>Deferred charges</i>	225,185	211,579	436,764	--
Capital assets (net of accumulated depreciation)				
<i>Land</i>	2,017,819	799,533	2,817,352	--
<i>Buildings and system</i>	8,788,050	38,434,739	47,222,789	--
<i>Improvements other than buildings</i>	242,695	--	242,695	--
<i>Machinery and equipment</i>	3,470,420	405,233	3,875,653	18,726
<i>Infrastructure</i>	41,005,982	--	41,005,982	--
<i>Construction in progress</i>	10,697,001	6,046,709	16,743,710	--
Total Assets	87,356,850	66,468,920	153,825,770	8,386,595
LIABILITIES				
<i>Bank overdraft</i>	7,232	--	7,232	--
<i>Accounts payable and accrued liabilities</i>	1,581,828	776,527	2,358,355	57,917
<i>Unearned revenue</i>	112,058	--	112,058	--
<i>Due to other governments</i>	65,276	--	65,276	--
<i>Due to primary government</i>	--	--	--	1,928
<i>Customer deposits</i>	--	347,065	347,065	--
<i>Liabilities payable from restricted assets</i>	--	1,002,733	1,002,733	--
Noncurrent liabilities:				
<i>Due within one year</i>	1,825,894	132,342	1,958,236	190,000
<i>Due in more than one year</i>	22,112,645	11,973,756	34,086,401	4,295,000
Total Liabilities	25,704,933	14,232,423	39,937,356	4,544,845
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	43,120,444	32,724,578	75,845,022	18,726
Restricted For:				
Debt Service	813,707	1,412,341	2,226,048	--
Capital Projects	7,540,907	14,223,400	21,764,307	--
Unrestricted	10,176,859	3,876,178	14,053,037	3,823,024
Total Net Assets	\$ 61,651,917	\$ 52,236,497	\$ 113,888,414	\$ 3,841,750

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
\$ (58,378)		\$ (58,378)	
(2,070,307)		(2,070,307)	
(756,436)		(756,436)	
494,552		494,552	
(4,500,846)		(4,500,846)	
(887,911)		(887,911)	
(3,587,683)		(3,587,683)	
(410,235)		(410,235)	
(1,280,024)		(1,280,024)	
(1,244,127)		(1,244,127)	
<u>(14,301,395)</u>		<u>(14,301,395)</u>	
-	\$ 4,607,969	4,607,969	
<u>(14,301,395)</u>	<u>4,607,969</u>	<u>(9,693,426)</u>	
			\$ (2,531,605)
			<u>(9,874)</u>
			<u>(2,541,479)</u>
6,717,883	--	6,717,883	--
6,277,216	--	6,277,216	2,025,090
1,567,874	--	1,567,874	--
164,872	114,027	278,899	14,510
312,702	360,642	673,344	55,536
1,337,963	(1,337,963)	--	--
<u>16,378,510</u>	<u>(863,294)</u>	<u>15,515,216</u>	<u>2,095,136</u>
2,077,115	3,744,675	5,821,790	(446,343)
59,574,802	48,491,822	108,066,624	4,288,093
<u>\$ 61,651,917</u>	<u>\$ 52,236,497</u>	<u>\$ 113,888,414</u>	<u>\$ 3,841,750</u>

G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 129,537	\$ 302,611	\$ 858,002
5,181,577	3,061,212	15,423,245
--	--	--
--	--	254,406
44,086	14,575	165,712
--	105,514	106,276
--	190,016	190,016
--	666	18,564
--	120,685	1,173,746
--	--	1,928
--	--	7,500
<u>\$ 5,355,200</u>	<u>\$ 3,795,279</u>	<u>\$ 18,199,395</u>
\$ 235,790	\$ 112,340	\$ 1,180,111
--	302,074	526,604
--	32,861	32,861
--	--	65,276
<u>235,790</u>	<u>447,275</u>	<u>1,804,852</u>
--	--	7,500
--	--	683,650
--	--	7,235,979
--	926,507	926,507
5,119,410	2,421,497	7,540,907
<u>5,119,410</u>	<u>3,348,004</u>	<u>16,394,543</u>
<u>\$ 5,355,200</u>	<u>\$ 3,795,279</u>	<u>\$ 18,199,395</u>

CITY OF ROCKWALL, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2003

Total fund balances - governmental funds balance sheet	\$ 16,394,543
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.	66,221,967
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	224,530
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,766,839
Payables for bond principal which are not due in the current period are not reported in the funds.	(23,101,523)
Payables for bond interest which are not due in the current period are not reported in the funds.	(70,023)
Payables for notes which are not due in the current period are not reported in the funds.	(70,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(767,016)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	225,185
Assessments receivable unavailable to pay for current period expenditures are deferred in the funds.	190,017
Court fines receivable unavailable to pay for current period expenditures are not recognized in the funds.	16,432
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	741,567
Net assets of governmental activities - statement of net assets	<u>\$ 61,651,917</u>

The accompanying notes are an integral part of this statement.

G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 6,678,166
--	138,779	6,277,216
--	825	1,548,499
--	--	263,349
--	71,360	1,521,019
--	4,875	734,500
181,427	779,384	1,100,961
127,810	36,154	312,700
--	261,488	422,427
--	56,463	56,463
<u>309,237</u>	<u>1,349,328</u>	<u>18,915,300</u>
--	--	58,377
--	17,669	3,024,304
--	164,007	756,688
--	--	234,832
--	741,127	5,171,682
--	7,161	757,447
--	--	1,781,760
--	--	440,481
--	93,433	1,369,986
--	<u>1,023,397</u>	<u>13,595,557</u>
928,402	774,849	1,843,858
--	141,102	141,102
--	--	13,152
--	136,553	372,661
5,319	87,370	172,970
--	1,159,233	1,198,999
--	--	1,123
358,307	64,880	443,049
<u>1,292,028</u>	<u>2,363,987</u>	<u>4,186,914</u>
--	--	1,623,841
--	--	1,229,093
--	--	9,272
--	--	<u>2,862,206</u>
<u>1,292,028</u>	<u>3,387,384</u>	<u>20,644,677</u>
(982,791)	(2,038,056)	(1,729,377)
585,000	3,532,973	4,445,973
(2,062,960)	(270,000)	(4,163,010)
<u>(1,477,960)</u>	<u>3,262,973</u>	<u>282,963</u>
(2,460,751)	1,224,917	(1,446,414)
7,580,161	2,123,087	17,840,957
<u>\$ 5,119,410</u>	<u>\$ 3,348,004</u>	<u>\$ 16,394,543</u>

CITY OF ROCKWALL, TEXAS

EXHIBIT A-7

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Ad valorem taxes, penalty and interest</i>	\$ 3,628,500	\$ 3,690,000	\$ 3,707,621	\$ 17,621
<i>Sales taxes</i>	6,065,000	6,062,000	6,138,437	76,437
<i>Franchise taxes</i>	1,326,000	1,500,000	1,547,674	47,674
<i>Charges for services</i>	143,500	140,900	263,349	122,449
<i>Permits</i>	1,112,800	1,353,100	1,449,659	96,559
<i>Municipal court</i>	518,000	681,500	729,625	48,125
<i>Intergovernmental</i>	131,200	131,200	140,150	8,950
<i>Interest income</i>	175,000	140,000	125,178	(14,822)
<i>Miscellaneous</i>	63,500	100,500	160,939	60,439
Total revenues	<u>13,163,500</u>	<u>13,799,200</u>	<u>14,262,632</u>	<u>463,432</u>
Expenditures:				
Current:				
<i>Mayor/Council</i>	60,840	62,840	58,377	4,463
<i>Administration</i>	2,768,000	2,964,550	3,006,635	(42,085)
<i>Finance</i>	562,725	610,300	592,681	17,619
<i>Municipal court</i>	217,950	224,950	234,832	(9,882)
<i>Police</i>	4,509,485	4,477,640	4,430,555	47,085
<i>Fire</i>	851,875	807,450	750,286	57,164
<i>Public works</i>	1,848,500	1,894,100	1,781,760	112,340
<i>Community development</i>	444,750	457,900	440,481	17,419
<i>Parks and recreation</i>	1,394,270	1,346,170	1,276,553	69,617
Total current	<u>12,658,395</u>	<u>12,845,900</u>	<u>12,572,160</u>	<u>273,740</u>
Capital outlay:				
<i>Administration</i>	178,900	851,250	140,607	710,643
<i>Municipal court</i>	12,650	12,650	13,152	(502)
<i>Police</i>	250,650	225,100	236,108	(11,008)
<i>Fire</i>	242,650	83,150	80,281	2,869
<i>Public works</i>	24,900	44,900	39,766	5,134
<i>Community development</i>	2,000	2,000	1,123	877
<i>Parks and recreation</i>	21,600	20,000	19,862	138
Total capital outlay	<u>733,350</u>	<u>1,239,050</u>	<u>530,899</u>	<u>708,151</u>
Total expenditures	<u>13,391,745</u>	<u>14,084,950</u>	<u>13,103,059</u>	<u>981,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,245)</u>	<u>(285,750)</u>	<u>1,159,573</u>	<u>1,445,323</u>
Other financing sources (uses):				
<i>Operating transfers in</i>	328,000	328,000	328,000	--
<i>Operating transfers out</i>	(788,000)	(1,830,050)	(1,830,050)	--
Total other financing sources (uses)	<u>(460,000)</u>	<u>(1,502,050)</u>	<u>(1,502,050)</u>	<u>--</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(688,245)</u>	<u>(1,787,800)</u>	<u>(342,477)</u>	<u>1,445,323</u>
Fund balances, October 1	<u>7,585,956</u>	<u>7,585,956</u>	<u>7,585,956</u>	<u>--</u>
Fund balances, September 30	<u>\$ 6,897,711</u>	<u>\$ 5,798,156</u>	<u>\$ 7,243,479</u>	<u>\$ 1,445,323</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
OPERATING REVENUES:		
<i>Charges for services</i>	\$ 8,138,036	\$ 217,161
<i>Reinsurance reimbursement</i>	--	78,390
Total Operating Revenues	<u>8,138,036</u>	<u>295,551</u>
OPERATING EXPENSES:		
<i>Personal services</i>	1,070,680	--
<i>Contractual services</i>	2,978,645	1,334,799
<i>Materials and supplies</i>	329,589	--
<i>Operations</i>	63,752	--
<i>Utilities</i>	205,293	--
<i>Depreciation and amortization</i>	1,145,098	--
Total Operating Expenses	<u>5,793,057</u>	<u>1,334,799</u>
Operating Income (Loss)	<u>2,344,979</u>	<u>(1,039,248)</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Capital recovery fees</i>	646,824	--
<i>Interest income</i>	360,641	65,438
<i>Miscellaneous income</i>	114,027	31,232
<i>Paying agent fees</i>	(5,420)	--
<i>Interest expense</i>	(638,401)	--
Total Non-operating Revenues (Expenses)	<u>477,671</u>	<u>96,670</u>
Net Income (Loss) before Operating Transfers	<u>2,822,650</u>	<u>(942,578)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
<i>Capital contributions</i>	2,259,987	--
<i>Operating transfers in</i>	--	1,055,000
<i>Operating transfers out</i>	(1,337,962)	--
Total Transfers and Capital Contributions	<u>922,025</u>	<u>1,055,000</u>
Net income	<u>3,744,675</u>	<u>112,422</u>
Net assets, October 1	<u>48,491,822</u>	<u>1,654,417</u>
Net assets, September 30	<u>\$ 52,236,497</u>	<u>\$ 1,766,839</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

SEPTEMBER 30, 2003

	Agency Fund
	Special Escrow Agency
ASSETS	
<i>Cash and cash equivalents</i>	\$ 4,778
<i>Investments</i>	1,383,754
<i>Accrued interest</i>	10,724
Total Assets	<u>1,399,256</u>
LIABILITIES	
<i>Due to developers</i>	1,399,256
Total Liabilities	<u>1,399,256</u>
NET ASSETS	
Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Economic Development Corporation	Rockwall Technology Park
Revenues:		
<i>Sales taxes</i>	\$ 2,025,091	\$ --
<i>Charges for services</i>	5,902,855	--
<i>Intergovernmental</i>	4,875	--
<i>Interest income</i>	55,160	376
<i>Miscellaneous</i>	38,022	112,661
Total revenues	<u>8,026,003</u>	<u>113,037</u>
Expenditures:		
Current:		
<i>Administration</i>	6,979,848	122,535
Capital outlay	1,252,354	--
Debt service:		
<i>Principal</i>	4,393,243	--
<i>Interest</i>	292,339	--
<i>Fiscal charges</i>	3,327	--
Total expenditures	<u>12,921,111</u>	<u>122,535</u>
Excess (deficiency) of revenues over (under) expenditures	(4,895,108)	(9,498)
Fund balances, October 1 (restated)	13,163,990	85,203
Fund balances, September 30	<u>\$ 8,268,882</u>	<u>\$ 75,705</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

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 *G.O. Bonds Capital Projects Fund* accounts for the acquisition or construction of general fixed assets.

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.

The 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, 2003

- 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.

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

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 1.25 days per month. However, once an employee has accrued 120 days of sick leave, earned sick leave in excess of 120 days may be converted to vacation leave at a ratio of 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. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

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 approximate 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.

E. Implementation of Governmental Accounting Standards Board Statement 34 and 37

In June 1999 and June 2001, the GASB issued Statement No. 34, Basis Financial Statements - and Management's Discussion and Analysis for State and Local Governments, and Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - Omnibus, respectively. These statements provide for the most significant change in financial reporting in over twenty years. As a part of these statements, there is a new reporting requirement regarding the City's infrastructure.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds." The details of this \$225,185 difference are as follows:

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

C. Deficit fund equity

The following funds had deficit fund balances at September 30, 2003:

Drug Grant Special Revenue Fund	\$17,239
Employee Benefits Internal Service Fund	\$26,971

The deficit in the Drug Grant fund was caused by unanticipated expenditures, and will be covered by additional transfers from the general fund. 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.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash

At year end, the carrying amount of the City's cash on hand and deposits was \$1,312,214 (including restricted cash of \$302,771) and the bank balance was \$2,079,432. All of the bank balance was covered by federal deposit insurance and collateral pledged by the depository in the City's name and held by the City's agent.

Under a contractual agreement with North Texas Municipal Water Department (NTMWD), depository accounts are maintained by NTMWD for interest sinking, debt and construction reserves totaling \$965,490 which are separately insured or secured by collateral pledged by NTMWD's depository. This \$965,490 is included in restricted cash on the statement of net assets.

The carrying amount of deposits for REDC and RTP, discretely presented components units, was \$356,550, and the bank balance was \$531,408. The component units' cash balances are covered by the City's depository contract and therefore, all of the bank balance was covered by federal deposit insurance and collateral pledged by the depository in the in the City's name and by the City's agent.

Investments

The City's investments are categorized into these three categories of credit risk: (1) insured or registered, or securities held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or 3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in he City's name. At year end the City's investments were:

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

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	G.O. Bonds Capital Projects	Water and Sewer	Nonmajor and Other	Total
Taxes receivable - delinquent	\$145,453	\$108,953	\$ --	\$ --	\$ --	\$254,406
Accrued Interest	\$100,801	\$6,250	\$44,086	\$169,934	\$14,575	\$335,646
Accounts receivable	\$762	\$ --	\$ --	\$1,209,789	\$105,514	\$1,316,065
Allowance for uncollectibles	--	--	--	(127,809)	--	(127,809)
Net other receivables	\$762	\$0	\$0	\$1,081,980	\$105,514	\$1,188,256
Assessments receivable	\$ --	\$ --	\$ --	\$ --	\$190,016	\$190,016
Other receivables	\$17,898	\$ --	\$ --	\$ --	\$666	\$18,564

Revenues of the Water and Sewer Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period were \$32,562.

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)	\$129,035	\$ --
Delinquent property taxes receivable (Debt Service Fund)	95,495	--
Assessments receivable not yet due (PID Special Revenue)	105,804	--
Assessments receivable not yet due (Street Improvements)	84,212	--
Grant drawdowns prior to meeting all eligibility requirements	--	112,058
Total deferred/unearned revenue for governmental funds	\$414,546	\$112,058

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

	Balance 9/30/02	Additions	Retirements	Completed Construction	Balance 9/30/03
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$574,653	\$224,880	\$ --	\$ --	\$799,533
Construction in progress	1,423,379	4,623,330	--	--	6,046,709
Total capital assets not being depreciated	1,998,032	4,848,210	--	--	6,846,242
Capital assets, being depreciated:					
Buildings	89,421	--	--	--	89,421
Improvements other than buildings	35,211,478	2,699,651	--	--	37,911,129
Sewage treatment plants and pump station	10,594,237	--	--	--	10,594,237
Machinery and equipment	3,072,636	139,942	(36,885)	--	3,175,693
Furniture and fixtures	69,031	--	--	--	69,031
Total capital assets being depreciated	49,036,803	2,839,593	(36,885)	--	51,839,511
Less accumulated depreciation for:					
Buildings	(89,421)	--	--	--	(89,421)
Improvements other than buildings	(6,286,350)	(731,226)	--	--	(7,017,576)
Sewage treatment plants and pump station	(2,842,641)	(210,410)	--	--	(3,053,051)
Machinery and equipment	(2,614,531)	(202,335)	36,885	--	(2,779,981)
Furniture and fixtures	(58,383)	(1,127)	--	--	(59,510)
Total accumulated depreciation	(11,891,326)	(1,145,098)	36,885	--	(12,999,539)
Capital assets being depreciated, net	37,145,477	1,694,495	--	--	38,839,972
Business type activities capital assets, net	\$39,143,509	\$6,542,705	\$ --	\$ --	\$45,686,214

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

Governmental activities:

Administration	259,747
Police	174,993
Fire	231,981
Parks	109,703
Public works	2,177,969
Total depreciation expense - governmental activities	<u>\$2,954,393</u>

Business-type activities:

Water and sewer	<u>\$1,145,098</u>
-----------------	--------------------

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2003

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2003, is as follows:

Fund	Receivable	Payable
Drug Grant Special Revenue	\$ --	\$32,861
Internal Service Funds		
Employee Benefits	21,571	--
Workers Compensation	11,290	--
Total Internal Service Funds	32,861	--
Totals	\$32,861	\$32,861

Interfund transfers:

Fund	Transfer In	Transfer Out
Major Governmental Funds		
General Fund	\$328,000	\$1,830,050
G.O. Bonds Capital Projects	\$585,000	\$2,062,960
Nonmajor governmental funds		
Recreational Development Funds	--	35,000
PID Special Revenue	597,261	--
Fire Equipment	21,000	--
Aviation	10,000	
Capital Projects Fund	2,221,276	235,000
Equipment Acquisition Fund	663,823	--
Ralph Hall Parkway	19,612	--
Total Nonmajor governmental funds	3,532,972	270,000
Water Utility Fund	--	1,337,962
Internal Service Funds		
Employee Benefits	1,025,000	--
Workers' Compensation	30,000	--
Total Internal Service Funds	1,055,000	--
Totals	\$5,500,972	\$5,500,972

CITY OF ROCKWALL, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended September 30, 2003

Annual debt service requirements to maturity for general debt:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2004	\$1,825,894	\$1,165,693	\$64,106	\$18,118	\$3,073,811
2005	1,699,207	1,077,069	65,793	14,208	2,856,277
2006	1,701,077	849,853	48,923	10,129	2,609,982
2007	1,692,703	911,094	52,297	7,047	2,663,141
2008	1,542,642	835,841	57,358	3,700	2,439,541
2009-2013	6,570,000	3,127,861	--	--	9,697,861
2014-2018	6,095,000	1,481,728	--	--	7,576,728
2019-2020	1,975,000	150,671	--	--	2,125,671
Total	<u>\$23,101,523</u>	<u>\$9,599,810</u>	<u>\$288,477</u>	<u>\$53,202</u>	<u>\$33,043,012</u>

Tax notes - The City has issued a tax note payable with interest accruing at 5.0% payable annually, principal due at maturity on February 1, 2006.

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 9/30/03
Revenue Bonds					
Improvements	\$1,650,000	1994	2014	4.60%-7.50%	\$1,155,000
Improvements	3,535,000	1999	2019	4.15%-5.00%	2,915,000
Improvements	6,700,000	2002	2022	4.00%-4.90%	6,485,000
Total Revenue Bonds					10,555,000
Less unamortized discount on bonds					(65,615)
Total Revenue Bonds					<u>\$10,489,385</u>

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

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

Year	Total
2004	\$476,200
2005	482,825
2006	309,495
2007	143,045
2008	148,795
2009-2013	747,610
2014-2016	453,020
Total payments	2,760,990
Less imputed interest	(610,990)
Total Capital Lease Obligations	<u>\$2,150,000</u>

CHANGES IN LONG-TERM LIABILITIES

During the year ended September 30, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance 9/30/02	Additions	Retirements	Balance 9/30/03	Due Within One Year
Governmental activities:					
General obligation bonds	\$13,295,364	\$ --	(\$773,841)	\$12,521,523	\$740,894
Contractual obligations	945,000	--	(255,000)	690,000	270,000
Certificates of obligation	10,485,000	--	(595,000)	9,890,000	815,000
Total bonds payable	24,725,364	--	(1,623,841)	23,101,523	1,825,894
Notes payable	70,000	--	--	70,000	--
Compensated absences	685,097	81,919	--	767,016	--
Governmental activity Long-Term Liabilities	<u>\$25,480,461</u>	<u>\$81,919</u>	<u>(\$1,623,841)</u>	<u>\$23,938,539</u>	<u>\$1,825,894</u>

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

Year Authorized	Revenue Bonds		Balance
	Amount Authorized	Amount Issued	Unissued 9/30/03
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% \$4,485,000

Annual debt service requirements to maturity for sales tax revenue bonds:

Year	Governmental Activities		
	Principal	Interest	Total
2004	\$190,000	\$224,250	\$414,250
2005	200,000	214,750	414,750
2006	210,000	204,750	414,750
2007	220,000	194,250	414,250
2008	230,000	183,250	413,250
2009-2013	1,335,000	732,000	2,067,000
2014-2018	1,705,000	362,500	2,067,500
2019-2020	395,000	19,750	414,750
Total	<u>\$4,485,000</u>	<u>\$2,135,500</u>	<u>\$6,620,500</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 \$35,000 per covered individual or, approximately \$1,089,236 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, 2003.

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

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, 2003, is \$2,150,000. See Note IV E for the annual requirements to amortize the bonds as of September 30, 2003.

C Subsequent Events

December 1, 2003, the City issued \$4,380,000 of general obligation refunding bonds, series 2003 to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$4,325,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability will be removed from the books of the City. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$225,043 and resulted in an economic gain of \$191,151. At September 30, 2003 the amount outstanding on this refunded issue was approximately \$4,380,000.

D. 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 \$288,477 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, 2003, these commitments totaled \$1,012,300.

E. Employee retirement systems and pension plans

The City participates in the Texas Municipal Retirement System

Plan Description - The City provides pension benefits for all of its full-time employees (except firefighters) through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal

CITY OF ROCKWALL, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2003

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/02	12/31/01	12/31/00
Actuarial Value of Assets	\$11,949,020	\$10,215,762	\$8,437,537
Actuarial Accrued Liabilities	15,905,584	13,833,397	11,304,236
Percentage Funded	75.1%	73.8%	74.6%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	3,956,564	3,617,635	2,866,699
Annual Covered Payroll	7,833,164	6,830,978	5,228,180
UAAL as a Percentage of Covered Payroll	50.5%	53.0%	54.8%
Net Pension Obligation (NPO) at the Beginning of Period	--	--	--
Annual Pension Cost:			
Annual Required Contribution (ARC)	1,023,494	890,635	714,899
Interest on NPO	--	--	--
Adjustment to the ARC	--	--	--
	1,023,494	890,635	714,899
Contributions Made (100%)	1,023,494	890,635	714,899
Increase in NPO	--	--	--
NPO at the End of Period	\$ --	\$ --	\$ --

Actuarial Assumptions

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

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 \$56,260 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 37 active participants currently covered by the Fund and payments are being made to 9 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.

*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.

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
<i>Sales taxes</i>	\$ 138,779	\$ --	\$ 138,779
<i>Franchise taxes</i>	825	--	825
<i>Permits</i>	71,360	--	71,360
<i>Municipal court</i>	4,875	--	4,875
<i>Intergovernmental</i>	779,384	--	779,384
<i>Interest income</i>	12,903	23,251	36,154
<i>Miscellaneous</i>	258,430	3,058	261,488
<i>Donations</i>	56,463	--	56,463
Total revenues	<u>1,323,019</u>	<u>26,309</u>	<u>1,349,328</u>
Expenditures:			
Current:			
<i>Administration</i>	17,339	330	17,669
<i>Finance</i>	164,007	--	164,007
<i>Police</i>	741,127	--	741,127
<i>Fire</i>	7,161	--	7,161
<i>Parks and recreation</i>	93,433	--	93,433
Total current	<u>1,023,067</u>	<u>330</u>	<u>1,023,397</u>
Capital outlay:			
<i>Administration</i>	517,197	257,652	774,849
<i>Finance</i>	--	141,102	141,102
<i>Police</i>	27,512	109,041	136,553
<i>Fire</i>	28,499	58,871	87,370
<i>Public works</i>	--	1,159,233	1,159,233
<i>Parks and recreation</i>	64,880	--	64,880
Total capital outlay	<u>638,088</u>	<u>1,725,899</u>	<u>2,363,987</u>
Total expenditures	<u>1,661,155</u>	<u>1,726,229</u>	<u>3,387,384</u>
Excess (deficiency) of revenues over (under) expenditures	(338,136)	(1,699,920)	(2,038,056)
Other financing sources (uses):			
<i>Operating transfers in</i>	628,261	2,904,712	3,532,973
<i>Operating transfers out</i>	(35,000)	(235,000)	(270,000)
Total other financing sources (uses)	<u>593,261</u>	<u>2,669,712</u>	<u>3,262,973</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	255,125	969,792	1,224,917
Fund balances, October 1	671,382	1,451,705	2,123,087
Fund balances, September 30	<u>\$ 926,507</u>	<u>\$ 2,421,497</u>	<u>\$ 3,348,004</u>

Special Revenue Funds

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

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

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

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

PID Special Revenue - established to account for the receipt and disposition of all revenues received from assessments levied for the Heritage Heights Public Improvement District.

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.

Drug Grant - established to account for revenues and expenditures related to a multi-jurisdictional drug task force.

Street Improvements	Hotel Motel Tax	Fire Equipment	Aviation	Recycling
\$ 4,485	\$ 2,420	\$ 2,147	\$ 1,447	\$ 3,070
178,846	33,415	132,333	44,630	7,692
--	--	--	--	--
--	39,158	--	--	--
84,212	--	--	--	--
--	--	--	--	666
--	--	--	--	--
<u>\$ 267,543</u>	<u>\$ 74,993</u>	<u>\$ 134,480</u>	<u>\$ 46,077</u>	<u>\$ 11,428</u>
\$ --	\$ --	\$ 723	\$ 694	\$ --
84,212	--	--	--	--
--	--	--	--	--
<u>84,212</u>	<u>--</u>	<u>723</u>	<u>694</u>	<u>--</u>
183,331	74,993	133,757	45,383	11,428
<u>183,331</u>	<u>74,993</u>	<u>133,757</u>	<u>45,383</u>	<u>11,428</u>
<u>\$ 267,543</u>	<u>\$ 74,993</u>	<u>\$ 134,480</u>	<u>\$ 46,077</u>	<u>\$ 11,428</u>

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Street Improvements	Hotel Motel Tax	Fire Equipment	Aviation	Recycling
\$ --	\$ 138,779	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1,845	865	65,000	--	--
28,681	--	1,124	--	111
--	--	--	9,785	7,673
--	--	1,000	--	--
<u>30,526</u>	<u>139,644</u>	<u>67,124</u>	<u>9,785</u>	<u>7,784</u>
300	--	--	12,304	4,735
--	164,007	--	--	--
--	--	--	--	--
--	--	7,161	--	--
--	--	--	--	--
<u>300</u>	<u>164,007</u>	<u>7,161</u>	<u>12,304</u>	<u>4,735</u>
--	--	--	--	--
--	--	--	--	--
--	--	28,499	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>28,499</u>	<u>--</u>	<u>--</u>
300	164,007	35,660	12,304	4,735
30,226	(24,363)	31,464	(2,519)	3,049
--	--	21,000	10,000	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>21,000</u>	<u>10,000</u>	<u>--</u>
30,226	(24,363)	52,464	7,481	3,049
153,105	99,356	81,293	37,902	8,379
<u>\$ 183,331</u>	<u>\$ 74,993</u>	<u>\$ 133,757</u>	<u>\$ 45,383</u>	<u>\$ 11,428</u>

CITY OF ROCKWALL, TEXAS

CEMETERY FUND

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Franchise taxes</i>	\$ 500	\$ 800	\$ 825	\$ 25
<i>Interest income</i>	1,000	750	778	28
<i>Miscellaneous</i>	4,000	1,600	4,000	2,400
<i>Donations</i>	--	2,000	2,000	--
Total revenues	<u>5,500</u>	<u>5,150</u>	<u>7,603</u>	<u>2,453</u>
Fund balances, October 1	57,347	57,347	57,347	--
Fund balances, September 30	<u>\$ 62,847</u>	<u>\$ 62,497</u>	<u>\$ 64,950</u>	<u>\$ 2,453</u>

CITY OF ROCKWALL, TEXAS

RECREATIONAL DEVELOPMENT FUND

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Permits</i>	\$ 71,250	\$ 70,200	\$ 71,360	\$ 1,160
<i>Interest income</i>	8,000	6,500	5,884	(616)
<i>Miscellaneous</i>	100,000	100,250	101,649	1,399
<i>Donations</i>	--	--	5,850	5,850
Total revenues	<u>179,250</u>	<u>176,950</u>	<u>184,743</u>	<u>7,793</u>
Expenditures:				
Current:				
<i>Parks and recreation</i>	45,300	85,300	93,433	(8,133)
Total current	<u>45,300</u>	<u>85,300</u>	<u>93,433</u>	<u>(8,133)</u>
Capital outlay:				
<i>Parks and recreation</i>	108,000	68,000	64,880	3,120
Total capital outlay	<u>108,000</u>	<u>68,000</u>	<u>64,880</u>	<u>3,120</u>
Total expenditures	<u>153,300</u>	<u>153,300</u>	<u>158,313</u>	<u>(5,013)</u>
Excess (deficiency) of revenues over (under) expenditures	25,950	23,650	26,430	2,780
Other financing sources (uses):				
<i>Operating transfers out</i>	(35,000)	(35,000)	(35,000)	--
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>--</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(9,050)	(11,350)	(8,570)	2,780
Fund balances, October 1	337,456	337,456	337,456	--
Fund balances, September 30	<u>\$ 328,406</u>	<u>\$ 326,106</u>	<u>\$ 328,886</u>	<u>\$ 2,780</u>

CITY OF ROCKWALL, TEXAS

EXHIBIT C-7

STREET IMPROVEMENTS FUND

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Interest income</i>	\$ 250	\$ 250	\$ 1,845	\$ 1,595
<i>Miscellaneous</i>	59,000	59,000	28,681	(30,319)
Total revenues	<u>59,250</u>	<u>59,250</u>	<u>30,526</u>	<u>(28,724)</u>
Expenditures:				
Current:				
<i>Administration</i>	300	300	300	--
Total current	<u>300</u>	<u>300</u>	<u>300</u>	<u>--</u>
Total expenditures	<u>300</u>	<u>300</u>	<u>300</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	58,950	58,950	30,226	(28,724)
Fund balances, October 1	153,105	153,105	153,105	--
Fund balances, September 30	<u>\$ 212,055</u>	<u>\$ 212,055</u>	<u>\$ 183,331</u>	<u>\$ (28,724)</u>

CITY OF ROCKWALL, TEXAS

EXHIBIT C-9

*FIRE EQUIPMENT FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Intergovernmental</i>	\$ 65,000	\$ 65,000	\$ 65,000	\$ --
<i>Interest income</i>	1,000	1,000	1,124	124
<i>Donations</i>	--	--	1,000	1,000
Total revenues	<u>66,000</u>	<u>66,000</u>	<u>67,124</u>	<u>1,124</u>
Expenditures:				
Current:				
<i>Fire</i>	10,000	7,550	7,161	389
Total current	<u>10,000</u>	<u>7,550</u>	<u>7,161</u>	<u>389</u>
Capital outlay:				
<i>Fire</i>	55,270	71,300	28,499	42,801
Total capital outlay	<u>55,270</u>	<u>71,300</u>	<u>28,499</u>	<u>42,801</u>
Total expenditures	<u>65,270</u>	<u>78,850</u>	<u>35,660</u>	<u>43,190</u>
Excess (deficiency) of revenues over (under) expenditures	730	(12,850)	31,464	44,314
Other financing sources (uses):				
<i>Operating transfers in</i>	--	--	21,000	21,000
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>21,000</u>	<u>21,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	730	(12,850)	52,464	65,314
Fund balances, October 1	81,293	81,293	81,293	--
Fund balances, September 30	<u>\$ 82,023</u>	<u>\$ 68,443</u>	<u>\$ 133,757</u>	<u>\$ 65,314</u>

CITY OF ROCKWALL, TEXAS

RECYCLING FUND

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Interest income</i>	\$ 500	\$ 100	\$ 111	\$ 11
<i>Miscellaneous</i>	6,500	7,600	7,673	73
Total revenues	<u>7,000</u>	<u>7,700</u>	<u>7,784</u>	<u>84</u>
Expenditures:				
Current:				
<i>Administration</i>	8,150	7,200	4,735	2,465
Total current	<u>8,150</u>	<u>7,200</u>	<u>4,735</u>	<u>2,465</u>
Total expenditures	<u>8,150</u>	<u>7,200</u>	<u>4,735</u>	<u>2,465</u>
Excess (deficiency) of revenues over (under) expenditures	(1,150)	500	3,049	2,549
Fund balances, October 1	8,379	8,379	8,379	--
Fund balances, September 30	<u>\$ 7,229</u>	<u>\$ 8,879</u>	<u>\$ 11,428</u>	<u>\$ 2,549</u>

Debt Service Fund

The Debt service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

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.

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

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

Ralph Hall Parkway Capital Improvements - established to account for the construction of the new Ralph M. Hall Parkway currently in progress.

1995 G.O. Bonds Capital Improvements - established to account for street and drainage improvements, road improvements, and expansion of the City's service center using proceeds of the 1995 General Obligation Bond Issue.

Ralph Hall Parkway Capital Improvements	1995 G.O. Bonds Capital Improvements	Total Nonmajor Capital Projects Funds (See Exhibit B-1)
\$ 1,049	\$ 1,044	\$ 241,651
--	537,967	2,196,668
--	10,669	10,669
--	65,134	65,134
<u>\$ 1,049</u>	<u>\$ 614,814</u>	<u>\$ 2,514,122</u>
\$ --	\$ 4,038	\$ 92,625
--	4,038	92,625
1,049	610,776	2,421,497
<u>1,049</u>	<u>610,776</u>	<u>2,421,497</u>
<u>\$ 1,049</u>	<u>\$ 614,814</u>	<u>\$ 2,514,122</u>

Ralph Hall Parkway Capital Improvements	1995 G.O. Bonds Capital Improvements	Total Nonmajor Capital Projects Funds (See Exhibit B-2)
\$ --	\$ 12,015	\$ 23,251
<u> --</u>	<u> --</u>	<u> 3,058</u>
<u> --</u>	<u> 12,015</u>	<u> 26,309</u>
<u> 330</u>	<u> --</u>	<u> 330</u>
<u> 330</u>	<u> --</u>	<u> 330</u>
<u> 22,011</u>	<u> 22,205</u>	<u> 257,652</u>
<u> --</u>	<u> --</u>	<u> 141,102</u>
<u> --</u>	<u> --</u>	<u> 109,041</u>
<u> --</u>	<u> --</u>	<u> 58,871</u>
<u> --</u>	<u> --</u>	<u> 1,159,233</u>
<u> 22,011</u>	<u> 22,205</u>	<u> 1,725,899</u>
<u> 22,341</u>	<u> 22,205</u>	<u> 1,726,229</u>
<u> (22,341)</u>	<u> (10,190)</u>	<u> (1,699,920)</u>
<u> 19,612</u>	<u> --</u>	<u> 2,904,712</u>
<u> --</u>	<u> --</u>	<u> (235,000)</u>
<u> 19,612</u>	<u> --</u>	<u> 2,669,712</u>
<u> (2,729)</u>	<u> (10,190)</u>	<u> 969,792</u>
<u> 3,778</u>	<u> 620,966</u>	<u> 1,451,705</u>
<u>\$ 1,049</u>	<u>\$ 610,776</u>	<u>\$ 2,421,497</u>

Internal Service Funds

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

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

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

CITY OF ROCKWALL, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Employee Benefits	Workers' Compensation	Total Internal Service Funds (See Exhibit A-9)
OPERATING REVENUES:			
<i>Charges for services</i>	\$ 217,161	\$ --	\$ 217,161
<i>Reinsurance reimbursement</i>	78,390	--	78,390
Total Operating Revenues	<u>295,551</u>	<u>--</u>	<u>295,551</u>
OPERATING EXPENSES:			
<i>Contractual services</i>	1,147,325	187,474	1,334,799
Total Operating Expenses	<u>1,147,325</u>	<u>187,474</u>	<u>1,334,799</u>
Operating Income (Loss)	<u>(851,774)</u>	<u>(187,474)</u>	<u>(1,039,248)</u>
NON-OPERATING REVENUES (EXPENSES):			
<i>Interest income</i>	3,560	61,878	65,438
<i>Miscellaneous income</i>	--	31,232	31,232
Total Non-operating Revenues (Expenses)	<u>3,560</u>	<u>93,110</u>	<u>96,670</u>
Net Income (Loss) before Operating Transfers	<u>(848,214)</u>	<u>(94,364)</u>	<u>(942,578)</u>
TRANSFERS:			
<i>Operating transfers in</i>	1,025,000	30,000	1,055,000
Net income	<u>176,786</u>	<u>(64,364)</u>	<u>112,422</u>
Net assets, October 1	<u>(203,757)</u>	<u>1,858,174</u>	<u>1,654,417</u>
Net assets, September 30	<u>\$ (26,971)</u>	<u>\$ 1,793,810</u>	<u>\$ 1,766,839</u>

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.

CITY OF ROCKWALL, TEXAS

EXHIBIT G-1

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

SPECIAL ESCROW AGENCY FUND

YEAR ENDED SEPTEMBER 30, 2003

	Balance October 1, 2002	Additions	Deductions	Balance September 30, 2003
SPECIAL ESCROW AGENCY FUND				
ASSETS				
<i>Cash & Cash Equivalents</i>	\$ 28,718	\$ 479,821	\$ 503,761	\$ 4,778
<i>Investments</i>	1,296,351	158,906	71,503	1,383,754
<i>Accrued Interest</i>	10,814	10,634	10,724	10,724
Total Assets	\$ 1,335,883	\$ 649,361	\$ 585,988	\$ 1,399,256
LIABILITIES				
<i>Due to Developers</i>	\$ 1,335,883	\$ 606,228	\$ 542,855	\$ 1,399,256
Total Liabilities	\$ 1,335,883	\$ 606,228	\$ 542,855	\$ 1,399,256

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 (RTP) provides repair and maintenance of the common area within the park being developed by REDC.

CITY OF ROCKWALL, TEXAS

EXHIBIT H-1

ECONOMIC DEVELOPMENT CORPORATION
 DISCRETELY PRESENTED COMPONENT UNIT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>Sales taxes</i>	\$ 2,000,000	\$ 2,000,000	\$ 2,025,091	\$ 25,091
<i>Charges for services</i>	141,570	141,570	5,902,855	5,761,285
<i>Intergovernmental</i>	--	--	4,875	4,875
<i>Interest income</i>	30,000	30,000	55,160	25,160
<i>Miscellaneous</i>	165,800	165,800	38,022	(127,778)
Total revenues	<u>2,337,370</u>	<u>2,337,370</u>	<u>8,026,003</u>	<u>5,688,633</u>
Expenditures:				
Current:				
<i>Administration</i>	843,500	683,200	6,979,848	(6,296,648)
Total current	<u>843,500</u>	<u>683,200</u>	<u>6,979,848</u>	<u>(6,296,648)</u>
Capital outlay:				
<i>Administration</i>	3,434,150	3,434,150	1,252,354	2,181,796
Total capital outlay	<u>3,434,150</u>	<u>3,434,150</u>	<u>1,252,354</u>	<u>2,181,796</u>
Debt service:				
<i>Principal</i>	180,000	180,000	4,393,243	(4,213,243)
<i>Interest</i>	232,500	232,500	292,339	(59,839)
<i>Fiscal charges</i>	3,500	3,500	3,327	173
Total debt service	<u>416,000</u>	<u>416,000</u>	<u>4,688,909</u>	<u>(4,272,909)</u>
Total expenditures	<u>4,693,650</u>	<u>4,533,350</u>	<u>12,921,111</u>	<u>(8,387,761)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,356,280)	(2,195,980)	(4,895,108)	(2,699,128)
Fund balances, October 1 (restated)	13,163,990	13,163,990	13,163,990	--
Fund balances, September 30	<u>\$ 10,807,710</u>	<u>\$ 10,968,010</u>	<u>\$ 8,268,882</u>	<u>\$ (2,699,128)</u>

Capital Assets Used in the Operation of Governmental Funds

CITY OF ROCKWALL, TEXAS

EXHIBIT I-1

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
SEPTEMBER 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Governmental funds capital assets:		
<i>Land</i>	\$ 2,017,819	\$ 2,017,819
<i>Buildings</i>	9,628,068	3,631,320
<i>Infrastructure</i>	65,525,858	46,641,144
<i>Improvements other than buildings</i>	425,592	840,054
<i>Machinery and equipment</i>	6,522,862	8,240,782
<i>Construction in progress</i>	10,696,999	17,780,635
Total governmental funds capital assets	<u>\$ 94,817,198</u>	<u>\$ 79,151,754</u>
Investments in governmental funds capital assets by source:		
<i>Bond proceeds</i>	\$ 30,457,774	\$ 21,315,201
<i>General government</i>	16,782,145	15,625,426
<i>Grants and entitlements</i>	1,060,717	1,043,990
<i>Developers contribution</i>	46,516,562	41,167,137
Total investments in governmental funds capital assets	<u>\$ 94,817,198</u>	<u>\$ 79,151,754</u>

EXHIBIT I-2

<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,659,120	\$ 10,696,999	\$ 17,205,351
1,007,433	--	66,978,818
1,395,658	--	3,607,723
1,031,215	--	3,667,309
<u>1,429,436</u>	<u>--</u>	<u>3,357,997</u>
<u>6,522,862</u>	<u>\$ 10,696,999</u>	<u>\$ 94,817,198</u>

Statistical Section

CITY OF ROCKWALL, TEXAS

GOVERNMENT-WIDE REVENUES (1)

LAST TEN FISCAL YEARS

(Unaudited)

TABLE I-2

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Ad Valorem Taxes, Penalties and Interest	Sales Taxes	Franchise Taxes	Miscellaneous	Unrestricted Investment Earnings	Total
1994	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
1995	--	--	--	--	--	--	--	--	--
1996	--	--	--	--	--	--	--	--	--
1997	--	--	--	--	--	--	--	--	--
1998	--	--	--	--	--	--	--	--	--
1999	--	--	--	--	--	--	--	--	--
2000	--	--	--	--	--	--	--	--	--
2001	--	--	--	--	--	--	--	--	--
2002	--	--	--	--	--	--	--	--	--
2003	11,069,147	772,911	3,088,237	6,717,883	6,277,216	1,567,874	278,899	673,344	30,445,511

Note:

- (1) The City converted to the GASB 34 model of reporting in fiscal year ended September 30, 2003.

CITY OF ROCKWALL, TEXAS

TABLE I-4

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Property and Sales Taxes	Franchise Fees & Permits	Inter-Governmental	Charges For Services	Municipal Court	Investment Income (2)	Miscellaneous & Donations	Total
1994	\$3,563,656	\$882,632	\$451,731	\$385,409	\$335,064	\$126,719	\$137,185	\$5,882,396
1995	3,747,128	977,279	496,765	138,628	390,796	170,237	232,485	6,153,318
1996	4,938,184	1,114,811	569,264	265,657	384,735	154,956	275,692	7,703,299
1997	5,460,773	1,129,758	695,528	67,254	428,541	(180,194)	430,790	8,032,450
1998	6,723,952	1,318,724	658,736	64,636	571,367	223,556	469,071	10,030,042
1999	7,999,250	1,518,247	778,868	89,450	504,015	218,223	771,521	11,879,574
2000	9,906,885	1,605,592	985,446	108,441	472,921	550,171	568,073	14,197,529
2001	11,142,348	1,897,076	856,375	135,417	509,645	402,000	341,260	15,284,121
2002	11,951,460	2,974,707	1,037,633	159,451	584,171	382,799	366,548	17,456,769
2003	12,955,382	3,069,518	919,534	263,349	734,500	161,639	475,832	18,579,754

Note:

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

CITY OF ROCKWALL, TEXAS**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY****LAST TEN FISCAL YEARS***(Unaudited)***TABLE I-6**

Fiscal Year	Tax Year	Assessed Value	Total Estimated Actual Value	Ratio of Assessed Value to Total Estimated Actual Value
1994	1993	\$578,479,366	\$578,479,366	100.00%
1995	1994	605,755,297	605,755,297	100.00%
1996	1995	660,645,203	660,645,203	100.00%
1997	1996	719,921,004	719,921,004	100.00%
1998	1997	834,932,223	834,932,223	100.00%
1999	1998	945,317,622	945,317,622	100.00%
2000	1999	1,125,145,000	1,125,145,000	100.00%
2001	2000	1,365,273,846	1,365,273,846	100.00%
2002	2001	1,582,093,220	1,582,093,220	100.00%
2003	2002	1,838,618,028	1,838,618,028	100.00%

CITY OF ROCKWALL, TEXAS

TABLE I-8

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Estimated Population	Assessed Value	Gross Bonded Debt (1)	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	12,200	\$578,479,366	\$6,212,065	\$107,983	\$6,104,082	1.06%	\$500
1995	13,000	605,755,297	992,000	117,506	874,494	0.14%	67
1996	13,800	660,645,203	9,324,999	141,636	9,183,363	1.39%	665
1997	14,500	719,921,004	8,589,999	182,083	8,407,916	1.17%	580
1998	15,300	834,932,223	7,476,173	228,315	7,247,858	0.87%	474
1999	16,100	945,317,622	15,085,161	284,139	14,801,022	1.57%	919
2000	17,050	1,125,145,000	23,034,550	386,149	22,648,401	2.01%	1,328
2001	18,934	1,365,273,846	21,838,229	509,255	21,328,974	1.56%	1,126
2002	20,967	1,582,093,220	24,725,337	551,753	24,173,584	1.53%	1,153
2003	22,850	1,838,618,028	23,101,523	683,650	22,417,873	1.22%	981

Notes:

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

CITY OF ROCKWALL, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

GENERAL OBLIGATION BONDS

SEPTEMBER 30, 2003

(Unaudited)

TABLE I-10

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	\$23,101,523	100.00%	\$23,101,523
Indirect:			
Rockwall Independent School District	211,419,541	57.79%	122,179,353
Rockwall County	17,851,784	51.54%	9,200,809
Total Indirect	229,271,325		131,380,162
Total Direct and Overlapping Bonded Debt	\$252,372,848		\$154,481,685
 Average debt per capita			 \$6,761

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

CITY OF ROCKWALL, TEXAS

REVENUE BOND COVERAGE
WATER AND WASTEWATER BONDS
LAST TEN FISCAL YEARS
(Unaudited)

TABLE I-12

Fiscal Year	Net Revenue Available for Debt Service	Annual Debt Requirement For Revenue Bonds	Coverage
1994	\$1,839,585	\$345,938	5.32
1995	2,227,935	474,814	4.69
1996	1,821,101	479,685	3.80
1997	2,360,759	479,510	4.92
1998	3,419,166	477,888	7.15
1999	3,746,920	513,787	7.29
2000	5,351,052	499,195	10.72
2001	5,980,011	488,680	12.24
2002	3,155,073	494,080	6.39
2003	4,138,792	1,004,605	4.12

Notes:

- (1) Net revenue available for debt service is calculated as total operating and non-operating revenues less total operating expenses (not including depreciation) less contractual interest and principal payments to the North Texas Municipal Water District.

CITY OF ROCKWALL, TEXAS
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(Unaudited)

TABLE I-14

Fiscal Year	New Commercial Construction (1)		New Residential Construction (1)		Total	Total Assessed Property Value
	Number of Units	Value	Number of Units	Value		
1994	16	\$3,739,247	166	\$21,396,768	\$25,136,015	\$578,479,366
1995	43	6,252,665	172	27,108,258	33,360,923	60,575,297
1996	49	8,897,140	267	38,520,610	47,417,750	660,645,203
1997	56	26,589,846	278	41,659,665	68,249,511	719,921,004
1998	44	21,562,833	504	73,552,939	95,115,772	834,932,223
1999	36	18,810,452	488	72,960,161	91,770,613	945,317,622
2000	26	12,444,115	655	94,343,746	106,787,861	1,125,145,000
2001	13	16,001,068	767	119,521,248	135,522,316	1,365,273,846
2002	22	41,967,125	945	144,002,845	185,969,970	1,582,093,220
2003	27	40,304,701	755	117,512,216	157,816,917	1,838,618,028

Notes:

(1) Source: City issued building permits.

CITY OF ROCKWALL, TEXAS

TOP TEN EMPLOYERS IN ROCKWALL AREA

SEPTEMBER 30, 2003

(Unaudited)

TABLE I-16

Employer	Number of Employees
Rockwall Independent School District	1,100
Wal-Mart Superstore	450
Continental Express	225
Amphenol PCM	200
James Helwig & Son	200
Texas Star Express	200
GE Digital Energy	200
City of Rockwall	182
Rockwall Nursing Home	150
Target	150

CITY OF ROCKWALL, TEXAS

PROPERTY TAX EXEMPTIONS

LAST TEN FISCAL YEARS

(Unaudited)

TABLE I-18

Fiscal Year	Over 65 and Disabled	Disabled Veterans	Agriculture	Abatement	Prorated Total Exempt
1994	\$14,871,890	\$130,500	\$14,548,840	\$5,484,610	\$ --
1995	16,423,440	138,000	14,730,750	7,446,302	--
1996	17,526,920	139,500	14,105,490	1,949,502	--
1997	18,890,430	572,540	14,427,950	5,465,975	--
1998	21,247,629	569,970	20,550,470	1,634,676	3,676
1999	24,255,378	733,000	29,972,670	6,844,740	57,091
2000	27,511,159	759,504	34,508,640	7,041,464	26,250
2001	28,201,159	783,004	34,719,380	8,600,537	26,250
2002	31,135,770	938,984	47,080,860	7,031,665	--
2003	32,005,770	949,484	48,516,530	7,025,287	71,939

CITY OF ROCKWALL, TEXAS

TOP TEN WATER CUSTOMERS

SEPTEMBER 30, 2003

(Unaudited)

TABLE I-20

Name	Fiscal 2003 Water Usage	Percentage of Total Water Usage
Rockwall Independent School District	57,041,700	3.71%
City of Rockwall	22,684,600	1.48%
Legends on the Lake	17,728,400	1.15%
Sabre Realty Management Company	17,120,100	1.11%
D.W.C. - Highlife Properties	15,592,500	1.01%
Walden Residential Properties	13,887,300	0.90%
Steger Towne Crossing	13,055,100	0.85%
Rockwall Nursing Home	11,446,400	0.75%
Lake Pointe Baptist Church	8,356,600	0.54%
WalMart	8,047,300	0.52%
Subtotal	184,960,000	12.04%
Remaining water usage	1,351,497,500	87.96%
Total water usage	1,536,457,500	100.00%

CITY OF ROCKWALL, TEXAS

MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2003

(Unaudited)

TABLE I-22

Date of incorporation		1874
Form of government		Council - Manager
Estimated Population		22,850
Miles of Streets:		
Public streets - City maintained		122.70
Private streets - privately maintained		13.60
State highways - excluding interstates		22.67
Interstate highways - I-30		4.61
Area in square miles		22.43
Fire Protection:		
Number of stations		2
Number of employees		4
Number of volunteer fire personnel		38
Recreation and Culture:		
Number of picnic areas		25
Number of swimming pools		2
Number of playgrounds		12
Number of golf courses		--
Police Protection:		
Number of stations		1
Number of uniformed officers		49
Number of civilian personnel		15
Number of animal control officers		4
Library - County operated		
Number of volumes		50,428
Circulation		116,175
Education:		
	<u>Number</u>	<u>Number</u>
	<u>of Students</u>	<u>of Teachers</u>
Elementary schools (10)	5518	455
Middle schools (2)	1,608	116
Freshman Center (1)	834	58
High school (1)	2041	145
Alternative education (1)	76	11
Municipal Water and Sewer System:		
Number of water customers		9,440
Average daily consumption		4,209,473
Total annual consumption		1,536,457,500
Peak daily consumption		14,903,000
Storage		
Elevated (2)		1,500,000
Below ground (2)		4,000,000
Number of sewer customers		8,510

CITY OF ROCKWALL, TEXAS*SPECIAL ASSESSMENT COLLECTIONS**LAST TEN FISCAL YEARS**(Unaudited)***TABLE I-24**

<u>Fiscal Year</u>	<u>Assessments Levied</u>	<u>Assessments Collected</u>	<u>Assessments Receivable</u>
1993	\$47,354	\$159,524	\$684,137
1994	107,183	162,867	628,453
1995	43,083	43,469	628,067
1996	23,549	143,644	507,972
1997	95,465	34,140	569,297
1998	157,688	80,810	646,175
1999	40,861	315,749	371,287
2000	--	77,364	293,923
2001	--	23,823	270,100
2002	--	35,685	234,415
2003	--	44,399	190,016