CITY OF RICHARDSON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Prepared By:

DEPARTMENT OF FINANCE

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Keith Dagen, CPA – Director of Finance

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Michael Spanos

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CITY OF RICHARDSON, TEXAS

Comprehensive Annual Financial Report

Year ended September 30, 2015

Table of Contents

	Page
I. Introductory Section	
Letter of Transmittal	1
Principal Officials	9
Certificate of Achievement for Excellence in Financial Reporting	10
Organizational Chart	11
II. Financial Section	
Independent Auditor's Report	12
A. Management's Discussion and Analysis	15
B. Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Governmental Fund Financial Statements	
Balance Sheet	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds	
Statement of Net Position	31
Statement of Revenues, Expenses and Changes in Fund Net Position	33
Statement of Cash Flows	34
Notes to Financial Statements	36
C. Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	76
Schedule of Postemployment Health Care Benefits Funding Progress	77
Schedule of Employer Contributions -Postemployment and Health Care Benefits	77
Schedule of Pension Contributions	78
Schedule of Changes in Net Pension Liability and Related Ratios	79
Notes to Required Supplementary Information	80

CITY OF RICHARDSON, TEXAS

Comprehensive Annual Financial Report

Year ended September 30, 2015

Table of Contents

	Page
D. Combining Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86
Combining Balance Sheet – State and Federal Grant Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State and Federal Grant Funds	89
Budgetary Comparison Schedule – State Grant Funds	90
Budgetary Comparison Schedule – Federal Grant Funds	91
Combining Balance Sheet – Municipal Court Funds	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Municipal Court Funds	93
Budgetary Comparison Schedule – Municipal Court Building Security Fund	94
Budgetary Comparison Schedule – Technology Fund	95
Budgetary Comparison Schedule – Judicial Efficiency Fund	96
Combining Balance Sheet – Tax Increment Financing Funds (TIFS)	97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - TIFS	98
Budgetary Comparison Schedule – Tax Increment Financing #1	99
Budgetary Comparison Schedule – Tax Increment Financing #2	100
Budgetary Comparison Schedule – Tax Increment Financing #3	101
Budgetary Comparison Schedule – Debt Service Fund	102
Budgetary Comparison Schedule – Special Police Funds	103
Budgetary Comparison Schedule – Traffic Safety Fund	104
Budgetary Comparison Schedule – Wireless 911 Fund	105
Budgetary Comparison Schedule – Hotel-Motel Fund	106
Budgetary Comparison Schedule – Franchise PEG Fund	107
Budgetary Comparison Schedule – Drainage Fund	108
Budgetary Comparison Schedule – Richardson Improvement Corporation	109
Budgetary Comparison Schedule – Economic Development Fund	110
Budgetary Comparison Schedule – Golf Fund	111
Internal Service Funds	
Combining Statement of Net Position	113
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	114
Combining Statement of Cash Flows	115

CITY OF RICHARDSON, TEXAS

Comprehensive Annual Financial Report

Year ended September 30, 2015

Table of Contents

III. Statistical Section (Unaudited)	**Page**
Table	
1. Statement of Net Position by Component	117
2. Changes in Net Position	118
3. Fund Balances, Governmental Funds	120
4. Changes in Fund Balances, Governmental Funds	121
5. Assessed Value and Estimated Actual Value of Taxable Property	123
6. Direct and Overlapping Property Tax Rates	124
7. Principal Property Tax Payers	125
8. Property Tax Levies and Collections	126
9. Ratio of Outstanding Debt by Type	127
10. Ratio of General Bonded Debt Outstanding	128
11. Direct and Overlapping Governmental Activities Debt	129
12. Legal Debt Margin Information	130
13. Pledged-Revenue Coverage	131
14. Demographic and Economic Statistics	132
15. Principal Employers	133
16. Full-Time Equivalent City Government Employees by Function/Program	134
17. Operating Indicators by Function/Program	135
18. Capital Asset Statistics by Function/Program	136
19. Schedule of Pension Benefits Funding Progress	137

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INTRODUCTORY SECTION

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City Council
Paul Voelker
Mayor
Mark Solomon
Mayor Pro Tem
Bob Townsend
Scott Dunn
Mabel Simpson
Marta Gómez Frey
Steve Mitchell

Dan Johnson
City Manager

January 25, 2016

Honorable Mayor and City Council,
Citizens of the City of Richardson, Texas:

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2015, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City Council selected the firm of Crowe Horwath LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2015, and the auditor's report is located at the front of the financial section of the Comprehensive Annual Financial Report.

Management provides 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The City is located in North Central Texas and was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made on November 16, 2015. The City currently has a land area of 28.5 square miles and an estimated population of 102,430. The City is a home rule city and operates under the Council-Manager form of government. Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing

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ENVIRONMENT
FRIENDLY

each of the City's four districts. Terms of office for all Council positions are for two consecutive years.

The Charter requires that the City Council appoint a City Manager to act as the chief administrative and executive officer of the City. The City Manager is not appointed for a fixed time and may be removed at the will and pleasure of the majority of the City Council. One of the responsibilities of the City Manager is to appoint and remove department heads and conduct the general affairs of the City in accordance with the policies of the City Council.

The City provides to its citizens a full range of services including police and fire protection, emergency ambulance service, water and sewer service, solid waste disposal, park and recreational activities, cultural events, and a library. In addition, the City provides planning for future land use, traffic control, building inspection, and community services and operates two eighteen-hole golf courses. The City also operates the Charles W. Eisemann Center for Performing Arts and Corporate Presentations, which is a multi-venue performing arts and presentation center. Certain parks and recreation and administrative services are performed by the Richardson Improvement Corporation, which functions, in essence, as a department of the City of Richardson and therefore has been included as an integral part of the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note 1.a.)

Activities of the general, debt service, water and sewer, golf, solid waste, special revenue, and internal service funds are included in the annual appropriated budget. The City Council is authorized to transfer budgeted amounts within and among departments and ratifies, through the Budget Ordinance, any transfers and/or amendments made by the City Manager. The legal level of control for each budget is at the fund level, which is to say that total expenditures for each fund should not exceed total budgeted expenditures for that fund.

Purchase orders that exceed appropriated balances are not released until they have been further reviewed and approved by the City Manager or his representative. Departmental appropriations that have not been expended by the departments lapse at the end of the fiscal year. Funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the budget of the ensuing fiscal year.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year-end are included within the relevant fund balance classifications based on the purposes to which the encumbrances relate and can be classified as assigned, committed, or restricted fund balances. Encumbrances do not constitute expenditures or liabilities. The commitments will be honored during the subsequent year. The City amends the budget at the end of each fiscal year to provide for additional expenditures or expenses and also to provide reductions in other expenditures or expenses, or supplemental revenues to fund such amendments.

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2015

Local Economy

The City of Richardson, including its Telecom Corridor® area, is one of the major employment centers in the Dallas-Fort Worth Metroplex. Richardson is a center of economic diversity, with high-quality businesses in the technology, financial services and healthcare sectors, reflecting the area's attractiveness for companies from a wide range of business sectors. Richardson has extensive resources in academia, a highly skilled labor pool, superb transportation assets, infrastructure support, excellent lodging, and major corporate employers which will continue to prove beneficial in the recruitment of new businesses.

Richardson and the region benefit from the location of two major highways in the City. The President George Bush Turnpike, running east-west along the northern border of the City, provides a convenient connection to the Dallas-Fort Worth International Airport, as well as links to IH-35E, IH-30, IH-20, SH-114, and SH-183 west of the City as well as a second link to IH-30 east of the City. A transportation study is underway to determine the feasibility of extending the eastern portion of the Bush Turnpike from its junction at IH-30 further south to IH-20. U.S. 75 bisects the City north-south, with access to the IH-635/U.S. 75 interchange (known as the High Five) just south of the City's border. A study of the U.S. 75 corridor from the High Five north to its intersection with SH-121 in McKinney is also underway to identify and address mobility needs within the corridor.

Richardson also benefits from the DART Light Rail line which parallels U.S. 75 and has four stations in the City. In order to take full advantage of these transportation assets for development and redevelopment purposes, the City has implemented three Tax Increment Financing (TIF) Districts. TIF District #1 was established in November 2006, encompassing both sides of the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and then extending west from U.S. 75 along Spring Valley Road to Coit Road. TIF District #2, established in November 2011, is bounded by President George Bush Turnpike on the north, Wyndham Lane on the east, Renner Road on the south, and the DART Light Rail line on the west. TIF District #3, established in November 2011, is bounded by President George Bush Turnpike on the north, the DART Light Rail line on the east, Renner Road on the South and has its western boundary between Alma Road and U.S. 75. Dallas County participates financially in TIF District #1 and Collin County participates financially in TIF District #2 and will begin participating in TIF District #3 in the 2016 fiscal year.

The TIF Districts and the DART Light Rail line are key strategic elements in the City's development and redevelopment plans, and the City strongly benefits from projects which are taking advantage of these assets:

- Dallas-based developer KDC acquired 186 acres of land within TIF District #2 in December 2012 and announced plans to develop a $1.5 billion mixed-use, transit-oriented development. The CityLine development includes corporate office buildings, apartments, hotels, medical facilities anchored by Texas Health Resources and Children's Medical Center, and retail

space, and is anchored by a 2 million square foot regional office campus for State Farm Insurance that will house approximately 10,000 workers upon completion. Construction on the first phase of development began in 2013, with three of four buildings for State Farm, as well as associated infrastructure and public amenities completed in 2015. The remaining 500,000 square foot fourth State Farm building is under construction with a projected completion date of mid-2016. The combined KDC and State Farm transactions were named as "Deal of the Year" at the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program. The transactions were also named Winners in the Land category and Suburban Office category, and Finalist in the Mixed-use category. The CityLine development was named the Winner in the Mixed-use category in the *Dallas Business Journal's Best Real Estate Deals of 2014* awards program.

- In March 2014, Raytheon announced plans to move its Garland, Texas engineering operations to a new state-of-the-art campus in Richardson's CityLine development. Construction began on the 489,000 square foot office complex at the southwest corner of Wyndham Lane and the President Bush Turnpike in July 2014, and the company has started the process of moving into the new campus. The deal brings an estimated 1,700 employees to the CityLine campus, and it was named a "Finalist" in the Suburban Office category in the *Dallas Business Journal's Best Real Estate Deals of 2015* awards program.

- Regency Center's CityLine Market, an 11.3 acre retail development located on the northeast corner of Plano Road and Renner Road, will be anchored by a 40,000 square foot Whole Foods grocery store and will have two inline retail buildings and three pad sites fronting Renner Road for a total of almost 81,000 square feet of retail space. A second phase of almost 22,000 square feet was announced, and tenants for the Market will include CVS, Fish City Grill, Luna Grill, Massage Envy, Mod Market, Pei Wei Asian Diner, Piada Italian Street Food, Reef Point Yoga, Smashburger, Taco Diner, and Wells Fargo among others.

- KDC announced in 2014 that Jasper's was the first restaurant signed to the CityLine development. Jasper's, opening in early 2016, features "gourmet backyard cuisine" by Iron Chef America winner Kent Rathbun and was named to Esquire Magazine's Top 20 Best New Restaurants in America. Tom+Chee, the quintessential grilled cheese and tomato soup shop and Top Pot Hand-Forged Doughnuts & Coffee opened in 2015, and other restaurant offerings within CityLine will include Good Union Urban Barbeque, Kin Kin Urban Thai, Tricky Fish, Coal Vines, and Edoka Sushi and Robata, all slated to open in early 2016.

- An Aloft Hotel, by Starwood Hotels & Resorts, is included in CityLine's first phase. The 150-room select service hotel, under construction and scheduled to open in 2016, will be a part of CityLine Plaza, next door to the first phase of three State Farm buildings.

- KDC partnered with JLB Partners to build a 532-unit apartment community in two phases. The apartments, slated to open in early 2016 will be located within walking distance of the State Farm office buildings in CityLine and front Plano Road. Lot A at CityLine will include

4-story and 5-story urban style residential buildings and include 20,000 square feet of retail space and is currently leasing.

- During the summer of 2013, Zale/Corson Group began construction of 403 apartments as part of the first phase of The Standard, an 800-unit apartment complex located on approximately 19 acres fronting Renner Road in the southwestern corner of TIF #2. The $100 million development opened for residents in early 2015.

- Current development activity within TIF District #2 spurred development of TIF District #3. In October 2014, 55 acres within TIF District #3 between U.S. 75 and the DART rail line was rezoned and BC Station Partners LLC purchased the property from the W.W. Caruth Jr. Foundation. The development will include 1.35 million square feet of office space, 1,250 urban-style apartments, 100,000 square feet of retail space and two hotels. Dallas-based Trammell Crow Residential broke ground on Alexan CityLine, a luxury apartment community of 351 apartments adjacent to the DART rail station slated for opening in 2016. Transwestern Development Co. has been named as the developer for an office building which will be sited at the northeast corner of U.S. 75 and Renner Road.

- Property owners Fobare Commercial and AGF, in partnership with Hunt Development Co., began the expansion of their $90-million mixed-use Eastside development located at Campbell Road and U.S. 75 within TIF District #1. The first phase of the Eastside Phase II development will include a 280-unit, 4-story apartment building and future phases will include additional apartment space and a potential office building. The development will replace about 145,000 square feet of aging office space in a handful of low-rise buildings. Construction on the first phase began in 2015 with an anticipated completion of late 2016.

- San Antonio-based apartment builders Embrey Partners Ltd. broke ground on an 11-acre rental community at 1350 North Greenville Avenue near DART's Arapaho Road light rail station in 2014. GreenVUE, located within TIF District #1, has 408 units that began leasing in 2015 and the development will be completed in early 2016.

- The City Council approved new regulations for food trucks during 2015, paving the way for Richardson Food Truck Park to open in the summer of 2015. The site, open daily for lunch and dinner in Richardson's Interurban district, features a rotating line-up of food trucks, local beers, wines on tap, free wi-fi, and is dog friendly.

- A public-private partnership between the City and Hermansen Land Development Inc. has paved the way for Restaurant Park. The site of the former Continental Inn was purchased from the City as the centerpiece of the Park, which will feature up to seven restaurants gathered around a central plaza that will include a large fountain area and numerous amenities. The City provided a purchase grant to support redevelopment of the area and three restaurants have been secured for the site: The Rock Wood Fired Kitchen & Spirits, VertsKebap, and Dog Haus.

The City has also experienced growth in areas outside the TIF Districts. The following are key developments in other parts of the City:

Software provider RealPage Inc. announced plans to move its North Texas headquarters to 2201 Lakeside Boulevard, former site of Nortel Networks. The move, scheduled to take place at the end of 2016, will bring about 2,000 employees to Richardson. RealPage tracks about 10 million apartment units throughout the United States through its software-as-a-service solutions.

GEICO Insurance announced plans to move its North Texas regional offices to Richardson, leasing the former Fossil headquarters at 2280 N. Greenville Ave. The move brings more than 1,600 employees to Richardson. GEICO, a member of the Berkshire Hathaway family of companies, is the second largest private passenger auto insurance company in the United States.

Richardson shopping centers are experiencing revitalization. Alamo Drafthouse opened in Richardson Heights Shopping Center at U.S 75 and Beltline Road in August 2013. Since then, several new businesses have opened in the center, including Haystack Burgers & Barley, Taco Joint and Skechers, and in 2015, Krispy Kreme, Tasty Tails and Half Price Books have been added, with a Starbucks under construction. In 2015, SPIN Neapolitan Pizza opened in Canyon Creek Plaza, just west of U.S. 75 and W. Campbell Road. The former Luby's Cafeteria site in the shopping center was reconstructed to include a Torchy's Tacos and Tokyo Joe's. A Snuffer's Restaurant & Bar will finish out the Luby's building. Nearby, the newly remodeled Campbell Way Center has added a Mattison Avenue Salon Suites & Spa and a Palapas Seafood Restaurant, and in the same area, a 38,500 square foot Gold's Gym is scheduled to open in early 2016.

JP Partners, KBS Realty Advisors, and GE Capital are joining together to develop a mixed-use project at the Palisades, an 80-acre development on the west side of U.S. 75 across from the Galatyn Park DART rail station. The project will include single family homes, apartments, high-rise office buildings, retail, restaurants, and a full service hotel built around a 4-acre park. Builder K. Hovnanian Homes is buying more than 100 lots for townhomes on the west side of Palisades Central and apartment builder Wood Partners has started work on 569 rental units.

Dallas-based developer Wynne Jackson Inc. and Balfour Beatty Campus Solutions have partnered with the University of Texas at Dallas to break ground on a 13-acre mixed-use project on the north end of UT Dallas' campus. The development, Northside at UT Dallas will include a 600-bed mid-rise apartment and townhome project plus approximately 27,000 square feet of retail space. The project, slated for completion in late 2016, is being built on land owned by the university which is adjacent to a future Cotton Belt commuter rail station site.

In April 2014, Methodist Richardson Medical Center (MRMC) opened a new 125-bed, four-story hospital at its Bush/Renner campus. The new hospital employs nearly 900 professionals, and 400-plus physicians representing more than 35 specialties. Acute care services has been centralized at the new facility and MRMC's Campbell Road campus has undergone a renovation, offering continuing use of two medical plazas, physician offices, a full-service emergency department and

other ancillary services. The Campbell Road campus has been renamed to the MRMC Campus for Continuing Care.

The University of Texas at Dallas, located within the City of Richardson, continues to experience campus growth and upgrades. During 2015, construction was completed on an expansion of the Loop Road, a new North Mall featuring 115 trees, and a new Bioengineering and Sciences building. These enhancements are part of a campus renovation that has included hundreds of millions of dollars of new and upgraded buildings since 2009 as the university, with an enrollment of just over 24,500 students for the fall of 2015, positions itself to achieve status as a "Tier One" research university. This designation would be the first in the Dallas-Fort Worth Metroplex and only the 4th in the State of Texas.

Long-term Financial Planning

The $18,006,939 unassigned fund balance in the general fund is the equivalent of 61 days of expenditures and transfers on a budgetary basis. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

Major Initiatives

In June of 2010, the City issued $66 million in General Obligation Bonds which were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key elements of the 2010 bond program included various street, sidewalk and neighborhood vitality improvements, a new recreation center and aquatics facility at Heights Park, a Gymnastics Center, two new parks, a new Fire Training Center, a new Fire Station #4, and an RFID check-out system for the Library. As the 2010 bond program has entered the completion phase, citizens approved a new 2015, $115 million bond program. The 2015 program will include $67 million for public buildings, including a new Fire Station #3 and a new Public Safety Complex, $38.6 million for various street improvements, $2.2 million for various sidewalk replacements, and $7.2 million for various park improvements, including renovations to the Senior Center and an expansion of trails at the Spring Creek Nature Area.

In 2015, the City issued $11.425 million in Adjustable Rate Combination Tax and Revenue Certificates of Obligation to acquire public park land and open space, more than doubling the size of the Spring Creek Nature Area. The City also issued $9 million in Combination Tax and Revenue Certificates of Obligation to meet the City's capital needs and to renovate Course #1 at the Sherrill Park Golf Course.

Awards and Acknowledgments

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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2015

Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. This was the thirty-seventh year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the accounting division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to thank Don Magner, First Assistant City Manager for providing support and guidance.

Special thanks are extended to all members of the City Council for their leadership and support of sound fiscal management.

Sincerely,

Dan Johnson
City Manager

Kent Pfeil
Chief Financial Officer

Keith Dagen, CPA
Director of Finance

Vicki McCarthy, CPA
Controller

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CITY OF RICHARDSON, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2015

CITY COUNCIL

PAUL VOELKER, MAYOR

MARK SOLOMON, MAYOR PRO TEM

BOB TOWNSEND

SCOTT DUNN

MABEL SIMPSON

MARTA GÓMEZ FREY

STEVE MITCHELL

CITY MANAGER

DAN JOHNSON

FIRST ASSISTANT CITY MANAGER

DON MAGNER

CHIEF FINANCIAL OFFICER

KENT PFEIL

DIRECTOR OF FINANCE

KEITH DAGEN

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richardson

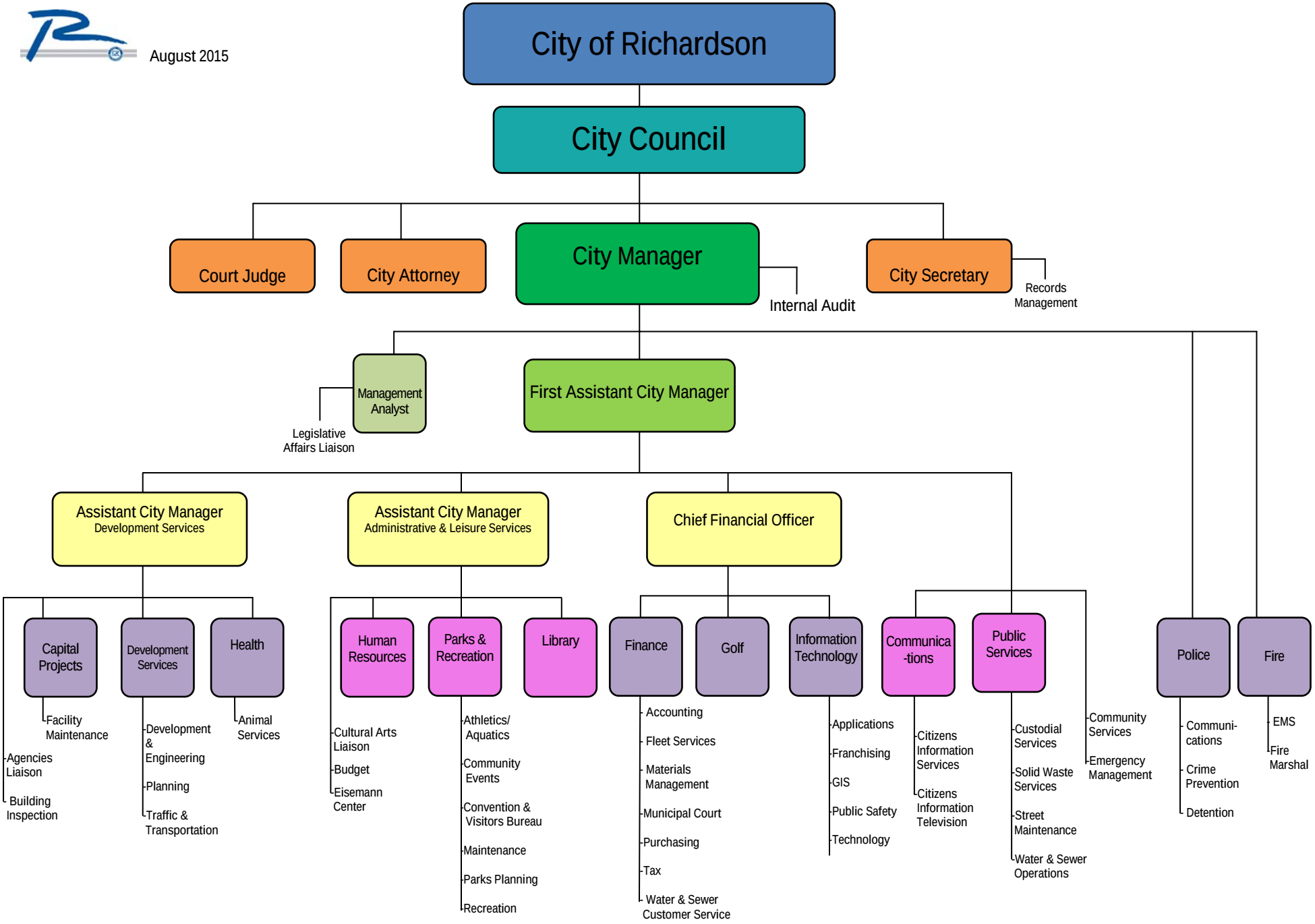
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

August 2015


City of Richardson
City Council
Court Judge
City Attorney
City Manager
Internal Audit
City Secretary
Records Management
Management Analyst
Legislative Affairs Liaison
First Assistant City Manager
Assistant City Manager
Development Services
Assistant City Manager
Administrative & Leisure Services
Chief Financial Officer
Capital Projects
Facility Maintenance
Agencies Liaison
Building Inspection
Development Services
Development & Engineering
Planning
Traffic & Transportation
Health
Animal Services
Human Resources
Cultural Arts Liaison
Budget
Eisemann Center
Parks & Recreation
Athletics/ Aquatics
Community Events
Convention & Visitors Bureau
Maintenance
Parks Planning
Recreation
Library
Finance
Accounting
Fleet Services
Materials Management
Municipal Court
Purchasing
Tax
Water & Sewer Customer Service
Golf
Information Technology
Applications
Franchising
GIS
Public Safety
Technology
Communica -tions
Citizens Information Services
Citizens Information Television
Public Services
Custodial Services
Solid Waste Services
Street Maintenance
Water & Sewer Operations
Community Services
Emergency Management
Police
Communi- cations
Crime Prevention
Detention
Fire
EMS
Fire Marshal

FINANCIAL SECTION

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Crowe Horwath.

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council,
Richardson, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in June 2012 the GASB issued GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions."* Also, in November 2013 the GASB issued GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*. As discussed in note 1, GASB Statements 68 and 71 were effective for the City's fiscal year ended September 30, 2015. These Statements replace the requirements of Statement No. 27, "*Accounting for Pensions by State and Local Governmental Employers"* and Statement No. 50, "*Pension Disclosures."* Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Postemployment Health Care Benefits Funding Progress, Schedule of Employer Contributions -Postemployment and Health Care Benefits, Schedule of Pension Contributions and Schedule of Changes in Net Pension Liability and Related Ratios* on pages 15 – 24, 76, 77, 77, 78 and 79 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedules and the other information, such as the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 25, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Dallas, Texas
January 25, 2016

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Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Richardson, Texas (the City), for the fiscal year ended September 30, 2015. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

Financial Highlights

- The assets and deferred outflows of resources of the City exceed its liabilities and deferred inflows at September 30, 2015 by $188,695,271 (net position).
- The City's total net position increased $8,030,601. The reason for this increase can be found on pages 18 and 19 of this report.
- At September 30, 2015, the City's governmental funds reported combined ending fund balances of $47,121,238. The $18,006,939 unassigned fund balance in the General Fund represents 16.11% of total General Fund expenditures and transfers.
- The City's total long-term debt, excluding commitments related to its post-employment benefits program, increased by $338,400 (.11%) during the current fiscal year. See Table 4 on page 23 of this report for further information regarding the City's long–term debt. Details about the City's post-employment benefits program can be found on pages 69-75 of the notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and liabilities, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities

and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

Governmental Activities. Most of the City's basic services are reported here, including general government, police and fire protection, emergency ambulance service, planning for future land use, traffic control, building inspection, public health, neighborhood integrity, park and recreational activities, cultural events, and library. Property taxes, sales taxes, and franchise taxes provide the majority of the financing for these activities.

Business-Type Activities. Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution and wastewater collection and solid waste collection and disposal.

Fund Financial Statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City reports 19 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, the Debt Service Fund, and the Capital Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection and disposal services. These services are primarily provided to outside, or nongovernmental, customers.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its warehouse, mail and records management operations, and for its employee health insurance program. Because these services predominantly benefit governmental-type functions rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and solid waste collection and disposal. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Other Information. In addition to the basic financial statements and accompanying notes, the City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and healthcare benefits to its employees and retirees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and healthcare.

Government-Wide Financial Analysis

Total assets of the City at September 30, 2015 were $582,496,780, deferred outflows of resources were $13,642,718, total liabilities were $407,330,562 and deferred inflows of resources were $113,665 resulting in a net position balance of $188,695,271.

The largest portion of the City's net position, $185,968,144 (98.55%), reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
City of Richardson
Net Position
(In thousands)

	Governmental activities		Business-type activities		Total	
	2015	2014*	2015	2014*	2015	2014
Current and other assets	$ 66,074	$ 74,793	$ 32,996	$ 29,821	$ 99,070	$ 104,614
Capital assets	382,350	364,637	101,077	100,823	483,427	465,460
Total assets	448,424	439,430	134,073	130,644	582,497	570,074
Total deferred outflows of resources	11,389	8,084	2,253	1,630	13,642	9,714
Other liabilities	16,882	41,403	7,191	11,399	24,073	52,802
Long-term liabilities outstanding	322,068	289,132	61,190	57,189	383,258	346,321
Total liabilities	338,950	330,535	68,381	68,588	407,331	399,123
Total deferred inflows of resources	97	-	17	-	114	-
Net Position:						
Net investment in capital assets	134,199	129,095	51,770	50,634	185,969	179,729
Restricted	10,511	7,072	5,464	4,068	15,975	11,140
Unrestricted	(23,943)	(19,188)	10,694	8,984	(13,249)	(10,204)
Total net position	$ 120,767	$ 116,979	$ 67,928	$ 63,686	$ 188,695	$ 180,665

*2014 amounts have been restated due to to the adoption of Governmental Accounting Standards Board Statement No. 68. (See note 1B of the Notes to Basic Financial Statements.)

An additional portion of the City's net position, $15,975,729 (8.47%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of ($13,248,602) reflects commitments made as part of its post-employment benefits program. More details about these benefits can be found on pages 69-75 of the notes.

The government's overall net position increased $8,030,601 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. Net position increased $3,788,445. Key revenue and expense transactions are as follows:

- Major revenue increases included property tax revenue of $2,308,797, sale tax revenue and franchise fee revenue increased $2,259,574 and $608,549, respectively. Parks and Recreation revenue increased $1,228,715 as a result of the reclassification of the Golf Fund from a Proprietary Fund to a Special Revenue Fund at the end of FY2014.
- Parks and Recreation expenditures increased $1,827,297 as a result of the reclassification of the Golf Fund. Public Services expenditures increased approximately $1,181,000 for contract building inspection services, bridge rail maintenance projects and street repairs.

Business-Type Activities. Business type activities increased net position by $4,242,156. Key elements to the change in net position are as follows:

- Water restrictions were lifted leading to a $6,718,615 increase in water revenues. At the same time, purchased water and sewage treatment costs increased $2,492,252 as a result of the North Texas Municipal Water District raising its water rates.
- Solid waste fee revenue increased $549,599 at the same time the solid waste charges increased $771,345.

Table 2
Changes in Net Position
(In thousands)

	Governmental activities		Business-type activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues:						
Program revenues:						
Charges for services	$ 24,909	$ 23,141	$ 73,357	$ 65,745	$ 98,266	$ 88,886
Operating grants and contributions	967	789	-	-	967	789
Capital grants and contributions	8,168	15,022	1,549	1,551	9,717	16,573
General revenues:						
Property taxes	70,677	68,368	-	-	70,677	68,368
Sales taxes	31,065	29,805	-	-	31,065	29,805
Franchise taxes	15,647	15,038	-	-	15,647	15,038
Mixed beverage and bingo tax	523	464	-	-	523	464
Hotel/motel taxes	3,937	3,665	-	-	3,937	3,665
Unrestricted interest earnings	137	92	47	24	184	116
Gain on sale of assets	78	40	109	196	187	236
Transfers	(2,064)	4,058	2,064	(4,058)	-	-
Total revenues	154,044	160,482	77,126	63,458	231,170	223,940
Expenses:						
General government	36,761	36,312	-	-	36,761	36,312
Public safety	48,745	47,533	-	-	48,745	47,533
Public services	30,588	28,931	-	-	30,588	28,931
Library	4,161	3,989	-	-	4,161	3,989
Parks and recreation	18,310	15,281	-	-	18,310	15,281
Public health	1,807	1,714	-	-	1,807	1,714
Interest and fiscal charges	9,884	10,757	-	-	9,884	10,757
Water and sewer	-	-	59,159	55,648	59,159	55,648
Solid waste	-	-	13,725	12,457	13,725	12,457
Golf	-	-	-	2,558	-	2,558
Total expenses	150,256	144,517	72,884	70,663	223,140	215,180
Increase(decrease) in net position	3,788	15,965	4,242	(7,205)	8,030	8,760
Net position-beginning as restated (Note 1B)	116,979	114,513	63,686	73,350	180,665	187,863
Net position – ending	$ 120,767	$ 130,478	$ 67,928	$ 66,145	$ 188,695	$ 196,623

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of $47,121,238. Approximately 38.21%, or $18,006,939, constitutes unassigned fund balance, which is

reported in the General Fund. The remainder of fund balance, $29,114,299 (61.79%), is not available for general spending.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 16.11% of total General Fund expenditures and transfers out, while total fund balance represents 17.66% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased $404,085 this fiscal year. Sales tax revenues were larger than anticipated with an increase of $1,259,574 from the previous year's collections. Franchise fees resulted in an increase of $608,549 from the previous year, primarily due to an increase in telecommunications access line fees and electric and gas franchise fees.

The Debt Service Fund has a fund balance of $2,381,452, all of which is restricted for the payment of debt. The City's financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund.

The fund balance in the Capital Fund ended the year at $15,001,579, of which $276,939 is nonspendable resources for prepaids of $2,919 and $274,020 for property held for redevelopment. $11,988,169 is restricted for future capital equipment purchases and construction projects, and $2,736,471 is assigned for various capital projects. The fund balance decreased by $9,618,474 due to the use of bond proceeds to construct various capital improvements throughout the City.

The Other Governmental Funds had a fund balance increase of $2,099,537. The major items related to this increase were collection of TIF revenues that were not spent in the current year and the start of an Economic Development Fund with the equivalent of a half cent of the property tax transferred from the General Fund.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of the proprietary funds have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position in the Water and Sewer Fund and the Solid Waste Fund at the end of the year amounted to $10,072,815 and $944,899 respectively. Total net position increased $5,024,601 in the Water and Sewer Fund and the Solid Waste Fund decreased ($370,307).

General Fund Budgetary Highlights

General Fund revenues were projected to be $208,313 or 1.2% higher than estimated year-end revenues for fiscal year 2014. Property tax, sales tax and other business tax revenues were budgeted to make up 64.3% of total General Fund revenues. The certified property tax base increased 4.9% (including TIF values) and tax rates remained unchanged from the prior year. Franchise taxes were projected to increase 1.1% with a normal growth in the customer base. Sales and other business tax revenue was budgeted to increase by 2.5% compared to the estimate for fiscal year 2014. Total expenditures and transfers were projected to be 2.9% higher than 2014 year-end estimates. Personal service expenditures were projected to be 3.7% higher than 2014 estimates and included funding for those employees moving through the step pay plan and 2.0% raises for those employees who had been at the top of the pay range for over a year. Professional service expenditures were budgeted 2.5% lower than the previous year estimate.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to $483,426,637 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $17,966,250 (3.72%).

Major capital asset events during the current fiscal year included the following:

- Several streets and other improvements in the CityLine development were completed totaling $10.3 million.
- The City completed numerous street, sidewalk, alley, traffic and trail projects totaling over $7.1 million.
- The City purchased four parcels of land totaling nearly 60 acres for $11,268,386. The land adjoins the existing Spring Creek Nature Area and will enable the City to more than double the nature area's current size.

The Water and Sewer Fund completed $6 million in projects, which extended and improved the City's Water and Sewer system.

Table 3
City of Richardson
Capital Assets, net of Accumulated Depreciation
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Land	$ 74,564	$ 60,740	$ 424	$ 424	$ 74,988	$ 61,164
Buildings	78,533	82,028	4,439	4,680	82,972	86,708
Improvements other than buildings	33,393	32,509	190	114	33,583	32,623
Infrastructure	156,401	145,489	85,703	85,450	242,104	230,939
Vehicles, machinery and equipment	15,306	15,551	7,001	7,583	22,307	23,134
Construction in progress	24,153	28,321	3,320	2,572	27,473	30,893
Total capital assets, net	$ 382,350	$ 364,638	$ 101,077	$ 100,823	$ 483,427	$ 465,461

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of $251,425,000. Of this amount, $201,229,259 represents tax-supported bonds, $50,195,741 represents self-supported bonds. The other obligations of $45,338,940 in the governmental activities relates to notes payable for computer hardware, a police training facility, TIF economic development grants, and other contractual obligations.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 162,669	$ 181,450	$ 17,626	$ 17,165	$ 180,295	$ 198,615
Certificates of obligation	38,560	27,150	32,570	35,075	71,130	62,225
Total bonds payable	201,229	208,600	50,196	52,240	251,425	260,840
TIF obligations	41,507	31,964	-	-	41,507	31,964
Other obligations	3,832	3,622	-	-	3,832	3,622
Total outstanding debt	$ 246,568	$ 244,186	$ 50,196	$ 52,240	$ 296,764	$ 296,426

In March 2015, the City issued $9,000,000 of Series 2015 Combination Tax and Revenue Certificates of Obligation. $6,850,000 is tax-exempt, $2,150,000 is taxable. The City also issued $41,665,000 of Series 2015 General Obligation Refunding Bonds. The Certificates of Obligation were issued to pay for renovations to Course 1 of the Sherrill Park Golf Course, equipping park and recreation facilities, firefighting facilities, animal service facilities and fleet service facilities, acquiring equipment and vehicles for, police, fire, streets, traffic and transportation, animal services, parks and recreation, municipal library, health, solid waste departments, and constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of and rights-of-way therefor, and improving and extending the City's water and sewer system. The General Obligation Refunding Bonds were used to refund $47,340,000 of existing outstanding debt for a cash flow savings of $7,336,187. In December, 2014, the City issued $11,425,000 of Series 2014B Adjustable Rate Combination Tax and Revenue Certificates of Obligation. The Certificates of Obligation were used to purchase 60 acres of land adjoining the Spring Creek Nature Area which will more than double the nature area's current size. The City recognized TIF grants of $9,619,370 for infrastructure and land received from a developer. The City's total bonded debt activity resulted in an overall decrease of approximately $9,415,000 (3.7%).

Standard & Poor's Ratings Services assigned its 'AAA' rating, with a stable outlook, to the City's Series 2015 Combination Tax and Revenue Certificates of Obligation and the City's Series 2015 General Obligation Refunding Bonds, and Moody's Investors Service (Moody's) also assigned an 'Aaa' rating, with a stable outlook to these issues. 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 City levied $0.26485 per $100 in FY2015 to pay its debt service.

Additional information on the City's long-term obligations can be found in note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues and transfers-in for the 2015–2016 budget are expected to increase by 4.1% compared to the fiscal year 2014–2015 revised budget. Expenditures and transfers-out for the General Fund are budgeted 3.2% higher than expenditures and transfers-out in the revised budget for fiscal year 2014 – 2015. The budget initiatives include a focus on infrastructure maintenance, continuing public safety staffing initiatives for police patrol and emergency medical services and sustaining a competitive employee compensation and benefits profile. Overall, the General Fund is expected to end fiscal year 2015–2016 in compliance with the City's financial policy by maintaining a fund balance equal to 60 days of operating expenditures.

Key Highlights of the 2015–2016 Budget Include:

- A 9.01% increase in the overall certified tax base. The effective increase for the General Fund is 7.06%. The remaining increase is related to Tax Increment Financing (TIF) Districts. There is no change in the tax rate.
- Maintain Senior Tax Exemption at $60,000.
- 1.0% of Tax Roll equals a $738,000 General Fund impact.
- 1 penny of property tax rate equals $1.2 million of revenue.
- $234,000 increase in the funds dedicated to street maintenance for a total of approximately $3.54 million.
- A 2.0% increase in base sales tax is projected.
- A 8.0% rate adjustment in water and sewer fees.
- 5% step increases for approximately 55% of employees eligible for the increase.
- 2.5% merit based increase for those employees at the top of their pay range or single step job classifications.
- Funding of $2.9 million of 4-year debt financing from the General Fund for general equipment, vehicles and projects.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P. O. Box 830309, Richardson, Texas 75083-0309.

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CITY OF RICHARDSON, TEXAS
Statement of Net Position
September 30, 2015

	Governmental activities	Business-type activities	Total
Assets:			
Cash and cash equivalents	$ 36,852,697	$ 7,610,975	$ 44,463,672
Investments	18,735,324	4,467,587	23,202,911
Receivables (net of allowances)	8,567,033	9,853,605	18,420,638
Inventories	509,526	131,075	640,601
Prepaid items	682,951	370,799	1,053,750
Deposits	129,747	—	129,747
Property held for redevelopment	274,020	—	274,020
Restricted assets:			
Cash and cash equivalents	—	7,947,866	7,947,866
Investments	—	2,936,788	2,936,788
Receivables (net of allowances)	—	150	150
Internal balances	323,393	(323,393)	—
Capital assets:			
Nondepreciable	98,717,253	3,743,179	102,460,432
Depreciable (net)	283,632,299	97,333,906	380,966,205
Total assets	448,424,243	134,072,537	582,496,780
Deferred Outflows of Resources			
Pension contributions and investment experience	9,248,896	1,625,824	10,874,720
Deferred charge on refundings	2,140,575	627,423	2,767,998
Total deferred outflow of resources	11,389,471	2,253,247	13,642,718
Liabilities:			
Accounts payable	5,079,562	3,294,463	8,374,025
Retainage payable	554,130	—	554,130
Accrued liabilities	1,814,507	166,312	1,980,819
Accrued interest	4,494,889	330,079	4,824,968
Payable from restricted assets:			
Accounts payable	—	338,916	338,916
Retainage payable	—	123,998	123,998
Customer deposits	—	2,936,938	2,936,938
Unearned revenue	4,822,705	—	4,822,705
Money held in escrow	116,509	—	116,509
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	22,189,835	5,137,250	27,327,085
Compensated absences	1,104,933	111,406	1,216,339
Workers' compensation	163,135	24,744	187,879
Unpaid claims liability	1,026,054	—	1,026,054
Due in more than one year:			
Bonds, leases, and contractual obligations	240,329,043	47,138,871	287,467,914
Other post employment benefits	21,275,352	3,198,973	24,474,325
Pension	26,034,421	4,576,481	30,610,902
Compensated absences	9,944,397	1,002,659	10,947,056
Total liabilities	338,949,472	68,381,090	407,330,562
Deferred Inflows of Resources			
Pension actuarial experience	96,671	16,994	113,665
Total deferred inflow of resources	96,671	16,994	113,665
Net position:			
Net investment in capital assets	134,199,016	51,769,128	185,968,144
Restricted for:			
Capital projects	1,351,992	5,150,562	6,502,554
Debt service	—	313,689	313,689
General government	4,632,466	—	4,632,466
Public safety	1,127,381		1,127,381
Public services	3,399,639	—	3,399,639
Unrestricted	(23,942,923)	10,694,321	(13,248,602)
Total net position	$ 120,767,571	$ 67,927,700	$ 188,695,271

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Activities
Year ended September 30, 2015

		Program revenues			Net (expense) revenue and changes in net position		
	Expenses	**Charges for services**	**Operating grants and contributions**	**Capital grants and contributions**	**Governmental activities**	**Business-type activities**	**Total**
Functions/programs:							
Governmental activities:							
General government	$ 36,760,436	3,398,349	725,207	23,710	$ (32,613,170)	$ —	$ (32,613,170)
Public safety	48,745,387	9,690,575	199,938	62,912	(38,791,962)	—	(38,791,962)
Public services	30,587,774	6,152,373	—	7,862,244	(16,573,157)	—	(16,573,157)
Library	4,160,708	—	8,948	—	(4,151,760)	—	(4,151,760)
Parks and recreation	18,310,273	5,328,445	19,550	208,360	(12,753,918)	—	(12,753,918)
Public health	1,806,561	339,576	13,552	10,515	(1,442,918)	—	(1,442,918)
Interest and fiscal charges	9,884,386	—	—	—	(9,884,386)	—	(9,884,386)
Total governmental activities	150,255,525	24,909,318	967,195	8,167,741	(116,211,271)	—	(116,211,271)
Business-type activities:							
Water and Sewer	59,159,438	60,309,928	—	1,549,248	—	2,699,738	2,699,738
Solid Waste	13,724,444	13,047,355	—	—	—	(677,089)	(677,089)
Total business-type activities	72,883,882	73,357,283	—	1,549,248	—	2,022,649	2,022,649
Total primary government	$ 223,139,407	$ 98,266,601	$ 967,195	$ 9,716,989	(116,211,271)	2,022,649	(114,188,622)
	General revenues:						
	Property taxes				70,677,122	—	70,677,122
	Sales taxes				31,064,708	—	31,064,708
	Franchise taxes				15,646,882	—	15,646,882
	Mixed beverage and bingo tax				523,105	—	523,105
	Hotel/Motel taxes				3,936,859	—	3,936,859
	Unrestricted interest earnings				137,116	46,693	183,809
	Gain on sale of assets				77,925	108,813	186,738
	Transfers				(2,064,001)	2,064,001	—
	Total general revenues				119,999,716	2,219,507	122,219,223
	Changes in net position				3,788,445	4,242,156	8,030,601
	Net position – beginning as restated (See Note 1(B))				116,979,126	63,685,544	180,664,670
	Net position – ending				$ 120,767,571	$ 67,927,700	$ 188,695,271

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Balance Sheet – Governmental Funds
September 30, 2015

	General	Debt Service	Capital Funds	Other Governmental Funds	Total
Assets:					
Cash and cash equivalents	$ 283,198	$ 2,595,766	18,237,720	11,495,241	$ 32,611,925
Investments	15,731,353	—	3,003,971	—	18,735,324
Receivables (net of allowances)	6,710,754	—	707,339	1,031,935	8,450,028
Due from other funds	28,342	—	—	—	28,342
Inventories	278,096	—	—	—	278,096
Prepaid items	537,524	—	2,919	117,291	657,734
Deposits	117,500	—	—	—	117,500
Property held for redevelopment	—	—	274,020	—	274,020
Total assets	$ 23,686,767	$ 2,595,766	$ 22,225,969	$ 12,644,467	$ 61,152,969
Liabilities:					
Accounts payable	$ 1,232,583	$ —	$ 2,272,861	$ 1,091,120	$ 4,596,564
Retainage payable	9,882	—	484,724	59,524	554,130
Accrued liabilities	1,055,031	214,314	—	545,162	1,814,507
Due to other funds	—	—	—	28,342	28,342
Unearned revenue	4,620	—	4,364,179	397,665	4,766,464
Money held in escrow	13,883	—	102,626	—	116,509
Total liabilities	2,315,999	214,314	7,224,390	2,121,813	11,876,516
Deferred inflows of resources:					
Unavailable revenue	1,631,134	—	—	524,081	2,155,215
Total deferred inflows of resources	1,631,134	—	—	524,081	2,155,215
Fund balances:					
Nonspendable:					
Property held for redevelopment			274,020	—	274,020
Inventory	278,096	—	—	—	278,096
Deposits	117,500	—	—	—	117,500
Prepaid items	537,524	—	2,919	117,291	657,734
Restricted for:					
Debt Service	—	2,381,452	—		2,381,452
Library	—	—	26,016	—	26,016
Parks and recreation projects	—	—	1,156,421		1,156,421
Public services	—	—	5,544,066		5,544,066
Neighborhood vitality projects	—	—	1,744,716	—	1,744,716
Municipal public buildings	—	—	27,344	—	27,344
Other capital projects	—	—	1,608,047		1,608,047
General government	—	—	745,845	3,668,669	4,414,514
Health/Shelter	—	—	39,857		39,857
Public Safety	—	—	1,095,857	1,051,625	2,147,482
Committed for:					—
Public services	—	—	—	2,840,985	2,840,985
Assigned for:					—
Public services	558,654	—	90,212	—	648,866
Public safety	75,756	—	44,084	—	119,840
Parks and recreation projects	55,719	—	24,255	200,378	280,352
Neighborhood vitality projects	—	—	—	—	—
General government	103,349	—	—	2,119,625	2,222,974
Health	6,097	—	—	—	6,097
Library	—	—	—	—	—
Other capital projects	—	—	2,577,920	—	2,577,920
Unassigned	18,006,939	—	—	—	18,006,939
Total fund balances	19,739,634	2,381,452	15,001,579	9,998,573	47,121,238
Total liabilities, deferred inflows and fund balances	$ 23,686,767	$ 2,595,766	$ 22,225,969	$ 12,644,467	$ 61,152,969

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2015

Total fund balances - governmental funds balance sheet	$	47,121,238
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		382,293,542
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		11,323,359
Some amounts will not be recognized as revenue until future periods and therefore are deferred in the funds.		(95,827)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		3,032,810
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (Note 2 (a))		(322,907,551)
Net position of governmental activities	$	120,767,571

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year ended September 30, 2015

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 39,702,983	$ 28,719,565	$ —	$ 2,321,559	$ 70,744,107
Franchise taxes	15,359,146	—	—	287,736	15,646,882
Sales tax	31,064,708	—	—	—	31,064,708
Mixed beverage and bingo tax	523,105	—	—	—	523,105
Hotel/Motel taxes	—	—	—	3,936,859	3,936,859
Drainage fees	—	—	—	2,702,431	2,702,431
911 revenue	1,208,719	—	—	522,743	1,731,462
Intergovernmental revenue	71,790	—	3,871,612	922,774	4,866,176
Licenses and permits	3,379,890	—	—	—	3,379,890
Fines and forfeitures	3,888,879	—	—	1,572,217	5,461,096
Interest revenue	80,351	4,560	22,860	25,875	133,646
Civic center use	299,655	—	—	—	299,655
Eisemann Center revenue	—	—	194,045	1,948,931	2,142,976
Recreation and leisure	4,096,379	—	—	1,206,044	5,302,423
Public safety	2,434,315	—	—	—	2,434,315
Contributions	79,783	—	156,492	19,550	255,825
Participation	—	—	2,256,684	—	2,256,684
Other	896,050	—	61,256	172,115	1,129,421
General administration	8,127,712	—	—	—	8,127,712
Total revenues	111,213,465	28,724,125	6,562,949	15,638,834	162,139,373
Expenditures:					
General government	26,938,966	—	835,384	9,627,068	37,401,418
Public safety	42,327,220	—	388,839	1,698,885	44,414,944
Public services	17,895,720	—	3,904,542	342,204	22,142,466
Library	3,162,266	—	371,572	8,948	3,542,786
Parks and recreation	11,610,749	—	826,331	1,902,282	14,339,362
Public health	1,640,950	—	18,465	13,552	1,672,967
General administration	—	—	—	2,027,855	2,027,855
Capital outlay	133,278	—	30,901,097	7,384,929	38,419,304
Debt service:					
Principal retirement	—	19,300,343	—	—	19,300,343
Interest and fiscal charges	9,134	8,772,808	—	1,561,889	10,343,831
Payments for other obligations	212,846	612,292	—	76,602	901,740
Issuance costs	—	386,362	154,456	—	540,818
Total expenditures	103,931,129	29,071,805	37,400,686	24,644,214	195,047,834
Excess (deficiency) of revenues over (under) expenditures	7,282,336	(347,680)	(30,837,737)	(9,005,380)	(32,908,461)
Other financing sources (uses):					
Transfers in	669,550	1,007	3,673,485	2,159,019	6,503,061
Transfers out	(7,821,954)	—	(1,035,880)	(673,472)	(9,531,306)
Issuance of certificates of obligation	—	—	17,270,000	—	17,270,000
Issuance of refunding bonds	—	45,741,237	—	—	45,741,237
Issuance of other obligations	—	—	1,034,770	9,619,370	10,654,140
Premium/discount on bonds	—	—	276,888	—	276,888
Payment to refunded bond escrow agent	—	(45,341,126)	—	—	(45,341,126)
Insurance recoveries	189,910	—	—	—	189,910
Proceeds from sale of capital assets	84,243	—	—	—	84,243
Total other financing sources (uses)	(6,878,251)	401,118	21,219,263	11,104,917	25,847,047
Net change in fund balances	404,085	53,438	(9,618,474)	2,099,537	(7,061,414)
Fund balances – October 1	19,335,549	2,328,014	24,620,053	7,899,036	54,182,652
Fund balances – September 30	$ 19,739,634	$ 2,381,452	$ 15,001,579	$ 9,998,573	$ 47,121,238

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended September 30, 2015

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

Net change in fund balances – total governmental funds	$	(7,061,414)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (Note 2(b))		17,919,582
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,729,178
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2(b))		(7,267,383)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2(b))		(2,261,370)
Internal service funds are used by management to charge the costs of central services and insurance to individual funds. The net expense of certain activities of the Internal Service Funds is reported with governmental activities.		729,852
Change in net position of governmental activities	$	3,788,445

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2015

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities- Internal Service Funds**
Assets				
Current Assets:				
Cash and cash equivalents	$ 4,495,781	$ 3,115,194	$ 7,610,975	$ 4,240,772
Investments	4,467,587	—	4,467,587	—
Receivables (net of allowances)	8,627,583	1,226,022	9,853,605	117,005
Deposits	—	—	—	12,247
Inventories	87,550	43,525	131,075	231,430
Prepaid items	297,429	73,370	370,799	25,217
Restricted assets:				
Cash and cash equivalents	6,102,026	1,845,840	7,947,866	—
Investments	2,936,788	—	2,936,788	—
Other receivables	150	—	150	—
Total current assets	27,014,894	6,303,951	33,318,845	4,626,671
Noncurrent Assets				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	—	284,023	284,023	23,023
Buildings	9,480,126	405,247	9,885,373	259,990
Water and Sewer System	202,653,835	—	202,653,835	—
Vehicles, machinery and equipment	17,195,775	13,391,044	30,586,819	268,859
Construction in progress	3,299,025	20,644	3,319,669	—
Less accumulated depreciation	(137,003,676)	(9,072,468)	(146,076,144)	(551,872)
Total noncurrent assets	95,983,035	5,094,050	101,077,085	56,011
Total Assets	122,997,929	11,398,001	134,395,930	4,682,682
Deferred Outflow of Resources				
Pension contributions and investment experience	861,364	764,460	1,625,824	80,752
Deferred charge on refunding	615,467	11,956	627,423	—
Total deferred outflow of resources	1,476,831	776,416	2,253,247	80,752

(Continued)

CITY OF RICHARDSON, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2015

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities-Internal Service Funds**
Liabilities:				
Current liabilities:				
Accounts payable	$ 3,060,899	$ 233,564	$ 3,294,463	$ 482,998
Accrued liabilities	123,194	43,118	166,312	—
Accrued interest	294,486	35,593	330,079	—
Unpaid claims liabilities	—	—	—	1,026,054
Current maturities of bonds, leases and contractual obligations	3,960,829	1,176,421	5,137,250	—
Compensated absences	68,441	42,965	111,406	9,172
Workers' compensation liability	—	24,744	24,744	15,176
Current liabilities payable from restricted assets:				
Accounts payable	337,061	1,855	338,916	—
Retainage payable	123,281	717	123,998	—
Unearned revenue	—	—	—	56,241
Deposits	2,936,938	—	2,936,938	—
Total current liabilities	10,905,129	1,558,977	12,464,106	1,589,641
Noncurrent liabilities:				
Bonds, leases and contractual obligations	41,549,173	5,589,698	47,138,871	—
Postemployment benefits	1,832,869	1,366,104	3,198,973	153,679
Pension	2,424,626	2,151,855	4,576,481	227,308
Compensated absences	615,970	386,689	1,002,659	82,545
Total noncurrent liabilities	46,422,638	9,494,346	55,916,984	463,532
Total liabilities	57,327,767	11,053,323	68,381,090	2,053,173
Deferred Inflow of resources				
Pension Actuarial Experience	9,004	7,990	16,994	844
Net position:				
Net investment in capital assets	53,082,139	(1,313,011)	51,769,128	56,011
Restricted for:				
Capital projects	3,806,887	1,343,675	5,150,562	—
Debt service	176,148	137,541	313,689	—
Unrestricted	10,072,815	944,899	11,017,714	2,653,406
Total net position	$ 67,137,989	$ 1,113,104	68,251,093	$ 2,709,417
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(323,393)	
Net position of business-type activities			$ 67,927,700	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

Year ended September 30, 2015

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities-Internal Service Funds**
Operating revenues:				
Water sales	$ 36,487,229	$ —	$ 36,487,229	$ —
Sewer service	22,289,271	—	22,289,271	—
Penalties	888,589	—	888,589	—
Service fees (other)	59,085	—	59,085	—
Antenna rentals	411,080	—	411,080	—
Meter fees	98,710	—	98,710	—
Solid waste fees	—	12,437,205	12,437,205	—
Charges for services	—	—	—	494,146
City and employee contributions	55,863	25,806	81,669	11,811,930
Intergovernmental revenue	—	—	—	
Miscellaneous	20,101	584,344	604,445	117,482
Total operating revenue	60,309,928	13,047,355	73,357,283	12,423,558
Operating expenses:				
Personal services	5,693,629	4,447,142	10,140,771	623,219
Premiums	—	—	—	610,737
Professional and technical services	925,440	32,667	958,107	704,213
Property services	2,404,914	507,177	2,912,091	83,600
Other purchased services	811,826	322,404	1,134,230	113,101
Insurance claims	—	—	—	12,954,066
Purchase of water	20,750,908	—	20,750,908	—
Purchase of sewage treatment	12,183,605	—	12,183,605	—
Solid waste charges	—	3,834,170	3,834,170	—
General administration	3,945,574	2,154,283	6,099,857	—
Franchise fees	2,938,825	621,861	3,560,686	—
BABIC program	466,666	—	466,666	—
Supplies	1,209,698	247,523	1,457,221	20,378
Depreciation	6,424,177	1,197,128	7,621,305	—
Total operating expenses	57,755,262	13,364,355	71,119,617	15,109,314
Operating income (loss)	2,554,666	(317,000)	2,237,666	(2,685,756)
Nonoperating revenues (expenses):				
Interest revenue	37,994	8,699	46,693	3,469
Interest expense and fiscal charges	(1,121,865)	(156,065)	(1,277,930)	—
Other non-operating charges	(61,955)	(12,242)	(74,197)	—
Gain from disposal of capital assets	2,512	106,301	108,813	—
Total nonoperating revenues (expenses)	(1,143,314)	(53,307)	(1,196,621)	3,469
Income (loss) before contributions and transfers	1,411,352	(370,307)	1,041,045	(2,682,287)
Capital contributions	1,549,248	—	1,549,248	—
Transfers in	2,065,001	—	2,065,001	3,000,000
Transfers out	(1,000)	—	(1,000)	—
Change in net position	5,024,601	(370,307)	4,654,294	317,713
Total net position - October 1 (Restated - See Note 1B)	62,113,388	1,483,411		2,391,704
Total net position – September 30	$ 67,137,989	$ 1,113,104		$ 2,709,417
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(412,138)	
Change in net position of business type-activities			$ 4,242,156	

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2015

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities-Internal Service Funds**
Cash flows from operating activities:				
Cash received from customers	$ 57,361,830	$ 12,989,293	$ 70,351,123	$ —
Cash received from service users	—	—	—	494,148
Cash received from city, employee and other contributions	55,863	25,806	81,669	11,929,410
Cash payments for goods and services	(44,891,592)	(7,049,575)	(51,941,167)	(1,400,639)
Cash payments to employees	(5,833,385)	(4,399,184)	(10,232,569)	(609,609)
Cash payments for claims	—	—	—	(12,696,378)
Cash received from miscellaneous revenues	20,101	—	20,101	—
Net cash provided by (used in) operating activities	6,712,817	1,566,340	8,279,157	(2,283,068)
Cash flows from noncapital financing activities:				
Transfers from other funds	28,245	—	28,245	3,000,000
Net cash used in noncapital financing activities	28,245	—	28,245	3,000,000
Cash flows from financing activities:				
Net proceeds from sale of capital assets	2,512	106,301	108,813	—
Bond proceeds, other obligations, and accrued interest	2,476,425	920,131	3,396,556	—
Acquisition and construction of capital assets	(3,326,108)	(521,683)	(3,847,791)	—
Increase in retainage payable	(12,734)	(301)	(13,035)	—
Principal paid on debt	(3,639,656)	(1,225,000)	(4,864,656)	—
Interest paid on debt	(1,691,557)	(174,218)	(1,865,775)	—
Fiscal charges and bond escrow payments	(61,955)	(12,242)	(74,197)	—
Net cash used in capital and related financing activities	(6,253,073)	(907,012)	(7,160,085)	—
Cash flows from investing activities:				
Purchase of investment securities	(7,402,776)	1,694,307	(5,708,469)	1,400,000
Proceeds from sale and maturities of investments	10,851,674	—	10,851,674	—
Interest received on investments	29,695	12,292	41,987	3,469
Net cash provided by (used in) investing activities	3,478,593	1,706,599	5,185,192	1,403,469
Net decrease in cash, restricted cash, and cash equivalents	3,966,582	2,365,927	6,332,509	2,120,401
Cash, restricted cash, and cash equivalents, October 1	6,631,225	2,595,107	9,226,332	2,120,371
Cash, restricted cash, and cash equivalents, September 30	$ 10,597,807	$ 4,961,034	$ 15,558,841	$ 4,240,772

See accompanying notes to basic financial statements.

(Continued)

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2015

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities-Internal Service Funds**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 2,554,666	$ (317,000)	$ 2,237,666	$ (2,685,756)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,424,177	1,197,128	7,621,305	—
Provision for uncollectible accounts	37,288	9,890	47,178	—
Changes in assets and liabilities:				
(Increase) decrease in trade accounts receivable (gross)	(2,907,407)	(42,534)	(2,949,941)	—
(Increase) decrease in other receivables	(247,878)	641,835	393,957	(117,005)
(Increase) decrease in deposits	—	—	—	(12,247)
(Increase) decrease in inventories	519	(16,996)	(16,477)	(40,305)
(Increase) decrease in prepaid items	99,333	24,602	123,935	(2,039)
Increase (decrease) in accounts payable	663,094	21,069	684,163	173,734
Increase in unpaid claims liabilities	—	—	—	362,417
Increase in unearned revenue	—	—	—	24,523
Increase in deposits payable from restricted assets	273,233	—	273,233	—
Increase (decrease) in compensated absences	(128,998)	33,335	(95,663)	5,911
Increase (decrease) in workers compensation	—	13,360	13,360	15,176
Increase (decrease) in post-employment benefits	159,430	152,307	311,737	8,479
Increase (decrease) in pension	(170,189)	(151,044)	(321,233)	(15,956)
Increase (decrease) in accrued liabilities	(44,451)	388	(44,063)	—
Total adjustments	4,158,151	1,883,340	6,041,491	402,688
Net cash provided by (used in) operating activities	$ 6,712,817	$ 1,566,340	$ 8,279,157	$ (2,283,068)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from public	$ 1,549,248	$ —	$ 1,549,248	$ —
Issuance of refunding bonds	2,480,000	—	2,480,000	—
Refunded bonds	(2,815,000)	—	(2,815,000)	—
Construction payable	460,342	2,572	462,914	—
Transfer of capital assets from govermental activities	2,035,756	—	2,035,756	—

	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities-Internal Service Funds**
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:				
Total unrestricted cash and investments per the statement of net position	$ 8,963,368	3,115,194	$ 12,078,562	$ —
Total restricted cash and investments per the statement of net position	9,038,814	1,845,840	10,884,654	4,240,772
Total cash and investments per the statement of net position	18,002,182	4,961,034	22,963,216	4,240,772
Less investments not meeting the definition of cash equivalents	(7,404,375)	—	(7,404,375)	—
Cash, restricted cash and cash equivalents as of September 30, 2015	$ 10,597,807	$ 4,961,034	$ 15,558,841	$ 4,240,772

See accompanying notes to basic financial statements.

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Richardson, Texas (the City) is a municipal corporation governed by an elected governing board consisting of a mayor and six council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial condition and results of operations and activities of the City for which it is considered to be financially accountable.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America and applicable to state and local governments. These include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants as published in *Audits of State and Local Governments*.

Blended Component Unit. The Richardson Improvement Corporation (RIC) is a nonprofit corporation that serves the citizens of the City by improving municipal parks and recreational functions, facilitating real estate transactions and serving as an independent foundation for acceptance of corporate donations. The City provides all financial support to RIC and all members of its governing board are appointed by the City Council. Because the services that RIC provides exclusively benefits the City and the RIC operations are so intertwined with those of the City, RIC is in substance a department of the City and has been blended into the City's financial statements in the Other Governmental Funds category and reported as a Special Revenue Fund. Audited financial statements for RIC may be obtained by writing City of Richardson, Attn: Finance Director, PO Box 830309, Richardson, TX 75083-0309.

B. Implementation of New Accounting Statements

For fiscal year 2014-15, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27. GASB 68 establishes standards for pension accounting and financial reporting for governments ("employers") which sponsor pension benefits. Under GASB 68, the employer must report the net pension liability, pension expense and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees (and former employees) in their basic financial statements. In addition, extensive note disclosures and related Required Supplementary Information are also required.

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. GASB Statement 71 addresses paragraph 137 in GASB 68, Accounting and Financial Reporting for Pensions, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities. The requirements of the Statement apply to all state and local governments that are required to apply the provisions of Statement 68 for defined benefit pensions.

The City's pension plan, Texas Municipal Retirement System "TMRS", did not provide member governments with beginning balances of deferred inflows or outflows of resources, which is permitted by GASB Statement 68. At the beginning of the initial period of GASB 68, the City removed the net pension obligation balance determined in accordance with Statement 27, as amended, from beginning net position and recorded the beginning net pension liability. Per the requirements of Statement 71, the City

recorded a beginning deferred outflow of resources for contributions made between the start of the measurement period of the pension system and the City's prior fiscal year-end. These two items result in an adjustment to beginning net position of the governmental activities and the business activities in the Government-Wide Financial Statements and the Statement of Revenues Expenses and Changes in Fund Net Position– Proprietary Funds. Retroactively applying these changes results in the adjustment below:

			FUND LEVEL			
	Government Wide Statement of Activities		Proprietary Statement of Revenues, Expenses and Changes In Net Position		Internal Service Statement of Revenues, Expenses and Changes In Net Position	
	Governmental Activities	Business Activities	Water/Sewer	Solid Waste	Central Services	Insurance
Net position as of 10/1/14	$ 130,477,773	$ 66,145,288	$ 63,384,065	$ 2,663,846	$ 380,091	$ 2,120,427
Change in reporting for net pension liability	(13,498,647)	(2,459,744)	(1,270,677)	(1,180,435)	(69,778)	(39,036)
Net Position as Restated 10/1/14	$ 116,979,126	$ 63,685,544	$ 62,113,388	$ 1,483,411	$ 310,313	$ 2,081,391

Statement No. 77, Tax Abatement Disclosures. GASB Statement 77 addresses financial reporting for tax abatement agreements entered into by state and local governments. It covers agreements that are entered into by the reporting government and agreements entered into by other governments that reduce the reporting government's tax revenues. The statement also defines tax abatements for financial purposes. The only effect of the implementation of this statement on the financial statements is additional footnote disclosures. See Note 14.

C. Basis of Presentation

Government-Wide Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all the activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Activities demonstrates the extent to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers and applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program. They also include operating grants, capital grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements The City segregates transactions related to certain functions or activities in separate funds in order to support financial management and to demonstrate legal compliance. Separate statements are prescribed for governmental activities and for proprietary activities. These statements present each major fund as a separate column on the fund financial statements, while all nonmajor funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following major governmental funds:

General Fund. The General Fund is the main operating fund of the City. The fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund. The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts are exclusively for debt service expenditures.

Capital Fund. The Capital Fund is used to account for funds expended for capital improvements, including streets and thoroughfares, parks and other recreational facilities, buildings and public facilities, drainage improvements, and for the purchase of capital equipment. Funding sources include the proceeds of general obligation bonds and certificates of obligation issued by the City, as well as intergovernmental revenues and contributions.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities of the proprietary funds are included in the Statement of Net Position. The City has presented the following major proprietary funds:

Water and Sewer Fund. The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, billing and collection activities, and the operations, maintenance, and construction of the water and sewer systems. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the system.

Solid Waste Fund. The Solid Waste Fund is used to account for the operations of solid waste collection and disposal and recycling services provided to the residents of the City. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for solid waste debt. All costs are financed through charges to the utility customers.

The City also reports Internal Service Funds that are used to account for warehouse, mail services, and records management operations provided to City departments, and health insurance provided to employees, dependents, and retirees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Enterprise and Internal Service Funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Because the City, at its option, can withdraw amounts on a daily basis from TexPool, TexSTAR, Texas Daily, Lone Star, Federated and Invesco Money Market Mutual Funds, these investments are also considered to be cash equivalents.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the operating statement presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, sewer, and solid waste collection services. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30-day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures, which are accrued using a 45-day availability period, and for grants, which are accrued as revenue as soon as all applicable eligibility requirements have been met.

Expenditures are recorded when the related fund liability is incurred, except for outstanding principal and interest on general long-term debt which is recognized when due, and certain compensated absences, postemployment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, franchise fees, sales tax revenues, fines and forfeitures, drainage fees, and interest revenue. Licenses and permits, recreation and leisure fees, public safety, and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports unavailable revenue in its governmental funds. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant moneys are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds.

The Legislature for the state of Texas has enacted and regularly amends the Public Funds Investment Act (Investment Act) that governs items such as investment strategies and policies, training for investment officers, quarterly reporting, and types of investments allowed. The City has developed an Investment Policy that is annually reviewed and approved through resolution by the City Council that is in compliance with the Investment Act. Accordingly, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the state of Texas or its agencies and instrumentalities; (3) obligations of state agencies, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by the state of Texas, or the United States, or its instrumentalities; (4) Joint Investment Pools of political subdivisions in the state of Texas, which comply with the guidelines stated in the City's investment policy; (5) Certificates of Deposit issued by state or national banks and credit unions domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations mentioned above; (6) fully collateralized direct repurchase agreements having a defined termination date; and (7) no-load money market mutual funds, regulated by the Securities and Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of $1 for each share.

The City is not authorized by its investment policy to invest in banker's acceptances, "bond" mutual funds, collateralized mortgage obligations of any type, and commercial paper, with the exception that the City may invest in local government investment pools and money market mutual funds that have commercial paper as authorized investments.

Investment transactions are conducted through the depository bank. The City's safekeeping agent holds all securities in the City's name.

For fiscal year 2015, the City invested in U.S. Agencies, a U.S. Treasury, TexPool, TexSTAR, Lone Star, Texas Daily, Federated Money Market Funds, Invesco Money Market Funds, LegacyTexas Money Market Funds and Certificates of Deposit. The City records all interest revenue related to investment activities in the respective funds.

The City accounts for its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments that have a remaining maturity at the time of purchase of over one year are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Investments with a remaining maturity at time of purchase of one year or less are recorded at amortized cost. For these investments, amortized cost approximates fair value.

TexPool and TexSTAR were created to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fair value of positions in TexPool or TexSTAR is the same as the value of the pool shares. Texas Daily was created in 2000 to allow Texas local governments and school districts to pool their

funds for investment. Lone Star was created in 1991 by the Texas Association of School boards (TASB) Financial Services. On March 1, 2004, TASB Financial Services became First Public.

For TexPool, the State's Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool participation agreement, administrative and investment services to TexPool are provided by Federated. The Comptroller maintains oversight of the services provided by TexPool. The TexPool Advisory Board, composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool, acts as advisor on TexPool's Investment Policy.

J.P. Morgan Asset Management, Inc. (JPMAM) and First Southwest Asset Management, Inc. (FSAM) serve as coadministrators for TexSTAR under an agreement with the TexSTAR board of directors (the Board). The Board is composed of five members, three are representatives of participants in TexSTAR and the other two members are designated by each of the coadministrators. The Board manages the business and affairs of TexSTAR in accordance with its bylaws.

Receivables and Payables

Transactions 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" (the current portion of interfund loans) or "advance to/from other funds" (the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. City property taxes are billed and collected by Dallas County or Collin County depending on the county in which the property is located. City property tax revenues are recognized in the period for which they are collected. An allowance is established for delinquent taxes to the extent that their collectability is improbable.

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the year ended September 30, 2015, the City's tax rate was $0.63516.

Inventories and Prepaid Items

Inventories

Inventory consists primarily of supplies, valued at cost, which approximates market. Cost is determined using a weighted-average method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Accordingly, fund balance is classified as nonspendable for an amount equal to inventory to signify those funds are not available for expenditure.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Property held for Redevelopment

During FY 2012 the City acquired land which is being held for future economic development. The land was recorded at a net realizable value of $274,020.

Capital Assets

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and water and sewer systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2015, $442,321 of net interest costs were capitalized in the Water and Sewer Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

Assets are capitalized that have an original cost of $5,000 or more and an estimated useful life of more than one year. Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition. Estimated useful lives are as follows:

Land improvements	10 – 50 years
Water and Sewer System	10 – 50 years
Buildings	10 – 50 years
Other improvements	5 – 50 years
Infrastructure	10 – 50 years
Vehicles, machinery and equipment	3 – 20 years

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperation Revenues in the Enterprise Funds. For the year ended September 30, 2015, the City received $189,910 in insurance recoveries.

Compensated Absences

The City allows employees to accumulate unlimited unused sick leave. Earned vacation time is generally required to be used within one year of accrual, although the City allows employees to carry up to 20 days of vacation time into the next year. Upon termination, the City pays nonretirees up to 22 days of accumulated sick leave and pays retirees up to 90 days of accumulated sick leave. Sick leave in excess of the 22-day maximum is not paid upon termination to nonretirees and will be paid only upon illness while in the employment of the City. Any accumulated vacation that was not taken due to work-related assignments is paid upon termination, with authorization by the City Manager or his designee. Compensated absences are only reported in Governmental Funds if they are pending maturities owed to separated employees at the end of the reporting period.

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City's pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in note 16.

Long-Term Obligations

General Obligation Bonds and other debt issued for general government capital projects and acquisitions that are to be repaid from tax revenues of the City are recorded in the governmental activities column in the government-wide Statement of Net Position. Debt issued to fund capital projects in the proprietary funds is recorded in the business-type activities column in the government-wide Statement of Net Position and in the proprietary fund Statement of Net Position. Bond premiums and discounts as well as deferred charges on refunded debt obligations are amortized over the life of the bonds using the effective interest method in the government-wide financial statements and in the proprietary funds. Bonds payable are reported net of the applicable bond premiums and discounts.

In the governmental funds, bond premiums and discounts are recognized during the current period. Bond proceeds are reported as other financing sources, as are any applicable premium or discount. Issuance costs are expensed in the current period.

Classifications of Fund Balance

Restricted fund balances in the governmental funds are restricted to specific purposes that are externally imposed by creditors, grantors, contributors or laws or regulations of other governments. Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by the formal action of the City Council's adoption of an ordinance. Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balances are determined by City management based on City Council direction, in accordance with financial policies adopted by resolution. Unassigned fund balance represents the amount that does not meet the criteria for restricted, committed, or assigned. Nonspendable fund balances represent amounts that cannot be spent because they are legally or contractually required to be maintained.

The City considers an expenditure to be made from the most restrictive resources/funds when more than one classification is available. This may result in certain special revenue funds reporting assigned residual balances if restricted or committed balances, which make up the majority of the fund's resources, have been exhausted.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has three items that qualify for reporting in this category. First, the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, the City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Third, the difference between projected and actual earnings on pension plan investments are deferred and recognized as pension plan expense over a closed five-year period as required by GASB 68.

In addition to liabilities, the Statement of Net Position and or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period they become available to the City. A deferred inflow of resources is recognized in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position for the difference between the expected experience and the actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) for the City determined as of the beginning of the measurement date.

Minimum Fund Balance Policy

It is the desire of the City to maintain adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum fund balance of 60 days of budgeted expenditures in the General Fund.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, plus any unspent debt proceeds. The government-wide statement of net position reports $15,975,729 of restricted net position, of which $9,159,486 is restricted by enabling legislation.

2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds Balance Sheet includes reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds." The details of the $322,907,551 are as follows:

Bonds payable	$201,229,259
Notes payable and other contractual obligations	45,338,940
Less issuance discount (to be amortized as interest expense)	(27,613)
Add issuance premium (to be amortized as interest expense)	15,978,292
Less deferred charges on refunding (to be amortized as interest expense)	(2,140,575)
Accrued interest payable	4,494,889
TMRS Pension liability	25,807,113
Postemployment liability	21,121,673
Compensated absences	10,957,614
Workers' compensation liability	147,959
Net adjustment to reduce fund balances – total governmental	$322,907,551

B. Explanation of Certain Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $17,919,582 difference are as follows:

Capital outlay	$ 38,419,304
Depreciation expense	(20,499,722)
Net adjustment to increase in fund balances –total goverrnmental funds to arrive at changes in net position of governmental activities	$ 17,919,582

Another element of the reconciliation states "The issuance of long-term debt (e.g., bonds, leases, and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is originally issued, whereas these amounts are amortized in the Statement of Activities." The details of the $7,267,383 are as follows:

Debt issued or incurred:	
General obligations, certificates of obligation, and refunding bonds	$ (56,455,000)
Notes payable and other contractual obligations	(10,654,140)
Add premium	(5,099,464)
Add deferred charges on refunding	214,138
Principal repayments:	
General obligation bonds	13,440,343
Refunded general obligations	44,525,000
Certificates of obligation	5,860,000
Notes payable and other contractual obligations	901,740
Net adjustment to decrease fund balance – total governmental funds to arrive at changes in net position of governmental activities	$ (7,267,383)

Another element of the reconciliation states, "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the $2,261,370 are as follows:

Amortization of bond premium	$ 1,282,532
Amortization of bond discount	(1,805)
Amortization of deferred charge on refunded bonds	(303,334)
Transfer to Water Sewer Fund - Infrastructure costs	(2,035,756)
Accrued interest	(1,108,803)
Pension expenses	1,907,290
Other postemployment benefits	(1,710,679)
Compensated absences	(404,185)
Workers' compensation	113,370
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ (2,261,370)

Detailed Notes

3. Deposits and Investments

Deposits – The City maintained the following deposit balances:

	Bank balance	Book balance
Financial institution:		
Legacy - City	$ 4,048,588	$ 6,193,363
Legacy - RIC	57,860	56,925
Frost – City	120,274	120,274
Legacy - Money Market	4,000,822	4,000,822
Independent Bank - CD	8,034,548	8,034,548
Texas Term - CD	3,968,000	3,968,000
Petty cash	N/A	13,440
Total	$ 20,230,092	$ 22,387,372

Investments – The City maintained the following investment balances at year-end:

	Fair value	Weighted average maturity (days) (1)
Investment type:		
Federal Home Loan Bank – Bonds	$ 20,134,128	50
Texas Daily	10,931,708	7
TexStar	7,005,252	6
TexPool	5,142,493	4
Lone Star	6,041,575	4
Federal Home Loan Mortgage Association – Bonds	3,001,599	4
Federal National Mortgage Corporation – Bonds	3,003,971	1
Federated Government Agency Money Market Fund	489,852	—
Invesco Government Agency Money Market Fund	413,287	—
Total fair value	$ 56,163,865	
Portfolio weighted average maturity		76

(1) Amounts shown as zero are less than one day.

The amounts for the Investment Pools (Texpool, Texstar, Lone Star and Texas Daily) and the Money Market Funds (Invesco and Federated) are included for financial reporting purposes in cash and cash equivalents on the Statement of Net Position.

Credit Risk – Investments. The City's investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating agency, and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City's investment policy has no other restrictions relating to credit ratings that would limit its investment options. Moody's has rated investments in Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, as AAA as of September 30, 2015. Standard & Poor's has rated investments in TexPool, TexSTAR, Lone Star, Texas Daily, Invesco Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2015.

Custodial Credit Risk – Deposits and Investments. For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. For investments, custodial credit risk is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that all investments held by outside parties for safekeeping be held in the name of the City. The City was not exposed to any custodial credit risk during the year.

Interest Rate Risk – Investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its operating portfolio to one year or less. The maximum weighted average maturity for the City's composite portfolio is three years.

Concentration of Credit Risk – Investments. The City's investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 25% in an individual investment pool or money market mutual fund. At September 30, 2015, the City's direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments are 26%, 4%, and 4% respectively, of the City's total investments.

4. Receivables

Receivables at September 30, 2015, for the government's individual major governmental funds, nonmajor funds, and internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consist of the following:

Governmental Receivables

	General	Capital fund	Other Governmental funds	Total Governmental funds
Receivables:				
Taxes - property	$ 1,202,650	$ —	$ —	$ 1,202,650
Taxes - sales	2,570,889	—	—	2,570,889
Trade accounts	3,938,515	91,006	4,870,591	8,900,112
Interest	85,498	173		85,671
Intergovernmental	6,900	616,160	28,812	651,872
Gross receivable	7,804,452	707,339	4,899,403	13,411,194
Less allowance for uncollectibles	(1,093,698)	—	(3,867,468)	(4,961,166)
Net receivables	$ 6,710,754	$ 707,339	$ 1,031,935	$ 8,450,028

Business-Type Receivables

	Water and Sewer	Solid Waste	Total Business-type activities	Internal Service
Receivables:				
Trade accounts	$ 8,157,983	$ 1,227,634	$ 9,385,617	$ —
Other	590,062	39,734	629,796	117,005
Interest	6,700	—	6,700	—
Gross receivables	8,754,745	1,267,368	10,022,113	117,005
Less allowance for uncollectibles	(127,162)	(41,346)	(168,508)	—
Net receivables	$ 8,627,583	$ 1,226,022	$ 9,853,605	$ 117,005

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2015.

5. Restricted Assets

Enterprise Funds

At year-end, the following were the restricted assets in the Enterprise Funds:

	Water and Sewer Fund	Solid Waste Services Fund	Total
Debt service – Sinking Fund	$ 470,634	$ 173,134	$ 643,768
Customers' deposits	2,936,938	—	2,936,938
Rate stabilization	2,158,614	—	2,158,614
Capital Project and Equipment Funds	3,472,778	1,672,706	5,145,484
Total Restricted Assets	$ 9,038,964	$ 1,845,840	$ 10,884,804

6. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning balance October 1, 2014	Increases	Decreases	Ending balance September 30, 2015
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 60,739,875	$ 13,824,422	$ —	$ 74,564,297
Construction in progress	28,321,326	20,379,425	(24,547,795)	24,152,956
Total capital assets, not being depreciated	89,061,201	34,203,847	(24,547,795)	98,717,253
Capital assets, being depreciated				
Buildings	137,380,102	191,128	—	137,571,230
Improvements other than buildings	75,859,762	4,147,472	(6,680)	80,000,554
Vehicles, machinery, and equipment	46,508,709	3,118,229	(1,136,671)	48,490,267
Infrastructure	429,962,263	21,098,708	—	451,060,971
Total capital assets, being depreciated	689,710,836	28,555,537	(1,143,351)	717,123,022
Less accumulated depreciation for:				
Buildings	55,352,206	3,686,824	—	59,039,030
Improvements other than buildings	43,350,723	3,263,360	(6,680)	46,607,403
Vehicles, machinery, and equipment	30,957,668	3,362,907	(1,136,671)	33,183,904
Infrastructure	284,473,755	10,186,631	—	294,660,386
Total accumulated depreciation	414,134,352	20,499,722	(1,143,351)	433,490,723
Total capital assets being depreciated, net	275,576,484	8,055,815	—	283,632,299
Governmental activities capital assets, net	$ 364,637,685	$ 42,259,662	$ (24,547,795)	$ 382,349,552

	Beginning balance October 1, 2014	Increases	Decreases	Ending balance September 30, 2015
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 423,510	$ -	$ -	$ 423,510
Construction in progress	2,572,359	3,202,451	(2,455,141)	3,319,669
Total capital assets, not being depreciated	2,995,869	3,202,451	(2,455,141)	3,743,179
Capital assets, being depreciated				
Buildings	9,885,373	-	-	9,885,373
Improvements other than buildings	193,870	90,153	-	284,023
Vehicles, machinery, and equipment	30,047,380	1,002,104	(462,665)	30,586,819
Infrastructure	196,618,284	6,035,551	-	202,653,835
Total capital assets, being depreciated	236,744,907	7,127,808	(462,665)	243,410,050
Less accumulated depreciation, for:				
Buildings	5,205,797	240,082	-	5,445,879
Improvements other than buildings	79,620	14,170	-	93,790
Vehicles, machinery, and equipment	22,463,925	1,584,458	(462,665)	23,585,718
Infrastructure	111,168,162	5,782,595	-	116,950,757
Total accumulated depreciation	138,917,504	7,621,305	(462,665)	146,076,144
Total capital assets being depreciated, net	97,827,403	(493,497)	-	97,333,906
Business-type activities capital assets, net	$ 100,823,272	$ 2,708,954	$ (2,455,141)	$ 101,077,085

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

Governmental activities:	
General government	$ 4,770,143
Public safety	2,528,484
Public services	9,059,673
Library	405,602
Parks and recreation	3,706,000
Health	29,820
Depreciation expense – governmental activities	$ 20,499,722
Business-type activities:	
Water and Sewer	$ 6,424,177
Solid Waste	1,197,128
Depreciation expense - business activities	$ 7,621,305

7. Construction Commitments

Outstanding commitments at September 30, 2015, under authorized construction contracts for the Capital Fund, Water and Sewer Fund and Solid Waste Fund, were $6,821,928, $1,033,959 and $70,124, respectively. These outstanding commitments will be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers and operating revenues dedicated to street maintenance.

8. Interfund Receivables, Payables and Transfers

There was an interfund balance at September 30, 2015 between the Federal Grant Fund and the General Fund for $26,724 and $1,618 between the State Grant Fund and the General Fund. These interfund balances were due to timing of receipts from the granting agencies for amounts spent in advance by the grant programs. Individual fund transfers for fiscal year 2014-2015 were as follows:

	Transfers Out					
	Governmental activities	Governmental funds			Enterprise funds	
		General Fund	Capital Fund	Other Governmental Funds	Water/Sewer Fund	Total
Transfers in:						
General	$ -	$ -	$ -	$ 669,550	$ -	$ 669,550
Debt Service	-	-	7	-	1,000	1,007
Capital	-	3,669,563	-	3,922	-	3,673,485
Other Governmental	-	1,152,391	1,006,628	-	-	2,159,019
Insurance Fund	-	3,000,000	-	-	-	3,000,000
Water/Sewer	2,035,756	-	29,245	-	-	2,065,001
Total	$ 2,035,756	$ 7,821,954	$ 1,035,880	$ 673,472	$ 1,000	$ 11,568,062

Governmental Activities Transfer Out:

- $2,035,756 for Water/Sewer Infrastructure projects accepted through TIF Funds.

General Fund Transfers Out:

- $3,669,563 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- $542,391 to the Economic Development Fund for funding of economic development projects.
- $610,000 to the Golf Fund to provide support during the closure of Course #1.
- $3,000,000 to the Insurance Fund for CORPlan additional funding.

Capital Fund Transfers Out:

- $7 to the Debt Service for residual funds
- $926,628 to the Economic Development Fund for economic development projects.
- $80,000 to the RIC to maintain financial support for the RIC.
- $29,245 to the Water/Sewer Fund for developer participation payment

Other Governmental Funds Transfers Out:

- $100,000 to the General Fund from the Child Safety Fund to support the school crossing guard program.
- $550,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center
- $19,550 to the General Fund from the RIC for Park and Recreation programs.
- $3,922 to the Capital Fund from the Drainage fund for a drainage capital project.

Water/Sewer Transfer Out:

- $1,000 to Debt Service Fund for maintaining a pledge to pay the principal and interest for the 2014 Certificate of Obligations.

9. Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2015:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	$ 181,449,602	$ 39,185,000	$ (57,965,343)	$ 162,669,259	$ 13,989,847
Certificates of obligation	27,150,000	17,270,000	(5,860,000)	38,560,000	5,870,000
Bond discounts/premiums	12,131,942	5,101,269	(1,282,532)	15,950,679	1,499,619
Total bonds payable	$ 220,731,544	$ 61,556,269	$ (65,107,875)	$ 217,179,938	$ 21,359,466
TIF obligation	31,964,048	9,619,370	(76,602)	41,506,816	-
Other obligations	3,622,492	1,034,770	(825,138)	3,832,124	830,369
Other postemployment benefits	19,556,195	3,426,806	(1,707,649)	21,275,352	-
TMRS - pension liability	5,202,335	27,958,510	(7,126,424)	26,034,421	-
Compensated absences	10,639,235	1,547,521	(1,137,426)	11,049,330	1,104,933
Workers' compensation	261,329	138,987	(237,181)	163,135	163,135
Unpaid claims liability	663,637	362,417	-	1,026,054	1,026,054
Total governmental-type long-term liabilities	$ 292,640,815	$ 105,644,650	$ (76,218,295)	$ 322,067,170	$ 24,483,957
Business-type activities:					
General obligation refunding bonds	$ 17,165,398	$ 2,480,000	$ (2,019,657)	$ 17,625,741	$ 2,245,153
Certificates of obligation	35,075,000	3,155,000	(5,660,000)	32,570,000	2,650,000
Bond discount/premiums	1,694,323	620,520	(234,463)	2,080,380	242,097
Total bonds payable	$ 53,934,721	$ 6,255,520	$ (7,914,120)	$ 52,276,121	$ 5,137,250
Other postemployment benefits	2,887,236	563,981	(252,244)	3,198,973	-
TMRS - pension liability	837,772	4,914,709	(1,176,000)	4,576,481	-
Compensated absences	1,209,728	76,485	(172,148)	1,114,065	111,406
Workers' compensation	11,384	43,986	(30,626)	24,744	24,744
Total business-type long-term liabilities	$ 58,880,841	$ 11,854,681	$ (9,545,138)	$ 61,190,384	$ 5,273,400

Bonds payable at September 30, 2015, are comprised of the following:

General Government

Bonds issued for the General Government are payable from the levy of property taxes assessed against taxable property within the City, as well as a limited pledge of revenues from the Water Fund.

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/15	Due Within One Year
General Obligation Bonds						
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	$ 39,185,000	$ 39,185,000	$ -
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	17,870,000	1,965,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2023	6,270,000	4,930,000	625,000
2011 Refunding	Adjustable	6/14/2011	6/15/2023	6,039,620	1,954,259	1,314,847
2010 Ref. & Imp.	2.00 - 5.00	6/15/2010	2/15/2030	73,000,000	65,435,000	2,060,000
2010 Ref. & Imp. - Golf	3.00 - 5.00	6/15/2010	2/15/2021	4,365,000	2,900,000	410,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2019	14,460,000	5,085,000	1,315,000
2006 Ref. & Imp.	4.50 - 5.25	7/01/2006	2/15/2026	79,440,000	21,635,000	5,620,000
Total general obligation bonds - tax exempt					158,994,259	13,309,847
Taxable General Obligation Bonds						
2010A Taxable Refunding	1.15 - 4.05	6/15/2010	2/15/2020	6,105,000	3,675,000	680,000
Total general obligation bonds - taxable					3,675,000	680,000
Total governmental-type general obligation, taxable and tax exempt bonds					162,669,259	13,989,847
Certificates of Obligations						
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	3,695,000	665,000
2014B Certificates	Adjustable	12/22/2014	6/15/2022	11,425,000	11,425,000	-
2014A Certificates	Adjustable	8/26/2014	6/15/2009	5,600,000	5,600,000	-
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	6,900,000	4,565,000	2,450,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	2,715,000	830,000
2012 Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	3,175,000	920,000
2011 Certificates	2.00 - 3.25	4/01/2011	2/15/2019	3,085,000	105,000	25,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2025	7,520,000	3,205,000	365,000
2009 Certificates	2.50 - 3.80	4/15/2009	2/15/2023	5,370,000	1,430,000	235,000
2008 Certificates	3.50	4/15/2008	2/15/2016	4,500,000	295,000	295,000
Total certificates of obligation - tax exempt					36,210,000	5,785,000
Taxable Certificates of Obligation						
2015B Certificates	0.90 - 4.00	3/15/2015	2/15/2035	2,150,000	2,150,000	60,000
2012A Certificates	1.63 - 3.00	3/15/2012	2/15/2022	275,000	200,000	25,000
Total certificates - taxable					2,350,000	85,000
Total governmental-type certificates of obligation, taxable and tax exempt bonds					38,560,000	5,870,000
Add unamortized premium					15,978,292	1,501,476
Less:						
Unamortized discount					(27,613)	(1,857)
Total general government bonds and certificates of obligation					$ 217,179,938	$21,359,466

Business-Type Activities

Bonds issued for business-type activities are secured by a pledge of the property tax levy of the City, but are Self-supporting Obligations which are paid from the respective net revenues of each activity.

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/15	Due Within One Year
Water and Sewer:						
General Obligation Bonds:						
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	$ 2,480,000	$ -
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	2,590,000	240,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	6,835,000	810,000
2011 Refunding	Adjustable	6/14/2011	6/15/2023	620,380	215,741	145,153
2010 Refunding	4.00 - 5.00	6/15/2010	2/15/2030	4,080,000	2,665,000	390,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	5,685,000	2,575,000	610,000
Total water and sewer general obligation bonds					17,360,741	2,195,153
Certificates of Obligations:						
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	2,305,000	50,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,815,000	125,000
2011 Certificates	2.00 - 3.25	4/01/2014	2/15/2031	3,500,000	3,080,000	135,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2030	7,210,000	5,640,000	340,000
2009 Certificates	2.50 - 3.80	4/15/2009	2/15/2029	5,030,000	3,875,000	220,000
2008 Certificates	3.50 - 4.50	4/15/2008	2/15/2028	5,000,000	3,795,000	220,000
2007 Certificates	4.00 - 4.50	4/15/2008	2/15/2027	5,000,000	3,570,000	230,000
2006 Certificates	4.25 - 4.80	7/01/2006	2/15/2026	5,000,000	1,170,000	235,000
Total water and sewer certificates of obligation					26,250,000	1,555,000
Total water and sewer general obligation refunding bonds and certificates of obligation					43,610,741	3,750,153
Solid Waste						
General Obligation Refunding Bonds:						
2009 Refunding	1.50 - 4.00	4/15/2009	2/15/2021	480,000	265,000	50,000
Certificates of Obligations:						
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	850,000	85,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	855,000	110,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2021	1,000,000	775,000	120,000
2012 Certificates	2.00 - 3.00	3/15/2012	2/15/2021	865,000	560,000	105,000
2011 Certificates	2.00 - 3.25	4/01/2011	2/15/2020	1,380,000	765,000	180,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2019	3,575,000	2,135,000	310,000
2009 Certificates	2.50 - 3.00	4/15/2009	2/15/2025	1,400,000	380,000	185,000
Total solid waste certificates of obligation					6,320,000	1,095,000
Total solid waste general obligation refunding bonds and certificates of obligation					6,585,000	1,145,000
Add unamortized premium					2,157,885	246,418
Less:						
Unamortized discount					(77,505)	(4,321)
Total business type general obligation refunding bonds and certificates of obligation					$ 52,276,121	$ 5,137,250

Debt Service Requirements

Debt service requirements at September 30, 2015 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
Year ending September 30:				
2016	$ 19,859,847	$ 8,984,656	$ 4,895,153	$ 1,903,721
2017	20,939,412	7,791,127	5,100,588	1,651,479
2018	21,125,000	6,938,484	4,870,000	1,478,136
2019	21,635,000	6,042,431	4,885,000	1,293,804
2020	21,605,000	5,118,391	4,490,000	1,117,191
2021-2025	63,565,000	14,739,338	16,620,000	3,384,218
2026-2030	31,230,000	3,781,139	7,750,000	932,000
2031-2035	1,270,000	101,675	1,585,000	96,930
Totals	$ 201,229,259	$ 53,497,241	$ 50,195,741	$ 11,857,479

General Obligation Refunding Bonds

As part of the City's debt management practices, the City defeased certain General Obligation Refunding and Improvement Bonds and Certificates of Obligation and placed the proceeds in an irrevocable trust for all future debt service payments on the previously issued bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2015, there was $40,315,000 of defeased bonds outstanding.

On March 15, 2015, the City issued $41,665,000 General Obligation Refunding Bonds with a true interest cost of 1.88%. The bond proceeds were used to refund $44,525,000 of General Obligation Bonds, $2,815,000 of Certificates of Obligation and pay costs associated with the issuance of the bonds. The refunded debt resulted in cash flow savings of $7,336,187 with a net present value benefit of $5,988,829. The City recorded a $768,022 deferred charge on the refunding, which will be amortized over the life of the new debt.

Certificates of Obligation

On December 22, 2014 the City issued $11,425,000 in Adjustable Rate Combination Tax and Revenue Certificates of Obligations, Series 2014B with a variable interest rate. The $11,425,000 in certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the certificates, net of issuance costs of $62,225 will be used for the acquisition of public park land and open space.

On March 15, 2015, the City issued $6,850,000 of Combination Tax and Revenue Certificates of Obligation, Series 2015A with a true interest cost of 2.45%. The Water/Sewer Fund issued $2,305,000 in Certificates, the Solid Waste Fund issued $850,000 in Certificates and $3,695,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of $91,485 will be used for constructing, improving, renovating, and equipping park and recreation facilities, firefighting facilities, animal service facilities and fleet service facilities, acquiring equipment and vehicles for, police, fire, streets, traffic and transportation, animal services, parks and recreation, municipal library, health, solid waste departments and the municipal golf course, constructing, improving and renovating

streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of and rights-of-way therefor, improving and extending the City's water and sewer system.

On March 15, 2015 the City issued $2,150,000 of Taxable Combination Tax and Revenue Certificates of Obligation, Series 2015B with a true interest cost of 3.57%. The $2,150,000 in certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of $45,352 will be used for golf course renovations.

Compensated Absences, Workers' Compensation, Postemployment Benefits, and Arbitrage Rebate Liability

Governmental-type activities record liabilities for compensated absences, workers' compensation claims, and retiree postemployment costs at the government-wide statement level. Generally, the liabilities for compensated absences, workers' compensation claims, and retiree postemployment costs are paid from the General Fund. Liabilities for the Business-type activities are recorded and liquidated in the fund that incurs the liability.

10. Capital Leases and Other Contractual Obligations

The following is a summary of capital leases and other contractual obligation transactions of the City for the fiscal year ended September 30, 2015:

	Governmental-type Activities					
	Computer Hardware	Police Academy	CIS	Key Government Finance	Texas Comptroller of Public Accounts	Total
Balance at October 1, 2014	$ 496,693	$ 1,010,728	$ 413,588	$ -	$ 1,701,483	$ 3,622,492
Additions/adjustments	560,785	-		473,985	-	1,034,770
Payments	(383,497)	(107,815)	(100,034)	(120,980)	(112,812)	(825,138)
Balance at September 30, 2015	$ 673,981	$ 902,913	$ 313,554	$ 353,005	$ 1,588,671	$ 3,832,124

Capital Lease

In January 2013, the City entered into a lease agreement with Dell Financial Services to finance the acquisition of computer equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The City entered into another lease agreement with Dell in December 2014. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. Leased equipment that meets the City's capitalization threshold of $5,000 has been included in the capital assets at September 30, 2015. The details of the capital assets are:

	Governmental activities
Total cost	$ 590,481
Less accumulated depreciation	(291,234)
Bookvalue	$ 299,247

The following is a schedule of the lease payments required under the capital lease at September 30, 2015:

Fiscal year ending September 30	Governmental activities
2016	$ 411,647
2017	149,943
2018	149,943
Total minimum lease payments	711,533
Less amount representing interest	(37,552)
Present value of minimum lease payments	$ 673,981

Other Contractual Obligations

The City entered into an agreement with the City of Plano to develop a police academy to be used as a joint training facility. The City of Richardson and the City of Plano share the costs of improvements to the facilities.

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2015:

	Principal	Interest	Total
Fiscal year ending September 30:			
2016	112,543	38,973	151,516
2017	117,752	34,052	151,804
2018	123,154	28,839	151,993
2019	124,807	23,755	148,562
2020	116,052	18,521	134,573
2021 -2025	308,605	29,313	337,918
Totals	$ 902,913	$ 173,453	$ 1,076,366

Other Obligations

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of $2,143,331 was recorded as a liability and a reduction of sales tax revenue. The Comptroller's office has set up a 20-year payout arrangement and $112,812 was paid in FY 2014-2015. The balance at September 30, 2015 was $1,588,671.

In fiscal year 2015, the City financed $496,845 with Key Government Finance for the purchase of citywide network enhancements to be paid in annual installments of $124,211 beginning December 8, 2014 and ending in December 8, 2017.

During fiscal year 2009-2010, the City entered into an agreement with Computer Information Systems, Inc. (CIS) to purchase public safety records management software. The agreement requires annual installments of $109,168 beginning October 1, 2010 and ending October 1, 2017. The balance at September 30, 2015 was $313,554.

11. TIF – Economic Grants

The City has established three tax increment financing districts to facilitate new development and redevelopment within the community. Each district has a base year, and incremental property tax revenues exceeding the base year amount are collected into a special revenue fund. Additionally, other taxing entities may participate in the TIF districts. Each participating entity's governing body sets the percentage of increment that they will contribute to the TIF fund.

The City Council, upon recommendation of the Council-appointed TIF Board for each district, can enter into economic grant agreements with developers which utilize TIF funds. Unlike other contractual obligations, TIF grants are subject to availability of TIF funds, and any balance owed to a developer at the termination of the TIF district will no longer be considered an obligation of the City.

The following table summarizes key statistics of each of the City's TIF districts.

	DISTRICT		
	1	**2**	**3**
Tax Year Established	2006	2011	2011
City's Participation	100%	66.67%	66.67%
Other Tax Entities	Dallas County	Collin County	Collin County
Participating	65%	50%	50%
Tax Year Terminates	2031	2036	2036

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of $3,299,865 and a construction reimbursement grant of $5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. Interest payments of $453,548 were made during the fiscal year.

An economic development agreement was entered into with the City and SAF Collins Technology Park, LLC in April 2010. This agreement provides for a maximum grant amount of $5,000,000 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for the full grant amount. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 3, and from tax rebates on business personal property at the site. Interest payments of $528,262 ($342,596 from the TIF Fund and $185,666 from operating funds) were made during the fiscal year. A principal payment in the amount of $76,602 was made from the TIF Fund.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of $76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $25,887,154 to date. Funding is contingent upon the availability of tax revenues in the TIF District #2. Reimbursement lasts until paid in full or expiration of the TIF zone. Interest payments of $765,745 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and BC Station Partners L.P. in March 2015. This agreement provides for approximately $49,158,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $1,544,484 to date. Funding is contingent upon the availability of tax revenues in the TIF District #3.

An economic development agreement was entered into with the City and AGF Greenville II, Ltd. in April 2015. This agreement provides for a maximum grant amount of $5,500,000 plus 4% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has not qualified for any of the grant amount to date. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4.

The following is a summary of the principal balance of the infrastructure reimbursement grants and development agreements associated with the Tax Increment Financing Districts:

	TIF DISTRICT 1		TIF DISTRICT 2	TIF DISTRICT 3	
	Centennial Park	Collins Tech Park	BCS TIF Zone 2	BCP TIF LLC Zone 3	Total
Balance as of October 1, 2014	$ 9,212,164	$ 4,939,616	$ 17,812,268	$ -	$ 31,964,048
Additions/adjustments	-	-	8,074,886	1,544,484	9,619,370
Payments	-	(76,602)	-	-	(76,602)
Balance as of September 30, 2015	$ 9,212,164	$ 4,863,014	$ 25,887,154	$ 1,544,484	$ 41,506,816

Other Information

12. Risk Management

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management as the third party administrator for this program. During fiscal year 2014-2015, a total of $123,279 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Special Revenue Non-Major Fund - Golf, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of $234,920, $2,261, $30,626 and $32,273 have been recorded as expenditures/expenses in the General Fund, Special Revenue Non-Major Fund – Golf, Proprietary Funds and the Central Services Fund, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of $350,000 for each employee in a plan year. In fiscal year 2014-2015, the City received refunds from the commercial insurance carrier in the amount of $133,285.

All funds with full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be $1,026,054 for unpaid claims and claim adjustment expenses at September 30, 2015. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

Reconciliation of Unpaid Claims Liabilities

	2015	2014
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 663,637	$ 700,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	13,640,117	10,734,796
Increase (decrease) in prior year provision	231,125	(271,662)
Total incurred claims and claim adjustment expenses	14,534,879	11,163,134
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	12,614,063	10,071,159
Claims and claim adjustment expenses attributable to insured events of prior years	894,762	428,338
Total payments	13,508,825	10,499,497
Total unpaid claims and claim adjustment expenses at end of year	$ 1,026,054	$ 663,637

13. Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2015, the City allocated $8,127,712 for such services.

14. Tax Abatement

Tax Abatements and Economic Incentives:

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least $20,000 in improvements

to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided $517,145 in incentive payments under this program in fiscal year 2015.

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $3,563,325 in fiscal year 2015.

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2015, the City rebated $790,110 in taxes, reduced fees by $2,880,640, and made incentive payments of $926,628 under these agreements. Additionally, the City deeded land valued at $2,221,107 for use by a developer in a targeted catalyst project to spur future redevelopment of its central corridor. In addition to financial incentives, the City has committed to construct drainage improvements for one property owner and relocate a water line for one property owner to facilitate new construction.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 11. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made $1,638,491 in payments for TIF obligations and $99,254 in property tax rebates from general TIF resources.

15. Contingent Liabilities

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management and the City's attorneys, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the grant agreements of the appropriate agency. In the opinion of the City management, such disallowance, if any, will not be significant to the City's financial statements.

16. Postemployment Benefits

A. Retiree Health Benefits

Plan Description

In addition to the pension benefits described in Note 17, the City provides postemployment health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. At September 30, the City had 231 retirees and an additional 190 active employees that are eligible to retire. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan and is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan.

Contributions

Effective January 1, 2014, the City contributed $200 each month to the plan on behalf of each retiree. This amount is capped at that level by council action. Sample contribution rates for retirees under age 65 and their dependents are based on the length of service of the retiree and are shown below.

	Under 15	15 – 19	20+
Years of service:			
Retiree only	$ 893	$ 648	$ 353
Retiree/spouse	1,786	1,206	626
Surviving spouse	982	712	442

Contributions to the plan are designed to fund the plan on a pay-as-you-go basis. The City may choose to fund additional amounts to increase the reserves of the Insurance Fund. These amounts would not reduce the actuarial liability of the plan, but would offset a portion of the other postemployment benefits (OPEB) liability in the fund financial statements. For the year ended September 30, 2015, the City contributed $557,738 and plan participants contributed $665,595.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial valuations involve the use of estimates and assumptions about the probability of events far into the future, including, but not limited to, assumptions about length of employee service, mortality rates, and future costs of healthcare. The valuation will be updated at least every two years and actual results will be compared with past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations are made based on the benefits in place at the time of the valuation. Any changes in the benefits offered or the contribution rates would impact future valuations. Actuarial techniques include smoothing mechanisms that take a long-term approach in the valuation of assets and liabilities of the plan and are designed to reduce short-term volatility in the measurement of these assets and liabilities.

Actuarial valuation date	12/31/2014
Actuarial-cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	30 years – open period
Asset-valuation method	Amortized cost
Inflation rate	3.0%
Investment rate of return	4.5%
Payroll growth	3.0%

	2015	2014	2013
Annual OPEB cost:			
Annual required contribution (ARC)	$ 2,980,833	$ 2,607,834	$ 2,531,878
Interest on net OPEB obligation	1,009,953	943,293	904,662
Adjustment to the ARC	(935,712)	(873,951)	(838,158)
Annual OPEB cost	3,055,074	2,677,176	2,598,382
Contributions made	(1,024,180)	(1,195,816)	(1,739,893)
Net OPEB obligation	2,030,894	1,481,360	858,489
Net OPEB obligation, October 1	22,443,431	20,962,071	20,103,582
Net OPEB obligation, September 30	$ 24,474,325	$ 22,443,431	$ 20,962,071
Percentage of annual OPEB cost contributed	33.5%	44.7%	67.0%
Funding progress:			
Actuarial valuation date	12/31/14		
Actuarial value of assets	$ -		
Actuarial accrued liability (AAL)	36,378,434		
Funded ratio	—		
Unfunded AAL (UAAL)	36,378,434		
Annual covered payroll	65,295,964		
UAAL as a percentage of covered payroll	55.71%		

The Schedule of Postemployment Healthcare Benefits, which is found in the Required Supplementary Information immediately following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There was one participant in the program as of September 30, 2015.

17. Pension Benefits

Plan Description

The City of Richardson participates as one of 860 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and

management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS**.**

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit options are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of the employee's contributions as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City are as follows:

Employee deposit rate	7% of Earnings
City matching rate	200%
Vesting period	5 Years
Retirement years (age/years of service)	60/5, Any/25
Updated service credit	50% (Repeating)
Annuity increase (to retirees)	50% of the change in CPI Repeating

Additional information related to the TMRS Plan is located in the TMRS CAFR.

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	587
Inactive employees entitled to but not yet receiving benefits	319
Active employees	964
Total	1,870

Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amounts necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Richardson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Richardson were 14.29% and 13.80% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were $9,092,062, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long- Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50 %	4.80 %
International Equity	17.50	6.05
Core Fixed Income	30.00	1.50
Non-Core Fixed Income	10.00	3.50
Real return	5.00	1.75
Real Estate	10.00	5.25
Absolute Return	5.00	4.25
Private Equity	5.00	8.50
Total	100.00 %	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute, and was projected over a period of 100 years. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of Discount Rate

The following table presents the sensitivity of the Net Pension Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (6%) and 1-percentage-point-higher (8%).

Sensitivity of the Net Pension Liability to Changes in the Discount

1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
$92,125,246	$30,610,902	($20,211,275)

(Continued)

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of Texas Municipal Retirement System "TMRS" (including additions to/deductions from the TMRS's Fiduciary Net Position) have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. The Pension Plan Trust Fund is maintained on the accrual basis of accounting. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Schedule of Changes in Net Pension Liability and Related Ratios

Current Period

	Increase (Decrease)
Total pension liability	
Service Cost	$ 8,595,083
Interest (on the Total Pension Liability)	30,001,418
Change of benefit terms	-
Difference between expected and actual experience	(142,357)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(20,245,744)
Net change in total pension liability	18,208,400
Total pension liability - beginning	434,417,023
Total pension liability - ending (A)	$ 452,625,423
Plan fiduciary net position	
Contributions - employer	$ 9,312,812
Contributions - employee	4,541,066
Net investment income	23,194,326
Benefit payments, including refunds of employee contributions	(20,245,744)
Administrative Expense	(242,173)
Other	(19,911)
Net change in plan fiduciary net positon	16,540,376
Plan fiduciary net position - beginning	405,474,145
Plan fiduciary net position - ending (B)	$ 422,014,521
Net pension liability (A) - (B)	$ 30,610,902
Plan fiduciary net position as a percentage of the total pension liability	93.24%
Covered-employee payroll	$ 64,872,361
Net pension liability as a percentage of covered employee payroll	47.19%

The net pension liability and the total pension liability were calculated by Gabriel, Roeder, Smith & Company ("GRS"). The measurement date and the actuarial valuation date was December 31, 2014.

Changes impacting the Net Pension Liability

The TMRS Board adopted a target investment rate of return of 6.75% at its July 2015 board meeting. It is unknown at this time the exact amount the Net Pension Liability will change, except that the Net Pension Liability is expected to increase.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2015 the City recognized pension expense of $6,943,410.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (113,665)
Net difference between projected and actual earnings on pension plan investments	4,151,091	-
Employer's Contributions to the pension plan subsequent to the measurement date	6,723,634	-
Total	$ 10,874,725	$ (113,665)

Of the $10,874,725 total for deferred outflows of resources, $6,723,634 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending 9/30/2016. The remainder of the total net deferred outflows/inflows of resources, $4,037,426, related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2016	$ 1,009,081
2017	1,009,081
2018	1,009,081
2019	1,010,183
Total	$ 4,037,426

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CITY OF RICHARDSON, TEXAS

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2015

	Budgeted amounts		Actual GAAP	Adjustments	Actual Budget	Variance with Final Budget-
	Original	Final	Basis	Budget Basis	Basis	Positive (Negative)
Revenues:						
General property taxes	$ 40,683,401	$ 40,305,768	$ 39,702,983	$ —	$ 39,702,983	$ (602,785)
Franchise fees	15,246,937	15,149,693	15,359,146	—	15,359,146	209,453
Sales tax	29,223,403	29,821,665	31,064,708	(112,812)	30,951,896	1,130,231
Mixed beverage and bingo tax	460,759	540,439	523,105	—	523,105	(17,334)
911 revenue	1,219,764	1,211,097	1,208,719	—	1,208,719	(2,378)
Intergovernmental revenue	—	—	71,790	—	71,790	71,790
Licenses and permits	2,312,148	3,120,648	3,379,890	—	3,379,890	259,242
Fines and forfeitures	4,195,872	3,955,078	3,888,879	(43,000)	3,845,879	(109,199)
Interest revenue	54,409	70,195	80,351	—	80,351	10,156
Civic center use	317,417	300,000	299,655	—	299,655	(345)
Recreation and leisure	4,168,560	4,018,986	4,096,379	—	4,096,379	77,393
Public safety	1,856,409	2,118,135	2,434,315	—	2,434,315	316,180
Other revenue	1,137,070	1,489,955	896,050	—	896,050	(593,905)
General administration	8,635,800	8,810,911	8,127,712	—	8,127,712	(683,199)
Contributions	—	—	79,783	—	79,783	79,783
Total revenues	109,511,949	110,912,570	111,213,465	(155,812)	111,057,653	145,083
Expenditures:						
Current:						
General government	29,081,966	29,271,907	26,938,966	9,194	26,948,160	2,323,747
Public safety	43,351,896	43,129,028	42,327,220	22,771	42,349,991	779,037
Public services	16,664,470	16,717,187	17,895,720	253,837	18,149,557	(1,432,370)
Library	3,351,941	3,223,397	3,162,266	(484)	3,161,782	61,615
Parks and recreation	11,893,500	11,810,210	11,610,749	(148,984)	11,461,765	348,445
Public health	1,733,425	1,714,029	1,640,950	(1,380)	1,639,570	74,459
Capital outlay	—	—	133,278	—	133,278	(133,278)
Debt service:						
Interest and fiscal charges	—	—	9,134	(9,134)	—	—
Payments for other obligations	—	—	212,846	(212,846)	—	—
Total expenditures	106,077,198	105,865,758	103,931,129	(87,026)	103,844,103	2,021,655
Excess of revenues over expenditures	3,434,751	5,046,812	7,282,336	(68,786)	7,213,550	2,166,738
Other financing sources (uses):						
Transfers in	—	—	669,550	—	669,550	669,550
Transfers out	(3,036,954)	(5,521,954)	(7,821,954)	—	(7,821,954)	(2,300,000)
Insurance recoveries	—	—	189,910	—	189,910	189,910
Sale of capital assets	—	—	84,243	—	84,243	84,243
Total other financing sources and (uses)	(3,036,954)	(5,521,954)	(6,878,251)	—	(6,878,251)	(1,356,297)
Net change in fund balance	397,797	(475,142)	404,085	(68,786)	335,299	810,441
Fund balances, October 1	17,567,108	18,856,597	19,335,549	(250,911)	19,084,638	228,041
Fund balances, September 30	$ 17,964,905	$ 18,381,455	$ 19,739,634	$ (319,697)	$ 19,419,937	$ 1,038,482

CITY OF RICHARDSON, TEXAS

Required Supplementary Information

Year Ended September 30, 2015

Schedule of Postemployment Health Care Benefits Funding Progress

Actuarial valuation date	City Fiscal Year	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(c) Funded ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b)-(a)	(e) Annual covered payroll	UAAL as a percentage of covered payroll (d)/(e)
10/1/2007	2008	$ —	$ 80,705,746	—	$ 80,705,746	$ 51,033,789	158.14%
10/1/2008	2009	—	47,029,210	—	47,029,210	52,621,488	89.37
10/1/2008	2010	—	60,896,447	—	60,896,447	53,511,198	113.80
12/31/2009	2011/2012	—	60,087,217	—	60,087,217	58,679,443	102.40
12/31/2012	2013	—	30,657,050	—	30,657,050	(1) 60,109,888	51.00
12/31/2012	2014	—	30,657,050	—	30,657,050	62,548,315	49.01
12/31/2014	2015	—	36,378,434	—	36,378,434	65,295,964	55.71

Schedule of Employer Contributions – Postemployment Health Care Benefits

Year ended September 30	Annual required contributions	Percentage contributed (2)	Net OPEB obligation
2008	$ 6,983,793	23%	$ 5,377,196
2009	3,536,996	39	7,552,269
2010	4,728,225	31	11,883,416
2011	5,134,291	20	16,049,315
2012	5,288,320	24	20,103,582
2013	2,531,878	69	20,962,069
2014	2,607,834	46	22,443,431
2015	2,980,833	34	24,474,325

(1) Effective January 1, 2014, the City began providing health benefits for its post-65 retirees through a separate, fully insured plan. The City provides a $200 monthly subsidy for retirees with over 20 years of service. The monthly subsidy of $200 was capped at that level through Council action. Pre-65 retirees have the choice of three self-insured health plans beginning on January 1, 2014.

(2) Due to changes in healthcare regulations at the national level, the City has chosen to only fund amounts needed to satisfy current year claims at this time. Once provisions of the Patient Protection and Affordable Care Act have been fully implemented and the national environment stabilizes the City will reevaluate funding strategies.

Required Supplementary Information - Pensions

Schedule of Contributions
Last 10 Fiscal Years

	2014	2015
Actuarially Determined Contribution	$ 9,277,774	$ 9,092,062
Contributions in relation to the actuarially determined contribution	(9,320,390)	(9,092,062)
Contributions deficiency (excess)	$ (42,616)	$ -
Covered employee payroll	$ 64,560,755	$ 65,295,964
Contributions as a percentage of covered employee payroll	14.44%	13.92%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.
Notes	
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	16 years, Closed
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	
Notes	There were no benefit changes during the year.

Note: The City implemented GASB 68 in FY 2015, therefore the required information for this schedule will be built over the next nine years.

CITY OF RICHARDSON, TEXAS

Required Supplementary Information

Year Ended September 30, 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Years

	2014
Total pension liability	
Service Cost	$ 8,595,083
Interest (on the Total Pension Liability)	30,001,418
Changes of benefit terms	—
Difference between expected and actual experiences	(142,357)
Change of assumptions	—
Benefit payments, including refunds of employee contributions	(20,245,744)
Net Change in Total Pension Liability	18,208,400
Total Pension Liability-Beginning	434,417,023
Total Pension Liability Ending (A)	$ 452,625,423
Plan Fiduciary Net Position	
Contributions - Employer	$ 9,312,812
Contributions - Employee	4,541,066
Net Investment Income	23,194,326
Benefit payments, including refunds of employee contributions	(20,245,744)
Administrative Expense	(242,173)
Other	(19,911)
Net Change in Plan Fiduciary Net Position	16,540,376
Plan Fiduciary Net Position - Beginning	405,474,145
Plan Fiduciary Net Position - Ending (B)	$ 422,014,521
Net Pension Liability - Ending (A-B)	$ 30,610,902
Plan Fiduciary Net Position as Percentage of Total Pension Liability	93.24%
Covered Employee Payroll	$ 64,872,361
Net Pension Liability as a Percentage of Covered Employee Payroll	47.19%

Note: The City implemented GASB 68 in FY 2015, therefore the required information for this schedule will be built over the next nine years.

(A) Budgetary Information

As set forth in the City Charter, the City Council adopts annual budgets for the General Fund, the Debt Service Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds. These annual budget adoptions are prepared in accordance with the basis of accounting utilized by each fund. The budgets for the Enterprise Funds are prepared under a basis consistent with accounting principles generally accepted in the United States, except that depreciation, certain capital expenses, nonoperating income and certain nonoperating expense items are not considered. The legal level of control for each budget is at the fund level. That is to say, that total expenditures for each fund should not exceed total budgeted expenditures for that fund. The City Council is authorized to transfer budgeted amounts within and among departments and ratifies, through the Budget Ordinance, any transfers and/or amendments made by the City Manager. Subsequent to year-end, the Budget Department provides the City Council with updated reports that shows additional expenditures/expenses and compares unaudited actual results with the adopted budgets. The Solid Waste and Water and Sewer Funds include amounts for operations and debt service.

	Original budget	Amended budget
General	$ 109,114,152	$ 111,387,712
Debt Service	28,700,819	28,700,819
Water and Sewer	64,477,680	63,699,336
Solid Waste Services	14,446,025	14,657,616
Golf	2,106,155	1,983,744
Internal Service (Combined)	13,066,036	14,493,668
Special Police	55,000	111,125
State Grants	—	31,727
Federal Grants	—	347,592
Municipal Court Security	88,564	88,525
Traffic Safety	1,271,758	1,540,855
Wireless 911	471,000	571,000
Judicial Efficiency	9,400	7,900
Hotel/Motel Tax	5,885,846	6,162,701
Technology	78,753	60,253
Tax Increment Financing #1	1,340,742	1,736,600
Tax Increment Financing #2	771,826	765,745
Tax Increment Financing #3	26,023	15,413
Richardson Improvement Corp.	96,575	96,865
Franchise Peg Fund	64,000	60,995
Drainage Fee Fund	2,700,000	2,778,576

Excess of Expenditures over Appropriations

For the year ended September 30, 2015 expenditures exceeded appropriations in the Debt Service Fund. These expenditures were funded with the net proceeds received from the refunding bond issue. Expenditures for an equipment purchase, professional services fees and professional dues in the Special Police Funds caused expenditures to exceed appropriations by $4,210. The PEG Fund expenditures exceeded appropriations by $5,073 as a result of the purchase of additional computer equipment for video surveillance. These expenditures were authorized and funded with existing fund balance. The level of budgetary control is at the fund level for all City funds.

(B) Adjustment to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Basis of Budgeting.

Excess of revenues and other sources over expenditures and other uses-GAAP basis	$ 404,085
Beginning of year adjustment for encumbrances not recognized as expenditures	664,621
End of year adjustment for encumbrances not recognized as expenditures	(577,595)
Reduction in sales tax recognized for GAAP basis	(112,812)
Increase in fines and forfeitures recognized for GAAP basis	(43,000)
Excess of revenues and other sources over expenditures and other uses-budget basis	$ 335,299

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Special Revenue Funds

Special Revenue Funds are used by the City to account for revenues derived from specific intergovernmental grants, taxes, and proceeds that are designated to finance particular functions or activities of the City. The City has the following Special Revenue Funds:

State Grant Funds – This fund is used to account for restricted proceeds received from the state for various purposes. Funds are to be utilized in accordance with the respective requirements of each program.

Federal Grant Funds – These funds are used to account for restricted proceeds received from federal agencies for various purposes. Funds are to be utilized in accordance with the respective requirements of each program.

Municipal Court Building Security Fund – This fund is used to account for restricted proceeds received from Municipal Court fines for security expenditures as specified by state law.

Technology Fund – This fund is used to account for the Municipal Court technology fee charged to defendants convicted of misdemeanor offenses.

Judicial Efficiency Fund – This fund is used to account for special revenue to be used to improve the efficiency of the administration of justice in the City.

Tax Increment Financing Fund #1– In 2006, the City Council adopted a Tax Increment Financing Zone. Ad valorem taxes on incremental growth in real property values in the Zone are used to contribute to development in the Zone. The City established a special revenue fund, Tax Increment Financing #1, to record these financial transactions

Tax Increment Financing Fund #2 – In 2012, the City Council adopted a Tax Increment Financing Zone. Ad valorem taxes on incremental growth in real property values in the Zone are used to contribute to development in the Zone. The City established a special revenue fund, Tax Increment Financing #2, to record these financial transactions.

Tax Increment Financing Fund #3 – In 2012, the City Council adopted a Tax Increment Financing Zone. Ad valorem taxes on incremental growth in real property values in the Zone are used to contribute to development in the Zone. The City established a special revenue fund, Tax Increment Financing #3, to record these financial transactions.

Special Police Funds – These funds are used to account for restricted proceeds received from seizures and confiscations awarded to the City by the judicial system. Funds are to be utilized by the Chief of Police in accordance with state law.

Traffic Safety Fund – This fund is used to account for restricted revenues generated by the City's red light camera enforcement program. Funds are to be utilized for automated signal enforcement, public traffic or pedestrian safety programs, and traffic enforcement and intersection improvements.

Wireless 911 Fund – This fund is used to account for the wireless 911 revenue that is received from the state. Funds are to be spent in accordance with state law.

Hotel/Motel Tax Fund – This fund is used to account for the hotel/motel room tax and the operations of the Eisemann Center for the Performing Arts and Corporate Presentations. State law requires that hotel-motel room tax revenues be utilized for advertising and promotion of the City and other specified activities.

PEG Fund – This fund is used to account for restricted revenues received from state-issued cable/video franchises under the Texas Utilities Code. Revenues may be spent on capital cost items for PEG facilities that have a useful life of more than one year and are used in the production of programming for the PEG access channels.

Drainage Fund – This fund was established by the City Council's adoption of an ordinance in November 2011. It is used to account for drainage fee revenues collected. The committed funds are used to provide storm drainage services to all real property.

Richardson Improvement Corporation – The Richardson Improvement Corporation is a legally separate entity that acts, in essence, as a department of the City. The Corporation is a nonprofit entity that serves the citizens of the City by improving municipal parks and recreational functions, facilitating real estate transactions and serving as an independent foundation for acceptance of corporate donations.

Economic Development Fund – This fund was established by the City Council's adoption of an ordinance in September 2014 dedicating a ½ cent of the ad valorem tax rate for economic development.

Golf Fund – This fund was established to account for the revenues and expenditures of the City's golf course.

Budget to Actual Comparisons

These schedules present the budget to actual comparisons for funds with legally adopted budgets that have not been presented as part of the Required Supplementary Information. Each comparison schedule shows the original budget amounts, the final adopted budget amounts, and the actual financial results as presented in the financial statements. A column is provided to show unusual items or items that are recorded for GAAP purposes that would not be considered for budgetary purposes. In addition, the variance between the final adopted budget amounts and the actual amounts on a budget basis is presented.

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CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds				
	Grant Funds (1)	**Municipal Court Funds (1)**	**Tax Increment Financing Funds (1)**	**Special Police Funds**	**Traffic Safety Fund**
Assets:					
Cash and cash equivalents	$ —	$ 376,961	$ 2,320,303	$ 393,950	$ 708,416
Receivables (net of allowances)	28,812	—	—	—	362,105
Prepaid items	—	—	—	—	—
Total assets	$ 28,812	$ 376,961	$ 2,320,303	$ 393,950	$ 1,070,521
Liabilities:					
Accounts payable	$ 470	$ 34	$ —	$ 122,718	$ 74,620
Retainage payable	—	—	—	—	—
Accrued liabilities	—	—	—	—	410,101
Due to other funds	28,342	—	—	—	—
Unearned revenue	—	—	—	—	—
Total liabilities	28,812	34	—	122,718	484,721
Deferred inflows of resources					
Unavailable revenues	—	—	—	—	273,775
Total deferred inflows of resources	—	—	—	—	273,775
Fund balances:					
Nonspendable:					
Prepaid	—	—	—	—	—
Restricted for:					
General Government	—	131,336	2,320,303	—	—
Public safety	—	245,591	—	271,232	312,025
Committed for:					
Public Services	—	—	—	—	—
Assigned for:					
General government	—	—	—	—	—
Parks and recreation	—	—	—	—	—
Total fund balances	—	376,927	2,320,303	271,232	312,025
Total liabilities, deferred inflows of resources, and fund balances	$ 28,812	$ 376,961	$ 2,320,303	$ 393,950	$ 1,070,521

(1) Combined fund statements presented. Detailed fund statements are found immediately following the combining nonmajor governmental funds statements.

CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

Special Revenue Funds							
Wireless 911 Fund	**Hotel/Motel Tax Fund**	**PEG Fund**	**Drainage Fund**	**Richardson Improvement Corporation**	**Economic Development Fund**	**Golf Fund**	**Total**
$ 222,777	$ 2,477,598	$ 676,259	$ 3,097,112	$ 56,925	$ 993,222	$ 171,718	$ 11,495,241
—	356,554	—	250,305	—	—	34,159	1,031,935
—	114,779	—	—	2,512	—	—	117,291
$ 222,777	$ 2,948,931	$ 676,259	$ 3,347,417	$ 59,437	$ 993,222	205,877	$ 12,644,467
$ —	$ 207,381	$ 2,451	$ 196,602	$ 8,363	$ 450,000	$ 28,481	$ 1,091,120
—	—	—	59,524	—	—	—	59,524
—	125,481	—	—	—	—	9,580	545,162
—	—	—	—	—	—	—	28,342
—	381,665	—	—	16,000	—	—	397,665
—	714,527	2,451	256,126	24,363	450,000	38,061	2,121,813
—	—	—	250,306	—		—	524,081
—	—	—	250,306	—	—	—	524,081
—	114,779	—	—	2,512	—	—	117,291
—	—	673,808	—	—	543,222	—	3,668,669
222,777	—	—	—	—	—	—	1,051,625
—	—	—	2,840,985	—	—	—	2,840,985
—	2,119,625	—	—	—	—	—	2,119,625
—	—	—	—	32,562	—	167,816	200,378
222,777	2,234,404	673,808	2,840,985	35,074	543,222	167,816	9,998,573
$ 222,777	$ 2,948,931	$ 676,259	$ 3,347,417	$ 59,437	$ 993,222	205,877	$ 12,644,467

CITY OF RICHARDSON, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
Year ended September 30, 2015

	Special Revenue Funds				
	Grant Funds (1)	**Municipal Court Funds (1)**	**Tax Increment Financing Funds (1)**	**Special Police Funds**	**Traffic Safety Fund**
Revenues:					
General property taxes	$ -	$ -	$ 2,321,559	$ -	$ -
Hotel/motel tax	-	-	-	-	-
Drainage fees	-	-	-	-	-
Eisemann center revenue	-	-	-	-	-
Golf course revenue	-	-	-	-	-
Golf course restaurant	-	-	-	-	-
911 revenue	-	-	-	-	-
Intergovernmental revenue	241,648	-	645,424	35,702	-
Franchise fees	-	-	-	-	-
Fines and forfeitures	-	142,513	-	13,303	1,416,401
Interest revenue	-	893	6,544	739	1,399
Contributions	-	-	-	-	-
Other revenue	-	-	-	77,984	-
Total revenues	241,648	143,406	2,973,527	127,728	1,417,800
Expenditures:					
General government	-	60,672	3,710,071	-	-
Parks and recreation	-	-	-	-	-
Library	8,948	-	-	-	-
Public health	13,552	-	-	-	-
Public safety	164,236	84,020	-	15,335	1,416,025
Public services	-	-	-	-	-
General administration	-	-	150,000	-	-
Capital outlay	54,912	-	6,034,374	-	-
Debt service:					
Interest and fiscal charges	-	-	1,561,889	-	-
Principal obligation payments	-	-	76,602	-	-
Total expenditures	241,648	144,692	11,532,936	15,335	1,416,025
Excess (deficiency) of revenues over (under) expenditures	-	(1,286)	(8,559,409)	112,393	1,775
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(3,922)	(100,000)	-
Issuance of other obligations	-	-	9,619,370	-	-
Total other financing sources (uses)	-	-	9,615,448	(100,000)	-
Net change in fund balances	-	(1,286)	1,056,039	12,393	1,775
Fund balance, October 1	-	378,213	1,264,264	258,839	310,250
Fund balance, September 30	$ -	$ 376,927	$ 2,320,303	$ 271,232	$ 312,025

(1) Combined fund statements presented. Detailed fund statements are found immediately following the combining nonmajor governmental funds statements.

CITY OF RICHARDSON, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds
Year ended September 30, 2015

Special Revenues							
Wireless 911 Fund	**Hotel/Motel Tax Fund**	**PEG Fund**	**Drainage Fund**	**Richardson Improvement Corporation**	**Economic Development Fund**	**Golf Fund**	**Total**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,321,559
-	3,936,859	-	-	-	-	-	3,936,859
-	-	-	2,702,431	-	-	-	2,702,431
-	1,948,931	-	-	-	-	-	1,948,931
-	-	-	-	-	-	1,180,623	1,180,623
-	-	-	-	-	-	25,421	25,421
522,743	-	-	-	-	-	-	522,743
-	-	-	-	-	-	-	922,774
-	-	287,736	-	-	-	-	287,736
-	-	-	-	-	-	-	1,572,217
700	5,125	1,426	8,030	39	831	149	25,875
-	-	-	-	19,550	-	-	19,550
-	71,609	-	-	-	-	22,522	172,115
523,443	5,962,524	289,162	2,710,461	19,589	831	1,228,715	15,638,834
-	4,900,070	29,627	-	-	926,628	-	9,627,068
-	-	-	-	74,985	-	1,827,297	1,902,282
-	-	-	-	-	-	-	8,948
-	-	-	-	-	-	-	13,552
19,269	-	-	-	-	-	-	1,698,885
-	-	-	342,204	-	-	-	342,204
-	756,916	-	1,025,000	-	-	95,939	2,027,855
-	13,994	36,441	1,245,208	-	-	-	7,384,929
-	-	-	-	-	-	-	1,561,889
-	-	-	-	-	-	-	76,602
19,269	5,670,980	66,068	2,612,412	74,985	926,628	1,923,236	24,644,214
504,174	291,544	223,094	98,049	(55,396)	(925,797)	(694,521)	(9,005,380)
-	-	-	-	80,000	1,469,019	610,000	2,159,019
(550,000)	-	-	-	(19,550)	-	-	(673,472)
-	-	-	-	-	-	-	9,619,370
(550,000)	-	-	-	60,450	1,469,019	610,000	11,104,917
(45,826)	291,544	223,094	98,049	5,054	543,222	(84,521)	2,099,537
268,603	1,942,860	450,714	2,742,936	30,020	-	252,337	7,899,036
$ 222,777	$ 2,234,404	$ 673,808	$ 2,840,985	$ 35,074	$ 543,222	$ 167,816	$ 9,998,573

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet – Nonmajor Governmental Funds - State and Federal Grant Funds

September 30, 2015

	Special Revenue Funds		
	State Grant Funds	**Federal Grant Funds**	**Total**
Assets:			
Intergovernmental receivables	$ 2,088	$ 26,724	$ 28,812
Total assets	$ 2,088	$ 26,724	$ 28,812
Liabilities:			
Accounts Payable	$ 470	$ —	$ 470
Due to other funds	1,618	26,724	28,342
Total liabilities	2,088	26,724	28,812
Fund balances:			
Assigned for:			
Total fund balances	—	—	—
Total liabilities and fund balance	$ 2,088	$ 26,724	$ 28,812

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds - State and Federal Grant Funds
Year ended September 30, 2015

	Special Revenue Funds		
	State Grants	**Federal Grants**	**Total**
Revenues:			
Intergovernmental revenue	$ 13,552	$ 228,096	$ 241,648
Total revenues	13,552	228,096	241,648
Expenditures:			
Library	—	8,948	8,948
Public health	13,552	—	13,552
Public safety	—	164,236	164,236
Capital outlay	—	54,912	54,912
Total expenditures	13,552	228,096	241,648
Excess (deficiency) of revenues over (under) expenditures	—	—	—
Net change in fund balances	—	—	—
Fund balance, October 1	—	—	—
Fund balance, September 30	$ —	$ —	$ —

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule - State Grant Funds
Year ended September 30, 2015

	Budgeted amounts		Actual amounts	Variance with final budget- positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	$ —	$ 31,727	$ 13,552	$ (18,175)
Total revenues	—	31,727	13,552	(18,175)
Expenditures:				
Public health	—	15,265	13,552	1,713
Library	—	10,000	—	10,000
Public safety	—	6,462	—	6,462
Total expenditures	—	31,727	13,552	18,175
Excess of revenues over (under) expenditures	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	$ —	$ —	$ —	$ —

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule - Federal Grant Funds
Year ended September 30, 2015

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	$ —	$ 346,789	$ 228,096	$ (118,693)
Interest revenue	—	803	—	(803)
Total revenues	—	347,592	228,096	(119,496)
Expenditures:				
Library	—	—	8,948	(8,948)
Public safety	—	274,936	164,236	110,700
Capital outlay	—	72,656	54,912	17,744
Total expenditures	—	347,592	228,096	119,496
Excess of revenues over (under) expenditures	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	$ —	$ —	$ —	$ —

CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds - Municipal Court Funds
September 30, 2015

	Special Revenue Funds			
	Building Security	**Technology**	**Judicial Efficiency**	**Total**
Assets:				
Cash and cash equivalents	$ 245,591	$ 108,772	$ 22,598	$ 376,961
Total assets	$ 245,591	$ 108,772	$ 22,598	$ 376,961
Liabilities:				
Accounts payable	$ —	$ —	$ 34	$ 34
Total liabilities	—	—	34	34
Fund balances:				
Restricted for:				
General government	—	108,772	22,564	131,336
Public safety	245,591	—	—	245,591
Total fund balances	245,591	108,772	22,564	376,927
Total liabilities and fund balances	$ 245,591	$ 108,772	$ 22,598	$ 376,961

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds - Municipal Court Funds

Year ended September 30, 2015

	Special Revenue Funds			
	Building Security	**Technology**	**Judicial Efficiency**	**Total**
Revenues:				
Fines and forfeitures	$ 81,692	$ 54,502	$ 6,319	$ 142,513
Interest revenue	606	235	52	893
Total revenues	82,298	54,737	6,371	143,406
Expenditures:				
General government	—	57,740	2,932	60,672
Public safety	84,020	—	—	84,020
Total expenditures	84,020	57,740	2,932	144,692
Excess (deficiency) of revenues over (under) expenditures	(1,722)	(3,003)	3,439	(1,286)
Net change in fund balances	(1,722)	(3,003)	3,439	(1,286)
Fund Balance, October 1	247,313	111,775	19,125	378,213
Fund balance, September 30	$ 245,591	$ 108,772	$ 22,564	$ 376,927

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Municipal Court Building Security Fund

Year Ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Fines and forfeitures	$ 92,300	$ 81,500	$ 81,692	$ 192
Interest income	347	557	606	49
Total revenues	92,647	82,057	82,298	241
Expenditures:				
Public safety	88,564	88,525	84,020	4,505
Total expenditures	88,564	88,525	84,020	4,505
Excess of revenues over (under) expenditures	4,083	(6,468)	(1,722)	4,746
Net change in fund balance	4,083	(6,468)	(1,722)	4,746
Fund balances, October 1	242,829	247,313	247,313	—
Fund balances, September 30	$ 246,912	$ 240,845	$ 245,591	$ 4,746

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Technology Fund

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	**Final**	**amounts**	**Positive (Negative)**
Revenues:				
Fines and forfeitures	$ 64,300	$ 55,000	$ 54,502	$ (498)
Interest income	78	211	235	24
Total revenues	64,378	55,211	54,737	(474)
Expenditures:				
General government	58,753	60,253	57,740	2,513
Capital outlay	20,000	—	—	—
Total expenditures	78,753	60,253	57,740	2,513
Excess of revenues over (under) expenditures	(14,375)	(5,042)	(3,003)	2,039
Net change in fund balance	(14,375)	(5,042)	(3,003)	2,039
Fund balances, October 1	97,897	111,775	111,775	—
Fund balances, September 30	$ 83,522	$ 106,733	$ 108,772	$ 2,039

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Judicial Efficiency Fund

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Fines and forfeitures	$ 6,500	$ 6,100	$ 6,319	$ 219
Interest income	23	43	52	9
Total revenues	6,523	6,143	6,371	228
Expenditures:				
General government	9,400	7,900	2,932	4,968
Total expenditures	9,400	7,900	2,932	4,968
Excess of revenues over (under) expenditures	(2,877)	(1,757)	3,439	5,196
Net change in fund balance	(2,877)	(1,757)	3,439	5,196
Fund balances, October 1	15,856	19,125	19,125	—
Fund balances, September 30	$ 12,979	$ 17,368	$ 22,564	$ 5,196

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet – Nonmajor Governmental Funds - Tax Increment Financing Funds

September 30, 2015

	Special Revenue Funds			
	Tax Increment Financing #1	**Tax Increment Financing #2**	**Tax Increment Financing #3**	**Total**
Assets:				
Cash and cash equivalents	$ 2,259,170	$ 50,345	$ 10,788	$ 2,320,303
Total assets	$ 2,259,170	$ 50,345	$ 10,788	$ 2,320,303
Fund balances:				
Restricted for:				
General government	$ 2,259,170	$ 50,345	$ 10,788	$ 2,320,303
Total fund balances	2,259,170	50,345	10,788	2,320,303
Total liabilities and fund balances	$ 2,259,170	$ 50,345	$ 10,788	$ 2,320,303

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Nonmajor Governmental Funds - Tax Increment Financing Funds

Year ended September 30, 2015

	Special Revenue Funds			
	Tax Increment Financing #1	**Tax Increment Financing #2**	**Tax Increment Financing #3**	**Total**
Revenues:				
General property taxes	$ 1,686,690	$ 608,975	$ 25,894	$ 2,321,559
Intergovernmental revenue	476,448	168,976	—	645,424
Interest revenue	5,448	1,063	33	6,544
Total revenues	2,168,586	779,014	25,927	2,973,527
Expenditures:				
General government	113,854	3,592,717	3,500	3,710,071
General administration	150,000	—	—	150,000
Capital outlay	—	4,482,169	1,552,205	6,034,374
Debt Service:				
Interest and fiscal charges	796,144	765,745	—	1,561,889
Principal obligation payments	76,602	—	—	76,602
Total expenditures	1,136,600	8,840,631	1,555,705	11,532,936
Excess (deficiency) of revenues over (under) expenditures	1,031,986	(8,061,617)	(1,529,778)	(8,559,409)
Other financing sources (uses):				
Transfers out	—	—	(3,922)	(3,922)
Issuance of other obligations	—	8,074,886	1,544,484	9,619,370
Total other financing sources (uses)	—	8,074,886	1,540,562	9,615,448
Net change in fund balances	1,031,986	13,269	10,784	1,056,039
Fund balance, October 1	1,227,184	37,076	4	1,264,264
Fund balance, September 30	$ 2,259,170	$ 50,345	$ 10,788	$ 2,320,303

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Tax Increment Financing #1
Year ended September 30, 2015

	Budgeted amounts		Actual GAAP	Adjustments	Actual Budget	Variance with Final Budget-
	Original	Final	Basis	Budget Basis	Basis	Positive (Negative)
Revenues:						
General property tax	$ 2,084,601	$ 1,703,437	$ 1,686,690	$ —	$ 1,686,690	$ (16,747)
Intergovernmental revenue	794,534	476,448	476,448	—	476,448	—
Interest income	2,185	5,346	5,448	—	5,448	102
Total revenues	2,881,320	2,185,231	2,168,586	—	2,168,586	(16,645)
Expenditures:						
General government	1,190,742	1,586,600	113,854	1,472,746	1,586,600	—
General administration	150,000	150,000	150,000	—	150,000	—
Debt service:						—
Principal obligation payments	—	—	76,602	(76,602)	—	—
Interest and fiscal charges	—	—	796,144	(796,144)	—	—
Total expenditures	1,340,742	1,736,600	1,136,600	600,000	1,736,600	—
Excess of revenues over(under) expenditures	1,540,578	448,631	1,031,986	(600,000)	431,986	(16,645)
Net change in fund balance	1,540,578	448,631	1,031,986	(600,000)	431,986	(16,645)
Fund balance, October 1	1,186,884	1,227,184	1,227,184	—	1,227,184	—
Fund balance, September 30	$ 2,727,462	$ 1,675,815	$ 2,259,170	$ (600,000)	$ 1,659,170	$ (16,645)

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Tax Increment Financing #2
Year ended September 30, 2015

	Budgeted amounts		Actual GAAP	Adjustments	Actual Budget	Variance with Final Budget-
	Original	Final	Basis	Budget Basis	Basis	Positive (Negative)
Revenues:						
General property tax	$ 602,660	$ 608,975	$ 608,975	$ —	$ 608,975	$ —
Intergovernmental revenue	169,002	168,976	168,976	—	168,976	—
Interest income	144	1,005	1,063	—	1,063	58
Total revenues	771,806	778,956	779,014	—	779,014	58
Expenditures:						
General government	—	—	3,592,717	(3,592,717)	—	—
Capital Outlay	—	—	4,482,169	(4,482,169)	—	—
Debt service:						
Interest and fiscal charges	771,826	765,745	765,745		765,745	—
Total expenditures	771,826	765,745	8,840,631	(8,074,886)	765,745	—
Excess of revenues over (under) expenditures	(20)	13,211	(8,061,617)	8,074,886	13,269	58
Other financing sources (uses)						
Issuance of other obligations	—	—	8,074,886	(8,074,886)	—	—
Net change in fund balance	(20)	13,211	13,269	—	13,269	58
Fund balance, October 1	50,020	37,076	37,076	—	37,076	—
Fund balance, September 30	$ 50,000	$ 50,287	$ 50,345	$ —	$ 50,345	$ 58

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule - Tax Increment Financing #3
Year Ended September 30, 2015

	Budgeted Amounts		Actual GAAP	Adjustments	Actual Budget	Variance with Final Budget - Positive
	Original	Final	Basis	Budget Basis	Basis	(Negative)
Revenues:						
General property taxes	$ 26,015	$ 25,893	$ 25,894	$ —	$ 25,894	$ 1
Interest revenue	8	32	33	—	33	1
Total revenues	26,023	25,925	25,927	—	25,927	2
Expenditures:						
General government	26,023	3,500	3,500	—	3,500	—
Capital outlay	—	7,721	1,552,205	(1,544,484)	7,721	—
Total expenditures	26,023	11,221	1,555,705	(1,544,484)	11,221	—
Excess of revenues over (under) expenditures	—	14,704	(1,529,778)	1,544,484	14,706	2
Other financing sources (uses)						
Transfers out	—	(3,922)	(3,922)	—	(3,922)	—
Issuance of other obligations	—	—	1,544,484	(1,544,484)	—	—
Total other financing sources (uses)	—	(3,922)	1,540,562	(1,544,484)	(3,922)	—
Net change in fund balance	—	10,782	10,784	—	10,784	2
Fund balance, October 1	—	4	4	—	4	—
Fund balance, September 30	$ —	$ 10,786	$ 10,788	$ —	$ 10,788	$ 2

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Debt Service Fund
Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	**Final**	**amounts**	**Positive (Negative)**
Revenues:				
General property taxes	$ 28,730,438	$ 28,749,288	$ 28,719,565	$ (29,723)
Interest revenue	5,000	4,204	4,560	356
Total revenues	28,735,438	28,753,492	28,724,125	(29,367)
Expenditures:				
Debt service:				
Principal retirement	19,408,159	19,408,159	19,300,343	107,816
Interest and fiscal charges	8,755,956	8,755,956	8,772,808	(16,852)
Payments for other obligations	536,704	536,704	998,654	(461,950)
Total expenditures	28,700,819	28,700,819	29,071,805	(370,986)
Excess of revenues over (under) expenditures	34,619	52,673	(347,680)	(400,353)
Other financing sources:				
Transfer in	—	—	1,007	1,007
Net proceeds from issuance/refunding bonds	—	—	400,111	400,111
Total other financing sources	—	—	401,118	401,118
Net change in fund balance	34,619	52,673	53,438	765
Fund balances, October 1	2,323,566	2,328,014	2,328,014	—
Fund balances, September 30	$ 2,358,185	$ 2,380,687	$ 2,381,452	$ 765

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Special Police Funds
Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Intergovernmental revenue	$ 15,000	$ 26,468	$ 35,702	$ 9,234
Fines and forfeitures	20,000	13,663	13,303	(360)
Interest income	233	803	739	(64)
Other revenue	5,000	35,711	77,984	42,273
Total revenues	40,233	76,645	127,728	51,083
Expenditures:				
Public safety	5,000	11,125	15,335	(4,210)
Total expenditures	5,000	11,125	15,335	(4,210)
Excess of revenues over (under) expenditures	35,233	65,520	112,393	46,873
Other financing sources:				
Transfers out	(50,000)	(100,000)	(100,000)	—
Total other financing sources	(50,000)	(100,000)	(100,000)	—
Net change in fund balance	(14,767)	(34,480)	12,393	46,873
Fund balances, October 1	174,247	258,839	258,839	—
Fund balances, September 30	$ 159,480	$ 224,359	$ 271,232	$ 46,873

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Fines	$ 1,200,000	$ 1,491,097	$ 1,416,401	$ (74,696)
Interest income	1,141	1,141	1,399	258
Total revenues	1,201,141	1,492,238	1,417,800	(74,438)
Expenditures:				
Public safety	1,271,758	1,540,855	1,416,025	124,830
Total expenditures	1,271,758	1,540,855	1,416,025	124,830
Excess of revenues over (under) expenditures	(70,617)	(48,617)	1,775	50,392
Net change in fund balance	(70,617)	(48,617)	1,775	50,392
Fund balances, October 1	239,262	310,250	310,250	—
Fund balances, September 30	$ 168,645	$ 261,633	$ 312,025	$ 50,392

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Wireless 911
Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
911 revenue	$ 505,000	$ 520,000	$ 522,743	$ 2,743
Interest income	361	608	700	92
Total revenues	505,361	520,608	523,443	2,835
Expenditures:				
Public safety	21,000	21,000	19,269	1,731
Total expenditures	21,000	21,000	19,269	1,731
Excess of revenues over (under) expenditures	484,361	499,608	504,174	4,566
Other financing sources (uses):				
Transfers out	(450,000)	(550,000)	(550,000)	—
Total other financing sources (uses)	(450,000)	(550,000)	(550,000)	—
Net change in fund balance	34,361	(50,392)	(45,826)	4,566
Fund balances, October 1	233,459	268,603	268,603	—
Fund balances, September 30	$ 267,820	$ 218,211	$ 222,777	$ 4,566

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule – Hotel/Motel Fund
Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Hotel/Motel taxes	$ 3,677,926	$ 3,933,409	$ 3,936,859	$ 3,450
Parking fees	226,300	195,275	190,407	(4,868)
Eisemann center revenue	2,086,692	1,697,069	1,758,524	61,455
Interest income	1,351	3,458	5,125	1,667
Miscellaneous	—	—	71,609	71,609
Total revenues	5,992,269	5,829,211	5,962,524	133,313
Expenditures:				
General government:				
Arts	415,000	500,000	450,000	50,000
Miscellaneous	77,400	148,635	91,404	57,231
Eisemann center	4,162,625	4,051,244	3,894,005	157,239
Parking garage	465,817	480,707	464,661	16,046
Capital outlay	—	192,000	13,994	178,006
General administration	765,004	790,115	756,916	33,199
Total expenditures	5,885,846	6,162,701	5,670,980	491,721
Excess of revenues over (under) expenditures	106,423	(333,490)	291,544	625,034
Net change in fund balance	106,423	(333,490)	291,544	625,034
Fund balances, October 1	1,282,461	1,942,860	1,942,860	—
Fund balances, September 30	$ 1,388,884	$ 1,609,370	$ 2,234,404	$ 625,034

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Franchise PEG Fund

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Franchise fees	$ 250,000	$ 250,000	$ 287,736	$ 37,736
Interest income	282	1,224	1,426	202
Total revenues	250,282	251,224	289,162	37,938
Expenditures:				
General government	—	14,390	29,627	(15,237)
Capital	64,000	46,605	36,441	10,164
Total expenditures	64,000	60,995	66,068	(5,073)
Excess of revenues over (under) expenditures	186,282	190,229	223,094	32,865
Net change in fund balance	186,282	190,229	223,094	32,865
Fund balances, October 1	389,260	450,714	450,714	—
Fund balances, September 30	$ 575,542	$ 640,943	$ 673,808	$ 32,865

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Drainage Fund

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Fee revenue	$ 2,700,000	$ 2,720,652	$ 2,702,431	$ (18,221)
Interest income	1,400	7,165	8,030	865
Total revenues	2,701,400	2,727,817	2,710,461	(17,356)
Expenditures:				
Public services	240,000	328,576	342,204	(13,628)
General administration	1,025,000	1,025,000	1,025,000	—
Capital outlay	1,435,000	1,425,000	1,245,208	179,792
Total expenditures	2,700,000	2,778,576	2,612,412	166,164
Excess of revenues over (under) expenditures	1,400	(50,759)	98,049	148,808
Net change in fund balance	1,400	(50,759)	98,049	148,808
Fund balances, October 1	89,092	2,742,936	2,742,936	—
Fund balances, September 30	$ 90,492	$ 2,692,177	$ 2,840,985	$ 148,808

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2015

	Budgeted amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Contributions	$ 16,500	$ 36,550	$ 19,550	$ (17,000)
Interest	—	30	39	9
Total revenues	16,500	36,580	19,589	(16,991)
Expenditures:				
Parks and recreation	96,575	96,865	74,985	21,880
Total expenditures	96,575	96,865	74,985	21,880
Excess of revenues over (under) expenditures	(80,075)	(60,285)	(55,396)	4,889
Other financing source (uses):				
Transfers in	80,000	80,000	80,000	—
Transfers out	—	—	(19,550)	(19,550)
Total other financing sources (uses)	80,000	80,000	60,450	(19,550)
Net change in fund balance	(75)	19,715	5,054	(14,661)
Fund balances, October 1	27,993	30,020	30,020	—
Fund balances, September 30	$ 27,918	$ 49,735	$ 35,074	$ (14,661)

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule - Economic Development Fund
Year Ended September 30, 2015

	Budgeted Amounts		Actual amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Interest revenue	$ —	$ 453	$ 831	$ 378
Total revenues	—	453	831	378
Expenditures:				
General government	—	926,628	926,628	—
Total expenditures	—	926,628	926,628	—
Excess revenues over (under) expenditures	—	(926,175)	(925,797)	378
Other financing sources (uses):				
Transfers in	542,391	1,469,019	1,469,019	—
Total other financing sources (uses)	542,391	1,469,019	1,469,019	—
Net change in fund balance	542,391	542,844	543,222	378
Fund balances, October 1	—	—	—	—
Fund balances, September 30	$ 542,391	$ 542,844	$ 543,222	$ 378

CITY OF RICHARDSON, TEXAS
Budgetary Comparison Schedule - Golf Fund
Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	amounts	Positive (Negative)
Revenues:				
Golf course revenue	$ 1,504,009	1,196,556	1,180,623	$ (15,933)
Golf course restaurant	27,376	21,888	25,421	3,533
Miscellaneous	18,963	7,320	22,522	15,202
Interest	78	131	149	18
Total revenues	1,550,426	1,225,895	1,228,715	2,820
Expenditures:				
General administration	95,939	95,939	95,939	—
Parks and recreation	2,010,216	1,887,805	1,827,297	(60,508)
Total expenditures	2,106,155	1,983,744	1,923,236	(60,508)
Excess of revenues over (under) expenditures	(555,729)	(757,849)	(694,521)	63,328
Other financing sources (uses):				
Transfers in	325,000	610,000	610,000	—
Total other financing sources (uses)	325,000	610,000	610,000	—
Net change in fund balance	(230,729)	(147,849)	(84,521)	63,328
Fund balances, October 1	304,063	252,337	252,337	—
Fund balances, September 30	$ 73,334	$ 104,488	$ 167,816	$ 63,328

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CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2015

Internal Service Funds are used to account for the financing of goods or services provided by certain departments to other departments within the City. The City uses two internal service funds:

Central Services Fund – This fund is used to account for warehouse, mail, and records management operations of the City on a cost-reimbursement basis.

Insurance Fund – This fund is used to account for the health insurance program provided by the City to its employees and to their dependents, as well as retirees, on a subsidized cost basis.

CITY OF RICHARDSON, TEXAS
Combining Statement of Net Position – All Internal Service Funds
September 30, 2015

	Central Services Fund	Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 255,350	$ 3,985,422	$ 4,240,772
Accounts receivable	—	117,005	117,005
Deposits	—	12,247	12,247
Inventories	231,430	—	231,430
Prepaid expenses	—	25,217	25,217
Total current assets	486,780	4,139,891	4,626,671
Capital assets:			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	607,883	—	607,883
Less accumulated depreciation	(551,872)	—	(551,872)
Total capital assets, net of accumulated depreciation	56,011	—	56,011
Total Assets	542,791	4,139,891	4,682,682
Deferred Outflows of Resources			
Pension contributions & investment experience	53,835	26,917	80,752
Total Deferred Outflows of Resources	53,835	26,917	80,752
Liabilities:			
Current liabilities:			
Accounts payable	12,847	470,151	482,998
Compensated absences	4,418	4,754	9,172
Unpaid claims liabilities	—	1,026,054	1,026,054
Worker's Compensation	15,176	—	15,176
Unearned revenue	—	56,241	56,241
Total current liabilities	32,441	1,557,200	1,589,641
Noncurrent liabilities:			
Compensated absences	39,761	42,784	82,545
Pension liability	151,538	75,770	227,308
Other postemployment benefits	75,049	78,630	153,679
Total noncurrent liabilities	266,348	197,184	463,532
Total Liabilities	298,789	1,754,384	2,053,173
Deferred Inflows of Resources			
Pension actuarial experience	563	281	844
Total Deferred Outflows of Resources	563	281	844
Net position:			
Net investment in capital assets	56,011	—	56,011
Unrestricted	241,263	2,412,143	2,653,406
Total Net Position	$ 297,274	$ 2,412,143	$ 2,709,417

CITY OF RICHARDSON, TEXAS
Combining Statement of Revenues, Expenses, and Changes in
Fund Net Position– All Internal Service Funds
Year ended September 30, 2015

	Central Services Fund	Insurance Fund	Total
Operating revenues:			
Charges for services	$ 494,146	$ —	$ 494,146
City and employee contributions	11,099	11,800,831	11,811,930
Miscellaneous	2	117,480	117,482
Total operating revenues	505,247	11,918,311	12,423,558
Operating expenses:			
Personal services	376,837	246,382	623,219
Premiums	689	610,048	610,737
Professional and technical services	10,102	694,111	704,213
Property services	83,600	—	83,600
Other purchased services	—	113,101	113,101
Insurance claims	28,124	12,925,942	12,954,066
Supplies	19,621	757	20,378
Total operating expenses	518,973	14,590,341	15,109,314
Operating income (loss)	(13,726)	(2,672,030)	(2,685,756)
Nonoperating revenues:			
Interest revenue	687	2,782	3,469
Transfer in	—	3,000,000	3,000,000
Total nonoperating revenues	687	3,002,782	3,003,469
Change in net position	(13,039)	330,752	317,713
Net position as restated (See note B1), October 1	310,313	2,081,391	2,391,704
Net position, September 30	$ 297,274	$ 2,412,143	$ 2,709,417

CITY OF RICHARDSON, TEXAS
Combining Statement of Cash Flows – All Internal Service Funds
Year ended September 30, 2015

	Central Services Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from service users	$ 494,148	$ —	$ 494,148
Cash received from City, employee, and other contributions	11,099	11,918,311	11,929,410
Cash payments for premiums and other operating expenses	(148,656)	(1,251,983)	(1,400,639)
Cash payments to employees	(363,798)	(245,811)	(609,609)
Cash payments for claims	(28,124)	(12,668,254)	(12,696,378)
Net cash used in operating activities	(35,331)	(2,247,737)	(2,283,068)
Cash flows from investing activity:			
Purchase of Investment Securities			
Proceeds from Sale and Maturities of Investments	—	1,400,000	1,400,000
Interest received on investments	687	2,782	3,469
Net cash provided by investing activity	687	1,402,782	1,403,469
Cash flows from capital and related financing activities:			
Transfer in (out)	—	3,000,000	3,000,000
Net increase (decrease) in cash and cash equivalents	(34,644)	2,155,045	2,120,401
Cash and cash equivalents, October 1	289,994	1,830,377	2,120,371
Cash and cash equivalents, September 30	$ 255,350	$ 3,985,422	$ 4,240,772
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	$ (13,726)	$ (2,672,030)	$ (2,685,756)
Adjustments to reconcile operating income (loss) to net cash used for operating activities			
Changes in assets and liabilities:			
(Increase)Decrease in inventory of supplies, at cost	(40,305)	—	(40,305)
(Increase)Decrease in other receivables	—	(117,005)	(117,005)
(Increase)Decrease in deposits	—	(12,247)	(12,247)
(Increase)Decrease in prepaid items	—	(2,039)	(2,039)
Increase (Decrease) in accounts payable	5,661	168,073	173,734
Increase in IBNR	—	362,417	362,417
Increase (Decrease) in deferred revenue	—	24,523	24,523
Increase (Decrease) in workers compensation	15,176	—	15,176
Increase (Decrease) in compensated absences	6,256	(345)	5,911
Increase (Decrease) in pension liabilities	(10,637)	(5,319)	(15,956)
Increase (Decrease) in post-employment benefits	2,244	6,235	8,479
Total adjustments	(21,605)	424,293	402,688
Net cash used in operating activities	$ (35,331)	$ (2,247,737)	$ (2,283,068)
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	$ 255,350	$ 3,985,422	$ 4,240,772
Less investments not meeting the definition of cash equivalents	—	—	—
Cash and cash equivalents at September 30, 2015	$ 255,350	$ 3,985,422	$ 4,240,772

STATISTICAL SECTION

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CITY OF RICHARDSON, TEXAS

Statistical Section

September 30, 2015

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

	Pages
Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	*117-122*
Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	*123-126*
Debt Capacity – These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	*127-131*
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	*132-133*
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	*134-136*
Pension Information – This schedule contains information regarding pension benefits funding progress.	*137*

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

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Table 1

CITY OF RICHARDSON, TEXAS
Statement of Net Position by Component*
Last ten fiscal years
(In thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	$ 101,669	$ 99,244	$ 116,550	$ 103,758	$ 109,432	$ 106,308	$ 108,527	$ 113,992	$ 129,095	$ 134,199
Restricted	5,720	12,504	6,295	22,864	22,180	15,207	10,744	7,103	7,072	10,511
Unrestricted	21,045	26,098	8,487	903	(5,654)	(7,778)	(8,303)	(6,582)	(19,188)	(23,943)
Total governmental activities net position	$ 128,434	$ 137,846	$ 131,332	$ 127,525	$ 125,958	$ 113,737	$ 110,968	$ 114,513	$ 116,979	$ 120,767
Business-type activities:										
Net investment in capital assets	$ 60,920	$ 61,716	$ 59,030	$ 54,480	$ 52,823	$ 50,959	$ 50,558	$ 55,251	$ 50,634	$ 51,770
Restricted	5,013	2,990	3,627	3,873	2,338	9,245	6,338	6,700	4,068	5,464
Unrestricted	18,578	16,018	14,566	17,625	18,192	12,666	11,604	11,399	8,984	10,694
Total business-type activities net position	$ 84,511	$ 80,724	$ 77,223	$ 75,978	$ 73,353	$ 72,870	$ 68,500	$ 73,350	$ 63,686	$ 67,928
Primary government:										
Net investment in capital assets	$ 162,589	$ 160,960	$ 175,580	$ 158,238	$ 162,255	$ 157,267	$ 159,085	$ 169,243	$ 179,729	$ 185,969
Restricted	10,733	15,494	9,922	26,737	24,518	24,452	17,082	13,803	11,140	15,975
Unrestricted	39,623	42,116	23,053	18,528	12,538	4,888	3,301	4,817	(10,204)	(13,249)
Total primary government net position	$ 212,945	$ 218,570	$ 208,555	$ 203,503	$ 199,311	$ 186,607	$ 179,468	$ 187,863	$ 180,665	$ 188,695

The City implemented GASB Statements 63 and 65 in FY 2013. The amounts for fiscal years 2006-2012 were restated for the effects of these standards in FY 2013.
The City implemented GASB Statement 68 in FY 2015. The amounts for fiscal year 2014 were restated for the effects of these standards in FY 2015.

Table 2

CITY OF RICHARDSON, TEXAS
Changes in Net Position*
Last ten fiscal years
(In thousands)
(Accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	$ 24,339	$ 25,381	$ 30,689	$ 27,784	$ 27,767	$ 34,351	$ 30,018	$ 29,705	$ 36,311	$ 36,761
Public safety	35,268	37,774	41,630	43,610	44,318	45,826	45,224	45,616	47,533	48,745
Public services	19,117	20,210	24,701	27,070	26,652	26,819	26,776	27,044	28,931	30,588
Library	3,097	3,988	4,145	4,224	4,099	4,245	4,027	3,963	3,989	4,161
Parks and recreation	11,765	12,576	13,814	13,658	14,507	14,662	14,786	15,078	15,282	18,310
Public health	1,310	1,344	1,483	1,582	1,460	1,467	1,548	1,606	1,714	1,807
Interest and fiscal charges	9,026	10,069	10,990	9,642	8,817	10,832	10,930	11,134	10,757	9,884
Total governmental activities expenses	103,922	111,342	127,452	127,570	127,620	138,202	133,309	134,146	144,517	150,256
Business-type activities:										
Water and sewer	38,203	41,343	45,159	46,278	46,785	49,816	51,667	54,341	55,648	59,159
Solid waste	10,402	11,211	12,068	12,364	12,779	12,798	13,057	12,574	12,441	13,725
Golf	2,359	2,147	2,336	2,406	2,338	2,487	2,376	2,544	2,558	-
Total business-type activities expenses	50,964	54,701	59,563	61,048	61,902	65,101	67,100	69,459	70,647	72,884
Total primary government expenses	$ 154,886	$ 166,043	$ 187,015	$ 188,618	$ 189,522	$ 203,303	$ 200,409	$ 203,605	$ 215,164	$ 223,140
Program revenues:										
Governmental activities:										
Charges for services:										
General government	$ 2,039	$ 2,138	$ 3,144	$ 3,724	$ 3,111	$ 3,577	$ 3,423	$ 3,875	$ 3,327	$ 3,398
Public safety	7,149	7,313	7,937	8,903	8,398	9,170	9,480	9,506	9,252	9,691
Public services	1,124	1,968	1,527	1,379	1,956	2,200	4,278	6,583	6,163	6,152
Library	149	170	186	190	184	164	155	6	5	-
Parks and recreation	2,679	2,796	2,898	2,891	3,291	3,327	3,262	3,756	4,103	5,328
Public health	189	196	249	255	264	266	264	293	291	340
Operating grants and contributions	731	576	1,061	368	642	532	1,777	522	788	967
Capital grants and contributions	3,766	5,810	4,991	10,059	10,144	3,875	2,028	8,363	15,022	8,168
Total governmental activities program revenues	17,826	20,967	21,993	27,769	27,990	23,111	24,667	32,904	38,951	34,044
Business-type activities:										
Charges for services:										
Water and sewer	43,938	34,645	40,338	43,116	42,807	48,485	46,075	54,257	51,271	60,310
Solid waste	10,687	10,989	11,330	12,262	12,274	12,275	12,303	12,375	12,555	13,047
Golf	2,163	2,022	2,144	2,045	1,536	1,873	2,011	2,231	1,919	-
Operating grants and contributions	-	-	-	-	-	15	12	-	-	-
Capital grants and contributions	835	1,375	701	872	1,228	647	956	908	1,551	1,549
Total business-type activities program revenues	57,623	49,031	54,513	58,295	57,845	63,295	61,357	69,771	67,296	74,906
Total primary government program revenues	$ 75,449	$ 69,998	$ 76,506	$ 86,064	$ 85,835	$ 86,406	$ 86,024	$ 102,675	$ 106,247	$ 108,950

*The City implemented GASB Statements 63 and 65 in FY 2013. The amounts shown for "Interest and fiscal charges" and expenses for Business-type activities were restated for fiscal years 2006-2012 in FY 2013.

(Continued)

Table 2

CITY OF RICHARDSON, TEXAS
Changes in Net Position (Continued)
Last ten fiscal years
(In thousands)
(Accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense) revenue:										
Governmental activities	$ (86,096)	$ (90,375)	$ (105,459)	$ (99,801)	$ (99,630)	$ (115,091)	$ (108,642)	$ (101,242)	$ (105,566)	$ (116,212)
Business-type activities	6,659	(5,670)	(5,050)	(2,753)	(4,057)	(1,806)	(5,743)	312	(3,351)	2,022
Total primary government net expense	(79,437)	(96,045)	(110,509)	(102,554)	(103,687)	(116,897)	(114,385)	(100,930)	(108,917)	(114,190)
General revenues										
Governmental activities:										
Taxes:										
Property	$ 46,550	$ 53,777	$ 55,264	$ 57,574	$ 58,105	$ 61,115	$ 63,810	$ 64,602	$ 68,368	$ 70,677
Sales	21,923	23,646	23,286	20,815	24,967	24,753	25,246	26,600	29,805	31,065
Other	3,302	3,540	3,719	2,986	3,105	3,447	3,351	3,673	4,129	4,460
Franchise	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,039	15,647
Unrestricted interest earnings	3,370	6,260	4,904	2,298	332	397	156	94	92	137
Insurance and other recoveries	-	173	-	-	-	-	-	-	-	-
Transfers	-	-	(117)	(19)	(695)	(489)	(259)	(4,506)	4,058	(2,064)
Gain on sale of assets	109	1,160	18	134	14	74	8	35	40	78
Total governmental activities	90,894	99,787	98,945	95,994	98,103	102,830	105,873	104,787	121,531	120,000
Business-type activities:										
Unrestricted interest earnings	871	1,317	868	295	73	47	31	29	23	47
Insurance and other recoveries	-	30	-	-	-	-	-	-	-	-
Transfers	-	-	117	19	695	489	259	4,506	(4,058)	2,064
Gain on sale of assets	277	133	117	730	90	59	352	3	181	109
Total business-type activities	1,148	1,480	1,102	1,044	858	595	642	4,538	(3,854)	2,220
Total primary government	$ 92,042	$ 101,267	$ 100,047	$ 97,038	$ 98,961	$ 103,425	$ 106,515	$ 109,325	$ 117,677	$ 122,220
Change in net position:										
Governmental activities	4,798	9,412	(6,514)	(3,807)	(1,527)	(12,261)	(2,769)	3,545	15,965	3,788
Business-type activities	7,807	(4,190)	(3,948)	(1,709)	(3,199)	(1,211)	(5,101)	4,850	(7,205)	4,242
Total primary government	$ 12,605	$ 5,222	$ (10,462)	$ (5,516)	$ (4,726)	$ (13,472)	$ (7,870)	$ 8,395	$ 8,760	$ 8,030

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Table 3

CITY OF RICHARDSON, TEXAS
Fund Balances, Governmental Funds
Last ten fiscal years
(In thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved for other	$ 935	$ 949	$ 986	$ 600	$ 730	$ -	$ -	$ -	$ -	$ -
Non spendable	-	-	-	-	-	507	559	1,027	882	933
Assigned	-	-	-	-	-	114	327	337	665	800
Unreserved	14,208	14,562	15,259	15,244	15,403	-	-	-	-	-
Unassigned	-	-	-	-	-	15,808	16,274	16,513	17,789	18,007
Total general fund	$ 15,143	$ 15,511	$ 16,245	$ 15,844	$ 16,133	$ 16,429	$ 17,160	$ 17,877	$ 19,336	$ 19,740
All other governmental funds:										
Reserved for:										
Capital projects	$ 72,217	$ 55,910	$ 36,223	$ 19,375	$ 80,012	$ -	$ -	$ -	$ -	$ -
Debt service	1,452	2,116	1,785	1,947	1,604	-	-	-	-	-
Other *	4,431	13,897	27,021	16,799	10,518	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,703	3,153	3,292	3,779	2,902	-	-	-	-	-
Capital funds	8,751	11,784	2,191	1,030	4,425	-	-	-	-	-
Non spendable:										
Property held for redevelopment	-	-	-	-	-	-	2,495	2,495	2,495	274
Prepaid Items	-	-	-	-	-	91	64	98	77	120
Deposits	-	-	-	-	-	105	-	-	-	-
Restricted for:										
Debt service	-	-	-	-	-	2,180	2,247	2,324	2,328	2,381
Library	-	-	-	-	-	-	-	63	7	26
Parks and recreation projects	-	-	-	-	-	22,817	18,341	3,831	4,101	1,156
Public services	-	-	-	-	-	30,061	26,548	16,283	8,692	5,544
Neighborhood vitality projects	-	-	-	-	-	7,725	6,434	5,325	2,509	1,745
Municipal public buildings	-	-	-	-	-	9,871	5,098	341	37	27
Other capital projects	-	-	-	-	-	3,399	2,196	129	118	1,608
General government	-	-	-	-	-	-	-	1,223	2,561	4,415
Health/Shelter	-	-	-	-	-	-	-	-	229	40
Public safety	-	-	-	-	-	-	-	1,917	1,906	2,147
Other purposes	-	-	-	-	-	4,180	2,716	-	-	-
Committed for:										
Public services	-	-	-	-	-	-	570	1,921	2,743	2,841
Assigned for:										
Public services	-	-	-	-	-	707	808	1,474	1,507	90
Other purposes	-	-	-	-	-	3,540	2,422	-	-	-
Public Safety	-	-	-	-	-	-	-	-	2	44
Parks and recreation	-	-	-	-	-	-	-	23	65	225
Neighborhood Vitality Projects	-	-	-	-	-	-	-	-	65	-
Capital projects	-	-	-	-	-	-	-	4,896	-	2,578
General government	-	-	-	-	-	-	-	1,081	5,405	2,120
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 89,554	$ 86,860	$ 70,512	$ 42,930	$ 99,461	$ 84,676	$ 69,939	$ 43,424	$ 34,847	$ 27,381

* Includes prepaid items, inventory, and encumbrances prior to FY 2011 due to GASB 54

Note: The City implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions” in fiscal year 2011. The classification of fund balances were not restated for years prior to FY 2011.

Table 4

CITY OF RICHARDSON, TEXAS
Changes in Fund Balances, Governmental Funds
Last ten fiscal years
(In thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	$ 46,493	$ 53,631	$ 55,101	$ 57,814	$ 58,085	$ 61,339	$ 63,753	$ 64,565	$ 68,362	$ 70,744
Franchise taxes	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,038	15,647
Sales tax	21,923	23,646	23,286	23,070	24,967	24,753	25,246	26,600	29,805	31,065
Mixed beverage and Bingo Tax	353	372	406	401	392	408	338	352	464	523
Hotel/motel taxes	2,949	3,168	3,314	2,585	2,713	3,039	3,013	3,322	3,665	3,937
Drainage fees	-	-	-	-	-	-	1,781	2,705	2,582	2,702
911 Revenue	1,308	1,316	1,336	1,377	1,521	1,579	1,676	1,724	1,723	1,731
Intergovernmental revenue	1,664	4,071	3,312	8,366	4,946	3,465	2,437	7,732	9,261	4,866
Licenses and permits	1,161	1,865	1,506	1,375	1,466	1,767	2,405	4,000	3,310	3,380
Fines and forfeitures	4,208	4,587	5,008	5,550	5,583	6,398	5,765	6,339	5,482	5,461
Interest revenue	3,221	6,087	4,820	2,278	327	393	154	92	90	134
Civic center use	237	286	384	334	328	299	331	328	295	300
Eisemann center revenue	1,571	1,422	1,936	2,452	2,143	2,411	2,396	2,026	2,177	2,143
Recreation and leisure	2,679	2,796	2,898	2,891	3,275	3,327	3,207	3,743	4,091	5,302
Rents	26	12	59	79	21	64	-	-	-	-
Public safety	1,480	1,549	1,672	1,759	1,819	1,591	2,396	2,236	2,095	2,434
Contributions	2,743	2,150	565	138	293	124	99	64	615	256
Participation	152	164	104	56	171	55	140	316	272	2,257
Other	533	853	1,055	864	886	964	745	813	1,184	1,129
General administration	5,738	6,643	6,968	6,932	6,745	8,101	8,496	8,235	7,652	8,128
Total revenues	$ 114,079	$ 125,849	$ 125,601	$ 130,527	$ 127,956	$ 133,610	$ 137,939	$ 149,481	$ 158,163	$ 162,139
Expenditures:										
General government	$ 26,006	$ 27,960	$ 32,311	$ 29,260	$ 28,358	$ 34,818	$ 29,772	$ 30,454	$ 37,522	$ 37,401
Public safety	33,002	35,186	36,507	38,860	38,193	39,627	40,035	41,881	43,163	44,415
Public services	12,875	13,938	17,328	19,542	18,613	18,020	18,780	19,704	20,920	22,142
Library	2,568	3,393	3,407	3,640	3,527	3,448	3,354	3,513	3,478	3,543
Parks and recreation	10,343	10,756	11,026	11,049	11,181	11,146	11,530	11,891	11,790	14,339
Public health	1,245	1,311	1,315	1,401	1,298	1,322	1,422	1,535	1,629	1,673
General administration	255	291	427	480	555	2,004	2,690	2,130	1,565	2,028
Capital outlay	14,808	20,699	27,552	37,125	20,934	20,701	21,397	50,941	40,698	38,419
Debt service:										
Principal retirement	7,887	10,241	11,311	12,308	12,548	14,425	15,738	16,421	17,901	19,300
Interest and fiscal charges	7,849	10,489	10,183	9,620	9,063	11,140	11,095	10,772	10,608	10,344
Payments for other obligations	615	456	474	2,690	1,228	812	859	1,052	1,215	902
Issuance costs	1,054	29	33	219	841	84	195	272	119	541
Total expenditures	$ 118,507	$ 134,749	$ 151,874	$ 166,194	$ 146,339	$ 157,547	$ 156,867	$ 190,566	$ 190,608	$ 195,047
Deficiency of revenues under expenditures	(4,428)	(8,900)	(26,273)	(35,667)	(18,383)	(23,937)	(18,928)	(41,085)	(32,445)	(32,908)

(Continued)

Table 4

CITY OF RICHARDSON, TEXAS
Changes in Fund Balances, Governmental Funds
Last ten fiscal years
(continued)
(In thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses):										
Transfers in	$ 7,958	$ 6,740	$ 4,916	$ 4,030	$ 4,520	$ 3,247	$ 4,121	$ 5,650	$ 4,594	$ 6,503
Transfer out	(7,958)	(6,740)	(5,033)	(4,049)	(5,215)	(3,736)	(6,330)	(6,202)	(5,652)	(9,531)
Issuance of certificates of obligation	2,640	3,220	4,500	5,370	7,520	3,085	6,050	4,290	12,500	17,270
Issuance of general obligation bonds	53,775	-	5,933	-	60,665	-	-	-	-	-
Issuance of refunding bonds	25,665	-	-	14,460	18,440	6,039	6,270	18,000	-	45,741
Issuance of other obligations	61	1,592	-	1,740	1,124	6,535	192	10,909	13,789	10,654
Premium on bonds	3,016	-	-	772	7,378	15	760	2,811	34	277
Discount on bonds	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(26,397)	-	-	(14,992)	(19,502)	(5,981)	(6,779)	(20,417)	-	(45,341)
Lease payments	-	-	-	-	-	-	-	-	-	-
Insurance and other recoveries	-	173	218	127	128	40	107	170	10	190
Proceeds from sale of capital assets	667	1,589	125	226	145	204	531	77	51	84
Total other financing sources	59,427	6,574	10,659	7,684	75,203	9,448	4,922	15,288	25,326	25,847
Net change in fund balances	$ 54,999	$ (2,326)	$ (15,614)	$ (27,983)	$ 56,820	$ (14,489)	$ (14,006)	$ (25,797)	$ (7,119)	$ (7,061)
Debt service as a percentage of noncapital expenditures	15.77%	18.58%	17.67%	19.07%	18.21%	19.27%	20.44%	20.23%	19.91%	19.47%

Table 5

CITY OF RICHARDSON, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property

Last ten fiscal years

(unaudited)

Fiscal year ended September 30	Residential property	Commercial property	Industrial property	Less total exemptions/ reductions	Total taxable assessed value (1)	Total direct tax rate
2006	4,736,989,728	4,781,193,675	247,435,611	1,061,552,418	8,704,066,596	0.52516
2007	4,887,683,786	5,285,742,003	274,718,569	1,203,508,602	9,244,635,756	0.57516
2008	5,026,605,219	5,272,014,733	704,144,777	1,520,273,606	9,482,491,123	0.57516
2009	5,111,539,277	5,623,829,303	722,165,902	1,630,819,971	9,826,714,511	0.57516
2010	5,085,566,353	5,673,549,267	707,813,308	1,629,085,082	9,837,843,846	0.57516
2011	5,152,705,610	5,669,348,071	726,964,527	1,872,428,656	9,676,589,552	0.63516
2012	5,093,892,359	5,941,833,474	696,387,354	2,051,284,896	9,680,828,291	0.63516
2013	5,064,251,846	6,019,687,573	812,199,657	1,937,327,183	9,958,811,893	0.63516
2014	5,120,141,991	6,555,445,029	864,733,351	2,098,603,635	10,441,716,736	0.63516
2015	5,361,295,791	6,859,193,040	909,835,399	2,322,046,075	10,808,278,155	0.63516

Source: Dallas and Collin County Central Appraisal District, and the City's Tax Department.

(1) Net of Tax Increment Financing (TIF) Districts values.

Table 6

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Property Tax Rates

Last ten fiscal years

(Per $100 of assessed value)

(unaudited)

	City direct rates			Overlapping rates								
Fiscal year	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
2006	0.358680	0.166480	0.525160	1.820000	0.250000	0.089422	1.733400	1.544900	0.213900	0.254000	0.081600	0.005300
2007	0.358680	0.216480	0.575160	1.630050	0.245000	0.087683	1.578400	1.253300	0.213900	0.254000	0.081000	0.005304
2008	0.362810	0.212350	0.575160	1.340050	0.245000	0.086984	1.268400	1.253300	0.228100	0.254000	0.080400	0.004714
2009	0.362810	0.212350	0.575160	1.340050	0.242500	0.086493	1.303400	1.253300	0.228100	0.254000	0.089400	0.004928
2010	0.362810	0.212350	0.575160	1.340050	0.242500	0.086300	1.328400	1.253300	0.228100	0.274000	0.094900	0.005212
2011	0.362810	0.272350	0.635160	1.340050	0.240000	0.086300	1.353400	1.253300	0.243100	0.271000	0.099230	0.010000
2012	0.362810	0.272350	0.635160	1.340050	0.240000	0.086300	1.373400	1.253300	0.243100	0.271000	0.099670	0.010000
2013	0.362810	0.272350	0.635160	1.340050	0.240000	0.086299	1.373400	1.253300	0.243100	0.271000	0.119375	0.009937
2014	0.365310	0.269850	0.635160	1.340050	0.237500	0.083643	1.453000	1.253300	0.243100	0.276000	0.124700	0.010000
2015	0.370310	0.264850	0.635160	1.340050	0.235000	0.081900	1.448000	1.253300	0.243100	0.286000	0.124775	0.010000

Source: Dallas County Central Appraisal District, Collin County Central Appraisal District, and City records.

Notes: Tax rates are per $100 of assessed value.

Table 7

CITY OF RICHARDSON, TEXAS
Principal Property Tax Payers
Current year and nine years ago
(unaudited)

	2015			2006		
Name of Taxpayer	**Taxable assessed value**	**Rank**	**Percentage of total city taxable assessed value (a)**	**Taxable assessed value**	**Rank**	**Percentage of total city taxable assessed value (b)**
Bank of America	237,360,605	1	2.11%	—		—%
Health Care Service Corporation	221,795,557	2	1.97	—		—
CISCO Systems	214,003,213	3	1.90	87,875,670	5	1.01
Collins Technology Park Partners	205,006,700	4	1.82	—		—
Verizon (MCI in 2006)	137,043,528	5	1.22	146,482,334	2	1.68
KDC	124,366,245	6	1.11	—		—
Fujitsu	101,531,176	7	0.90	47,967,353	6	0.55
AT&T (Southwestern Bell/SBC in 2006)	100,966,519	8	0.90	191,397,422	1	2.20
Champion Partners	100,435,676	9	0.89	—		—
Texas Instruments	94,226,805	10	0.84	—		—
Nortel Networks	—		—	138,975,911	3	1.60
Crescent Real Estate	—		—	46,144,526	7	0.53
Richardson Hospital Authority	—		—	38,701,305	10	0.45
Cingular Wireless	—		—	97,603,063	4	1.12
CWS Friendly Village	—		—	39,309,283	9	0.45
Lennox	—		—	41,966,500	8	0.48
Total	1,536,736,024		13.66%	876,423,367		10.07%

Source: Dallas County Central Appraisal District, Collin County Central Appraisal District and City records.
Note:
(a) Total Taxable Value October 1, 2014=$11,235,458,097
(b) Total Taxable Value October 1, 2005=$ 8,704,066,596

Table 8

CITY OF RICHARDSON, TEXAS
Property Tax Levies and Collections
Last ten fiscal years (1)
(unaudited)

				Collected within the fiscal year of the levy			Total collections to date	
Fiscal year ended September 30	**Taxes Levied for the Fiscal Year(2)**	**Subsequent Adjustments**	**Total Adjusted Levy at 9/30/15**	**Amount**	**Percentage of Taxes Levied for the Fiscal Year**	**Collections in subsequent years**	**Amount**	**Percentage of Adjusted Levy**
2006	$ 46,203,102	$ 17,211	$ 46,220,313	$ 45,760,411	99.04%	$ 425,856	$ 46,186,267	99.93%
2007	53,538,365	(77,207)	53,461,158	53,043,065	99.07	380,680	53,423,745	99.93
2008	54,730,772	(13,959)	54,716,813	54,356,874	99.32	324,998	54,681,872	99.94
2009	57,193,029	(47,031)	57,145,998	56,793,451	99.30	283,838	57,077,289	99.88
2010	57,644,880	(100,848)	57,544,032	57,283,266	99.37	177,139	57,460,405	99.85
2011	61,383,092	908,531	62,291,623	61,020,848	99.41	1,132,880	62,153,728	99.78
2012	62,836,249	41,472	62,877,721	62,496,396	99.46	236,997	62,733,393	99.77
2013	64,374,498	(239,044)	64,135,454	63,980,358	99.39	5,530	63,985,888	99.77
2014	68,105,024	(194,139)	67,910,885	67,862,416	99.64	(126,892)	67,735,524	99.74
2015	70,561,704	-	70,561,704	70,275,798	99.59	-	70,275,798	99.59

(1) This table was reformatted for FY 2012 to provide better clarity regarding taxes levied in the original year of collection versus levy adjustments and collections in subsequent years.
(2) Taxes levied for the fiscal year include the certified roll plus any adjustments that occur in the fiscal year that the taxes are due.
Source: Dallas and Collin County Tax Offices, and the City's Tax Department

Table 9

CITY OF RICHARDSON, TEXAS

Ratio of Outstanding Debt by Type (1)

Last ten fiscal years

(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	$ 174,629,810	$ 167,807,386	$ 160,411,425	$ 154,898,857	$ 221,126,083	$ 212,489,620	$ 203,891,472	$ 195,175,450	$ 181,449,602	$ 162,669,259
Certificates of Obligation	36,383,644	36,185,000	36,770,000	34,835,000	23,435,000	20,790,000	19,145,000	18,825,000	27,150,000	38,560,000
Unamortized premium/(discount)	5,554,555	5,405,503	5,125,192	5,568,746	12,449,617	11,730,640	11,742,983	13,044,030	12,131,942	15,950,679
Total General Obligation Bonds and Certificates of Obligation	216,568,009	209,397,889	202,306,617	195,302,603	257,010,700	245,010,260	234,779,455	227,044,480	220,731,544	217,179,938
TIF Obligations (2)	-	-	3,299,865	3,299,865	3,299,865	8,239,481	8,239,481	18,175,159	31,964,048	41,506,816
Other Obligations	4,277,408	5,412,684	7,572,046	8,877,937	4,805,514	5,588,922	4,921,832	4,842,740	3,622,492	3,832,124
Total TIF and Other Obligations	4,277,408	5,412,684	10,871,911	12,177,802	8,105,379	13,828,403	13,161,313	23,017,899	35,586,540	45,338,940
Total Governmental Activities	$ 220,845,417	$ 214,810,573	$ 213,178,528	$ 207,480,405	$ 265,116,079	$ 258,838,663	$ 247,940,768	$ 250,062,379	$ 256,318,084	$ 262,518,878
BUSINESS-TYPE ACTIVITIES										
Water/Sewer Revenue Bonds	$ 990,000	$ 925,000	$ 855,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Obligation Refunding Bonds	1,135,190	1,062,613	963,575	7,011,143	15,058,917	14,480,380	21,578,528	18,834,550	17,165,398	17,625,741
Certificates of Obligation	44,826,355	48,610,000	52,115,000	49,840,000	48,705,000	50,220,000	38,930,000	37,110,000	35,075,000	32,570,000
Unamortized premium/(discount)	(30,441)	(34,159)	(36,756)	343,587	1,335,658	1,244,165	1,916,392	1,878,147	1,694,323	2,080,380
Total General Obligation Bonds and Certificates of Obligation	46,921,104	50,563,454	53,896,819	57,194,730	65,099,575	65,944,545	62,424,920	57,822,697	53,934,721	52,276,121
Other Obligations	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792	-	-
Total Other Obligations	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792	-	-
Total Business-Type Activities	$ 46,969,607	$ 50,705,909	$ 53,979,553	$ 57,318,011	$ 65,162,062	$ 65,987,601	$ 62,447,754	$ 57,824,489	$ 53,934,721	$ 52,276,121
Total Primary Government	$ 267,815,024	$ 265,516,482	$ 267,158,081	$ 264,798,416	$ 330,278,141	$ 324,826,264	$ 310,388,522	$ 307,886,868	$ 310,252,805	$ 314,794,999
% of Personal Income (3)	8.8%	9.1%	8.6%	8.4%	10.2%	10.1%	9.4%	9.3%	9.2%	8.9%
Per Capita (3)	$ 2,775	$ 2,717	$ 2,741	$ 2,656	$ 3,329	$ 3,251	$ 3,090	$ 3,053	$ 3,047	$ 3,073

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) In FY 2014, this table was restated to include the unamortized premium and discount for all years presented. These components are generated as part of debt issuance, and are amortized as non-cash interest expense over the life of the debt.

(2) Tax increment financing (TIF) is used to finance public improvements within defined areas for economic development. The developer incurs the costs to install the necessary public infrastructure and other public improvements. The City reimburses the developer based on the increased tax increments within the TIF boundaries over the contracted period. The City's liability to the developer lasts until paid in full or expiration of TIF zone contract.

(3) See table 14 for personal income and population data.

Table 10

CITY OF RICHARDSON, TEXAS

Ratio of General Bonded Debt Outstanding (1)

Last ten fiscal years

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	$ 174,629,810	$ 167,807,386	$ 160,411,425	$ 154,898,857	$ 221,126,083	$ 212,489,620	$ 203,891,472	$ 195,175,450	$ 181,449,602	$ 162,669,259
Certificates of Obligation	36,383,644	36,185,000	36,770,000	34,835,000	23,435,000	20,790,000	19,145,000	18,825,000	27,150,000	38,560,000
Unamortized premium/(discount)	2,594,779	2,528,716	2,418,958	2,763,680	8,966,461	8,539,469	11,742,982	13,044,030	12,131,942	15,950,679
Total General Obligation Bonds and Certificates of Obligation	213,608,233	206,521,102	199,600,383	192,497,537	253,527,544	241,819,089	234,779,454	227,044,480	220,731,544	217,179,938
BUSINESS-TYPE ACTIVITIES										
Water/Sewer Revenue Bonds	$ 990,000	$ 925,000	$ 855,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Obligation Refunding Bonds	1,135,190	1,062,613	963,575	7,011,143	15,058,917	14,480,380	21,578,528	18,834,550	17,165,398	17,625,741
Certificates of Obligation	44,826,355	48,610,000	52,115,000	49,840,000	48,705,000	50,220,000	38,930,000	37,110,000	35,075,000	32,570,000
Unamortized premium/(discount)	(55,572)	(55,832)	(54,094)	90,805	698,799	666,020	1,916,392	1,878,147	1,694,323	2,080,380
Total General Obligation Bonds and Certificates of Obligation	46,895,973	50,541,781	53,879,481	56,941,948	64,462,716	65,366,400	62,424,920	57,822,697	53,934,721	52,276,121
Total Primary Government	$ 260,504,206	$ 257,062,883	$ 253,479,864	$ 249,439,485	$ 317,990,260	$ 307,185,489	$ 297,204,374	$ 284,867,177	$ 274,666,265	$ 269,456,059
% of Actual Taxable Value of Property (2)	3.0%	2.8%	2.7%	2.5%	3.2%	3.2%	3.1%	2.9%	2.6%	2.5%
Per Capita (3)	$ 2,700	$ 2,631	$ 2,601	$ 2,502	$ 3,205	$ 3,074	$ 2,959	$ 2,825	$ 2,698	$ 2,631

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) In FY 2014, this table was restated to include the unamortized premium and discount for all years presented. These components are generated as part of debt issuance, and are amortized as non-cash interest expense over the life of the debt.
(2) See table 5 for property value data.
(3) See table 14 for population data.

Table 11

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Governmental Activities Debt

09/30/15

(unaudited)

Governmental unit	Debt outstanding	Estimated percentage applicable (1)	Estimated share of overlapping debt	
Debt repaid with property taxes:				
Richardson Independent School District	$ 414,619,988	36.62%	$ 151,833,840	
Plano Independent School District	852,635,313	11.96	101,975,183	
Dallas County	84,725,000	3.45	2,923,013	
Dallas County Schools	60,215,000	3.45	2,077,418	
Dallas County Hospital District	728,005,000	3.45	25,116,173	
Dallas County Community College District	321,510,000	3.45	11,092,095	
Garland Independent School District	501,756,118	0.04	200,702	
Collin County	402,795,000	5.03	20,260,589	
Collin County Community College District	31,600,000	5.03	1,589,480	
Subtotal, overlapping debt			317,068,491	
City direct debt			262,518,878	(2)
Total direct and overlapping bonded debt			$ 579,587,369	

(1) Estimated percentage applicable to the City is calculated by taking each entity's taxable values within the City and dividing by the total taxable value for that entity.

(2) Includes unamortized premium and discounts of $15,950,679 and TIF and other obligations of $45,338,940. Amounts for other governmental units only include the value of bonded debt outstanding.

Source: First Southwest Company.

Table 12

CITY OF RICHARDSON, TEXAS

Legal Debt Margin Information

Last ten fiscal years

(unaudited)

Year	Debt Limit	Total net debt applicable to limit (1)	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2006	$ 1,305,609,898	$ 211,013,454	$ 1,094,596,444	16.16%
2007	1,386,695,363	203,992,386	1,182,702,977	14.71
2008	1,422,373,668	197,181,425	1,225,192,243	13.86
2009	1,474,007,177	189,733,857	1,284,273,320	12.87
2010	1,475,676,577	244,561,083	1,231,115,494	16.57
2011	1,451,488,433	233,279,620	1,218,208,813	16.07
2012	1,452,124,244	223,036,472	1,229,087,772	15.36
2013	1,493,821,784	214,000,450	1,279,821,334	14.33
2014	1,566,257,510	208,599,602	1,357,657,908	13.32
2015	1,621,241,723	201,229,259	1,420,012,464	12.41

(1) Does not include premiums, discounts or other obligations as these amounts do not apply to the City's debt limit.

Table 13

CITY OF RICHARDSON, TEXAS
Pledged-Revenue Coverage
Last ten fiscal years
(unaudited)

Water Revenue Bonds

Fiscal year	Utility service charge	Less operating expenses	Net available revenue	Debt service		Accreted value	Coverage
				Principal	Interest		
2006	$ 44,670,913	$ 32,241,222	$ 12,429,691	$ 65,000	$ 50,937	$ -	107.21
2007	35,747,318	34,112,347	1,634,971	65,000	48,012	-	14.47
2008	41,071,623	37,662,979	3,408,644	70,000	45,088	-	29.62
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-

Note Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expense.

Water Revenue Bonds were refunded in FY 2009.

Table 14

CITY OF RICHARDSON, TEXAS
Demographic and Economic Statistics
Last ten calendar years
(unaudited)

Calendar Year	Estimated population (1)	Personal income (thousands of dollars)	Per capita personal income (2)	Median age (2)	School enrollment R.I.S.D. (3)	School enrollment P.I.S.D. (4)	Unemployment rate (%) (5)
2006	96,500	$ 3,056,348	$ 31,672	35.8	35,000	52,816	4.1
2007	97,720	2,920,264	29,884	39.6	35,000	54,478	3.8
2008	97,450	3,120,154	32,018	38.1	35,000	54,129	4.7
2009	99,700	3,134,169	31,436	37.2	34,878	54,864	7.3
2010	99,223	3,246,775	32,722	38.1	36,075	55,355	6.9
2011	99,930	3,207,553	32,098	38.1	35,997	54,989	7.5
2012	100,450	3,310,631	32,958	36.2	36,946	55,302	5.5
2013	100,850	3,323,814	32,958	36.2	38,043	55,302	5.6
2014	101,820	3,355,784	32,958	36.2	38,283	54,839	4.5
2015	102,430	3,547,868	34,637	37.6	38,618	54,818	3.5

Sources:
(1) NCTCOG as of January, 2015.
(2) Information compiled from the Richardson Economic Development Partnership.
(3) School Enrollment – Richardson Independent School District.
(4) School Enrollment – Plano Independent School District.
(5) Unemployment – Texas Workforce Commission Website.

Note:
The City of Richardson is located in both Dallas and Collin Counties. School children residing in Dallas County are enrolled in the Richardson Independent School District while those residing in Collin County are enrolled in the Plano Independent School District.

Table 15

CITY OF RICHARDSON, TEXAS

Principal Employers

Current year and nine years ago

(unaudited)

	2015			2006		
Employer	**Employees (1)**	**Rank**	**Percentage of total city employment (2)**	**Employees (3)**	**Rank**	**Percentage of total city employment (4)**
State Farm Insurance	8,000	1	5.88%	—		—%
AT&T (SBC in 2006)	5,000	2	3.68	2,140	6	3.64
Blue Cross & Blue Shield of Texas	3,100	3	2.28	3,040	3	5.17
The University of Texas as Dallas	2,674	4	1.97	2,098	7	3.57
Richardson ISD	2,500	5	1.84	4,329	2	7.36
United Healthcare	1,700	6	1.25	—		—
Fujitsu Network Communications	1,500	7	1.10	1,454	9	2.47
Fossil, Inc.	1,400	8	1.03	—		—
Cisco Systems	1,400	9	1.03	—		—
Samsung Mobile	1,000	10	0.74	—		—
Qorvo	1,000	10	0.74	—		—
iQor	1,000	10	0.74	—		—
Nortel Networks	—		—	4,800	1	8.16
Cingular Wireless	—		—	1,500	8	2.55
Elcan/Raytheon E-Systems	—		—	1,100	10	1.87
Verizon Business	—		—	2,950	4	5.01
Countrywide Financial	—		—	2,500	5	4.25
Total	30,274		22.26%	25,911		44.05%

Source:
(1) Richardson Economic Development Partnership as of September, 2015.
(2) North Central Texas Council of Governments a total city employment was approximately 136,030
(3) Richardson Economic Development Partnership and City of Richardson, 2006.
(4) TWC website provided the total labor force numbers for September, 2006.

Table 16

CITY OF RICHARDSON, TEXAS

Full-Time Equivalent City Government Employees by Function/Program

Last ten fiscal years

(unaudited)

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	142	145	146	143	141	143	143	145	149	150
Public safety	393	398	398	399	396	395	395	396	397	414
Public services	150	152	161	161	159	156	157	159	156	154
Library	33	34	35	35	35	35	35	35	29	30
Parks and recreation (1)	79	81	82	78	78	80	81	81	77	94
Public health	15	16	16	16	15	16	17	17	17	17
Water	59	61	64	64	64	66	66	66	66	68
Wastewater	11	11	12	12	12	12	12	12	12	12
Solid waste	57	61	61	70	70	70	70	70	70	71
Golf (1)	16	16	16	16	16	16	16	16	14	-
Total	955	975	991	994	986	989	992	997	987	1,010

Source: City Budget Office.
Totals updated for years 2009 - 2012 in FY 2013.

(1) In FY 2015, the Golf function was reclassified into the Parks and recreation function.

Table 17

CITY OF RICHARDSON, TEXAS

Operating Indicators by Function/Program

Last ten fiscal years

(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety:										
Police: Number of employees	243	248	249	246	229	242	246	246	245	252
Fire: Number of employees	150	150	149	151	150	153	150	150	152	158
Municipal court:										
Number of violations (citations)	39,972	39,361	49,008	42,137	46,077	54,113	46,357	48,249	43,144	39,042
Public services:										
Asphalt repairs (tons) (1)	1,252	1,403	7,683	1,322	1,091	1,117	1,184	978	572	600
Concrete replacement (yards) (1)	-	-	-	-	-	-	-	-	3,806	3,118
Parks and recreation: Acreage (2)	1,598	1,598	865	865	865	865	865	865	865	870
Library: Volumes in collection	247,059	250,035	262,208	251,535	253,802	260,328	263,782	252,261	252,789	252,955
Water and sewer:										
Number of water consumers	32,626	32,318	32,064	31,751	31,711	32,407	32,409	32,685	32,895	33,046
Average daily water consumption (thousands of gallons) (3)	31,342	27,401	27,540	23,622	26,703	26,033	22,555	20,482	19,148	22,478
Number of sewer consumers	31,675	31,713	31,518	31,274	31,245	29,192	29,162	29,295	29,533	29,681
Solid waste:										
Refuse collected (tons/day) (5)	165	162	162	149	152	143	136	138	136	188
Bulky/brush pickups (tons/day) (5)	53	60	67	60	65	59	64	62	71	36
Recyclables collected (tons/day)	18	18	20	22	28	28	30	27	26	26
Golf: Number of rounds played (4)	100,750	94,825	102,584	100,266	75,630	92,999	92,681	87,003	71,488	47,893

(1) Asphalt repairs were reduced in FY 2014 because in FY 2014 public services began a new program focusing on full concrete replacement rather than asphalt overlays.
(2) Park and Recreation Acreage – Prior to 2008 acreage was reported as all land that the Parks Department maintained (included ROW, medians, etc.). Starting in 2008, reported totals are only acreage of park land.
(3) In FY 2015, the average daily water consumption has increased because watering restrictions were lifted.
(4) Course 1 was closed from February 1, 2015 through October 16, 2015.
(5) In FY 2015, refuse includes other bulky trash that is not composted.

Source: City Departments

Table 18

CITY OF RICHARDSON, TEXAS

Capital Asset Statistics by Function/Program

Last ten fiscal years

(unaudited)

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	40	41	44	43	42	43	46	48	50	46
Volunteer patrol units	-	-	2	3	3	3	3	2	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets- paved (miles)	401	402	402	405	404	404	406	409	411	411
Alleys – paved (miles)	221	222	223	223	221	221	222	222	222	222
Sidewalks (miles)	593	593	585	585	651	651	652	665	678	678
Streetlights	6,036	6,036	6,120	6,159	6,171	6,207	6,211	6,234	6,241	6,288
Parks and recreation:										
Parks	30	30	30	30	30	32	32	33	33	35
Playgrounds	28	28	28	28	28	29	29	30	30	31
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	32	32	32	32	32	32	32	32	32	32
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	551	555	559	563	567	569	571	574	581	581
Fire hydrants	3,893	3,963	4,062	4,056	4,110	4,156	4,187	4,258	4,359	4,359
Wastewater:										
Sanitary sewers (miles)	495	495	499	499	499	499	500	503	503	503

Source: City Departments

Table 19

CITY OF RICHARDSON, TEXAS

Schedule of Pension Benefits Funding Progress (1)

Last ten fiscal years

(unaudited)

Actuarial valuation date		Fiscal Year	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(c) Funded ratio (%) (a)/(b)	(d) Unfunded ALL (UAAL) (b)-(a)	(e) Annual covered payroll (1)	UAAL as a percentage of covered payroll (%) (d)/(e) (2)
12/31/05		2006	$ 155,476,548	$ 203,726,194	76.32	$ 48,249,646	$ 50,060,682	96.38
12/31/06		2007	166,224,131	219,709,038	75.66	53,484,907	52,078,971	102.70
12/31/07	(3)	2008	169,208,373	262,453,428	64.47	93,245,055	54,789,624	170.19
12/31/08		2009	176,026,211	276,540,082	63.65	100,513,871	58,633,974	171.43
12/31/09		2010	190,620,271	266,366,493	71.56	75,746,222	58,679,443	129.08
12/31/10	(4)	2011	313,084,736	359,151,109	87.17	46,066,373	58,251,916	79.08
12/31/11		2012	335,735,994	377,190,581	89.01	41,454,587	59,243,331	69.97
12/31/12		2013	357,883,017	393,548,291	90.94	35,665,274	60,109,888	59.33
12/31/13	(5)	2014	381,584,128	434,417,023	87.84	52,832,895	62,548,315	84.47
12/31/14		2015	403,661,975	452,625,423	89.18	48,963,448	64,872,361	75.48

(1) This schedule shows the pension benefit on a funding basis, as reported by TMRS each year. The funding basis, which is used to determine the City's annual contribution rate, uses an actuarial value for plan assets rather than a market value. This data is used to show ongoing funding progress of the plan with the normal cyclical swings of the stock market smoothed out.

(2) Covered annual payroll and UAAL as a percentage of covered payroll are based on the fiscal year. The rest of the information is provided by TMRS on a calendar year basis.

(3) In 2007, the TMRS Board made several changes to the actuarial methods and plan assumptions. The actuarial method changed from unit credit to projected unit credit. Benefits changed from a pay-as-you- go basis to a pre-funded basis and to mitigate that change the TMRS Board approved an eight year transition period. In addition, the amortization period changed from a 25-year open period to a 30-year closed period. These changes were incorporated into the TMRS 2007 actuarial valuation.

(4) The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. This change was incorporated into the TMRS 2010 actuarial valuation and had the net effect of increasing the City's funded ratio.

(5) In 2013, the TMRS Board, in preparation for implementation of GASB Statement No, 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, changed the actuarial cost method to entry age normal and updated post-retirement mortality assumptions. These changes were incorporated into the TMRS 2013 actuarial valuation which had the net effect of reducing the City's funded ratio and reducing the remaining amortization period from 25.3 to 17 years for the City's fiscal year 2014.