

**CITY OF RICHARDSON, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**Prepared By:**

**DEPARTMENT OF FINANCE**

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**Patricia Loposer, CPA – Controller**

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**Carolyn Kaplan, CPA**

**Jean Chang, CPA**

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**CITY OF RICHARDSON, TEXAS**  
 Comprehensive Annual Financial Report  
 Year ended September 30, 2012

**Table of Contents**

|   | <b>Page</b> |
|---|-------------|
| <b>I. Introductory Section</b>  |             |
| Letter of Transmittal   | 1           |
| Principal Officials   | 8           |
| Certificate of Achievement for Excellence in Financial Reporting  | 9           |
| Organizational Chart  | 10          |
| <b>II. Financial Section</b>  |             |
| Independent Auditor’s Report  | 11          |
| <b>A. Management’s Discussion and Analysis</b>  | <b>13</b>   |
| <b>B. Basic Financial Statements</b>  |             |
| <b>Government-Wide Financial Statements</b>   |             |
| Statement of Net Assets   | 23          |
| Statement of Activities   | 24          |
| <b>Governmental Fund Financial Statements</b>   |             |
| Balance Sheet   | 25          |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds   | 26          |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 27          |
| <b>Proprietary Funds</b>  |             |
| Statement of Net Assets   | 28          |
| Statement of Revenues, Expenses and Changes in Fund Net Assets  | 30          |
| Statement of Cash Flows   | 31          |
| <b>Notes to Financial Statements</b>  | <b>33</b>   |
| <b>C. Required Supplementary Information</b>  |             |
| Budgetary Comparison Schedule – General Fund  | 68          |
| Schedules of Pension and Post-Employment Health Care Benefits Funding Progress  | 69          |
| Notes to Required Supplementary Information   | 70          |

**CITY OF RICHARDSON, TEXAS**  
 Comprehensive Annual Financial Report  
 Year ended September 30, 2012

**Table of Contents**

**Page**

**D. Combining Financial Statements**

**Nonmajor Governmental Funds**

|  |    |
|--|----|
| Combining Balance Sheet  | 74 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 76 |
| Budgetary Comparison Schedule – Debt Service Fund                          | 78 |
| Budgetary Comparison Schedule – Special Police Funds                       | 79 |
| Budgetary Comparison Schedule – State Grant Funds                          | 80 |
| Budgetary Comparison Schedule – Federal Grant Funds                        | 81 |
| Budgetary Comparison Schedule – Municipal Court Building Security Fund     | 82 |
| Budgetary Comparison Schedule – Traffic Safety Fund                        | 83 |
| Budgetary Comparison Schedule – Wireless 911 Fund                          | 84 |
| Budgetary Comparison Schedule – Judicial Efficiency Fund                   | 85 |
| Budgetary Comparison Schedule – Hotel-Motel Fund                           | 86 |
| Budgetary Comparison Schedule – Technology Fund                            | 87 |
| Budgetary Comparison Schedule – Franchise PEG Fund                         | 88 |
| Budgetary Comparison Schedule – Tax Increment Financing                    | 89 |
| Budgetary Comparison Schedule – Drainage Fund                              | 90 |
| Budgetary Comparison Schedule – Richardson Improvement Corporation         | 91 |

**Internal Service Funds**

|  |    |
|--|----|
| Combining Statement of Net Assets  | 93 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets | 94 |
| Combining Statement of Cash Flows  | 95 |

**III. Statistical Section (Unaudited)**

**Table**

|  |     |
|--|-----|
| 1. Statement of Net Assets by Component                          | 97  |
| 2. Changes in Net Assets   | 98  |
| 3. Fund Balances, Governmental Funds                             | 100 |
| 4. Changes in Fund Balances, Governmental Funds                  | 101 |
| 5. Assessed Value and Estimated Actual Value of Taxable Property | 103 |
| 6. Direct and Overlapping Property Tax Rates                     | 104 |
| 7. Principal Property Tax Payers                                 | 105 |
| 8. Property Tax Levies and Collections                           | 106 |
| 9. Ratio of Outstanding Debt by Type                             | 107 |
| 10. Ratio of General Bonded Debt Outstanding                     | 108 |
| 11. Direct and Overlapping Governmental Activities Debt          | 109 |

**CITY OF RICHARDSON, TEXAS**  
Comprehensive Annual Financial Report  
Year ended September 30, 2012

**Table of Contents**

|  | <b>Page</b> |
|--|-------------|
| 12. Legal Debt Margin Information                                      | 110         |
| 13. Pledged-Revenue Coverage   | 111         |
| 14. Demographic and Economic Statistics                                | 112         |
| 15. Principal Employers  | 113         |
| 16. Full-Time Equivalent City Government Employees by Function/Program | 114         |
| 17. Operating Indicators by Function/Program                           | 115         |
| 18. Capital Asset Statistics by Function/Program                       | 116         |

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## **INTRODUCTORY SECTION**

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January 30, 2013

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

City Council  
Bob Townsend  
Mayor  
Laura Maczka  
Mayor Pro Tem  
Mark Solomon  
Scott Dunn  
Kendal Hartley  
Steve Mitchell  
Amir Omar

Dan Johnson  
City Manager

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2012, 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 KPMG LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unqualified (clean) opinion on the City's financial statements for the year ended September 30, 2012, and the auditor's report is located at the front of the financial section of the Comprehensive Annual Financial Report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

### **Profile of the Government**

The City is located in North Central Texas and was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made on November 19, 2012. The City currently has a land area of 28.5 square miles and an estimated population of 100,450. The City is a home rule city and operates under the Council-Manager form of government. Under the most recent change to the City Charter, beginning in May 2013, Richardson voters will simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor will be elected at large, with four Council members representing each of the City's



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## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2012

four districts. Under the previous Charter, citizens elected seven Council members every two years and the Mayor was selected from among the Council members by a vote of the Council. 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 neighborhood 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 services are performed by the Richardson Improvement Corporation, which functions, in essence, as a department of the City of Richardson and therefore has been included as an integral part of the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note 1.a.)

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

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

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

## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2012

### **Local Economy**

The City of Richardson, along with 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 of all backgrounds. Richardson has extensive resources in academia, a highly skilled labor pool, transportation assets, infrastructure support, excellent lodging, and major corporate employers which will continue to prove beneficial in the recruitment of new businesses.

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

Richardson also benefits from the DART Light Rail line which parallels U.S. 75 and has four stations in the City. In order to take full advantage of these transportation assets, 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 the City will seek Collin County participation 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 has begun to benefit from projects which are taking advantage of these assets:

- Dallas-based developer KDC announced that it acquired 186 acres of land within TIF District #2 in December 2012 and plans to develop a \$1.5 billion mixed-use transit development. The development is planned to include corporate office buildings, apartments, hotels, medical facilities, and retail space, and will be anchored by a 1.5 million square foot regional office campus for State Farm Insurance. Construction on the first phase of development is expected to begin in 2013. As part of the planning process, the City Council approved updated zoning for the portion of property east of Plano Road and approved a zoning amendment for the

## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2012

portion of the property west of Plano Road. KDC has been a major developer in Richardson, and the company's past projects include the four-building 800,000 square foot Nortel Network's Galatyn Park campus in 2001, the 1.1 million square foot Blue Cross & Blue Shield of Texas campus in 2009, and the 535,000 square foot Fossil campus in 2011.

- Zale/Corson Group plans to start construction on the first phase of an 800-unit apartment complex located on approximately 19 acres in the southwest portion of TIF District #2. The approximately \$100 million development will take advantage of the proximity to the Bush Turnpike DART station and complement KDC's planned mixed-use development.
- Stream Data Centers completed its second data center within Richardson. The 72,000 square foot facility at the northeast corner of Wyndham Road and Renner Road is located within TIF District #2 and has an estimated taxable value of \$31 million.
- Planned development within TIF District #2 is likely to speed the potential development of TIF District #3. The 85 acre area just west of TIF District #2 has been zoned as a Planned Development area and the TIF Project Plan for District #2 estimates future development of 3.3 million square feet of mixed-use development with a potential taxable value of approximately \$300 million.
- Construction continues at Digital Realty Trust's 70-acre former Collins Technology Park site, located at the southeast corner of East Collins Boulevard and Alma Road. The former technology equipment manufacturing campus is being redeveloped to a data center park. The existing seven buildings are being enhanced to accommodate equipment for telecommunications and data processing and new buildings are being constructed as needed to meet demand. A key feature of the property is the onsite, privately owned electric substation. The first remodeled data center building was completed in 2010, and two additional data center buildings were remodeled in 2012. Three new data center buildings were also constructed in 2012, giving the site six data center buildings in total.
- The wildly popular, Austin-based Alamo Drafthouse Cinemas announced that it would open its first Dallas/Fort Worth area location in the 2<sup>nd</sup> quarter of 2013 in the Richardson Heights Shopping Center located at the southwest corner of U.S. 75 and Beltline Road. The theater will feature seven 100 percent digital projection screens and will feature a lounge offering an extensive menu of draft and bottled beers, wine, cocktails, and food.
- In the summer of 2012, the City purchased the dilapidated Continental Inn, located on U.S. 75 between Beltline Road and Spring Valley Road, demolishing the existing structures. The approximately 3 acre site had been identified as a catalyst project as part of the West Spring Valley corridor reinvestment strategy and the City's actions will make it more likely that a future developer can redevelop the site.

## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2012

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

Methodist Richardson Medical Center (MRMC) announced its plans to build a new \$120 million hospital at its Bush/Renner satellite campus. The new acute care facility will employ about 900 people, including 150 physicians representing more than 35 specialties. The four-story 266,000 square foot hospital will initially open with 125 beds, and will be designed to allow for vertical expansion that could take the hospital to 450 beds within the next ten years. MRMC was formed through a 2009 operating lease agreement between Methodist Health System (Methodist) and the Richardson Hospital Authority. Methodist formally purchased the hospital facilities of the Richardson Hospital Authority, which includes the main campus at Campbell Road and the Bush/Renner satellite campus, in October 2011.

State Farm Insurance signed a short-term lease for 291,000 square feet of office space in the 1011 Galatyn Parkway building. The building, purchased by Champion Partners in 2010, was originally part of Nortel Networks' Galatyn Park campus. The lease will help State Farm Insurance expand its customer service operations and serve as a bridge until its new regional campus is constructed by KDC.

Raytheon, who employs approximately 300 in Richardson, recently won a \$45.5 million U.S. Army contract to build prototype Ku Band Multi-Function Radio Frequency Sense and Warn radars. The radar systems are designed to detect incoming mortar rounds and rocket strikes, extending the warning time provided by radar systems already in place. Raytheon's Space and Airborne Warning Systems location in Richardson is helping to build the radar systems. TriQuint Semiconductor, who employs 750 people in Richardson, is a subcontractor on the project.

Safety-Kleen Systems Inc. moved its headquarters from Plano to Richardson in October 2012. The cleantech company signed a lease for 82,500 square feet of space at 2600 North Central Expressway. The move, which will bring 300 North Texas corporate employees to Richardson, will provide Safety-Kleen's employees with a shorter commute and easy access to major thoroughfares, packaged in a modern, more efficient and environmentally-friendly building. The building was purchased by Champion Partners in 2010.

Genpact Ltd., a worldwide provider of business process management and technology management, leased approximately 29,000 square feet of office space along the President George Bush Turnpike. The services delivery center will initially host 50 employees, with the potential to expand up to 200 professionals at the location. Genpact's nationwide analysis pointed to Richardson as one of the most talent-laden cities in the United States for information technology services.

Cassidian Communications, a subsidiary of EADS North America, announced that it would move its Land Mobile Radio business unit to Richardson in the summer of 2012. The company leased approximately 14,000 square feet of space in the Granite 190 Business Park. In 2011, Cassidian

## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2012

won the contract to install a new public safety communications system for Richardson, furthering ties to the City.

Three real estate transactions from 2011 were honored as part of the *Dallas Business Journal's Best Real Estate Deals of 2012* awards program. Fossil's headquarters consolidation at 901 S. Central Expressway was the Winner in the Headquarters/Campus category and a Finalist in the Rehabilitation/Re-Use category. Ericsson's lease of space from Pillar Commercial in the former Nortel Networks campus, located at 2201 and 2221 Lakeside Boulevard, was named the Winner in the Office category. Virtual Computing Environment's headquarters move to the Collins Crossing building at 1500 N. Greenville Avenue was named a Finalist in the Headquarters/Campus category.

The University of Texas at Dallas, located within the City of Richardson, continues to make progress on its campus-wide facility renovation. During 2012, construction began on a new Arts and Technology Complex and a fourth Residence Hall. Also, UTDallas received approval from the UT System Board of Regents for a Student Housing Living Learning Center, three parking garages on campus, a \$25 million expansion of the Naveen Jindal School of Management building, and an \$85 million Bioengineering and Science building. Previous enhancements since 2009 have included three Residence Halls, a Dining Hall and expansion of the existing Student Union building, a Campus Landscape Enhancement, a new Student Services building, a new Science Learning Center, and a new Visitor Center. The ongoing campus developments are part of the school's strategy to achieve status as a "Tier One" research university, the first in the Dallas-Fort Worth Metroplex.

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

The \$16,274,185 unassigned fund balance in the general fund is the equivalent of 60 days of expenditures and transfers. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

### **Major Initiatives**

In June of 2010, the City issued \$66 million in General Obligation Bonds which were approved by voters in a May 2010 election. These bonds were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key features of the 2010 bond sale include a new recreation center and pool at Heights Park which are scheduled to open in the summer of 2013 and a new Gymnastics Center which is scheduled to open in January 2013. Also included in the bond sale were a new Fire Station #4 which opened in July 2012 and a new Fire Training Center which is scheduled to open in the fall of 2013. In 2012, the City issued approximately \$6.7 million in Combination Tax and Revenue Certificates of Obligation to meet the City's capital equipment needs, make improvements to the water and sewer system, improve parks and drainage systems, and demolish dangerous structures within the City.

**CITY OF RICHARDSON, TEXAS**

Transmittal Letter

September 30, 2012

**Awards and Acknowledgments**

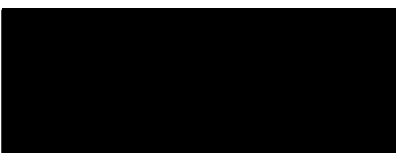
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. This was the thirty-fourth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the accounting division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to thank David Morgan, Deputy City Manager, and Keith Dagen, Assistant Director of Finance, 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  
*Director of Finance*



Patricia Lopusz, CPA  
*Controller*

**CITY OF RICHARDSON, TEXAS**

**PRINCIPAL OFFICIALS**

**SEPTEMBER 30, 2012**

**CITY COUNCIL**

BOB TOWNSEND, MAYOR

LAURA MACZKA, MAYOR PRO TEM

SCOTT DUNN

KENDAL HARTLEY

STEVE MITCHELL

AMIR OMAR

MARK SOLOMON

**CITY MANAGER**

DAN JOHNSON

**DEPUTY CITY MANAGER**

DAVID MORGAN

**DIRECTOR OF FINANCE**

KENT PFEIL



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Richardson Texas

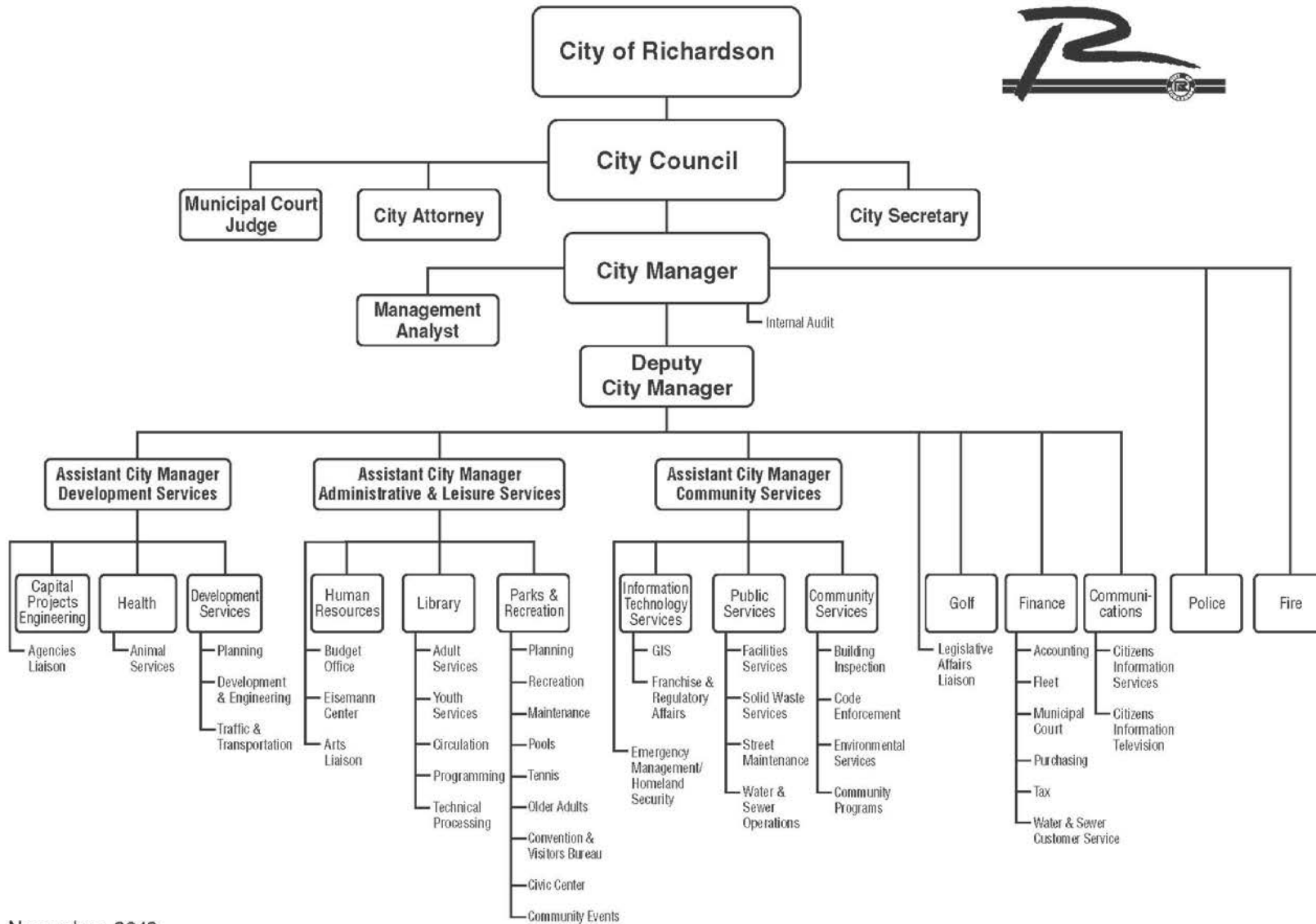
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



*Christopher P. Moine*  
President

*Jeffrey R. Enev*  
Executive Director



## **FINANCIAL SECTION**

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Suite 3100  
717 North Harwood Street  
Dallas, TX 75201-6585

## **Independent Auditors' Report**

The Honorable Mayor, City Council, and City Manager  
City of Richardson, Texas:

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, Texas (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and the budgetary information, and schedules of funding progress on pages 13 through 22 and pages 68 through 71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain



limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

KPMG LLP

January 30, 2013

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2012

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, 2012. It is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1 through 7 of this report.

#### Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2012, by \$182,417,610 (net assets). Of this amount, \$3,300,691 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$7,319,697. The highlights of this decrease can be found on pages 16 and 17 of this report.
- At September 30, 2012, the City's governmental funds reported combined ending fund balances of \$87,098,894. This amount is classified into the following categories:

|              |               |        |
|--------------|---------------|--------|
| Nonspendable | \$ 3,117,669  | 3.58%  |
| Restricted   | \$ 63,579,491 | 73.00% |
| Committed    | \$ 570,231    | 0.65%  |
| Assigned     | \$ 3,557,318  | 4.09%  |
| Unassigned   | \$ 16,274,185 | 18.68% |

- The \$16,274,185 unassigned fund balance in the General Fund represents 16.43% of total General Fund expenditures and transfers.
- The City's total long-term debt decreased by approximately \$15,122,000 (4.85%) during the current fiscal year. The highlights of this decrease can be found on page 21 of this report.

#### Overview of the Financial Statements

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

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

**Government-Wide Financial Statements.** The government-wide financial statements include the Statement of Net Assets 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.

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2012

The Statement of Net Assets 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 assets. Over time, the increases or decreases in net assets 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 assets 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 Assets and the Statement of Activities divide the City's activities into two types:

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

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

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

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

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



## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2012

The City maintains 16 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, and the operations of the municipal golf course, all of which are considered to be major funds. These services are primarily provided to outside, or nongovernmental, customers.

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste collection and disposal and the golf course operations. 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 health care.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis  
September 30, 2012

**Government-Wide Financial Analysis**

Total assets of the City at September 30, 2012 were \$547,847,939, while total liabilities were \$365,430,329 resulting in a net asset balance of \$182,417,610.

The largest portion of the City's net assets, \$162,035,179 (88.8%) reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Net Assets**  
(In thousands)

|   | Governmental activities |            | Business-type activities |           | Total      |            |
|---|-------------------------|------------|--------------------------|-----------|------------|------------|
|   | 2012                    | 2011       | 2012                     | 2011      | 2012       | 2011       |
| Current and other assets                        | \$ 103,781              | \$ 117,066 | \$ 35,645                | \$ 43,986 | \$ 139,426 | \$ 161,052 |
| Capital assets                                  | 300,563                 | 296,800    | 107,859                  | 108,443   | 408,422    | 405,243    |
| Total assets                                    | 404,344                 | 413,866    | 143,504                  | 152,429   | 547,848    | 566,295    |
| Other liabilities                               | 32,477                  | 31,403     | 12,324                   | 13,660    | 44,801     | 45,063     |
| Long-term liabilities outstanding               | 258,620                 | 266,327    | 62,009                   | 65,167    | 320,629    | 331,494    |
| Total revenues                                  | 291,097                 | 297,730    | 74,333                   | 78,827    | 365,430    | 376,557    |
| Net assets:                                     |                         |            |                          |           |            |            |
| Invested in capital assets, net of related debt | 110,806                 | 108,707    | 51,229                   | 51,690    | 162,035    | 160,397    |
| Restricted                                      | 10,744                  | 15,207     | 6,338                    | 9,245     | 17,082     | 24,452     |
| Unrestricted                                    | (8,303)                 | (7,778)    | 11,604                   | 12,666    | 3,301      | 4,888      |
| Total net assets                                | 113,247                 | 116,136    | 69,171                   | 73,601    | 182,418    | 189,737    |

An additional portion of the City's net assets, \$17,081,740 (9.36%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$3,300,691 (1.81%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets.

**Governmental Activities.** Net assets decreased \$2,889,109. Key revenue and expense transactions are as follows:

- Total governmental revenues net of transfers-out increased approximately \$4,599,000 over the prior year.

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2012

- Property tax revenues increased approximately \$2,695,000. The majority of this increase is related to a tax value protest that resulted in the loss of a tax abatement. In addition, the certified property tax base increased .4%.
- Ambulance revenue collections increased approximately \$816,000.
- There were approximately 2,200 more building permits issued than in FY 2011 resulting in an increase in Licenses and Permit revenues of approximately \$665,000.
- Transfers-out are \$231,045 lower than the previous year.
- Total expenditures decreased approximately \$4,917,000. This decrease is related to a \$5,000,000 non-recurring economic development expense recorded in FY 2011.

**Business-Type Activities.** Business type activities decreased net assets by \$4,430,588. Key elements to the change in net assets are as follows:

- Water and sewer operating revenues for the current fiscal year were lower than last year by 5.0%. Water revenues were down due to above average rainfall with 39.6” for FY 2012 compared to 25.4” the prior year. Current year operating expenses are 4.1% higher than the previous year and are predominately due to the higher costs for water and sewer treatment.
- Solid waste revenues and expenses were comparable to FY 2011.
- The Golf Fund revenues appear slightly higher for FY 2012 due to a non-recurring sales tax expense transaction recorded in FY 2011. In order to maintain the 30 days fund balance policy, the General Fund transferred \$170,000 to the Golf Fund.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis  
September 30, 2012

**Table 2**  
**Changes in Net Assets**  
(In thousands)

|                                    | Governmental activities |            | Business-type activities |           | Total      |            |
|------------------------------------|-------------------------|------------|--------------------------|-----------|------------|------------|
|                                    | 2012                    | 2011       | 2012                     | 2011      | 2012       | 2011       |
| Revenues:                          |                         |            |                          |           |            |            |
| Program revenues:                  |                         |            |                          |           |            |            |
| Charges for services               | \$ 20,862               | \$ 18,704  | \$ 60,389                | \$ 62,633 | \$ 81,251  | \$ 81,337  |
| Operating grants and contributions | 1,777                   | 532        | 12                       | 15        | 1,789      | 547        |
| Capital grants and contributions   | 2,028                   | 3,875      | 956                      | 647       | 2,984      | 4,522      |
| General revenues:                  |                         |            |                          |           |            |            |
| Property taxes                     | 63,810                  | 61,115     | —                        | —         | 63,810     | 61,115     |
| Sales taxes                        | 25,246                  | 24,753     | —                        | —         | 25,246     | 24,753     |
| Franchise taxes                    | 13,561                  | 13,534     | —                        | —         | 13,561     | 13,534     |
| Mixed bev. and bingo tax           | 338                     | 408        | —                        | —         | 338        | 408        |
| Hotel/motel taxes                  | 3,013                   | 3,039      | —                        | —         | 3,013      | 3,039      |
| Interest earnings                  | 156                     | 397        | 31                       | 47        | 187        | 444        |
| Gain on sale of assets             | 8                       | 74         | 352                      | 59        | 360        | 133        |
| Transfers in/(out)                 | (259)                   | (490)      | 259                      | 490       | —          | —          |
| Total revenues                     | 130,540                 | 125,941    | 61,999                   | 63,891    | 192,539    | 189,832    |
| Expenses:                          |                         |            |                          |           |            |            |
| General government                 | 30,018                  | 34,351     | —                        | —         | 30,018     | 34,351     |
| Public safety                      | 45,224                  | 45,826     | —                        | —         | 45,224     | 45,826     |
| Public services                    | 26,776                  | 26,819     | —                        | —         | 26,776     | 26,819     |
| Library                            | 4,027                   | 4,245      | —                        | —         | 4,027      | 4,245      |
| Parks and recreation               | 14,786                  | 14,662     | —                        | —         | 14,786     | 14,662     |
| Public health                      | 1,548                   | 1,467      | —                        | —         | 1,548      | 1,467      |
| Interest and fiscal charges        | 11,050                  | 10,976     | —                        | —         | 11,050     | 10,976     |
| Water and sewer                    | —                       | —          | 51,104                   | 49,197    | 51,104     | 49,197     |
| Solid waste                        | —                       | —          | 12,985                   | 12,726    | 12,985     | 12,726     |
| Golf                               | —                       | —          | 2,340                    | 2,448     | 2,340      | 2,448      |
| Total expenses                     | 133,429                 | 138,346    | 66,429                   | 64,371    | 199,858    | 202,717    |
| Decrease in net assets             | (2,889)                 | (12,405)   | (4,430)                  | (480)     | (7,319)    | (12,885)   |
| Net assets – October 1             | 116,136                 | 128,541    | 73,601                   | 74,081    | 189,737    | 202,622    |
| Net assets – September 30          | \$ 113,247              | \$ 116,136 | \$ 69,171                | \$ 73,601 | \$ 182,418 | \$ 189,737 |

**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.

**CITY OF RICHARDSON, TEXAS**

Management’s Discussion and Analysis

September 30, 2012

As of the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$87,098,894. Approximately 18.68%, or \$16,274,185, constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is not available for general spending and has been classified into the following categories:

|              |    |            |
|--------------|----|------------|
| Nonspendable | \$ | 3,117,669  |
| Restricted   |    | 63,579,491 |
| Committed    |    | 570,231    |
| Assigned     |    | 3,557,318  |

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance is \$16,274,185. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 16.43% of total General Fund expenditures and transfers out, while total fund balance represents 17.33% of total General Fund expenditures and transfers out. The General Fund’s fund balance increased \$731,121 this fiscal year.

The Debt Service Fund has a fund balance of \$2,246,976, 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 \$63,914,983, of which \$2,495,127 is property held for redevelopment and classified as non-spendable resources, \$59,161,243 is restricted for future capital equipment purchases and construction projects, \$808,412 is assigned for street rehabilitation projects and \$1,450,201 is assigned for other purposes. The fund balance decreased by \$15,133,911 due to the use of bond proceeds for various capital improvements throughout the City.

The Other Governmental Funds fund balance increased \$329,865.

**Proprietary Funds:** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the Water and Sewer Fund, the Solid Waste Fund, and the Golf Fund at the end of the year amounted to \$9,848,997, \$2,157,768, and (\$423,862), respectively. Total net assets in the Water and Sewer Fund decreased \$3,984,914, total net assets in the Solid Waste Fund decreased by \$289,532, and total net assets in the Golf Fund decreased by \$62,023.

**General Fund Budgetary Highlights**

General Fund revenues were projected to be \$2,162,898 or 2.3% higher than estimated year-end revenues for fiscal year 2011. Property tax, sales tax and other business tax revenues make up 62.1% of total General Fund revenues. The certified property tax base increased 0.4% and tax rates remained unchanged from the prior year. Franchise taxes were projected to increase 1.9% with a normal growth in electric kw hours sold, and natural gas is anticipated to be higher due to market price increases. Sales and other business tax revenue was budgeted to decline by 3.3% compared to the estimate for fiscal year 2011. Total expenditures and transfers were projected to be 2.2% higher than 2011 year-end estimates. Personal service expenditures were projected to be 2.9% higher than 2011 estimates and included funding for those employees moving through the step pay plan and 2% raises

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis  
September 30, 2012

for those employees who had been at the top of the pay range for over a year. In addition, the City projected a \$2 million contribution to the employee's insurance fund to cover rising costs in health care. With state legislative changes, savings were anticipated in the employee's retirement plan due to the 23.4% decline in the City's contribution rate. Professional service expenditures were budgeted 8.3% higher than the previous year estimate. This increase relates to Parks and Recreation maintenance commitments as well as an increase to economic development partnership agreements. The City continued its' commitment to the Street Rehabilitation Program by dedicating a full one-cent of the tax rate to street projects.

**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, 2012 amounts to \$408,422,219 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was .78%.

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

- The City completed construction of Fire Station #4. This is a 14,000 square foot facility with 4 apparatus bays with an approximate cost of \$4.8 million.
- Multi-use hike and bike trails were placed into service at an estimated value of \$3.4 million.
- A \$7.5 million radio system was installed providing the City with a state of the art communication system that allows for flexibility and future growth.
- The City completed numerous street, sidewalk, alley, and erosion projects totaling over \$6 million.

The Water and Sewer Fund completed \$6.8 million in projects which extended and improved the City's Water and Sewer system.

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

|                                   | <b>Governmental activities</b> |                   | <b>Business-type activities</b> |                   | <b>Total</b>      |                   |
|-----------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
|                                   | <b>2012</b>                    | <b>2011</b>       | <b>2012</b>                     | <b>2011</b>       | <b>2012</b>       | <b>2011</b>       |
| Land                              | \$ 44,823                      | \$ 45,103         | \$ 543                          | \$ 543            | \$ 45,366         | \$ 45,646         |
| Buildings                         | 65,849                         | 64,593            | 3,583                           | 3,597             | 69,432            | 68,190            |
| Improvements other than buildings | 29,793                         | 30,094            | 4,576                           | 4,813             | 34,369            | 34,907            |
| Infrastructure                    | 130,677                        | 129,989           | 87,980                          | 86,467            | 218,657           | 216,456           |
| Vehicles, machinery and equipment | 16,015                         | 13,161            | 9,200                           | 4,900             | 25,215            | 18,061            |
| Construction in progress          | 13,406                         | 13,860            | 1,977                           | 8,123             | 15,383            | 21,983            |
| Total                             | <b>\$ 300,563</b>              | <b>\$ 296,800</b> | <b>\$ 107,859</b>               | <b>\$ 108,443</b> | <b>\$ 408,422</b> | <b>\$ 405,243</b> |

Additional information on the City's capital assets can be found in note 3(d) on pages 46 through 48 of this report.

**CITY OF RICHARDSON, TEXAS**

Management’s Discussion and Analysis

September 30, 2012

**Long-Term Debt:** At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$283,545,000. Of this amount, \$223,036,472 represents tax-supported bonds, \$60,508,528 represents self-supported bonds. The other obligations of \$13,161,313 in the governmental activities relates to notes payable for computer and telephone equipment, a police training facility, economic grants, and other contractual obligations. The other obligations of \$22,834 in the business-type activities relates to the financing and purchase of computer equipment.

**Table 4**

**Outstanding Debt**

(In thousands)

|                            | <u>Governmental activities</u> |                   | <u>Business-type activities</u> |                  | <u>Total</u>      |                   |
|----------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
|                            | <u>2012</u>                    | <u>2011</u>       | <u>2012</u>                     | <u>2011</u>      | <u>2012</u>       | <u>2011</u>       |
| General obligation bonds   | \$ 203,891                     | \$ 212,490        | \$ 21,579                       | \$ 14,480        | \$ 225,470        | \$ 226,970        |
| Certificates of obligation | 19,145                         | 20,790            | 38,930                          | 50,220           | 58,075            | 71,010            |
| Other obligations          | 13,161                         | 13,828            | 23                              | 43               | 13,184            | 13,871            |
|                            | <u>\$ 236,197</u>              | <u>\$ 247,108</u> | <u>\$ 60,532</u>                | <u>\$ 64,743</u> | <u>\$ 296,729</u> | <u>\$ 311,851</u> |

In March 2012, the City issued \$6,640,000 Combination Tax and Revenue Certificates of Obligation, \$14,845,000 General Obligation Refunding Bonds, and \$275,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series. The Certificates of Obligation were issued to pay for constructing, improving, renovating, and equipping City facilities, the purchase of vehicles and equipment for various departments throughout the City, constructing street improvements, and acquiring land and rights-of-way. The General Obligation Bonds were used to refund \$15,950,000 of existing outstanding debt for a cash flow savings of \$2,062,644. The Taxable Certificates of Obligation were issued to pay for the demolition of dangerous structures. The City entered into an agreement to finance citywide network enhancements for a cost of \$191,944. The City made principal payments of approximately \$21,125,000. The City’s total debt activity resulted in an overall decrease of approximately \$15,122,000.

Standard & Poor’s Ratings Services assigned its ‘AAA’ rating, with a stable outlook, to the City’s Series 2012A and Series 2012B Combination Tax and Revenue Certificates of Obligation, and Series 2012 General Obligation Refunding Bonds. Moody’s Investors Service (Moody’s) also assigned an ‘Aaa’ rating, with a stable outlook, for the City’s Series 2012A and Series 2012B Combination Tax and Revenue Certificates of Obligation, and Series 2012 General Obligation Refunding Bonds. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported bonded debt to the assessed value of all taxable property is 2.30%.

Additional information on the City’s long-term debt can be found in notes 3(h) and 3(i) on pages 50 through 60 of this report.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis  
September 30, 2012

**Economic Factors and Next Year's Budgets and Rates**

General Fund revenues and transfers-in for the 2012 – 2013 budget are expected to increase by 1.3% compared to the fiscal year 2011 – 2012 revised budget. Expenditures and transfers-out for the General Fund are budgeted 1.4% higher than expenditures and transfers-out in the revised budget for fiscal year 2011 – 2012. The majority of this increase is reflected in personal services. Overall, the General Fund is expected to end fiscal year 2012 – 2013 in compliance with the City's financial policy by maintaining a fund balance equal to 60 days of operating expenditures.

**Key Highlights of the 2012 – 2013 Budget Include:**

- A 3.4% increase in the overall certified tax base and no change in the tax rate.
- A 2.1% increase in base sales tax is projected.
- A 13.0% rate adjustment in water and sewer fees.
- No rate adjustment in solid waste or golf fees.
- Fund balances maintained in all 5 major operating funds.
- 5% step increases for approximately 50% of employees eligible for the increase.
- 3% merit based increase for those employees at the top of the pay range.
- Continued funding for employee retirement and health care.

**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 Assets

September 30, 2012

|  | <u>Governmental<br/>activities</u> | <u>Business-type<br/>activities</u> | <u>Total</u>       |
|--|------------------------------------|-------------------------------------|--------------------|
| Assets:  |                                    |                                     |                    |
| Cash and investments                               | \$ 90,372,563                      | 10,905,990                          | 101,278,553        |
| Receivables (net of allowances for uncollectibles) | 7,817,560                          | 8,461,925                           | 16,279,485         |
| Inventory of supplies, at cost                     | 534,584                            | 119,861                             | 654,445            |
| Prepaid items                                      | 185,620                            | 1,517                               | 187,137            |
| Deposits   | 117,500                            | —                                   | 117,500            |
| Property held for redevelopment                    | 2,495,127                          | —                                   | 2,495,127          |
| Restricted assets:                                 |                                    |                                     |                    |
| Cash and investments                               | —                                  | 15,422,434                          | 15,422,434         |
| Receivables (net of allowances for uncollectibles) | —                                  | 41,382                              | 41,382             |
| Internal balances                                  | (21,160)                           | 21,160                              | —                  |
| Deferred charges                                   | 2,279,060                          | 670,597                             | 2,949,657          |
| Capital assets:                                    |                                    |                                     |                    |
| Nondepreciable                                     | 58,229,205                         | 2,519,802                           | 60,749,007         |
| Depreciable (net)                                  | 242,334,236                        | 105,338,976                         | 347,673,212        |
| Total assets                                       | <u>404,344,295</u>                 | <u>143,503,644</u>                  | <u>547,847,939</u> |
| Liabilities:                                       |                                    |                                     |                    |
| Accounts payable                                   | 6,090,215                          | 2,556,247                           | 8,646,462          |
| Retainage payable                                  | 525,085                            | —                                   | 525,085            |
| Accrued liabilities                                | 410,773                            | 1,166,566                           | 1,577,339          |
| Accrued interest                                   | 2,664,201                          | 415,664                             | 3,079,865          |
| Arbitrage rebate liability                         | —                                  | 813                                 | 813                |
| Payable from restricted assets:                    |                                    |                                     |                    |
| Accounts payable                                   | —                                  | 655,858                             | 655,858            |
| Retainage payable                                  | —                                  | 97,351                              | 97,351             |
| Customer deposits                                  | —                                  | 2,488,273                           | 2,488,273          |
| Unearned revenue                                   | 2,533,744                          | —                                   | 2,533,744          |
| Money held in escrow                               | 120,284                            | —                                   | 120,284            |
| Noncurrent liabilities:                            |                                    |                                     |                    |
| Due within one year:                               |                                    |                                     |                    |
| Bonds, leases, and contractual obligations         | 17,886,342                         | 4,739,067                           | 22,625,409         |
| Compensated absences                               | 1,139,351                          | 150,520                             | 1,289,871          |
| Workers' compensation                              | 307,467                            | 53,000                              | 360,467            |
| Unpaid claims liability                            | 800,000                            | —                                   | 800,000            |
| Due in more than one year:                         |                                    |                                     |                    |
| Bonds, leases, and contractual obligations         | 227,116,131                        | 56,933,450                          | 284,049,581        |
| Post employment benefits                           | 22,285,484                         | 3,858,205                           | 26,143,689         |
| Compensated absences                               | 9,218,385                          | 1,217,853                           | 10,436,238         |
| Total liabilities                                  | <u>291,097,462</u>                 | <u>74,332,867</u>                   | <u>365,430,329</u> |
| Net assets:  |                                    |                                     |                    |
| Invested in capital assets, net of related debt    | 110,806,494                        | 51,228,685                          | 162,035,179        |
| Restricted for:                                    |                                    |                                     |                    |
| Capital projects                                   | 8,121,886                          | 5,698,090                           | 13,819,976         |
| Debt service                                       | —                                  | 639,939                             | 639,939            |
| Public safety                                      | 775,271                            | —                                   | 775,271            |
| Special purposes                                   | 1,846,554                          | —                                   | 1,846,554          |
| Unrestricted                                       | (8,303,372)                        | 11,604,063                          | 3,300,691          |
| Total net assets                                   | <u>\$ 113,246,833</u>              | <u>69,170,777</u>                   | <u>182,417,610</u> |

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**

Statement of Activities

Year ended September 30, 2012

|                                | Program revenues |                      |                                    |                                  | Net (expense) revenue and changes in net assets |                          |               |
|--------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
|                                | Expenses         | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities                         | Business-type activities | Total         |
| <b>Functions/programs:</b>     |                  |                      |                                    |                                  |   |                          |               |
| Governmental activities:       |                  |                      |                                    |                                  |   |                          |               |
| General government             | \$ 30,017,535    | 3,423,126            | 272,102                            | 365,822                          | (25,956,485)                                    | —                        | (25,956,485)  |
| Public safety                  | 45,224,171       | 9,480,395            | 268,425                            | —                                | (35,475,351)                                    | —                        | (35,475,351)  |
| Public services                | 26,775,748       | 4,278,219            | 1,195,547                          | 268,517                          | (21,033,465)                                    | —                        | (21,033,465)  |
| Library                        | 4,026,966        | 154,716              | 800                                | —                                | (3,871,450)                                     | —                        | (3,871,450)   |
| Parks and recreation           | 14,786,125       | 3,261,801            | 4,200                              | 1,393,423                        | (10,126,701)                                    | —                        | (10,126,701)  |
| Public health                  | 1,548,193        | 263,227              | 36,382                             | —                                | (1,248,584)                                     | —                        | (1,248,584)   |
| Interest and fiscal charges    | 11,049,978       | —                    | —                                  | —                                | (11,049,978)                                    | —                        | (11,049,978)  |
| Total governmental activities  | 133,428,716      | 20,861,484           | 1,777,456                          | 2,027,762                        | (108,762,014)                                   | —                        | (108,762,014) |
| Business-type activities:      |                  |                      |                                    |                                  |   |                          |               |
| Water and Sewer                | 51,104,222       | 46,075,400           | 7,711                              | 956,112                          | —   | (4,064,999)              | (4,064,999)   |
| Solid Waste                    | 12,984,617       | 12,303,032           | 3,856                              | —                                | —   | (677,729)                | (677,729)     |
| Golf                           | 2,340,179        | 2,010,435            | 386                                | —                                | —   | (329,358)                | (329,358)     |
| Total business-type activities | 66,429,018       | 60,388,867           | 11,953                             | 956,112                          | —   | (5,072,086)              | (5,072,086)   |
| Total                          | \$ 199,857,734   | 81,250,351           | 1,789,409                          | 2,983,874                        | (108,762,014)                                   | (5,072,086)              | (113,834,100) |
| <b>General revenues:</b>       |                  |                      |                                    |                                  |   |                          |               |
| Property taxes                 |                  |                      |                                    |                                  | \$ 63,809,597                                   | —                        | 63,809,597    |
| Sales taxes                    |                  |                      |                                    |                                  | 25,245,942                                      | —                        | 25,245,942    |
| Franchise taxes                |                  |                      |                                    |                                  | 13,561,194                                      | —                        | 13,561,194    |
| Mixed beverage and bingo tax   |                  |                      |                                    |                                  | 337,805   | —                        | 337,805       |
| Hotel/motel taxes              |                  |                      |                                    |                                  | 3,012,924                                       | —                        | 3,012,924     |
| Unrestricted interest earnings |                  |                      |                                    |                                  | 156,324   | 30,668                   | 186,992       |
| Gam on sale of assets          |                  |                      |                                    |                                  | 7,646   | 352,303                  | 359,949       |
| Transfers in (out)             |                  |                      |                                    |                                  | (258,527)                                       | 258,527                  | —             |
| Total general revenues         |                  |                      |                                    |                                  | 105,872,905                                     | 641,498                  | 106,514,403   |
| Changes in net assets          |                  |                      |                                    |                                  | (2,889,109)                                     | (4,430,588)              | (7,319,697)   |
| Net assets – beginning         |                  |                      |                                    |                                  | 116,135,942                                     | 73,601,365               | 189,737,307   |
| Net assets – ending            |                  |                      |                                    |                                  | \$ 113,246,833                                  | 69,170,777               | 182,417,610   |

See accompanying notes to basic financial statements.

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**CITY OF RICHARDSON, TEXAS**

Balance Sheet – Governmental Funds

September 30, 2012

|  | <u>General</u>       | <u>Debt service</u> | <u>Capital Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>      |
|--|----------------------|---------------------|---------------------|---|-------------------|
| <b>Assets:</b>   |                      |                     |                     |   |                   |
| Cash and investments   | \$ 13,694,879        | 2,282,450           | 67,553,349          | 4,167,276                               | 87,697,954        |
| Receivables (net of allowances for uncollectibles of \$3,130,325): |                      |                     |                     |   |                   |
| Taxes-Ad Valorem   | 862,089              | —                   | —                   | —                                       | 862,089           |
| Taxes-sales  | 2,173,043            | —                   | —                   | —                                       | 2,173,043         |
| Trade accounts   | 3,067,258            | —                   | —                   | 957,655                                 | 4,024,913         |
| Interest   | 106,961              | —                   | 70,557              | —                                       | 177,518           |
| Intergovernmental  | 7,503                | —                   | 513,825             | 38,040                                  | 559,368           |
| Other  | —                    | 5,960               | 8,184               | —                                       | 14,144            |
| Due from Other Funds   | 8,040                | —                   | —                   | —                                       | 8,040             |
| Inventory of supplies, at cost                                     | 319,422              | —                   | —                   | —                                       | 319,422           |
| Prepaid items  | 121,961              | —                   | —                   | 63,659                                  | 185,620           |
| Deposits   | 117,500              | —                   | —                   | —                                       | 117,500           |
| Property held for redevelopment                                    | —                    | —                   | 2,495,127           | —                                       | 2,495,127         |
| <b>Total assets</b>  | <b>\$ 20,478,656</b> | <b>2,288,410</b>    | <b>70,641,042</b>   | <b>5,226,630</b>                        | <b>98,634,738</b> |
| <b>Liabilities and fund balances:</b>                              |                      |                     |                     |   |                   |
| <b>Liabilities:</b>  |                      |                     |                     |   |                   |
| Accounts payable   | \$ 1,579,169         | —                   | 3,836,063           | 378,255                                 | 5,793,487         |
| Retainage payable  | —                    | —                   | 525,085             | —                                       | 525,085           |
| Accrued liabilities  | 85,990               | —                   | —                   | 324,783                                 | 410,773           |
| Accrued interest   | —                    | 41,434              | —                   | —                                       | 41,434            |
| Due to Other Funds   | —                    | —                   | —                   | 8,040                                   | 8,040             |
| Deferred revenue   | 1,653,494            | —                   | 2,244,627           | 738,620                                 | 4,636,741         |
| Money held in escrow   | —                    | —                   | 120,284             | —                                       | 120,284           |
| <b>Total liabilities</b>   | <b>3,318,653</b>     | <b>41,434</b>       | <b>6,726,059</b>    | <b>1,449,698</b>                        | <b>11,535,844</b> |
| <b>Fund balances:</b>  |                      |                     |                     |   |                   |
| <b>Nonspendable:</b>   |                      |                     |                     |   |                   |
| Property Held for Redevelopment                                    | —                    | —                   | 2,495,127           | —                                       | 2,495,127         |
| Inventory  | 319,422              | —                   | —                   | —                                       | 319,422           |
| Deposits   | 117,500              | —                   | —                   | —                                       | 117,500           |
| Prepaid  | 121,961              | —                   | —                   | 63,659                                  | 185,620           |
| <b>Restricted for:</b>   |                      |                     |                     |   |                   |
| Debt Service   | —                    | 2,246,976           | —                   | —                                       | 2,246,976         |
| Parks and Recreational Facilities                                  | —                    | —                   | 18,340,462          | —                                       | 18,340,462        |
| Street Improvements  | —                    | —                   | 26,548,178          | —                                       | 26,548,178        |
| Neighborhood Vitality Projects                                     | —                    | —                   | 6,433,796           | —                                       | 6,433,796         |
| Municipal Public Buildings   | —                    | —                   | 5,098,035           | —                                       | 5,098,035         |
| Other Capital Projects   | —                    | —                   | 2,196,146           | —                                       | 2,196,146         |
| Other Purposes   | —                    | —                   | 544,626             | 2,171,272                               | 2,715,898         |
| <b>Committed for:</b>  |                      |                     |                     |   |                   |
| Drainage System  | —                    | —                   | —                   | 570,231                                 | 570,231           |
| <b>Assigned for:</b>   |                      |                     |                     |   |                   |
| Street Rehabilitation  | —                    | —                   | 808,412             | —                                       | 808,412           |
| Other Purposes   | —                    | —                   | 1,450,201           | 971,770                                 | 2,421,971         |
| Encumbrances   | 326,935              | —                   | —                   | —                                       | 326,935           |
| Unassigned   | 16,274,185           | —                   | —                   | —                                       | 16,274,185        |
| <b>Total fund balances</b>   | <b>17,160,003</b>    | <b>2,246,976</b>    | <b>63,914,983</b>   | <b>3,776,932</b>                        | <b>87,098,894</b> |
| <b>Total liabilities and fund balances</b>                         | <b>\$ 20,478,656</b> | <b>2,288,410</b>    | <b>70,641,042</b>   | <b>5,226,630</b>                        |                   |

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

|  |                       |
|--|-----------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  | \$ 300,507,430        |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.   | 2,102,997             |
| A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.  | 1,548,696             |
| 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. (see note 2(a)) | (278,011,184)         |
| <b>Net assets of governmental activities</b>   | <b>\$ 113,246,833</b> |

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, 2012

|  | <u>General</u>       | <u>Debt service</u> | <u>Capital Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|--|----------------------|---------------------|---------------------|---|---------------------|
| Revenues:  |                      |                     |                     |   |                     |
| General property taxes   | \$ 36,726,182        | 26,634,840          | —                   | 392,183                                 | 63,753,205          |
| Franchise taxes  | 13,312,931           | —                   | —                   | 248,263                                 | 13,561,194          |
| Sales tax  | 25,245,942           | —                   | —                   | —                                       | 25,245,942          |
| Mixed beverage and bingo tax   | 337,805              | —                   | —                   | —                                       | 337,805             |
| Hotel/motel taxes  | —                    | —                   | —                   | 3,012,924                               | 3,012,924           |
| Drainage fees  | —                    | —                   | —                   | 1,780,755                               | 1,780,755           |
| 911 revenue  | 1,149,106            | —                   | —                   | 527,114                                 | 1,676,220           |
| Intergovernmental revenue  | 74,504               | —                   | 1,998,964           | 363,934                                 | 2,437,402           |
| Licenses and permits   | 2,404,703            | —                   | —                   | —                                       | 2,404,703           |
| Fines and forfeitures  | 4,364,021            | —                   | —                   | 1,401,147                               | 5,765,168           |
| Interest revenue   | 39,693               | 8,031               | 100,573             | 5,327                                   | 153,624             |
| Civic center use   | 330,958              | —                   | —                   | —                                       | 330,958             |
| Eisemann Center revenue  | —                    | —                   | —                   | 2,395,983                               | 2,395,983           |
| Recreation and leisure   | 3,207,073            | —                   | —                   | —                                       | 3,207,073           |
| Public safety  | 2,396,459            | —                   | —                   | —                                       | 2,396,459           |
| Contributions  | 65,611               | —                   | 28,797              | 4,200                                   | 98,608              |
| Participation  | —                    | —                   | 139,825             | —                                       | 139,825             |
| Other revenue  | 576,857              | —                   | 168,483             | 60                                      | 745,400             |
| General administration   | 8,496,180            | —                   | —                   | —                                       | 8,496,180           |
| <b>Total revenues</b>  | <b>98,728,025</b>    | <b>26,642,871</b>   | <b>2,436,642</b>    | <b>10,131,890</b>                       | <b>137,939,428</b>  |
| Expenditures:  |                      |                     |                     |   |                     |
| General government   | 24,025,219           | —                   | 782,958             | 4,963,900                               | 29,772,077          |
| Public safety  | 38,115,265           | —                   | 303,419             | 1,616,431                               | 40,035,115          |
| Public services  | 16,011,424           | —                   | 2,707,043           | 61,158                                  | 18,779,625          |
| Library  | 3,048,436            | —                   | 305,891             | —                                       | 3,354,327           |
| Parks and recreation   | 10,735,171           | —                   | 664,141             | 130,460                                 | 11,529,772          |
| Public health  | 1,411,541            | —                   | 377                 | 10,280                                  | 1,422,198           |
| General administration   | —                    | —                   | 975,000             | 1,715,000                               | 2,690,000           |
| Capital outlay   | 79,661               | —                   | 21,064,135          | 253,469                                 | 21,397,265          |
| Debt service:  |                      |                     |                     |   |                     |
| Principal retirement   | —                    | 15,738,148          | —                   | —                                       | 15,738,148          |
| Interest and fiscal charges  | 102,000              | 10,563,790          | 978                 | 427,812                                 | 11,094,580          |
| Payments for other obligations   | 508,925              | 277,686             | 72,423              | —                                       | 859,034             |
| Issuance costs   | —                    | 81,798              | 113,365             | —                                       | 195,163             |
| <b>Total expenditures</b>  | <b>94,037,642</b>    | <b>26,661,422</b>   | <b>26,989,730</b>   | <b>9,178,510</b>                        | <b>156,867,304</b>  |
| <b>Excess (deficiency) of revenues<br/>    over (under) expenditures</b> | <b>4,690,383</b>     | <b>(18,551)</b>     | <b>(24,553,088)</b> | <b>953,380</b>                          | <b>(18,927,876)</b> |
| Other financing sources (uses):  |                      |                     |                     |   |                     |
| Transfers in   | 759,200              | —                   | 3,231,332           | 130,597                                 | 4,121,129           |
| Transfers out  | (4,996,248)          | —                   | (219,124)           | (1,114,284)                             | (6,329,656)         |
| Issuance of certificates of obligation                                   | —                    | —                   | 6,050,000           | —                                       | 6,050,000           |
| Issuance of refunding bonds  | —                    | 6,270,000           | —                   | —                                       | 6,270,000           |
| Issuance of other obligations  | —                    | —                   | 191,944             | —                                       | 191,944             |
| Premium/discount on bonds  | —                    | 594,733             | 165,025             | —                                       | 759,758             |
| Payment to refunded bond escrow agent                                    | —                    | (6,779,339)         | —                   | —                                       | (6,779,339)         |
| Insurance recoveries   | 107,231              | —                   | —                   | —                                       | 107,231             |
| Proceeds from sale of capital assets                                     | 170,555              | —                   | —                   | 360,172                                 | 530,727             |
| <b>Total other financing sources (uses)</b>                              | <b>(3,959,262)</b>   | <b>85,394</b>       | <b>9,419,177</b>    | <b>(623,515)</b>                        | <b>4,921,794</b>    |
| <b>Net change in fund balances</b>                                       | <b>731,121</b>       | <b>66,843</b>       | <b>(15,133,911)</b> | <b>329,865</b>                          | <b>(14,006,082)</b> |
| Fund balances – October 1  | 16,428,882           | 2,180,133           | 79,048,894          | 3,447,067                               | 101,104,976         |
| Fund balances – September 30   | \$ <u>17,160,003</u> | <u>2,246,976</u>    | <u>63,914,983</u>   | <u>3,776,932</u>                        | <u>87,098,894</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, 2012

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

|   |                       |
|---|-----------------------|
| Net change in fund balances – total governmental funds  | \$ (14,006,082)       |
| 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)).   | 3,099,906             |
| The net effect of the sales of capital assets decreased net assets.   | (510,290)             |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  | 1,168,677             |
| 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is originally issued, whereas these amounts are deferred and 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)) | 10,299,983            |
| 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))   | (3,852,658)           |
| 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>911,355</u>        |
| Change in net assets of governmental activities   | <u>\$ (2,889,109)</u> |

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Assets – Proprietary Funds  
September 30, 2012

| Assets  | Business-type activities-enterprise funds |                     |             |               | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|---|---------------------|-------------|---------------|--|
|   | Water and<br>Sewer Fund                   | Solid<br>Waste Fund | Golf Fund   | Total         |  |
| Cash and investments                          | \$ 8,328,194                              | 2,395,352           | 182,444     | 10,905,990    | 2,674,609  |
| Receivables (net of allowances of \$141,543): |   |                     |             |               |  |
| Trade accounts                                | 5,856,335                                 | 1,150,650           | 31,747      | 7,038,732     | —  |
| Other   | 918,729                                   | 455,845             | —           | 1,374,574     | 6,485  |
| Interest                                      | 43,978                                    | 4,641               | —           | 48,619        | —  |
| Inventory of supplies, at cost                | 86,123                                    | 33,738              | —           | 119,861       | 215,162  |
| Prepaid items                                 | 939                                       | 468                 | 110         | 1,517         | —  |
| Restricted assets:                            |   |                     |             |               |  |
| Cash and investments                          | 12,919,635                                | 2,453,486           | 49,313      | 15,422,434    | —  |
| Interest receivable                           | 32,160                                    | —                   | —           | 32,160        | —  |
| Other receivable                              | 8,356                                     | 866                 | —           | 9,222         | —  |
| Total current assets                          | 28,194,449                                | 6,495,046           | 263,614     | 34,953,109    | 2,896,256  |
| Deferred charges                              | 562,385                                   | 72,056              | 36,156      | 670,597       | —  |
| Capital assets:                               |   |                     |             |               |  |
| Land  | 357,950                                   | 65,560              | 119,329     | 542,839       | 56,011   |
| Improvements                                  | —   | 193,870             | 9,066,719   | 9,260,589     | 23,023   |
| Buildings                                     | 7,898,080                                 | —                   | 791,641     | 8,689,721     | 259,990  |
| Water and Sewer System                        | 188,126,348                               | —                   | —           | 188,126,348   | —  |
| Vehicles, machinery and equipment             | 16,956,355                                | 12,198,188          | 1,093,863   | 30,248,406    | 268,859  |
| Total capital assets                          | 213,338,733                               | 12,457,618          | 11,071,552  | 236,867,903   | 607,883  |
| Less accumulated depreciation                 | (118,429,905)                             | (6,661,485)         | (5,894,698) | (130,986,088) | (551,872)  |
| Construction in progress                      | 1,976,963                                 | —                   | —           | 1,976,963     | —  |
| Net capital assets                            | 96,885,791                                | 5,796,133           | 5,176,854   | 107,858,778   | 56,011   |
| Total noncurrent assets                       | 97,448,176                                | 5,868,189           | 5,213,010   | 108,529,375   | 56,011   |
| Total assets                                  | \$ 125,642,625                            | 12,363,235          | 5,476,624   | 143,482,484   | 2,952,267  |



**CITY OF RICHARDSON, TEXAS**  
Statement of Net Assets – Proprietary Funds  
September 30, 2012

| Liabilities and Net Assets  | Business-type activities-enterprise funds |                     |           |               | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|---|---------------------|-----------|---------------|--|
|   | Water and<br>Sewer Fund                   | Solid<br>Waste Fund | Golf Fund | Total         |  |
| Current liabilities:  |   |                     |           |               |  |
| Accounts payable  | \$ 2,503,197                              | 33,730              | 19,320    | 2,556,247     | 296,728  |
| Accrued liabilities   | 1,120,139                                 | 38,927              | 7,500     | 1,166,566     | —  |
| Accrued interest  | 357,319                                   | 35,307              | 23,038    | 415,664       | —  |
| Arbitrage liability   | 813                                       | —                   | —         | 813           | —  |
| Unpaid claims liabilities   | —   | —                   | —         | —             | 800,000  |
| Current maturities of bonds, leases and<br>contractual obligations                                      | 3,204,790                                 | 1,133,814           | 400,463   | 4,739,067     | —  |
| Compensated absences  | 93,188                                    | 45,815              | 11,517    | 150,520       | 7,481  |
| Workers' compensation liability   | —   | 53,000              | —         | 53,000        | —  |
| Current liabilities payable from restricted assets:   |   |                     |           |               |  |
| Accounts payable  | 507,724                                   | 148,134             | —         | 655,858       | —  |
| Retainage payable   | 93,543                                    | 3,808               | —         | 97,351        | —  |
| Deposits  | 2,488,273                                 | —                   | —         | 2,488,273     | —  |
| Total current liabilities   | 10,368,986                                | 1,492,535           | 461,838   | 12,323,359    | 1,104,209  |
| Noncurrent liabilities:   |   |                     |           |               |  |
| Bonds, leases and contractual obligations   | 46,608,932                                | 6,385,313           | 3,939,205 | 56,933,450    | —  |
| Post-employment benefits  | 1,960,932                                 | 1,377,514           | 519,759   | 3,858,205     | 217,673  |
| Compensated absences  | 753,980                                   | 370,688             | 93,185    | 1,217,853     | 60,529   |
| Total noncurrent liabilities  | 49,323,844                                | 8,133,515           | 4,552,149 | 62,009,508    | 278,202  |
| Total liabilities   | 59,692,830                                | 9,626,050           | 5,013,987 | 74,332,867    | 1,382,411  |
| Net assets:   |   |                     |           |               |  |
| Invested in capital assets, net of related debt   | 51,480,962                                | (1,089,463)         | 837,186   | 51,228,685    | 56,011   |
| Restricted for:   |   |                     |           |               |  |
| Capital projects  | 4,134,841                                 | 1,563,249           | —         | 5,698,090     | —  |
| Debt service  | 484,995                                   | 105,631             | 49,313    | 639,939       | —  |
| Unrestricted  | 9,848,997                                 | 2,157,768           | (423,862) | 11,582,903    | 1,513,845  |
| Total net assets  | \$ 65,949,795                             | 2,737,185           | 462,637   | 69,149,617    | 1,569,856  |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds |   |                     |           | \$ 21,160     |  |
| Net assets of business-type activities  |   |                     |           | \$ 69,170,777 |  |

See accompanying notes to basic financial statements.

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**CITY OF RICHARDSON, TEXAS**

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds  
Year ended September 30, 2012

|   | <u>Business-type activities-enterprise funds</u> |                             |                  |                       | <u>Governmental<br/>Activities-<br/>Internal<br/>Service Funds</u> |
|---|--|-----------------------------|------------------|-----------------------|--|
|   | <u>Water and<br/>Sewer Fund</u>                  | <u>Solid<br/>Waste Fund</u> | <u>Golf Fund</u> | <u>Total</u>          |  |
| Operating revenues:   |  |                             |                  |                       |  |
| Water sales   | \$ 28,102,498                                    | —                           | —                | 28,102,498            | —  |
| Sewer service   | 16,929,564                                       | —                           | —                | 16,929,564            | —  |
| Penalties   | 450,217  | —                           | —                | 450,217               | —  |
| Service fees (other)  | 43,302   | —                           | —                | 43,302                | —  |
| Antenna rentals   | 350,906  | —                           | —                | 350,906               | —  |
| Meter fees  | 33,210   | —                           | —                | 33,210                | —  |
| Solid waste fees  | —  | 11,536,717                  | —                | 11,536,717            | —  |
| Golf course fees  | —  | —                           | 1,879,755        | 1,879,755             | —  |
| Golf course restaurant  | —  | —                           | 43,883           | 43,883                | —  |
| Charges for services  | —  | —                           | —                | —                     | 344,633  |
| City and employee contributions   | 82,811   | 43,428                      | 4,440            | 130,679               | 10,981,407   |
| Intergovernmental revenue   | 7,711  | 3,856                       | 386              | 11,953                | 70,945   |
| Miscellaneous   | 82,892   | 722,887                     | 82,357           | 888,136               | 30,160   |
| <b>Total operating revenue</b>  | <b>46,083,111</b>                                | <b>12,306,888</b>           | <b>2,010,821</b> | <b>60,400,820</b>     | <b>11,427,145</b>  |
| Operating expenses:   |  |                             |                  |                       |  |
| Personal services   | 6,269,488  | 4,368,749                   | 1,015,726        | 11,653,963            | 620,735  |
| Premiums  | —  | —                           | —                | —                     | 544,572  |
| Professional and technical services   | 1,590,153  | 99,967                      | 37,544           | 1,727,664             | 734,083  |
| Property services   | 1,883,847  | 322,903                     | 158,908          | 2,365,658             | 109,246  |
| Other purchased services  | 670,255  | 269,785                     | 55,945           | 995,985               | 93,917   |
| Insurance claims  | —  | —                           | —                | —                     | 10,442,960   |
| Purchase of water   | 15,501,567                                       | —                           | —                | 15,501,567            | —  |
| Purchase of sewage treatment  | 10,436,678                                       | —                           | —                | 10,436,678            | —  |
| Solid waste charges   | —  | 3,699,083                   | —                | 3,699,083             | —  |
| General administration  | 3,706,308  | 2,014,891                   | 84,981           | 5,806,180             | —  |
| Franchise fees  | 2,251,603  | 576,836                     | —                | 2,828,439             | —  |
| BABIC program   | 466,666  | —                           | —                | 466,666               | —  |
| Supplies  | 1,347,827  | 354,624                     | 354,365          | 2,056,816             | 17,096   |
| Depreciation  | 5,904,792  | 1,022,582                   | 451,243          | 7,378,617             | —  |
| <b>Total operating expenses</b>   | <b>50,029,184</b>                                | <b>12,729,420</b>           | <b>2,158,712</b> | <b>64,917,316</b>     | <b>12,562,609</b>  |
| <b>Operating income (loss)</b>  | <b>(3,946,073)</b>                               | <b>(422,532)</b>            | <b>(147,891)</b> | <b>(4,516,496)</b>    | <b>(1,135,464)</b>   |
| Nonoperating revenues (expenses):   |  |                             |                  |                       |  |
| Interest revenue  | 24,469   | 6,050                       | 149              | 30,668                | 2,700  |
| Interest expense and fiscal charges   | (1,028,260)                                      | (216,515)                   | (172,808)        | (1,417,583)           | —  |
| Gain from disposal of capital assets  | 8,838  | 343,465                     | —                | 352,303               | —  |
| <b>Total nonoperating revenues (expenses)</b>   | <b>(994,953)</b>                                 | <b>133,000</b>              | <b>(172,659)</b> | <b>(1,034,612)</b>    | <b>2,700</b>   |
| <b>Loss before contributions and transfers</b>  | <b>(4,941,026)</b>                               | <b>(289,532)</b>            | <b>(320,550)</b> | <b>(5,551,108)</b>    | <b>(1,132,764)</b>   |
| Capital contributions   | 956,112  | —                           | —                | 956,112               | —  |
| Transfers In  | —  | —                           | 258,527          | 258,527               | 1,950,000  |
| <b>Change in net assets</b>   | <b>(3,984,914)</b>                               | <b>(289,532)</b>            | <b>(62,023)</b>  | <b>(4,336,469)</b>    | <b>817,236</b>   |
| Total net assets – October 1  | 69,934,709                                       | 3,026,717                   | 524,660          | 73,486,086            | 752,620  |
| Total net assets – September 30   | \$ 65,949,795                                    | 2,737,185                   | 462,637          | \$ 69,149,617         | 1,569,856  |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds |  |                             |                  | \$ (94,119)           |  |
| <b>Change in net assets of business type activities</b>   |  |                             |                  | <b>\$ (4,430,588)</b> |  |

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows – Proprietary Funds  
Year ended September 30, 2012

|  | <b>Business-type activities-enterprise funds</b> |                             |                  |                     | <b>Governmental<br/>Activities-<br/>Internal<br/>Service Funds</b> |
|--|--|-----------------------------|------------------|---------------------|--|
|  | <b>Water and<br/>Sewer Fund</b>                  | <b>Solid<br/>Waste Fund</b> | <b>Golf Fund</b> | <b>Total</b>        |  |
| Cash flows from operating activities:                                  |  |                             |                  |                     |  |
| Cash received from customers   | \$ 46,388,628                                    | 12,244,049                  | 1,928,263        | 60,560,940          | —  |
| Cash received from service users                                       | —  | —                           | —                | —                   | 373,910  |
| Cash received from city, employee and other contributions              | —  | —                           | —                | —                   | 11,053,275   |
| Cash payments for goods and services                                   | (38,938,933)                                     | (8,198,887)                 | (891,485)        | (48,029,305)        | —  |
| Cash payments to employees   | (5,928,323)                                      | (4,047,925)                 | (966,230)        | (10,942,478)        | (592,519)  |
| Cash payments for premiums and other operating expenses                | —  | —                           | —                | —                   | (1,474,755)  |
| Cash payments for claims   | —  | —                           | —                | —                   | (10,352,833)   |
| Cash received from miscellaneous revenues                              | 90,602   | 3,856                       | 82,357           | 176,815             | —  |
| Net cash provided by (used for) operating activities                   | <u>1,611,974</u>                                 | <u>1,093</u>                | <u>152,905</u>   | <u>1,765,972</u>    | <u>(992,922)</u>   |
| Cash flows from noncapital financing activities:                       |  |                             |                  |                     |  |
| Transfers from other funds   | —  | —                           | 258,527          | 258,527             | 1,950,000  |
| Net cash provided by noncapital financing activities                   | <u>—</u>   | <u>—</u>                    | <u>258,527</u>   | <u>258,527</u>      | <u>1,950,000</u>   |
| Cash flows from financing activities:                                  |  |                             |                  |                     |  |
| Net proceeds from sale of capital assets                               | 52,205   | 343,465                     | —                | 395,670             | —  |
| Bond proceeds, other obligations, and accrued interest                 | 34,590   | 894,363                     | —                | 928,953             | —  |
| Acquisition and construction of capital assets                         | (2,986,025)                                      | (1,736,631)                 | (88,526)         | (4,811,182)         | —  |
| Decrease in retainage payable  | 6,227  | 3,808                       | —                | 10,035              | —  |
| Principal paid on debt   | (3,197,073)                                      | (970,000)                   | (360,000)        | (4,527,073)         | —  |
| Interest paid on debt  | (2,091,906)                                      | (223,385)                   | (190,530)        | (2,505,821)         | —  |
| Fiscal charges and bond escrow payments                                | (17,060)   | (13,729)                    | (2)              | (30,791)            | —  |
| Net cash used for capital and related financing activities             | <u>(8,199,042)</u>                               | <u>(1,702,109)</u>          | <u>(639,058)</u> | <u>(10,540,209)</u> | <u>—</u>   |
| Cash flows from investing activities:                                  |  |                             |                  |                     |  |
| Purchase of investment securities                                      | (13,660,890)                                     | (1,540,125)                 | —                | (15,201,015)        | (1,540,125)  |
| Proceeds from sale and maturities of investments                       | 12,142,568                                       | 1,502,222                   | —                | 13,644,790          | 3,042,007  |
| Interest received on investments                                       | 121,416  | 51,569                      | 149              | 173,134             | 32,671   |
| Net cash provided by (used for) investing activities                   | <u>(1,396,906)</u>                               | <u>13,666</u>               | <u>149</u>       | <u>(1,383,091)</u>  | <u>1,534,553</u>   |
| Net increase (decrease) in cash, restricted cash, and cash equivalents | (7,983,974)                                      | (1,687,350)                 | (227,477)        | (9,898,801)         | 2,491,631  |
| Cash, restricted cash, and cash equivalents, October 1                 | 21,674,134                                       | 5,016,590                   | 459,234          | 27,149,958          | 182,978  |
| Cash, restricted cash, and cash equivalents, September 30              | <u>\$ 13,690,160</u>                             | <u>3,329,240</u>            | <u>231,757</u>   | <u>17,251,157</u>   | <u>2,674,609</u>   |

**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows – Proprietary Funds  
Year ended September 30, 2012

|  | <b>Business-type activities-enterprise funds</b> |                             |                  |                    | <b>Governmental<br/>Activities-<br/>Internal<br/>Service Funds</b> |
|--|--|-----------------------------|------------------|--------------------|--|
|  | <b>Water and<br/>Sewer Fund</b>                  | <b>Solid<br/>Waste Fund</b> | <b>Golf Fund</b> | <b>Total</b>       |  |
| Reconciliation of operating loss to net cash provided by (used for) operating activities:        |  |                             |                  |                    |  |
| Operating loss   | \$ (3,946,073)                                   | (422,532)                   | (147,891)        | (4,516,496)        | (1,135,464)  |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: |  |                             |                  |                    |  |
| Depreciation   | 5,904,792  | 1,022,582                   | 451,243          | 7,378,617          | —  |
| Provision for uncollectible accounts   | 6,449  | 9,919                       | —                | 16,368             | —  |
| Changes in assets and liabilities:   |  |                             |                  |                    |  |
| (Increase) decrease in trade accounts receivable (gross)   | 321,781  | (66,841)                    | (203)            | 254,737            | —  |
| (Increase) decrease in other receivables   | (695,503)  | 121,145                     | —                | (574,358)          | 21,530   |
| (Increase) decrease in inventory of supplies, at cost  | 18,599   | (6,775)                     | —                | 11,824             | 2,586  |
| (Increase) decrease in prepaid items   | 1,515  | 640                         | (110)            | 2,045              | —  |
| Increase (decrease) in accounts payable  | (351,077)  | (975,810)                   | (15,008)         | (1,341,895)        | 246,922  |
| Increase in unpaid claims liabilities  | —  | —                           | —                | —                  | 100,000  |
| Increase in deposits payable from restricted assets  | 55,020   | —                           | —                | 55,020             | —  |
| Increase (decrease) in compensated absences  | 39,672   | (9,076)                     | (13,514)         | 17,082             | 4,093  |
| Increase (decrease) in workers compensation  | (33,358)   | 33,895                      | (7,532)          | (6,995)            | —  |
| Increase in post-employment benefits   | 334,851  | 296,004                     | 70,542           | 701,397            | 24,124   |
| Decrease in accrued liabilities  | (44,694)   | (2,058)                     | (184,622)        | (231,374)          | (256,713)  |
| Total adjustments  | <u>5,558,047</u>                                 | <u>423,625</u>              | <u>300,796</u>   | <u>6,282,468</u>   | <u>142,542</u>   |
| Net cash provided by (used for) operating activities   | <u>\$ 1,611,974</u>                              | <u>1,093</u>                | <u>152,905</u>   | <u>1,765,972</u>   | <u>(992,922)</u>   |
| Noncash investing, capital, and financing activities:  |  |                             |                  |                    |  |
| Contributions of capital assets from public  | \$ 956,112                                       | —                           | —                | 956,112            | —  |
| Issuance of refunding bonds  | 8,575,000  | —                           | —                | 8,575,000          | —  |
| Refunded Bonds   | (9,125,000)                                      | —                           | —                | (9,125,000)        | —  |
|  |  |                             |                  |                    |  |
|  |  |                             |                  |                    | <b>Governmental<br/>Activities-<br/>Internal<br/>Service Funds</b> |
|  | <b>Water and<br/>Sewer Fund</b>                  | <b>Solid<br/>Waste Fund</b> | <b>Golf Fund</b> | <b>Total</b>       | <b>Service Funds</b>   |
| Reconciliation of cash, restricted cash, and cash equivalents to the statement of net assets:    |  |                             |                  |                    |  |
| Total unrestricted cash and investments per the statement of net assets                          | \$ 8,328,194                                     | 2,395,352                   | 182,444          | 10,905,990         | 2,674,609  |
| Total restricted cash and investments per the statement of net assets                            | <u>12,919,635</u>                                | <u>2,453,486</u>            | <u>49,313</u>    | <u>15,422,434</u>  | <u>—</u>   |
| Total cash and investments per the statement of net assets                                       | 21,247,829                                       | 4,848,838                   | 231,757          | 26,328,424         | 2,674,609  |
| Less investments not meeting the definition of cash equivalents                                  | <u>(7,557,669)</u>                               | <u>(1,519,598)</u>          | <u>—</u>         | <u>(9,077,267)</u> | <u>—</u>   |
| Cash, restricted cash and cash equivalents at September 30, 2012                                 | <u>\$ 13,690,160</u>                             | <u>3,329,240</u>            | <u>231,757</u>   | <u>17,251,157</u>  | <u>2,674,609</u>   |

See accompanying notes to basic financial statements.

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# CITY OF RICHARDSON, TEXAS

## Notes to Basic Financial Statements

September 30, 2012

### (1) Summary of Significant Accounting Policies

#### (a) Reporting Entity

The City of Richardson, Texas (the City) is a municipal corporation governed by an elected seven-member council and a mayor who is selected from among the council members by a vote of the council. 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.** Richardson Improvement Corporation (RIC) is a nonprofit corporation that serves the citizens of the City by improving municipal parks and recreational facilities through land acquisition and the development of parks. The City provides all financial support to RIC and all members of its governing board are appointed by 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) Basis of Presentation

##### Government-Wide Statements

The two government-wide financial statements, the Statement of Net Assets 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.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2012

#### **Fund Financial Statements**

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

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

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

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

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

*Proprietary funds* are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities of the proprietary funds are included in the Statement of Net Assets. 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.



## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2012

**Golf Fund.** The Golf Fund is used to account for the operations and maintenance of the City's golf course. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for golf debt. Revenues are generated through fees charged to users. The Golf Fund did not meet the criteria for a major fund this year; however, because of its importance to the financial statements and consistency, the City continues to present it as a major fund.

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 within a 24-hour period from TexPool, TexSTAR, Federated and Invesco Money Market Mutual Funds, these investments are also considered to be cash equivalents.

#### **(c) 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 Assets and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, sewer, and solid waste collection services. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30 day availability period is used for revenue recognition

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2012

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 using a one year availability period. 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, post-employment 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 deferred revenue in its governmental funds. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also 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.

Grant revenue is recognized as revenue as soon as all applicable eligibility requirements have been met.

**(d) *Assets, Liabilities and Net Assets***

**Deposits and Investments**

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

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

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2012

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

For fiscal year 2012, the City invested in U.S. Agencies, TexPool, TexSTAR, Federated Money Market Funds, and Invesco Money Market Funds. The City records all interest revenue related to investment activities in the respective funds.

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

TexPool and TexSTAR were created to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fair value of positions in TexPool or TexSTAR is the same as the value of the pool shares.

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 co-administrators 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 co-administrators. 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

September 30, 2012

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 collectibility 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. The City operates under a Home Rule Charter that also imposes a limit of \$2.50 per \$100 assessed valuation. For the year ended September 30, 2012, the City's tax rate was \$0.63516.

#### **Inventories and Prepaid Items**

##### ***Inventory of Supplies***

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 with a corresponding amount and classified as a nonspendable fund balance.

#### **Property held for Redevelopment**

During FY2012 the City acquired land which is being held for future economic development. The land was recorded at a net realizable value of \$2,495,127.

#### **Capital Assets**

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, water and sewer systems, and lighting systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2012, \$1,070,675 in 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.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

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

|                                   |               |
|-----------------------------------|---------------|
| Land improvements                 | 10 – 20 years |
| Water and Sewer System            | 10 – 40 years |
| Buildings                         | 10 – 50 years |
| Other improvements                | 5 – 50 years  |
| Infrastructure                    | 10 – 40 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 Nonoperating Revenues in the Enterprise Funds. For the year ended September 30, 2012, the City received \$107,231 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.

**Post-Employment Benefits**

The City provides post-employment 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 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 4(d).

**Long-Term Obligations**

General Obligation Bonds and other debt issued for the 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 Assets. Debt issued to fund capital projects and acquisitions in the proprietary funds are recorded in the business-type activities column

## **CITY OF RICHARDSON, TEXAS**

### Notes to Basic Financial Statements

September 30, 2012

in the government-wide Statement of Net Assets and in the proprietary fund Statement of Net Assets. Bond premiums and discounts as well as issuance costs and gains/losses on refunded debt obligations are deferred and 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 premium, discount, and deferred loss. Issuance costs are reported as deferred charges.

In the governmental funds, bond premiums, discounts, and issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources, as are any applicable premium or discount. Issuance costs are reported as debt service and capital fund expenditures.

#### **Classifications of Fund Balance**

Fund balances in the governmental funds classified as restricted are amounts that 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.

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.

#### **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 Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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, and net of any unspent debt proceeds. The government-wide statement of net assets reports \$10,743,711 of restricted net assets for governmental activities, of which \$2,621,825 is restricted by enabling legislation.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**(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 Assets***

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$278,011,184 difference are as follows:

|   |                              |
|---|------------------------------|
| Bonds payable   | \$ 223,036,472               |
| Notes payable and other contractual obligations   | 13,161,313                   |
| Less issuance discount (to be amortized as interest expense)  | (52,373)                     |
| Add issuance premium (to be amortized as interest expense)  | 11,795,355                   |
| Less loss on refunding (to be amortized as interest expense)  | (2,938,295)                  |
| Less deferred charges for issuance cost (to be amortized as fiscal charges)   | (2,279,060)                  |
| Accrued interest payable  | 2,622,767                    |
| Post-employment liability   | 22,067,812                   |
| Compensated absences  | 10,289,726                   |
| Workers’ compensation liability   | <u>307,467</u>               |
| Net adjustment to reduce the fund balances – total governmental funds to arrive at net assets – governmental activities | \$ <u><u>278,011,184</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 assets 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 \$3,099,906 difference are as follows:

|   |                            |
|---|----------------------------|
| Capital outlay  | \$ 21,397,265              |
| Depreciation expense  | <u>(18,297,359)</u>        |
| Net adjustment to increase net change in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | \$ <u><u>3,099,906</u></u> |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$10,299,983 difference are as follows:

Debt issued or incurred:

|  |                 |
|--|-----------------|
| General obligations, certificates of obligation, and refunding bonds | \$ (12,320,000) |
| Notes payable and other contractual obligations                      | (191,944)       |
| Add premium  | (759,758)       |
| Less:  |                 |
| Issue costs  | 195,163         |
| Loss on refunding  | 62,845          |
| Rebates of prior year issue costs, discounts and premiums            | (108,505)       |

Principal repayments:

|                                   |            |
|-----------------------------------|------------|
| General obligation bonds          | 11,758,148 |
| Refunded general obligation bonds | 6,825,000  |
| Certificates of obligation        | 3,980,000  |
| Notes payable                     | 859,034    |

|  |                      |
|--|----------------------|
| Net adjustment to increase net changes in fund balances –<br>total governmental funds to arrive at changes in net<br>assets of governmental activities | \$ <u>10,299,983</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 this \$3,852,658 difference are as follows:

|  |             |
|--|-------------|
| Amortization of bond premium           | \$ 743,927  |
| Amortization on bond discount          | (3,530)     |
| Amortization of issuance costs         | (199,643)   |
| Amortization of loss on refunded bonds | (315,722)   |
| Accrued interest                       | (180,430)   |
| Post-employment benefits               | (3,387,530) |
| Compensated absences                   | (394,374)   |
| Workers’ compensation expense          | (115,356)   |

|  |                       |
|--|-----------------------|
| Net adjustment to decrease net changes in fund balances –<br>total governmental funds to arrive at changes in net<br>assets of governmental activities | \$ <u>(3,852,658)</u> |
|--|-----------------------|



**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**(3) Detailed Notes**

**(a) Deposits and Investments**

**Deposits** – The City maintained the following deposit balances:

|                        | <b>Bank balance</b> | <b>Book balance</b> |
|------------------------|---------------------|---------------------|
| Financial institution: |                     |                     |
| Frost – City           | \$ 1,575,516        | 1,343,251           |
| Frost – RIC            | 60,157              | 59,328              |
| Petty cash             | —                   | 10,799              |
| Total                  | \$ 1,635,673        | 1,413,378           |

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

|   | <b>Fair value</b> | <b>Weighted average maturity (years) (1)</b> |
|---|-------------------|--|
| Investment type:                              |                   |  |
| Federal Home Loan Bank – Bonds                | \$ 22,955,469     | 0.05   |
| TexPool                                       | 21,505,314        | 0.02   |
| TexStar                                       | 20,800,285        | 0.02   |
| Invesco Government Agency Money Market Fund   | 12,645,726        | 0.01   |
| Federated Government Agency Money Market Fund | 11,758,898        | 0.01   |
| Federal National Mortgage Assoc. – Bonds      | 11,140,084        | 0.01   |
| Federal Home Loan Mortgage Assoc. – Bonds     | 9,096,361         | 0.01   |
| Invesco Treasury Money Market Fund            | 4,935,643         | 0.01   |
| Federated Treasury Money Market Fund          | 449,829           | 0.00   |
| Total fair value                              | \$ 115,287,609    |  |
| Portfolio weighted average maturity           |                   | 0.14   |

(1) Amounts shown as 0.00 are less than 0.01 years

**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 Assoc. and, Federal Home Loan Mortgage Assoc. as AAA as of September 30, 2012. Standard & Poor’s has rated investments in TexPool, TexSTAR, Invesco Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2012.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**Custodial Credit Risk – Deposits.** 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 investment portfolio to one year or less under normal market conditions, with a three-year maximum weighted average maturity.

**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 20% in an individual investment pool or money market mutual fund. At September 30, 2012, the City’s direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 20%, 8%, and 10%, respectively, of the City’s total investments.

**(b) Receivables**

Receivables at September 30, 2012, for the government’s individual major governmental funds, nonmajor funds, internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consists of the following:

|                                      | <u>General</u>   | <u>Debt<br/>service</u> | <u>Capital<br/>fund</u> | <u>Nonmajor<br/>funds</u> | <u>Total<br/>governmental<br/>funds</u> |
|--------------------------------------|------------------|-------------------------|-------------------------|---------------------------|---|
| Receivables:                         |                  |                         |                         |                           |   |
| Taxes-Ad Valorem                     | \$ 1,261,249     | —                       | —                       | —                         | 1,261,249                               |
| Taxes-sales                          | 2,173,043        | —                       | —                       | —                         | 2,173,043                               |
| Trade accounts                       | 3,398,683        | —                       | —                       | 3,357,395                 | 6,756,078                               |
| Other                                | —                | 5,960                   | 8,184                   | —                         | 14,144                                  |
| Interest                             | 106,961          | —                       | 70,557                  | —                         | 177,518                                 |
| Intergovernmental                    | 7,503            | —                       | 513,825                 | 38,040                    | 559,368                                 |
|                                      |                  |                         |                         |                           |   |
| Gross<br>receivables                 | 6,947,439        | 5,960                   | 592,566                 | 3,395,435                 | 10,941,400                              |
|                                      |                  |                         |                         |                           |   |
| Less allowance for<br>uncollectibles | (730,585)        | —                       | —                       | (2,399,740)               | (3,130,325)                             |
|                                      |                  |                         |                         |                           |   |
| Net receivables \$                   | <u>6,216,854</u> | <u>5,960</u>            | <u>592,566</u>          | <u>995,695</u>            | <u>7,811,075</u>                        |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

|                                      | <u>Water and<br/>sewer</u> | <u>Solid waste</u> | <u>Golf</u>   | <u>Total<br/>business-type<br/>activities</u> | <u>Internal<br/>service</u> |
|--------------------------------------|----------------------------|--------------------|---------------|---|-----------------------------|
| Receivables:                         |                            |                    |               |   |                             |
| Trade accounts                       | \$ 5,956,098               | 1,192,430          | 31,747        | 7,180,275                                     | —                           |
| Other                                | 927,085                    | 456,711            | —             | 1,383,796                                     | 6,485                       |
| Interest                             | 76,138                     | 4,641              | —             | 80,779  | —                           |
|                                      | <u>6,959,321</u>           | <u>1,653,782</u>   | <u>31,747</u> | <u>8,644,850</u>                              | <u>6,485</u>                |
| Gross<br>receivables                 |                            |                    |               |   |                             |
| Less allowance for<br>uncollectibles | <u>(99,763)</u>            | <u>(41,780)</u>    | <u>—</u>      | <u>(141,543)</u>                              | <u>—</u>                    |
| Net receivables                      | <u>\$ 6,859,558</u>        | <u>1,612,002</u>   | <u>31,747</u> | <u>8,503,307</u>                              | <u>6,485</u>                |

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2012.

(c) **Restricted Assets**

**Enterprise Funds**

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

|  | <u>Water and<br/>Sewer Fund</u> | <u>Solid Waste<br/>Services Fund</u> | <u>Golf Fund</u> | <u>Total</u>      |
|--|---------------------------------|--------------------------------------|------------------|-------------------|
| Debt service – Sinking Fund            | \$ 484,995                      | 105,631                              | 49,313           | 639,939           |
| Customers' deposits                    | 2,488,273                       | —                                    | —                | 2,488,273         |
| Rate stabilization                     | 2,146,414                       | —                                    | —                | 2,146,414         |
| Capital Project and Equipment<br>Funds | <u>7,840,469</u>                | <u>2,348,721</u>                     | <u>—</u>         | <u>10,189,190</u> |
|  | <u>\$ 12,960,151</u>            | <u>2,454,352</u>                     | <u>49,313</u>    | <u>15,463,816</u> |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**(d) Capital Assets**

Capital asset activity for the year ended September 30, 2012 was as follows:

|   | <b>Beginning<br/>balance<br/>October 1,<br/>2011</b> | <b>Increases</b>  | <b>Decreases</b>    | <b>Ending<br/>balance<br/>September 30,<br/>2012</b> |
|---|--|-------------------|---------------------|--|
| Governmental activities:                          |  |                   |                     |  |
| Capital assets, not being<br>depreciated:         |  |                   |                     |  |
| Land  | \$ 45,102,763  | 1,446             | (281,649)           | 44,822,560   |
| Construction in progress                          | 13,860,167   | 10,017,469        | (10,470,991)        | 13,406,645   |
| Total capital assets,<br>not being<br>depreciated | <u>58,962,930</u>                                    | <u>10,018,915</u> | <u>(10,752,640)</u> | <u>58,229,205</u>                                    |
| Capital assets, being<br>depreciated:             |  |                   |                     |  |
| Buildings   | 109,925,926  | 4,645,141         | (172,628)           | 114,398,439  |
| Improvements other<br>than buildings              | 60,408,531   | 2,681,280         | (625,597)           | 62,464,214   |
| Vehicles, machinery, and<br>equipment             | 42,474,742   | 5,939,252         | (2,419,116)         | 45,994,878   |
| Infrastructure                                    | 386,445,815  | 9,757,138         | —                   | 396,202,953  |
| Total capital assets,<br>being depreciated        | <u>599,255,014</u>                                   | <u>23,022,811</u> | <u>(3,217,341)</u>  | <u>619,060,484</u>                                   |
| Less accumulated<br>depreciation, for:            |  |                   |                     |  |
| Buildings   | 45,332,578   | 3,389,847         | (172,628)           | 48,549,797   |
| Improvements other than<br>buildings              | 30,314,648   | 2,808,443         | (452,362)           | 32,670,729   |
| Vehicles, machinery, and<br>equipment             | 29,313,818   | 3,029,563         | (2,363,709)         | 29,979,672   |
| Infrastructure                                    | 256,456,544  | 9,069,506         | —                   | 265,526,050  |
| Total accumulated<br>depreciation                 | <u>361,417,588</u>                                   | <u>18,297,359</u> | <u>(2,988,699)</u>  | <u>376,726,248</u>                                   |
| Total capital assets<br>being<br>depreciated, net | <u>237,837,426</u>                                   | <u>4,725,452</u>  | <u>(228,642)</u>    | <u>242,334,236</u>                                   |
| Governmental<br>activities capital<br>assets, net | <u>\$ 296,800,356</u>                                | <u>14,744,367</u> | <u>(10,981,282)</u> | <u>300,563,441</u>                                   |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

|  | <b>Beginning<br/>balance<br/>October 1,<br/>2011</b> | <b>Increases</b>            | <b>Decreases</b>            | <b>Ending<br/>balance<br/>September 30,<br/>2012</b> |
|--|--|-----------------------------|-----------------------------|--|
|  | <u>                    </u>                          | <u>                    </u> | <u>                    </u> | <u>                    </u>                          |
| Business-type activities:                          |  |                             |                             |  |
| Capital assets, not being<br>depreciated:          |  |                             |                             |  |
| Land   | \$ 542,839   | —                           | —                           | 542,839  |
| Construction in progress                           | <u>8,123,467</u>                                     | <u>4,747,384</u>            | <u>(10,893,888)</u>         | <u>1,976,963</u>                                     |
| Total capital assets,<br>not being<br>depreciated  | <u>8,666,306</u>                                     | <u>4,747,384</u>            | <u>(10,893,888)</u>         | <u>2,519,802</u>                                     |
| Capital assets, being<br>depreciated:              |  |                             |                             |  |
| Buildings  | 8,490,287  | 199,434                     | —                           | 8,689,721  |
| Improvements other than<br>buildings               | 9,104,090  | 156,499                     | —                           | 9,260,589  |
| Vehicles, machinery, and<br>equipment              | 25,950,056   | 5,811,624                   | (1,513,273)                 | 30,248,407   |
| Infrastructure                                     | <u>181,359,428</u>                                   | <u>6,816,921</u>            | <u>(50,000)</u>             | <u>188,126,349</u>                                   |
| Total capital assets,<br>being depreciated         | <u>224,903,861</u>                                   | <u>12,984,478</u>           | <u>(1,563,273)</u>          | <u>236,325,066</u>                                   |
| Less accumulated<br>depreciation, for:             |  |                             |                             |  |
| Buildings  | 4,893,320  | 213,845                     | —                           | 5,107,165  |
| Improvements other<br>than buildings               | 4,290,794  | 394,215                     | —                           | 4,685,009  |
| Vehicles, machinery, and<br>equipment              | 21,051,099   | 1,505,849                   | (1,508,655)                 | 21,048,293   |
| Infrastructure                                     | <u>94,892,165</u>                                    | <u>5,264,708</u>            | <u>(11,250)</u>             | <u>100,145,623</u>                                   |
| Total accumulated<br>depreciation                  | <u>125,127,378</u>                                   | <u>7,378,617</u>            | <u>(1,519,905)</u>          | <u>130,986,090</u>                                   |
| Total capital assets<br>being<br>depreciated, net  | <u>99,776,483</u>                                    | <u>5,605,861</u>            | <u>(43,368)</u>             | <u>105,338,976</u>                                   |
| Business-type<br>activities capital<br>assets, net | <u>\$ 108,442,789</u>                                | <u>10,353,245</u>           | <u>(10,937,256)</u>         | <u>107,858,778</u>                                   |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

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

Governmental activities:

|  |               |
|--|---------------|
| General government                                   | \$ 4,923,649  |
| Public safety  | 2,210,880     |
| Public services                                      | 8,115,467     |
| Library  | 325,866       |
| Parks and recreation                                 | 2,696,790     |
| Health   | 24,707        |
|  | <hr/>         |
| Total depreciation expense – governmental activities | \$ 18,297,359 |
|  | <hr/> <hr/>   |

Business-type activities:

|   |              |
|---|--------------|
| Water and Sewer                                       | \$ 5,904,792 |
| Solid Waste   | 1,022,582    |
| Golf  | 451,243      |
|   | <hr/>        |
| Total depreciation expense – business-type activities | \$ 7,378,617 |
|   | <hr/> <hr/>  |

**(e) Construction Commitments**

Outstanding commitments at September 30, 2012, under authorized construction contracts for the Capital Fund, were \$28,007,792. These outstanding commitments are to be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers.

**(f) Interfund Receivables, Payables and Transfers**

There was an interfund balance at September 30, 2012 between the State Grant Fund and the General Fund for \$3,522 and between the Federal Grant Fund and the General Fund for \$4,518. Both of these interfund balances were due to timing of the transactions and the need to eliminate short-term deficiencies in the funds' cash position.

Individual fund transfers for fiscal year 2011-2012, were as follows:

|                          | <u>Transfers out</u> |                     |                                 | <u>Total</u> |
|--------------------------|----------------------|---------------------|---------------------------------|--------------|
|                          | <u>General Fund</u>  | <u>Capital Fund</u> | <u>Other Governmental Funds</u> |              |
| Transfer in:             |                      |                     |                                 |              |
| General Fund             | \$ —                 | —                   | 759,200                         | 759,200      |
| Debt Service Fund        | —                    | —                   | —                               | —            |
| Capital Fund             | 2,876,248            | —                   | 355,084                         | 3,231,332    |
| Golf                     | 170,000              | 88,527              | —                               | 258,527      |
| Internal Service         | 1,950,000            | —                   | —                               | 1,950,000    |
| Other Governmental Funds | —                    | 130,597             | —                               | 130,597      |
|                          | <hr/>                | <hr/>               | <hr/>                           | <hr/>        |
|                          | \$ 4,996,248         | 219,124             | 1,114,284                       | 6,329,656    |
|                          | <hr/> <hr/>          | <hr/> <hr/>         | <hr/> <hr/>                     | <hr/> <hr/>  |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation. The transfer from the General Fund to the Golf Fund was to maintain the fund balance at 30 days as adopted by the City's financial policy. Transfers from the Capital Fund to the Golf Fund were for equipment purchases. Transfers from the Wireless 911 Fund to the General Fund are used to support the expenses of the 911 Call Center. Transfers from the Special Police Funds to the General Fund are used to support the expenses for the school crossing guard program. The transfers from RIC to the General Fund were a donation for Wildflower!, park donations, and sponsorship for Corporate Challenge. The transfer from RIC to the Capital Fund was the proceeds from the sale of property. The transfer from the Capital fund to RIC was to support the parks and recreation functions of the RIC. The transfer from the Drainage Fund to the General Fund was for street and drainage expenses. The transfer from the General Fund to the Internal Service Fund was to provide additional funding for CORPlan.

**(g) Leasing Activities**

The City's leasing activities consist of leasing various land and buildings that were purchased in previous years. These leases are classified as operating leases.

The following property was leased under operating leases at September 30, 2012:

|                   | <b>Governmental<br/>activities</b> |
|-------------------|------------------------------------|
| Land              | \$ 493,823                         |
| Buildings         | 2,561,400                          |
| Less depreciation | <u>(895,006)</u>                   |
| Book value        | <u>\$ 2,160,217</u>                |

Minimum lease payments under operating leases are based on certain performance measures and cannot be calculated for each year. The City did not receive any payments on these leases during the current fiscal year, and has received cumulative payments of \$192,866 over the life of these leases.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**(h) Long-Term Obligations**

The following is a summary of financial obligations for the fiscal year ended September 30, 2012:

|  | <u>Balance<br/>beginning of<br/>year</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Balance<br/>end of year</u> | <u>Due within<br/>one year</u> |
|--|--|-------------------|---------------------|--------------------------------|--------------------------------|
| Governmental-type activities:                    |  |                   |                     |                                |                                |
| General obligation bonds                         | \$ 212,489,620                           | 6,270,000         | (14,868,148)        | 203,891,472                    | 12,554,383                     |
| Certificates of obligation                       | 20,790,000                               | 6,050,000         | (7,695,000)         | 19,145,000                     | 4,045,000                      |
| Other obligations                                | 13,828,403                               | 191,944           | (859,034)           | 13,161,313                     | 808,869                        |
| Deferred amounts:                                |  |                   |                     |                                |                                |
| For bond discounts/<br>premiums/losses           | 8,539,469                                | 1,117,149         | (851,930)           | 8,804,688                      | 478,090                        |
| Post-employment benefits                         | 18,873,831                               | 5,393,366         | (1,981,713)         | 22,285,484                     | —                              |
| Compensated absences                             | 9,959,270                                | 1,073,247         | (674,781)           | 10,357,736                     | 1,139,351                      |
| Workers' compensation                            | 192,111                                  | 412,312           | (296,956)           | 307,467                        | 307,467                        |
| Unpaid claims liability                          | <u>700,000</u>                           | <u>100,000</u>    | <u>—</u>            | <u>800,000</u>                 | <u>800,000</u>                 |
| Governmental-<br>type activity<br>long-term debt | <u>\$ 285,372,704</u>                    | <u>20,608,018</u> | <u>(27,227,562)</u> | <u>278,753,160</u>             | <u>20,133,160</u>              |
| Business-type activities:                        |  |                   |                     |                                |                                |
| General obligation refunding<br>bonds            | \$ 14,480,380                            | 8,575,000         | (1,476,852)         | 21,578,528                     | 1,755,618                      |
| Certificates of obligation                       | 50,220,000                               | 865,000           | (12,155,000)        | 38,930,000                     | 2,855,000                      |
| Other obligations                                | 43,056                                   | —                 | (20,222)            | 22,834                         | 21,042                         |
| Deferred amounts:                                |  |                   |                     |                                |                                |
| For bond discounts/<br>premiums/losses           | 666,020                                  | 902,579           | (427,444)           | 1,141,155                      | 107,407                        |
| Post-employment benefits                         | 3,156,807                                | 1,035,866         | (334,468)           | 3,858,205                      | —                              |
| Compensated absences                             | 1,351,291                                | 95,482            | (78,400)            | 1,368,373                      | 150,520                        |
| Workers' compensation                            | 59,995                                   | 34,864            | (41,859)            | 53,000                         | 53,000                         |
| Arbitrage rebate liability                       | <u>—</u>                                 | <u>813</u>        | <u>—</u>            | <u>813</u>                     | <u>—</u>                       |
| Business-type<br>activity<br>long-term debt      | <u>\$ 69,977,549</u>                     | <u>11,509,604</u> | <u>(14,534,245)</u> | <u>66,952,908</u>              | <u>4,942,587</u>               |



**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

Bonds payable at September 30, 2012, are comprised of the following:

**General Government**

General Obligation Bonds:

|  |                    |
|--|--------------------|
| \$6,270,000 General Obligation Refunding Bonds, Series 2012 due in annual principal payments ranging from \$30,000 to \$790,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.00%.  | \$ 6,270,000       |
| \$6,039,620 Adjustable Rate General Obligation Refunding Bonds, Series 2011. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2023. Interest rate is variable and is determined on June 15 of each year, currently 2.125%. | 3,836,472          |
| \$73,000,000 General Obligation Refunding and Improvement Bonds, Series 2010 due in annual principal payments ranging from \$155,000 to \$5,600,000 through February 15, 2030. Interest rate is variable from 2.00% to 5.00%.  | 71,260,000         |
| \$14,460,000 General Obligation Refunding Bonds, Series 2009 due in annual principal payments ranging from \$975,000 to \$3,280,000 through February 15, 2019. Interest rate is variable from 2.00% to 5.00%.  | 8,805,000          |
| \$79,440,000 General Obligation Refunding and Improvement Bonds, Series 2006 due in annual principal payments ranging from \$435,000 to \$6,880,000 through February 15, 2026. Interest rate is variable from 4.50% to 5.25%.  | 71,850,000         |
| \$32,975,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$1,435,000 to \$2,840,000 through February 15, 2025. Interest rate is variable from 3.00% to 5.25%.  | 31,510,000         |
| <b>Total General Obligation Bonds</b>  | <b>193,531,472</b> |

Taxable General Obligation Bonds:

|   |                   |
|---|-------------------|
| \$6,105,000 General Obligation Refunding Bonds, Taxable Series 2010A due in annual principal payments ranging from \$485,000 to \$790,000 through February 15, 2020. Interest rate is variable from 1.15% to 4.05%    | 5,620,000         |
| \$11,910,000 General Obligation Refunding Bonds, Taxable Series 2004 due in annual principal payments ranging from \$100,000 to \$1,080,000 through February 15, 2020. Interest rate is variable from 1.50% to 5.40%. | 4,740,000         |
| <b>Total Taxable General Obligation Bonds</b>   | <b>10,360,000</b> |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

Taxable Certificates of Obligations:

\$275,000 Combination Tax and Revenue Certificates of Obligation  
Taxable Series 2012A due in annual principal payments ranging from  
\$25,000 to \$30,000 through February 15, 2022. Interest rate is variable  
from 1.625% to 3.00%. \$ 275,000

Tax-Exempt Certificates of Obligations:

\$5,775,000 Series 2012 due in annual principal installments ranging  
from \$105,000 to \$920,000 through February 15, 2032. Interest rate  
is variable from 2.00% to 4.00% 5,775,000

\$3,085,000 Series 2011 due in annual principal installments ranging  
from \$25,000 to \$815,000 through February 15, 2019. Interest rate  
is variable from 2.00% to 3.25% 2,435,000

\$7,520,000 Series 2010 due in annual principal installments ranging  
from \$935,000 to \$1,035,000 through February 15, 2025. Interest rate  
is variable from 2.00% to 4.00% 5,600,000

\$5,370,000 Series 2009 due in annual principal installments ranging  
from \$145,000 to \$805,000 through February 15, 2023. Interest rate  
is variable from 2.50% to 3.80% 2,800,000

\$4,500,000 Series 2008 due in annual principal installments ranging  
from \$260,000 to \$925,000 through February 15, 2016. Interest rate  
is 3.50% 1,110,000

\$3,220,000 Series 2007 due in annual principal installments ranging  
from \$95,000 to \$765,000 through February 15, 2015. Interest rate  
is variable from 4.00% to 4.50% 305,000

\$2,640,000 Series 2006 due in annual principal installments ranging  
from \$85,000 to \$620,000 through February 15, 2014. Interest rate  
is variable from 4.00% to 5.00% 185,000

\$4,600,000 Series 2003 due in annual principal installments ranging  
from \$155,000 to \$845,000 through February 15, 2023. Interest rate  
is variable from 2.00% to 4.65%. 660,000

Total Tax-Exempt Certificates of Obligation 18,870,000

Add unamortized premium 11,795,355

Less:

Unamortized discount (52,372)

Unamortized loss on refunding (2,938,295)

Total Bonds and Certificates of Obligation Payable at  
September 30, 2012 \$ 231,841,160

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**Business-Type Activities**

General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2012, for the Water and Sewer, Solid Waste, and Golf Funds are comprised of the following:

Water and Sewer:

General Obligation Refunding Bonds:

|  |    |                   |
|--|----|-------------------|
| \$8,575,000 General Obligation Refunding Bonds, Series 2012 due in annual principal installments ranging from \$185,000 to \$1,015,000 through February 15, 2024. Interest rate is variable from 2.00% to 4.00%  | \$ | 8,575,000         |
| \$620,380 Adjustable Rate General Obligation Refunding Bonds, Series 2011. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2023. Interest rate is variable and is determined on June 15 of each year, currently 2.125%. |    | 423,528           |
| \$4,080,000 General Obligation Refunding Bonds, Series 2010 due in annual principal installments ranging from \$335,000 to \$505,000 through February 15, 2021. Interest rate is variable from 4.00% to 5.00%  |    | 3,745,000         |
| \$5,685,000 General Obligation Refunding Bonds, Series 2009 due in annual principal installments ranging from \$205,000 to \$645,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%  |    | <u>4,290,000</u>  |
| Total General Obligation Refunding Bonds – Water and Sewer Fund  |    | <u>17,033,528</u> |

Certificates of Obligation:

|  |  |           |
|--|--|-----------|
| \$3,500,000 Series 2011 due in annual principal installments ranging from \$50,000 to \$265,000 through February 15, 2031, Interest rate is variable from 2.00% to 4.125%    |  | 3,450,000 |
| \$7,210,000 Series 2010 due in annual principal installments ranging from \$265,000 to \$350,000 through February 15, 2030. Interest rate is variable from 2.50% to 4.1250%, |  | 6,630,000 |
| \$5,030,000 Series 2009 due in annual principal installments ranging from \$130,000 to \$355,000 through February 15, 2029. Interest rate is variable from 2.50% to 4.50%,   |  | 4,505,000 |
| \$5,000,000 Series 2008 due in annual principal installments ranging from \$85,000 to \$380,000 through February 15, 2028. Interest rate is variable from 3.50% to 4.50%,    |  | 4,395,000 |
| \$5,000,000 Series 2007 due in annual principal installments ranging from \$85,000 to \$375,000 through February 15, 2027. Interest rate is variable from 4.00% to 4.50%.    |  | 4,200,000 |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

|  |                   |
|--|-------------------|
| \$5,000,000 Series 2006 due in annual principal installments ranging from \$130,000 to \$375,000 through February 15, 2026. Interest rate is variable from 4.00% to 5.00%. | \$ 3,960,000      |
| \$4,235,000 Series 2005 due in annual principal installments ranging from \$85,000 to \$315,000 through February 15, 2025. Interest rate is variable from 3.15% to 4.00%.  | 3,165,000         |
| \$3,730,000 Series 2004 due in annual principal installments ranging from \$75,000 to \$270,000 through February 15, 2024. Interest rate is variable from 3.00% to 4.50%.  | 350,000           |
| \$3,750,000 Series 2003 due in annual principal installments ranging from \$80,000 to \$275,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.  | <u>1,265,000</u>  |
| Total Certificates of Obligation – Water and Sewer Fund  | <u>31,920,000</u> |
| Solid Waste:   |                   |
| General Obligation Refunding Bonds:  |                   |
| \$480,000 Series 2009 due in annual principal payments ranging from \$5,000 to \$60,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%.          | <u>395,000</u>    |
| Certificates of Obligation:  |                   |
| \$865,000 Series 2012 due in annual principal installments ranging from \$95,000 to \$120,000 through February 2020. Interest rate is variable from 2.00% to 3.00%         | 865,000           |
| \$1,380,000 Series 2011 due in annual principal installments ranging from \$125,000 to \$205,000 through February 2019. Interest rate is variable from 2.00% to 3.25%      | 1,255,000         |
| \$3,575,000 Series 2010 due in annual principal installments ranging from \$150,000 to \$330,000 through February 2025. Interest rate is variable from 2.00% to 4.00%      | 3,030,000         |
| \$1,400,000 Series 2009 due in annual principal installments ranging from \$150,000 to \$195,000 through February 2017. Interest rate is variable from 2.50% to 3.00%      | 915,000           |
| \$1,200,000 Series 2008 due in annual principal installments ranging from \$130,00 to \$200,000 through February 2015. Interest rate is 3.50%                              | 570,000           |
| \$1,160,000 Series 2007 due in annual principal installments ranging from \$130,000 to \$190,000 through February 15, 2014. Interest rate is variable from 4.00% to 4.50%. | <u>375,000</u>    |
| Total Certificates of Obligation – Solid Waste Fund  | <u>7,010,000</u>  |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

Golf:

General Obligation Refunding and Improvement Bonds:

|   |                      |
|---|----------------------|
| \$4,365,000 General Obligation Refunding and Improvement Bonds,<br>Series 2010 due in annual principal payments ranging from \$340,000<br>to \$555,000 through February 15, 2021. Interest rate is variable<br>from 3.00% to 5.00%. | \$ 4,025,000         |
| \$225,000 General Obligation Refunding and Improvement Bonds,<br>Series 2005 due in annual principal payments ranging from \$20,000<br>to \$30,000 through February 15, 2017. Interest rate is variable<br>from 3.00% to 5.25%.     | <u>125,000</u>       |
| Total General Obligation Bonds – Golf Fund  | 4,150,000            |
| Add unamortized premium   | 2,034,497            |
| Less:   |                      |
| Unamortized loss on refunding   | (775,237)            |
| Unamortized discount  | <u>(118,105)</u>     |
| Total business-type General Obligation Refunding Bonds<br>and Certificates of Obligation  | <u>\$ 61,649,683</u> |

**Debt Service Requirements**

Debt service requirements at September 30, 2012 for General Obligation Bonds and Certificates of Obligation are as follows:

|                           | Governmental activities |                   | Business-type activities |                   |
|---------------------------|-------------------------|-------------------|--------------------------|-------------------|
|                           | Principal               | Interest          | Principal                | Interest          |
| Year ending September 30: |                         |                   |                          |                   |
| 2013                      | \$ 16,599,383           | 10,075,327        | 4,610,617                | 2,341,638         |
| 2014                      | 16,676,947              | 9,374,182         | 5,103,054                | 2,075,863         |
| 2015                      | 15,650,142              | 8,714,725         | 4,904,859                | 1,920,114         |
| 2016                      | 15,045,000              | 8,051,357         | 4,759,998                | 1,757,671         |
| 2017                      | 15,420,000              | 7,364,010         | 4,965,000                | 1,583,000         |
| 2018 – 2022               | 77,305,000              | 25,268,462        | 21,740,000               | 5,147,232         |
| 2023 – 2027               | 49,660,000              | 9,517,890         | 11,350,000               | 1,754,248         |
| 2028 – 2032               | 16,680,000              | 1,286,327         | 3,075,000                | 195,426           |
| Totals                    | <u>\$ 223,036,472</u>   | <u>79,652,280</u> | <u>60,508,528</u>        | <u>16,775,192</u> |

## **CITY OF RICHARDSON, TEXAS**

### Notes to Basic Financial Statements

September 30, 2012

#### **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 old bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2012, there were \$6,860,000 of defeased bonds outstanding.

On March 15, 2012, the City issued \$14,845,000 General Obligation Refunding Bonds with a net interest cost of 2.287%. The bond proceeds were used to refund \$3,110,000 of General Obligation Bonds, \$12,840,000 Certificates of Obligation and pay costs associated with the issuance of the bonds. The refunded debt resulted in cash flow savings of \$2,062,644 with a net present value benefit of \$1,768,119. The City realized a \$325,397 accounting loss on the refunding, which will be amortized over the life of the new debt.

#### **Certificates of Obligation**

On March 15, 2012, the City issued \$6,640,000 Combination Tax and Revenue Certificates of Obligation, Series 2012 with a net interest cost of 2.569%. The Solid Waste Fund issued \$865,000 in Certificates, and \$5,775,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$101,565 will be used for constructing, improving, renovating and equipping park and recreation facilities, fire-fighting facilities and City Hall, providing equipment and vehicles for various departments, constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and medians incidental thereto and the acquisition of land and rights-of-ways, therefore.

On March 15, 2012, the City issued \$275,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2012 with a net interest cost of 3.16%. Proceeds from the sale of the Certificates, net of issuance costs of \$23,971 will be used for demolition of dangerous structures.

#### **Compensated Absences, Workers' Compensation, Post-Employment Benefits, and Arbitrage Rebate Liability**

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

*(i) 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, 2012:

|                               | <u>Computer hardware</u> | <u>Police academy</u> | <u>Loan STAR</u> | <u>CIS</u>      | <u>Key government finance</u> | <u>Fossil</u>   | <u>TIF Economic Grant</u> | <u>Texas comptroller of public accounts</u> | <u>Total</u>      | <u>Business-type activities Water and Sewer Computer hardware</u> |
|-------------------------------|--------------------------|-----------------------|------------------|-----------------|-------------------------------|-----------------|---------------------------|---|-------------------|---|
| Balance at October 1, 2011    | \$ 825,769               | 1,311,770             | 170,919          | 700,908         | 467,213                       | 72,424          | 8,239,481                 | 2,039,919                                   | 13,828,403        | 43,056  |
| Additions/adjustments         | —                        | —                     | —                | —               | 191,944                       | —               | —                         | —   | 191,944           | —   |
| Payments                      | <u>(266,157)</u>         | <u>(94,340)</u>       | <u>(60,533)</u>  | <u>(93,689)</u> | <u>(159,079)</u>              | <u>(72,424)</u> | <u>—</u>                  | <u>(112,812)</u>                            | <u>(859,034)</u>  | <u>(20,222)</u>   |
| Balance at September 30, 2012 | <u>\$ 559,612</u>        | <u>1,217,430</u>      | <u>110,386</u>   | <u>607,219</u>  | <u>500,078</u>                | <u>—</u>        | <u>8,239,481</u>          | <u>1,927,107</u>                            | <u>13,161,313</u> | <u>22,834</u>   |

**Capital Lease**

The City has entered into a lease agreement with Dell Financial Services to finance the acquisition of computer equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The leased equipment meets the City's capitalization threshold of \$5,000 and is included in the capital assets at September 30, 2012. The details of this lease are:

|                               | <u>Governmental activities</u> | <u>Total</u>     |
|-------------------------------|--------------------------------|------------------|
| Total cost                    | \$ 684,117                     | 684,117          |
| Less accumulated depreciation | <u>(203,511)</u>               | <u>(203,511)</u> |
| Book value                    | <u>\$ 480,606</u>              | <u>480,606</u>   |

The following is a schedule of the lease payments required under the capital lease at September 30, 2012:

| <u>Fiscal year ending September 30</u>  | <u>Governmental activities</u> |
|---|--------------------------------|
| 2013                                    | \$ 293,039                     |
| 2014                                    | <u>293,039</u>                 |
| Total minimum lease payments            | 586,078                        |
| Less amount representing interest (5%)  | <u>(41,690)</u>                |
| Present value of minimum lease payments | <u>\$ 544,388</u>              |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**Notes Payable**

At September 30, 2012, the City's outstanding notes payable, which were used to finance computer hardware, consisted of the following:

|  |           |
|--|-----------|
| \$162,729 Frost Leasing, five year<br>note due in monthly payments<br>of \$2,996 through October 2013.<br>Interest rate is 3.99% | \$ 38,058 |
|--|-----------|

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2012:

|                    | <b>Governmental activities</b> |                 | <b>Business-type activities</b> |                 | <b>Total</b> |
|--------------------|--------------------------------|-----------------|---------------------------------|-----------------|--------------|
|                    | <b>Principal</b>               | <b>Interest</b> | <b>Principal</b>                | <b>Interest</b> |              |
| Fiscal year ending |                                |                 |                                 |                 |              |
| September 30:      |                                |                 |                                 |                 |              |
| 2013               | \$ 14,028                      | 352             | 21,042                          | 529             | 35,951       |
| 2014               | 1,196                          | 3               | 1,792                           | 5               | 2,996        |
| Totals             | \$ 15,224                      | 355             | 22,834                          | 534             | 38,947       |

**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, 2012:

|                                  | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|----------------------------------|------------------|-----------------|--------------|
| Fiscal year ending September 30: |                  |                 |              |
| 2013                             | \$ 98,226        | 52,216          | 150,442      |
| 2014                             | 108,476          | 48,001          | 156,477      |
| 2015                             | 107,815          | 43,608          | 151,423      |
| 2016                             | 112,544          | 38,973          | 151,517      |
| 2017                             | 117,752          | 34,052          | 151,804      |
| 2018 – 2022                      | 571,270          | 93,829          | 665,099      |
| 2023 – 2026                      | 101,347          | 6,599           | 107,946      |
| Totals                           | \$ 1,217,430     | 317,278         | 1,534,708    |



**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

During fiscal year 2001-2002, the City entered into an agreement with the State of Texas Energy Conservation Office in which the City borrowed money from the State as part of its LoanSTAR Revolving Loan Program. Proceeds of the loan were used to make improvements to the energy use efficiency of several of the City’s public facilities. The projects were completed in fiscal year 2004 for a total cost of \$559,627. The following is a schedule of the payments required under the loan agreement as of September 30, 2012:

|                                  | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>   |
|----------------------------------|-------------------|-----------------|----------------|
| Fiscal year ending September 30: |                   |                 |                |
| 2013                             | \$ 62,370         | 2,614           | 64,984         |
| 2014                             | 48,016            | 722             | 48,738         |
| Totals                           | <u>\$ 110,386</u> | <u>3,336</u>    | <u>113,722</u> |

**TIF – Economic Grants**

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 a maximum grant amount of \$3,299,865 plus 7% interest compounded annually until paid in full or termination of the agreement. The proceeds of the grant were used to reimburse costs of land acquisition, site demolition, and utility relocation. Funding for this grant is contingent upon the availability of tax revenues in the TIF zone number 1 from Sub Area No. 2. Interest payments of \$315,757 were made during the fiscal year.

An infrastructure reimbursement grant and 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. This grant award was used to offset the cost of infrastructure for a corporate data center. Funding is contingent upon the availability of tax revenues in the TIF zone number 1 from Sub Area No. 3, or from tax rebates on business personal property at the site. Interest payments of \$157,751 were made during the fiscal year.

**Other Obligations**

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 \$2,256,143 was recorded as a liability and a reduction of sales tax revenue in FY 2008-2009. The Comptroller’s office has set up a 20-year payout arrangement and \$112,812 was paid in FY 2011-12.

The City financed \$1,618,924 with Key Government Finance for the purchase of a telephone system to be paid in annual installments of \$130,000 beginning October 15, 2010 and ending October 15, 2014.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2012

In January 2012, the city financed \$191,944 with Key Government Finance for the purchase of citywide network enhancements to support virtual cloud environments to be paid in annual installments of \$50,210 beginning in March 2012 and ending in March 2015.

On October 15, 2009, the City entered into an agreement with Fossil, Inc. to purchase land and right-of-way for \$220,203 to be paid in three equal installments of \$73,401. The final payment was made October 15, 2011.

During fiscal year 2009-2010, the City entered into an agreement with Computer Information Systems, Inc. to purchase public safety records management software. The agreement requires annual installments of \$109,168 beginning October 1, 2010 and ending October 1, 2017.

#### (4) Other Information

##### (a) 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 2011-2012, a total of \$91,862 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund and Proprietary Funds. In addition, claims and benefits paid in the amounts of \$296,956 and \$41,860 have been recorded as expenditures/expenses in the General Fund and the Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "COR Plan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage at a maximum of \$200,000 per employee per year. The City purchases commercial insurance for claims in excess of the \$200,000 coverage mentioned above for each employee. In fiscal year 2011-2012, the City received refunds from the commercial insurance carrier in the amount of \$308,572.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial 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 \$800,000 for unpaid claims and claim adjustment expenses at September 30, 2012. 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.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**Reconciliation of Unpaid Claims Liabilities**

|   | <u>2012</u>       | <u>2011</u>       |
|---|-------------------|-------------------|
| Incurred claims and claim adjustment expenses:  |                   |                   |
| Unpaid claims and claim adjustment expenses at beginning of year                        | \$ 700,000        | 700,000           |
| Incurred claims and claim adjustment expenses:  |                   |                   |
| Provision for insured events of the current year  | 11,961,935        | 9,472,000         |
| Increase (decrease) in prior year provision   | <u>(45,465)</u>   | <u>449,000</u>    |
| Total incurred claims and claim adjustment expenses                                     | <u>12,616,470</u> | <u>10,621,000</u> |
| Payments:   |                   |                   |
| Claims and claim adjustment expenses attributable to insured events of the current year | 11,161,935        | 8,772,000         |
| Claims and claim adjustment expenses attributable to insured events of prior years      | <u>654,535</u>    | <u>1,149,000</u>  |
| Total payments  | <u>11,816,470</u> | <u>9,921,000</u>  |
| Total unpaid claims and claim adjustment expenses at end of year                        | <u>\$ 800,000</u> | <u>700,000</u>    |

**(b) 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, 2012, the City allocated \$8,496,180 for such services.

**(c) 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.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**(d) Post-Employment Benefits**

**Retiree Health Benefits**

***Plan Description***

In addition to the pension benefits described in note 4(e), the City provides post employment 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. At September 30, the City had 207 retirees and an additional 178 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, Golf, and Central Services funds. A separate financial statement is not issued for the plan.

***Contributions***

In fiscal year 2011-2012, the City contributed \$203 each month to the plan on behalf of each retiree. This amount is subject to review during the annual budget process. Sample contribution rates for retirees and their dependents are based on the length of service of the retiree and are shown below.

|                   | <b>Under 10</b> | <b>10 – 14</b> | <b>15 – 19</b> | <b>20+</b> |
|-------------------|-----------------|----------------|----------------|------------|
| Years of service: |                 |                |                |            |
| Retiree only      | \$ 1,363        | 1,022          | 682            | 341        |
| Retiree/spouse    | 2,114           | 1,586          | 1,057          | 529        |
| Surviving spouse  | 1,499           | 1,124          | 750            | 375        |

|                   | <b>Coverage for retiree age 65 or older</b> |                |                |            |
|-------------------|---|----------------|----------------|------------|
|                   | <b>Under 10</b>                             | <b>10 – 14</b> | <b>15 – 19</b> | <b>20+</b> |
| Years of service: |   |                |                |            |
| Retiree only      | \$ 954                                      | 716            | 477            | 239        |
| Retiree/spouse    | 1,480                                       | 1,110          | 740            | 370        |
| Surviving spouse  | 1,050                                       | 787            | 525            | 262        |

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 OPEB liability in the fund financial statements. For the year ended September 30, 2012, the City contributed \$497,350 and plan participants contributed \$908,296 to the plan.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

***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 health care. 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      | 12/31/2009                |
| Actuarial cost method         | Projected unit credit     |
| Amortization method           | Level percent of payroll  |
| Remaining amortization period | 30 years – open period    |
| Asset valuation method        | Amortized cost            |
| Investment rate of return     | 4.5%                      |
| Payroll growth                | 3.0%                      |
| Health care trends            | 9% initial, 4.5% ultimate |

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

|   | <u>2012</u>          | <u>2011</u>       | <u>2010</u>       |
|---|----------------------|-------------------|-------------------|
| Annual OPEB cost:                             |                      |                   |                   |
| Annual required contribution<br>(ARC)         | \$ 5,288,320         | 5,134,291         | 4,728,225         |
| Interest on net OPEB obligation               | 722,219              | 534,754           | 129,620           |
| Adjustment to the ARC                         | <u>(669,129)</u>     | <u>(495,444)</u>  | <u>(108,017)</u>  |
| Annual OPEB cost                              | 5,341,410            | 5,173,601         | 4,749,828         |
| Contributions made                            | (1,287,143)          | (1,007,702)       | (1,484,120)       |
| Change in investment rate of return           | <u>—</u>             | <u>—</u>          | <u>1,065,439</u>  |
| Net OPEB obligation                           | 4,054,267            | 4,165,899         | 4,331,147         |
| Net OPEB obligation, October 1                | <u>16,049,315</u>    | <u>11,883,416</u> | <u>7,552,269</u>  |
| Net OPEB obligation, September 30             | <u>\$ 20,103,582</u> | <u>16,049,315</u> | <u>11,883,416</u> |
| Percentage of annual OPEB cost<br>contributed | 24.1%                | 19.5%             | 31.2%             |
| Funding progress:                             |                      |                   |                   |
| Actuarial valuation date                      | December 31,<br>2009 |                   |                   |
| Actuarial value of assets                     | \$ —                 |                   |                   |
| Actuarial accrued liability (AAL)             | 60,087,217           |                   |                   |
| Funded ratio                                  | —                    |                   |                   |
| Unfunded AAL (UAAL)                           | \$ 60,087,217        |                   |                   |
| Annual covered payroll                        | 59,243,331           |                   |                   |
| UAAL as a percentage of covered<br>payroll    | 101.42%              |                   |                   |

The Schedule of Post-employment Health Care 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 2 participants in the program as of September 30, 2012.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

(e) **Pension Benefits**

**Plan Description**

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

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

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

|   |              |
|---|--------------|
| Valuation date                          | 12/31/2011   |
| Employee deposit rate                   | 7%           |
| City matching rate                      | 2 to 1       |
| Vesting period                          | 5 Years      |
| Retirement years (age/years of service) | 60/5, Any/25 |
| Updated service credit                  | 50%          |
| Annuity increase (to retirees)          | 50% of CPI   |

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for each city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

**Change in Actuarial Values**

The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. Prior to passage, TMRS accounted for three different pools of assets – one for cities, one for active employees, and one for retirees. Senate Bill 350 allowed TMRS to combine each of these pools into a single pool for each participating City: The Benefit Accumulation Fund. This new fund structure more closely resembles the structure of the vast majority of public pension systems, and helps protect cities against the downside risk of adverse investment returns while providing future contribution rate stability. These changes were incorporated into the TMRS 2010 Actuarial Valuation and amounts reported in the City's CAFR for FY 2011 and FY 2012 include the additional assets and liabilities of the former pool used to account for retirees, which had the net affect of increasing the City's funded ratio while at the same time reducing the contribution rate for FY 2012.

**Schedule of Actuarial Liabilities and Funding Progress**

|                               |                           |
|-------------------------------|---------------------------|
| Valuation date                | 12/31/11                  |
| Actuarial cost method         | Projected unit credit     |
| Amortization method           | Level percent of payroll  |
| Remaining amortization period | 26.2 years-closed period  |
| Asset valuation method        | 10 years Smoothed Market  |
| Investment rate of return     | 7.00%                     |
| Projected salary increases    | Varies by age and service |
| Inflation rate                | 3.00%                     |
| Cost-of-living-adjustments    | 1.5% (3% CPI)             |



**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2012

|  | <u>2012</u>                | <u>2011</u>                | <u>2010</u>                |
|--|----------------------------|----------------------------|----------------------------|
| Net pension obligation:                  |                            |                            |                            |
| Annual pension cost:                     |                            |                            |                            |
| Annual required contribution (ARC)       | \$ 9,542,735               | 11,989,514                 | 13,429,874                 |
| Interest on net pension obligation (NPO) | 418,693                    | 362,094                    | 162,883                    |
| Adjustment to the ARC                    | <u>(359,909)</u>           | <u>(321,570)</u>           | <u>(132,611)</u>           |
| Annual pension cost                      | 9,601,519                  | 12,030,038                 | 13,460,146                 |
| Contributions made                       | <u>(9,542,735)</u>         | <u>(11,221,483)</u>        | <u>(10,459,152)</u>        |
| Increase in NPO                          | 58,784                     | 808,555                    | 3,000,994                  |
| Net pension obligation, October 1        | <u>5,981,323</u>           | <u>5,172,768</u>           | <u>2,171,774</u>           |
| Net pension obligation, September 30     | \$ <u><u>6,040,107</u></u> | \$ <u><u>5,981,323</u></u> | \$ <u><u>5,172,768</u></u> |
| Percentage of APC contribution           | 99%                        | 93%                        | 78%                        |

Funding progress:

|   |                |
|---|----------------|
| Actuarial valuation date                | 12/31/11       |
| Actuarial value of assets               | \$ 335,735,994 |
| Actuarial accrued liability (AAL)       | 377,190,581    |
| Funded ratio                            | 89.01%         |
| Unfunded AAL (UAAL)                     | \$ 41,454,587  |
| Annual covered payroll                  | 59,243,331     |
| UAAL as a percentage of covered payroll | 69.97%         |

The Schedule of TMRS Funding Progress, 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.

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**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Budgetary Comparison Schedule – General Fund  
 Year ended September 30, 2012

|   | <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                      | \$ 36,590,258           | 36,686,155         | 36,726,182               | —                               | 36,726,182                 | 40,027  |
| Franchise fees                              | 12,943,372              | 13,205,248         | 13,312,931               | —                               | 13,312,931                 | 107,683   |
| Sales tax                                   | 23,319,067              | 24,978,059         | 25,245,942               | (112,812)                       | 25,133,130                 | 155,071   |
| Mixed beverage and bingo tax                | 378,292                 | 337,273            | 337,805                  | —                               | 337,805                    | 532   |
| 911 revenue                                 | 1,094,222               | 1,184,060          | 1,149,106                | —                               | 1,149,106                  | (34,954)  |
| Intergovernmental revenue                   | —                       | —                  | 74,504                   | —                               | 74,504                     | 74,504  |
| Licenses and permits                        | 1,748,249               | 2,051,809          | 2,404,703                | —                               | 2,404,703                  | 352,894   |
| Fines and forfeitures                       | 4,472,207               | 4,385,084          | 4,364,021                | 28,663                          | 4,392,684                  | 7,600   |
| Interest revenue                            | 70,246                  | 25,170             | 39,693                   | —                               | 39,693                     | 14,523  |
| Civic center use                            | 338,579                 | 352,047            | 330,958                  | —                               | 330,958                    | (21,089)  |
| Recreation and leisure                      | 3,515,771               | 3,184,506          | 3,207,073                | —                               | 3,207,073                  | 22,567  |
| Public safety                               | 1,948,578               | 1,993,011          | 2,396,459                | —                               | 2,396,459                  | 403,448   |
| Other revenue                               | 1,237,552               | 1,096,710          | 576,857                  | —                               | 576,857                    | (519,853)   |
| General administration                      | 8,886,180               | 8,736,180          | 8,496,180                | —                               | 8,496,180                  | (240,000)   |
| Contributions                               | —                       | —                  | 65,611                   | —                               | 65,611                     | 65,611  |
| <b>Total revenues</b>                       | <b>96,542,573</b>       | <b>98,215,312</b>  | <b>98,728,025</b>        | <b>(84,149)</b>                 | <b>98,643,876</b>          | <b>428,564</b>  |
| <b>Expenditures:</b>                        |                         |                    |                          |                                 |                            |   |
| <b>Current:</b>                             |                         |                    |                          |                                 |                            |   |
| General government                          | 24,912,023              | 24,807,408         | 24,025,219               | 649,948                         | 24,675,167                 | 132,241   |
| Public safety                               | 38,824,421              | 38,751,327         | 38,115,265               | 11,709                          | 38,126,974                 | 624,353   |
| Public services                             | 16,512,394              | 16,427,180         | 16,011,424               | 137,170                         | 16,148,594                 | 278,586   |
| Library                                     | 3,123,001               | 3,122,824          | 3,048,436                | (346)                           | 3,048,090                  | 74,734  |
| Parks and recreation                        | 11,207,863              | 11,061,255         | 10,735,171               | 10,882                          | 10,746,053                 | 315,202   |
| Public health                               | 1,409,511               | 1,446,464          | 1,411,541                | —                               | 1,411,541                  | 34,923  |
| Capital outlay                              | —                       | 140,305            | 79,661                   | 14,262                          | 93,923                     | 46,382  |
| <b>Debt service:</b>                        |                         |                    |                          |                                 |                            |   |
| Interest and fiscal charges                 | —                       | —                  | 102,000                  | (102,000)                       | —                          | —   |
| Payments for other obligations              | —                       | —                  | 508,925                  | (508,925)                       | —                          | —   |
| <b>Total expenditures</b>                   | <b>95,989,213</b>       | <b>95,756,763</b>  | <b>94,037,642</b>        | <b>212,700</b>                  | <b>94,250,342</b>          | <b>1,506,421</b>                                      |
| <b>Excess of revenues over expenditures</b> | <b>553,360</b>          | <b>2,458,549</b>   | <b>4,690,383</b>         | <b>(296,849)</b>                | <b>4,393,534</b>           | <b>1,934,985</b>                                      |
| <b>Other financing sources (uses):</b>      |                         |                    |                          |                                 |                            |   |
| Transfers in                                | 500,000                 | 500,000            | 759,200                  | —                               | 759,200                    | 259,200   |
| Transfers out                               | (976,248)               | (2,726,248)        | (4,996,248)              | —                               | (4,996,248)                | (2,270,000)   |
| Insurance recoveries                        | —                       | —                  | 107,231                  | —                               | 107,231                    | 107,231   |
| Sale of capital assets                      | —                       | —                  | 170,555                  | —                               | 170,555                    | 170,555   |
| <b>Total other financing sources (uses)</b> | <b>(476,248)</b>        | <b>(2,226,248)</b> | <b>(3,959,262)</b>       | <b>—</b>                        | <b>(3,959,262)</b>         | <b>(1,733,014)</b>                                    |
| <b>Net change in fund balance</b>           | <b>77,112</b>           | <b>232,301</b>     | <b>731,121</b>           | <b>(296,849)</b>                | <b>434,272</b>             | <b>201,971</b>  |
| Fund balances, October 1                    | 15,861,235              | 15,997,741         | 16,428,882               | 10,498                          | 16,439,380                 | 441,639   |
| Fund balances, September 30                 | \$ 15,938,347           | 16,230,042         | 17,160,003               | (286,351)                       | 16,873,652                 | 643,610   |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Schedule of Pension Benefits Funding Progress

| Actuarial valuation date | City Fiscal Year | (a)                       | (b)                               | (c)                  | (d)                         | (e)                        | UAAL as a percentage of covered payroll (d)/(e) (1) |
|--------------------------|------------------|---------------------------|-----------------------------------|----------------------|-----------------------------|----------------------------|---|
|                          |                  | Actuarial value of assets | Actuarial accrued liability (AAL) | Funded ratio (a)/(b) | Unfunded AAL (UAAL) (b)-(a) | Annual covered payroll (1) |   |
| 12/31/2007               | 2008             | \$ 169,208,373            | 262,453,428                       | 64.47%               | \$ 93,245,055               | 54,789,624                 | 170.19%   |
| 12/31/2008               | 2009             | 176,026,211               | 276,540,082                       | 63.65                | 100,513,871                 | 58,633,974                 | 171.43  |
| 12/31/2009               | 2010             | 190,620,271               | 266,366,493                       | 71.56                | 75,746,222                  | 58,679,443                 | 129.08  |
| 12/31/2010               | 2011             | 313,084,736 (2)           | 359,151,109                       | 87.17                | 46,066,373                  | 58,251,916                 | 79.08   |
| 12/31/2011               | 2012             | 335,735,994               | 377,190,581                       | 89.01                | 41,454,587                  | 59,243,331                 | 69.97   |

(1) 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.

(2) The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. Prior to passage, TMRS accounted for three different pools of assets – one for cities, one for active employees, and one for retirees. Senate Bill 350 allowed TMRS to combine each of these pools into a single pool for each participating City: The Benefit Accumulation Fund. This new fund structure more closely resembles the structure of the vast majority of public pension systems, and helps protect cities against the downside risk of adverse investment returns while providing future contribution rate stability. These changes were incorporated into the TMRS 2010 Actuarial Valuation and amounts reported in the City's CAFR for FY 2011 now include the additional assets and liabilities of the former pool used to account for retirees, which had the net affect of increasing the City's funded ratio while at the same time reducing the contribution rate for FY 2012.

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 accrued 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  |

Schedule of Employer Contributions – Postemployment Health Care Benefits

| Year ended September 30 | Annual required contributions | Percentage contributed (1) | 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          |

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

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

September 30, 2012

**Stewardship, Compliance, and Accountability**

**(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 Golf, Solid Waste, and Water and Sewer Funds include amounts for operations and debt service.

|                              | <u>Original<br/>budget</u> | <u>Amended<br/>budget</u> |
|------------------------------|----------------------------|---------------------------|
| General                      | \$ 96,965,461              | 98,483,011                |
| Debt Service                 | 26,595,193                 | 26,595,193                |
| Water and Sewer              | 52,238,782                 | 53,983,215                |
| Solid Waste Services         | 14,266,028                 | 13,969,706                |
| Golf                         | 2,729,630                  | 2,779,009                 |
| Internal Service (Combined)  | 12,306,660                 | 12,861,643                |
| Special Police               | 125,000                    | 134,839                   |
| State Grants                 | —                          | 28,632                    |
| Federal Grants               | —                          | 649,620                   |
| Municipal Court Security     | 67,950                     | 52,826                    |
| Traffic Safety               | 1,632,216                  | 1,566,614                 |
| Wireless 911                 | 480,000                    | 483,614                   |
| Judicial Efficiency          | 18,300                     | 18,300                    |
| Hotel/Motel Tax              | 5,740,289                  | 5,735,466                 |
| Technology                   | 81,213                     | 199,330                   |
| Tax Increment Financing      | 623,652                    | 578,195                   |
| Richardson Improvement Corp. | 148,097                    | 149,331                   |
| Franchise Peg Fund           | 245,000                    | 39,382                    |
| Drainage Fee Fund            | 1,150,000                  | 1,660,000                 |

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

September 30, 2012

**(B) Excess of Expenditures over Appropriations**

For the year ended September 30, 2012, expenditures exceeded appropriations in the Debt Service Fund. These expenditures were funded with the net proceeds received from the refunding bond issue. The Municipal Court Security Fund had an increase in personal service costs causing the fund to exceed appropriations by \$11,958. The legal level of budgetary control is at the fund level for all City funds.

**(C) Adjustments 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   | \$ | 731,121               |
| Beginning of year adjustment for encumbrances not recognized as expenditures       |    | 114,235               |
| End of year adjustment for encumbrances not recognized as expenditures             |    | (326,935)             |
| Reduction in sales tax recognized for GAAP basis                                   |    | (112,812)             |
| Increase in fines and forfeitures recognized for GAAP basis                        |    | <u>28,663</u>         |
| Excess of revenues and other sources over expenditures and other uses-budget basis | \$ | <u><u>434,272</u></u> |

## CITY OF RICHARDSON, TEXAS

### Nonmajor Governmental Funds

September 30, 2012

#### **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:

*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.

*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.

*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.

*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.

*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.

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

*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.

*Tax Increment Financing Fund* – 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, to record these financial transactions.

**CITY OF RICHARDSON, TEXAS**

Nonmajor Governmental Funds

September 30, 2012

*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 provides certain parks and recreation functions for the City and the City provides a majority of the Corporation’s support.

**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, 2012

|                                       | <b>Special Revenue Funds</b>    |                              |                                |  |                                |                              |
|---------------------------------------|---------------------------------|------------------------------|--------------------------------|--|--------------------------------|------------------------------|
|                                       | <b>Special<br/>Police Funds</b> | <b>State<br/>Grant Funds</b> | <b>Federal<br/>Grant Funds</b> | <b>Municipal Ct.<br/>Bldg. Security<br/>Fund</b> | <b>Traffic Safety<br/>Fund</b> | <b>Wireless<br/>911 Fund</b> |
| <b>Assets:</b>                        |                                 |                              |                                |  |                                |                              |
| Cash and investments                  | \$ 417,439                      | —                            | —                              | 179,749  | 637,767                        | 286,520                      |
| Intergovernmental receivables         | —                               | 33,522                       | 4,518                          | —  | —                              | —                            |
| Trade receivables                     | —                               | —                            | —                              | —  | 421,682                        | —                            |
| Prepaid items                         | —                               | —                            | —                              | —  | —                              | —                            |
| Total assets                          | <u>\$ 417,439</u>               | <u>33,522</u>                | <u>4,518</u>                   | <u>179,749</u>                                   | <u>1,059,449</u>               | <u>286,520</u>               |
| <b>Liabilities and fund balances:</b> |                                 |                              |                                |  |                                |                              |
| <b>Liabilities:</b>                   |                                 |                              |                                |  |                                |                              |
| Accounts payable                      | \$ 10,741                       | 680                          | —                              | 1,344  | 89,902                         | —                            |
| Accrued liabilities                   | —                               | —                            | —                              | —  | 277,511                        | —                            |
| Due to other funds                    | —                               | 3,522                        | 4,518                          | —  | —                              | —                            |
| Deferred revenue                      | —                               | 29,320                       | —                              | —  | 323,463                        | —                            |
| Total liabilities                     | <u>10,741</u>                   | <u>33,522</u>                | <u>4,518</u>                   | <u>1,344</u>                                     | <u>690,876</u>                 | <u>—</u>                     |
| <b>Fund balances:</b>                 |                                 |                              |                                |  |                                |                              |
| <b>Nonspendable:</b>                  |                                 |                              |                                |  |                                |                              |
| Prepaid                               | —                               | —                            | —                              | —  | —                              | —                            |
| <b>Restricted for:</b>                |                                 |                              |                                |  |                                |                              |
| Other purposes                        | 406,698                         | —                            | —                              | 178,405  | 368,573                        | 286,520                      |
| <b>Committed for:</b>                 |                                 |                              |                                |  |                                |                              |
| Drainage System                       | —                               | —                            | —                              | —  | —                              | —                            |
| <b>Assigned for:</b>                  |                                 |                              |                                |  |                                |                              |
| Other purposes                        | —                               | —                            | —                              | —  | —                              | —                            |
| Total fund balances                   | <u>406,698</u>                  | <u>—</u>                     | <u>—</u>                       | <u>178,405</u>                                   | <u>368,573</u>                 | <u>286,520</u>               |
| Total liabilities and fund balances   | <u>\$ 417,439</u>               | <u>33,522</u>                | <u>4,518</u>                   | <u>179,749</u>                                   | <u>1,059,449</u>               | <u>286,520</u>               |

See accompanying independent auditors' report.

**Special Revenue Funds**

|    | <b>Judicial<br/>Efficiency<br/>Fund</b> | <b>Hotel/Motel<br/>Tax Fund</b> | <b>Technology<br/>Fund</b> | <b>PEG<br/>Fund</b> | <b>Tax<br/>Increment<br/>Financing</b> | <b>Drainage<br/>Fund</b> | <b>Richardson<br/>Improvement<br/>Corporation</b> | <b>Total</b>     |
|----|---|---------------------------------|----------------------------|---------------------|--|--------------------------|---|------------------|
| \$ | 17,188                                  | 1,190,326                       | 190,176                    | 351,976             | 382,713                                | 454,094                  | 59,328  | 4,167,276        |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 38,040           |
|    | —                                       | 292,746                         | —                          | —                   | —                                      | 243,227                  | —   | 957,655          |
|    | —                                       | 62,750                          | —                          | —                   | —                                      | —                        | 909   | 63,659           |
| \$ | <u>17,188</u>                           | <u>1,545,822</u>                | <u>190,176</u>             | <u>351,976</u>      | <u>382,713</u>                         | <u>697,321</u>           | <u>60,237</u>                                     | <u>5,226,630</u> |
| \$ | 27                                      | 255,394                         | —                          | 10,950              | —                                      | —                        | 9,217   | 378,255          |
|    | —                                       | 47,272                          | —                          | —                   | —                                      | —                        | —   | 324,783          |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 8,040            |
|    | —                                       | 258,747                         | —                          | —                   | —                                      | 127,090                  | —   | 738,620          |
|    | <u>27</u>                               | <u>561,413</u>                  | <u>—</u>                   | <u>10,950</u>       | <u>—</u>                               | <u>127,090</u>           | <u>9,217</u>                                      | <u>1,449,698</u> |
|    | —                                       | 62,750                          | —                          | —                   | —                                      | —                        | 909   | 63,659           |
|    | 17,161                                  | —                               | 190,176                    | 341,026             | 382,713                                | —                        | —   | 2,171,272        |
|    | —                                       | —                               | —                          | —                   | —                                      | 570,231                  | —   | 570,231          |
|    | —                                       | 921,659                         | —                          | —                   | —                                      | —                        | 50,111  | 971,770          |
|    | <u>17,161</u>                           | <u>984,409</u>                  | <u>190,176</u>             | <u>341,026</u>      | <u>382,713</u>                         | <u>570,231</u>           | <u>51,020</u>                                     | <u>3,776,932</u> |
| \$ | <u>17,188</u>                           | <u>1,545,822</u>                | <u>190,176</u>             | <u>351,976</u>      | <u>382,713</u>                         | <u>697,321</u>           | <u>60,237</u>                                     | <u>5,226,630</u> |

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Nonmajor Governmental Funds  
Year ended September 30, 2012

|  | <b>Special Revenue Funds</b>    |                              |                                |  |                                |                              |
|--|---------------------------------|------------------------------|--------------------------------|--|--------------------------------|------------------------------|
|  | <b>Special<br/>Police Funds</b> | <b>State<br/>Grant Funds</b> | <b>Federal<br/>Grant Funds</b> | <b>Municipal Ct.<br/>Bldg. Security<br/>Fund</b> | <b>Traffic<br/>Safety Fund</b> | <b>Wireless<br/>911 Fund</b> |
| Revenues:  |                                 |                              |                                |  |                                |                              |
| General property taxes                                       | \$ —                            | —                            | —                              | —  | —                              | —                            |
| Hotel/motel tax  | —                               | —                            | —                              | —  | —                              | —                            |
| Drainage fees  | —                               | —                            | —                              | —  | —                              | —                            |
| Eisemann Center revenue                                      | —                               | —                            | —                              | —  | —                              | —                            |
| 911 revenue  | —                               | —                            | —                              | —  | —                              | 527,114                      |
| Intergovernmental revenue                                    | 33,769                          | 21,202                       | 204,560                        | —  | —                              | —                            |
| Franchise fees   | —                               | —                            | —                              | —  | —                              | —                            |
| Fines and forfeitures  | 108,499                         | —                            | —                              | 100,242  | 1,118,035                      | —                            |
| Interest revenue   | 474                             | —                            | —                              | 191  | 883                            | 556                          |
| Contributions  | —                               | —                            | —                              | —  | —                              | —                            |
| Other revenue  | —                               | —                            | —                              | —  | 60                             | —                            |
| <b>Total revenues</b>  | <b>142,742</b>                  | <b>21,202</b>                | <b>204,560</b>                 | <b>100,433</b>                                   | <b>1,118,978</b>               | <b>527,670</b>               |
| Expenditures:  |                                 |                              |                                |  |                                |                              |
| General government   | —                               | —                            | —                              | —  | —                              | —                            |
| Parks and recreation   | —                               | —                            | —                              | —  | —                              | —                            |
| Public health  | —                               | 10,280                       | —                              | —  | —                              | —                            |
| Public safety  | 19,348                          | 10,922                       | 143,114                        | 64,784   | 1,344,787                      | 33,476                       |
| Public services  | —                               | —                            | —                              | —  | —                              | —                            |
| Library  | —                               | —                            | —                              | —  | —                              | —                            |
| General administration                                       | —                               | —                            | —                              | —  | —                              | —                            |
| Capital outlay   | 10,635                          | —                            | 61,446                         | —  | 40,003                         | —                            |
| Debt service:  |                                 |                              |                                |  |                                |                              |
| Interest and fiscal charges                                  | —                               | —                            | —                              | —  | —                              | —                            |
| <b>Total expenditures</b>                                    | <b>29,983</b>                   | <b>21,202</b>                | <b>204,560</b>                 | <b>64,784</b>                                    | <b>1,384,790</b>               | <b>33,476</b>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | 112,759                         | —                            | —                              | 35,649   | (265,812)                      | 494,194                      |
| Other financing sources (uses):                              |                                 |                              |                                |  |                                |                              |
| Transfers in   | —                               | —                            | —                              | —  | —                              | —                            |
| Transfers out  | (50,000)                        | —                            | —                              | —  | —                              | (450,000)                    |
| Issuance of other obligations                                | —                               | —                            | —                              | —  | —                              | —                            |
| Proceeds from sale of capital asset                          | —                               | —                            | —                              | —  | —                              | —                            |
| <b>Total other financing<br/>sources (uses)</b>              | <b>(50,000)</b>                 | <b>—</b>                     | <b>—</b>                       | <b>—</b>   | <b>—</b>                       | <b>(450,000)</b>             |
| <b>Net change in fund balances</b>                           | <b>62,759</b>                   | <b>—</b>                     | <b>—</b>                       | <b>35,649</b>                                    | <b>(265,812)</b>               | <b>44,194</b>                |
| Fund balance, October 1                                      | 343,939                         | —                            | —                              | 142,756  | 634,385                        | 242,326                      |
| Fund balance, September 30                                   | \$ 406,698                      | —                            | —                              | 178,405  | 368,573                        | 286,520                      |

See accompanying independent auditors' report.

**Special Revenue Funds**

|    | <b>Judicial<br/>Efficiency<br/>Fund</b> | <b>Hotel/Motel<br/>Tax Fund</b> | <b>Technology<br/>Fund</b> | <b>PEG<br/>Fund</b> | <b>Tax<br/>Increment<br/>Financing</b> | <b>Drainage<br/>Fund</b> | <b>Richardson<br/>Improvement<br/>Corporation</b> | <b>Total</b>      |
|----|---|---------------------------------|----------------------------|---------------------|--|--------------------------|---|-------------------|
| \$ | —                                       | —                               | —                          | —                   | 392,183                                | —                        | —   | 392,183           |
|    | —                                       | 3,012,924                       | —                          | —                   | —                                      | —                        | —   | 3,012,924         |
|    | —                                       | —                               | —                          | —                   | —                                      | 1,780,755                | —   | 1,780,755         |
|    | —                                       | 2,395,983                       | —                          | —                   | —                                      | —                        | —   | 2,395,983         |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 527,114           |
|    | —                                       | —                               | —                          | —                   | 104,403                                | —                        | —   | 363,934           |
|    | —                                       | —                               | —                          | 248,263             | —                                      | —                        | —   | 248,263           |
|    | 7,042                                   | —                               | 67,329                     | —                   | —                                      | —                        | —   | 1,401,147         |
|    | 23                                      | 1,279                           | 315                        | 279                 | 693                                    | 634                      | —   | 5,327             |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | 4,200   | 4,200             |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 60                |
|    | <u>7,065</u>                            | <u>5,410,186</u>                | <u>67,644</u>              | <u>248,542</u>      | <u>497,279</u>                         | <u>1,781,389</u>         | <u>4,200</u>                                      | <u>10,131,890</u> |
|    | 12,422                                  | 4,852,347                       | 76,199                     | 22,932              | —                                      | —                        | —   | 4,963,900         |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | 130,460   | 130,460           |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 10,280            |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | 1,616,431         |
|    | —                                       | —                               | —                          | —                   | —                                      | 61,158                   | —   | 61,158            |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | —                 |
|    | —                                       | 655,000                         | —                          | —                   | 150,000                                | 910,000                  | —   | 1,715,000         |
|    | —                                       | 24,040                          | 117,345                    | —                   | —                                      | —                        | —   | 253,469           |
|    | —                                       | —                               | —                          | —                   | 427,812                                | —                        | —   | 427,812           |
|    | <u>12,422</u>                           | <u>5,531,387</u>                | <u>193,544</u>             | <u>22,932</u>       | <u>577,812</u>                         | <u>971,158</u>           | <u>130,460</u>                                    | <u>9,178,510</u>  |
|    | <u>(5,357)</u>                          | <u>(121,201)</u>                | <u>(125,900)</u>           | <u>225,610</u>      | <u>(80,533)</u>                        | <u>810,231</u>           | <u>(126,260)</u>                                  | <u>953,380</u>    |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | 130,597   | 130,597           |
|    | —                                       | —                               | —                          | —                   | —                                      | (240,000)                | (374,284)   | (1,114,284)       |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | —   | —                 |
|    | —                                       | —                               | —                          | —                   | —                                      | —                        | 360,172   | 360,172           |
|    | —                                       | —                               | —                          | —                   | —                                      | (240,000)                | 116,485   | (623,515)         |
|    | <u>(5,357)</u>                          | <u>(121,201)</u>                | <u>(125,900)</u>           | <u>225,610</u>      | <u>(80,533)</u>                        | <u>570,231</u>           | <u>(9,775)</u>                                    | <u>329,865</u>    |
|    | <u>22,518</u>                           | <u>1,105,610</u>                | <u>316,076</u>             | <u>115,416</u>      | <u>463,246</u>                         | <u>—</u>                 | <u>60,795</u>                                     | <u>3,447,067</u>  |
| \$ | <u>17,161</u>                           | <u>984,409</u>                  | <u>190,176</u>             | <u>341,026</u>      | <u>382,713</u>                         | <u>570,231</u>           | <u>51,020</u>                                     | <u>3,776,932</u>  |

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2012

|  | Budgeted amounts    |                   | Actual amounts    | Variance with final budget-positive (negative) |
|--|---------------------|-------------------|-------------------|--|
|  | Original            | Final             |                   |  |
| Revenues:                                  |                     |                   |                   |  |
| General property taxes                     | \$ 26,588,118       | 26,588,118        | 26,634,840        | 46,722   |
| Interest revenue                           | —                   | 5,909             | 8,031             | 2,122  |
| Interest received with bond proceeds       | 10,455              | 10,455            | —                 | (10,455)                                       |
| Total revenues                             | <u>26,598,573</u>   | <u>26,604,482</u> | <u>26,642,871</u> | <u>38,389</u>                                  |
| Expenditures:                              |                     |                   |                   |  |
| Debt service:                              |                     |                   |                   |  |
| Principal retirement                       | 16,002,353          | 16,002,353        | 15,738,148        | 264,205  |
| Interest and fiscal charges                | 10,578,459          | 10,578,459        | 10,645,588        | (67,129)                                       |
| Payments for other obligations             | 14,381              | 14,381            | 277,686           | (263,305)                                      |
| Total expenditures                         | <u>26,595,193</u>   | <u>26,595,193</u> | <u>26,661,422</u> | <u>(66,229)</u>                                |
| Excess of expenditures over revenues       | <u>3,380</u>        | <u>9,289</u>      | <u>(18,551)</u>   | <u>(27,840)</u>                                |
| Other financing sources:                   |                     |                   |                   |  |
| Net proceeds from issuance/refunding bonds | —                   | —                 | 85,394            | 85,394   |
| Total other financing sources              | <u>—</u>            | <u>—</u>          | <u>85,394</u>     | <u>85,394</u>                                  |
| Net change in fund balance                 | 3,380               | 9,289             | 66,843            | 57,554   |
| Fund balances, October 1                   | <u>2,182,169</u>    | <u>2,187,996</u>  | <u>2,180,133</u>  | <u>(7,863)</u>                                 |
| Fund balances, September 30                | <u>\$ 2,185,549</u> | <u>2,197,285</u>  | <u>2,246,976</u>  | <u>49,691</u>                                  |

See accompanying notes independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Special Police Funds

Year ended September 30, 2012

|                                      | Budgeted amounts  |                 | Actual amounts  | Variance with final budget-positive (negative) |
|--------------------------------------|-------------------|-----------------|-----------------|--|
|                                      | Original          | Final           |                 |  |
| Revenues:                            |                   |                 |                 |  |
| Fines and forfeitures                | \$ 80,000         | 109,362         | 108,499         | (863)  |
| Intergovernmental revenue            | —                 | 25,080          | 33,769          | 8,689  |
| Interest income                      | 400               | 315             | 474             | 159  |
| Total revenues                       | <u>80,400</u>     | <u>134,757</u>  | <u>142,742</u>  | <u>7,985</u>                                   |
| Expenditures:                        |                   |                 |                 |  |
| Public safety                        | —                 | 22,089          | 19,348          | 2,741  |
| Capital outlay                       | 75,000            | 62,750          | 10,635          | 52,115   |
| Total expenditures                   | <u>75,000</u>     | <u>84,839</u>   | <u>29,983</u>   | <u>54,856</u>                                  |
| Excess of revenues over expenditures | <u>5,400</u>      | <u>49,918</u>   | <u>112,759</u>  | <u>62,841</u>                                  |
| Other financing sources:             |                   |                 |                 |  |
| 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           | <u>(44,600)</u>   | <u>(82)</u>     | <u>62,759</u>   | <u>62,841</u>                                  |
| Fund balances, October 1             | <u>414,036</u>    | <u>343,939</u>  | <u>343,939</u>  | <u>—</u>                                       |
| Fund balances, September 30          | <u>\$ 369,436</u> | <u>343,857</u>  | <u>406,698</u>  | <u>62,841</u>                                  |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – State Grant Funds  
 Year ended September 30, 2012

|   | <b>Budgeted amounts</b> |              | <b>Actual<br/>amounts</b> | <b>Variance with<br/>final budget-<br/>positive<br/>(negative)</b> |
|---|-------------------------|--------------|---------------------------|--|
|   | <b>Original</b>         | <b>Final</b> |                           |  |
| Revenues:                                       |                         |              |                           |  |
| Intergovernmental revenue                       | \$ —                    | 28,632       | 21,202                    | (7,430)  |
| Total revenues                                  | —                       | 28,632       | 21,202                    | (7,430)  |
| Expenditures:                                   |                         |              |                           |  |
| Public health                                   | —                       | 17,710       | 10,280                    | 7,430  |
| Public safety                                   | —                       | 10,922       | 10,922                    | —  |
| Total expenditures                              | —                       | 28,632       | 21,202                    | 7,430  |
| Excess of revenues over<br>(under) expenditures | —                       | —            | —                         | —  |
| Net change in fund balance                      | —                       | —            | —                         | —  |
| Fund balances, October 1                        | —                       | —            | —                         | —  |
| Fund balances, September 30                     | \$ —                    | —            | —                         | —  |

See accompanying independent auditors' report.



**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Federal Grant Funds

Year ended September 30, 2012

|                                      | <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            | \$ —                    | 649,620      | 204,560               | (445,060)   |
| Total revenues                       | —                       | 649,620      | 204,560               | (445,060)   |
| Expenditures:                        |                         |              |                       |   |
| Public safety                        | —                       | 156,909      | 143,114               | 13,795  |
| Capital outlay                       | —                       | 492,711      | 61,446                | 431,265   |
| Total expenditures                   | —                       | 649,620      | 204,560               | 445,060   |
| Excess of revenues over expenditures | —                       | —            | —                     | —   |
| Net change in fund balance           | —                       | —            | —                     | —   |
| Fund balances, October 1             | —                       | —            | —                     | —   |
| Fund balances, September 30          | \$ —                    | —            | —                     | —   |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Municipal Court Security Fund

Year ended September 30, 2012

|                                      | <b>Budgeted amounts</b> |                | <b>Actual amounts</b> | <b>Variance with final budget-positive (negative)</b> |
|--------------------------------------|-------------------------|----------------|-----------------------|---|
|                                      | <b>Original</b>         | <b>Final</b>   |                       |   |
| Revenues:                            |                         |                |                       |   |
| Fines and forfeitures                | \$ 97,400               | 101,000        | 100,242               | (758)   |
| Interest income                      | 167                     | 135            | 191                   | 56  |
| Total revenues                       | <u>97,567</u>           | <u>101,135</u> | <u>100,433</u>        | <u>(702)</u>  |
| Expenditures:                        |                         |                |                       |   |
| Public safety                        | <u>67,950</u>           | <u>52,826</u>  | <u>64,784</u>         | <u>(11,958)</u>                                       |
| Total expenditures                   | <u>67,950</u>           | <u>52,826</u>  | <u>64,784</u>         | <u>(11,958)</u>                                       |
| Excess of revenues over expenditures | <u>29,617</u>           | <u>48,309</u>  | <u>35,649</u>         | <u>(12,660)</u>                                       |
| Net change in fund balance           | <u>29,617</u>           | <u>48,309</u>  | <u>35,649</u>         | <u>(12,660)</u>                                       |
| Fund balances, October 1             | <u>131,791</u>          | <u>142,756</u> | <u>142,756</u>        | <u>—</u>  |
| Fund balances, September 30          | <u>\$ 161,408</u>       | <u>191,065</u> | <u>178,405</u>        | <u>(12,660)</u>                                       |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2012

|                                      | Budgeted amounts         |                       | Actual amounts        | Variance with final budget-positive (negative) |
|--------------------------------------|--------------------------|-----------------------|-----------------------|--|
|                                      | Original                 | Final                 |                       |  |
| Revenues:                            |                          |                       |                       |  |
| Fines                                | \$ 1,305,000             | 1,086,811             | 1,118,035             | 31,224   |
| Interest income                      | 411                      | 743                   | 883                   | 140  |
| Other revenue                        | —                        | —                     | 60                    | 60   |
| Total revenues                       | <u>1,305,411</u>         | <u>1,087,554</u>      | <u>1,118,978</u>      | <u>31,424</u>                                  |
| Expenditures:                        |                          |                       |                       |  |
| Public safety                        | 1,632,216                | 1,546,514             | 1,344,787             | 201,727  |
| Capital outlay                       | —                        | 20,100                | 40,003                | (19,903)                                       |
| Total expenditures                   | <u>1,632,216</u>         | <u>1,566,614</u>      | <u>1,384,790</u>      | <u>181,824</u>                                 |
| Excess of revenues over expenditures | <u>(326,805)</u>         | <u>(479,060)</u>      | <u>(265,812)</u>      | <u>213,248</u>                                 |
| Net change in fund balance           | (326,805)                | (479,060)             | (265,812)             | 213,248  |
| Fund balances, October 1             | <u>582,296</u>           | <u>634,385</u>        | <u>634,385</u>        | <u>—</u>                                       |
| Fund balances, September 30          | <u><u>\$ 255,491</u></u> | <u><u>155,325</u></u> | <u><u>368,573</u></u> | <u><u>213,248</u></u>                          |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Wireless 911

Year ended September 30, 2012

|                                      | Budgeted amounts  |                  | Actual amounts   | Variance with final budget-positive (negative) |
|--------------------------------------|-------------------|------------------|------------------|--|
|                                      | Original          | Final            |                  |  |
| Revenues:                            |                   |                  |                  |  |
| 911 revenue                          | \$ 450,000        | 510,000          | 527,114          | 17,114   |
| Interest income                      | 237               | 302              | 556              | 254  |
| Total revenues                       | <u>450,237</u>    | <u>510,302</u>   | <u>527,670</u>   | <u>17,368</u>                                  |
| Expenditures:                        |                   |                  |                  |  |
| Public safety                        | 30,000            | 22,625           | 33,476           | (10,851)                                       |
| Capital outlay                       | —                 | 10,989           | —                | 10,989   |
| Total expenditures                   | <u>30,000</u>     | <u>33,614</u>    | <u>33,476</u>    | <u>138</u>                                     |
| Excess of revenues over expenditures | <u>420,237</u>    | <u>476,688</u>   | <u>494,194</u>   | <u>17,506</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           | (29,763)          | 26,688           | 44,194           | 17,506   |
| Fund balances, October 1             | <u>234,447</u>    | <u>242,326</u>   | <u>242,326</u>   | <u>—</u>                                       |
| Fund balances, September 30          | <u>\$ 204,684</u> | <u>269,014</u>   | <u>286,520</u>   | <u>17,506</u>                                  |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Judicial Efficiency Fund  
 Year ended September 30, 2012

|                                      | <b>Budgeted amounts</b> |                 | <b>Actual amounts</b> | <b>Variance with final budget-positive (negative)</b> |
|--------------------------------------|-------------------------|-----------------|-----------------------|---|
|                                      | <b>Original</b>         | <b>Final</b>    |                       |   |
| Revenues:                            |                         |                 |                       |   |
| Fines and forfeitures                | \$ 7,100                | 6,950           | 7,042                 | 92  |
| Interest income                      | 16                      | 17              | 23                    | 6   |
| Total revenues                       | <u>7,116</u>            | <u>6,967</u>    | <u>7,065</u>          | <u>98</u>   |
| Expenditures:                        |                         |                 |                       |   |
| General government                   | 18,300                  | 18,300          | 12,422                | 5,878   |
| Total expenditures                   | <u>18,300</u>           | <u>18,300</u>   | <u>12,422</u>         | <u>5,878</u>  |
| Excess of revenues over expenditures | <u>(11,184)</u>         | <u>(11,333)</u> | <u>(5,357)</u>        | <u>5,976</u>  |
| Net change in fund balance           | (11,184)                | (11,333)        | (5,357)               | 5,976   |
| Fund balances, October 1             | 20,225                  | 22,518          | 22,518                | —   |
| Fund balances, September 30          | <u>\$ 9,041</u>         | <u>11,185</u>   | <u>17,161</u>         | <u>5,976</u>  |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Hotel-Motel Fund

Year ended September 30, 2012

|   | Budgeted amounts  |                  | Actual amounts   | Variance with final budget-positive (negative) |
|---|-------------------|------------------|------------------|--|
|   | Original          | Final            |                  |  |
| <b>Revenues:</b>  |                   |                  |                  |  |
| Hotel/motel taxes   | \$ 3,052,367      | 3,018,024        | 3,012,924        | (5,100)  |
| Parking fees  | 215,000           | 208,038          | 217,420          | 9,382  |
| Eisemann center revenues                                  | 2,408,519         | 2,179,756        | 2,178,563        | (1,193)  |
| Interest income   | 3,964             | 1,012            | 1,279            | 267  |
| Total revenues  | <u>5,679,850</u>  | <u>5,406,830</u> | <u>5,410,186</u> | <u>3,356</u>                                   |
| <b>Expenditures:</b>                                      |                   |                  |                  |  |
| General government:                                       |                   |                  |                  |  |
| Arts  | 300,000           | 300,000          | 300,000          | —  |
| Miscellaneous   | 10,200            | 121,582          | 122,766          | (1,184)  |
| Auditorium – administration                               | 4,238,839         | 4,163,884        | 3,986,499        | 177,385  |
| Parking garage  | 536,250           | 495,000          | 467,122          | 27,878   |
| General administration                                    | 655,000           | 655,000          | 655,000          | —  |
| Total expenditures  | <u>5,740,289</u>  | <u>5,735,466</u> | <u>5,531,387</u> | <u>204,079</u>                                 |
| Excess (deficiency) of revenues over (under) expenditures | <u>(60,439)</u>   | <u>(328,636)</u> | <u>(121,201)</u> | <u>207,435</u>                                 |
| Net change in fund balance                                | (60,439)          | (328,636)        | (121,201)        | 207,435  |
| Fund balances, October 1                                  | <u>651,471</u>    | <u>1,105,610</u> | <u>1,105,610</u> | <u>—</u>                                       |
| Fund balances, September 30                               | <u>\$ 591,032</u> | <u>776,974</u>   | <u>984,409</u>   | <u>207,435</u>                                 |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Technology Fund  
 Year ended September 30, 2012

|                                      | <b>Budgeted amounts</b> |                  | <b>Actual amounts</b> | <b>Variance with final budget-positive (negative)</b> |
|--------------------------------------|-------------------------|------------------|-----------------------|---|
|                                      | <b>Original</b>         | <b>Final</b>     |                       |   |
| Revenues:                            |                         |                  |                       |   |
| Fines and forfeitures                | \$ 72,000               | 70,000           | 67,329                | (2,671)   |
| Interest income                      | 348                     | 270              | 315                   | 45  |
| Total revenues                       | <u>72,348</u>           | <u>70,270</u>    | <u>67,644</u>         | <u>(2,626)</u>  |
| Expenditures:                        |                         |                  |                       |   |
| Public services                      | 26,243                  | 81,985           | 76,199                | 5,786   |
| Capital outlay                       | 54,970                  | 117,345          | 117,345               | —   |
| Total expenditures                   | <u>81,213</u>           | <u>199,330</u>   | <u>193,544</u>        | <u>5,786</u>  |
| Excess of revenues over expenditures | <u>(8,865)</u>          | <u>(129,060)</u> | <u>(125,900)</u>      | <u>3,160</u>  |
| Net change in fund balance           | (8,865)                 | (129,060)        | (125,900)             | 3,160   |
| Fund balances, October 1             | <u>292,348</u>          | <u>316,076</u>   | <u>316,076</u>        | <u>—</u>  |
| Fund balances, September 30          | <u>\$ 283,483</u>       | <u>187,016</u>   | <u>190,176</u>        | <u>3,160</u>  |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Franchise PEG Fund

Year ended September 30, 2012

|                                      | <b>Budgeted amounts</b> |                | <b>Actual amounts</b> | <b>Variance with final budget-positive (negative)</b> |
|--------------------------------------|-------------------------|----------------|-----------------------|---|
|                                      | <b>Original</b>         | <b>Final</b>   |                       |   |
| Revenues:                            |                         |                |                       |   |
| Franchise fees                       | \$ 225,000              | 240,000        | 248,263               | 8,263   |
| Interest income                      | 206                     | 157            | 279                   | 122   |
| Total revenues                       | <u>225,206</u>          | <u>240,157</u> | <u>248,542</u>        | <u>8,385</u>  |
| Expenditures:                        |                         |                |                       |   |
| General government                   | —                       | —              | 22,932                | (22,932)  |
| Capital                              | 245,000                 | 39,382         | —                     | 39,382  |
| Total expenditures                   | <u>245,000</u>          | <u>39,382</u>  | <u>22,932</u>         | <u>16,450</u>   |
| Excess of revenues over expenditures | <u>(19,794)</u>         | <u>200,775</u> | <u>225,610</u>        | <u>24,835</u>   |
| Net change in fund balance           | (19,794)                | 200,775        | 225,610               | 24,835  |
| Fund balances, October 1             | <u>168,011</u>          | <u>115,416</u> | <u>115,416</u>        | <u>—</u>  |
| Fund balances, September 30          | <u>\$ 148,217</u>       | <u>316,191</u> | <u>341,026</u>        | <u>24,835</u>   |

See accompanying independent auditors' report.



**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Tax Increment Financing

Year ended September 30, 2012

|                                      | Budgeted amounts  |                 | Actual amounts  | Variance with final budget-positive (negative) |
|--------------------------------------|-------------------|-----------------|-----------------|--|
|                                      | Original          | Final           |                 |  |
| Revenues:                            |                   |                 |                 |  |
| General property tax                 | \$ 417,009        | 392,865         | 392,183         | (682)  |
| Intergovernmental revenue            | 92,596            | 104,403         | 104,403         | —  |
| Interest income                      | 353               | 478             | 693             | 215  |
| Total revenues                       | <u>509,958</u>    | <u>497,746</u>  | <u>497,279</u>  | <u>(467)</u>                                   |
| Expenditures:                        |                   |                 |                 |  |
| General government                   | 473,652           | 428,195         | —               | 428,195  |
| General administration               | 150,000           | 150,000         | 150,000         | —  |
| Total expenditures                   | <u>623,652</u>    | <u>578,195</u>  | <u>150,000</u>  | <u>428,195</u>                                 |
| Excess of revenues over expenditures | <u>(113,694)</u>  | <u>(80,449)</u> | <u>347,279</u>  | <u>427,728</u>                                 |
| Other financing sources (uses):      |                   |                 |                 |  |
| Issuance of Other Obligations        | —                 | —               | —               | —  |
| Interest and fiscal charges          | —                 | —               | 427,812         | (427,812)                                      |
| Total other financing sources (uses) | <u>—</u>          | <u>—</u>        | <u>427,812</u>  | <u>(427,812)</u>                               |
| Net change in fund balance           | <u>(113,694)</u>  | <u>(80,449)</u> | <u>(80,533)</u> | <u>(84)</u>                                    |
| Fund balance, October 1              | <u>338,379</u>    | <u>463,246</u>  | <u>463,246</u>  | <u>—</u>                                       |
| Fund balance, September 30           | <u>\$ 224,685</u> | <u>382,797</u>  | <u>382,713</u>  | <u>(84)</u>                                    |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Drainage Fund

Year ended September 30, 2012

|   | Budgeted amounts  |                  | Actual amounts   | Variance with final budget-positive (negative) |
|---|-------------------|------------------|------------------|--|
|   | Original          | Final            |                  |  |
| Revenues:   |                   |                  |                  |  |
| Fee revenue   | \$ 1,675,722      | 1,675,722        | 1,780,755        | 105,033  |
| Interest income   | 173               | 173              | 634              | 461  |
| Total revenues  | <u>1,675,895</u>  | <u>1,675,895</u> | <u>1,781,389</u> | <u>105,494</u>                                 |
| Expenditures:   |                   |                  |                  |  |
| Public services   | —                 | 510,000          | 61,158           | 448,842  |
| General administration                                    | 910,000           | 910,000          | 910,000          | —  |
| Total expenditures  | <u>910,000</u>    | <u>1,420,000</u> | <u>971,158</u>   | <u>448,842</u>                                 |
| Excess (deficiency) of revenues over (under) expenditures | <u>765,895</u>    | <u>255,895</u>   | <u>810,231</u>   | <u>554,336</u>                                 |
| Other financing sources:                                  |                   |                  |                  |  |
| Transfers out   | <u>240,000</u>    | <u>240,000</u>   | <u>240,000</u>   | <u>—</u>                                       |
| Total other financing sources                             | <u>240,000</u>    | <u>240,000</u>   | <u>240,000</u>   | <u>—</u>                                       |
| Net change in fund balance                                | <u>525,895</u>    | <u>15,895</u>    | <u>570,231</u>   | <u>554,336</u>                                 |
| Fund balances, October 1                                  | <u>—</u>          | <u>—</u>         | <u>—</u>         | <u>—</u>                                       |
| Fund balances, September 30                               | <u>\$ 525,895</u> | <u>15,895</u>    | <u>570,231</u>   | <u>554,336</u>                                 |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2012

|   | Budgeted amounts |                  | Actual amounts   | Variance with final budget-positive (negative) |
|---|------------------|------------------|------------------|--|
|   | Original         | Final            |                  |  |
| Revenues:   |                  |                  |                  |  |
| Contributions   | \$ 2,500         | 4,150            | 4,200            | 50   |
|   | <u>2,500</u>     | <u>4,150</u>     | <u>4,200</u>     | <u>50</u>                                      |
| Expenditures:   |                  |                  |                  |  |
| Parks and recreation                                      | 148,097          | 149,331          | 130,460          | 18,871   |
| Total expenditures  | <u>148,097</u>   | <u>149,331</u>   | <u>130,460</u>   | <u>18,871</u>                                  |
| Excess (deficiency) of revenues over (under) expenditures | <u>(145,597)</u> | <u>(145,181)</u> | <u>(126,260)</u> | <u>18,921</u>                                  |
| Other financing sources:                                  |                  |                  |                  |  |
| Transfers in  | 130,597          | 130,597          | 130,597          | —  |
| Transfers out   | —                | —                | (374,284)        | (374,284)                                      |
| Proceeds from sale of capital asset                       | —                | —                | 360,172          | 360,172  |
| Total other financing sources                             | <u>130,597</u>   | <u>130,597</u>   | <u>116,485</u>   | <u>(14,112)</u>                                |
| Net change in fund balance                                | <u>(15,000)</u>  | <u>(14,584)</u>  | <u>(9,775)</u>   | <u>4,809</u>                                   |
| Fund balances, October 1                                  | <u>56,358</u>    | <u>60,794</u>    | <u>60,795</u>    | <u>1</u>                                       |
| Fund balances, September 30                               | <u>\$ 41,358</u> | <u>46,210</u>    | <u>51,020</u>    | <u>4,810</u>                                   |

See accompanying independent auditors' report.

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**CITY OF RICHARDSON, TEXAS**

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2012

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 Assets – All Internal Service Funds

September 30, 2012

|  | <u>Central<br/>Services Fund</u> | <u>Insurance<br/>Fund</u> | <u>Total</u>     |
|--|----------------------------------|---------------------------|------------------|
| Assets:  |                                  |                           |                  |
| Current assets:  |                                  |                           |                  |
| Cash and investments                                     | \$ 27,089                        | 2,647,520                 | 2,674,609        |
| Accounts receivable                                      | —                                | 6,485                     | 6,485            |
| Inventory of supplies, at cost                           | 215,162                          | —                         | 215,162          |
| Total current assets                                     | <u>242,251</u>                   | <u>2,654,005</u>          | <u>2,896,256</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                                     | 607,883                          | —                         | 607,883          |
| Less accumulated depreciation                            | <u>(551,872)</u>                 | <u>—</u>                  | <u>(551,872)</u> |
| Total capital assets, net of<br>accumulated depreciation | <u>56,011</u>                    | <u>—</u>                  | <u>56,011</u>    |
| Total assets   | <u>298,262</u>                   | <u>2,654,005</u>          | <u>2,952,267</u> |
| Liabilities:   |                                  |                           |                  |
| Current liabilities:                                     |                                  |                           |                  |
| Accounts payable   | 5,235                            | 291,493                   | 296,728          |
| Compensated absences                                     | 4,119                            | 3,362                     | 7,481            |
| Unpaid claims liabilities                                | —                                | 800,000                   | 800,000          |
| Total current liabilities                                | <u>9,354</u>                     | <u>1,094,855</u>          | <u>1,104,209</u> |
| Noncurrent liabilities:                                  |                                  |                           |                  |
| Compensated absences                                     | 33,327                           | 27,202                    | 60,529           |
| Post employment benefits                                 | 140,761                          | 76,912                    | 217,673          |
| Total noncurrent liabilities                             | <u>174,088</u>                   | <u>104,114</u>            | <u>278,202</u>   |
| Total liabilities  | <u>183,442</u>                   | <u>1,198,969</u>          | <u>1,382,411</u> |
| Net assets:  |                                  |                           |                  |
| Invested in capital assets, net of related debt          | 56,011                           | —                         | 56,011           |
| Unrestricted   | 58,809                           | 1,455,036                 | 1,513,845        |
| Total net assets   | <u>\$ 114,820</u>                | <u>1,455,036</u>          | <u>1,569,856</u> |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Revenues, Expenses, and Changes in  
Fund Net Assets – All Internal Service Funds

Year ended September 30, 2012

|                                     | <u>Central<br/>Services Fund</u> | <u>Insurance<br/>Fund</u> | <u>Total</u>       |
|-------------------------------------|----------------------------------|---------------------------|--------------------|
| Operating revenues:                 |                                  |                           |                    |
| Charges for services                | \$ 344,633                       | —                         | 344,633            |
| City and employee contributions     | 26,964                           | 10,954,443                | 10,981,407         |
| Intergovernmental revenue           | 2,313                            | 68,632                    | 70,945             |
| Miscellaneous                       | —                                | 30,160                    | 30,160             |
| Total operating revenues            | <u>373,910</u>                   | <u>11,053,235</u>         | <u>11,427,145</u>  |
| Operating expenses:                 |                                  |                           |                    |
| Personal services                   | 389,643                          | 231,092                   | 620,735            |
| Premiums                            | —                                | 544,572                   | 544,572            |
| Professional and technical services | 6,534                            | 727,549                   | 734,083            |
| Property services                   | 109,246                          | —                         | 109,246            |
| Other purchased services            | 18                               | 93,899                    | 93,917             |
| Insurance claims                    | —                                | 10,442,960                | 10,442,960         |
| Supplies                            | 14,395                           | 2,701                     | 17,096             |
| Total operating expenses            | <u>519,836</u>                   | <u>12,042,773</u>         | <u>12,562,609</u>  |
| Operating loss                      | <u>(145,926)</u>                 | <u>(989,538)</u>          | <u>(1,135,464)</u> |
| Nonoperating revenues:              |                                  |                           |                    |
| Interest revenue                    | 216                              | 2,484                     | 2,700              |
| Transfer in                         | —                                | 1,950,000                 | 1,950,000          |
| Total nonoperating revenues         | <u>216</u>                       | <u>1,952,484</u>          | <u>1,952,700</u>   |
| Change in net assets                | <u>(145,710)</u>                 | <u>962,946</u>            | <u>817,236</u>     |
| Net assets, October 1               | <u>260,530</u>                   | <u>492,090</u>            | <u>752,620</u>     |
| Net assets, September 30            | <u>\$ 114,820</u>                | <u>1,455,036</u>          | <u>1,569,856</u>   |

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Cash Flows – All Internal Service Funds

Year ended September 30, 2012

|   | <u>Central<br/>Services Fund</u> | <u>Insurance<br/>Fund</u> | <u>Total</u>        |
|---|----------------------------------|---------------------------|---------------------|
| Cash flows from operating activities:   |                                  |                           |                     |
| Cash received from service users  | \$ 373,910                       | —                         | 373,910             |
| Cash received from City, employee, and other contributions                        | —                                | 11,053,275                | 11,053,275          |
| Cash payments for premiums and other operating expenses                           | (124,901)                        | (1,349,854)               | (1,474,755)         |
| Cash payments to employees  | (373,754)                        | (218,765)                 | (592,519)           |
| Cash payments for claims  | —                                | (10,352,833)              | (10,352,833)        |
| Net cash used for operating activities  | <u>(124,745)</u>                 | <u>(868,177)</u>          | <u>(992,922)</u>    |
| Cash flows from noncapital financing activities:                                  |                                  |                           |                     |
| Transfers from other funds  | —                                | 1,950,000                 | 1,950,000           |
| Net cash provided by noncapital financing activities                              | <u>—</u>                         | <u>1,950,000</u>          | <u>1,950,000</u>    |
| Cash flows from investing activity:   |                                  |                           |                     |
| Purchase of Investment Securities   | —                                | (1,540,125)               | (1,540,125)         |
| Proceeds from sale and maturities of investments                                  | —                                | 3,042,007                 | 3,042,007           |
| Interest received on investments  | 216                              | 32,455                    | 32,671              |
| Net cash provided by investing activity   | <u>216</u>                       | <u>1,534,337</u>          | <u>1,534,553</u>    |
| Net increase (decrease) in cash and cash equivalents                              | <u>(124,529)</u>                 | <u>2,616,160</u>          | <u>2,491,631</u>    |
| Cash and cash equivalents, October 1  | <u>151,618</u>                   | <u>31,360</u>             | <u>182,978</u>      |
| Cash and cash equivalents, September 30   | \$ <u>27,089</u>                 | \$ <u>2,647,520</u>       | \$ <u>2,674,609</u> |
| Reconciliation of operating loss to net cash used for operating activities:       |                                  |                           |                     |
| Operating loss  | \$ (145,926)                     | (989,538)                 | (1,135,464)         |
| Adjustments to reconcile operating loss to net cash used for operating activities |                                  |                           |                     |
| Changes in assets and liabilities:  |                                  |                           |                     |
| Decrease in inventory of supplies, at cost  | 2,586                            | —                         | 2,586               |
| Decrease in accounts receivables  | —                                | 21,530                    | 21,530              |
| Increase in accounts payable  | 2,706                            | 244,216                   | 246,922             |
| Increase in IBNR  | —                                | 100,000                   | 100,000             |
| Decrease in accrued liabilities   | —                                | (256,713)                 | (256,713)           |
| Increase in compensated absences  | 3,018                            | 1,075                     | 4,093               |
| Increase in post-employment benefits  | 12,871                           | 11,253                    | 24,124              |
| Total adjustments   | <u>21,181</u>                    | <u>121,361</u>            | <u>142,542</u>      |
| Net cash used for operating activities  | \$ <u>(124,745)</u>              | <u>(868,177)</u>          | <u>(992,922)</u>    |
| Reconciliation of cash and cash equivalents to the statement of net assets:       |                                  |                           |                     |
| Total cash and investments per the statement of net assets                        | \$ 27,089                        | 2,647,520                 | 2,674,609           |
| Less investments not meeting the definition of cash equivalents                   | —                                | —                         | —                   |
| Cash and cash equivalents at September 30, 2012                                   | \$ <u>27,089</u>                 | \$ <u>2,647,520</u>       | \$ <u>2,674,609</u> |

See accompanying independent auditors' report.



## **STATISTICAL SECTION**

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**CITY OF RICHARDSON, TEXAS**

Statistical Section

September 30, 2012

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  | 97 – 102     |
| <i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.   | 103 – 106    |
| <i>Debt Capacity</i> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.                            | 107 – 111    |
| <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.                                    | 112 – 113    |
| <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. | 114 – 116    |

**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 Assets by Component

Last ten fiscal years

(In thousands)

(unaudited)

|  | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Governmental activities:</b>                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 115,163        | \$ 103,076        | \$ 107,132        | \$ 103,650        | \$ 101,178        | \$ 118,380        | \$ 105,653        | \$ 112,015        | \$ 108,707        | \$ 110,806        |
| Restricted                                       | 5,629             | 4,575             | 7,033             | 5,720             | 12,504            | 6,295             | 22,864            | 22,180            | 15,207            | 10,744            |
| Unrestricted                                     | 7,956             | 16,140            | 10,514            | 21,045            | 26,098            | 8,487             | 903               | (5,654)           | (7,778)           | (8,303)           |
| <b>Total governmental activities net assets</b>  | <b>\$ 128,748</b> | <b>\$ 123,791</b> | <b>\$ 124,679</b> | <b>\$ 130,415</b> | <b>\$ 139,780</b> | <b>\$ 133,162</b> | <b>\$ 129,420</b> | <b>\$ 128,541</b> | <b>\$ 116,136</b> | <b>\$ 113,247</b> |
| <b>Business-type activities:</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 62,561         | \$ 62,852         | \$ 60,072         | \$ 61,323         | \$ 62,163         | \$ 59,494         | \$ 55,054         | \$ 53,551         | \$ 51,690         | \$ 51,229         |
| Restricted                                       | 10,275            | 1,921             | 2,312             | 5,013             | 2,990             | 3,627             | 3,873             | 2,338             | 9,245             | 6,338             |
| Unrestricted                                     | 3,934             | 12,727            | 14,320            | 18,578            | 16,018            | 14,566            | 17,625            | 18,192            | 12,666            | 11,604            |
| <b>Total business-type activities net assets</b> | <b>\$ 76,770</b>  | <b>\$ 77,500</b>  | <b>\$ 76,704</b>  | <b>\$ 84,914</b>  | <b>\$ 81,171</b>  | <b>\$ 77,687</b>  | <b>\$ 76,552</b>  | <b>\$ 74,081</b>  | <b>\$ 73,601</b>  | <b>\$ 69,171</b>  |
| <b>Primary government:</b>                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt  | \$ 177,724        | \$ 165,928        | \$ 167,204        | \$ 164,973        | \$ 163,341        | \$ 177,874        | \$ 160,707        | \$ 165,566        | \$ 160,397        | \$ 162,035        |
| Restricted                                       | 15,904            | 6,496             | 9,345             | 10,733            | 15,494            | 9,922             | 26,737            | 24,518            | 24,452            | 17,082            |
| Unrestricted                                     | 11,890            | 28,867            | 24,834            | 39,623            | 42,116            | 23,053            | 18,528            | 12,538            | 4,888             | 3,301             |
| <b>Total primary government net assets</b>       | <b>\$ 205,518</b> | <b>\$ 201,291</b> | <b>\$ 201,383</b> | <b>\$ 215,329</b> | <b>\$ 220,951</b> | <b>\$ 210,849</b> | <b>\$ 205,972</b> | <b>\$ 202,622</b> | <b>\$ 189,737</b> | <b>\$ 182,418</b> |

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Assets  
Last ten fiscal years  
(In thousands)  
(Accrual basis of accounting)  
(unaudited)

|  | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses:</b>                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental activities:</b>                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                                     | \$ 30,141         | \$ 31,777         | \$ 34,896         | \$ 35,268         | \$ 37,774         | \$ 41,630         | \$ 43,610         | \$ 44,318         | \$ 45,826         | \$ 45,224         |
| Public safety  | 19,534            | 19,961            | 19,257            | 19,117            | 20,210            | 24,701            | 27,070            | 26,652            | 26,819            | 26,776            |
| Public services  | 3,105             | 3,050             | 3,060             | 3,097             | 3,988             | 4,145             | 4,224             | 4,099             | 4,245             | 4,027             |
| Library  | 10,377            | 10,412            | 10,936            | 11,765            | 12,576            | 13,814            | 13,658            | 14,507            | 14,662            | 14,786            |
| Parks and recreation                                   | 1,139             | 1,168             | 1,215             | 1,310             | 1,344             | 1,483             | 1,582             | 1,460             | 1,467             | 1,548             |
| Public health  | 8,532             | 7,491             | 7,519             | 8,088             | 10,116            | 11,094            | 9,577             | 8,169             | 10,976            | 11,050            |
| Interest and fiscal charges                            | 95,604            | 96,112            | 99,670            | 102,984           | 111,389           | 127,556           | 127,505           | 126,972           | 138,346           | 133,429           |
| <b>Total governmental activities expenses</b>          | <b>\$ 22,253</b>  | <b>\$ 22,787</b>  | <b>\$ 24,339</b>  | <b>\$ 25,381</b>  | <b>\$ 27,784</b>  | <b>\$ 30,689</b>  | <b>\$ 31,111</b>  | <b>\$ 31,111</b>  | <b>\$ 31,111</b>  | <b>\$ 31,111</b>  |
| <b>Business-type activities:</b>                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Water and sewer  | 32,849            | 33,643            | 35,487            | 37,820            | 40,918            | 44,718            | 45,746            | 46,168            | 49,197            | 51,104            |
| Solid waste  | 9,012             | 9,565             | 10,387            | 10,387            | 11,193            | 12,049            | 12,326            | 12,712            | 12,985            | 12,726            |
| Golf   | 2,256             | 2,328             | 2,456             | 2,354             | 2,143             | 2,332             | 2,402             | 2,294             | 2,447             | 2,340             |
| <b>Total business-type activities expenses</b>         | <b>\$ 44,117</b>  | <b>\$ 45,536</b>  | <b>\$ 47,893</b>  | <b>\$ 50,561</b>  | <b>\$ 54,254</b>  | <b>\$ 59,099</b>  | <b>\$ 60,474</b>  | <b>\$ 61,174</b>  | <b>\$ 64,370</b>  | <b>\$ 66,429</b>  |
| <b>Total primary government expenses</b>               | <b>\$ 139,721</b> | <b>\$ 141,648</b> | <b>\$ 147,563</b> | <b>\$ 153,545</b> | <b>\$ 165,643</b> | <b>\$ 186,655</b> | <b>\$ 187,979</b> | <b>\$ 188,146</b> | <b>\$ 202,716</b> | <b>\$ 199,858</b> |
| <b>Program revenues:</b>                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental activities:</b>                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services:                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                                     | \$ 3,290          | \$ 2,294          | \$ 2,231          | \$ 2,039          | \$ 2,138          | \$ 3,144          | \$ 3,724          | \$ 3,111          | \$ 3,577          | \$ 3,423          |
| Public safety  | 7,030             | 6,500             | 7,086             | 7,149             | 7,313             | 7,937             | 8,903             | 8,398             | 9,170             | 9,480             |
| Public services  | 1,249             | 1,421             | 1,607             | 1,124             | 1,968             | 1,527             | 1,379             | 1,956             | 2,200             | 4,278             |
| Library  | 137               | 128               | 145               | 149               | 170               | 186               | 190               | 184               | 164               | 155               |
| Parks and recreation                                   | 2,454             | 2,498             | 2,563             | 2,679             | 2,796             | 2,898             | 2,891             | 3,291             | 3,327             | 3,262             |
| Public health  | 178               | 197               | 186               | 189               | 196               | 249               | 255               | 264               | 266               | 264               |
| Operating grants and contributions                     | 99                | 519               | 1,221             | 731               | 576               | 1,061             | 368               | 642               | 532               | 1,777             |
| Capital grants and contributions                       | 4,620             | 2,443             | 1,245             | 3,766             | 5,810             | 4,991             | 10,059            | 10,144            | 3,875             | 2,028             |
| <b>Total governmental activities program revenues</b>  | <b>\$ 19,057</b>  | <b>\$ 16,000</b>  | <b>\$ 16,284</b>  | <b>\$ 17,826</b>  | <b>\$ 20,967</b>  | <b>\$ 21,993</b>  | <b>\$ 27,769</b>  | <b>\$ 27,990</b>  | <b>\$ 23,111</b>  | <b>\$ 24,667</b>  |
| <b>Business-type activities:</b>                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for services:                                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Water and sewer  | 30,720            | 32,982            | 33,921            | 43,938            | 34,645            | 40,338            | 43,116            | 42,807            | 48,485            | 46,075            |
| Solid waste  | 9,195             | 10,116            | 10,255            | 10,687            | 10,989            | 11,330            | 12,262            | 12,274            | 12,275            | 12,303            |
| Golf   | 2,090             | 2,028             | 1,952             | 2,163             | 2,022             | 2,144             | 2,045             | 1,536             | 1,873             | 2,011             |
| Operating grants and contributions                     | 972               | 880               | 301               | 835               | 1,375             | 701               | 872               | 1,228             | 647               | 956               |
| Capital grants and contributions                       | 42,977            | 46,006            | 46,429            | 57,623            | 49,031            | 54,513            | 58,295            | 57,845            | 63,295            | 61,357            |
| <b>Total business-type activities program revenues</b> | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  | <b>\$ 86,064</b>  |
| <b>Total primary government program revenues</b>       | <b>\$ 62,034</b>  | <b>\$ 62,006</b>  | <b>\$ 62,713</b>  | <b>\$ 75,449</b>  | <b>\$ 69,998</b>  | <b>\$ 76,506</b>  | <b>\$ 86,064</b>  | <b>\$ 85,835</b>  | <b>\$ 86,406</b>  | <b>\$ 86,024</b>  |

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Assets  
Last ten fiscal years  
(In thousands)  
(Accrual basis of accounting)  
(unaudited)

|   | 2003        | 2004        | 2005        | 2006        | 2007        | 2008         | 2009         | 2010         | 2011         | 2012         |
|---|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net (expense) revenue:                            |             |             |             |             |             |              |              |              |              |              |
| Governmental activities                           | \$ (76,547) | \$ (80,112) | \$ (83,386) | \$ (85,158) | \$ (90,422) | \$ (105,563) | \$ (99,736)  | \$ (98,982)  | \$ (115,235) | \$ (108,762) |
| Business-type activities                          | (1,140)     | 470         | (1,464)     | 7,062       | (5,223)     | (4,586)      | (2,179)      | (3,329)      | (1,075)      | (5,072)      |
| Total primary government net expense              | \$ (77,687) | \$ (79,642) | \$ (84,850) | \$ (78,096) | \$ (95,645) | \$ (110,149) | \$ (101,915) | \$ (102,311) | \$ (116,310) | \$ (113,834) |
| General revenues and other changes in net assets: |             |             |             |             |             |              |              |              |              |              |
| Governmental activities:                          |             |             |             |             |             |              |              |              |              |              |
| Taxes:  |             |             |             |             |             |              |              |              |              |              |
| Property taxes                                    | \$ 41,967   | \$ 40,723   | \$ 44,573   | \$ 46,550   | \$ 53,777   | \$ 55,264    | \$ 57,574    | \$ 58,105    | \$ 61,115    | \$ 63,810    |
| Sales taxes                                       | 19,337      | 20,170      | 21,046      | 21,923      | 23,646      | 23,286       | 20,815       | 24,967       | 24,753       | 25,246       |
| Other taxes                                       | 2,554       | 2,925       | 2,832       | 3,302       | 3,540       | 3,719        | 2,986        | 3,105        | 3,447        | 3,351        |
| Franchise taxes                                   | 10,837      | 10,020      | 10,353      | 15,640      | 11,231      | 11,871       | 12,206       | 12,275       | 13,533       | 13,561       |
| Interest earnings                                 | 669         | 1,317       | 1,698       | 3,370       | 6,260       | 4,904        | 2,298        | 332          | 397          | 136          |
| Insurance and other recoveries                    | —           | —           | 2,500       | —           | 173         | —            | —            | —            | —            | —            |
| Transfers in (out)                                | —           | —           | —           | —           | (117)       | (117)        | (19)         | (695)        | (489)        | (259)        |
| Gain on sale of assets                            | —           | —           | 1,272       | 109         | 1,160       | 18           | 134          | 14           | 74           | 8            |
| Total governmental activities                     | \$ 75,364   | \$ 75,155   | \$ 84,274   | \$ 90,894   | \$ 99,787   | \$ 98,945    | \$ 95,994    | \$ 98,103    | \$ 102,830   | \$ 105,873   |
| Business-type activities:                         |             |             |             |             |             |              |              |              |              |              |
| Interest earnings                                 | 318         | 199         | 425         | 871         | 1,317       | 868          | 295          | 73           | 47           | 31           |
| Insurance and other recoveries                    | —           | —           | 194         | —           | 30          | —            | —            | —            | —            | —            |
| Transfers in (out)                                | —           | —           | —           | —           | —           | 117          | 19           | 695          | 489          | 259          |
| Gain on sale of assets                            | 51          | 61          | 49          | 277         | 133         | 117          | 730          | 90           | 59           | 352          |
| Total business-type activities                    | 369         | 260         | 668         | 1,148       | 1,480       | 1,102        | 1,044        | 858          | 595          | 642          |
| Total primary government                          | \$ 75,733   | \$ 75,415   | \$ 84,942   | \$ 92,042   | \$ 101,267  | \$ 100,047   | \$ 97,038    | \$ 98,961    | \$ 103,425   | \$ 106,515   |
| Change in net assets:                             |             |             |             |             |             |              |              |              |              |              |
| Governmental activities                           | \$ (1,183)  | \$ (4,957)  | \$ 888      | \$ 5,736    | \$ 9,365    | \$ (6,618)   | \$ (3,742)   | \$ (879)     | \$ (12,405)  | \$ (2,889)   |
| Business-type activities                          | (771)       | 730         | (796)       | 8,210       | (3,743)     | (3,484)      | (1,135)      | (2,471)      | (479)        | (4,430)      |
| Total primary government                          | \$ (1,954)  | \$ (4,227)  | \$ 92       | \$ 13,946   | \$ 5,622    | \$ (10,102)  | \$ (4,877)   | \$ (3,350)   | \$ (12,884)  | \$ (7,319)   |

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Table 3

CITY OF RICHARDSON, TEXAS

Fund Balances, Governmental Funds

Last ten fiscal years

(unaudited)

|                                    | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General fund:                      |           |           |           |           |           |           |           |           |           |           |
| Reserved for other                 | \$ 715    | \$ 771    | \$ 954    | \$ 935    | \$ 949    | \$ 986    | \$ 600    | \$ 730    | \$ —      | \$ —      |
| Non spendable                      | —         | —         | —         | —         | —         | —         | —         | —         | 507       | 559       |
| Assigned to encumbrances           | —         | —         | —         | —         | —         | —         | —         | —         | 114       | 327       |
| Unreserved                         | 11,703    | 12,408    | 13,062    | 14,208    | 14,562    | 15,259    | 15,244    | 15,403    | —         | —         |
| Unassigned                         | —         | —         | —         | —         | —         | —         | —         | —         | 15,808    | 16,274    |
| Total general fund                 | \$ 12,418 | \$ 13,179 | \$ 14,016 | \$ 15,143 | \$ 15,511 | \$ 16,245 | \$ 15,844 | \$ 16,133 | \$ 16,429 | \$ 17,160 |
| All other governmental funds:      |           |           |           |           |           |           |           |           |           |           |
| Reserved for:                      |           |           |           |           |           |           |           |           |           |           |
| Capital projects                   | \$ 5,323  | \$ 4,187  | \$ 26,233 | \$ 72,217 | \$ 55,910 | \$ 36,223 | \$ 19,375 | \$ 80,012 | \$ —      | \$ —      |
| Debt service                       | 2,451     | 1,481     | 2,010     | 1,452     | 2,116     | 1,785     | 1,947     | 1,604     | —         | —         |
| Other *                            | 5,502     | 1,530     | 2,719     | 4,431     | 13,897    | 27,021    | 16,799    | 10,518    | —         | —         |
| Unreserved, reported in:           |           |           |           |           |           |           |           |           |           |           |
| Special revenue funds              | 2,119     | 2,322     | 2,051     | 2,703     | 3,153     | 3,292     | 3,779     | 2,902     | —         | —         |
| Capital funds                      | 1,334     | 161       | 2,670     | 8,751     | 11,784    | 2,191     | 1,030     | 4,425     | —         | —         |
| Non spendable:                     |           |           |           |           |           |           |           |           |           |           |
| Property held for redevelopment    | —         | —         | —         | —         | —         | —         | —         | —         | —         | 2,495     |
| Prepaid                            | —         | —         | —         | —         | —         | —         | —         | —         | 91        | 64        |
| Deposits                           | —         | —         | —         | —         | —         | —         | —         | —         | 105       | —         |
| Restricted for:                    |           |           |           |           |           |           |           |           |           |           |
| Debt service                       | —         | —         | —         | —         | —         | —         | —         | —         | 2,180     | 2,247     |
| Parks and recreational facilities  | —         | —         | —         | —         | —         | —         | —         | —         | 22,817    | 18,341    |
| Street improvements                | —         | —         | —         | —         | —         | —         | —         | —         | 30,061    | 26,548    |
| Neighborhood vitality projects     | —         | —         | —         | —         | —         | —         | —         | —         | 7,725     | 6,434     |
| Municipal public buildings         | —         | —         | —         | —         | —         | —         | —         | —         | 9,871     | 5,098     |
| Other capital projects             | —         | —         | —         | —         | —         | —         | —         | —         | 3,399     | 2,196     |
| Other purposes                     | —         | —         | —         | —         | —         | —         | —         | —         | 4,180     | 2,716     |
| Committed for:                     |           |           |           |           |           |           |           |           |           |           |
| Drainage System                    | —         | —         | —         | —         | —         | —         | —         | —         | —         | 570       |
| Assigned for:                      |           |           |           |           |           |           |           |           |           |           |
| Street rehabilitation              | —         | —         | —         | —         | —         | —         | —         | —         | 707       | 808       |
| Other purposes                     | —         | —         | —         | —         | —         | —         | —         | —         | 3,540     | 2,422     |
| Total all other governmental funds | \$ 16,729 | \$ 9,681  | \$ 35,683 | \$ 89,554 | \$ 86,860 | \$ 70,512 | \$ 42,930 | \$ 99,461 | \$ 84,676 | \$ 69,939 |

\* Includes prepaid items, inventory, and encumbrances

Note: The City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2012.

Table 4

## CITY OF RICHARDSON, TEXAS

## Changes in Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)

(unaudited)

|  | 2003            | 2004           | 2005            | 2006           | 2007           | 2008            | 2009            | 2010            | 2011            | 2012            |
|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenues:</b>                                 |                 |                |                 |                |                |                 |                 |                 |                 |                 |
| General property taxes                           | \$ 40,858       | \$ 41,694      | \$ 44,615       | \$ 46,493      | \$ 53,631      | \$ 55,101       | \$ 57,814       | \$ 58,085       | \$ 61,339       | \$ 63,753       |
| Franchise taxes                                  | 10,837          | 10,020         | 10,553          | 15,640         | 11,231         | 11,871          | 12,206          | 12,275          | 13,533          | 13,561          |
| Sales tax  | 19,337          | 20,170         | 21,046          | 21,923         | 23,646         | 23,286          | 23,070          | 24,967          | 24,753          | 25,246          |
| Mixed beverage and Bingo Tax                     | 501             | 308            | 317             | 353            | 372            | 406             | 401             | 392             | 408             | 338             |
| Hotel/motel taxes                                | 2,254           | 2,617          | 2,515           | 2,949          | 3,168          | 3,314           | 2,585           | 2,713           | 3,039           | 3,013           |
| Drainage fees                                    | —               | —              | —               | —              | —              | —               | —               | —               | —               | 1,781           |
| 911 Revenue                                      | 1,360           | 1,332          | 1,319           | 1,308          | 1,316          | 1,336           | 1,377           | 1,521           | 1,579           | 1,676           |
| Intergovernmental revenue                        | 1,962           | 1,664          | 1,458           | 1,664          | 4,071          | 3,312           | 8,366           | 4,946           | 3,465           | 2,437           |
| Licenses and permits                             | 1,613           | 1,426          | 1,563           | 1,161          | 1,865          | 1,506           | 1,375           | 1,466           | 1,767           | 2,405           |
| Fines and forfeitures                            | 4,321           | 4,546          | 4,100           | 4,208          | 4,587          | 5,008           | 5,550           | 5,583           | 6,398           | 5,765           |
| Interest revenue                                 | 662             | 1,314          | 1,652           | 3,221          | 6,087          | 4,820           | 2,278           | 327             | 393             | 154             |
| Civic center use                                 | 236             | 186            | 231             | 237            | 384            | 384             | 334             | 328             | 299             | 331             |
| Eisemann center revenue                          | 933             | 1,207          | 1,520           | 1,571          | 1,422          | 1,936           | 2,452           | 2,143           | 2,411           | 2,396           |
| Recreation and leisure                           | 2,454           | 2,490          | 2,563           | 2,679          | 2,796          | 2,898           | 2,891           | 3,275           | 3,327           | 3,207           |
| Rents  | 1,039           | 12             | 16              | 26             | 12             | 59              | 79              | 21              | 64              | —               |
| Public safety                                    | 1,311           | 1,334          | 1,263           | 1,480          | 1,549          | 1,672           | 1,759           | 1,819           | 1,591           | 2,396           |
| Contributions                                    | 2,222           | 897            | 951             | 2,743          | 2,150          | 565             | 138             | 293             | 124             | 99              |
| Participation                                    | 237             | 39             | 53              | 152            | 164            | 104             | 56              | 171             | 55              | 140             |
| Other revenue                                    | 1,236           | 1,124          | 828             | 533            | 853            | 1,055           | 864             | 886             | 964             | 745             |
| General administration                           | 5,156           | 5,589          | 5,602           | 5,738          | 6,643          | 6,968           | 6,932           | 6,745           | 8,101           | 8,496           |
| <b>Total revenues</b>                            | <b>98,329</b>   | <b>97,969</b>  | <b>101,965</b>  | <b>114,079</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>Expenditures:</b>                             |                 |                |                 |                |                |                 |                 |                 |                 |                 |
| General government                               | 24,012          | 23,957         | 24,248          | 26,006         | 27,960         | 32,311          | 29,260          | 28,358          | 34,818          | 29,772          |
| Public safety                                    | 28,021          | 29,699         | 32,909          | 33,002         | 35,186         | 36,507          | 38,860          | 38,193          | 39,627          | 40,035          |
| Public services                                  | 11,568          | 12,153         | 12,680          | 12,875         | 13,938         | 17,328          | 19,542          | 18,613          | 18,020          | 18,780          |
| Library  | 2,690           | 2,487          | 2,533           | 2,568          | 3,393          | 3,407           | 3,640           | 3,527           | 3,448           | 3,354           |
| Parks and recreation                             | 9,178           | 9,202          | 9,749           | 10,343         | 10,756         | 11,026          | 11,049          | 11,181          | 11,146          | 11,530          |
| Public health                                    | 1,100           | 1,156          | 1,202           | 1,245          | 1,311          | 1,315           | 1,401           | 1,298           | 1,322           | 1,422           |
| General administration                           | 415             | 430            | 230             | 255            | 291            | 427             | 480             | 555             | 2,004           | 2,690           |
| Capital outlay                                   | 19,857          | 8,696          | 6,262           | 14,808         | 20,699         | 27,552          | 37,125          | 20,934          | 20,701          | 21,397          |
| Debt service:                                    |                 |                |                 |                |                |                 |                 |                 |                 |                 |
| Principal retirement                             | 9,060           | 9,354          | 16,588          | 7,887          | 10,241         | 11,311          | 12,308          | 12,548          | 14,425          | 15,738          |
| Interest and fiscal charges                      | 8,150           | 7,841          | 7,094           | 7,849          | 10,489         | 10,183          | 9,620           | 9,063           | 11,140          | 11,095          |
| Payments for other obligations                   | 351             | 267            | 544             | 615            | 456            | 474             | 2,690           | 1,228           | 812             | 859             |
| Issuance costs                                   | 220             | 197            | 527             | 1,054          | 29             | 33              | 219             | 841             | 84              | 195             |
| <b>Total expenditures</b>                        | <b>114,622</b>  | <b>105,439</b> | <b>114,566</b>  | <b>118,507</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>Deficiency of revenues under expenditures</b> | <b>(16,293)</b> | <b>(7,470)</b> | <b>(12,601)</b> | <b>(4,428)</b> | <b>(8,900)</b> | <b>(26,273)</b> | <b>(35,667)</b> | <b>(18,383)</b> | <b>(23,937)</b> | <b>(18,928)</b> |

Table 4

CITY OF RICHARDSON, TEXAS

Changes in Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)  
(unaudited)

|   | 2003       | 2004       | 2005      | 2006      | 2007       | 2008        | 2009        | 2010      | 2011        | 2012        |
|---|------------|------------|-----------|-----------|------------|-------------|-------------|-----------|-------------|-------------|
| Other financing sources (uses):                         |            |            |           |           |            |             |             |           |             |             |
| Transfers in  | \$ 5,066   | \$ 3,089   | \$ 20,840 | \$ 7,958  | \$ 6,740   | \$ 4,916    | \$ 4,030    | \$ 4,520  | \$ 3,247    | \$ 4,121    |
| Transfer out  | (5,066)    | (3,089)    | (20,840)  | (7,958)   | (6,740)    | (5,033)     | (4,049)     | (5,215)   | (3,736)     | (6,330)     |
| Issuance of certificates of obligation                  | 4,600      | —          | 2,790     | 2,640     | 3,220      | 4,500       | 5,370       | 7,520     | 3,085       | 6,050       |
| Issuance of general obligation bonds                    | 3,000      | —          | 22,925    | 53,775    | —          | 5,933       | —           | 60,665    | —           | —           |
| Issuance of refunding bonds                             | 9,443      | 11,910     | 10,050    | 25,665    | —          | —           | 14,460      | 18,440    | 6,039       | 6,270       |
| Issuance of other obligations                           | 4,531      | 666        | 197       | 61        | 1,592      | —           | 1,740       | 1,124     | 6,535       | 192         |
| Premium on bonds  | 50         | —          | 2,604     | 3,016     | —          | —           | 772         | 7,378     | 15          | 760         |
| Discount on bonds                                       | (25)       | (31)       | —         | —         | —          | —           | —           | —         | —           | —           |
| Payment to refunded bond escrow agent                   | (9,384)    | (11,682)   | (10,620)  | (26,397)  | —          | —           | (14,992)    | (19,502)  | (5,981)     | (6,779)     |
| Lease payments  | —          | 183        | 84        | —         | 173        | 218         | 127         | 128       | 40          | 107         |
| Insurance and other recoveries                          | —          | —          | 2,500     | —         | 1,589      | 125         | 226         | 145       | 204         | —           |
| Proceeds from sale of capital assets                    | 58         | 139        | 8,910     | 667       | —          | —           | —           | —         | —           | —           |
| Total other financing sources                           | 12,273     | 1,185      | 39,440    | 59,427    | 6,574      | 10,659      | 7,684       | 75,203    | 9,448       | 4,922       |
| Net change in fund balances                             | \$ (4,020) | \$ (6,285) | \$ 26,839 | \$ 54,999 | \$ (2,326) | \$ (15,614) | \$ (27,983) | \$ 56,820 | \$ (14,489) | \$ (14,006) |
| Debt service as a percentage of noncapital expenditures | 18.53%     | 18.05%     | 22.37%    | 15.77%    | 18.58%     | 17.67%      | 19.07%      | 18.21%    | 19.27%      | 20.44%      |

Table 5

## CITY OF RICHARDSON, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property

Last ten fiscal years  
(unaudited)

| Fiscal year ended<br>September 30 | Residential<br>property | Commercial<br>property | Industrial<br>property | Less total<br>exemptions/<br>reductions | Total taxable<br>assessed<br>value (1) | Total direct<br>tax rate |
|-----------------------------------|-------------------------|------------------------|------------------------|---|--|--------------------------|
| 2003                              | \$ 4,040,398,277        | \$ 5,224,623,208       | \$ 481,970,199         | \$ 932,459,341                          | \$ 8,814,532,343                       | 0.47785                  |
| 2004                              | 4,372,095,197           | 4,767,451,627          | 356,355,489            | 1,037,448,296                           | 8,458,454,017                          | 0.47785                  |
| 2005                              | 4,508,605,908           | 4,651,804,796          | 216,424,978            | 1,044,838,822                           | 8,331,996,860                          | 0.52516                  |
| 2006                              | 4,736,989,728           | 4,781,193,675          | 247,435,611            | 1,061,552,418                           | 8,704,066,596                          | 0.52516                  |
| 2007                              | 4,887,683,786           | 5,285,742,003          | 274,718,569            | 1,203,508,602                           | 9,244,635,756                          | 0.57516                  |
| 2008                              | 5,026,605,219           | 5,272,014,733          | 704,144,777            | 1,520,273,606                           | 9,482,491,123                          | 0.57516                  |
| 2009                              | 5,111,539,277           | 5,623,829,303          | 722,165,902            | 1,630,819,971                           | 9,826,714,511                          | 0.57516                  |
| 2010                              | 5,085,566,353           | 5,673,549,267          | 707,813,308            | 1,629,085,082                           | 9,837,843,846                          | 0.57516                  |
| 2011                              | 5,152,705,610           | 5,669,348,071          | 726,964,527            | 1,872,428,656                           | 9,676,589,552                          | 0.63516                  |
| 2012                              | 5,093,892,359           | 5,941,833,474          | 696,387,354            | 2,051,284,896                           | 9,680,828,291                          | 0.63516                  |

Source: City Tax Department.

(1) Net of TIF 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 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 |  |  |
| 2003        | \$ 0.304160                     | \$ 0.173690               | \$ 0.477850 | \$ 1.808100                | \$ 0.250000       | \$ 0.091946                       | \$ 1.703400                       | \$ 1.558500                         | \$ 0.196000   | \$ 0.254000                     | \$ 0.060000                              | \$ 0.005500                            |  |  |
| 2004        | 0.303770                        | 0.174080                  | 0.477850    | 1.820000                   | 0.250000          | 0.091932                          | 1.733400                          | 1.621400                            | 0.203900      | 0.254000                        | 0.077800                                 | 0.005460                               |  |  |
| 2005        | 0.349340                        | 0.175820                  | 0.525160    | 1.820000                   | 0.250000          | 0.090646                          | 1.733400                          | 1.670100                            | 0.203900      | 0.254000                        | 0.080300                                 | 0.005460                               |  |  |
| 2006        | 0.358680                        | 0.166480                  | 0.525160    | 1.820000                   | 0.250000          | 0.089422                          | 1.733400                          | 1.544900                            | 0.213900      | 0.254000                        | 0.081600                                 | 0.005300                               |  |  |
| 2007        | 0.358680                        | 0.216480                  | 0.575160    | 1.630050                   | 0.245000          | 0.087683                          | 1.578400                          | 1.253300                            | 0.213900      | 0.254000                        | 0.081000                                 | 0.005304                               |  |  |
| 2008        | 0.362810                        | 0.212350                  | 0.575160    | 1.340050                   | 0.245000          | 0.086984                          | 1.268400                          | 1.253300                            | 0.228100      | 0.254000                        | 0.080400                                 | 0.004714                               |  |  |
| 2009        | 0.362810                        | 0.212350                  | 0.575160    | 1.340050                   | 0.242500          | 0.086493                          | 1.303400                          | 1.253300                            | 0.228100      | 0.254000                        | 0.089400                                 | 0.004928                               |  |  |
| 2010        | 0.362810                        | 0.212350                  | 0.575160    | 1.340050                   | 0.242500          | 0.086300                          | 1.328400                          | 1.253300                            | 0.228100      | 0.274000                        | 0.094900                                 | 0.005212                               |  |  |
| 2011        | 0.362810                        | 0.272350                  | 0.635160    | 1.340050                   | 0.240000          | 0.086300                          | 1.353400                          | 1.253300                            | 0.243100      | 0.271000                        | 0.099230                                 | 0.010000                               |  |  |
| 2012        | 0.362810                        | 0.272350                  | 0.635160    | 1.340050                   | 0.240000          | 0.086300                          | 1.373400                          | 1.253300                            | 0.243100      | 0.271000                        | 0.099670                                 | 0.010000                               |  |  |

Source: Dallas County Appraisal District, Collin County 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 ten years ago

(unaudited)

| Cingular wireless taxpayer   | 2012                   |      |   | 2003                   |      |   |
|------------------------------|------------------------|------|---|------------------------|------|---|
|                              | Taxable assessed value | Rank | Percentage of total city taxable assessed value (a) | Taxable assessed value | Rank | Percentage of total city taxable assessed value (b) |
| CISCO Systems                | \$ 196,789,462         | 1    | 2.02%   | \$ 111,542,825         | 4    | 1.29%   |
| AT & T (SBC in 2003)         | 164,239,373            | 2    | 1.69  | 184,363,628            | 3    | 2.13  |
| Bank of America              | 163,098,524            | 3    | 1.67  |                        |      |   |
| Verizon (Worldcom in 2003)   | 132,836,500            | 4    | 1.36  | 244,380,761            | 2    | 2.82  |
| EMC Corporation              | 104,452,637            | 5    | 1.07  |                        |      |   |
| Texas Instruments            | 100,465,287            | 6    | 1.03  |                        |      |   |
| Fujitsu                      | 94,203,170             | 7    | 0.97  | 109,721,817            | 5    | 1.27  |
| IBM                          | 79,799,744             | 8    | 0.82  |                        |      |   |
| Oncor                        | 53,504,285             | 9    | 0.55  |                        |      |   |
| Equastone                    | 52,377,407             | 10   | 0.54  |                        |      |   |
| Nortel Networks              |                        |      |   | 248,509,408            | 1    | 2.87  |
| Crescent Real Estate         |                        |      |   | 70,237,617             | 6    | 0.81  |
| TXU/Texas Utilities Electric |                        |      |   | 52,598,220             | 7    | 0.61  |
| Ericsson                     |                        |      |   | 52,055,450             | 8    | 0.60  |
| CWS Friendly Village         |                        |      |   | 40,920,320             | 9    | 0.47  |
| Honeywell Inc.               |                        |      |   | 40,105,000             | 10   | 0.46  |
| Total                        | \$ 1,141,766,389       |      | 11.71%  | \$ 1,154,435,046       |      | 13.32%  |

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

Note:

(a) Total Taxable Value October 1, 2011 = \$9,746,482,430

(b) Total Taxable Value October 1, 2002 = \$8,665,263,100

Table 8

**CITY OF RICHARDSON, TEXAS**

Property Tax Levies and Collections

Last ten fiscal years (1)

(unaudited)

| Fiscal year ended<br>September 30 | Taxes Levied<br>for the<br>Fiscal Year(2) | Subsequent<br>Adjustments | Total Adjusted<br>Levy at 9/30/12 | Collected within the<br>fiscal year of the levy |   | Collections<br>in subsequent<br>years | Total collections to date |                                   |
|-----------------------------------|---|---------------------------|-----------------------------------|---|---|---------------------------------------|---------------------------|-----------------------------------|
|                                   |   |                           |                                   | Amount  | Percentage<br>of Taxes Levied<br>for the<br>Fiscal Year |                                       | Amount                    | Percentage<br>of Adjusted<br>Levy |
| 2003                              | \$ 41,767,421                             | \$ 10,053                 | \$ 41,777,474                     | \$ 40,283,289                                   | 96.45%  | \$ 1,424,983                          | \$ 41,708,272             | 99.83%                            |
| 2004                              | 40,274,929                                | (63,558)                  | 40,211,371                        | 39,857,030                                      | 98.96   | 321,316                               | 40,178,346                | 99.92                             |
| 2005                              | 44,078,696                                | 67,698                    | 44,146,394                        | 43,675,963                                      | 99.09   | 426,580                               | 44,102,543                | 99.90                             |
| 2006                              | 46,203,102                                | 28,594                    | 46,231,696                        | 45,760,411                                      | 99.04   | 421,122                               | 46,181,533                | 99.89                             |
| 2007                              | 53,538,365                                | (66,187)                  | 53,472,178                        | 53,043,065                                      | 99.07   | 362,678                               | 53,405,743                | 99.88                             |
| 2008                              | 54,730,772                                | (26,445)                  | 54,704,327                        | 54,356,874                                      | 99.32   | 277,063                               | 54,633,937                | 99.87                             |
| 2009                              | 57,193,029                                | (109,564)                 | 57,083,465                        | 56,793,451                                      | 99.30   | 144,955                               | 56,938,406                | 99.75                             |
| 2010                              | 57,644,880                                | (171,894)                 | 57,472,986                        | 57,283,266                                      | 99.37   | 20,283                                | 57,303,549                | 99.71                             |
| 2011                              | 61,383,092                                | 758,854                   | 62,141,946                        | 61,020,848                                      | 99.41   | 908,087                               | 61,928,935                | 99.66                             |
| 2012                              | 62,836,249                                | —                         | 62,836,249                        | 62,496,396                                      | 99.46   | —                                     | 62,496,396                | 99.46                             |

\*Taxes levied for the fiscal year include the certified roll plus any adjustments that occur in the fiscal year that the taxes are due.

(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: City Tax Department

Table 9

## CITY OF RICHARDSON, TEXAS

Ratio of Outstanding Debt by Type

Last ten fiscal years

(unaudited)

| Fiscal year | Governmental activities  |                            |                   |                               | Business-type activities           |                            |                   |                          | Total primary government | Percentage of personal income (1) | Per capita (1) |
|-------------|--------------------------|----------------------------|-------------------|-------------------------------|------------------------------------|----------------------------|-------------------|--------------------------|--------------------------|-----------------------------------|----------------|
|             | General obligation bonds | Certificates of obligation | Other obligations | Water and sewer revenue bonds | General obligation refunding bonds | Certificates of obligation | Other obligations | Total primary government |                          |                                   |                |
| 2003        | \$ 83,722,581            | \$ 76,843,443              | \$ 4,779,180      | \$ 1,180,533                  | \$ 1,042,419                       | \$ 36,496,556              | \$ 381,201        | \$ 204,445,913           | 8.07                     | \$ 2,151                          |                |
| 2004        | 89,279,810               | 63,088,762                 | 5,178,049         | 1,115,544                     | 910,190                            | 38,731,238                 | 150,296           | 198,453,889              | 7.58                     | 2,067                             |                |
| 2005        | 103,399,810              | 58,163,679                 | 4,831,287         | 1,055,000                     | 1,135,190                          | 41,516,320                 | 100,071           | 210,201,357              | 7.67                     | 2,190                             |                |
| 2006        | 174,629,810              | 36,383,644                 | 4,277,408         | 990,000                       | 1,135,190                          | 44,826,355                 | 48,503            | 262,290,910              | 8.58                     | 2,718                             |                |
| 2007        | 167,807,386              | 36,185,000                 | 5,412,684         | 925,000                       | 1,062,613                          | 48,610,000                 | 142,455           | 260,145,138              | 8.91                     | 2,662                             |                |
| 2008        | 160,411,425              | 36,770,000                 | 10,871,911        | 855,000                       | 963,575                            | 52,115,000                 | 82,734            | 262,069,645              | 8.40                     | 2,689                             |                |
| 2009        | 154,898,857              | 34,835,000                 | 12,177,802        | —                             | 7,011,143                          | 49,840,000                 | 123,281           | 258,886,083              | 8.26                     | 2,597                             |                |
| 2010        | 221,126,083              | 23,435,000                 | 8,105,379         | —                             | 15,058,917                         | 48,705,000                 | 62,487            | 316,492,866              | 9.75                     | 3,190                             |                |
| 2011        | 212,489,620              | 20,790,000                 | 13,828,403        | —                             | 14,480,380                         | 50,220,000                 | 43,056            | 311,851,459              | 9.72                     | 3,121                             |                |
| 2012        | 203,891,472              | 19,145,000                 | 13,161,313        | —                             | 21,578,528                         | 38,930,000                 | 22,834            | 296,729,147              | 8.96                     | 2,954                             |                |

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

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



Table 10

**CITY OF RICHARDSON, TEXAS**

Ratio of General Bonded Debt Outstanding  
 Last ten fiscal years (dollars in thousands, except per capita)  
 (unaudited)

| Fiscal year | General bonded debt outstanding |                                |            | Percentage of actual taxable value of property (2) | Per capita (3) |
|-------------|---------------------------------|--------------------------------|------------|--|----------------|
|             | General obligation bonds        | Certificates of obligation (1) | Total      |  |                |
| 2003        | \$ 83,723                       | \$ 67,478                      | \$ 151,201 | 1.72   | \$ 1,591       |
| 2004        | 89,280                          | 54,009                         | 143,289    | 1.69   | 1,493          |
| 2005        | 103,400                         | 58,164                         | 161,563    | 1.94   | 1,683          |
| 2006        | 174,630                         | 36,384                         | 211,013    | 2.42   | 2,187          |
| 2007        | 167,807                         | 36,185                         | 203,992    | 2.21   | 2,088          |
| 2008        | 160,411                         | 36,770                         | 197,181    | 2.08   | 2,023          |
| 2009        | 154,899                         | 34,835                         | 189,734    | 1.93   | 1,903          |
| 2010        | 221,126                         | 23,435                         | 244,561    | 2.49   | 2,465          |
| 2011        | 212,490                         | 20,790                         | 233,280    | 2.41   | 2,334          |
| 2012        | 203,891                         | 19,145                         | 223,036    | 2.30   | 2,220          |

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

- (1) The amounts for 2003-2004 do not include a portion of the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2000A which was considered self-supporting.
- (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 Bonded Debt

September 30, 2012

(unaudited)

| Governmental unit                        | Debt outstanding | Estimated percentage applicable (1) | Estimated share of overlapping debt |
|--|------------------|-------------------------------------|-------------------------------------|
| Debt repaid with property taxes:         |                  |                                     |                                     |
| Richardson Independent School District   | \$ 434,569,988   | 35.82%                              | \$ 155,662,970                      |
| Plano Independent School District        | 998,966,946      | 12.10                               | 120,875,000                         |
| Dallas County                            | 121,605,000      | 3.53                                | 4,292,657                           |
| Dallas County Hospital District          | 705,000,000      | 3.53                                | 24,886,500                          |
| Dallas County Community College District | 374,265,000      | 3.53                                | 13,211,555                          |
| Garland Independent School District      | 398,649,242      | 0.03                                | 119,595                             |
| Collin County                            | 393,210,000      | 5.32                                | 20,918,772                          |
| Collin County Community College District | 40,210,000       | 5.32                                | 2,139,172                           |
| Subtotal, overlapping debt               |                  |                                     | 342,106,220                         |
| City direct debt                         |                  |                                     | 223,036,472                         |
| Total direct and overlapping bonded debt |                  |                                     | \$ 565,142,692                      |

(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.

Source: First Southwest Company.

Table 12

CITY OF RICHARDSON, TEXAS

Legal Debt Margin Information

Last ten fiscal years  
(unaudited)

|  | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Debt limit   | \$ 1,322,179,851 | \$ 1,268,768,103 | \$ 1,249,799,529 | \$ 1,305,609,989 | \$ 1,386,695,363 | \$ 1,422,373,668 | \$ 1,474,007,177 | \$ 1,475,676,577 | \$ 1,451,488,433 | \$ 1,452,124,244 |
| Total net debt applicable to limit                                   | 160,566,024      | 152,368,572      | 161,563,489      | 211,013,454      | 203,992,386      | 197,181,425      | 189,733,857      | 244,561,083      | 233,279,620      | 223,036,472      |
| Legal debt margin  | \$ 1,161,613,827 | \$ 1,116,399,531 | \$ 1,088,236,040 | \$ 1,094,596,535 | \$ 1,182,702,977 | \$ 1,225,192,243 | \$ 1,284,273,320 | \$ 1,231,115,494 | \$ 1,218,208,813 | \$ 1,229,087,772 |
| Total net debt applicable to the limit as a percentage of debt limit | 12.14%           | 12.01%           | 12.93%           | 16.16%           | 14.71%           | 13.86%           | 12.87%           | 16.57%           | 16.07%           | 15.36%           |

Table 13

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

(unaudited)

| Fiscal year | Utility service charge | Less operating expenses | Water Revenue Bonds available revenue | Debt service |            | Accreted value | Coverage |
|-------------|------------------------|-------------------------|---------------------------------------|--------------|------------|----------------|----------|
|             |                        |                         |                                       | Principal    | Interest   |                |          |
| 2003        | \$ 31,007,303          | \$ 27,909,907           | \$ 3,097,396                          | \$ 69,467    | \$ 988,770 | \$ 925,533     | 2.86     |
| 2004        | 32,935,195             | 28,465,878              | 4,469,317                             | 64,989       | 994,124    | 935,011        | 2.24     |
| 2005        | 34,268,319             | 30,302,699              | 3,965,620                             | 60,544       | 129,443    | 74,455         | 15.00    |
| 2006        | 44,670,913             | 32,241,222              | 12,429,691                            | 65,000       | 50,937     | —              | 107.21   |
| 2007        | 35,747,318             | 34,112,347              | 1,634,971                             | 65,000       | 48,012     | —              | 14.47    |
| 2008        | 41,071,623             | 37,662,979              | 3,408,644                             | 70,000       | 45,088     | —              | 29.62    |
| 2009        | N/A                    | N/A                     | N/A                                   | N/A          | N/A        | N/A            | N/A      |
| 2010        | N/A                    | N/A                     | N/A                                   | N/A          | N/A        | N/A            | N/A      |
| 2011        | N/A                    | N/A                     | N/A                                   | N/A          | N/A        | N/A            | N/A      |
| 2012        | N/A                    | N/A                     | N/A                                   | N/A          | N/A        | N/A            | N/A      |

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 FY2009.

Table 14

**CITY OF RICHARDSON, TEXAS**

Demographic and Economic Statistics

Last ten calendar years

(unaudited)

| 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) |                           |
| 2003 | 95,050                   | \$ 2,532,797                           | \$ 26,647                      | 37.6           | 35,245            | 51,800       | 5.5%                      |
| 2004 | 96,000                   | 2,618,400                              | 27,275                         | 37.6           | 35,436            | 49,289       | 4.3                       |
| 2005 | 96,000                   | 2,740,704                              | 28,549                         | 35.0           | 34,441            | 53,203       | 4.9                       |
| 2006 | 96,500                   | 3,056,348                              | 31,672                         | 35.8           | 35,000            | 52,816       | 4.1                       |
| 2007 | 97,720                   | 2,920,264                              | 29,884                         | 39.6           | 35,000            | 54,478       | 3.8                       |
| 2008 | 97,450                   | 3,120,154                              | 32,018                         | 38.1           | 35,000            | 54,129       | 4.7                       |
| 2009 | 99,700                   | 3,134,169                              | 31,436                         | 37.2           | 34,878            | 54,864       | 7.3                       |
| 2010 | 99,223                   | 3,246,775                              | 32,722                         | 38.1           | 36,075            | 55,355       | 6.9                       |
| 2011 | 99,930                   | 3,207,553                              | 32,098                         | 38.1           | 35,997            | 54,989       | 7.5                       |
| 2012 | 100,450                  | 3,310,631                              | 32,958                         | 36.2           | 36,946            | 55,302       | 5.5                       |

Sources:

- (1) NCTCOG as of January, 2012.
- (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 ten years ago  
(unaudited)

| Employer                            | 2012             |      |  | 2003             |      |  |
|-------------------------------------|------------------|------|--|------------------|------|--|
|                                     | Employees<br>(1) | Rank | Percentage<br>of total city<br>employment<br>(2) | Employees<br>(3) | Rank | Percentage<br>of total city<br>employment<br>(4) |
| AT&T (SBC in 2003)                  | 4,300            | 1    | 3.31%  | 2,140            | 6    | 2.25%  |
| Bank of America                     | 3,300            | 2    | 2.54%  |                  |      |  |
| Blue Cross and Blue Shield of Texas | 3,100            | 3    | 2.38%  | 2,400            | 5    | 2.53%  |
| University of Texas at Dallas       | 2,830            | 4    | 2.18%  | 2,800            | 4    | 2.95%  |
| Ericsson, Inc.                      | 2,500            | 5    | 1.92%  |                  |      |  |
| Richardson ISD                      | 2,500            | 6    | 1.92%  | 4,415            | 2    | 4.65%  |
| Verizon Business (Worldcom in 2003) | 2,250            | 7    | 1.73%  | 2,900            | 3    | 3.05%  |
| Fujitsu                             | 1,500            | 8    | 1.15%  | 1,424            | 7    | 1.50%  |
| Fossil, Inc.                        | 1,400            | 9    | 1.08%  |                  |      |  |
| Cisco Systems                       | 1,200            | 10   | 0.92%  | 1,000            | 10   | 1.05%  |
| Nortel Networks                     |                  |      |  | 4,700            | 1    | 4.95%  |
| Cingular Wireless                   |                  |      |  | 1,300            | 8    | 1.37%  |
| Hewlett-Packard                     |                  |      |  | 1,000            | 9    | 1.05%  |
| <b>Total</b>                        | <b>24,880</b>    |      | <b>19.14%</b>                                    | <b>17,079</b>    |      | <b>17.98%</b>                                    |

Source:

- (1) Richardson Economic Development Partnership as of September, 2012.
- (2) Richardson Economic Development Partnership -City Employment as of September, 2012 totalled approximately 130,000.
- (3) Richardson Economic Development Partnership and City of Richardson, 2003
- (4) NCTCOG--Projections for 2003 City Employment use the 2000 projection of 94,972. Projections are only available in 5 year increments.

Table 16

## CITY OF RICHARDSON, TEXAS

## Full-Time Equivalent City Government Employees by Function/Program

Last ten fiscal years  
(unaudited)

| Function/program     | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| General government   | 153  | 144  | 148  | 149  | 152  | 155  | 143  | 145  | 145  | 150  |
| Public safety        | 391  | 392  | 390  | 393  | 398  | 398  | 397  | 397  | 395  | 396  |
| Public services      | 143  | 139  | 141  | 142  | 146  | 153  | 156  | 152  | 156  | 155  |
| Library              | 34   | 33   | 33   | 33   | 34   | 35   | 35   | 35   | 35   | 35   |
| Parks and recreation | 91   | 87   | 82   | 83   | 83   | 84   | 78   | 80   | 81   | 80   |
| Public health        | 15   | 15   | 15   | 15   | 16   | 16   | 15   | 16   | 16   | 17   |
| Water                | 59   | 61   | 58   | 56   | 58   | 61   | 64   | 66   | 66   | 66   |
| Wastewater           | 11   | 11   | 11   | 11   | 11   | 12   | 12   | 12   | 12   | 12   |
| Solid waste          | 57   | 57   | 57   | 57   | 61   | 61   | 70   | 70   | 70   | 70   |
| Golf                 | 17   | 16   | 16   | 16   | 16   | 16   | 16   | 16   | 16   | 16   |
| Total                | 971  | 955  | 951  | 955  | 975  | 991  | 986  | 989  | 992  | 997  |

Source: City Budget Office.

Table 17

## CITY OF RICHARDSON, TEXAS

## Operating Indicators by Function/Program

Last ten fiscal years  
(unaudited)

|   | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public safety:  |         |         |         |         |         |         |         |         |         |         |
| Police:   |         |         |         |         |         |         |         |         |         |         |
| Number of employees                                       | 243     | 244     | 244     | 243     | 248     | 249     | 246     | 229     | 242     | 246     |
| Fire:   |         |         |         |         |         |         |         |         |         |         |
| Number of employees                                       | 148     | 148     | 146     | 150     | 150     | 149     | 151     | 150     | 153     | 150     |
| Municipal court:  |         |         |         |         |         |         |         |         |         |         |
| Number of violations (citations)                          | 46,772  | 40,895  | 42,588  | 39,972  | 39,361  | 49,008  | 42,137  | 46,077  | 54,113  | 46,357  |
| Public services:  |         |         |         |         |         |         |         |         |         |         |
| Asphalt repairs (tons)                                    | 1,665   | 4,217   | 2,374   | 1,252   | 1,403   | 7,683   | 1,322   | 1,091   | 1,117   | 1,184   |
| Parks and recreation:                                     |         |         |         |         |         |         |         |         |         |         |
| Acreage   | 1,278   | 1,598   | 1,598   | 1,598   | 1,598   | 865     | 865     | 865     | 865     | 865     |
| Library:  |         |         |         |         |         |         |         |         |         |         |
| Volumes in collection                                     | 221,636 | 227,328 | 236,479 | 247,059 | 250,035 | 262,208 | 251,535 | 253,802 | 260,328 | 263,782 |
| Water and sewer:  |         |         |         |         |         |         |         |         |         |         |
| Number of water consumers                                 | 31,681  | 32,334  | 32,499  | 32,626  | 32,318  | 32,064  | 31,751  | 31,711  | 32,407  | 32,409  |
| Average daily water consumption<br>(thousands of gallons) | 24,100  | 32,280  | 33,761  | 31,342  | 27,401  | 27,540  | 23,622  | 26,703  | 26,033  | 22,555  |
| Number of sewer consumers                                 | 31,681  | 32,334  | 31,644  | 31,675  | 31,713  | 31,518  | 31,274  | 31,245  | 29,192  | 29,162  |
| Solid waste:  |         |         |         |         |         |         |         |         |         |         |
| Refuse collected (tons/day)                               | 136     | 133     | 175     | 165     | 162     | 162     | 149     | 152     | 143     | 136     |
| Bulky/brush pickups (tons/day)                            | 34      | 41      | 54      | 53      | 60      | 67      | 60      | 65      | 59      | 64      |
| Recyclables collected (tons/day)                          | 18      | 17      | 17      | 18      | 18      | 20      | 22      | 28      | 28      | 30      |
| Golf:   |         |         |         |         |         |         |         |         |         |         |
| Number of rounds played                                   | 92,751  | 97,500  | 91,944  | 100,750 | 94,825  | 102,584 | 100,266 | 75,630  | 92,999  | 92,681  |

Source: City Departments

Notes:

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.



Table 18

## CITY OF RICHARDSON, TEXAS

## Capital Asset Statistics by Function/Program

Last ten fiscal years  
(unaudited)

| Function/program        | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public safety:          |       |       |       |       |       |       |       |       |       |       |
| Police stations         | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Police patrol units     | 40    | 40    | 40    | 40    | 41    | 44    | 43    | 42    | 43    | 46    |
| Volunteer patrol units  | —     | —     | —     | —     | —     | 2     | 3     | 3     | 3     | 3     |
| Fire stations           | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     |
| Public works:           |       |       |       |       |       |       |       |       |       |       |
| Streets- paved (miles)  | 414   | 400   | 400   | 401   | 402   | 402   | 405   | 404   | 404   | 406   |
| Alleys – paved (miles)  | 220   | 218   | 221   | 221   | 222   | 223   | 223   | 221   | 221   | 222   |
| Sidewalks (miles)       | 569   | 569   | 593   | 593   | 593   | 585   | 585   | 651   | 651   | 652   |
| Streetlights            | 5,630 | 5,640 | 6,022 | 6,036 | 6,036 | 6,120 | 6,159 | 6,171 | 6,207 | 6,211 |
| Parks and recreation:   |       |       |       |       |       |       |       |       |       |       |
| Parks                   | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 30    | 32    | 32    |
| Playgrounds             | 26    | 28    | 28    | 28    | 28    | 28    | 28    | 28    | 29    | 29    |
| 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)     | 517   | 531   | 554   | 551   | 555   | 559   | 563   | 567   | 569   | 571   |
| Fire hydrants           | 3,385 | 3,685 | 3,839 | 3,893 | 3,963 | 4,062 | 4,056 | 4,110 | 4,156 | 4,187 |
| Wastewater:             |       |       |       |       |       |       |       |       |       |       |
| Sanitary sewers (miles) | 395   | 406   | 406   | 495   | 495   | 499   | 499   | 499   | 499   | 500   |

Source: City Departments

Notes:

Data for sidewalks is updated every two years.

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