

**CITY OF RICHARDSON, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**Prepared By:**

**DEPARTMENT OF FINANCE**

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**CITY OF RICHARDSON, TEXAS**  
 Comprehensive Annual Financial Report  
 Year ended September 30, 2016

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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**

February 2, 2017

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

**Dan Johnson**  
City Manager

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2016, 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, 2016, 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 in November 2015. The City currently has a land area of 28.5 square miles and an estimated population of 104,300. 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

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## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2016

Council members and the Mayor are elected at large, with four Council members representing 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.

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### **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 meeting venues, 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.

Richardson also benefits from the Dallas Area Rapid Transit ("DART") Light Rail line which parallels U.S. 75 and has four stations in the City. In October of 2016, DART approved the future construction of the Cotton Belt Commuter Rail Line with the adoption of its 20-Year Financial Plan. Service on the Cotton Belt is projected to commence in 2022. The Cotton Belt line will run from DFW Airport to the eastern side of Plano, with Richardson stations located at the University of Texas at Dallas and CityLine. The Cotton Belt rail line will also connect to Fort Worth's TEXRail Line, which is being developed to connect downtown Fort Worth to the DFW Airport. 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 TIF District #3.

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 as evidenced by the following examples:

CityLine: 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 which has direct access to two major highways and an on-property DART Rail station which enhances its convenience and accessibility. The development now includes

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corporate office buildings anchored by State Farm and Raytheon, apartments, hotels, a wellness office building and fitness center anchored by Texas Health Resources and Children's Medical Center, 150,000 square feet of restaurants and retail space, and two City parks with connectivity to regional trails and nature preserves. This unique lifestyle destination balances spaces to live, work and play while the compact layout offers easy access to the following areas of interest:

- **State Farm:** Construction on the first phase of development began in April 2013, with three of four buildings for State Farm, as well as associated infrastructure and public amenities completed in 2015. The final building was completed in October 2016, with State Farm occupying 2.1 million square feet of office space at CityLine that will enable it to grow its local workforce to 10,000. 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.
- **Dining:** There are numerous dining options available at the CityLine development. The first restaurant signed to the development was Jasper's, featuring "gourmet backyard cuisine" which was named to Esquire Magazine's Top 20 Best New Restaurants in America. Other dining options are Tom+Chee, the quintessential grilled cheese and tomato soup shop, Top Pot Hand-Forged Doughnuts & Coffee, Coal Vines, Edoko Sushi & Robata, Fernando's, Good Union Urban BBQ, Starbucks, The Kitchen Table, Red Mango, and Tricky Fish among others.
- **Lot at CityLine:** KDC partnered with JLB Partners to build a 532-unit apartment community featuring 4-story and 5-story luxury urban style residential buildings including approximately 32,000 square feet of retail space. The company is currently leasing one, two and three bedroom floorplans in Lot A and Lot B. Lot C with a planned 262 units is estimated to be complete in 2017 and Lot D with a planned 237 units is estimated to be complete in 2018. The apartments are located within walking distance of the State Farm office buildings in CityLine and front Plano Road.
- **The Standard:** 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.
- **CityLine Park Apartments:** The Zale/Corson Group recently began construction of 435 apartment units located just north of their first complex, The Standard. The CityLine Park complex has an estimated completion date of 2018.

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- Aloft at CityLine: Starwood Hotels & Resorts is well into construction of a 150-room select service hotel scheduled to open in late summer 2017. The hotel is located in proximity to the first three State Farm buildings and fronts CityLine Plaza situated at the heart of the CityLine development.
- In December 2016, KDC announced its intent to build a 17 story, multi-tenant office tower containing 400,000 square feet of space to be located on the south side of State Street east of Wilshire Way.

CityLine Market: A 14.4 acre retail development by Regency Center is located within TIF District #2 on the northeast corner of Plano Road and Renner Road. This development is anchored by a 40,000 square foot Whole Foods Market with two inline retail buildings and multiple pad sites fronting Renner Road for a total of almost 103,000 square feet of retail space.

- Retail: Various retail tenants occupy CityLine Market such as CVS, Wells Fargo, Reef Point Yoga, CityLine Dental Center, The Joint, FedEx, CityLine Nail & Spa, Eighteen Eight, and Massage Envy.
- Dining: Options for dining include Fish City Grill, Jimmy John's, Pho is For Lovers, Super Chix, Luna Grill, Modern Market, Pei Wei Asian Diner, Piada Italian Street Food, Smashburger, and Taco Diner among others.

CityLine West: In October 2014, the zoning for 55 acres within TIF District #3, situated between U.S. 75 and the DART rail line was amended, facilitating purchase of the property by BC Station Partners LLC from the W.W. Caruth Jr. Foundation. Development entitlements provide for up to 1.35 million square feet of office space, 1,250 urban-style apartments, 100,000 square feet of retail space and two hotels. There are currently three projects under construction in this area and a fourth in design:

- 3400 @ CityLine: Transwestern Development Co. broke ground in June 2016 on a 7-acre, 5-story, 310,000 square foot speculative office building. The new building at the northeast corner of U.S. 75 and Renner Road is within walking distance of the 183-acre CityLine campus. Completion is currently scheduled for late 2017.
- Alexan CityLine I and II: Dallas-based Trammell Crow Residential is deep into construction of two urban-style apartment projects, comprising a total of 705 luxury apartment homes adjacent to the west side of CityLine/Bush station. The first phase of 351 units is slated for opening in early 2017 and the second phase, scheduled to open the summer of 2018, will add an additional 354 units. A potential third phase would increase this residential community to more than 1,000 apartments flanking both sides of CityLine Drive.
- Drury Hotel: In 2016 Drury Southwest purchased a 6.4-acre site located at the southeast corner of CityLine Drive and U.S. 75. Drury Southwest is in the process of finalizing a site

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plan on approximately 3 acres to accommodate an 11-story, full-service 201 room hotel with a parking garage, an attached 6,500 square foot conference facility, and a 6,000 square foot free-standing restaurant.

Raytheon: 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 within TIF District #2 at the southwest corner of Wyndham Lane and the President Bush Turnpike in July 2014, and the company began occupying the new campus in September 2015. 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.

Centre Living Homes: Construction began in 2016 on this distinctly urban style single family development of 32 single-family, zero-lot-line homes on approximately 2.4 acres located at the southwest corner of CityLine Drive and Foxboro Drive. The only single family development in the TIF District #2 and CityLine area, the development's dense, compact design is well suited to the broader CityLine context while expanding the range of housing choices available in Richardson.

Eastside, Phase II: Property owners Fobare Commercial and AGF, in partnership with Hunt Development Co., are expanding their \$90-million mixed-use Eastside development located at Campbell Road and U.S. 75 within TIF District #1 with a second development phase. Eastside Phase II replaces about 145,000 square feet of obsolete garden office space.

- The Mallory: The initial phase of the Eastside Phase II development includes 280 urban-style apartment homes wrapping a 5-level parking garage on a 4.8 acre lot. A future phase will include additional apartment space and a potential office building. Construction on the first phase began in 2015 with an anticipated completion of early 2017.
- The Art Park: Work is progressing on the installation of a large-scale public art piece to be located adjacent to the south end of the Mallory property that is being funded through a public-private partnership. This artwork's grand scale, iconic design, and strategic location ensures that it will be viewed daily by tens of thousands of motorists, DART passengers, cyclists and pedestrians, both day and night. Projected completion is autumn 2017.

GreenVUE: San Antonio-based apartment builders Embrey Partners Ltd. broke ground on an 11-acre urban-style apartment community located at 1350 North Greenville Avenue near DART's Arapaho Center light rail station in 2014, began leasing in 2015, and fully completed the project in 2016. GreenVUE, located within TIF District #1, boasts 408 units, resort caliber amenities, regional trail connectivity and a 1-acre public park located at the southwest corner of E. Collins Boulevard and Alma Road.

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Richardson Food Truck Park: The City Council approved new regulations for food trucks during 2015, paving the way for Richardson Food Truck Park which opened in the summer of 2015. The site, open daily for lunch and dinner in Richardson's Interurban district and TIF District #1, features a rotating line-up of food trucks, local beers, wines on tap, free wi-fi, and is dog friendly.

Restaurant Park: A public-private partnership between the City and Hermansen Land Development Inc. facilitated development of Restaurant Park in TIF District #1. 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 other amenities. The City provided a purchase grant to support redevelopment of the area and three restaurants have been secured for the site: Asian Wokk Cookhouse, The Halal Guys, 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:

- In 2015, software provider RealPage Inc. announced plans to move its North Texas headquarters to 2201 Lakeside Boulevard, former site of Nortel Networks. The move, which occurred during 2016, brings about 2,100 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 in 2015 to move its North Texas regional offices to Richardson, leasing the former Fossil headquarters at 2280 N. Greenville Ave. Relocation was completed in 2016 bringing more than 1,800 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 also experiencing significant 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 Cinnaholic - Gourmet Cinnamon Rolls, Haystack Burgers & Barley, Taco Joint, Krispy Kreme, Tasty Tails, Starbucks, Half Price Books and Skechers. 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, Tokyo Joe's and Snuffer's Restaurant & Bar. 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 now open for business.
- JP Partners, KBS Realty Advisors, and GE Capital joined together to begin development of a mixed-use project at the Palisades Town Central, an 80-acre development located on the west side of U.S. 75 across from the Galatyn Park DART rail station. The project includes single family homes, apartments, high-rise office buildings, (almost 500,000 square feet already

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existing), retail, restaurants, and a full service hotel built around a 4-acre park. Builder K. Hovnanian Homes has purchased more than 100 lots for patio homes within the westernmost portion of the development, completed its first model home, and is now actively marketing lots. Additionally, Wood Partners is currently deep into construction of more than 560 urban-style apartment homes in two distinct, but complementary apartment communities that will begin leasing in 2017.

- Dallas-based developer Wynne Jackson Inc. and Balfour Beatty Campus Solutions partnered with the University of Texas at Dallas to develop the Northside at UTD mixed-use project, located on the north end of the UT Dallas campus. Phase one of the development, completed in the fall of 2016, includes a 313-bed mid-rise apartment and townhome project plus approximately 20,000 square feet of retail space on a 13-acre tract. Phase two of the development will break ground in the spring of 2017 and will include 275 units and about 7,000 square feet of retail space on a 13-acre tract. Zoning approved in 2016 allows for up to 2,000 multi-family units, approximately 519,000 square feet of office space, a hotel and ground floor retail on 51 acres (inclusive of Northside at UTD phase two). Northside at UTD is being developed on land owned by the university that is bisected by the Cotton Belt regional commuter rail line. The Cotton Belt UTD station will be centrally located in the heart of the Northside at UTD development.
- Methodist Richardson Medical Center (MRMC) operates two campuses in Richardson. The Bush/Renner campus hosts a 125-bed, four-story hospital that employs nearly 900 professionals, and 400-plus physicians representing more than 35 specialties. The Bush/Renner campus includes ground-level outpatient, imaging and surgical services, a dedicated Women's Pavilion and an adjacent Cancer Center. The Campus for Continuing Care (formerly the Campbell Road campus) offers acute care services and includes two medical plazas, physician offices, a full-service emergency department and other ancillary services.
- The University of Texas at Dallas, located within the City of Richardson, continues to experience campus growth and upgrades. During 2016, construction was completed on the Student Services Building Addition. New projects include an Alumni Center, a Brain Performance Institute, and an Engineering Building as well as additional housing options. These enhancements are part of a campus renovation that has included hundreds of millions of dollars of investment in new and upgraded buildings since 2009. With an enrollment of almost 27,000 students for the fall of 2016, UTD continues to position itself to achieve status as a "Tier One" research university, a designation that would be the first in the Dallas-Fort Worth Metroplex and only the 4th in the State of Texas.
- Aprima Medical Software Inc., a provider for electronic health records and revenue management software, announced in July, 2016 that it plans to consolidate its North Texas offices and 250 employees to Richardson. The company leased 55,000 square feet of space at 1010 E. Arapaho Road in Richardson. According to its CEO, Aprima's long-standing



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relationship with the University of Texas at Dallas' engineering school and appeal of the Richardson community helped solidify the relocation decision.

- Qorvo, publicly-held company with headquarters in Greensboro, NC leased an additional 114,247 square feet of office space at 1201 E. Campbell Road in Richardson to be occupied by its local sales and administrative staff and regional headquarters while making room for additional semiconductor manufacturing at its Richardson campus at 500 Renner Road. The fast-growing company manufactures special chips for the mobile phone and military industries.

### **Long-term Financial Planning**

The \$19,788,711 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 November 2015, citizens approved a new \$115 million bond program. The 2015 program includes \$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 2016, the City issued \$23 million in General Obligation Refunding and Improvement Bonds and \$5.47 million in General Obligation Taxable Bonds to take advantage of low interest rates and refund prior year debt issues as well as provide new funds to begin implementation of the City's 2015 bond program. The City also issued \$6.945 million in Combination Tax and Revenue Certificates of Obligations to meet the City's capital needs.

### **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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015. This was the thirty-eighth 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.

**CITY OF RICHARDSON, TEXAS**

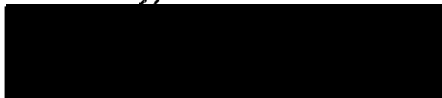
Transmittal Letter

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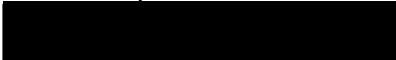
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the accounting division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to thank Don Magner, First Assistant City Manager and Cara Copley, Treasurer and Revenue 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, 2016**

**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**

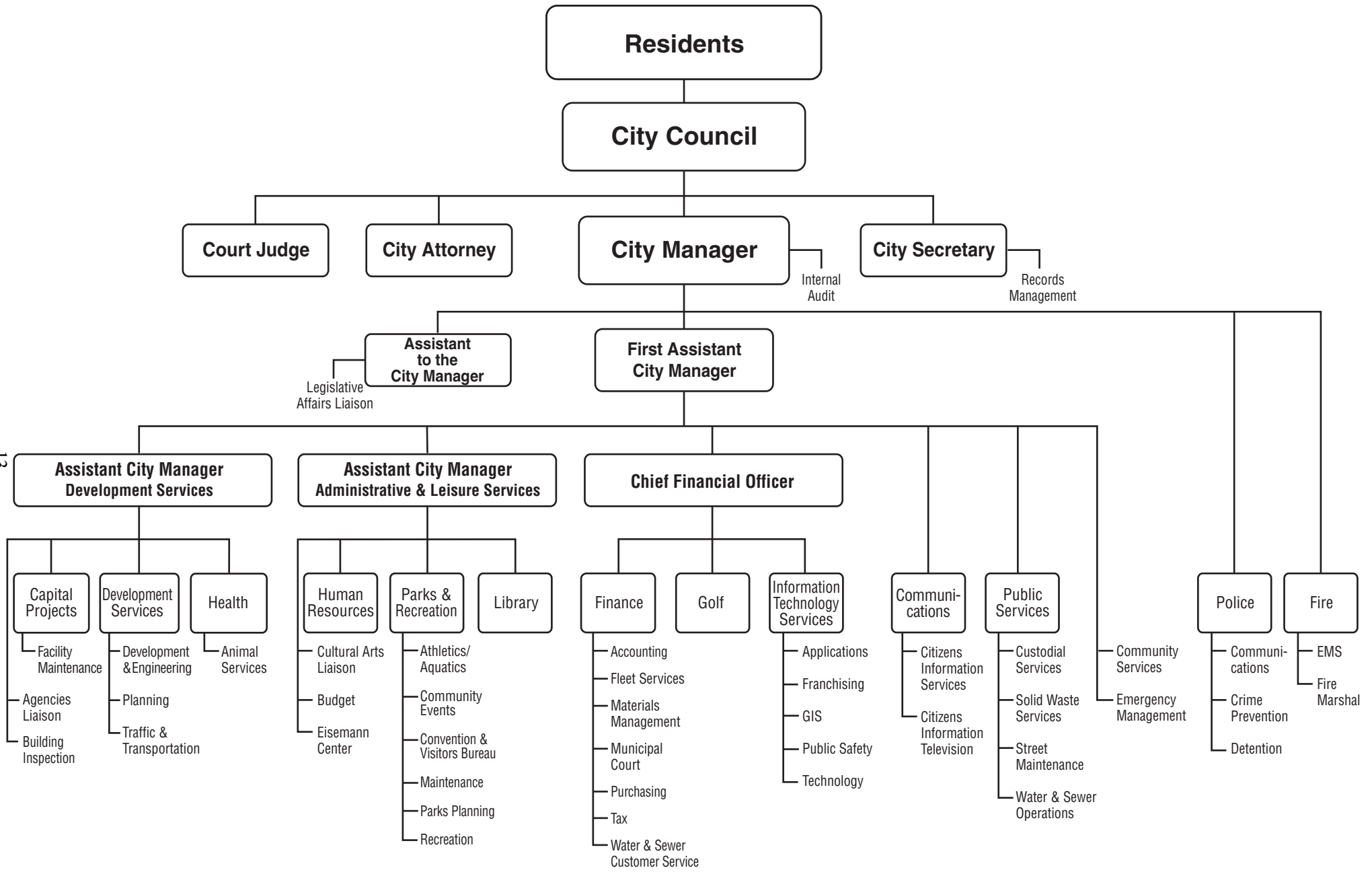
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**



Executive Director/CEO

13



## **FINANCIAL SECTION**

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## 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, 2016, 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, 2016, 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.

## **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 16 – 26, 76, 77, 77, 78, and 79 be 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, 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 February 2, 2017 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

Dallas, Texas  
February 2, 2017

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
September 30, 2016

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, 2016. 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, 2016 by \$193,077,382 (net position).
- The City's total net position increased \$4,382,111. The reasons for this increase can be found on pages 18-21 of this report.
- At September 30, 2016, the City's governmental funds reported combined ending fund balances of \$56,345,905. The \$19,788,711 unassigned fund balance in the General Fund represents 16.5% of total General Fund expenditures and transfers out.
- Principal balances of the City's total long-term debt increased by \$7,172,735 (2%) during the current fiscal year (see Table 4). Additional information on the City's long-term debt can be found in Note 9 of the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts; management's discussion and analysis (this section), basic financial statements, required supplementary information and combining statements for nonmajor governmental funds and internal service funds.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are Government-Wide Financial Statements that provide information about both the short term and long term financial status of the City as a whole.
- The remaining statements are Fund Financial Statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the Government-Wide statements.
  - The Governmental Fund Statements take a short term view and demonstrate how general government services like public safety were financed during the course of the fiscal year.
  - The Proprietary Fund Statements offer both short and long term financial information about the activities the government operates like businesses, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
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**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 customers a fee 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

**CITY OF RICHARDSON, TEXAS**  
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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 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.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position.** Total assets of the City at September 30, 2016 were \$601,882,301, deferred outflows of resources were \$41,206,083, total liabilities were \$448,828,639 and deferred inflows of resources were \$1,182,363 resulting in a net position balance of \$193,077,382 a 2% increase over the previous year (see Table 1).

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
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The largest portion of the City's net position, \$185,865,984 (96%), 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.

An additional portion of the City's net position, \$13,943,840 (7%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of (\$6,732,442) (-3%) reflects commitments made as part of its post-employment benefits program. More details about these benefits can be found in Note 16 of the financial statements.

The government's overall net position increased \$4,382,111 over the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

**Table 1**  
**City of Richardson**  
**Net Position**  
(In thousands)

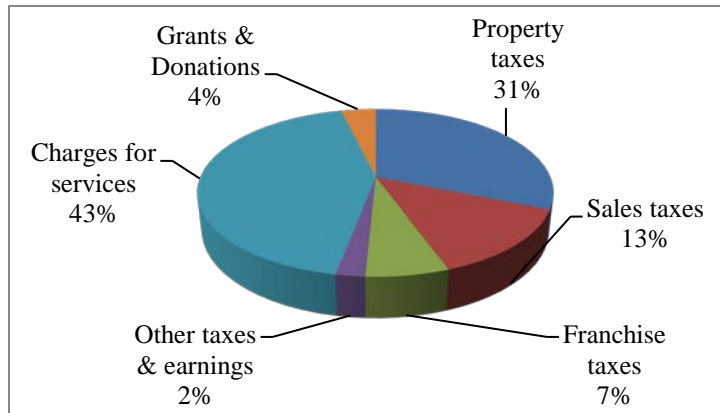
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2015-2016</u>
Current and other assets	\$ 72,791	\$ 66,074	\$ 34,668	\$ 32,996	\$ 107,459	\$ 99,070	<b>8.5%</b>
Capital assets	<u>392,401</u>	<u>382,350</u>	<u>102,022</u>	<u>101,077</u>	<u>494,423</u>	<u>483,427</u>	<b>2.3%</b>
Total assets	<u>465,192</u>	<u>448,424</u>	<u>136,690</u>	<u>134,073</u>	<u>601,882</u>	<u>582,497</u>	<b>3.3%</b>
Total deferred outflows of resources	<u>34,528</u>	<u>11,389</u>	<u>6,678</u>	<u>2,253</u>	<u>41,206</u>	<u>13,642</u>	<b>202.1%</b>
Other liabilities	44,517	16,882	13,274	7,191	57,791	24,073	<b>140.1%</b>
Long-term liabilities	<u>332,257</u>	<u>322,068</u>	<u>58,781</u>	<u>61,190</u>	<u>391,038</u>	<u>383,258</u>	<b>2.0%</b>
Total liabilities	<u>376,774</u>	<u>338,950</u>	<u>72,055</u>	<u>68,381</u>	<u>448,829</u>	<u>407,331</u>	<b>10.2%</b>
Total deferred inflows of resources	<u>1,023</u>	<u>97</u>	<u>160</u>	<u>17</u>	<u>1,183</u>	<u>114</u>	<b>937.7%</b>
Net Position:							
Net investment in capital assets	130,402	134,199	55,464	51,770	185,866	185,969	<b>-0.1%</b>
Restricted	10,682	10,511	3,262	5,464	13,944	15,975	<b>-12.7%</b>
Unrestricted	<u>(19,160)</u>	<u>(23,943)</u>	<u>12,427</u>	<u>10,694</u>	<u>(6,733)</u>	<u>(13,249)</u>	<b>-49.2%</b>
Total net position	<u>\$ 121,924</u>	<u>\$ 120,767</u>	<u>\$ 71,153</u>	<u>\$ 67,928</u>	<u>\$ 193,077</u>	<u>\$ 188,695</u>	<b>2.3%</b>

**CITY OF RICHARDSON, TEXAS**  
 Management's Discussion and Analysis (Unaudited)  
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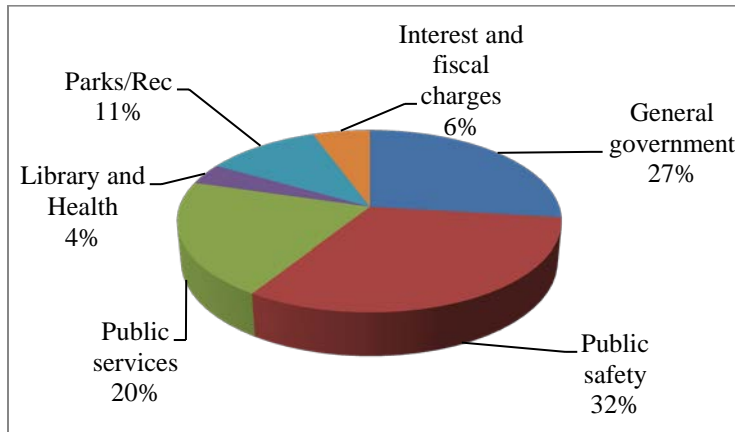
**Changes in net position.** The City's total revenues increased by 9.5% to \$253,017,313 (see Table 2). The State of Texas only provides limited support to municipalities, so the majority of the City's revenues are generated through local taxes and fees. Approximately 44% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up approximately 43% of revenue collected (see Figure 1).

The total cost of all programs and services increased 11.4% to \$248,635,202 (see Table 2). The City's functional expenses cover a range of services with nearly one third attributed to public safety (see Figure 2).

**Figure 1 - Sources of Revenue for FY 2016**



**Figure 2 – Functional Expenses for FY 2016**



**Governmental Activities.** Net position increased \$1,156,202. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of \$8,083,519 and sales tax revenue of \$2,595,477. Other revenue increases included hotel/motel tax of \$499,232 and franchise tax of \$411,564 respectively.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
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- Pension expenses increased \$5,057,052 over last year primarily due to a difference between projected and actual investment earnings on pension plan assets. Additional information on the City's pension plan can be found in Note 17 of the financial statements.

**Business-Type Activities.** Business type activities increased net position by \$3,225,909. Key elements to the change in net position are as follows:

- Water sales were lower than anticipated due to more than expected rainfall during the summer months. In FY2016, the City received 67.9" of rainfall compared to the 49.2" received in the previous year and the five-year average rainfall of 41.6". However, an increase in the water & sewer retail rates resulted in revenues exceeding the previous year by \$3,673,338. Wholesale water and sewer treatment expenditures increased \$4,985,598 over last year as the North Texas Municipal Water District (NTMWD) continues to increase wholesale water and wastewater rates to reflect their maintenance initiatives and capital improvement plans.
- Solid waste fees revenue finished the year \$309,526 over the previous year due to an increase in construction and demolition revenues. Solid waste expenses increased a total of \$236,174, however, maintenance expenditures recognized a savings of approximately \$140,000 as actual disposal rates were lower than the original NTMWD estimates.



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**Table 2**  
**City of Richardson**  
**Changes in Net Position**  
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2016	2015	2016	2015	2016	2015	2015-2016
Revenues:							
Program revenues:							
Charges for services	\$ 32,104	\$ 24,909	\$ 77,259	\$ 73,357	\$ 109,363	\$ 98,266	11.3%
Operating grants & contributions	3,690	967	-	-	3,690	967	281.6%
Capital grants & contributions	1,818	8,168	4,031	1,549	5,849	9,717	-39.8%
General revenues:							
Property taxes	78,761	70,677	-	-	78,761	70,677	11.4%
Sales taxes	33,660	31,065	-	-	33,660	31,065	8.4%
Franchise taxes	16,058	15,647	-	-	16,058	15,647	2.6%
Mixed beverage and bingo tax	543	523	-	-	543	523	3.8%
Hotel/motel taxes	4,436	3,937	-	-	4,436	3,937	12.7%
Unrestricted interest earnings	399	137	109	47	508	184	176.1%
Gain on sale of assets	69	78	80	109	149	187	-20.3%
Total Revenues	171,538	156,108	81,479	75,062	253,017	231,170	9.5%
Expenses:							
General government	45,754	36,761	-	-	45,754	36,761	24.5%
Public safety	54,796	48,745	-	-	54,796	48,745	12.4%
Public services	34,955	30,588	-	-	34,955	30,588	14.3%
Library	4,311	4,161	-	-	4,311	4,161	3.6%
Parks and recreation	18,987	18,310	-	-	18,987	18,310	3.7%
Public health	2,054	1,807	-	-	2,054	1,807	13.7%
Interest and fiscal charges	9,524	9,884	-	-	9,524	9,884	-3.6%
Water and sewer	-	-	63,836	59,159	63,836	59,159	7.9%
Solid waste	-	-	14,418	13,725	14,418	13,725	5.0%
Total Expenses	170,381	150,256	78,254	72,884	248,635	223,140	11.4%
Increase (decrease) in net position before transfers	1,157	5,852	3,225	2,178	4,382	8,030	-45.4%
Transfers	-	(2,064)	-	2,064	-	-	0.0%
Increase (decrease) in net position	1,157	3,788	3,225	4,242	4,382	8,030	-45.4%
Net position-beginning	120,767	116,979	67,928	63,686	188,695	180,665	4.4%
Net position – ending	\$ 121,924	\$ 120,767	\$ 71,153	\$ 67,928	\$ 193,077	\$ 188,695	2.3%

**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 \$56,345,905. Approximately 35%, or \$19,788,711, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, \$36,557,194 or 65% is not available for general spending.

**CITY OF RICHARDSON, TEXAS**  
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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 approximately 16.5% of total General Fund expenditures and transfers out, while total fund balance represents 17.6% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased \$1,402,743 this fiscal year. Sales tax revenues increased \$2,595,477 from the previous year's collections. Licenses and permits increased \$1,258,090 over last year due to the increase in commercial building permits. Franchise fees resulted in a \$410,553 increase from the previous year, primarily due to an increase in electric and natural gas franchise fees.

The Debt Service Fund has a fund balance of \$2,653,198, 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 \$20,512,322, of which \$274,020 is nonspendable resources represented by property held for redevelopment. \$9,200,120 of fund balance is restricted for future capital equipment purchases and construction projects, and \$11,038,182 is assigned for various capital projects. The fund balance increased \$5,510,743 due to FY 2016 general obligation and certificate of obligation proceeds for the construction of various capital improvements throughout the City. The Capital Fund also received transfers from the general fund of \$5.9 million to pay for additional special maintenance and other projects.

The Other Governmental Funds had a fund balance increase of \$2,039,435. The major items related to this increase were collection of TIF revenues, Drainage fund fees, Hotel Motel fund facility fees and Economic Development fund fees that were not spent in the current year.

**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 \$12,336,532 and \$296,761 respectively. Total net position increased \$4,082,532 in the Water and Sewer Fund and the Solid Waste Fund decreased (\$974,580).

**General Fund Budgetary Highlights:** The City Council made revisions to the original approved appropriations as shown below. With better than expected revenue and expenditure performance, the Council earmarked \$5.9 million for special maintenance initiatives as well as other project improvements.

- Property Tax revenue came in \$193,000 or 0.4% over year end estimates and (-0.2%) below the original budget. Estimates were lowered in anticipation of a lower collection rate and the possible need for a small transfer to Debt Service.
- Sales and other business tax revenue finished the year (\$219,000) below the year-end estimate of \$33.9 million, but an increase of \$3.6 million from the original budget.
- License and Permit revenue increased \$657,000 over year-end estimates of \$4.0 million. Building permit revenue increased \$747,000 over estimates with 50% of that or \$371,000 coming from two large permits in the CityLine area. Commercial and residential development continued to be a strong economic driver.
- Franchise fee revenue ended the year \$159,000 over the year-end estimate. The largest increase of \$253,000 was in the electric franchise fees while natural gas added another \$56,000 over the year-end estimate.

**CITY OF RICHARDSON, TEXAS**  
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Overall positive variance of \$1.5 million in General Government expenditures was due to the following:

- Personal services expenditures ended the year (\$401,000) or (0.5%) below year end estimates due to vacancies and overtime savings across many departments.
- Professional services expenditures ended the year with (\$537,000) or a (-5.5%) savings under the estimate of \$9.7 million.
- Maintenance expenditures were (\$543,000) below estimates due to minor savings throughout the fund. Supply expenditures were (\$273,000) below the estimate of \$9.1 million.

**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, 2016 amounts to \$494,423,398 (net of accumulated depreciation) as shown in Table 3. 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 \$10,996,761 (2%).

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

- The Golf Course renovation was completed totaling \$2.3 million.
- Land and Park improvements in the CityLine development were completed totaling \$4.8 million.
- Public Safety Campus land purchases totaled \$4.7 million.
- The City completed numerous street, bridge, sidewalk, alley, traffic and trail projects totaling over \$11.2 million.
- The Water and Sewer Fund completed \$5.1 million in projects, which extended and improved the City's Water and Sewer system. Other improvements and equipment purchases were completed for \$2.1 million

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 82,165	\$ 74,564	\$ 424	\$ 424	\$ 82,589	\$ 74,988
Public Art	442	-	-	-	442	-
Buildings	75,112	78,533	4,258	4,439	79,370	82,972
Improvements other than buildings	36,694	33,393	2,285	190	38,979	33,583
Infrastructure	156,795	156,401	85,904	85,703	242,699	242,104
Vehicles, machinery and equipment	14,706	15,306	7,294	7,001	22,000	22,307
Construction in progress	26,487	24,153	1,857	3,320	28,344	27,473
Total capital assets, net	\$ 392,401	\$ 382,350	\$ 102,022	\$ 101,077	\$ 494,423	\$ 483,427

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 \$238,930,000 as shown in Table 4. Of this amount, \$191,684,412 represents tax-

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
September 30, 2016

supported bonds, \$47,245,588 represents self-supported bonds. The other obligations of \$65,006,675 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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 154,949	\$ 162,669	\$ 21,566	\$ 17,626	\$ 176,515	\$ 180,295
Certificates of obligation	36,735	38,560	25,680	32,570	62,415	71,130
Total bonds payable	<u>191,684</u>	<u>201,229</u>	<u>47,246</u>	<u>50,196</u>	<u>238,930</u>	<u>251,425</u>
TIF obligations	62,452	41,507	-	-	62,452	41,507
Other obligations	<u>2,555</u>	<u>3,832</u>	-	-	<u>2,555</u>	<u>3,832</u>
Total outstanding debt	<u>\$ 256,691</u>	<u>\$ 246,568</u>	<u>\$ 47,246</u>	<u>\$ 50,196</u>	<u>\$ 303,937</u>	<u>\$ 296,764</u>

In April 2016, the City issued a total of \$35.415 million in debt to facilitate its ongoing capital program as well as to refund \$23.155 million in existing debt. In addition, the City recognized TIF obligations during the year of \$22.25 million. Details of these transactions, including the purposes of each issue, can be found in Notes 9 and 11 to the financial statements.

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

- The City experienced strong property value growth, allowing the City Council to lower the property tax rate by a full penny to \$0.62516/\$100 of valuation while increasing tax revenues by \$4.388 million.
- Sales Tax growth is projected \$959,000 over prior year base to base sales tax, but elimination of significant audit adjustments will result in a cumulative projected decrease of (\$402,000) from year end estimates.
- Franchise fees are projected to increase \$467,000 due to Water and Sewer rate increases and growth in electric consumption due to new developments.
- The North Texas Municipal Water District (NTMWD) wholesale water and wastewater rates the City incurs has increased and is expected to continue to increase annually to reflect their maintenance initiatives.

The above indicators were taken into consideration when adopting the FY2016-2017 budgets.

Strong property values associated with growth in the Richardson Telecom Corridor and the North Texas area were responsible in part for the funding of multi-faceted maintenance strategies for improvements to infrastructure in the General Fund FY2016-2017 budget. Other key budget initiatives include a focus on continuing public safety staffing and increasing resources for economic development.

The FY2016-2017 Water and Sewer Fund budget anticipates an additional rate increase of \$0.24 per thousand gallons or \$2.6 million increase in wholesale water costs from NTMWD. Additionally the

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
September 30, 2016

sewer treatment services are expected to increase \$1.6 million over the original budget of \$13.3 million to allow for changes in flow. Water and Sewer revenues reflect an 8.25% increase in retail rates from FY 2015-2016 based on the assumption of normal consumption and normal weather patterns.

The FY 2016-2017 Solid Waste Fund budget includes a 6.2% increase in expenditures over year-end estimates. Disposal fees paid to NTMWD are expected to increase 1.6% over the FY 2015-2016 estimate due to a modest increase in the anticipated tonnage taken to the landfill. Solid Waste revenues are budgeted to increased 9.9%. Commercial collection fees are expected to increase 5.6% and for the first time since 2008-2009, a residential rate adjustment of \$3 per month has been adopted. Revenues are projected to be \$1.3 million higher than the previous year.

**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, 2016

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 30,404,794	\$ 4,615,944	\$ 35,020,738
Investments	32,192,475	10,960,000	43,152,475
Receivables (net of allowances)	8,667,518	7,621,974	16,289,492
Inventories	494,823	144,402	639,225
Prepaid items	422,056	257,391	679,447
Deposits	129,747	—	129,747
Property held for redevelopment	274,020	—	274,020
<b>Restricted assets:</b>			
Cash and cash equivalents	—	3,189,659	3,189,659
Investments	—	8,083,933	8,083,933
Receivables (net of allowances)	—	167	167
Internal balances	205,436	(205,436)	—
<b>Capital assets:</b>			
Nondepreciable	109,093,833	2,280,621	111,374,454
Depreciable (net)	283,307,569	99,741,375	383,048,944
Total assets	<u>465,192,271</u>	<u>136,690,030</u>	<u>601,882,301</u>
<b>Deferred Outflows of Resources</b>			
Pension contributions, investment experience and assumptions	32,906,516	5,781,526	38,688,042
Deferred charge on refundings	1,621,406	896,635	2,518,041
Total deferred outflow of resources	<u>34,527,922</u>	<u>6,678,161</u>	<u>41,206,083</u>
<b>Liabilities:</b>			
Accounts payable	5,614,486	3,106,964	8,721,450
Retainage payable	356,647	—	356,647
Accrued liabilities	1,844,952	640,253	2,485,205
Accrued interest	4,111,626	356,783	4,468,409
<b>Payable from restricted assets:</b>			
Accounts payable	—	293,643	293,643
Retainage payable	—	54,694	54,694
Customer deposits	—	3,101,653	3,101,653
Unearned revenue	1,819,399	—	1,819,399
Money held in escrow	95,129	—	95,129
<b>Noncurrent liabilities:</b>			
<b>Due within one year:</b>			
Bonds, leases, and contractual obligations	26,890,973	5,554,690	32,445,663
Compensated absences	1,152,733	98,677	1,251,410
Workers' compensation	638,113	66,598	704,711
Unpaid claims liability	1,177,976	—	1,177,976
<b>Due in more than one year:</b>			
Bonds, leases, and contractual obligations	246,198,115	44,952,125	291,150,240
Other post employment benefits	22,562,815	3,462,911	26,025,726
Pension	53,936,274	9,477,725	63,413,999
Compensated absences	10,374,592	888,093	11,262,685
Total liabilities	<u>376,773,830</u>	<u>72,054,809</u>	<u>448,828,639</u>
<b>Deferred Inflows of Resources</b>			
Deferred charges on refunding	113,100	—	113,100
Pension actuarial experience	909,490	159,773	1,069,263
Total deferred inflow of resources	<u>1,022,590</u>	<u>159,773</u>	<u>1,182,363</u>
<b>Net position:</b>			
Net investment in capital assets	130,402,291	55,463,693	185,865,984
<b>Restricted for:</b>			
Capital projects	647,551	2,984,232	3,631,783
Debt service	—	277,827	277,827
General government	5,948,105	—	5,948,105
Public safety	1,399,716	—	1,399,716
Public services	2,686,409	—	2,686,409
Unrestricted	(19,160,299)	12,427,857	(6,732,442)
Total net position	<u>\$ 121,923,773</u>	<u>\$ 71,153,609</u>	<u>\$ 193,077,382</u>

See accompanying notes to basic financial statements.



**CITY OF RICHARDSON, TEXAS**  
Statement of Activities  
Year ended September 30, 2016

	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	\$ 45,753,660	\$ 6,026,663	\$ 1,292,102	\$ 500	\$ (38,434,395)	\$ —	\$ (38,434,395)
Public safety	54,795,744	9,421,114	259,395	300,841	(44,814,394)	—	(44,814,394)
Public services	34,954,870	10,199,840	2,124,690	405,176	(22,225,164)	—	(22,225,164)
Library	4,311,493	—	13,235	—	(4,298,258)	—	(4,298,258)
Parks and recreation	18,987,653	6,110,458	—	1,075,537	(11,801,658)	—	(11,801,658)
Public health	2,054,115	345,766	—	36,411	(1,671,938)	—	(1,671,938)
Interest and fiscal charges	9,523,896	—	—	—	(9,523,896)	—	(9,523,896)
Total governmental activities	<u>170,381,431</u>	<u>32,103,841</u>	<u>3,689,422</u>	<u>1,818,465</u>	<u>(132,769,703)</u>	<u>—</u>	<u>(132,769,703)</u>
Business-type activities:							
Water and Sewer	63,836,073	63,913,894	—	4,031,662	—	4,109,483	4,109,483
Solid Waste	14,417,698	13,345,014	—	—	—	(1,072,684)	(1,072,684)
Total business-type activities	<u>78,253,771</u>	<u>77,258,908</u>	<u>—</u>	<u>4,031,662</u>	<u>—</u>	<u>3,036,799</u>	<u>3,036,799</u>
Total primary government	<u>\$ 248,635,202</u>	<u>\$ 109,362,749</u>	<u>\$ 3,689,422</u>	<u>\$ 5,850,127</u>	<u>(132,769,703)</u>	<u>3,036,799</u>	<u>(129,732,904)</u>
General revenues:							
Property taxes					78,760,641	—	78,760,641
Sales taxes					33,660,185	—	33,660,185
Franchise taxes					16,058,446	—	16,058,446
Mixed beverage and bingo tax					542,918	—	542,918
Hotel/Motel taxes					4,436,091	—	4,436,091
Unrestricted interest earnings					399,079	109,211	508,290
Gain on sale of assets					68,545	79,899	148,444
Total general revenues					<u>133,925,905</u>	<u>189,110</u>	<u>134,115,015</u>
Changes in net position					1,156,202	3,225,909	4,382,111
Net position – beginning					<u>120,767,571</u>	<u>67,927,700</u>	<u>188,695,271</u>
Net position – ending					<u>\$ 121,923,773</u>	<u>\$ 71,153,609</u>	<u>\$ 193,077,382</u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
 Balance Sheet – Governmental Funds  
 September 30, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,015,956	\$ 2,765,372	\$ 11,558,944	\$ 4,938,632	\$ 27,278,904
Investments	9,453,539	—	12,898,936	8,610,000	30,962,475
Receivables (net of allowances)	6,947,720	—	392,183	1,111,937	8,451,840
Due from other funds	59,437	—	—	—	59,437
Inventories	275,564	—	—	—	275,564
Prepaid items	326,788	—	2,902	65,257	394,947
Deposits	117,500	—	—	—	117,500
Property held for redevelopment	—	—	274,020	—	274,020
Total assets	<u>\$ 25,196,504</u>	<u>\$ 2,765,372</u>	<u>\$ 25,126,985</u>	<u>\$ 14,725,826</u>	<u>\$ 67,814,687</u>
<b>Liabilities:</b>					
Accounts payable	\$ 1,683,000	\$ —	\$ 2,793,208	\$ 923,491	\$ 5,399,699
Retainage payable	4,041	—	241,586	111,020	356,647
Accrued liabilities	792,936	112,174	—	939,842	1,844,952
Due to other funds	—	—	—	59,437	59,437
Unearned revenue	2,860	—	1,484,740	266,961	1,754,561
Money held in escrow	—	—	95,129	—	95,129
Total liabilities	<u>2,482,837</u>	<u>112,174</u>	<u>4,614,663</u>	<u>2,300,751</u>	<u>9,510,425</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	1,571,290	—	—	387,067	1,958,357
Total deferred inflows of resources	<u>1,571,290</u>	<u>—</u>	<u>—</u>	<u>387,067</u>	<u>1,958,357</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Property held for redevelopment	—	—	274,020	—	274,020
Inventory	275,564	—	—	—	275,564
Deposits	117,500	—	—	—	117,500
Prepaid items	326,788	—	—	65,257	392,045
<b>Restricted for:</b>					
Debt Service	—	2,653,198	—	—	2,653,198
Library	—	—	89,016	—	89,016
Parks and recreation projects	—	—	471,290	—	471,290
Public services	—	—	4,799,850	—	4,799,850
Neighborhood vitality projects	—	—	—	—	—
Municipal public buildings	—	—	—	—	—
Other capital projects	—	—	1,225,789	—	1,225,789
General government	—	—	1,256	3,919,327	3,920,583
Health/Shelter	—	—	68,422	—	68,422
Public Safety	—	—	2,544,497	1,181,091	3,725,588
<b>Committed for:</b>					
General government	—	—	—	1,210,602	1,210,602
Public services	—	—	—	2,556,880	2,556,880
Parks and recreation	—	—	—	107,201	107,201
<b>Assigned for:</b>					
Public services	129,529	—	2,457,157	—	2,586,686
Public safety	218,625	—	2,726	—	221,351
Parks and recreation projects	145,706	—	729,651	37,004	912,361
General government	120,607	—	218,626	2,960,646	3,299,879
Health	1,642	—	—	—	1,642
Library	17,705	—	—	—	17,705
Other capital projects	—	—	7,630,022	—	7,630,022
Unassigned	19,788,711	—	—	—	19,788,711
Total fund balances	<u>21,142,377</u>	<u>2,653,198</u>	<u>20,512,322</u>	<u>12,038,008</u>	<u>56,345,905</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,196,504</u>	<u>\$ 2,765,372</u>	<u>\$ 25,126,985</u>	<u>\$ 14,725,826</u>	<u>\$ 67,814,687</u>

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, 2016

Total fund balances - governmental funds balance sheet	\$	56,345,905
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.		392,345,391
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		34,566,829
Some amounts will not be recognized as revenue until future periods and therefore are deferred in the funds.		(901,180)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		3,190,211
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))		<u>(363,623,383)</u>
Net position of governmental activities	\$	<u><u>121,923,773</u></u>

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, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>					
Property taxes	\$ 44,733,741	\$ 29,578,659	\$ —	4,449,875	\$ 78,762,275
Franchise taxes	15,769,699	—	—	288,747	16,058,446
Sales tax	33,660,185	—	—	—	33,660,185
Mixed beverage and bingo tax	542,918	—	—	—	542,918
Hotel/Motel taxes	—	—	—	4,436,091	4,436,091
Drainage fees	—	—	—	2,755,059	2,755,059
911 revenue	1,202,165	—	—	525,164	1,727,329
Intergovernmental revenue	53,732	—	3,200,227	1,673,486	4,927,445
Licenses and permits	4,637,980	—	—	—	4,637,980
Fines and forfeitures	3,258,062	—	—	1,783,949	5,042,011
Interest revenue	220,680	21,548	55,006	77,582	374,816
Civic center use	314,669	—	—	—	314,669
Eisemann Center revenue	—	—	201,277	2,030,422	2,231,699
Recreation and leisure	4,094,291	—	—	1,970,025	6,064,316
Public safety	2,601,894	—	—	—	2,601,894
Contributions	83,209	—	36,911	140,454	260,574
Participation	—	—	405,176	—	405,176
Other	1,404,572	—	63,047	176,255	1,643,874
General administration	8,053,636	—	—	—	8,053,636
Total revenues	<u>120,631,433</u>	<u>29,600,207</u>	<u>3,961,644</u>	<u>20,307,109</u>	<u>174,500,393</u>
<b>Expenditures:</b>					
General government	28,620,521	—	330,087	16,698,316	45,648,924
Public safety	45,394,728	—	421,342	2,100,513	47,916,583
Public services	18,992,182	—	6,043,630	252,629	25,288,441
Library	3,266,209	—	360,046	13,235	3,639,490
Parks and recreation	11,973,628	—	334,504	2,040,615	14,348,747
Public health	1,832,886	—	14,938	15,076	1,862,900
General administration	—	—	—	2,012,874	2,012,874
Capital outlay	150,705	—	13,852,094	14,383,441	28,386,240
<b>Debt service:</b>					
Principal retirement	—	19,859,847	—	—	19,859,847
Interest and fiscal charges	6,925	8,859,135	—	2,450,351	11,316,411
Payments for other obligations	661,812	615,315	—	1,307,105	2,584,232
Issuance costs	—	159,001	183,382	—	342,383
Total expenditures	<u>110,899,596</u>	<u>29,493,298</u>	<u>21,540,023</u>	<u>41,274,155</u>	<u>203,207,072</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,731,837</u>	<u>106,909</u>	<u>(17,578,379)</u>	<u>(20,967,046)</u>	<u>(28,706,679)</u>
<b>Other financing sources (uses):</b>					
Transfers in	516,500	816	8,222,813	1,271,012	10,011,141
Transfers out	(8,919,697)	—	(574,944)	(516,500)	(10,011,141)
Issuance of certificates of obligation	—	—	4,045,000	—	4,045,000
Issuance of general obligation debt	—	—	8,265,000	—	8,265,000
Issuance of refunding bonds	—	14,020,000	—	—	14,020,000
Issuance of other obligations	—	—	—	22,251,969	22,251,969
Premium/discount on bonds	—	2,048,310	672,206	—	2,720,516
Payment to refunded bond escrow agent	—	(15,904,289)	—	—	(15,904,289)
Insurance recoveries	—	—	2,459,047	—	2,459,047
Proceeds from sale of capital assets	74,103	—	—	—	74,103
Total other financing sources (uses)	<u>(8,329,094)</u>	<u>164,837</u>	<u>23,089,122</u>	<u>23,006,481</u>	<u>37,931,346</u>
Net change in fund balances	1,402,743	271,746	5,510,743	2,039,435	9,224,667
Fund balances – October 1	19,739,634	2,381,452	15,001,579	9,998,573	47,121,238
Fund balances – September 30	<u>\$ 21,142,377</u>	<u>\$ 2,653,198</u>	<u>\$ 20,512,322</u>	<u>\$ 12,038,008</u>	<u>\$ 56,345,905</u>

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, 2016

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

Net change in fund balances – total governmental funds	\$	9,224,667
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))		7,315,970
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		2,539,022
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))		(12,548,900)
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))		(5,531,958)
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.		<u>157,401</u>
Change in net position of governmental activities	\$	<u><u>1,156,202</u></u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Position – Proprietary Funds  
September 30, 2016

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,816,199	\$ 2,799,745	\$ 4,615,944	\$ 3,125,890
Investments	10,960,000	—	10,960,000	1,230,000
Receivables (net of allowances)	6,151,448	1,470,526	7,621,974	215,678
Deposits	—	—	—	12,247
Inventories	103,258	41,144	144,402	219,259
Prepaid items	207,036	50,355	257,391	27,109
Restricted assets:				
Cash and cash equivalents	2,398,796	790,863	3,189,659	—
Investments	6,533,933	1,550,000	8,083,933	—
Other receivables	167	—	167	—
Total current assets	<u>28,170,837</u>	<u>6,702,633</u>	<u>34,873,470</u>	<u>4,830,183</u>
Noncurrent Assets				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	2,113,524	284,023	2,397,547	23,023
Buildings	9,480,126	405,247	9,885,373	259,990
Water and Sewer System	207,223,401	—	207,223,401	—
Vehicles, machinery and equipment	17,681,643	13,549,955	31,231,598	268,859
Construction in progress	1,834,212	22,899	1,857,111	—
Less accumulated depreciation	<u>(140,967,214)</u>	<u>(10,029,330)</u>	<u>(150,996,544)</u>	<u>(551,872)</u>
Total noncurrent assets	<u>97,723,642</u>	<u>4,298,354</u>	<u>102,021,996</u>	<u>56,011</u>
Total Assets	<u>125,894,479</u>	<u>11,000,987</u>	<u>136,895,466</u>	<u>4,886,194</u>
Deferred Outflow of Resources				
Pension contributions				
investment experience and assumptions	3,088,602	2,692,924	5,781,526	298,044
Deferred charge on refunding	887,251	9,384	896,635	—
Total deferred outflow of resources	<u>3,975,853</u>	<u>2,702,308</u>	<u>6,678,161</u>	<u>298,044</u>

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Position – Proprietary Funds  
September 30, 2016

	<b>Business-type activities-enterprise funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 2,892,849	\$ 214,115	\$ 3,106,964	\$ 214,787
Accrued liabilities	590,782	49,471	640,253	—
Accrued interest	319,776	37,007	356,783	—
Unpaid claims liabilities	—	—	—	1,177,976
Current maturities of bonds, leases and contractual obligations	4,210,966	1,343,724	5,554,690	—
Compensated absences	58,532	40,145	98,677	9,911
Workers' compensation liability	—	66,598	66,598	—
Current liabilities payable from restricted assets:				
Accounts payable	195,404	98,239	293,643	—
Retainage payable	54,694	—	54,694	—
Unearned revenue	—	—	—	64,838
Deposits	3,101,653	—	3,101,653	—
Total current liabilities	11,424,656	1,849,299	13,273,955	1,467,512
Noncurrent liabilities:				
Bonds, leases and contractual obligations	39,601,359	5,350,766	44,952,125	—
Postemployment benefits	1,960,050	1,502,861	3,462,911	150,860
Pension	5,051,437	4,426,288	9,477,725	483,582
Compensated absences	526,784	361,309	888,093	89,199
Total noncurrent liabilities	47,139,630	11,641,224	58,780,854	723,641
Total liabilities	58,564,286	13,490,523	72,054,809	2,191,153
Deferred Inflow of resources				
Pension Actuarial Experience	85,525	74,248	159,773	8,310
Net position:				
Net investment in capital assets	57,002,494	(1,538,801)	55,463,693	56,011
Restricted for:				
Capital projects	1,681,514	1,302,718	2,984,232	—
Debt service	199,981	77,846	277,827	—
Unrestricted	12,336,532	296,761	12,633,293	2,928,764
Total net position	\$ 71,220,521	\$ 138,524	71,359,045	\$ 2,984,775
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			(205,436)	
Net position of business-type activities			\$ 71,153,609	

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, 2016

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Operating revenues:				
Water sales	\$ 38,392,896	\$ —	\$ 38,392,896	\$ —
Sewer service	24,056,942	—	24,056,942	—
Penalties	883,630	—	883,630	—
Service fees (other)	58,230	—	58,230	—
Antenna rentals	365,480	—	365,480	—
Meter fees	74,411	—	74,411	—
Solid waste fees	—	12,746,731	12,746,731	—
Charges for services	—	—	—	541,771
City and employee contributions	43,712	27,729	71,441	13,896,991
Intergovernmental revenue	—	—	—	—
Miscellaneous	38,593	570,554	609,147	250,791
Total operating revenue	<u>63,913,894</u>	<u>13,345,014</u>	<u>77,258,908</u>	<u>14,689,553</u>
Operating expenses:				
Personal services	6,345,059	5,083,448	11,428,507	676,105
Premiums	—	—	—	697,099
Professional and technical services	1,840,798	151,936	1,992,734	735,105
Property services	1,772,869	143,423	1,916,292	83,378
Other purchased services	837,635	375,968	1,213,603	72,569
Insurance claims	—	—	—	12,155,642
Purchase of water	24,219,789	—	24,219,789	—
Purchase of sewage treatment	13,700,322	—	13,700,322	—
Solid waste charges	—	4,070,344	4,070,344	—
General administration	3,936,833	2,141,138	6,077,971	—
Franchise fees	3,122,492	637,337	3,759,829	—
BABIC program	466,666	—	466,666	—
Supplies	1,682,811	431,991	2,114,802	18,560
Depreciation	5,031,844	1,223,020	6,254,864	—
Total operating expenses	<u>62,957,118</u>	<u>14,258,605</u>	<u>77,215,723</u>	<u>14,438,458</u>
Operating income (loss)	<u>956,776</u>	<u>(913,591)</u>	<u>43,185</u>	<u>251,095</u>
Nonoperating revenues (expenses):				
Interest revenue	88,797	20,414	109,211	24,263
Interest expense and fiscal charges	(889,282)	(148,118)	(1,037,400)	—
Other non-operating charges	(105,577)	(13,028)	(118,605)	—
Gain from disposal of capital assets	156	79,743	79,899	—
Total nonoperating revenues (expenses)	<u>(905,906)</u>	<u>(60,989)</u>	<u>(966,895)</u>	<u>24,263</u>
Income (loss) before contributions and transfers	50,870	(974,580)	(923,710)	275,358
Capital contributions	4,031,662	—	4,031,662	—
Transfers in	11,295,944	—	11,295,944	—
Transfers out	(11,295,944)	—	(11,295,944)	—
Change in net position	<u>4,082,532</u>	<u>(974,580)</u>	<u>3,107,952</u>	<u>275,358</u>
Total net position - October 1	67,137,989	1,113,104	68,251,093	2,709,417
Total net position – September 30	<u>\$ 71,220,521</u>	<u>\$ 138,524</u>	<u>\$ 71,359,045</u>	<u>\$ 2,984,775</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>117,957</u>	
Change in net position of business type-activities			<u>\$ 3,225,909</u>	

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, 2016

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 66,523,704	\$ 12,861,923	\$ 79,385,627	\$ —
Cash received from service users	—	—	—	541,773
Cash received from city, employee and other contributions	43,712	27,729	71,441	14,147,780
Cash payments for goods and services	(51,402,818)	(8,204,274)	(59,607,092)	(1,864,643)
Cash payments to employees	(5,840,878)	(4,519,685)	(10,360,563)	(640,259)
Cash payments for claims	—	—	—	(12,093,796)
Cash received from miscellaneous revenues	38,593	570,554	609,147	—
Net cash provided by (used in) operating activities	<u>9,362,313</u>	<u>736,247</u>	<u>10,098,560</u>	<u>90,855</u>
Cash flows from financing activities:				
Net proceeds from sale of capital assets	156	79,743	79,899	—
Bond proceeds and accrued interest	2,041,036	1,111,468	3,152,504	—
Acquisition and construction of capital assets	(3,146,297)	(427,324)	(3,573,621)	—
Increase in retainage payable	(68,587)	(717)	(69,304)	—
Principal paid on debt	(3,750,153)	(1,145,000)	(4,895,153)	—
Interest paid on debt	(1,717,397)	(182,229)	(1,899,626)	—
Fiscal charges and bond escrow payments	(105,577)	(13,028)	(118,605)	—
Net cash used in capital and related financing activities	<u>(6,746,819)</u>	<u>(577,087)</u>	<u>(7,323,906)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investment securities	(16,494,250)	(1,550,000)	(18,044,250)	(1,230,000)
Proceeds from sale and maturities of investments	7,402,776	—	7,402,776	—
Interest received on investments	93,168	20,414	113,582	24,263
Net cash provided by (used in) investing activities	<u>(8,998,306)</u>	<u>(1,529,586)</u>	<u>(10,527,892)</u>	<u>(1,205,737)</u>
Net decrease in cash, restricted cash, and cash equivalents	(6,382,812)	(1,370,426)	(7,753,238)	(1,114,882)
Cash, restricted cash, and cash equivalents, October 1	<u>10,597,807</u>	<u>4,961,034</u>	<u>15,558,841</u>	<u>4,240,772</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 4,214,995</u>	<u>\$ 3,590,608</u>	<u>\$ 7,805,603</u>	<u>\$ 3,125,890</u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows – Proprietary Funds  
Year ended September 30, 2016

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 956,776	\$ (913,591)	\$ 43,185	\$ 251,095
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,031,844	1,223,020	6,254,864	—
Provision for uncollectible accounts	(41,470)	(20,016)	(61,486)	—
Changes in assets and liabilities:				
(Increase) decrease in trade accounts receivable (gross)	1,969,951	129,980	2,099,931	—
(Increase) decrease in other receivables	543,767	(354,468)	189,299	(98,673)
(Increase) decrease in deposits	(17)	—	(17)	—
(Increase) decrease in inventories	(15,708)	2,381	(13,327)	12,171
(Increase) decrease in prepaid items	90,393	23,015	113,408	(1,892)
Increase (decrease) in accounts payable	(309,707)	76,935	(232,772)	(268,211)
Increase in unpaid claims liabilities	—	—	—	151,922
Increase in unearned revenue	—	—	—	8,597
Increase in deposits payable from restricted assets	164,715	—	164,715	—
Increase (decrease) in compensated absences	(99,095)	(28,200)	(127,295)	7,393
Increase (decrease) in workers compensation	—	41,854	41,854	(15,176)
Increase (decrease) in post-employment benefits	127,181	136,757	263,938	(2,819)
Increase (decrease) in pension liabilities	476,095	412,227	888,322	46,448
Increase (decrease) in accrued liabilities	467,588	6,353	473,941	—
Total adjustments	<u>8,405,537</u>	<u>1,649,838</u>	<u>10,055,375</u>	<u>(160,240)</u>
Net cash provided by (used in) operating activities	<u>\$ 9,362,313</u>	<u>\$ 736,247</u>	<u>\$ 10,098,560</u>	<u>\$ 90,855</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from public	\$ 2,458,488	—	\$ 2,458,488	\$ —
Contributions of assets from governmental funds	1,573,174	—	1,573,174	—
Issuance of refunding bonds	6,185,000	—	6,185,000	—
Refunded bonds	(7,140,000)	—	(7,140,000)	—
Construction payable	250,098	98,239	348,337	—
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Funds</u>
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	\$ 12,776,199	2,799,745	\$ 15,575,944	\$ 4,355,890
Total restricted cash and investments per the statement of net position	<u>8,932,729</u>	<u>2,340,863</u>	<u>11,273,592</u>	<u>—</u>
Total cash and investments per the statement of net position	21,708,928	5,140,608	26,849,536	4,355,890
Less investments not meeting the definition of cash equivalents	<u>(17,493,933)</u>	<u>(1,550,000)</u>	<u>(19,043,933)</u>	<u>(1,230,000)</u>
Cash, restricted cash and cash equivalents as of September 30, 2016	<u>\$ 4,214,995</u>	<u>\$ 3,590,608</u>	<u>\$ 7,805,603</u>	<u>\$ 3,125,890</u>

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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 2015-16, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 72, *Fair Value Measurement and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The objective of this statement is to enhance comparability of governmental financial statements by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The implementation of this statement requires additional footnote disclosures only. See Note 3.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement has no impact on the City's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. Elements of GASB 79 were effective for the fiscal year ending September 30, 2016, with the remaining provisions effective for the fiscal year ending September 30, 2017. The City implemented all provisions of the statement for the fiscal year ended September 30, 2016. This statement allows governments to continue amortized cost accounting for certain investment pools. The implementation of this statement requires additional footnote disclosures only. See Note 3.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

Year ended September 30, 2016

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



## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

Year ended September 30, 2016

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 2016, 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.

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 price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. 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."

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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, 2016, the City's tax rate was \$0.63516 per \$100 assessed valuation.

**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 approximate acquisition 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 2016, \$491,866 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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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, 2016, the City received \$2,459,047 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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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 four 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. The fourth item is the difference in the change of assumptions for the pension plan and it is deferred and recognized as pension plan expense over a period of years based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan determined by the plan (active and inactive employees) for the City determined as of the beginning of the measurement date.

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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 three 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 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. The third item is the deferred charge on refunded debt which 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.

**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 \$13,943,840 of restricted net position, of which \$10,034,230 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.”

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

The details of the \$363,623,383 are as follows:

Bonds payable	\$ 191,684,412
Notes payable and other contractual obligations	65,006,675
Less issuance discount (to be amortized as interest expense)	(25,756)
Add issuance premium (to be amortized as interest expense)	16,423,757
Less deferred charges on refunding, net (to be amortized as interest expense)	(1,508,306)
Accrued interest payable	4,111,626
TMRS pension liability	53,452,692
Postemployment liability	22,411,955
Compensated absences	11,428,215
Workers' compensation liability	<u>638,113</u>
Net adjustment to reduce fund balances - total governmental	<u><u>\$ 363,623,383</u></u>

**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 \$7,315,970 difference are as follows:

Capital outlay	\$ 28,386,240
Depreciation expense	<u>(21,070,270)</u>
Net adjustment to increase in fund balances –total governmental funds	
to arrive at changes in net position of governmental activities	<u><u>\$ 7,315,970</u></u>

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.”

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

The details of the \$12,548,900 are as follows:

Debt issued or incurred:

General obligations, certificates of obligation, and refunding bonds	\$ (26,330,000)
Notes payable and other contractual obligations	(22,251,969)
Add premium	(2,057,690)
Add deferred charges on refunding	(368,322)
Principal repayments:	
General obligation bonds	13,989,847
Refunded general obligations	16,015,000
Certificates of obligation	5,870,000
Notes payable and other contractual obligations	<u>2,584,234</u>
Net adjustment to decrease fund balance – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (12,548,900)</u>

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 \$5,531,958 are as follows:

Amortization of bond premium	\$ 1,612,225
Amortization of bond discount	(1,857)
Amortization of deferred charge on refunded bonds	(263,947)
Accrued interest	383,263
Pension expenses	(27,645,579)
Other postemployment benefits	(1,290,282)
Compensated absences	(470,602)
Workers compensation	(490,154)
Deferred inflows related to pensions	23,440,328
Deferred outflows	<u>(805,353)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (5,531,958)</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**Detailed Notes**

**3. Deposits and Investments**

	<u>Bank balance</u>	<u>Book balance</u>
Financial Institution:		
Legacy - City	\$ 4,074,824	\$ 4,218,036
Legacy - RIC	46,185	45,352
Frost- City	107,948	107,948
Legacy - Money Market	4,001,148	4,001,148
TexasTERM CD	7,921,000	7,921,000
Petty Cash	N/A	12,940
Total	<u>\$ 16,151,105</u>	<u>\$ 16,306,424</u>

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair market value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.

Level 2 – Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.

Level 3 – Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)



CITY OF RICHARDSON, TEXAS  
Notes to Basic Financial Statements  
Year ended September 30, 2016

The City has the following recurring fair value measurements as of September 30, 2016;

	<u>9/30/2016</u>	<u>Inputs</u>			<u>Weighted average maturity (days) (1)</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Investments by fair value level					
Debt Securities					
Federal Home Loan Bank-Bonds	\$ 4,001,840	\$ -	\$ 4,001,840	\$ -	3
Federal Farm Credit Bank	2,998,932	-	2,998,932	-	21
Federal Home Loan Mortgage Corporation	20,038,782	-	20,038,782	-	56
Federal National Mortgage Association-Bonds	<u>20,153,409</u>	<u>-</u>	<u>20,153,409</u>	<u>-</u>	<u>49</u>
Total Debt Securities	<u>47,192,963</u>	<u>-</u>	<u>47,192,963</u>	<u>-</u>	<u>129</u>
U.S. Treasuries	<u>4,043,445</u>	<u>-</u>	<u>4,043,445</u>	<u>-</u>	<u>19</u>
Total investment by fair value level	<u>51,236,408</u>	<u>\$ -</u>	<u>\$ 51,236,408</u>	<u>\$ -</u>	<u>148</u>
Investments measured at net asset value (NAV)					
Federated Money Market Fund	490,663				-
Invesco Money Market Fund	<u>413,889</u>				<u>-</u>
Total investments measured at net asset value (NAV)	<u>904,552</u>				<u>-</u>
Investments measured at amortized cost					
Texas Daily LGIP	9,539,775				-
TexStar LGIP	3,817,189				-
TexPool LGIP	2,487,780				-
Lone Star LGIP	<u>5,154,677</u>				<u>-</u>
Total investments at amortized cost	<u>20,999,421</u>				<u>-</u>
Total investments	<u>\$ 73,140,381</u>				
Portfolio weighted average maturity					<u>148</u>

(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.

The City's Local Government Investment Pools (LGIPs) listed above qualify to be valued at amortized cost and have no limitations or restrictions on withdrawals.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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, 2016. 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, 2016.

**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, 2016, the City’s direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Bank. These investments are 4%, 22%, 23% and 3% respectively, of the City’s total investments.

**4. Receivables**

Receivables at September 30, 2016, 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:

	<b>Governmental Receivables</b>			
	General	Capital fund	Other Governmental funds	Total Governmental funds
Receivables:				
Taxes - property	\$ 1,247,705	\$ —	\$ —	\$ 1,247,705
Taxes - sales	2,744,426	—	—	2,744,426
Trade accounts	3,859,097	21,579	5,369,710	9,250,386
Interest	181,625	38,002	—	219,627
Intergovernmental	—	332,602	198,658	531,260
Gross receivable	<u>8,032,853</u>	<u>392,183</u>	<u>5,568,368</u>	<u>13,993,404</u>
Less allowance for uncollectibles	<u>(1,085,133)</u>	<u>—</u>	<u>(4,456,431)</u>	<u>(5,541,564)</u>
Net receivables	<u>\$ 6,947,720</u>	<u>\$ 392,183</u>	<u>\$ 1,111,937</u>	<u>\$ 8,451,840</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

	<b>Business-Type Receivables</b>			
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total Business-type activities</u>	<u>Internal Service</u>
Receivables:				
Trade accounts	\$ 6,188,199	\$ 1,097,654	\$ 7,285,853	\$ 215,678
Other	46,295	394,202	440,497	—
Interest	2,813	—	2,813	—
Gross receivables	<u>6,237,307</u>	<u>1,491,856</u>	<u>7,729,163</u>	<u>215,678</u>
Less allowance for uncollectibles	<u>(85,692)</u>	<u>(21,330)</u>	<u>(107,022)</u>	<u>—</u>
Net receivables	<u>\$ 6,151,615</u>	<u>\$ 1,470,526</u>	<u>\$ 7,622,141</u>	<u>\$ 215,678</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2016.

**5. Restricted Assets**

**Enterprise Funds**

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Services Fund</u>	<u>Total</u>
Debt service – Sinking Fund	\$ 519,757	\$ 114,853	\$ 634,610
Customers' deposits	3,101,820	—	3,101,820
Rate stabilization	2,118,178	—	2,118,178
Capital Project and Equipment Funds	<u>3,193,141</u>	<u>2,226,010</u>	<u>5,419,151</u>
Total Restricted Assets	<u>\$ 8,932,896</u>	<u>\$ 2,340,863</u>	<u>\$ 11,273,759</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**6. Capital Assets**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning balance October 1, 2015	Increases	Decreases	Ending balance September 30, 2016
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 74,564,297	\$ 7,600,256	\$ -	\$ 82,164,553
Public Art (1)	-	442,311	-	442,311
Construction in Progress	<u>24,152,956</u>	<u>24,207,598</u>	<u>(21,873,585)</u>	<u>26,486,969</u>
Total capital assets, not being depreciated	<u>98,717,253</u>	<u>32,250,165</u>	<u>(21,873,585)</u>	<u>109,093,833</u>
Capital assets, being depreciated				
Buildings	137,571,230	268,503	-	137,839,733
Improvements other than Buildings	80,000,554	6,716,348	-	86,716,902
Vehicles, Machinery and Equipment	48,490,267	2,771,058	(1,311,827)	49,949,498
Infrastructure	<u>451,060,971</u>	<u>10,989,631</u>	<u>-</u>	<u>462,050,602</u>
Total capital assets, being depreciated	<u>717,123,022</u>	<u>20,745,540</u>	<u>(1,311,827)</u>	<u>736,556,735</u>
Less accumulated depreciation for:				
Buildings	59,039,030	3,688,747	-	62,727,777
Improvements other than Buildings	46,607,403	3,415,542	-	50,022,945
Vehicles, Machinery and Equipment	33,183,904	3,371,603	(1,311,827)	35,243,680
Infrastructure	<u>294,660,386</u>	<u>10,594,378</u>	<u>-</u>	<u>305,254,764</u>
Total accumulated depreciation	<u>433,490,723</u>	<u>21,070,270</u>	<u>(1,311,827)</u>	<u>453,249,166</u>
Total capital assets being depreciated, net	<u>283,632,299</u>	<u>(324,730)</u>	<u>-</u>	<u>283,307,569</u>
Governmental activities capital assets, net \$	<u>382,349,552</u>	<u>\$ 31,925,435</u>	<u>\$ (21,873,585)</u>	<u>\$ 392,401,402</u>

(1) The \$442,311 represents two non-depreciable pieces of art that were previously classified in Vehicles, Machinery and Equipment.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

	Beginning balance October 1, 2015	Increases	Decreases	Ending balance September 30, 2016
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 423,510	\$ —	\$ —	\$ 423,510
Construction in Progress	<u>3,319,669</u>	<u>3,275,415</u>	<u>(4,737,973)</u>	<u>1,857,111</u>
Total capital assets, not being depreciated	<u>3,743,179</u>	<u>3,275,415</u>	<u>(4,737,973)</u>	<u>2,280,621</u>
Capital assets, being depreciated				
Buildings	9,885,373	—	—	9,885,373
Improvements other than Buildings	284,023	2,113,524	—	2,397,547
Vehicles, Machinery and Equipment	30,586,819	1,997,841	(1,353,062)	31,231,598
Infrastructure	<u>202,653,835</u>	<u>4,569,566</u>	<u>—</u>	<u>207,223,401</u>
Total capital assets, being depreciated	<u>243,410,050</u>	<u>8,680,931</u>	<u>(1,353,062)</u>	<u>250,737,919</u>
Less accumulated depreciation for:				
Buildings	5,445,879	173,652	—	5,619,531
Improvements other than Buildings	93,790	87,535	—	181,325
Vehicles, Machinery and Equipment	23,585,718	1,686,278	(1,334,464)	23,937,532
Infrastructure	<u>116,950,757</u>	<u>4,307,399</u>	<u>—</u>	<u>121,258,156</u>
Total accumulated depreciation	<u>146,076,144</u>	<u>6,254,864</u>	<u>(1,334,464)</u>	<u>150,996,544</u>
Total capital assets being depreciated, net	<u>97,333,906</u>	<u>2,426,067</u>	<u>(18,598)</u>	<u>99,741,375</u>
Governmental activities capital assets, net	<u>\$ 101,077,085</u>	<u>\$ 5,701,482</u>	<u>\$ (4,756,571)</u>	<u>\$ 102,021,996</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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

Governmental activities:	
General government	\$ 4,743,956
Public safety	2,549,611
Public services	10,059,456
Library	404,800
Parks and recreation	3,273,915
Health	<u>38,532</u>
Depreciation expense – governmental activities	<u>\$ 21,070,270</u>
Business-type activities:	
Water and Sewer	\$ 5,031,844
Solid Waste	<u>1,223,020</u>
Depreciation expense - business activities	<u>\$ 6,254,864</u>

**7. Construction Commitments**

Outstanding commitments at September 30, 2016, under authorized construction contracts for the Capital Fund, Water and Sewer Fund and Solid Waste Fund, were \$5,721,972, \$940,935, and \$769,632, 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, 2016 between the Federal Grant Fund and the General Fund for \$59,437. This interfund balance was due to timing of receipts from the granting agencies for amounts spent in advance by the grant programs. Individual fund transfers for fiscal year 2015-2016 were as follows:

	Transfers Out			
	Governmental funds			Total
	General Fund	Capital Fund	Other Governmental Funds	
Transfers in:				
General	\$ —	\$ —	\$ 516,500	\$ 516,500
Debt Service	—	816	—	816
Capital	8,222,813	—	—	8,222,813
Other				
Governmental	<u>696,884</u>	<u>574,128</u>	<u>—</u>	<u>1,271,012</u>
Total	<u>\$ 8,919,697</u>	<u>\$ 574,944</u>	<u>\$ 516,500</u>	<u>\$ 10,011,141</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

General Fund Transfers Out:

- \$8,222,813 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- \$696,884 to the Economic Development Fund for funding of economic development projects.

Capital Fund Transfers Out:

- \$816 to the Debt Service Fund for repayment of debt.
- \$494,128 to the Economic Development Fund for economic development projects.
- \$80,000 to the RIC to maintain financial support for the RIC.

Other Governmental Funds Transfers Out:

- \$50,000 to the General Fund from the Child Safety Fund to support the school crossing guard program.
- \$450,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center.
- \$16,500 to the General Fund from the RIC for Park and Recreation programs.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**9. Long-Term Obligations**

The following is a summary of financial obligations for the fiscal year ended September 30, 2016:

	<b>Balance beginning of year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance end of year</b>	<b>Due within one year</b>
<b>Governmental-type activities:</b>					
General obligation bonds	\$ 162,669,259	\$ 22,285,000	\$ (30,004,847)	\$ 154,949,412	\$ 14,934,412
Certificates of obligation	38,560,000	4,045,000	(5,870,000)	36,735,000	9,680,000
Bond discounts/premiums	<u>15,950,679</u>	<u>2,722,372</u>	<u>(2,275,050)</u>	<u>16,398,001</u>	<u>1,683,794</u>
Total bonds payable	<u>\$ 217,179,938</u>	<u>\$ 29,052,372</u>	<u>\$ (38,149,897)</u>	<u>\$ 208,082,413</u>	<u>\$ 26,298,206</u>
TIF obligation	41,506,816	22,251,969	(1,307,105)	62,451,680	-
Other obligations	3,832,124	-	(1,277,129)	2,554,995	592,767
Other postemployment benefits	21,275,352	3,590,405	(2,302,942)	22,562,815	-
TMRS - pension liability	26,034,421	42,962,751	(15,060,898)	53,936,274	-
Compensated absences	11,049,330	1,508,649	(1,030,654)	11,527,325	1,152,733
Workers' compensation	163,135	990,801	(515,823)	638,113	638,113
Unpaid claims liability	<u>1,026,054</u>	<u>151,922</u>	<u>-</u>	<u>1,177,976</u>	<u>1,177,976</u>
Total governmental-type long-term liabilities	<u>\$ 322,067,170</u>	<u>\$ 100,508,869</u>	<u>\$ (59,644,448)</u>	<u>\$ 362,931,591</u>	<u>\$ 29,859,795</u>
<b>Business-type activities:</b>					
General obligation refunding bonds	\$ 17,625,741	\$ 6,185,000	\$ (2,245,153)	\$ 21,565,588	\$ 2,470,588
Certificates of obligation	32,570,000	2,900,000	(9,790,000)	25,680,000	2,720,000
Bond discount/premiums	<u>2,080,380</u>	<u>1,484,067</u>	<u>(303,220)</u>	<u>3,261,227</u>	<u>364,102</u>
Total bonds payable	<u>\$ 52,276,121</u>	<u>\$ 10,569,067</u>	<u>\$ (12,338,373)</u>	<u>\$ 50,506,815</u>	<u>\$ 5,554,690</u>
Other postemployment benefits	3,198,973	581,197	(317,259)	3,462,911	-
TMRS - pension liability	4,576,481	7,546,844	(2,645,600)	9,477,725	-
Compensated absences	1,114,065	12,346	(139,641)	986,770	98,677
Workers' compensation	<u>24,744</u>	<u>160,587</u>	<u>(118,733)</u>	<u>66,598</u>	<u>66,598</u>
Total business-type long-term liabilities	<u>\$ 61,190,384</u>	<u>\$ 18,870,041</u>	<u>\$ (15,559,606)</u>	<u>\$ 64,500,819</u>	<u>\$ 5,719,965</u>



CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

Bonds payable at September 30, 2016, 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 @ 9/30/16	Due Within One Year
	%						
<b>General Obligation Bonds</b>							
2016 Refunding	2.00 - 5.00	4/15/2016		2/15/2036	\$ 16,815,000	\$ 16,815,000	\$ 1,550,000
2015 Refunding	4.00 - 5.00	3/15/2015		2/15/2026	39,185,000	39,185,000	4,555,000
2013 Refunding	1.50 - 5.00	3/15/2013		2/15/2025	18,000,000	15,905,000	1,990,000
2012 Refunding	2.00 - 4.00	3/15/2012		2/15/2023	6,270,000	4,305,000	650,000
2011 Refunding	Adjustable	6/14/2011		6/15/2023	6,039,620	639,412	639,412
2010 Ref. & Imp.	2.00 - 5.00	6/15/2010		2/15/2030	73,000,000	63,375,000	2,910,000
2010 Ref. & Imp. - Golf	3.00 - 5.00	6/15/2010		2/15/2021	4,365,000	2,490,000	425,000
2009 Refunding	2.00 - 5.00	4/15/2009		2/15/2019	14,460,000	3,770,000	1,365,000
Total general obligation bonds - tax exempt						<u>146,484,412</u>	<u>14,084,412</u>
<b>Taxable General Obligation Bonds</b>							
2016B Taxable	3.00 - 3.77	4/15/2016		2/15/2036	5,470,000	5,470,000	140,000
2010A Taxable Refunding	1.15 - 4.05	6/15/2010		2/15/2020	6,105,000	2,995,000	710,000
Total general obligation bonds - taxable						<u>8,465,000</u>	<u>850,000</u>
Total governmental-type general obligation, taxable and tax exempt bonds						<u>154,949,412</u>	<u>14,934,412</u>
<b>Certificates of Obligations</b>							
2016A Certificates	2.00 - 4.00	4/15/2016		2/15/2024	4,045,000	4,045,000	760,000
2015A Certificates	2.00 - 5.00	3/15/2015		2/15/2035	3,695,000	3,030,000	750,000
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	5,550,000
2014 Certificates	0.75 - 2.00	4/01/2014		2/15/2022	6,900,000	2,115,000	835,000
2013 Certificates	1.50 - 4.00	3/15/2013		2/15/2033	4,290,000	1,885,000	850,000
2012 Certificates	2.00 - 4.00	3/15/2012		2/15/2032	5,775,000	2,255,000	190,000
2011 Certificates	2.00 - 3.25	4/01/2011		2/15/2019	3,085,000	80,000	25,000
2010 Certificates	2.00 - 4.00	6/15/2010		2/15/2025	7,520,000	2,840,000	370,000
2009 Certificates	2.50 - 3.80	4/15/2009		2/15/2023	5,370,000	1,195,000	240,000
Total certificates of obligation - tax exempt						<u>34,470,000</u>	<u>9,570,000</u>
<b>Taxable Certificates of Obligation</b>							
2015B Certificates	0.90 - 4.00	3/15/2015		2/15/2035	2,150,000	2,090,000	85,000
2012A Certificates	1.63 - 3.00	3/15/2012		2/15/2022	275,000	175,000	25,000
Total certificates - taxable						<u>2,265,000</u>	<u>110,000</u>
Total governmental-type certificates of obligation, taxable and tax exempt bonds						<u>36,735,000</u>	<u>9,680,000</u>
Add unamortized premium						16,423,757	1,685,716
Less:							
Unamortized discount						<u>(25,756)</u>	<u>(1,922)</u>
Total general government bonds and certificates of obligation						<u>\$ 208,082,413</u>	<u>\$ 26,298,206</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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 9/30/16	@	Due Within One Year
Water and Sewer:							
General Obligation Bonds:							
2016A Refunding	3.00 - 5.00	4/15/2016	2/15/2028	\$ 6,185,000	\$ 6,185,000	\$	-
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	2,480,000		215,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	2,350,000		250,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	6,025,000		830,000
2011 Refunding	Adjustable	6/14/2011	6/15/2023	620,380	70,588		70,588
2010 Refunding	4.00 - 5.00	6/15/2010	2/15/2030	4,080,000	2,275,000		410,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	5,685,000	1,965,000		645,000
Total water and sewer general obligation bonds					21,350,588		2,420,588
Certificates of Obligations:							
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,900,000		65,000
2015 Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	2,255,000		85,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,690,000		130,000
2011 Certificates	2.00 - 3.25	4/01/2014	2/15/2031	3,500,000	2,945,000		140,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2030	7,210,000	5,300,000		355,000
2009 Certificates	2.50 - 3.80	4/15/2009	2/15/2029	5,030,000	3,655,000		225,000
2008 Certificates	3.50 - 4.50	4/15/2008	2/15/2028	5,000,000	470,000		230,000
2007 Certificates	4.00 - 4.50	4/15/2008	2/15/2027	5,000,000	240,000		240,000
Total water and sewer certificates of obligation					19,455,000		1,470,000
Total water and sewer general obligation refunding bonds and certificates of obligation					40,805,588		3,890,588
Solid Waste							
General Obligation Refunding Bonds:							
2009 Refunding	1.50 - 4.00	4/15/2009	2/15/2021	480,000	215,000		50,000
Certificates of Obligations:							
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	1,000,000		100,000
2015 Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	765,000		100,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	745,000		115,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2021	1,000,000	655,000		125,000
2012 Certificates	2.00 - 3.00	3/15/2012	2/15/2021	865,000	455,000		110,000
2011 Certificates	2.00 - 3.25	4/01/2011	2/15/2020	1,380,000	585,000		185,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2019	3,575,000	1,825,000		320,000
2009 Certificates	2.50 - 3.00	4/15/2009	2/15/2025	1,400,000	195,000		195,000
Total solid waste certificates of obligation					6,225,000		1,250,000
Total solid waste general obligation refunding bonds and certificates of obligation					6,440,000		1,300,000
Add unamortized premium					3,327,321		367,976
Less:							
Unamortized discount					(66,094)		(3,874)
Total business type general obligation refunding bonds and certificates of obligation					\$ 50,506,815		\$ 5,554,690

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**Debt Service Requirements**

Debt service requirements at September 30, 2016 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
Year ending September 30:				
2017	\$ 24,614,412	\$ 7,995,888	\$ 5,190,588	\$ 1,861,122
2018	20,465,000	7,068,491	4,995,000	1,558,763
2019	19,210,000	6,229,584	5,015,000	1,372,026
2020	18,235,000	5,416,488	4,625,000	1,190,772
2021	16,645,000	4,634,787	4,400,000	1,019,283
2022-2026	64,240,000	13,570,902	15,060,000	2,949,746
2027-2031	24,695,000	3,100,914	6,665,000	725,230
2032-2036	3,580,000	298,136	1,295,000	76,043
Totals	\$ 191,684,412	\$ 48,315,190	\$ 47,245,588	\$ 10,752,985

**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, 2016, there was \$6,205,000 of defeased bonds outstanding.

On April 15, 2016, the City issued \$23,000,000 2016A General Obligation Refunding and Improvement Bonds with a true interest cost of 1.84%. The bond proceeds were used to refund \$16,015,000 of General Obligation Bonds; \$7,140,000 of Certificates of Obligation, pay costs associated with the issuance of the bonds and provide \$3,000,000 for (1) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land, (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (3) acquiring, constructing, improving, expanding, renovating and equipping park and recreation facilities of the City and the acquisition of land, and (4) constructing, improving, extending, repairing sidewalks and related improvements. The refunded debt resulted in cash flow savings of \$3,716,883 with a net present value benefit of \$3,254,223. The City recorded \$249,322 in net deferred charges on the refunding, which will be amortized over the life of the new debt.

On April 15, 2016 the City issued \$5,470,000 in General Obligation Taxable Bonds, Series 2016B with a true interest cost of 3.29%. Proceeds from the sales of the Certificates, net of issuance costs of \$92,287, will be used for the purpose of paying contractual obligations to be incurred for constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**Certificates of Obligation**

On April 15, 2016, the City issued \$6,945,000 of Combination Tax and Revenue Certificates of Obligation, Series 2016 with a true interest cost of 1.87%. The Water/Sewer Fund issued \$1,900,000 in Certificates, the Solid Waste Fund issued \$1,000,000 in Certificates and \$4,045,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of \$95,370 will be used for constructing, improving, renovating, and equipping park and recreation facilities, fire-fighting facilities and fleet services facilities, improving and extending the City’s water and sewer system, acquiring equipment and vehicles for police, fire, streets, traffic and transportation, parks and recreation, municipal library, facility maintenance, animal services, water and sewer and solid waste departments and the municipal golf course.

**Ratings**

Standard and Poor’s Ratings Services assigned its ‘AAA’ rating with a stable outlook, to the City’s Series 2016 Combination Tax and Revenue Certificates of Obligation and the City’s Series 2016 General Obligation Refunding Bonds, and Moody’s Investors Service(Moody’s) also assigned it ‘Aaa’ rating, with a stable outlook to these issues.

**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, 2016:

	Governmental-type Activities					Total
	Computer Hardware	Police Academy	CIS	Key Government Finance	Texas Comptroller of Public Accounts	
Balance at October 1, 2015	\$ 673,981	\$ 902,913	\$ 313,554	\$ 353,005	\$ 1,588,671	\$ 3,832,124
Additions/adjustments	-	-	-	-	-	-
Payments	(388,289)	(112,543)	(102,243)	(114,485)	(559,569)	(1,277,129)
Balance at September 30, 2016	<u>\$ 285,692</u>	<u>\$ 790,370</u>	<u>\$ 211,311</u>	<u>\$ 238,520</u>	<u>\$ 1,029,102</u>	<u>\$ 2,554,995</u>

**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,

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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, 2016. The details of the capital assets are:

The following is a schedule of the lease payments required under the capital lease at September 30, 2016:

	Governmental activities
Total cost	\$ 590,481
Less accumulated depreciation	(444,395)
Book value	<u>\$ 146,086</u>
	Governmental activities
<u>Fiscal year ending September 30</u>	
2017	\$ 149,942
2018	<u>149,942</u>
Total minimum lease payments	299,884
Less amount representing interest	<u>(14,192)</u>
Present value of minimum lease payments	<u>\$ 285,692</u>

**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, 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2017	\$ 117,752	\$ 34,053	\$ 151,805
2018	123,155	28,839	151,994
2019	124,807	23,755	148,562
2020	116,052	18,521	134,573
2021	101,277	13,596	114,873
2022-2025	<u>207,327</u>	<u>15,718</u>	<u>223,045</u>
Totals	<u>\$ 790,370</u>	<u>\$ 134,482</u>	<u>\$ 924,852</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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 \$559,569 was paid in FY 2015-2016, including a one-time payment which will reduce the payout time to approximately 16 years. The balance at September 30, 2016 was \$1,029,102.

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. The balance at September 30, 2016 was \$238,520.

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, 2016 was \$211,311.

**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.

	<b>DISTRICT</b>		
	<b>1</b>	<b>2</b>	<b>3</b>
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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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 \$536,205 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 \$357,486 (\$131,113 from the TIF Fund and \$226,373 from operating funds) were made during the fiscal year. A principal payment in the amount of \$374,309 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 \$36,055,715 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 \$1,748,913 and a principal payment of \$702,705 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 \$8,127,892 to date. Funding is contingent upon the availability of tax revenues in the TIF District #3. An interest payment of \$34,120 was made during the fiscal year.

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 qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4. A principal payment of \$230,091 was made during the fiscal year.

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	TIF	Total
	Centennial Park	AGF Greenville II, Ltd.	Collins Tech Park	DISTRICT 2 BCS TIF Zone 2	DISTRICT 3 BCP TIF LLC ZONE 3	
Balance at October 1, 2015	\$ 9,212,164	\$ -	\$ 4,863,014	\$ 25,887,154	\$ 1,544,484	\$ 41,506,816
Additions/adjustments	-	5,500,000	-	10,168,561	6,583,408	22,251,969
Payments	-	(230,091)	(374,309)	(702,705)	-	(1,307,105)
Balance at September 30, 2016	\$ 9,212,164	\$ 5,269,909	\$ 4,488,705	\$ 35,353,010	\$ 8,127,892	\$ 62,451,680

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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 2015-2016, a total of \$117,750 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 \$507,145, \$118,973, and \$8,438 have been recorded as expenditures/expenses in the General Fund, 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 2015-2016, the City received refunds from the commercial insurance carrier in the amount of \$112,569.

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 \$1,177,976 for unpaid claims and claim adjustment expenses at September 30, 2016. 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**

	<u>2016</u>	<u>2015</u>
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,026,054	\$ 663,637
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	12,872,516	13,640,117
Increase (decrease) in prior year provision	<u>(572,429)</u>	<u>231,125</u>
Total incurred claims and claim adjustment expenses	<u>13,326,141</u>	<u>14,534,879</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	11,694,540	12,614,063
Claims and claim adjustment expenses attributable to insured events of prior years	<u>453,625</u>	<u>894,762</u>
Total payments	<u>12,148,165</u>	<u>13,508,825</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,177,976</u>	<u>\$ 1,026,054</u>



CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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, 2016, the City allocated \$8,053,636 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 \$620,238 in incentive payments under this program in fiscal year 2016.
- 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 \$2,856,645 in fiscal year 2016.
- 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 2016, the City rebated \$1,372,237 in taxes, reduced fees by \$3,080,619, and made incentive payments of \$529,128 under these agreements. In addition to

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

financial incentives, the City has committed to construct drainage improvements 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 \$3,757,456 in payments for TIF obligations, \$900,000 in incentive payments and \$107,410 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 241 retirees and an additional 192 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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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.

	<u>Under 15</u>	<u>15 – 19</u>	<u>20+</u>
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, 2016, the City contributed \$575,498 and plan participants contributed \$699,504.

**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
Asset-valuation method	Amortized cost
Inflation rate	3.0%
Investment rate of return	4.5%
Payroll growth	3.0%

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual OPEB cost:			
Annual required contribution (ARC)	\$ 3,070,258	\$ 2,980,833	\$ 2,607,834
Interest on net OPEB obligation	1,101,345	1,009,953	943,293
Adjustment to the ARC	<u>( 1,020,385)</u>	<u>( 935,712)</u>	<u>( 873,951)</u>
Annual OPEB cost	3,151,218	3,055,074	2,677,176
Contributions made	<u>( 1,599,817)</u>	<u>( 1,024,180)</u>	<u>( 1,195,816)</u>
Net OPEB obligation	1,551,401	2,030,894	1,481,360
Net OPEB obligation, October 1	<u>24,474,325</u>	<u>22,443,431</u>	<u>20,962,071</u>
Net OPEB obligation, September 30	<u>\$ 26,025,726</u>	<u>\$ 24,474,325</u>	<u>\$ 22,443,431</u>
Percentage of annual OPEB cost contributed	50.8%	33.5%	44.7%
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		67,329,906	
UAAL as a percentage of covered payroll		54.03%	

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 were three participants in the program as of September 30, 2016.

**17. Pension Benefits**

**Plan Description**

The City of Richardson participates as one of 866 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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	615
Inactive employees entitled to but not yet receiving benefits	343
Active employees	<u>981</u>
Total	<u><u>1,939</u></u>

**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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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 13.80% and 13.32% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$8,960,805, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, 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, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Results of the study were adopted in 2015 and first used in the December 31, 2015, actuarial 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. Assumptions are reviewed annually.

After an Asset Allocation Study conducted in 2015, the TMRS Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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. At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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 %	4.55 %
International Equity	17.50	6.10
Core Fixed Income	10.00	1.00
Non-Core Fixed Income	20.00	3.65
Real Return	10.00	4.03
Real Estate	10.00	5.00
Absolute Return	10.00	4.00
Private Equity	5.00	8.00
Total	100.00 %	

\*Net of the inflation assumption.

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. 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 (5.75%) and 1-percentage-point-higher (7.75%).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$128,316,821	\$63,413,999	\$9,762,254

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**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 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.tmr.com](http://www.tmr.com).



CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

**Schedule of Changes in Net Pension Liability and Related Ratios**

**Current Period**

	Increase (Decrease)
<b>Total pension liability:</b>	
Service Cost	\$ 9,282,442
Interest (on the Total Pension Liability)	31,310,006
Changes of benefit terms	-
Difference between expected and actual experience	(1,241,285)
Change of assumptions	7,343,227
Benefit payments, including refunds of employee contributions	<u>(19,961,687)</u>
Net Change in Total Pension Liability	26,732,703
Total Pension Liability - Beginning	<u>452,625,423</u>
Total Pension Liability Ending (A)	<u><u>\$ 479,358,126</u></u>
 <b>Plan Fiduciary Net Position:</b>	
Contributions - Employer	\$ 9,067,267
Contributions - Employee	4,599,369
Net Investment Income	622,684
Benefit payments, including refunds of employee contributions	(19,961,687)
Administrative expense	(379,292)
Other	<u>(18,735)</u>
Net Change in Plan Fiduciary Net Position	(6,070,394)
Plan Fiduciary Net Position - Beginning	<u>422,014,521</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 415,944,127</u></u>
 Net Pension Liability - Ending (A-B)	<u><u>\$ 63,413,999</u></u>
 Plan Fiduciary Net Position as Percentage of Total Pension Liability	86.77%
 Covered Employee Payroll	65,693,151
 Net Pension Liability as a Percentage of Covered Employee Payroll	96.53%

\*FNP may be off a dollar due to rounding

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, 2015.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

Year ended September 30, 2016

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

For the year ended September 30, 2016 the City recognized pension expense of \$14,906,178.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (1,069,263)
Net difference between projected and actual earnings on pension plan investments	5,822,890	-
Difference in assumptions	26,247,984	-
Employers's Contributions to the pension plan subsequent to the measurement date	<u>6,617,168</u>	<u>-</u>
Total	<u>\$ 38,688,042</u>	<u>\$ (1,069,263)</u>

Of the \$38,688,042 total for deferred outflows of resources, \$6,617,168 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 9/30/2017. The remainder of the total net deferred outflows/inflows of resources, \$31,001,611, related to pensions will be recognized in pension expense as follows:

	<u>Net deferred outflows (inflows) of resources</u>
2017	\$ 8,056,090
2018	8,056,090
2019	8,057,192
2020	<u>6,832,239</u>
Total	<u>\$ 31,001,611</u>

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**CITY OF RICHARDSON, TEXAS**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended September 30, 2016**

	<b>Budgeted amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues:</b>						
General property taxes	\$ 44,808,984	\$ 44,540,406	\$ 44,733,741	\$ —	\$ 44,733,741	\$ 193,335
Franchise fees	15,755,321	15,610,790	15,769,699	—	15,769,699	158,909
Sales tax	29,528,961	33,335,057	33,660,185	(559,569)	33,100,616	(234,441)
Mixed beverage and bingo tax	545,843	527,443	542,918	—	542,918	15,475
911 revenue	1,223,208	1,233,648	1,202,165	—	1,202,165	(31,483)
Intergovernmental revenue	—	—	53,732	—	53,732	53,732
Licenses and permits	2,517,019	3,979,735	4,637,980	—	4,637,980	658,245
Fines and forfeitures	4,096,666	3,483,989	3,258,062	(118,054)	3,140,008	(343,981)
Interest revenue	72,500	108,261	220,680	—	220,680	112,419
Civic center use	307,000	310,116	314,669	—	314,669	4,553
Recreation and leisure	4,230,350	4,061,275	4,094,291	—	4,094,291	33,016
Public safety	2,157,519	2,428,845	2,601,894	—	2,601,894	173,049
Other revenue	1,504,855	1,602,573	1,404,572	—	1,404,572	(198,001)
General administration	8,695,690	8,692,533	8,053,636	—	8,053,636	(638,897)
Contributions	—	—	83,209	—	83,209	83,209
<b>Total revenues</b>	<b>115,443,916</b>	<b>119,914,671</b>	<b>120,631,433</b>	<b>(677,623)</b>	<b>119,953,810</b>	<b>39,139</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	27,756,173	28,444,895	28,620,521	17,259	28,637,780	(192,885)
Public safety	46,631,965	46,014,762	45,394,728	142,869	45,537,597	477,165
Public services	19,461,095	19,753,124	18,992,182	(429,126)	18,563,056	1,190,068
Library	3,391,269	3,348,662	3,266,209	4,470	3,270,679	77,983
Parks and recreation	12,748,065	12,386,057	11,973,628	89,987	12,063,615	322,442
Public health	1,918,929	1,922,742	1,832,886	(4,455)	1,828,431	94,311
Capital outlay	—	—	150,705	—	150,705	(150,705)
<b>Debt service:</b>						
Interest and fiscal charges	—	—	6,925	(6,925)	—	—
Payments for other obligations	—	—	661,812	(661,812)	—	—
<b>Total expenditures</b>	<b>111,907,496</b>	<b>111,870,242</b>	<b>110,899,596</b>	<b>(847,733)</b>	<b>110,051,863</b>	<b>1,818,379</b>
<b>Excess of revenues over expenditures</b>	<b>3,536,420</b>	<b>8,044,429</b>	<b>9,731,837</b>	<b>(170,110)</b>	<b>9,901,947</b>	<b>1,857,518</b>
<b>Other financing sources (uses):</b>						
Transfers in	—	—	516,500	—	516,500	516,500
Transfers out	(3,019,697)	(7,219,697)	(8,919,697)	—	(8,919,697)	(1,700,000)
Sale of capital assets	—	—	74,103	—	74,103	74,103
<b>Total other financing sources and (uses)</b>	<b>(3,019,697)</b>	<b>(7,219,697)</b>	<b>(8,329,094)</b>	<b>—</b>	<b>(8,329,094)</b>	<b>(1,109,397)</b>
<b>Net change in fund balance</b>	<b>516,723</b>	<b>824,732</b>	<b>1,402,743</b>	<b>(170,110)</b>	<b>1,572,853</b>	<b>748,121</b>
Fund balances, October 1	18,381,455	19,303,680	19,739,634	(250,911)	19,488,723	185,043
Fund balances, September 30	\$ 18,898,178	\$ 20,128,412	\$ 21,142,377	\$ (421,021)	\$ 21,061,576	\$ 933,164

**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Year Ended September 30, 2016

**Schedule of Postemployment Health Care Benefits Funding Progress**

Actuarial valuation date	City Fiscal Year	(a)	(b)	(c)	(d)	(e)	UAAL as a percentage of covered payroll (d)/(e)
		Actuarial value of assets	Actuarial liability (AAL)	Funded ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual covered payroll	
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
12/31/2014	2016	—	36,378,434	—	36,378,734	67,329,906	54.03

**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
2016	3,070,258	52	26,025,726

- (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 the national environment for Health Care stabilizes the City will reevaluate funding strategies.

**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Year Ended September 30, 2016

**Schedule of Pension Contributions**  
**Last 10 Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 8,960,805	\$ 9,092,062	\$ 9,277,774
Contributions in relation to the actuarially determined contribution	<u>(8,960,805)</u>	<u>(9,092,062)</u>	<u>(9,320,390)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,616.00)</u>
Covered employee payroll	\$ 67,329,906	\$ 65,295,964	\$ 64,560,755
Contributions as a percentage of covered employee payroll	13.31%	13.92%	14.44%

**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	30 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.

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 eight years.

**CITY OF RICHARDSON, TEXAS**  
Required Supplementary Information  
Year Ended September 30, 2016

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last 10 Years \*

	2015	2014
Total pension liability:		
Service Cost	\$ 9,282,442	\$ 8,595,083
Interest (on the Total Pension Liability)	31,310,006	30,001,418
Changes of benefit terms	-	-
Difference between expected and actual experience	(1,241,285)	(142,357)
Change of assumptions	7,343,227	-
Benefit payments, including refunds of employee contributions	(19,961,687)	(20,245,744)
 Net Change in Total Pension Liability	 26,732,703	 18,208,400
Total Pension Liability - Beginning	452,625,423	434,417,023
 Total Pension Liability Ending (A)	 \$ 479,358,126	 \$ 452,625,423
 Plan Fiduciary Net Position:		
Contributions - Employer	\$ 9,067,267	\$ 9,312,812
Contributions - Employee	4,599,369	4,541,066
Net Investment Income	622,684	23,194,326
Benefit payments, including refunds of employee contributions	(19,961,687)	(20,245,744)
Administrative expense	(379,292)	(242,173)
Other	(18,735)	(19,911)
 Net Change in Plan Fiduciary Net Position	 (6,070,394)	 16,540,376
Plan Fiduciary Net Position - Beginning	422,014,521	405,474,145
Plan Fiduciary Net Position - Ending (B)	\$ 415,944,127	\$ 422,014,521
 Net Pension Liability - Ending (A-B)	 \$ 63,413,999	 \$ 30,610,902
 Plan Fiduciary Net Position as Percentage of Total Pension Liability	 86.77%	 93.24%
 Covered Employee Payroll	 \$ 65,693,151	 64,872,361
 Net Pension Liability as a Percentage of Covered Employee Payroll	 96.53%	 47.19%

\*The City implemented GASB 68 in FY 2015 therefore the required information for information for this schedule will be built over the next eight years.

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

Year Ended September 30, 2016

**(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	\$ 114,927,193	\$ 119,089,939
Debt Service	29,551,600	29,338,073
Water and Sewer	69,127,451	70,387,429
Solid Waste Services	14,848,190	15,093,904
Golf	2,167,899	2,060,970
Internal Service (Combined)	15,071,635	15,076,450
Special Police	55,000	176,347
State Grants	-	244,602
Federal Grants	-	441,077
Municipal Court Security	91,568	101,254
Traffic Safety	1,554,561	1,620,671
Wireless 911	471,000	497,816
Judicial Efficiency	11,400	14,950
Hotel/Motel Tax	6,383,130	6,819,433
Technology	62,551	65,085
Tax Increment Financing #1	2,790,021	3,178,436
Tax Increment Financing #2	2,485,580	2,476,618
Tax Increment Financing #3	25,318	39,070
Richardson Improvement Corp.	96,275	93,840
Franchsie Peg Fund	60,000	74,783
Drainage Fee Fund	2,700,000	2,740,715
Economic Development Fund	671,628	564,128



**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

Year Ended September 30, 2016

**Excess of Expenditures over Appropriations**

For the year ended September 30, 2016 expenditures exceeded appropriations in the Debt Service Fund. These expenditures were funded with the net proceeds received from the refunding bond issue. Expenditures for body worn cameras were originally classified as a state grant causing expenditures to exceed appropriations by \$80,568 in the Federal Grants Fund. The Drainage Fund exceeded appropriations by \$315,372. There were several major drainage projects completed in FY 2016 that had been under construction and budgeted in the previous fiscal year.

**(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	\$ 1,402,743
Beginning of year adjustment for encumbrances not recognized as expenditures	799,575
End of year adjustment for encumbrances not recognized as expenditures	48,158
Reduction in sales tax recognized for GAAP basis	(559,569)
Increase in fines and forfeitures recognized for GAAP basis	<u>(118,054)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u><u>\$ 1,572,853</u></u>

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

Year Ended September 30, 2016

**Excess of Expenditures over Appropriations**

For the year ended September 30, 2016 expenditures exceeded appropriations in the Debt Service Fund. These expenditures were funded with the net proceeds received from the refunding bond issue. Expenditures for body worn cameras were originally classified as a state grant causing expenditures to exceed appropriations by \$80,568 in the Federal Grants Fund. The Drainage Fund exceeded appropriations by \$315,372. There were several major drainage projects completed in FY 2016 that had been under construction and budgeted in the previous fiscal year.

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Excess of revenues and other sources over expenditures and other uses-budget basis	<u><u>\$ 1,572,853</u></u>

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## CITY OF RICHARDSON, TEXAS

Nonmajor Governmental funds

September 30, 2016

### **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.

## CITY OF RICHARDSON, TEXAS

Nonmajor Governmental funds

September 30, 2016

*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, 2016

	<b>Special Revenue Funds</b>				
	<b>Grant Funds (1)</b>	<b>Municipal Court Funds (1)</b>	<b>Tax Increment Financing Funds (1)</b>	<b>Special Police Funds</b>	<b>Traffic Safety Fund</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,943	\$ 377,982	\$ 1,193,336	\$ 362,670	\$ 221,936
Investments	—	—	1,600,000	—	800,000
Receivables (net of allowances)	198,658	—	80,000	—	206,004
Prepaid items	—	—	—	—	—
Total assets	<u>\$ 202,601</u>	<u>\$ 377,982</u>	<u>\$ 2,873,336</u>	<u>\$ 362,670</u>	<u>\$ 1,227,940</u>
<b>Liabilities:</b>					
Accounts payable	\$ 143,164	\$ 7,761	\$ —	\$ 77,116	\$ 22,867
Retainage payable	—	—	2,771	—	—
Accrued liabilities	—	—	—	—	605,202
Due to other funds	59,437	—	—	—	—
Unearned revenue	—	—	—	—	—
Total liabilities	<u>202,601</u>	<u>7,761</u>	<u>2,771</u>	<u>77,116</u>	<u>628,069</u>
<b>Deferred inflows of resources</b>					
Unavailable revenues	—	—	—	—	176,215
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>176,215</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Prepaid	—	—	—	—	—
<b>Restricted for:</b>					
General government	—	155,554	2,870,565	—	—
Public safety	—	214,667	—	285,554	423,656
<b>Committed for:</b>					
General government	—	—	—	—	—
Public services	—	—	—	—	—
Parks and recreation	—	—	—	—	—
<b>Assigned for:</b>					
General government	—	—	—	—	—
Parks and recreation	—	—	—	—	—
Total fund balances	<u>—</u>	<u>370,221</u>	<u>2,870,565</u>	<u>285,554</u>	<u>423,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 202,601</u>	<u>\$ 377,982</u>	<u>\$ 2,873,336</u>	<u>\$ 362,670</u>	<u>\$ 1,227,940</u>

(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, 2016

**Special Revenue Funds**

Wireless 911 Fund	Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation	Economic Development Fund	Golf Fund	Total
\$ 101,888	\$ 762,464	\$ 53,208	\$ 1,731,514	\$ 45,352	\$ 45,602	\$ 38,737	\$ 4,938,632
185,000	2,600,000	840,000	1,000,000	—	1,500,000	85,000	8,610,000
—	380,452	—	217,374	30	—	29,419	1,111,937
—	62,635	—	—	2,353	—	269	65,257
<u>\$ 286,888</u>	<u>\$ 3,805,551</u>	<u>\$ 893,208</u>	<u>\$ 2,948,888</u>	<u>\$ 47,735</u>	<u>\$ 1,545,602</u>	<u>\$ 153,425</u>	<u>\$ 14,725,826</u>
\$ 29,674	\$ 194,478	\$ —	\$ 72,534	\$ 8,378	\$ 335,000	\$ 32,519	\$ 923,491
—	—	—	108,249	—	—	—	111,020
—	320,831	—	373	—	—	13,436	939,842
—	—	—	—	—	—	—	59,437
—	266,961	—	—	—	—	—	266,961
<u>29,674</u>	<u>782,270</u>	<u>—</u>	<u>181,156</u>	<u>8,378</u>	<u>335,000</u>	<u>45,955</u>	<u>2,300,751</u>
—	—	—	210,852	—	—	—	387,067
—	—	—	210,852	—	—	—	387,067
—	62,635	—	—	2,353	—	269	65,257
—	—	893,208	—	—	—	—	3,919,327
257,214	—	—	—	—	—	—	1,181,091
—	—	—	—	—	1,210,602	—	1,210,602
—	—	—	2,556,880	—	—	—	2,556,880
—	—	—	—	—	—	107,201	107,201
—	2,960,646	—	—	—	—	—	2,960,646
—	—	—	—	37,004	—	—	37,004
<u>257,214</u>	<u>3,023,281</u>	<u>893,208</u>	<u>2,556,880</u>	<u>39,357</u>	<u>1,210,602</u>	<u>107,470</u>	<u>12,038,008</u>
<u>\$ 286,888</u>	<u>\$ 3,805,551</u>	<u>\$ 893,208</u>	<u>\$ 2,948,888</u>	<u>\$ 47,735</u>	<u>\$ 1,545,602</u>	<u>\$ 153,425</u>	<u>\$ 14,725,826</u>



**CITY OF RICHARDSON, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Nonmajor Governmental Funds  
Year ended September 30, 2016

	<b>Special Revenue Funds</b>				
	<b>Grant Funds (1)</b>	<b>Municipal Court Funds (1)</b>	<b>Tax Increment Financing Funds (1)</b>	<b>Special Police Funds</b>	<b>Traffic Safety Fund</b>
Revenues:					
General property taxes	\$ —	\$ —	\$ 4,449,875	\$ —	\$ —
Hotel/motel tax	—	—	—	—	—
Drainage fees	—	—	—	—	—
Eisemann center revenue	—	—	—	—	—
Golf course revenue	—	—	—	—	—
Golf course restaurant	—	—	—	—	—
911 revenue	—	—	—	—	—
Intergovernmental revenue	548,583	—	1,084,939	39,964	—
Franchise fees	—	—	—	—	—
Fines and forfeitures	—	157,934	—	10,085	1,615,930
Interest revenue	—	2,138	25,965	1,675	4,070
Contributions	—	—	123,954	—	—
Other revenue	—	—	—	59,602	5
Total revenues	<u>548,583</u>	<u>160,072</u>	<u>5,684,733</u>	<u>111,326</u>	<u>1,620,005</u>
Expenditures:					
General government	—	66,123	11,306,807	—	—
Parks and recreation	—	—	—	—	—
Library	13,235	—	—	—	—
Public health	15,076	—	—	—	—
Public safety	424,905	100,655	—	47,004	1,485,784
Public services	—	—	—	—	—
General administration	—	—	175,000	—	—
Capital outlay	95,367	—	12,147,177	—	22,590
Debt service:					
Principal obligation payments	—	—	1,307,105	—	—
Interest and fiscal charges	—	—	2,450,351	—	—
Total expenditures	<u>548,583</u>	<u>166,778</u>	<u>27,386,440</u>	<u>47,004</u>	<u>1,508,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,706)</u>	<u>(21,701,707)</u>	<u>64,322</u>	<u>111,631</u>
Other financing sources (uses):					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	(50,000)	—
Issuance of other obligations	—	—	22,251,969	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>22,251,969</u>	<u>(50,000)</u>	<u>—</u>
Net change in fund balances	<u>—</u>	<u>(6,706)</u>	<u>550,262</u>	<u>14,322</u>	<u>111,631</u>
Fund balance, October 1	<u>—</u>	<u>376,927</u>	<u>2,320,303</u>	<u>271,232</u>	<u>312,025</u>
Fund balance, September 30	<u>\$ —</u>	<u>\$ 370,221</u>	<u>\$ 2,870,565</u>	<u>\$ 285,554</u>	<u>\$ 423,656</u>

(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, 2016

**Special Revenues**

<b>Wireless 911 Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>PEG Fund</b>	<b>Drainage Fund</b>	<b>Richardson Improvement Corporation</b>	<b>Economic Development Fund</b>	<b>Golf Fund</b>	<b>Total</b>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,449,875
—	4,436,091	—	—	—	—	—	4,436,091
—	—	—	2,755,059	—	—	—	2,755,059
—	2,030,422	—	—	—	—	—	2,030,422
—	—	—	—	—	—	1,933,428	1,933,428
—	—	—	—	—	—	36,597	36,597
525,164	—	—	—	—	—	—	525,164
—	—	—	—	—	—	—	1,673,486
—	—	288,747	—	—	—	—	288,747
—	—	—	—	—	—	—	1,783,949
1,438	15,021	4,617	16,923	41	5,496	198	77,582
—	—	—	—	16,500	—	—	140,454
—	87,006	—	—	30	—	29,612	176,255
<u>526,602</u>	<u>6,568,540</u>	<u>293,364</u>	<u>2,771,982</u>	<u>16,571</u>	<u>5,496</u>	<u>1,999,835</u>	<u>20,307,109</u>
—	4,795,631	37,836	—	—	529,128	—	16,735,525
—	—	—	—	75,788	—	1,964,827	2,040,615
—	—	—	—	—	—	—	13,235
—	—	—	—	—	—	—	15,076
42,165	—	—	—	—	—	—	2,100,513
—	—	—	252,629	—	—	—	252,629
—	680,311	—	1,025,000	—	—	95,354	1,975,665
—	303,721	36,128	1,778,458	—	—	—	14,383,441
—	—	—	—	—	—	—	1,307,105
—	—	—	—	—	—	—	2,450,351
<u>42,165</u>	<u>5,779,663</u>	<u>73,964</u>	<u>3,056,087</u>	<u>75,788</u>	<u>529,128</u>	<u>2,060,181</u>	<u>41,274,155</u>
<u>484,437</u>	<u>788,877</u>	<u>219,400</u>	<u>(284,105)</u>	<u>(59,217)</u>	<u>(523,632)</u>	<u>(60,346)</u>	<u>(20,967,046)</u>
—	—	—	—	80,000	1,191,012	—	1,271,012
(450,000)	—	—	—	(16,500)	—	—	(516,500)
—	—	—	—	—	—	—	22,251,969
<u>(450,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>63,500</u>	<u>1,191,012</u>	<u>—</u>	<u>23,006,481</u>
34,437	788,877	219,400	(284,105)	4,283	667,380	(60,346)	2,039,435
<u>222,777</u>	<u>2,234,404</u>	<u>673,808</u>	<u>2,840,985</u>	<u>35,074</u>	<u>543,222</u>	<u>167,816</u>	<u>9,998,573</u>
<u>\$ 257,214</u>	<u>\$ 3,023,281</u>	<u>\$ 893,208</u>	<u>\$ 2,556,880</u>	<u>\$ 39,357</u>	<u>\$ 1,210,602</u>	<u>\$ 107,470</u>	<u>\$ 12,038,008</u>

**CITY OF RICHARDSON, TEXAS**

Combining Balance Sheet – Nonmajor Governmental Funds - State and Federal Grant Funds  
September 30, 2016

	<u>Special Revenue Funds</u>		
	<u>State Grant</u>	<u>Federal Grant</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,188	\$ 1,755	\$ 3,943
Intergovernmental receivables	1,091	197,567	198,658
Total assets	<u>\$ 3,279</u>	<u>\$ 199,322</u>	<u>\$ 202,601</u>
Liabilities:			
Accounts payable	\$ 3,279	\$ 139,885	\$ 143,164
Due to other funds	—	59,437	59,437
Total liabilities	<u>3,279</u>	<u>199,322</u>	<u>202,601</u>
Fund balances:			
Assigned for:			
Total fund balances	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balance	<u>\$ 3,279</u>	<u>\$ 199,322</u>	<u>\$ 202,601</u>

**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, 2016

	<b>Special Revenue Funds</b>		
	<b>State Grant</b>	<b>Federal Grant</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental revenue	\$ 13,476	\$ 535,107	\$ 548,583
Total revenues	<u>13,476</u>	<u>535,107</u>	<u>548,583</u>
Expenditures:			
Library	—	13,235	13,235
Public health	11,601	3,475	15,076
Public safety	1,875	423,030	424,905
Capital outlay	—	95,367	95,367
Total expenditures	<u>13,476</u>	<u>535,107</u>	<u>548,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	—	—	—
Fund balance, October 1	—	—	—
Fund balance, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - State Grant Funds  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget-positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ —	\$ 244,602	\$ 13,476	\$ (231,126)
Total revenues	<u>—</u>	<u>244,602</u>	<u>13,476</u>	<u>(231,126)</u>
Expenditures:				
Public health	—	30,000	11,601	18,399
Public safety	—	24,717	1,875	22,842
Public services	—	12,500	—	12,500
Capital Outlay	—	177,385	—	177,385
Total expenditures	<u>—</u>	<u>244,602</u>	<u>13,476</u>	<u>231,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	—	—	—	—
Fund balances, October 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Federal Grant Funds  
 Year ended September 30, 2016

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Intergovernmental revenue	\$ —	\$ 441,077	\$ 535,107	\$ 94,030
Total revenues	—	441,077	535,107	94,030
Expenditures:				
Library	—	—	13,235	(13,235)
Public Health	—	13,350	3,475	9,875
Public safety	—	96,384	423,030	(326,646)
Capital outlay	—	331,343	95,367	235,976
Total expenditures	—	441,077	535,107	(94,030)
Excess of revenues over (under) expenditures	—	—	—	—
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, 2016

	<u>Special Revenue Funds</u>			
	<u>Building Security</u>	<u>Technology</u>	<u>Judicial Efficiency</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 222,428	\$ 137,525	\$ 18,029	\$ 377,982
Total assets	<u>\$ 222,428</u>	<u>\$ 137,525</u>	<u>\$ 18,029</u>	<u>\$ 377,982</u>
Liabilities:				
Accounts payable	\$ 7,761	\$ —	\$ —	\$ 7,761
Total liabilities	<u>7,761</u>	<u>—</u>	<u>—</u>	<u>7,761</u>
Fund balances:				
Restricted for:				
General government	—	137,525	18,029	155,554
Public safety	<u>214,667</u>	<u>—</u>	<u>—</u>	<u>214,667</u>
Total fund balances	<u>214,667</u>	<u>137,525</u>	<u>18,029</u>	<u>370,221</u>
Total liabilities and fund balances	<u>\$ 222,428</u>	<u>\$ 137,525</u>	<u>\$ 18,029</u>	<u>\$ 377,982</u>

**CITY OF RICHARDSON, TEXAS**

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

Year ended September 30, 2016

	<b>Special Revenue Funds</b>			
	<b>Building Security</b>	<b>Technology</b>	<b>Judicial Efficiency</b>	<b>Total</b>
Revenues:				
Fines and forfeitures	\$ 68,354	\$ 83,860	\$ 5,720	\$ 157,934
Interest revenue	1,377	640	121	2,138
Total revenues	<u>69,731</u>	<u>84,500</u>	<u>5,841</u>	<u>160,072</u>
Expenditures:				
General government	—	55,747	10,376	66,123
Public safety	100,655	—	—	100,655
Total expenditures	<u>100,655</u>	<u>55,747</u>	<u>10,376</u>	<u>166,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,924)</u>	<u>28,753</u>	<u>(4,535)</u>	<u>(6,706)</u>
Net change in fund balances	(30,924)	28,753	(4,535)	(6,706)
Fund Balance, October 1	245,591	108,772	22,564	376,927
Fund balance, September 30	<u><u>\$ 214,667</u></u>	<u><u>\$ 137,525</u></u>	<u><u>\$ 18,029</u></u>	<u><u>\$ 370,221</u></u>



**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Municipal Court Building Security Fund  
 Year Ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 83,600	\$ 82,500	\$ 68,354	\$ (14,146)
Interest income	650	1,191	1,377	186
Total revenues	<u>84,250</u>	<u>83,691</u>	<u>69,731</u>	<u>(13,960)</u>
Expenditures:				
Public safety	<u>91,568</u>	<u>101,254</u>	<u>100,655</u>	<u>599</u>
Total expenditures	<u>91,568</u>	<u>101,254</u>	<u>100,655</u>	<u>599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,318)</u>	<u>(17,563)</u>	<u>(30,924)</u>	<u>(13,361)</u>
Net change in fund balance	(7,318)	(17,563)	(30,924)	(13,361)
Fund balances, October 1	<u>240,845</u>	<u>245,591</u>	<u>245,591</u>	<u>—</u>
Fund balances, September 30	<u><u>\$ 233,527</u></u>	<u><u>\$ 228,028</u></u>	<u><u>\$ 214,667</u></u>	<u><u>\$ (13,361)</u></u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Technology Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 108,000	\$ 94,750	\$ 83,860	\$ (10,890)
Interest income	155	566	640	74
Total revenues	<u>108,155</u>	<u>95,316</u>	<u>84,500</u>	<u>(10,816)</u>
Expenditures:				
General government	60,551	65,085	55,747	9,338
Capital outlay	2,000	—	—	—
Total expenditures	<u>62,551</u>	<u>65,085</u>	<u>55,747</u>	<u>9,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,604</u>	<u>30,231</u>	<u>28,753</u>	<u>(1,478)</u>
Net change in fund balance	45,604	30,231	28,753	(1,478)
Fund balances, October 1	<u>108,772</u>	<u>108,772</u>	<u>108,772</u>	<u>—</u>
Fund balances, September 30	<u>\$ 154,376</u>	<u>\$ 139,003</u>	<u>\$ 137,525</u>	<u>\$ (1,478)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Judicial Efficiency Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 6,200	\$ 6,050	\$ 5,720	\$ (330)
Interest income	50	105	121	16
Total revenues	<u>6,250</u>	<u>6,155</u>	<u>5,841</u>	<u>(314)</u>
Expenditures:				
General government	<u>11,400</u>	<u>14,950</u>	<u>10,376</u>	<u>4,574</u>
Total expenditures	<u>11,400</u>	<u>14,950</u>	<u>10,376</u>	<u>4,574</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,150)</u>	<u>(8,795)</u>	<u>(4,535)</u>	<u>4,260</u>
Net change in fund balance	(5,150)	(8,795)	(4,535)	4,260
Fund balances, October 1	<u>17,368</u>	<u>22,564</u>	<u>22,564</u>	<u>—</u>
Fund balances, September 30	<u>\$ 12,218</u>	<u>\$ 13,769</u>	<u>\$ 18,029</u>	<u>\$ 4,260</u>

**CITY OF RICHARDSON, TEXAS**

Combining Balance Sheet – Nonmajor Governmental Funds - Tax Increment Financing Funds  
September 30, 2016

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Tax Increment Financing #1</b>	<b>Tax Increment Financing #2</b>	<b>Tax Increment Financing #3</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,086,534	\$ 51,811	\$ 54,991	\$ 1,193,336
Investments	1,600,000	—	—	1,600,000
Accounts receivable	80,000	—	—	80,000
<b>Total assets</b>	<b>\$ 2,766,534</b>	<b>\$ 51,811</b>	<b>\$ 54,991</b>	<b>\$ 2,873,336</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,771	\$ —	\$ —	\$ 2,771
<b>Total liabilities</b>	<b>2,771</b>	<b>—</b>	<b>—</b>	<b>2,771</b>
<b>Fund balances:</b>				
<b>Restricted for:</b>				
General government	2,763,763	51,811	54,991	2,870,565
<b>Total fund balances</b>	<b>2,763,763</b>	<b>51,811</b>	<b>54,991</b>	<b>2,870,565</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,766,534</b>	<b>\$ 51,811</b>	<b>\$ 54,991</b>	<b>\$ 2,873,336</b>

**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, 2016

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Tax Increment Financing #1</b>	<b>Tax Increment Financing #2</b>	<b>Tax Increment Financing #3</b>	
Revenues:				
General property taxes	\$ 2,431,987	\$ 1,952,814	\$ 65,074	\$ 4,449,875
Intergovernmental revenue	548,851	518,800	17,288	1,084,939
Interest revenue	18,584	6,470	911	25,965
Contributions	123,954	—	—	123,954
Total revenues	<u>3,123,376</u>	<u>2,478,084</u>	<u>83,273</u>	<u>5,684,733</u>
Expenditures:				
General government	6,513,730	1,037,193	3,755,884	11,306,807
General administration	150,000	25,000	—	175,000
Capital outlay	183,335	9,131,368	2,832,474	12,147,177
Debt Service:				
Principal obligation payment	604,400	702,705	—	1,307,105
Interest and fiscal charges	667,318	1,748,913	34,120	2,450,351
Total expenditures	<u>8,118,783</u>	<u>12,645,179</u>	<u>6,622,478</u>	<u>27,386,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,995,407)</u>	<u>(10,167,095)</u>	<u>(6,539,205)</u>	<u>(21,701,707)</u>
Other financing sources (uses):				
Issuance of other obligations	5,500,000	10,168,561	6,583,408	22,251,969
Total other financing sources (uses)	<u>5,500,000</u>	<u>10,168,561</u>	<u>6,583,408</u>	<u>22,251,969</u>
Net change in fund balances	504,593	1,466	44,203	550,262
Fund balance, October 1	<u>2,259,170</u>	<u>50,345</u>	<u>10,788</u>	<u>2,320,303</u>
Fund balance, September 30	<u>\$ 2,763,763</u>	<u>\$ 51,811</u>	<u>\$ 54,991</u>	<u>\$ 2,870,565</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Tax Increment Financing #1  
 Year ended September 30, 2016

	<b>Budgeted amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues:</b>						
General property tax	\$ 2,481,724	\$ 2,439,388	\$ 2,431,987	\$ —	\$ 2,431,987	\$ (7,401)
Intergovernmental revenue	612,907	548,851	548,851	—	548,851	—
Interest income	7,901	13,876	18,584	—	18,584	4,708
Contributions	—	123,954	123,954	—	123,954	—
<b>Total revenues</b>	<b>3,102,532</b>	<b>3,126,069</b>	<b>3,123,376</b>	<b>—</b>	<b>3,123,376</b>	<b>(2,693)</b>
<b>Expenditures:</b>						
General government	2,040,021	2,580,528	6,513,730	(4,228,282)	2,285,448	295,080
General administration	150,000	150,000	150,000	—	150,000	—
Capital outlay	600,000	447,908	183,335	—	183,335	264,573
Debt service:						
Principal obligation payments	—	—	604,400	(604,400)	—	—
Interest and fiscal charges	—	—	667,318	(667,318)	—	—
<b>Total expenditures</b>	<b>2,790,021</b>	<b>3,178,436</b>	<b>8,118,783</b>	<b>(5,500,000)</b>	<b>2,618,783</b>	<b>559,653</b>
Excess of revenues over(under) expenditures	312,511	(52,367)	(4,995,407)	5,500,000	504,593	556,960
<b>Other financing sources (uses):</b>						
Issuance of other obligations	—	—	5,500,000	(5,500,000)	—	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>5,500,000</b>	<b>(5,500,000)</b>	<b>—</b>	<b>—</b>
Net change in fund balance	312,511	(52,367)	504,593	—	504,593	556,960
Fund balance, October 1	1,675,815	2,259,170	2,259,170	—	2,259,170	—
Fund balance, September 30	\$ 1,988,326	\$ 2,206,803	\$ 2,763,763	\$ —	\$ 2,763,763	\$ 556,960

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Tax Increment Financing #2  
 Year ended September 30, 2016

	<b>Budgeted amounts</b>		<b>Actual GAAP Basis</b>	<b>Adjustments Budget Basis</b>	<b>Actual Budget Basis</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>				
<b>Revenues:</b>						
General property tax	\$ 1,944,885	\$ 1,952,814	\$ 1,952,814	\$ —	\$ 1,952,814	\$ —
Intergovernmental revenue	539,658	518,800	518,800	—	518,800	—
Interest income	750	7,000	6,470	—	6,470	(530)
Total revenues	<u>2,485,293</u>	<u>2,478,614</u>	<u>2,478,084</u>	<u>—</u>	<u>2,478,084</u>	<u>(530)</u>
<b>Expenditures:</b>						
General government	2,460,580	2,451,618	278,803	2,172,815	2,451,618	—
General administration	25,000	25,000	25,000	—	25,000	—
Capital Outlay	—	—	9,889,758	(9,889,758)	—	—
<b>Debt service:</b>						
Principal obligation payments	—	—	702,705	(702,705)	—	—
Interest and fiscal charges	—	—	1,748,913	(1,748,913)	—	—
Total expenditures	<u>2,485,580</u>	<u>2,476,618</u>	<u>12,645,179</u>	<u>(10,168,561)</u>	<u>2,476,618</u>	<u>—</u>
Excess of revenues over (under) expenditures	<u>(287)</u>	<u>1,996</u>	<u>(10,167,095)</u>	<u>10,168,561</u>	<u>1,466</u>	<u>(530)</u>
<b>Other financing sources (uses)</b>						
Issuance of other obligations	—	—	10,168,561	(10,168,561)	—	—
Net change in fund balance	(287)	1,996	1,466	—	1,466	(530)
Fund balance, October 1	<u>50,287</u>	<u>50,345</u>	<u>50,345</u>	<u>—</u>	<u>50,345</u>	<u>—</u>
Fund balance, September 30	<u>\$ 50,000</u>	<u>\$ 52,341</u>	<u>\$ 51,811</u>	<u>\$ —</u>	<u>\$ 51,811</u>	<u>\$ (530)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Tax Increment Financing #3  
 Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
General property taxes	\$ 64,512	\$ 65,074	\$ 65,074	\$ —	\$ 65,074	\$ —
Intergovernmental revenue	—	17,288	17,288	—	17,288	—
Interest revenue	20	840	911	—	911	71
Total revenues	<u>64,532</u>	<u>83,202</u>	<u>83,273</u>	<u>—</u>	<u>83,273</u>	<u>71</u>
Expenditures:						
General government	25,318	39,070	3,755,884	(3,716,814)	39,070	—
Capital outlay	—	—	2,832,474	(2,832,474)	—	—
Debt Service						
Interest and fiscal charges	—	—	34,120	(34,120)	—	—
Total expenditures	<u>25,318</u>	<u>39,070</u>	<u>6,622,478</u>	<u>(6,583,408)</u>	<u>39,070</u>	<u>—</u>
Excess of revenues over (under) expenditures	<u>39,214</u>	<u>44,132</u>	<u>(6,539,205)</u>	<u>6,583,408</u>	<u>44,203</u>	<u>71</u>
Other financing sources (uses)						
Issuance of other obligations	—	—	6,583,408	(6,583,408)	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	39,214	44,132	44,203	—	44,203	71
Fund balance, October 1	<u>10,786</u>	<u>10,788</u>	<u>10,788</u>	<u>—</u>	<u>10,788</u>	<u>—</u>
Fund balance, September 30	<u>\$ 50,000</u>	<u>\$ 54,920</u>	<u>\$ 54,991</u>	<u>\$ —</u>	<u>\$ 54,991</u>	<u>\$ 71</u>



**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Debt Service Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property taxes	\$ 29,598,451	\$ 29,513,846	\$ 29,578,659	\$ 64,813
Interest revenue	5,085	20,879	21,548	669
Total revenues	<u>29,603,536</u>	<u>29,534,725</u>	<u>29,600,207</u>	<u>65,482</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	19,859,847	19,859,847	19,859,847	—
Interest and fiscal charges	9,004,380	8,790,853	9,018,136	(227,283)
Payments for other obligations	687,373	687,373	615,315	72,058
Total expenditures	<u>29,551,600</u>	<u>29,338,073</u>	<u>29,493,298</u>	<u>(155,225)</u>
Excess of revenues over (under) expenditures	<u>51,936</u>	<u>196,652</u>	<u>106,909</u>	<u>(89,743)</u>
<b>Other financing sources:</b>				
Transfer in	—	—	816	816
Net proceeds from issuance/refunding bonds	—	—	164,021	164,021
Total other financing sources	<u>—</u>	<u>—</u>	<u>164,837</u>	<u>164,837</u>
Net change in fund balance	51,936	196,652	271,746	75,094
Fund balances, October 1	<u>2,328,014</u>	<u>2,380,687</u>	<u>2,381,452</u>	<u>765</u>
Fund balances, September 30	<u>\$ 2,379,950</u>	<u>\$ 2,577,339</u>	<u>\$ 2,653,198</u>	<u>\$ 75,859</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Special Police Funds  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 20,000	\$ 29,675	\$ 39,964	\$ 10,289
Fines and forfeitures	15,000	10,750	10,085	(665)
Interest income	877	1,492	1,675	183
Other revenue	10,000	35,417	59,602	24,185
Total revenues	<u>45,877</u>	<u>77,334</u>	<u>111,326</u>	<u>33,992</u>
<b>Expenditures:</b>				
Public safety	<u>5,000</u>	<u>126,347</u>	<u>47,004</u>	<u>79,343</u>
Total expenditures	<u>5,000</u>	<u>126,347</u>	<u>47,004</u>	<u>79,343</u>
Excess of revenues over (under) expenditures	<u>40,877</u>	<u>(49,013)</u>	<u>64,322</u>	<u>113,335</u>
<b>Other financing sources:</b>				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>—</u>
Total other financing sources	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>—</u>
Net change in fund balance	(9,123)	(99,013)	14,322	113,335
Fund balances, October 1	<u>224,359</u>	<u>271,232</u>	<u>271,232</u>	<u>—</u>
Fund balances, September 30	<u>\$ 215,236</u>	<u>\$ 172,219</u>	<u>\$ 285,554</u>	<u>\$ 113,335</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Traffic Safety Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines	\$ 1,450,000	\$ 1,618,861	\$ 1,615,930	\$ (2,931)
Other revenue	—	—	5	5
Interest income	1,100	2,794	4,070	1,276
Total revenues	<u>1,451,100</u>	<u>1,621,655</u>	<u>1,620,005</u>	<u>(1,650)</u>
<b>Expenditures:</b>				
Public safety	1,513,103	1,579,213	1,485,784	93,429
Capital outlay	41,458	41,458	22,590	18,868
Total expenditures	<u>1,554,561</u>	<u>1,620,671</u>	<u>1,508,374</u>	<u>112,297</u>
Excess of revenues over (under) expenditures	<u>(103,461)</u>	<u>984</u>	<u>111,631</u>	<u>110,647</u>
Net change in fund balance	(103,461)	984	111,631	110,647
Fund balances, October 1	<u>261,633</u>	<u>312,025</u>	<u>312,025</u>	<u>—</u>
Fund balances, September 30	<u>\$ 158,172</u>	<u>\$ 313,009</u>	<u>\$ 423,656</u>	<u>\$ 110,647</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Wireless 911  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
911 revenue	\$ 510,000	\$ 520,000	\$ 525,164	\$ 5,164
Interest income	547	1,207	1,438	231
Total revenues	<u>510,547</u>	<u>521,207</u>	<u>526,602</u>	<u>5,395</u>
Expenditures:				
Public safety	21,000	47,816	42,165	5,651
Total expenditures	<u>21,000</u>	<u>47,816</u>	<u>42,165</u>	<u>5,651</u>
Excess of revenues over (under) expenditures	<u>489,547</u>	<u>473,391</u>	<u>484,437</u>	<u>11,046</u>
Other financing sources (uses):				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Net change in fund balance	39,547	23,391	34,437	11,046
Fund balances, October 1	<u>218,211</u>	<u>222,777</u>	<u>222,777</u>	<u>—</u>
Fund balances, September 30	<u>\$ 257,758</u>	<u>\$ 246,168</u>	<u>\$ 257,214</u>	<u>\$ 11,046</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Hotel/Motel Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/Motel taxes	\$ 4,011,505	\$ 4,428,094	\$ 4,436,091	\$ 7,997
Parking fees	225,000	199,669	199,181	(488)
Eisemann center revenue	1,970,914	1,873,183	1,831,241	(41,942)
Interest income	3,253	7,830	15,021	7,191
Miscellaneous	—	—	87,006	87,006
Total revenues	<u>6,210,672</u>	<u>6,508,776</u>	<u>6,568,540</u>	<u>59,764</u>
Expenditures:				
General government:				
Arts	550,000	535,000	335,000	200,000
Miscellaneous	77,400	140,893	161,237	(20,344)
Eisemann center	4,453,562	4,014,324	3,818,667	195,657
Parking garage	479,803	505,008	480,727	24,281
Capital outlay	—	805,000	303,721	501,279
General administration	822,365	819,208	680,311	138,897
Total expenditures	<u>6,383,130</u>	<u>6,819,433</u>	<u>5,779,663</u>	<u>1,039,770</u>
Excess of revenues over (under) expenditures	<u>(172,458)</u>	<u>(310,657)</u>	<u>788,877</u>	<u>1,099,534</u>
Net change in fund balance	(172,458)	(310,657)	788,877	1,099,534
Fund balances, October 1	<u>1,609,370</u>	<u>2,234,404</u>	<u>2,234,404</u>	<u>—</u>
Fund balances, September 30	<u>\$ 1,436,912</u>	<u>\$ 1,923,747</u>	<u>\$ 3,023,281</u>	<u>\$ 1,099,534</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Franchise PEG Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Franchise fees	\$ 250,000	\$ 275,000	\$ 288,747	\$ 13,747
Interest income	<u>1,227</u>	<u>3,812</u>	<u>4,617</u>	<u>805</u>
Total revenues	<u>251,227</u>	<u>278,812</u>	<u>293,364</u>	<u>14,552</u>
Expenditures:				
General government	—	6,145	37,836	(31,691)
Capital	<u>60,000</u>	<u>68,638</u>	<u>36,128</u>	<u>32,510</u>
Total expenditures	<u>60,000</u>	<u>74,783</u>	<u>73,964</u>	<u>819</u>
Excess of revenues over (under) expenditures	<u>191,227</u>	<u>204,029</u>	<u>219,400</u>	<u>15,371</u>
Net change in fund balance	191,227	204,029	219,400	15,371
Fund balances, October 1	<u>640,943</u>	<u>673,808</u>	<u>673,808</u>	<u>—</u>
Fund balances, September 30	<u>\$ 832,170</u>	<u>\$ 877,837</u>	<u>\$ 893,208</u>	<u>\$ 15,371</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Drainage Fund  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fee revenue	\$ 2,788,667	\$ 2,732,261	\$ 2,755,059	\$ 22,798
Interest income	7,500	17,750	16,923	(827)
Total revenues	<u>2,796,167</u>	<u>2,750,011</u>	<u>2,771,982</u>	<u>21,971</u>
<b>Expenditures:</b>				
Public services	575,000	615,715	252,629	363,086
General administration	1,025,000	1,025,000	1,025,000	—
Capital Outlay	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,778,458</u>	<u>(678,458)</u>
Total expenditures	<u>2,700,000</u>	<u>2,740,715</u>	<u>3,056,087</u>	<u>(315,372)</u>
Excess of revenues over (under) expenditures	<u>96,167</u>	<u>9,296</u>	<u>(284,105)</u>	<u>(293,401)</u>
Net change in fund balance	96,167	9,296	(284,105)	(293,401)
Fund balances, October 1	<u>2,692,178</u>	<u>2,840,985</u>	<u>2,840,985</u>	<u>—</u>
Fund balances, September 30	<u>\$ 2,788,345</u>	<u>\$ 2,850,281</u>	<u>\$ 2,556,880</u>	<u>\$ (293,401)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Richardson Improvement Corporation  
 Year ended September 30, 2016

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Contributions	\$ 500	\$ 16,500	\$ 16,500	\$ —
Other Revenue	—	—	30	30
Interest	30	40	41	1
<b>Total revenues</b>	<u>530</u>	<u>16,540</u>	<u>16,571</u>	<u>31</u>
<b>Expenditures:</b>				
Parks and recreation	<u>96,275</u>	<u>93,840</u>	<u>75,788</u>	<u>18,052</u>
<b>Total expenditures</b>	<u>96,275</u>	<u>93,840</u>	<u>75,788</u>	<u>18,052</u>
Excess of revenues over (under) expenditures	<u>(95,745)</u>	<u>(77,300)</u>	<u>(59,217)</u>	<u>18,083</u>
<b>Other financing source (uses):</b>				
Transfers in	80,000	80,000	80,000	—
Transfers out	<u>—</u>	<u>—</u>	<u>(16,500)</u>	<u>(16,500)</u>
<b>Total other financing sources (uses)</b>	<u>80,000</u>	<u>80,000</u>	<u>63,500</u>	<u>(16,500)</u>
Net change in fund balance	(15,745)	2,700	4,283	1,583
Fund balances, October 1	<u>49,735</u>	<u>35,074</u>	<u>35,074</u>	<u>—</u>
Fund balances, September 30	<u>\$ 33,990</u>	<u>\$ 37,774</u>	<u>\$ 39,357</u>	<u>\$ 1,583</u>



**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Economic Development Fund  
 Year Ended September 30, 2016

	<b>Budgeted Amounts</b>		<b>Actual amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Interest revenue	\$ 675	\$ 4,500	\$ 5,496	\$ 996
Total revenues	<u>675</u>	<u>4,500</u>	<u>5,496</u>	<u>996</u>
<b>Expenditures:</b>				
General administration	<u>671,628</u>	<u>564,128</u>	<u>529,128</u>	<u>35,000</u>
Total expenditures	<u>671,628</u>	<u>564,128</u>	<u>529,128</u>	<u>35,000</u>
Excess revenues over (under) expenditures	<u>(670,953)</u>	<u>(559,628)</u>	<u>(523,632)</u>	<u>35,996</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,208,512</u>	<u>1,191,012</u>	<u>1,191,012</u>	<u>—</u>
Total other financing sources (uses)	<u>1,208,512</u>	<u>1,191,012</u>	<u>1,191,012</u>	<u>—</u>
Net change in fund balance	537,559	631,384	667,380	(34,004)
Fund balances, October 1	<u>542,844</u>	<u>543,222</u>	<u>543,222</u>	<u>—</u>
Fund balances, September 30	<u>\$ 1,080,403</u>	<u>\$ 1,174,606</u>	<u>\$ 1,210,602</u>	<u>\$ (34,004)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Golf Fund  
 Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Golf course revenue	\$ 2,154,924	\$ 2,088,847	\$ 1,933,428	\$ (155,419)
Golf course restaurant	38,000	37,537	36,597	(940)
Other	3,294	25,246	29,612	4,366
Interest	232	75	198	123
Total revenues	<u>2,196,450</u>	<u>2,151,705</u>	<u>1,999,835</u>	<u>(151,870)</u>
Expenditures:				
General administration	95,354	95,354	95,354	—
Parks and recreation	2,072,545	1,965,616	1,964,827	789
Total expenditures	<u>2,167,899</u>	<u>2,060,970</u>	<u>2,060,181</u>	<u>789</u>
Excess of revenues over (under) expenditures	<u>28,551</u>	<u>90,735</u>	<u>(60,346)</u>	<u>(151,081)</u>
Net change in fund balance	28,551	90,735	(60,346)	(151,081)
Fund balances, October 1	<u>104,488</u>	<u>167,816</u>	<u>167,816</u>	<u>—</u>
Fund balances, September 30	<u>\$ 133,039</u>	<u>\$ 258,551</u>	<u>\$ 107,470</u>	<u>\$ (151,081)</u>

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**CITY OF RICHARDSON, TEXAS**

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2016

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, 2016

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 152,215	\$ 2,973,675	\$ 3,125,890
Investments	130,000	1,100,000	1,230,000
Accounts receivable	—	215,678	215,678
Deposits	—	12,247	12,247
Inventories	219,259	—	219,259
Prepaid expenses	388	26,721	27,109
Total current assets	<u>501,862</u>	<u>4,328,321</u>	<u>4,830,183</u>
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	<u>607,883</u>	<u>—</u>	<u>607,883</u>
Less accumulated depreciation	<u>(551,872)</u>	<u>—</u>	<u>(551,872)</u>
Total capital assets, net of accumulated depreciation	<u>56,011</u>	<u>—</u>	<u>56,011</u>
Total Assets	<u>557,873</u>	<u>4,328,321</u>	<u>4,886,194</u>
Deferred Outflows of Resources:			
Pension contributions, investment experience and assumptions	<u>189,643</u>	<u>108,401</u>	<u>298,044</u>
Total Deferred Outflows of Resources	<u>189,643</u>	<u>108,401</u>	<u>298,044</u>
Liabilities:			
Current liabilities:			
Accounts payable	13,930	200,857	214,787
Compensated absences	4,294	5,617	9,911
Unpaid claims liabilities	—	1,177,976	1,177,976
Unearned revenue	—	64,838	64,838
Total current liabilities	<u>18,224</u>	<u>1,449,288</u>	<u>1,467,512</u>
Noncurrent liabilities:			
Compensated absences	38,645	50,554	89,199
Pension liability	311,709	171,873	483,582
Other postemployment benefits	64,802	86,058	150,860
Total noncurrent liabilities	<u>415,156</u>	<u>308,485</u>	<u>723,641</u>
Total Liabilities	<u>433,380</u>	<u>1,757,773</u>	<u>2,191,153</u>
Deferred Inflows of Resources:			
Pension actuarial experience	<u>5,229</u>	<u>3,081</u>	<u>8,310</u>
Total Deferred Outflows of Resources	<u>5,229</u>	<u>3,081</u>	<u>8,310</u>
Net position:			
Net investment in capital assets	56,011	—	56,011
Unrestricted	<u>252,896</u>	<u>2,675,868</u>	<u>2,928,764</u>
Total Net Position	<u>\$ 308,907</u>	<u>\$ 2,675,868</u>	<u>\$ 2,984,775</u>

**CITY OF RICHARDSON, TEXAS**  
Combining Statement of Revenues, Expenses, and Changes in  
Fund Net Position– All Internal Service Funds  
Year ended September 30, 2016

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 541,771	\$ —	\$ 541,771
City and employee contributions	1,482	13,895,509	13,896,991
Miscellaneous	2	250,789	250,791
Total operating revenues	<u>543,255</u>	<u>14,146,298</u>	<u>14,689,553</u>
Operating expenses:			
Personal services	376,589	299,516	676,105
Premiums	803	696,296	697,099
Professional and technical services	12,084	723,021	735,105
Property services	83,378	—	83,378
Other purchased services	23	72,546	72,569
Insurance claims	43,631	12,112,011	12,155,642
Supplies	16,608	1,952	18,560
Total operating expenses	<u>533,116</u>	<u>13,905,342</u>	<u>14,438,458</u>
Operating income (loss)	<u>10,139</u>	<u>240,956</u>	<u>251,095</u>
Nonoperating revenues:			
Interest revenue	1,494	22,769	24,263
Total nonoperating revenues	<u>1,494</u>	<u>22,769</u>	<u>24,263</u>
Change in net position	11,633	263,725	275,358
Net position, October 1	<u>297,274</u>	<u>2,412,143</u>	<u>2,709,417</u>
Net position, September 30	<u>\$ 308,907</u>	<u>\$ 2,675,868</u>	<u>\$ 2,984,775</u>

**CITY OF RICHARDSON, TEXAS**  
Combining Statement of Cash Flows – All Internal Service Funds  
Year ended September 30, 2016

	<b>Central Services Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from service users	\$ 541,773	\$ —	\$ 541,773
Cash received from City, employee, and other contributions	1,482	14,146,298	14,147,780
Cash payments for premiums and other operating expenses	(100,030)	(1,764,613)	(1,864,643)
Cash payments to employees	(374,223)	(266,036)	(640,259)
Cash payments for claims	(43,631)	(12,050,165)	(12,093,796)
Net cash used in operating activities	25,371	65,484	90,855
Cash flows from investing activity:			
Purchase of Investment Securities	(130,000)	(1,100,000)	(1,230,000)
Interest received on investments	1,494	22,769	24,263
Net cash provided by investing activity	(128,506)	(1,077,231)	(1,205,737)
Net increase (decrease) in cash and cash equivalents	(103,135)	(1,011,747)	(1,114,882)
Cash and cash equivalents, October 1	255,350	3,985,422	4,240,772
Cash and cash equivalents, September 30	\$ 152,215	\$ 2,973,675	\$ 3,125,890
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 10,139	240,956	\$ 251,095
Adjustments to reconcile operating income (loss) to net cash used for operating activities			
Changes in assets and liabilities:			
(Increase)Decrease in other receivables	—	(98,673)	(98,673)
(Increase)Decrease in inventory of supplies	12,171	—	12,171
(Increase)Decrease in prepaid items	(388)	(1,504)	(1,892)
Increase (Decrease) in accounts payable	1,083	(269,294)	(268,211)
Increase in unpaid claims liabilities	—	151,922	151,922
Increase (Decrease) in unearned revenue	—	8,597	8,597
Increase (Decrease) in post-employment benefits	(10,247)	7,428	(2,819)
Increase (Decrease) in compensated absences	(1,240)	8,633	7,393
Increase (Decrease) in pension liabilities	29,029	17,419	46,448
Increase (Decrease) in workers compensation	(15,176)	—	(15,176)
Total adjustments	15,232	(175,472)	(160,240)
Net cash used in operating activities	\$ 25,371	\$ 65,484	\$ 90,855
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	\$ 282,215	4,073,675	\$ 4,355,890
Less investments not meeting the definition of cash equivalents	(130,000)	(1,100,000)	(1,230,000)
Cash and cash equivalents at September 30, 2016	\$ 152,215	\$ 2,973,675	\$ 3,125,890

## **STATISTICAL SECTION**



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**CITY OF RICHARDSON, TEXAS**

Statistical Section

September 30, 2016

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.

	<b>Pages</b>
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<i>117-122</i>
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	<i>123-126</i>
<i>Debt Capacity</i> – 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.	<i>127-131</i>
<i>Demographic and Economic Information</i> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	<i>132-133</i>
<i>Operating Information</i> – 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.	<i>134-136</i>
<i>Pension Information</i> – This schedule contains information regarding pension benefits funding progress.	<i>137</i>

**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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
Net investment in capital assets	\$ 99,244	\$ 116,550	\$ 103,758	\$ 109,432	\$ 106,308	\$ 108,527	\$ 113,992	\$ 129,095	\$ 134,199	\$ 130,402
Restricted	12,504	6,295	22,864	22,180	15,207	10,744	7,103	7,072	10,511	10,682
Unrestricted	26,098	8,487	903	(5,654)	(7,778)	(8,303)	(6,582)	(19,188)	(23,943)	(19,160)
Total governmental activities net position	\$ <u>137,846</u>	\$ <u>131,332</u>	\$ <u>127,525</u>	\$ <u>125,958</u>	\$ <u>113,737</u>	\$ <u>110,968</u>	\$ <u>114,513</u>	\$ <u>116,979</u>	\$ <u>120,767</u>	\$ <u>121,924</u>
Business-type activities:										
Net investment in capital assets	\$ 61,716	\$ 59,030	\$ 54,480	\$ 52,823	\$ 50,959	\$ 50,558	\$ 55,251	\$ 50,634	\$ 51,770	\$ 55,464
Restricted	2,990	3,627	3,873	2,338	9,245	6,338	6,700	4,068	5,464	3,262
Unrestricted	16,018	14,566	17,625	18,192	12,666	11,604	11,399	8,983	10,694	12,427
Total business-type activities net position	\$ <u>80,724</u>	\$ <u>77,223</u>	\$ <u>75,978</u>	\$ <u>73,353</u>	\$ <u>72,870</u>	\$ <u>68,500</u>	\$ <u>73,350</u>	\$ <u>63,685</u>	\$ <u>67,928</u>	\$ <u>71,153</u>
Primary government:										
Net investment in capital assets	\$ 160,960	\$ 175,580	\$ 158,238	\$ 162,255	\$ 157,267	\$ 159,085	\$ 169,243	\$ 179,729	\$ 185,969	\$ 185,866
Restricted	15,494	9,922	26,737	24,518	24,452	17,082	13,803	11,140	15,975	13,944
Unrestricted	42,116	23,053	18,528	12,538	4,888	3,301	4,817	(10,205)	(13,249)	(6,733)
Total primary government net position	\$ <u>218,570</u>	\$ <u>208,555</u>	\$ <u>203,503</u>	\$ <u>199,311</u>	\$ <u>186,607</u>	\$ <u>179,468</u>	\$ <u>187,863</u>	\$ <u>180,664</u>	\$ <u>188,695</u>	\$ <u>193,077</u>

\*The City implemented GASB Statements 63 and 65 in FY 2013. The amounts for fiscal years 2007-2012 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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:										
Governmental activities:										
General government	\$ 25,381	\$ 30,689	\$ 27,784	\$ 27,767	\$ 34,351	\$ 30,018	\$ 29,705	\$ 36,311	\$ 36,761	\$ 45,754
Public safety	37,774	41,630	43,610	44,318	45,826	45,224	45,616	47,533	48,745	54,796
Public services	20,210	24,701	27,070	26,652	26,819	26,776	27,044	28,931	30,588	34,955
Library	3,988	4,145	4,224	4,099	4,245	4,027	3,963	3,989	4,161	4,311
Parks and recreation	12,576	13,814	13,658	14,507	14,662	14,786	15,078	15,282	18,310	18,987
Public health	1,344	1,483	1,582	1,460	1,467	1,548	1,606	1,714	1,807	2,054
Interest and fiscal charges	10,069	10,990	9,642	8,817	10,832	10,930	11,134	10,757	9,884	9,524
Total governmental activities expenses	<u>111,342</u>	<u>127,452</u>	<u>127,570</u>	<u>127,620</u>	<u>138,202</u>	<u>133,309</u>	<u>134,146</u>	<u>144,517</u>	<u>150,256</u>	<u>170,381</u>
Business-type activities:										
Water and sewer	41,343	45,159	46,278	46,785	49,816	51,667	54,341	55,648	59,159	63,836
Solid waste	11,211	12,068	12,364	12,779	12,798	13,057	12,574	12,441	13,725	14,418
Golf	2,147	2,336	2,406	2,338	2,487	2,376	2,544	2,558	-	-
Total business-type activities expenses	<u>54,701</u>	<u>59,563</u>	<u>61,048</u>	<u>61,902</u>	<u>65,101</u>	<u>67,100</u>	<u>69,459</u>	<u>70,647</u>	<u>72,884</u>	<u>78,254</u>
Total primary government expenses	<u>\$ 166,043</u>	<u>\$ 187,015</u>	<u>\$ 188,618</u>	<u>\$ 189,522</u>	<u>\$ 203,303</u>	<u>\$ 200,409</u>	<u>\$ 203,605</u>	<u>\$ 215,164</u>	<u>\$ 223,140</u>	<u>\$ 248,635</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,138	\$ 3,144	\$ 3,724	\$ 3,111	\$ 3,577	\$ 3,423	\$ 3,875	\$ 3,327	\$ 3,398	\$ 6,027
Public safety	7,313	7,937	8,903	8,398	9,170	9,480	9,506	9,252	9,691	9,421
Public services	1,968	1,527	1,379	1,956	2,200	4,278	6,583	6,163	6,152	10,200
Library	170	186	190	184	164	155	6	5	-	-
Parks and recreation	2,796	2,898	2,891	3,291	3,327	3,262	3,756	4,103	5,328	6,110
Public health	196	249	255	264	266	264	293	291	340	346
Operating grants and contributions	576	1,061	368	642	532	1,777	522	788	967	3,689
Capital grants and contributions	5,810	4,991	10,059	10,144	3,875	2,028	8,363	15,022	8,168	1,819
Total governmental activities program revenues	<u>20,967</u>	<u>21,993</u>	<u>27,769</u>	<u>27,990</u>	<u>23,111</u>	<u>24,667</u>	<u>32,904</u>	<u>38,951</u>	<u>34,044</u>	<u>37,612</u>
Business-type activities:										
Charges for services:										
Water and sewer	34,645	40,338	43,116	42,807	48,485	46,075	54,257	51,271	60,310	63,914
Solid waste	10,989	11,330	12,262	12,274	12,275	12,303	12,375	12,555	13,047	13,345
Golf	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	1,375	701	872	1,228	647	956	908	1,551	1,549	4,031
Total business-type activities program revenues	<u>49,031</u>	<u>54,513</u>	<u>58,295</u>	<u>57,845</u>	<u>63,295</u>	<u>61,357</u>	<u>69,771</u>	<u>67,296</u>	<u>74,906</u>	<u>81,290</u>
Total primary government program revenues	<u>\$ 69,998</u>	<u>\$ 76,506</u>	<u>\$ 86,064</u>	<u>\$ 85,835</u>	<u>\$ 86,406</u>	<u>\$ 86,024</u>	<u>\$ 102,675</u>	<u>\$ 106,247</u>	<u>\$ 108,950</u>	<u>\$ 118,902</u>

\*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 2007-2012 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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense) revenue:										
Governmental activities	\$ ( 90,375)	\$ ( 105,459)	\$ ( 99,801)	\$ ( 99,630)	\$ ( 115,091)	\$ ( 108,642)	\$ ( 101,242)	\$ ( 105,566)	\$ ( 116,212)	\$ ( 132,769)
Business-type activities	(5,670)	(5,050)	(2,753)	(4,057)	(1,806)	(5,743)	312	(3,351)	2,022	3,036
Total primary government net expense	<u>(96,045)</u>	<u>(110,509)</u>	<u>(102,554)</u>	<u>(103,687)</u>	<u>(116,897)</u>	<u>(114,385)</u>	<u>(100,930)</u>	<u>(108,917)</u>	<u>(114,190)</u>	<u>(129,733)</u>
General revenues										
Governmental activities:										
Taxes:										
Property	\$ 53,777	\$ 55,264	\$ 57,574	\$ 58,105	\$ 61,115	\$ 63,810	\$ 64,602	\$ 68,368	\$ 70,677	\$ 78,761
Sales	23,646	23,286	20,815	24,967	24,753	25,246	26,600	29,805	31,065	33,660
Other	3,540	3,719	2,986	3,105	3,447	3,351	3,673	4,129	4,460	4,979
Franchise	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,039	15,647	16,058
Unrestricted interest earnings	6,260	4,904	2,298	332	397	156	94	92	137	399
Insurance and other recoveries	173	-	-	-	-	-	-	-	-	-
Transfers	-	( 117)	( 19)	( 695)	( 489)	( 259)	( 4,506)	4,058	( 2,064)	-
Gain on sale of assets	1,160	18	134	14	74	8	35	40	78	69
Total governmental activities	<u>99,787</u>	<u>98,945</u>	<u>95,994</u>	<u>98,103</u>	<u>102,830</u>	<u>105,873</u>	<u>104,787</u>	<u>121,531</u>	<u>120,000</u>	<u>133,926</u>
Business-type activities:										
Unrestricted interest earnings	1,317	868	295	73	47	31	29	23	47	109
Insurance and other recoveries	30	-	-	-	-	-	-	-	-	-
Transfers	-	117	19	695	489	259	4,506	( 4,058)	2,064	-
Gain on sale of assets	133	117	730	90	59	352	3	181	109	80
Total business-type activities	<u>1,480</u>	<u>1,102</u>	<u>1,044</u>	<u>858</u>	<u>595</u>	<u>642</u>	<u>4,538</u>	<u>(3,854)</u>	<u>2,220</u>	<u>189</u>
Total primary government	<u>\$ 101,267</u>	<u>\$ 100,047</u>	<u>\$ 97,038</u>	<u>\$ 98,961</u>	<u>\$ 103,425</u>	<u>\$ 106,515</u>	<u>\$ 109,325</u>	<u>\$ 117,677</u>	<u>\$ 122,220</u>	<u>\$ 134,115</u>
Change in net position:										
Governmental activities	9,412	( 6,514)	( 3,807)	( 1,527)	( 12,261)	( 2,769)	3,545	15,965	3,788	1,157
Business-type activities	(4,190)	(3,948)	(1,709)	(3,199)	(1,211)	(5,101)	4,850	(7,205)	4,242	3,225
Total primary government	<u>\$ 5,222</u>	<u>\$ ( 10,462)</u>	<u>\$ ( 5,516)</u>	<u>\$ ( 4,726)</u>	<u>\$ ( 13,472)</u>	<u>\$ ( 7,870)</u>	<u>\$ 8,395</u>	<u>\$ 8,760</u>	<u>\$ 8,030</u>	<u>\$ 4,382</u>

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Table 3

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund:</b>										
Reserved for other	\$ 949	\$ 986	\$ 600	\$ 730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non spendable	-	-	-	-	507	559	1,027	882	933	720
Assigned	-	-	-	-	114	327	337	665	800	634
Unreserved	14,562	15,259	15,244	15,403	-	-	-	-	-	-
Unassigned	-	-	-	-	15,808	16,274	16,513	17,789	18,007	19,788
<b>Total general fund</b>	<u>\$ 15,511</u>	<u>\$ 16,245</u>	<u>\$ 15,844</u>	<u>\$ 16,133</u>	<u>\$ 16,429</u>	<u>\$ 17,160</u>	<u>\$ 17,877</u>	<u>\$ 19,336</u>	<u>\$ 19,740</u>	<u>\$ 21,142</u>
<b>All other governmental funds:</b>										
Reserved for:										
Capital projects	\$ 55,910	\$ 36,223	\$ 19,375	\$ 80,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	2,116	1,785	1,947	1,604	-	-	-	-	-	-
Other *	13,897	27,021	16,799	10,518	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,153	3,292	3,779	2,902	-	-	-	-	-	-
Capital funds	11,784	2,191	1,030	4,425	-	-	-	-	-	-
Non spendable:										
Property held for redevelopment	-	-	-	-	-	2,495	2,495	2,495	274	274
Prepaid Items	-	-	-	-	91	64	98	77	120	65
Deposits	-	-	-	-	105	-	-	-	-	-
Restricted for:										
Debt service	-	-	-	-	2,180	2,247	2,324	2,328	2,381	2,653
Library	-	-	-	-	-	-	63	7	26	89
Parks and recreation projects	-	-	-	-	22,817	18,341	3,831	4,101	1,156	471
Public services	-	-	-	-	30,061	26,548	16,283	8,692	5,544	4,800
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	1,226
General government	-	-	-	-	-	-	1,223	2,561	4,415	4,178
Health/Shelter	-	-	-	-	-	-	-	229	40	68
Public safety	-	-	-	-	-	-	1,917	1,906	2,147	3,468
Other purposes	-	-	-	-	4,180	2,716	-	-	-	-
Committed for:										
General government	-	-	-	-	-	-	-	-	-	1,211
Public services	-	-	-	-	-	570	1,921	2,743	2,841	2,557
Parks and recreation	-	-	-	-	-	-	-	-	-	107
Assigned for:										
Public services	-	-	-	-	707	808	1,474	1,507	90	2,457
Other purposes	-	-	-	-	3,540	2,422	-	-	-	-
Public Safety	-	-	-	-	-	-	-	2	44	3
Parks and recreation	-	-	-	-	-	-	23	65	225	767
Neighborhood Vitality Projects	-	-	-	-	-	-	-	65	-	-
Capital projects	-	-	-	-	-	-	4,896	-	2,578	7,630
General government	-	-	-	-	-	-	1,081	5,405	2,120	3,179
<b>Total all other governmental funds</b>	<u>\$ 86,860</u>	<u>\$ 70,512</u>	<u>\$ 42,930</u>	<u>\$ 99,461</u>	<u>\$ 84,676</u>	<u>\$ 69,939</u>	<u>\$ 43,424</u>	<u>\$ 34,847</u>	<u>\$ 27,381</u>	<u>\$ 35,203</u>

\* 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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues:</b>										
Property taxes	\$ 53,631	\$ 55,101	\$ 57,814	\$ 58,085	\$ 61,339	\$ 63,753	\$ 64,565	\$ 68,362	\$ 70,744	\$ 78,762
Franchise taxes	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,038	15,647	16,058
Sales tax	23,646	23,286	23,070	24,967	24,753	25,246	26,600	29,805	31,065	33,660
Mixed beverage and Bingo Tax	372	406	401	392	408	338	352	464	523	543
Hotel/motel taxes	3,168	3,314	2,585	2,713	3,039	3,013	3,322	3,665	3,937	4,436
Drainage fees	-	-	-	-	-	1,781	2,705	2,582	2,702	2,755
911 Revenue	1,316	1,336	1,377	1,521	1,579	1,676	1,724	1,723	1,731	1,727
Intergovernmental revenue	4,071	3,312	8,366	4,946	3,465	2,437	7,732	9,261	4,866	4,927
Licenses and permits	1,865	1,506	1,375	1,466	1,767	2,405	4,000	3,310	3,380	4,638
Fines and forfeitures	4,587	5,008	5,550	5,583	6,398	5,765	6,339	5,482	5,461	5,042
Interest revenue	6,087	4,820	2,278	327	393	154	92	90	134	375
Civic center use	286	384	334	328	299	331	328	295	300	315
Eisemann center revenue	1,422	1,936	2,452	2,143	2,411	2,396	2,026	2,177	2,143	2,232
Recreation and leisure	2,796	2,898	2,891	3,275	3,327	3,207	3,743	4,091	5,302	6,064
Rents	12	59	79	21	64	-	-	-	-	-
Public safety	1,549	1,672	1,759	1,819	1,591	2,396	2,236	2,095	2,434	2,602
Contributions	2,150	565	138	293	124	99	64	615	256	261
Participation	164	104	56	171	55	140	316	272	2,257	405
Other	853	1,055	864	886	964	745	813	1,184	1,129	1,644
General administration	6,643	6,968	6,932	6,745	8,101	8,496	8,235	7,652	8,128	8,054
<b>Total revenues</b>	<b>\$ 125,849</b>	<b>\$ 125,601</b>	<b>\$ 130,527</b>	<b>\$ 127,956</b>	<b>\$ 133,610</b>	<b>\$ 137,939</b>	<b>\$ 149,481</b>	<b>\$ 158,163</b>	<b>\$ 162,139</b>	<b>\$ 174,500</b>
<b>Expenditures:</b>										
General government	\$ 27,960	\$ 32,311	\$ 29,260	\$ 28,358	\$ 34,818	\$ 29,772	\$ 30,454	\$ 37,522	\$ 37,401	\$ 45,649
Public safety	35,186	36,507	38,860	38,193	39,627	40,035	41,881	43,163	44,415	47,917
Public services	13,938	17,328	19,542	18,613	18,020	18,780	19,704	20,920	22,142	25,288
Library	3,393	3,407	3,640	3,527	3,448	3,354	3,513	3,478	3,543	3,640
Parks and recreation	10,756	11,026	11,049	11,181	11,146	11,530	11,891	11,790	14,339	14,349
Public health	1,311	1,315	1,401	1,298	1,322	1,422	1,535	1,629	1,673	1,863
General administration	291	427	480	555	2,004	2,690	2,130	1,565	2,028	2,013
Capital outlay	20,699	27,552	37,125	20,934	20,701	21,397	50,941	40,698	38,419	28,386
Debt service:										
Principal retirement	10,241	11,311	12,308	12,548	14,425	15,738	16,421	17,901	19,300	19,860
Interest and fiscal charges	10,489	10,183	9,620	9,063	11,140	11,095	10,772	10,608	10,344	11,316
Payments for other obligations	456	474	2,690	1,228	812	859	1,052	1,215	902	2,584
Issuance costs	29	33	219	841	84	195	272	119	541	342
<b>Total expenditures</b>	<b>\$ 134,749</b>	<b>\$ 151,874</b>	<b>\$ 166,194</b>	<b>\$ 146,339</b>	<b>\$ 157,547</b>	<b>\$ 156,867</b>	<b>\$ 190,566</b>	<b>\$ 190,608</b>	<b>\$ 195,047</b>	<b>\$ 203,207</b>
Deficiency of revenues under expenditures	(8,900)	(26,273)	(35,667)	(18,383)	(23,937)	(18,928)	(41,085)	(32,445)	(32,908)	(28,707)

(Continued)

Table 4

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other financing sources (uses):										
Transfers in	\$ 6,740	\$ 4,916	\$ 4,030	\$ 4,520	\$ 3,247	\$ 4,121	\$ 5,650	\$ 4,594	\$ 6,503	\$ 10,011
Transfer out	( 6,740)	( 5,033)	( 4,049)	( 5,215)	( 3,736)	( 6,330)	( 6,202)	( 5,652)	( 9,531)	( 10,011)
Issuance of certificates of obligation	3,220	4,500	5,370	7,520	3,085	6,050	4,290	12,500	17,270	4,045
Issuance of general obligation bonds	-	5,933	-	60,665	-	-	-	-	-	8,265
Issuance of refunding bonds	-	-	14,460	18,440	6,039	6,270	18,000	-	45,741	14,020
Issuance of other obligations	1,592	-	1,740	1,124	6,535	192	10,909	13,789	10,654	22,252
Premium on bonds	-	-	772	7,378	15	760	2,811	34	277	2,720
Payment to refunded bond escrow agent	-	-	( 14,992)	( 19,502)	( 5,981)	( 6,779)	( 20,417)	-	( 45,341)	( 15,904)
Insurance and other recoveries	173	218	127	128	40	107	170	10	190	2,459
Proceeds from sale of capital assets	1,589	125	226	145	204	531	77	51	84	74
Total other financing sources	<u>6,574</u>	<u>10,659</u>	<u>7,684</u>	<u>75,203</u>	<u>9,448</u>	<u>4,922</u>	<u>15,288</u>	<u>25,326</u>	<u>25,847</u>	<u>37,931</u>
Net change in fund balances	<u>\$ ( 2,326)</u>	<u>\$ ( 15,614)</u>	<u>\$ ( 27,983)</u>	<u>\$ 56,820</u>	<u>\$ ( 14,489)</u>	<u>\$ ( 14,006)</u>	<u>\$ ( 25,797)</u>	<u>\$ ( 7,119)</u>	<u>\$ ( 7,061)</u>	<u>\$ 9,224</u>
Debt service as a percentage of noncapital expenditures	18.58%	17.67%	19.07%	18.21%	19.27%	20.44%	20.23%	19.91%	19.47%	20.01%

**Table 5**

**CITY OF RICHARDSON, TEXAS**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last ten fiscal years  
 (unaudited)

<b>Fiscal year ended September 30</b>	<b>Residential property</b>	<b>Commercial property</b>	<b>Industrial property</b>	<b>Less total exemptions/ reductions</b>	<b>Total taxable assessed value (1)</b>	<b>Total direct tax rate</b>
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
2016	5,742,269,842	8,281,055,896	748,742,290	3,231,115,761	11,540,952,267	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)

Fiscal year	City direct rates			Overlapping rates								
	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
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	0.081960	1.448000	1.253300	0.243100	0.286000	0.124775	0.010000
2016	0.380310	0.254850	0.635160	1.340050	0.225000	0.081960	1.439000	1.353300	0.243100	0.028600	0.123650	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)

Name of Taxpayer	2016			2007		
	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (b)	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (c)
KDC	\$ 371,840,234	1	3.04%	\$ —	—	—%
Bank of America	262,034,089	2	2.14	44,002,726	10	0.48
CISCO Systems	220,742,881	3	1.80	89,946,553	5	0.97
Collins Technology Park Partners	209,353,330	4	1.71	—	—	—
Verizon	141,525,979	5	1.16	162,254,838	3	1.76
Health Care Services Corp. (BCBSTX)	131,909,222	6	1.08	—	—	—
AT&T (Southwestern Bell/SBC in 2007)	115,193,190	7	0.94	176,109,043	2	1.90
Galatyn Parent LP	108,875,000	8	0.89	—	—	—
IBM	96,414,500	9	0.79	—	—	—
JP-Palisades	95,665,613	10	0.78	—	—	—
Texas Instruments	—	—	—	304,420,772	1	3.29
Nortel Networks	—	—	—	143,775,854	4	1.56
Crescent Real Estate	—	—	—	55,397,086	9	0.60
Fujitsu	—	—	—	61,421,277	6	0.66
Cingular Wireless	—	—	—	59,467,352	8	0.64
TXU	—	—	—	59,559,256	7	0.64
<b>Total</b>	<b>\$ 1,753,554,038</b>		<b>14.33%</b>	<b>\$ 1,156,354,757</b>		<b>12.50%</b>

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

Note:

(a) Includes TIF values

(b) Total Taxable Value October 1, 2015=\$12,248,037,292

(c) Total Taxable Value October 1, 2006=\$ 9,244,635,756

Table 8

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

Fiscal year ended September 30	Taxes Levied for the Fiscal Year (2)	Subsequent Adjustments	Total Adjusted Levy at 9/30/16	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of Taxes Levied for the Fiscal Year		Amount	Percentage of Adjusted Levy
2007	\$ 53,538,365	\$ (77,283)	\$ 53,461,082	\$ 53,043,065	99.07%	\$ 382,341	\$ 53,425,406	99.93%
2008	54,730,772	(14,028)	54,716,744	54,356,874	99.32	326,708	54,683,582	99.94
2009	57,193,029	(47,123)	57,145,906	56,793,451	99.30	285,720	57,079,171	99.88
2010	57,644,880	(101,514)	57,543,366	57,283,266	99.37	187,422	57,470,688	99.87
2011	61,383,092	896,825	62,279,917	61,020,848	99.41	1,169,607	62,190,455	99.86
2012	62,836,249	78,919	62,915,168	62,496,395	99.46	277,687	62,774,082	99.78
2013	64,374,498	(202,033)	64,172,465	63,980,358	99.39	73,118	64,053,476	99.81
2014	68,105,024	(145,812)	67,959,212	67,862,416	99.64	(40,804)	67,821,612	99.80
2015	70,561,704	(94,802)	70,466,902	70,275,798	99.59	34,164	70,309,962	99.78
2016	78,509,994	-	78,509,994	78,176,975	99.58	-	78,176,975	99.58

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GOVERNMENTAL ACTIVITIES</b>										
General Obligation Bonds	\$ 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	\$ 154,949,412
Certificates of Obligation	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	36,735,000
Unamortized premium/(discount)	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	16,398,001
Total General Obligation Bonds and Certificates of Obligation	<u>209,397,889</u>	<u>202,306,617</u>	<u>195,302,603</u>	<u>257,010,700</u>	<u>245,010,260</u>	<u>234,779,455</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>
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	62,451,680
Other Obligations	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	2,554,995
Total TIF and Other Obligations	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	65,006,675
Total Governmental Activities	<u>\$ 214,810,573</u>	<u>\$ 213,178,528</u>	<u>\$ 207,480,405</u>	<u>\$ 265,116,079</u>	<u>\$ 258,838,663</u>	<u>\$ 247,940,768</u>	<u>\$ 250,062,379</u>	<u>\$ 256,318,084</u>	<u>\$ 262,518,878</u>	<u>\$ 273,089,088</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Water/Sewer Revenue Bonds	\$ 925,000	\$ 855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Refunding Bonds	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	21,565,588
Certificates of Obligation	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	25,680,000
Unamortized premium/(discount)	(34,159)	(36,756)	343,587	1,335,658	1,244,165	1,916,392	1,878,147	1,694,323	2,080,380	3,261,227
Total General Obligation Bonds and Certificates of Obligation	<u>50,563,454</u>	<u>53,896,819</u>	<u>57,194,730</u>	<u>65,099,575</u>	<u>65,944,545</u>	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>	<u>52,276,121</u>	<u>50,506,815</u>
Other Obligations	142,455	82,734	123,281	62,487	43,056	22,834	1,792	-	-	-
Total Other Obligations	142,455	82,734	123,281	62,487	43,056	22,834	1,792	-	-	-
Total Business-Type Activities	<u>\$ 50,705,909</u>	<u>\$ 53,979,553</u>	<u>\$ 57,318,011</u>	<u>\$ 65,162,062</u>	<u>\$ 65,987,601</u>	<u>\$ 62,447,754</u>	<u>\$ 57,824,489</u>	<u>\$ 53,934,721</u>	<u>\$ 52,276,121</u>	<u>\$ 50,506,815</u>
Total Primary Government	<u>\$ 265,516,482</u>	<u>\$ 267,158,081</u>	<u>\$ 264,798,416</u>	<u>\$ 330,278,141</u>	<u>\$ 324,826,264</u>	<u>\$ 310,388,522</u>	<u>\$ 307,886,868</u>	<u>\$ 310,252,805</u>	<u>\$ 314,794,999</u>	<u>\$ 323,595,903</u>
% of Personal Income (3)	9.1%	8.6%	8.4%	10.2%	10.1%	9.4%	9.3%	9.2%	8.9%	9.0%
Per Capita (3)	\$ 2,717	\$ 2,741	\$ 2,656	\$ 3,329	\$ 3,251	\$ 3,090	\$ 3,053	\$ 3,047	\$ 3,073	\$ 3,103

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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>GOVERNMENTAL ACTIVITIES</b>										
General Obligation Bonds	\$ 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	\$ 154,949,412
Certificates of Obligation	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	36,735,000
Unamortized premium/(discount)	<u>2,528,716</u>	<u>2,418,958</u>	<u>2,763,680</u>	<u>8,966,461</u>	<u>8,539,469</u>	<u>11,742,982</u>	<u>13,044,030</u>	<u>12,131,942</u>	<u>15,950,679</u>	<u>16,398,001</u>
Total General Obligation Bonds and Certificates of Obligation	<u>206,521,102</u>	<u>199,600,383</u>	<u>192,497,537</u>	<u>253,527,544</u>	<u>241,819,089</u>	<u>234,779,454</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Water/Sewer Revenue Bonds	\$ 925,000	\$ 855,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Obligation Refunding Bonds	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	21,565,588
Certificates of Obligation	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	25,680,000
Unamortized premium/(discount)	<u>(55,832)</u>	<u>(54,094)</u>	<u>90,805</u>	<u>698,799</u>	<u>666,020</u>	<u>1,916,392</u>	<u>1,878,147</u>	<u>1,694,323</u>	<u>2,080,380</u>	<u>3,261,227</u>
Total General Obligation Bonds and Certificates of Obligation	<u>50,541,781</u>	<u>53,879,481</u>	<u>56,941,948</u>	<u>64,462,716</u>	<u>65,366,400</u>	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>	<u>52,276,121</u>	<u>50,506,815</u>
Total Primary Government	<u>\$ 257,062,883</u>	<u>\$ 253,479,864</u>	<u>\$ 249,439,485</u>	<u>\$ 317,990,260</u>	<u>\$ 307,185,489</u>	<u>\$ 297,204,374</u>	<u>\$ 284,867,177</u>	<u>\$ 274,666,265</u>	<u>\$ 269,456,059</u>	<u>\$ 258,589,228</u>
% of Actual Taxable Value of Property (2)	2.8%	2.7%	2.5%	3.2%	3.2%	3.1%	2.9%	2.6%	2.5%	2.2%
Per Capita (3)	\$ 2,631	\$ 2,601	\$ 2,502	\$ 3,205	\$ 3,074	\$ 2,959	\$ 2,825	\$ 2,698	\$ 2,631	\$ 2,479

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  
 09/30/16  
 (unaudited)

<u>Governmental unit</u>	<u>Debt outstanding</u>	<u>Estimated percentage applicable (1)</u>	<u>Estimated share of overlapping debt</u>
Debt repaid with property taxes:			
Richardson Independent School District	\$ 451,654,988	36.62%	\$ 165,396,057
Plano Independent School District	1,000,470,000	12.14	121,457,058
Dallas County	227,980,000	3.47	7,910,906
Dallas County Schools	50,405,000	3.47	1,749,054
Dallas County Hospital District	718,480,000	3.47	24,931,256
Dallas County Community College District	294,050,000	3.47	10,203,535
Garland Independent School District	613,232,866	0.04	245,293
Collin County	395,590,000	5.62	22,232,158
Collin County Community College District	16,910,000	5.62	950,342
Subtotal, overlapping debt			<u>355,075,659</u>
City direct debt			<u>273,089,088</u> (2)
Total direct and overlapping bonded debt			<u><u>\$ 628,164,747</u></u>

(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 \$16,398,001 and TIF and other obligations of \$65,006,675. Amounts for other governmental units only include the value of bonded debt outstanding.

Source: Hilltop Securities Inc.

Table 12

CITY OF RICHARDSON, TEXAS

Legal Debt Margin Information

Last ten fiscal years

(unaudited)

<u>Year</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit (1)</u>	<u>Legal Debt Margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
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
2016	(2) N/A	N/A	N/A	N/A

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

(2) As of November, 2015 the City's Charter was amended to include a Tax Rate Limitation that stipulates that the City may borrow money for permanent public improvements or any other legitimate purpose as may be determined by the City Council, in accordance with the Constitution and the laws of the State of Texas. The Constitution places a limit on the ad valorem tax rate that may be levied for repayment of ad valorem tax debt, but there is no formal limit on the amount of ad valorem debt that may be borrowed. Prior to the 2015 charter election, the City's limit was equal to 15 percent of the assessed value of the tax roll.

Table 13

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

<b>Water Revenue Bonds</b>							
<b>Fiscal year</b>	<b>Utility service charge</b>	<b>Less operating expenses</b>	<b>Net available revenue</b>	<b>Debt service</b>		<b>Accreted value</b>	<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>		
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	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-

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		Unemployment rate (%) (5)
					R.I.S.D. (3)	P.I.S.D. (4)	
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
2016	104,300	3,612,639	34,637	37.6	38,792	54,818	3.7

Sources:

- (1) NCTCOG as of January, 2016.
- (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)

Employer	2016			2007		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
State Farm Insurance	8,000	1	7.40%	—	—	—%
AT&T	5,000	2	4.63	2,140	7	3.69
Blue Cross & Blue Shield of Texas	3,100	3	2.87	2,488	5	4.29
The University of Texas at Dallas	2,674	4	2.47	2,830	4	4.88
Richardson ISD	2,500	5	2.31	4,900	1	8.45
RealPage	2,100	6	1.94	—	—	—
Raytheon	2,000	7	1.85	1,100	10	1.90
Fujitsu Network Communications	2,000	7	1.85	1,500	8	2.59
GEICO	1,800	8	1.67	—	—	—
United Healthcare	1,700	9	1.57	—	—	—
Fossil, Inc.	1,400	10	1.30	800	13	1.38
CISCO Systems	1,400	10	1.30	1,200	9	2.07
City of Richardson	1,010	11	0.93	985	11	1.70
Samsung Mobile	1,000	12	0.93	—	—	—
Qorvo	1,000	12	0.93	—	—	—
iQor	1,000	12	0.93	—	—	—
Rockwell Collins	—	—	—	811	12	1.40
Hewlett Packard Company	—	—	—	1,200	9	2.07
Nortel Networks	—	—	—	4,300	2	7.41
Samsung Telecom America	—	—	—	725	14	1.25
Verizon Business	—	—	—	2,256	6	3.89
Countrywide Financial	—	—	—	3,000	3	5.17
<b>Total</b>	<b>37,684</b>		<b>34.88%</b>	<b>30,235</b>		<b>52.14%</b>

Source:

- (1) Richardson Economic Development Partnership as of September, 2016.
- (2) Richardson Economic Development Partnership total city employment totaled 108,081 as of September, 2016.
- (3) Richardson Economic Development Partnership and City of Richardson, 2016.
- (4) TWC website provided the total city employment totaled 58,016 for September, 2007.

**Table 16**

**CITY OF RICHARDSON, TEXAS**  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last ten fiscal years  
 (unaudited)

<b>Function/program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government	145	146	143	141	143	143	145	149	153	153
Public safety	398	398	399	396	395	395	396	397	411	419
Public services	152	161	161	159	156	157	159	156	154	156
Library	34	35	35	35	35	35	35	29	30	30
Parks and recreation (1)	81	82	78	78	80	81	81	77	94	95
Public health	16	16	16	15	16	17	17	17	17	18
Water	61	64	64	64	66	66	66	66	68	70
Wastewater	11	12	12	12	12	12	12	12	12	12
Solid waste	61	61	70	70	70	70	70	70	71	71
Golf (1)	16	16	16	16	16	16	16	14	-	-
<b>Total</b>	<b>975</b>	<b>991</b>	<b>994</b>	<b>986</b>	<b>989</b>	<b>992</b>	<b>997</b>	<b>987</b>	<b>1,010</b>	<b>1,024</b>

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

Source: City Budget Office.

Totals updated for years 2009 - 2012 in FY 2013.

Table 17

**CITY OF RICHARDSON, TEXAS**  
 Operating Indicators by Function/Program  
 Last ten fiscal years  
 (unaudited)

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Police: Number of employees	248	249	246	229	242	246	246	245	253	258
Fire: Number of employees	150	149	151	150	153	150	150	152	158	161
Municipal court:										
Number of violations (citations)	39,361	49,008	42,137	46,077	54,113	46,357	48,249	43,144	39,042	32,313
Public services:										
Asphalt repairs (tons) (1)	1,403	7,683	1,322	1,091	1,117	1,184	978	572	600	662
Concrete replacement (yards) (1)	-	-	-	-	-	-	-	3,806	3,118	2,382
Parks and recreation: Acreage (2)	1,598	865	865	865	865	865	865	865	870	873
Library: Volumes in collection	250,035	262,208	251,535	253,802	260,328	263,782	252,261	252,789	252,955	255,904
Water and sewer:										
Number of water consumers	32,318	32,064	31,751	31,711	32,407	32,409	32,685	32,895	33,046	33,249
Average daily water consumption (thousands of gallons) (3)	27,401	27,540	23,622	26,703	26,033	22,555	20,482	19,148	22,478	21,920
Number of sewer consumers	31,713	31,518	31,274	31,245	29,192	29,162	29,295	29,533	29,681	29,869
Solid waste:										
Refuse collected (tons/day) (5)	162	162	149	152	143	136	138	136	188	163
Bulky/brush pickups (tons/day) (5)	60	67	60	65	59	64	62	71	36	37
Recyclables collected (tons/day)	18	20	22	28	28	30	27	26	26	27
Golf: Number of rounds played (4)	94,825	102,584	100,266	75,630	92,999	92,681	87,003	71,488	47,893	68,823

(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. In FY2016 the City received higher than average rainfall.

(4) Course 1 was closed from February 1, 2015 through October 16, 2015.

(5) Beginning 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)

<u>Function/program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	41	44	43	42	43	46	48	50	46	43
Volunteer patrol units	-	2	3	3	3	3	2	3	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets- paved (miles)	402	402	405	404	404	406	409	411	587	590
Alleys – paved (miles)	222	223	223	221	221	222	222	222	222	223
Sidewalks (miles)	593	585	585	651	651	652	665	678	678	680
Streetlights	6,036	6,120	6,159	6,171	6,207	6,211	6,234	6,241	6,288	6,317
Parks and recreation:										
Parks	30	30	30	30	32	32	33	33	35	36
Playgrounds	28	28	28	28	29	29	30	30	31	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)	555	559	563	567	569	571	574	581	581	585
Fire hydrants	3,963	4,062	4,056	4,110	4,156	4,187	4,258	4,359	4,419	4,522
Wastewater:										
Sanitary sewers (miles)	495	499	499	499	499	500	503	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)	(b)	(c)	(d)	Equivalent Single Amortization period in years (6)	(e)	UAAL as a percentage of covered payroll (%) (d)/(e) (2)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (%) (a)/(b)	Unfunded ALL (UAAL) (b)-(a)		Annual covered payroll (2)	
12/31/06	2007	\$ 166,224,131	\$ 219,709,038	75.66%	\$ 53,484,907	25	\$ 52,078,971	102.70%
12/31/07	(3) 2008	169,208,373	262,453,428	64.47	93,245,055	30	54,789,624	170.19
12/31/08	2009	176,026,211	276,540,082	63.65	100,513,871	29	58,633,974	171.43
12/31/09	2010	190,620,271	266,366,493	71.56	75,746,222	28	58,679,443	129.08
12/31/10	(4) 2011	313,084,736	359,151,109	87.17	46,066,373	27	58,251,916	79.08
12/31/11	2012	335,735,994	377,190,581	89.01	41,454,587	26.2	59,243,331	69.97
12/31/12	2013	357,883,017	393,548,291	90.94	35,665,274	25.3	60,109,888	59.33
12/31/13	(5) 2014	381,584,128	434,417,023	87.84	52,832,895	17	64,560,755	81.83
12/31/14	2015	403,661,975	452,625,423	89.18	48,963,448	16	65,295,964	74.99
12/31/15	2016	424,808,953	479,358,126	88.62	54,549,173	16	67,329,906	81.02

- (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 average out next year.
- (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.
- (6) Fiscal year 2007 was an open amortization period. The remaining fiscal years were closed amortization periods.