CITY OF RICHARDSON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Prepared By:

DEPARTMENT OF FINANCE

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CITY OF RICHARDSON, TEXAS

Comprehensive Annual Financial Report

Year ended September 30, 2013

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INTRODUCTORY SECTION

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

Dan Johnson
City Manager

January 29, 2014

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

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2013, 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, 2013, 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 100,850. 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, Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing each of the City's four districts. Under the

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ENVIRONMENT
FRIENDLY

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 and administrative services are performed by the Richardson Improvement Corporation, which functions, in essence, as a department of the City of Richardson and therefore has been included as an integral part of the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note 1.a.)

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

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

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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2013

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, superb transportation assets, infrastructure support, excellent lodging, and major corporate employers which will continue to prove beneficial in the recruitment of new businesses.

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

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

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 acquired 186 acres of land within TIF District #2 in December 2012 and announced plans to develop a $1.5 billion mixed-use, transit-oriented development. The CityLine development 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 which will be located on 38 acres west of Plano Road. Construction on the first phase of development began in 2013, with the first of

three buildings for State Farm on track for completion in October 2014. The remaining two buildings, associated infrastructure and extensive first phase public amenities will be completed by May 2015. 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. The combined KDC and State Farm transactions were named as Deal of the Year by the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program. The transactions were also named Winners in the Land category and Suburban Office category, and Finalist in the Mixed-use category.

- During the summer of 2013, Zale/Corson Group began construction on 403 apartments as part of 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.

- Current development activity and imminent construction within TIF District #2 is likely to speed development of TIF District #3. The 85 acre area just west of TIF District #2 was also zoned as a Planned Development utilizing similar form-based regulations that fostered the KDC development. The TIF Project Plan for District #3 estimates future development of 3.3 million square feet of mixed-use development with a potential taxable value of approximately $300 million.

- The development of Digital Realty Trust's 70-acre former Collins Technology Park site, located at the southeast corner of East Collins Boulevard and Alma Road, continues to progress. 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 while finish-outs have been ongoing through 2013, giving the site six data center buildings in total. The project was named a Finalist in the Rehab/Reuse category as part of the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program. Overall, Richardson is home to 17 existing corporate and operator-owned data centers comprising over 1.6 million square feet of space.

- The wildly popular, Austin-based Alamo Drafthouse Cinemas opened its first Dallas/Fort Worth area location in August of 2013 in the Richardson Heights Shopping Center located at the southwest corner of U.S. 75 and Beltline Road. The theater features seven 100 percent digital projection screens and the Glass Half Full taproom offering an extensive menu of draft and bottled beers, wine, cocktails, and food. The project was named a Finalist in the

Retail/Restaurant category as part of the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program.

- 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.

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

In August 2012, State Farm Insurance signed a short-term lease for 291,000 square feet of office space in the 1011 Galatyn Parkway building. The deal was named a Winner in the Suburban Office category as part of the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program. The building, purchased by Champion Partners in 2010, was originally part of Nortel Networks' Galatyn Park campus. In 2013, State Farm Insurance has leased an additional 311,000 square feet of space in the Galatyn Park campus, as well as 821,000 square feet of former Nortel Networks campus space in Richardson, giving the company over 1,400,000 square feet of space in Richardson. The leases will help State Farm Insurance expand its customer service operations and serve as a bridge until its new regional campus is constructed by KDC.

KDC began construction on a 260,000 square foot office and warehouse project for AdvoCare International. The health and wellness nutritional supplement company owns the 35 acre campus at 2800 Telecom Parkway and will own the future facility as well. The campus will include a 235,000 square foot warehouse which will be used for light manufacturing and product assembly and a 25,000 square foot office location. More than 100 employees will office at the facility, which is expected to be completed in the summer of 2014.

Construction is underway on a new $120 million hospital at the Methodist Richardson Medical Center (MRMC) 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 in the spring of 2014 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. The Bush/Renner expansion was named a Finalist in the Medical category as part of the *Dallas Business Journal's Best Real Estate Deals of 2013* awards program.

In October 2013, Fobare Commercial began redevelopment at Collins Center, a 153,000 square foot building at 1225 Alma Road. The project is the first speculative office building in

Richardson in the last decade. Associa, Inc., a national leader in association management, announced plans to lease 62,500 square feet of space at the building and bring 700 new jobs to the location, creating a national shared services center for the company.

Towers Watson's Exchange Solutions, formerly Extend Health, has added a service center in 116,000 square feet of space at 250 E. Arapaho Road. The company operates the nation's largest private Medicare health coverage exchange. The new site will supplement two other Richardson locations at 1350 N. Glenville Road and 1122 Alma Road, and is expected to create a mix of 1,600 full-time and part-time positions.

Texas Capital Bank expanded its back office operations in Richardson by adding 50,000 square feet of leased office space at 2350 Lakeside Boulevard. The expansion gives the company 170,000 square feet of space at the site. Texas Capital Bank is a commercial bank which focuses on delivering highly personalized financial services to businesses and individual clients.

The University of Texas at Dallas, located within the City of Richardson, continues to undergo enhancements to its campus. During 2013, construction was completed on a 155,000 square foot Arts and Technology Complex, a fourth Residence Hall, and the campus' first covered parking garage. UTDallas has received approval from the UT System Board of Regents for a Student Housing Living Learning Center, two additional parking garages on campus, a $25 million expansion of the Naveen Jindal School of Management building, a $108 million Bioengineering and Science building, a $20 million expansion of the Callier Center for Communication Disorders, a $33 million expansion of the Center for Brain Health, and a $15 million landscape enhancement for the northern portion of the campus. Previous enhancements since 2009 have included three Residence Halls, an expansion of the existing Student Union building including a new Dining Hall, 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 $16,513,373 unassigned fund balance in the general fund is the equivalent of 60 days of expenditures and transfers on a budgetary basis. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

Major Initiatives

In June of 2010, the City issued $66 million in General Obligation Bonds which were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key elements of the 2010 bond program completed during Fiscal Year 2013 included a new recreation center and pool at Heights Park which opened during the summer, a new Gymnastics Center which opened in January 2013 and a

new Fire Training Center which opened in October of 2013. In 2013, the City issued approximately $8.3 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, and construct and equip fire-fighting facilities within the City.

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, 2012. This was the thirty-fifth 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 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

Vicki McCarthy, CPA
Controller

CITY OF RICHARDSON, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

CITY COUNCIL

LAURA MACZKA, MAYOR

BOB TOWNSEND, MAYOR PRO TEM

SCOTT DUNN

KENDAL HARTLEY

STEVE MITCHELL

MARK SOLOMON

PAUL VOELKER

CITY MANAGER

DAN JOHNSON

DEPUTY CITY MANAGER

DAVID MORGAN

DIRECTOR OF FINANCE

KENT PFEIL

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

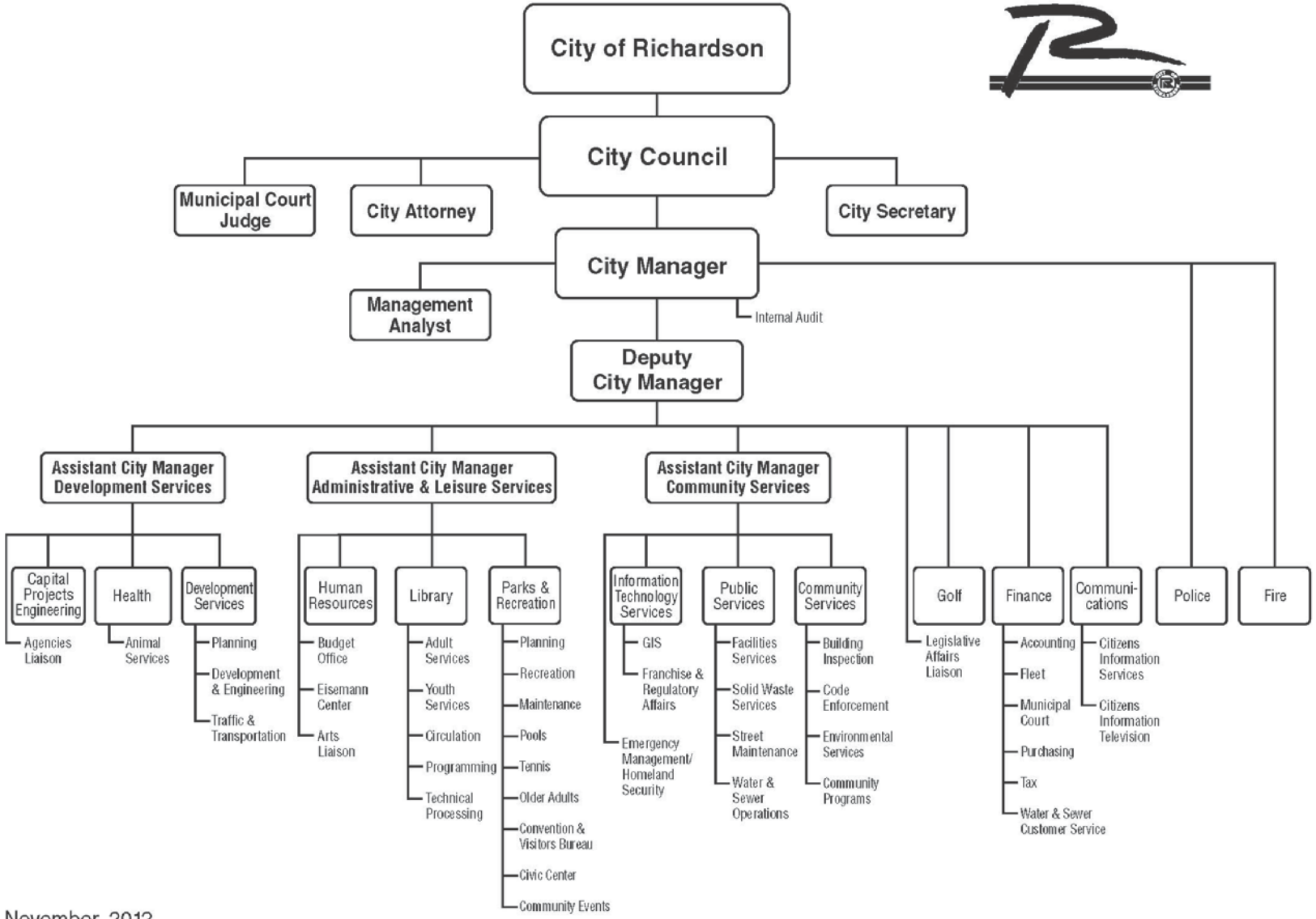
City of Richardson

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



November, 2012

FINANCIAL SECTION

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KPMG LLP
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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson, Texas (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

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 of Richardson, Texas, as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1 to the financial statements, in 2013 the City adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of GASB Statements No. 63 and 65 required the City to retroactively restate its 2012 financial statements upon adoption. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary information, and the schedules of funding progress on pages 14 – 24 and 76 – 79 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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.

The combining financial statements, including individual budgetary comparison schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
January 29, 2014

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Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Richardson, Texas (the City), for the fiscal year ended September 30, 2013. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

Financial Highlights

- The assets and deferred outflows of resources of the City exceed its liabilities at September 30, 2013 by $187,863,179 (net position). Of this amount, $4,817,138 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased $8,395,226. The highlights of this increase can be found on pages 16 through 18 of this report.
- At September 30, 2013, the City's governmental funds reported combined ending fund balances of $61,301,392. The $16,513,373 unassigned fund balance in the General Fund represents 16.06% of total General Fund expenditures and transfers.
- The City's total long-term debt decreased by $3,764,456 (1.27%) during the current fiscal year. See Table 4 on page 22 of this report for further information.

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 and other supplementary information in addition to the basic financial statements.

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

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

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

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

The City reports 17 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, 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.

Government-Wide Financial Analysis

Total assets of the City at September 30, 2013 were $565,531,784, deferred outflows of resources were $3,489,681, and total liabilities were $381,158,286 resulting in a net position balance of $187,863,179.

The largest portion of the City's net position, $169,243,036 (90.08%), 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 Position
(In thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012*	2013	2012*	2013	2012*
Current and other assets	$ 89,636	$ 101,502	$ 36,000	$ 34,974	$ 125,636	$ 136,476
Capital assets	333,297	300,563	106,598	107,859	439,895	408,422
Total assets	422,933	402,065	142,598	142,833	565,531	544,898
Total deferred outflows of resources	2,828	2,938	662	775	3,490	3,713
Other liabilities	48,825	32,809	11,645	12,403	60,470	45,212
Long-term liabilities outstanding	262,423	261,226	58,265	62,705	320,688	323,931
Total liabilities	311,248	294,035	69,910	75,108	381,158	369,143
Net position:						
Net investment in capital assets	113,992	108,527	55,251	50,558	169,243	159,085
Restricted	7,103	10,744	6,700	6,338	13,803	17,082
Unrestricted	(6,582)	(8,303)	11,399	11,604	4,817	3,301
Total net position	$ 114,513	$ 110,968	$ 73,350	$ 68,500	$ 187,863	$ 179,468

* 2012 amounts have been restated due to the adoption of Governmental Accounting Standards Board Statement Nos. 63 and 65. (See note 1(b) of the Notes to Basic Financial Statements)

An additional portion of the City's net position, $13,803,005 (7.34%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $4,817,138 (2.58%), 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 position for the government as a whole. The government's overall net position increased $8,395,226 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. Net position increased $3,544,849. Key revenue and expense transactions are as follows:

- Intergovernmental revenue increased $5,295,000. This increase is mainly due to support received from the Texas Department of Transportation's Regional Toll Revenue Program for infrastructure and trails.
- Increases in building permits and construction inspection fees related to the commercial development of five new multi-family developments and the State Farm complex resulted in revenue increases of $1,595,000 (66%) in License and Permits.
- Transfers-out are $4,247,000 higher than the previous year due to the City's election to treat all outstanding debt of the golf course as tax-supported debt rather than golf-supported debt.

Business-Type Activities. Business type activities increased net position by $4,850,377. Key elements to the change in net position are as follows:

- Water and sewer operating revenues for the current fiscal year were higher than last year by 17%. Almost all of this increase was due to a utility rate increase included in the FY 2013 budget. Current year operating expenses are 6% higher than the previous year and are predominately due to the higher costs for water and sewer treatment.
- Solid waste revenues increased less than 1% while expenditures decreased 2.4%.
- On January 1, 2013, the City changed the management contract for the golf course. The Golf Fund revenues showed an 11% increase while expenditures increased by 16.4%. The majority of the increases resulted from the City taking over operations of the golf carts, as well as the new structure of the golf professional's compensation.

Table 2

Changes in Net Position
(In thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 24,019	$ 20,862	$ 68,863	$ 60,389	$ 92,882	$ 81,251
Operating grants and contributions	522	1,777	—	12	522	1,789
Capital grants and contributions	8,363	2,028	908	956	9,271	2,984
General revenues:						
Property taxes	64,602	63,810	—	—	64,602	63,810
Sales taxes	26,600	25,246	—	—	26,600	25,246
Franchise taxes	14,289	13,561	—	—	14,289	13,561
Mixed beverage and bingo tax	351	338	—	—	351	338
Hotel/motel taxes	3,322	3,013	—	—	3,322	3,013
Unrestricted interest earnings	94	156	29	31	123	187
Gain on sale of assets	35	8	3	352	38	360
Transfers	(4,506)	(259)	4,506	259	—	—
Total revenues	137,691	130,540	74,309	61,999	212,000	192,539
Expenses:						
General government	29,705	30,018	—	—	29,705	30,018
Public safety	45,616	45,224	—	—	45,616	45,224
Public services	27,044	26,776	—	—	27,044	26,776
Library	3,963	4,027	—	—	3,963	4,027
Parks and recreation	15,078	14,786	—	—	15,078	14,786
Public health	1,606	1,548	—	—	1,606	1,548
Interest and fiscal charges	11,134	11,050	—	—	11,134	11,050
Water and sewer	—	—	54,341	51,104	54,341	51,104
Solid waste	—	—	12,574	12,985	12,574	12,985
Golf	—	—	2,544	2,340	2,544	2,340
Total expenses	134,146	133,429	69,459	66,429	203,605	199,858
Increase (decrease) in net position	3,545	(2,889)	4,850	(4,430)	8,395	(7,319)
Net position-beginning as restated (Note 1(b))	110,968	116,136	68,500	73,601	179,468	189,737
Net position – ending	$ 114,513	$ 113,247	$ 73,350	$ 69,171	$ 187,863	$ 182,418

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of $61,301,392. Approximately 26.94%, or $16,513,373, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, $44,788,019 (73.06%), is not available for general spending.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 16.06% of total General Fund expenditures and transfers out, while total fund balance represents 17.38% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased $716,518 this fiscal year. Sales tax revenues were larger than anticipated with an increase of $1,353,000 from the previous years collections. Franchise fees resulted in an increase of $738,791 from the previous year, primarily due to an increase in telecommunications access line fees and water and sewer sales. Personal services expenditures increased $2,680,000 from the previous year which included approximately $800,000 in additional contributions to the employee's insurance fund to cover rising costs in health care. The Debt Service Fund has a fund balance of $2,323,566, all of which is restricted for the payment of debt.

The fund balance in the Capital Fund ended the year at $35,611,661, of which $2,495,127 is property held for redevelopment and classified as nonspendable resources, $26,746,459 is restricted for future capital equipment purchases and construction projects, $4,895,953 is assigned for capital projects and $1,474,122 is assigned for public service projects. The fund balance decreased by $28,303,322 due to the use of bond proceeds and grant funds to construct various capital improvements throughout the City.

The Other Governmental Funds fund balance increased $1,712,712. The major item related to this increase is associated with the Drainage Fund. Established during fiscal year 2012, the Drainage Fund had the first full year of billings and collections in fiscal year 2013, resulting in an increase of $1,351,216 in fund balance.

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

Unrestricted net position in the Water and Sewer Fund, the Solid Waste Fund, and the Golf Fund at the end of the year amounted to $9,819,442, $1,910,206, and ($463,849), respectively. Total net position increased $791,948 and $4,186,645 in the Water and Sewer Fund and Golf Fund, respectively, and decreased ($240,157) in the Solid Waste Fund.

General Fund Budgetary Highlights

General Fund revenues were projected to be $1,319,212, or 1.3% higher than estimated year-end revenues for fiscal year 2012. Property tax, sales tax and other business tax revenues were budgeted to make up 62.7% of total General Fund revenues. The certified property tax base increased 3.4% and tax rates remained unchanged from the prior year. Franchise taxes were projected to increase 4.1% with a normal growth in the customer base. Sales and other business tax revenue was budgeted to increase by 2.1% compared to the estimate for fiscal year 2012. Total expenditures and transfers were projected to be 1.4% higher than 2012 year-end estimates. Personal service expenditures were projected to be 2.5% higher than 2012 estimates and included funding for those employees moving through the step pay plan and 3% raises for those employees who had been at the top of the pay range for over a year. Professional service expenditures were budgeted 12.8% 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.

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, 2013 amounts to $439,894,606 (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 $31,472,387 (7.71%).

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

- The City completed construction of Heights Recreation Center which includes a gymnasium and aquatic center. These structures include a 25,000 square foot center with a dedicated game room, a full size gymnasium with workout rooms, and an aquatic center with a zero-entry pool and splash playground. The City also completed a new 16,000 square foot fully equipped gymnastic center with gymnastic programs for everyone. The approximate cost of these new facilities was $17.7 million.
- A $9.7 million Fire Training Center, a multifunctional facility that allows for training and coordination of responders to manage any major incidents occurring in the City.
- The City completed numerous street, sidewalk, alley, and erosion projects totaling over $6.9 million.
- The Water and Sewer Fund completed $3.5 million in projects which extended and improved the City's Water and Sewer system.

Table 3

Capital Assets, net of Accumulated Depreciation
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 53,681	$ 44,823	$ 543	$ 543	$ 54,224	$ 45,366
Buildings	84,879	65,849	5,229	3,583	90,108	69,432
Improvements other than buildings	30,440	29,793	4,142	4,576	34,582	34,369
Infrastructure	129,021	130,677	86,067	87,980	215,088	218,657
Vehicles, machinery and equipment	15,700	16,015	8,656	9,200	24,356	25,215
Construction in progress	19,576	13,406	1,961	1,977	21,537	15,383
Total capital assets, net	$ 333,297	$ 300,563	$ 106,598	$ 107,859	$ 439,895	$ 408,422

Additional information on the City's capital assets can be found in note 3(d) to the financial statements.

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of $269,945,000. Of this amount, $214,000,450 represents tax-supported bonds, $55,944,550 represents self-supported bonds. The other obligations of $23,017,898 in the governmental activities relates to notes payable for computer and telephone equipment, a police training facility, TIF economic development grants, and other contractual obligations. The other obligations of $1,792 in the business-type activities relates to the financing and purchase of computer equipment.

Table 4

Outstanding Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	$ 195,175	$ 203,891	$ 18,835	$ 21,579	$ 214,010	$ 225,470
Certificates of obligation	18,825	19,145	37,110	38,930	55,935	58,075
Total bonds payable, net	214,000	223,036	55,945	60,509	269,945	283,545
TIF obligations	18,175	8,239	—	—	18,175	8,239
Other obligations	4,843	4,922	2	23	4,845	4,945
Total outstanding debt	$ 237,018	$ 236,197	$ 55,947	$ 60,532	$ 292,965	$ 296,729

In March 2013, the City issued $8,315,000 of Combination Tax and Revenue Certificates of Obligation and $20,720,000 of General Obligation Refunding Bonds. The Certificates of Obligation were issued to pay for constructing and equipping City facilities, the purchase of vehicles and equipment for various departments throughout the City, improving and extending the City's water and sewer system and professional services rendered in connection with issuing the certificates. The General Obligation Bonds were used to refund $22,045,000 of existing outstanding debt for a cash flow savings of $3,091,891. The City entered into an agreement to finance citywide computer equipment for a cost of $973,538 and recognized TIF grants of $9,935,678 for infrastructure built by a developer. The City's total bonded debt activity resulted in an overall decrease of approximately $13,600,000 (4.80%).

Standard & Poor's Ratings Services assigned its 'AAA' rating, with a stable outlook, to the City's Series 2013 Combination Tax and Revenue Certificates of Obligation, and Series 2013 General Obligation Refunding Bonds. Moody's Investors Service (Moody's) also assigned an 'Aaa' rating, with a stable outlook, for the City's Series 2013 Combination Tax and Revenue Certificates of Obligation, and Series 2013 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 2.15%.

Additional information on the City's long-term debt can be found in notes 3(g), 3(h) and 3(i) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues and transfers-in for the 2013 – 2014 budget are expected to increase by 1.8% compared to the fiscal year 2012 – 2013 revised budget. Expenditures and transfers-out for the General Fund are budgeted 2.0% higher than expenditures and transfers-out in the revised budget for fiscal year 2012 – 2013. The majority of this increase is reflected in maintenance costs for facilities, streets and parks. Overall, the General Fund is expected to end fiscal year 2013 – 2014 in compliance with the City's financial policy by maintaining a fund balance equal to 60 days of operating expenditures.

Key Highlights of the 2013 – 2014 Budget Include

- A 6.2% increase in the overall certified tax base and no change in the tax rate.
- A 3.5% increase in base sales tax is projected.
- A 10.9% 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 52% of employees eligible for the increase.
- 3.0% merit based increase for those employees at the top of their 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 Position

September 30, 2013

	Governmental activities	Business-type activities	Total
Assets:			
Cash and cash equivalents	$ 47,284,036	$ 6,493,906	$ 53,777,942
Investments	30,067,125	6,018,400	36,085,525
Receivables (net of allowances for uncollectibles)	8,574,792	8,300,570	16,875,362
Inventories	522,795	116,641	639,436
Prepaid items	708,430	621,537	1,329,967
Deposits	117,500	—	117,500
Property held for redevelopment	2,495,127	—	2,495,127
Restricted assets:			
Cash and cash equivalents	—	8,255,516	8,255,516
Investments	—	6,038,041	6,038,041
Receivables (net of allowances for uncollectibles)	—	22,762	22,762
Internal balances	(133,101)	133,101	—
Capital assets:			
Nondepreciable	73,257,663	2,504,298	75,761,961
Depreciable (net)	260,038,995	104,093,650	364,132,645
Total assets	422,933,362	142,598,422	565,531,784
Deferred outflows of resources			
Deferred charge on refundings	2,827,842	661,839	3,489,681
Total deferred outflow of resources	2,827,842	661,839	3,489,681
Liabilities:			
Accounts payable	7,243,790	2,754,876	9,998,666
Retainage payable	1,598,467	10,314	1,608,781
Accrued liabilities	720,742	183,341	904,083
Accrued interest	3,090,478	345,630	3,436,108
Payable from restricted assets:			
Accounts payable	—	631,458	631,458
Retainage payable	—	158,047	158,047
Customer deposits	—	2,567,680	2,567,680
Unearned revenue	13,914,436	—	13,914,436
Money held in escrow	105,626	—	105,626
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	20,103,034	4,849,273	24,952,307
Compensated absences	1,062,442	140,098	1,202,540
Workers' compensation	286,254	4,277	290,531
Unpaid claims liability	700,000	—	700,000
Due in more than one year:			
Bonds, leases, and contractual obligations	229,959,345	52,975,216	282,934,561
Post employment benefits	22,973,561	4,028,617	27,002,178
Compensated absences	9,490,407	1,260,877	10,751,284
Total liabilities	311,248,582	69,909,704	381,158,286
Net position:			
Net investment in capital assets	113,992,245	55,250,791	169,243,036
Restricted for:			
Capital projects	3,125,758	6,378,431	9,504,189
Debt service	—	322,435	322,435
Public safety	1,510,238	—	1,510,238
Public services	118,495	—	118,495
General government	2,347,648	—	2,347,648
Unrestricted	(6,581,762)	11,398,900	4,817,138
Total net position	$ 114,512,622	$ 73,350,557	$ 187,863,179

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Activities

Year ended September 30, 2013

		Program revenues			Net (expense) revenue and changes in net position		
	Expenses	**Charges for services**	**Operating grants and contributions**	**Capital grants and contributions**	**Governmental activities**	**Business-type activities**	**Total**
Functions/programs:							
Governmental activities:							
General government	$ 29,704,664	$ 3,875,221	$ 229,911	$ —	$ (25,599,532)	$ —	$ (25,599,532)
Public safety	45,616,038	9,506,152	235,069	787,626	(35,087,191)	—	(35,087,191)
Public services	27,043,962	6,583,310	22,080	5,989,162	(14,449,410)	—	(14,449,410)
Library	3,963,304	5,650	—	—	(3,957,654)	—	(3,957,654)
Parks and recreation	15,078,208	3,755,407	500	1,586,122	(9,736,179)	—	(9,736,179)
Public health	1,606,186	293,390	34,507	—	(1,278,289)	—	(1,278,289)
Interest and fiscal charges	11,134,367	—	—	—	(11,134,367)	—	(11,134,367)
Total governmental activities	134,146,729	24,019,130	522,067	8,362,910	(101,242,622)	—	(101,242,622)
Business-type activities:							
Water and Sewer	54,340,926	54,257,180	—	907,923	—	824,177	824,177
Solid Waste	12,573,678	12,375,280	—	—	—	(198,398)	(198,398)
Golf	2,544,003	2,230,457	—	—	—	(313,546)	(313,546)
Total business-type activities	69,458,607	68,862,917	—	907,923	—	312,233	312,233
Total primary government	$ 203,605,336	$ 92,882,047	$ 522,067	$ 9,270,833	(101,242,622)	312,233	(100,930,389)
General revenues:							
Property taxes					64,602,084	—	64,602,084
Sales taxes					26,599,539	—	26,599,539
Franchise taxes					14,289,053	—	14,289,053
Mixed beverage and bingo tax					351,654	—	351,654
Hotel/motel taxes					3,321,885	—	3,321,885
Unrestricted interest earnings					94,194	29,230	123,424
Gain on sale of assets					35,031	2,945	37,976
Transfers					(4,505,969)	4,505,969	—
Total general revenues					104,787,471	4,538,144	109,325,615
Changes in net position					3,544,849	4,850,377	8,395,226
Net position – beginning as restated (See Note 1(b))					110,967,773	68,500,180	179,467,953
Net position – ending					$ 114,512,622	$ 73,350,557	$ 187,863,179

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Balance Sheet – Governmental Funds

September 30, 2013

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
Assets:					
Cash and cash equivalents	$ 119,263	$ 2,410,205	$ 35,591,251	$ 6,185,119	$ 44,305,838
Investments	13,550,128	—	16,516,996	—	30,067,124
Receivables (net of allowances for uncollectible)	5,992,423	—	893,965	1,616,179	8,502,567
Due from Other Funds	582,945	—	—	—	582,945
Inventories	298,638	—	—	—	298,638
Prepaid items	610,411	—	—	98,019	708,430
Deposits	117,500	—	—	—	117,500
Property held for redevelopment	—	—	2,495,127	—	2,495,127
Total assets	$ 21,271,308	$ 2,410,205	$ 55,497,339	$ 7,899,317	$ 87,078,169
Liabilities:					
Accounts payable	$ 1,742,310	$ —	$ 4,633,011	$ 336,373	$ 6,711,694
Retainage payable	—	—	1,593,472	4,995	1,598,467
Accrued liabilities	80,492	—	—	640,250	720,742
Accrued interest	—	86,639	—	—	86,639
Due to Other Funds	—	—	—	582,945	582,945
Unearned revenue	2,280	—	13,553,569	358,587	13,914,436
Money held in escrow	—	—	105,626	—	105,626
Total liabilities	1,825,082	86,639	19,885,678	1,923,150	23,720,549
Deferred inflows of resources:					
Unavailable revenue	1,569,705	—	—	486,523	2,056,228
Total deferred inflows of resources	1,569,705	—	—	486,523	2,056,228
Fund balances:					
Nonspendable:					
Property held for redevelopment	—	—	2,495,127	—	2,495,127
Inventory	298,638	—	—	—	298,638
Deposits	117,500	—	—	—	117,500
Prepaid items	610,411	—	—	98,019	708,430
Restricted for:					
Debt Service	—	2,323,566	—	—	2,323,566
Library	—	—	62,550	—	62,550
Park and Recreation Projects	—	—	3,830,676	—	3,830,676
Public Services	—	—	16,283,550	—	16,283,550
Neighborhood Vitality Projects	—	—	5,325,045	—	5,325,045
Municipal Public Buildings	—	—	340,556	—	340,556
Other Capital Projects	—	—	129,010	—	129,010
General Government	—	—	—	1,223,080	1,223,080
Public Safety	—	—	775,072	1,142,210	1,917,282
Committed for:					
Public Services	—	—	—	1,921,447	1,921,447
Assigned for:					
Public Services	—	—	1,474,122	—	1,474,122
Parks and Recreation	—	—	—	23,494	23,494
Capital Projects	—	—	4,895,953	—	4,895,953
General Government	336,599	—		1,081,394	1,417,993
Unassigned	16,513,373	—	—	—	16,513,373
Total fund balances	17,876,521	2,323,566	35,611,661	5,489,644	61,301,392
Total liabilities, deferred inflows and fund balances	$ 21,271,308	$ 2,410,205	$ 55,497,339	$ 7,899,317	$ 87,078,169

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Reconciliation of the Balance Sheet of Governmental Funds

Statement of Net Position

September 30, 2013

Total fund balances – governmental funds balance sheet	$	61,301,392
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		333,240,647
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,056,228
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		1,669,956
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (see note 2 (a))		(283,755,601)
Net position of governmental activities	$	114,512,622

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, 2013

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 36,544,640	$ 27,317,614	$ —	$ 702,778	$ 64,565,032
Franchise taxes	14,051,723	—	—	237,330	14,289,053
Sales tax	26,599,539	—	—	—	26,599,539
Mixed beverage and bingo tax	351,654	—	—	—	351,654
Hotel/motel taxes	—	—	—	3,321,885	3,321,885
Drainage fees	—	—	—	2,705,115	2,705,115
911 revenue	1,208,581	—	—	515,469	1,724,050
Intergovernmental revenue	65,174	—	6,483,417	1,183,264	7,731,855
Licenses and permits	4,000,243	—	—	—	4,000,243
Fines and forfeitures	4,586,314	—	—	1,752,777	6,339,091
Interest revenue	42,777	6,165	38,649	4,404	91,995
Civic center use	327,543	—	—	—	327,543
Eisemann Center revenue	—	—	—	2,025,997	2,025,997
Recreation and leisure	3,743,480	—	—	—	3,743,480
Public safety	2,236,079	—	—	—	2,236,079
Contributions	60,755	—	3,000	500	64,255
Participation	—	—	316,033	—	316,033
Other	712,703	—	99,632	600	812,935
General administration	8,235,088	—	—	—	8,235,088
Total revenues	102,766,293	27,323,779	6,940,731	12,450,119	149,480,922
Expenditures:					
General government	24,960,557	—	778,146	4,715,252	30,453,955
Public safety	39,814,941	—	340,551	1,725,362	41,880,854
Public services	16,505,861	—	2,890,078	308,480	19,704,419
Library	3,115,738	—	397,264	—	3,513,002
Parks and recreation	11,042,082	—	758,777	89,762	11,890,621
Public health	1,522,529	—	2,888	9,175	1,534,592
General administration	—	—	525,000	1,604,750	2,129,750
Capital outlay	31,343	—	39,784,385	11,125,719	50,941,447
Debt service:					
Principal retirement	—	16,421,022	—	—	16,421,022
Interest and fiscal charges	45,153	10,308,262	—	418,638	10,772,053
Payments for other obligations	520,075	532,555	—	—	1,052,630
Issuance costs	—	216,613	55,446	—	272,059
Total expenditures	97,558,279	27,478,452	45,532,535	19,997,138	190,566,404
Excess (deficiency) of revenues over (under) expenditures	5,208,014	(154,673)	(38,591,804)	(7,547,019)	(41,085,482)
Other financing sources (uses):					
Transfers in	515,500	9,695	5,044,857	80,000	5,650,052
Transfers out	(5,254,410)	—	(191,998)	(755,947)	(6,202,355)
Issuance of certificates of obligation	—	—	4,290,000	—	4,290,000
Issuance of refunding bonds	—	18,000,000		—	18,000,000
Issuance of other obligations	—	—	973,538	9,935,678	10,909,216
Premium/discount on bonds	—	2,638,859	172,085	—	2,810,944
Payment to refunded bond escrow agent	—	(20,417,291)	—	—	(20,417,291)
Insurance recoveries	170,022	—	—	—	170,022
Proceeds from sale of capital assets	77,392	—	—	—	77,392
Total other financing sources (uses)	(4,491,496)	231,263	10,288,482	9,259,731	15,287,980
Net change in fund balances	716,518	76,590	(28,303,322)	1,712,712	(25,797,502)
Fund balances – October 1	17,160,003	2,246,976	63,914,983	3,776,932	87,098,894
Fund balances – September 30	$ 17,876,521	$ 2,323,566	$ 35,611,661	$ 5,489,644	$ 61,301,392

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – total governmental funds	$ (25,797,502)
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)).	32,096,562
The net effect of various transactions related to the sale of capital assets decreased net position.	(36,557)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	626,444
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (note 2(b))	(2,453,769)
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))	(1,011,588)
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.	121,259
Change in net position of governmental activities	$ 3,544,849

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Net Position – Proprietary Funds

September 30, 2013

Assets	Business-type activities-enterprise funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Current assets:					
Cash and cash equivalents	$ 4,236,909	$ 1,730,387	$ 526,610	$ 6,493,906	$ 2,978,199
Investments	6,018,400	—	—	6,018,400	—
Receivables (net of allowances)	6,310,536	1,925,549	64,485	8,300,570	72,225
Inventories	88,853	27,788	—	116,641	224,157
Prepaid items	496,789	122,733	2,015	621,537	—
Restricted assets:					
Cash and cash equivalents	6,203,374	2,052,142	—	8,255,516	—
Investments	6,038,041	—	—	6,038,041	—
Interest receivable	22,422	—	—	22,422	—
Other receivable	340	—	—	340	—
Total current assets	29,415,664	5,858,599	593,110	35,867,373	3,274,581
Noncurrent assets	—	—	—	—	—
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	9,480,126	312,635	791,641	10,584,402	259,990
Water and Sewer System	191,629,083	—	—	191,629,083	—
Vehicles, machinery and equipment	16,937,099	13,196,155	1,059,698	31,192,952	268,859
Construction in progress	1,961,459	—	—	1,961,459	—
Less accumulated depreciation	(124,461,758)	(7,816,816)	(6,294,802)	(138,573,376)	(551,872)
Total noncurrent assets	95,903,959	5,951,404	4,742,585	106,597,948	56,011
Total assets	125,319,623	11,810,003	5,335,695	142,465,321	3,330,592
Deferred outflow of resources					
Deferred charge on refunding	644,961	16,878	—	661,839	—
Total deferred outflow of resources	644,961	16,878	—	661,839	—

(Continued)

CITY OF RICHARDSON, TEXAS

Statement of Net Position – Proprietary Funds

September 30, 2013

Liabilities	Business-type activities-enterprise funds: Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	Governmental Activities-Internal Service Funds
Current liabilities:					
Accounts payable	$ 2,687,102	$ 14,349	$ 63,739	$ 2,765,190	$ 532,096
Accrued liabilities	139,138	44,203	—	183,341	—
Accrued interest	309,947	35,683	—	345,630	—
Unpaid claims liabilities	—	—	—	—	700,000
Current maturities of bonds, leases and contractual obligations	3,547,770	1,301,503	—	4,849,273	—
Compensated absences	91,158	37,920	11,020	140,098	16,685
Workers' compensation liability	4,277	—	—	4,277	—
Current liabilities payable from restricted assets:					
Accounts payable	609,601	21,857	—	631,458	—
Retainage payable	150,294	7,753	—	158,047	—
Interest payable	—	—	—	—	—
Deposits	2,567,680	—	—	2,567,680	—
Total current liabilities	10,106,967	1,463,268	74,759	11,644,994	1,248,781
Noncurrent liabilities:					
Bonds, leases and contractual obligations	46,836,353	6,138,863	—	52,975,216	—
Post-employment benefits	2,021,485	1,458,503	548,629	4,028,617	200,150
Compensated absences	820,420	341,276	99,181	1,260,877	78,604
Total noncurrent liabilities	49,678,258	7,938,642	647,810	58,264,710	278,754
Total liabilities	59,785,225	9,401,910	722,569	69,909,704	1,527,535
Net Position					
Net investment capital assets	51,743,613	(1,235,407)	4,742,585	55,250,791	56,011
Restricted for:					
Capital projects	4,373,278	1,670,763	334,390	6,378,431	—
Debt service	243,026	79,409	—	322,435	—
Unrestricted	9,819,442	1,910,206	(463,849)	11,265,799	1,747,046
Total net position	$ 66,179,359	$ 2,424,971	$ 4,613,126	73,217,456	$ 1,803,057
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				133,101	
Net position of business-type activities				$ 73,350,557	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2013

	Business-type activities-enterprise funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Operating revenues:					
Water sales	$ 32,832,548	$ —	$ —	$ 32,832,548	$ —
Sewer service	20,355,689	—	—	20,355,689	—
Penalties	441,627	—	—	441,627	—
Service fees (other)	55,313	—	—	55,313	—
Antenna rentals	348,468	—	—	348,468	—
Meter fees	101,588	—	—	101,588	—
Solid waste fees	—	11,648,304	—	11,648,304	—
Golf course fees	—	—	2,141,542	2,141,542	—
Golf course restaurant	—	—	40,138	40,138	—
Charges for services	—	—	—	—	475,335
City and employee contributions	75,468	43,827	4,440	123,735	11,990,740
Intergovernmental revenue	12,555	7,533	628	20,716	119,466
Miscellaneous	33,924	675,616	43,709	753,249	36,529
Total operating revenue	54,257,180	12,375,280	2,230,457	68,862,917	12,622,070
Operating expenses:					
Personal services	6,250,228	4,266,946	968,179	11,485,353	635,331
Premiums	—	—	—	—	627,752
Professional and technical services	715,958	56,675	185,196	957,829	798,970
Property services	1,363,062	371,193	330,507	2,064,762	90,671
Other purchased services	1,096,147	266,927	128,610	1,491,684	107,497
Insurance claims	—	—	—	—	10,564,143
Purchase of water	17,868,807	—	—	17,868,807	—
Purchase of sewage treatment	11,403,601	—	—	11,403,601	—
Solid waste charges	—	3,388,822	—	3,388,822	—
General administration	3,794,779	2,069,161	92,148	5,956,088	—
Franchise fees	2,659,412	582,431	—	3,241,843	—
BABIC program	466,666	—	—	466,666	—
Supplies	1,310,300	242,487	374,053	1,926,840	16,704
Depreciation	6,129,583	1,179,599	434,269	7,743,451	—
Total operating expenses	53,058,543	12,424,241	2,512,962	67,995,746	12,841,068
Operating income (loss)	1,198,637	(48,961)	(282,505)	867,171	(218,998)
Nonoperating revenues (expenses):					
Interest revenue	25,448	3,586	196	29,230	2,199
Interest expense and fiscal charges	(1,339,060)	(194,782)	(40,960)	(1,574,802)	—
Gain from disposal of capital assets	—	—	2,945	2,945	—
Total nonoperating revenues (expenses)	(1,313,612)	(191,196)	(37,819)	(1,542,627)	2,199
Loss before contributions and transfers	(114,975)	(240,157)	(320,324)	(675,456)	(216,799)
Capital contributions	907,923	—	—	907,923	—
Transfers In	—	—	4,506,969	4,506,969	450,000
Transfers Out	(1,000)	—	—	(1,000)	—
Change in net position	791,948	(240,157)	4,186,645	4,738,436	233,201
Total net position beginning as restated (See note 1(b))	65,387,411	2,665,128	426,481		1,569,856
Total net position – September 30	$ 66,179,359	$ 2,424,971	$ 4,613,126		$ 1,803,057
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				111,941	
Change in net position of business type activities				$ 4,850,377	

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2013

	Business-type activities-enterprise funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Cash flows from operating activities:					
Cash received from customers	$ 52,872,674	$ 12,313,861	$ 2,149,570	$ 67,336,105	$ —
Cash received from service users	—	—	—	—	479,103
Cash received from city, employee and other contributions	—	75,468	4,440	79,908	12,142,967
Cash payments for goods and services	(39,972,167)	(7,574,164)	(1,085,814)	(48,632,145)	—
Cash payments to employees	(6,120,989)	(4,276,264)	(933,811)	(11,331,064)	(625,575)
Cash payments for premiums and other operating expenses	—	—	—	—	(1,588,483)
Cash payments for claims	—	—	—	—	(10,556,621)
Cash received from miscellaneous revenues	46,479	7,533	43,709	97,721	—
Net cash provided by (used for) operating activities	6,825,997	546,434	178,094	7,550,525	(148,609)
Cash flows from noncapital financing activities:					
Transfers from other funds	(1,000)	—	103,304	102,304	450,000
Net cash provided by noncapital financing activities	(1,000)	—	103,304	102,304	450,000
Cash flows from financing activities:					
Net proceeds from sale of capital assets	—	—	2,945	2,945	—
Bond proceeds, other obligations, and accrued interest	3,020,510	1,032,483	—	4,052,993	—
Acquisition and construction of capital assets	(3,693,530)	(1,326,469)	—	(5,019,999)	—
Increase in retainage payable	56,751	3,946	10,314	71,011	—
Principal paid on debt	(3,070,019)	(1,120,000)	—	(4,190,019)	—
Interest paid on debt	(1,956,275)	(210,316)	—	(2,166,591)	—
Fiscal charges and bond escrow payments	(2,319)	(613)	—	(2,932)	—
Net cash used for capital and related financing activities	(5,644,882)	(1,620,969)	13,259	(7,252,592)	—
Cash flows from investing activities:					
Purchase of investment securities	(16,682,083)	—	—	(16,682,083)	—
Proceeds from sale and maturities of investments	12,023,383	1,503,447	—	13,526,830	—
Interest received on investments	228,708	24,377	196	253,281	2,199
Net cash provided by (used for) investing activities	(4,429,992)	1,527,824	196	(2,901,972)	2,199
Net increase (decrease) in cash, restricted cash, and cash equivalents	(3,249,877)	453,289	294,853	(2,501,735)	303,590
Cash, restricted cash, and cash equivalents, October 1	13,690,160	3,329,240	231,757	17,251,157	2,674,609
Cash, restricted cash, and cash equivalents, September 30	$ 10,440,283	$ 3,782,529	$ 526,610	$ 14,749,422	$ 2,978,199

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2013

	Business-type activities-enterprise funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 1,198,637	$ (48,961)	$ (282,505)	$ 867,171	$ (218,998)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	6,129,583	1,179,599	434,269	7,743,451	—
Provision for uncollectible accounts	8,456	(4,331)	—	4,125	—
Changes in assets and liabilities:					
(Increase) decrease in trade accounts receivable (gross)	(314,559)	20,637	(32,738)	(326,660)	(65,739)
(Increase) decrease in other receivables	789,030	(334,494)	—	454,536	—
(Increase) decrease in inventories	(2,730)	5,950	—	3,220	(8,995)
(Increase) decrease in prepaid items	(495,850)	(122,265)	(1,905)	(620,020)	—
Increase (decrease) in accounts payable	285,783	(145,659)	34,104	174,228	235,367
Increase in unpaid claims liabilities	—	—	—	—	(100,000)
Increase in deposits payable from restricted assets	79,407	—	—	79,407	—
Increase (decrease) in compensated absences	64,410	(37,307)	5,499	32,602	27,279
Increase (decrease) in workers compensation	4,277	(53,000)	—	(48,723)	—
Increase (decrease) in post-employment benefits	60,553	80,989	28,870	170,412	(17,523)
Decrease in accrued liabilities	(981,000)	5,276	(7,500)	(983,224)	—
Total adjustments	5,627,360	595,395	460,599	6,683,354	70,389
Net cash provided by (used for) operating activities	$ 6,825,997	$ 546,434	$ 178,094	$ 7,550,525	$ (148,609)
Noncash investing, capital, and financing activities:					
Contributions of capital assets from public	$ 907,923	$ —	$ —	$ 907,923	$ —
Issuance of refunding bonds	2,720,000	—	—	2,720,000	—
Refunded Bonds	(2,990,000)	—	—	(2,990,000)	—
Debt service transfer	—	—	4,403,666	4,403,666	—

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	Governmental Activities-Internal Service Funds
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:					
Total unrestricted cash and investments per the statement of net position	$ 10,255,309	$ 1,730,387	$ 526,610	$ 12,512,306	$ 2,978,199
Total restricted cash and investments per the statement of net position	12,241,415	2,052,142	—	14,293,557	—
Total cash and investments per the statement of net position	22,496,724	3,782,529	526,610	26,805,863	2,978,199
Less investments not meeting the definition of cash equivalents	(12,056,441)	—	—	(12,056,441)	—
Cash, restricted cash and cash equivalents as of September 30, 2013	$ 10,440,283	$ 3,782,529	$ 526,610	$ 14,749,422	$ 2,978,199

See accompanying notes to basic financial statements.

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(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

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

(b) Implementation of New Accounting Statements

For fiscal year 2012-2013, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34.*

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

Statement No. 65 *Items Previously reported as Assets and Liabilities.*

GASB Statement 61 modifies certain requirements for financial reporting presentation of component units. The statement requires that entities blended with the primary government due to structure of the governing body, also meet the criteria related to financial benefit/burden and/or operational responsibility. This statement has no impact on the City's financial statements.

GASB Statement 63 establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. It will improve financial reporting by standardizing the

presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position (previously called net assets).

GASB Statement 65 provides financial reporting guidance related to the impact of the financial elements deferred outflows of resources and deferred inflows of resources.

The implementation of Statement 65 resulted in the reclassification of the beginning net position of the governmental activities and the business activities in the government-wide financial statements and the beginning net position of the Statement of Revenues Expenses and Changes in Fund Net Position – Proprietary Funds. Issuance costs, previously amortized over the life of the debt issuance, are now expensed at the time of issue. Retroactively applying this change results in the adjustment below:

	Government wide Statement of activities		Fund level Proprietary statement of revenues, expenses and changes in net position		
	Governmental activities	**Business activities**	**Water/Sewer**	**Solid waste**	**Golf**
Net position at September 30, 2012 as previously reported	$ 113,246,833	$ 69,170,777	$ 65,949,795	$ 2,737,185	$ 462,637
Change in reporting for debt issuance costs	(2,279,060)	(670,597)	(562,384)	(72,057)	(36,156)
Net position as restated at September 30, 2012	$ 110,967,773	$ 68,500,180	$ 65,387,411	$ 2,665,128	$ 426,481

Statement 65 implementation also resulted in deferred charges on refunding being reclassed to Deferred Outflow of Resources instead of a reduction to the debt liability. The deferred charges continue to be amortized as interest expense over the life of the bonds.

(c) Basis of Presentation

Government-Wide Statements

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

The Statement of Activities demonstrates the extent to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers and applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program. They also include operating grants, capital grants, and contributions that are restricted to meeting the operational or

capital requirements of a particular program. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

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

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

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

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

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

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

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

Solid Waste Fund. The Solid Waste Fund is used to account for the operations of solid waste collection and disposal and recycling services provided to the residents of the City. The fund also

accounts for the accumulation of resources for and the payment of long-term principal and interest for solid waste debt. All costs are financed through charges to the utility customers.

Golf Fund. The Golf Fund is used to account for the operations and maintenance of the City's golf course. 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 on a daily basis from TexPool, TexSTAR, Federated and Invesco Money Market Mutual Funds, these investments are also considered to be cash equivalents.

(d) Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all

revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30 day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures, which are accrued using a 45 day availability period, and for grants, which are accrued 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 unavailable revenue in its governmental funds. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant moneys are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

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

(e) Assets, Liabilities and Net Position

Deposits and Investments

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

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

Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of $1 for each share.

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

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

For fiscal year 2013, 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."

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, 2013, the City's tax rate was $0.63516.

Inventories and Prepaid Items

Inventories

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

Deposits

Deposits are the advance payments made for future services and goods. With accrual basis accounting, the prepayment for services that the City will receive in the future is recorded as an asset. There is a corresponding amount classified as a nonspendable fund balance.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items with a corresponding amount classified as a nonspendable fund balance.

Property held for Redevelopment

During fiscal year 2012 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, and water and sewer systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded

at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2013, $546,298 and $8,401 of net interest costs were capitalized in the Water and Sewer Fund and the Solid Waste Fund, respectively. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

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

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

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperating Revenues in the Enterprise Funds. For the year ended September 30, 2013, the City received $170,022 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 with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in note 4(d).

Long-Term Obligations

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

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

Classifications of Fund Balance

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refundings reported in the government-wide statement of net position for governmental and business activities and at the fund level for the propriety statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has only one item that qualifies for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period they become available to the City.

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, plus any unspent debt proceeds. The government-wide statement of net position reports $13,803,005 of restricted net position, of which $3,976,831 is restricted by enabling legislation.

(2) Reconciliation of Government-Wide and Fund Financial Statements

(a) Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds." The details of the $283,755,601 are as follows:

Bonds payable	$ 214,000,450
TIF and other contractual obligations	23,017,899
Less issuance discount (to be amortized as interest expense)	(39,044)
Add issuance premium (to be amortized as interest expense)	13,083,074
Less deferred charges on refunding (to be amortized as interest expense)	(2,827,842)
Accrued interest payable	3,003,839
Post-employment liability	22,773,411
Compensated absences	10,457,560
Workers' compensation liability	286,254
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	$ 283,755,601

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $32,096,562 difference are as follows:

Capital outlay	$ 50,941,447
Depreciation expense	(18,844,885)
Net adjustment to increase in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 32,096,562

Another element of the reconciliation states "the issuance of long-term debt (e.g., bonds, leases, and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is originally issued, whereas these amounts are amortized in the Statement of Activities." The details of the $2,453,769 are as follows:

Debt issued or incurred:		
General obligations, certificates of obligation, and refunding bonds	$	26,440,000
TIF and other contractual obligations		10,909,216
Add premium		2,149,847
Less:		
Discount and deferred charges on refunding		(516,642)
Principal repayments:		
General obligation bonds		(12,376,022)
Refunded general obligation bonds		(19,055,000)
Certificates of obligation		(4,045,000)
TIF and other contractual obligations		(1,052,630)
Net adjustment to increase fund balance – total governmental funds to arrive at changes in net position of governmental activities	$	2,453,769

Another element of the reconciliation states, "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the $1,011,588 are as follows:

Amortization of bond premium	$	862,128
Amortization on bond discount		(11,213)
Amortization of deferred charge on refunded bonds		(629,210)
Accrued interest		(381,072)
Post-employment benefits		(705,601)
Compensated absences		(167,833)
Workers' compensation expense		21,213
Net adjustment to decrease fund balance – total governmental funds to arrive at changes in net position of governmental activities	$	(1,011,588)

(3) Detailed Notes

(a) Deposits and Investments

Deposits – The City maintained the following deposit balances:

	Bank balance	Book balance
Financial institution:		
Frost – City	$ 1,813,366	$ 1,531,517
Frost – RIC	32,625	32,122
Petty cash	—	10,790
Total	$ 1,845,991	$ 1,574,429

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

	Fair value	Weighted average maturity (years) (1)
Investment type:		
TexPool	$ 20,402,071	0.03
TexStar	20,374,611	0.03
Federal Home Loan Bank – Bonds	18,017,588	0.03
Invesco Government Agency Money Market Fund	14,643,830	0.01
Federal Home Loan Mortgage Association – Bonds	12,016,421	0.01
Federal National Mortgage Corporation – Bonds	9,088,719	0.01
Invesco Treasury Money Market Fund	3,679,780	0.00
Federal Farm Credit Bank Bonds	3,000,835	0.00
Federated Government Agency Money Market Fund	908,867	0.00
Federated Treasury Money Market Fund	449,873	0.00
Total fair value	$ 102,582,595	
Portfolio weighted average maturity		0.12

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

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

Credit Risk – Investments. The City's investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating agency, and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City's investment policy has no other restrictions relating to credit ratings that would limit its investment options. Moody's has rated investments in Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank as AAA as of September 30, 2013. 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, 2013.

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

Interest Rate Risk – Investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its 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, 2013, the City's direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Bank. These investments are 18%, 12%, 9% and 3%, respectively, of the City's total investments.

(b) Receivables

Receivables at September 30, 2013, 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, consist of the following:

Governmental Receivables

	General	Capital fund	Nonmajor funds	Total governmental funds
Receivables:				
Taxes-property	$ 1,331,288	$ —	$ —	$ 1,331,288
Taxes-sales	1,998,266	—	—	1,998,266
Trade accounts	3,537,372	—	4,089,541	7,626,913
Interest	55,416	35,706	—	91,122
Intergovernmental	20,953	858,259	584,575	1,463,787
Gross receivables	6,943,295	893,965	4,674,116	12,511,376
Less allowance for uncollectibles	(950,872)	—	(3,057,937)	(4,008,809)
Net receivables	$ 5,992,423	$ 893,965	$ 1,616,179	$ 8,502,567

Business Type Receivables

	Water and sewer	Solid waste	Golf	Total business-type activities	Internal service
Receivables:					
Trade accounts	$ 6,270,514	$ 1,171,791	$ 64,485	$ 7,506,790	$ —
Other	138,199	791,206	—	929,405	72,225
Interest	32,806	—	—	32,806	—
Gross receivables	6,441,519	1,962,997	64,485	8,469,001	72,225
Less allowance for uncollectibles	(108,221)	(37,448)	—	(145,669)	—
Net receivables	$ 6,333,298	$ 1,925,549	$ 64,485	$ 8,323,332	$ 72,225

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2013.

(c) Restricted Assets

Enterprise Funds

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

	Water and Sewer Fund	Solid Waste Services Fund	Total
Debt service – Sinking Fund	$ 552,974	$ 115,093	$ 668,067
Customers' deposits	2,567,681	—	2,567,681
Rate stabilization	2,149,678	—	2,149,678
Capital Project and Equipment Funds	6,993,844	1,937,049	8,930,893
Total restricted assets	$ 12,264,177	$ 2,052,142	$ 14,316,319

(d) Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning balance October 1, 2012	Increases	Decreases	Ending balance September 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 44,822,560	$ 8,858,573	$ —	$ 53,681,133
Construction in progress	13,406,645	15,456,149	(9,286,264)	19,576,530
Total capital assets, not being depreciated	58,229,205	24,314,722	(9,286,264)	73,257,663
Capital assets, being depreciated:				
Buildings	114,398,439	22,591,741	(868,743)	136,121,437
Improvements other than buildings	62,464,214	3,367,045	(241,694)	65,589,565
Vehicles, machinery, and equipment	45,994,878	2,947,898	(4,347,662)	44,595,114
Infrastructure	396,202,953	7,679,517	—	403,882,470
Total capital assets, being depreciated	619,060,484	36,586,201	(5,458,099)	650,188,586
Less accumulated depreciation for:				
Buildings	48,549,797	3,533,529	(840,795)	51,242,531
Improvements other than buildings	32,670,729	2,720,726	(241,694)	35,149,761
Vehicles, machinery, and equipment	29,979,672	3,254,716	(4,339,053)	28,895,335
Infrastructure	265,526,050	9,335,914	—	274,861,964
Total accumulated depreciation	376,726,248	18,844,885	(5,421,542)	390,149,591
Total capital assets being depreciated, net	242,334,236	17,741,316	(36,557)	260,038,995
Governmental activities capital assets, net	$ 300,563,441	$ 42,056,038	$ (9,322,821)	$ 333,296,658

	Beginning balance October 1, 2012	Increases	Decreases	Ending balance September 30, 2013
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 542,839	$ —	$ —	$ 542,839
Construction in progress	1,976,963	4,120,353	(4,135,857)	1,961,459
Total capital assets, not being depreciated	2,519,802	4,120,353	(4,135,857)	2,504,298
Capital assets, being depreciated:				
Buildings	8,689,721	1,894,681	—	10,584,402
Improvements other than buildings	9,260,589	—	—	9,260,589
Vehicles, machinery, and equipment	30,248,407	1,100,710	(156,165)	31,192,952
Infrastructure	188,126,349	3,502,734	—	191,629,083
Total capital assets, being depreciated	236,325,066	6,498,125	(156,165)	242,667,026
Less accumulated depreciation, for:				
Buildings	5,107,165	248,138	—	5,355,303
Improvements other than buildings	4,685,009	433,853	—	5,118,862
Vehicles, machinery, and equipment	21,048,293	1,644,583	(156,165)	22,536,711
Infrastructure	100,145,623	5,416,877	—	105,562,500
Total accumulated depreciation	130,986,090	7,743,451	(156,165)	138,573,376
Total capital assets being depreciated net	105,338,976	(1,245,326)	—	104,093,650
Business-type activities capital assets, net	$ 107,858,778	$ 2,875,027	$ (4,135,857)	$ 106,597,948

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

Governmental activities:		
General government	$	5,086,506
Public safety		2,394,072
Public services		8,081,445
Library		339,092
Parks and recreation		2,916,673
Health		27,097
Total depreciation expense – governmental activities	$	18,844,885
Business-type activities:		
Water and Sewer	$	6,129,583
Solid Waste		1,179,599
Golf		434,269
Total depreciation expense – business-type activities	$	7,743,451

(e) Construction Commitments

Outstanding commitments at September 30, 2013, under authorized construction contracts for the Capital Fund, were $9,897,837. 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, 2013 between the Federal Grant Fund and the General Fund for $582,945. This interfund balance was due to timing of receipts from the federal government for amounts spent in advance by the Federal Grant Fund.

Individual fund transfers for fiscal year 2012-2013 were as follows:

	Transfers out					
	Government-wide	Governmental funds			Enterprise fund	
	Governmental activities	General fund	Capital fund	Other governmental funds	water/ sewer fund	Total
Transfers in:						
General	$ —	$ —	$ —	$ 515,500	$ —	$ 515,500
Debt Service	—	—	8,695	—	1,000	9,695
Capital	—	4,804,410	—	240,447	—	5,044,857
Golf	4,403,666	—	103,303	—	—	4,506,969
Internal Service	—	450,000	—	—	—	450,000
Governmental	—	—	80,000	—	—	80,000
	$ 4,403,666	$ 5,254,410	$ 191,998	$ 755,947	$ 1,000	$ 10,607,021

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation. The transfer from the Capital Fund to the Golf Fund was for a repair project. The transfer from the Capital Fund to the Debt Service Fund was to move residual bond funds. The transfer from the Capital Fund to Other Governmental Funds was to maintain financial support for the RIC. Transfers from other Governmental Funds to the General Fund are used to support the expenses of the 911 Call Center, expenses for the school crossing guard program and donations for Park and Recreation programs. The transfers from Other Governmental Funds to the Capital Fund were to cover expenditures related to the TIF's. The transfer from the General Fund to the Internal Service Fund was to provide additional funding for CORPlan. The transfer from the Water and Sewer Fund to the General Debt Service Fund was for maintaining a pledge to pay the principal and interest for the 2012B Certificates of Obligation. See note 3(g) for details of the transfer from governmental activities to the Golf Fund.

(g) Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2013:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	$ 203,891,472	$ 22,150,000	$ (30,866,022)	$ 195,175,450	$ 13,725,845
Certificates of obligation	19,145,000	4,290,000	(4,610,000)	18,825,000	4,175,000
Deferred amounts:					
Bond discounts/ premiums	11,742,982	3,194,043	(1,892,995)	13,044,030	981,943
Deferred charges on refunding	(2,938,294)	742,451	(631,999)	(2,827,842)	(598,057)
Total bonds payable	231,841,160	30,376,494	(38,001,016)	224,216,638	18,284,731
TIF Obligation	8,239,481	9,935,678	—	18,175,159	—
Other Obligations	4,921,832	973,539	(1,052,631)	4,842,740	1,220,246
Post-employment benefits	22,285,484	3,248,433	(2,560,356)	22,973,561	—
Compensated absences	10,357,736	1,113,807	(918,694)	10,552,849	1,062,442
Workers' compensation	307,467	286,342	(307,555)	286,254	286,254
Unpaid claims liability	800,000	—	(100,000)	700,000	700,000
Total governmental-type long-term liabilities	$ 278,753,160	$ 45,934,293	$ (42,940,252)	$ 281,747,201	$ 21,553,673

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Business-type activities:					
General obligation refunding bonds	$ 21,578,528	$ 2,720,000	$ (5,463,978)	$ 18,834,550	$ 1,624,155
Certificates of obligation	38,930,000	4,025,000	(5,845,000)	37,110,000	3,035,000
Deferred amounts:					
Bond discount/premiums	1,916,392	525,446	(563,691)	1,878,147	188,326
Deferred charges on refunding	(775,237)	243,934	(130,536)	(661,839)	(70,705)
Total bonds payable	61,649,683	7,514,380	(12,003,205)	57,160,858	4,776,776
Other obligations	22,834	—	(21,042)	1,792	1,792
Post-employment benefits	3,858,205	610,913	(440,501)	4,028,617	—
Compensated absences	1,368,373	164,651	(132,049)	1,400,975	140,098
Workers' compensation	53,000	4,277	(53,000)	4,277	4,277
Arbitrage rebate liability	813	—	(813)	—	—
Total business-type long-term liabilities	$ 66,952,908	$ 8,294,221	$ (12,650,610)	$ 62,596,519	$ 4,922,943

Bonds payable at September 30, 2013, are comprised of the following:

General Government

General Obligation Bonds:	
$18,000,000 General Obligation Refunding Bonds, Series 2013 due in annual principal payments ranging from $130,000 to $1,990,000 through February 15, 2025. Interest rate is variable from 1.50% to 5.00%,	$ 18,000,000
$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%,	6,150,000
$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%.	3,800,450
$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%.	68,790,000
$4,365,000 General Obligation Refunding and Improvement Bonds, Series 2010 - Golf due in annual principal payments ranging from $340,000 to $555,000 through February 15, 2021. Interest rate is variable from 3.00% to 5.00%	3,665,000
$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%.	7,600,000
$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%.	69,060,000
$32,975,000 General Obligation Refunding and Improvement Bonds, Series 2005 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%.	10,895,000
$225,000 General Obligation Refunding and Improvement Bonds, Series 2005 - Golf due in annual principal payments ranging from $20,000 to $30,000 through February 15, 2017. Interest rate is variable from 3.00% to 5.25%.	105,000
Total General Obligation Bonds	188,065,450

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%	$ 4,985,000
$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%.	2,125,000
Total Taxable General Obligation Bonds	7,110,000
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%.	250,000
Tax-Exempt Certificates of Obligations:	
$4,290,000 Series 2013 due in annual principal installments ranging from $35,000 to $850,000 through February 15, 2033. Interest rate is variable from 1.50% to 4.00%.	4,290,000
$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%	4,970,000
$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%	1,695,000
$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%	4,590,000
$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%	1,880,000
$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%	850,000
$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%	205,000
$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%	95,000
Total Tax-Exempt Certificates of Obligation	18,575,000

Add unamortized premium	$	13,083,074
Less:		
Unamortized discount		(39,044)
Unamortized deferred charges on refunding		(2,827,842)
Total General Government Bonds and Certificates of Obligation Payable at September 30, 2013	$	224,216,638

Business-Type Activities

General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2013, for the Water and Sewer and Solid Waste Funds are comprised of the following:

Water and Sewer:		
General Obligation Refunding Bonds:		
$2,720,000 General Obligation Refunding Bonds, Series 2013 due in annual principal installments ranging from $45,000 to $320,000 through February 15, 2025. Interest rate is variable from 1.50% to 5.00%.	$	2,720,000
$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%		8,210,000
$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%.		419,550
$4,080,000 General Obligation Refunding Bonds, Series 2010 due in annual principal installments ranging from $335,000 $505,000 through February 15, 2021. Interest rate is variable from 4.00% to 5.00%		3,400,000
$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%		3,730,000
Total General Obligation Refunding Bonds – Water and Sewer Fund		18,479,550

Certificates of Obligation:		
$3,025,000 Series 2013 due in annual principal installments ranging from $85,000 to $195,000 through February 15, 2033. Interest rate is variable from 1.50% to 4.00%	$	3,025,000
$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%		3,335,000
$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%,		6,310,000
$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%,		4,300,000
$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%,		4,205,000
$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%.		4,000,000
$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%.		3,750,000
$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%.		1,075,000
$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%.		180,000
Total Certificates of Obligation – Water and Sewer Fund		30,180,000
Total General Obligation Refunding Bonds and Certificates of Obligation – Water and Sewer Fund		48,659,550
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%.		355,000
Certificates of Obligation:		
$1,000,000 Series 2013 due in annual principal installments ranging from $105,000 to $135,000 through February 2021. Interest rate is variable from 1.50% to 4.00%		1,000,000
$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%		770,000

$1,3800,000 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%	$ 1,100,000
$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%	2,740,000
$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%	740,000
$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%	390,000
$1,160,0000 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%.	190,000
Total General Obligation Refunding Bonds and Certificates of Obligation – Solid Waste Fund	6,930,000
Add unamortized premium	1,986,206
Less:	
Unamortized deferred charges on refunding	(661,839)
Unamortized discount	(108,059)
Total business-type General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2013	$ 57,160,858

Debt Service Requirements

Debt service requirements at September 30, 2013 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental activities		Business-type activities	
	Principal	**Interest**	**Principal**	**Interest**
Year ending September 30:				
2014	$ 17,900,845	$ 9,538,478	$ 4,659,155	$ 2,070,744
2015	17,217,509	8,615,382	4,792,494	1,857,917
2016	16,957,597	7,953,309	4,662,400	1,711,037
2017	17,134,499	7,278,719	4,835,501	1,552,874
2018	16,975,000	6,511,301	4,590,000	1,386,773
2019 – 2023	72,975,000	21,315,058	19,070,000	4,475,245
2024 – 2028	43,125,000	7,187,777	10,610,000	1,505,463
2029 – 2033	11,715,000	611,785	2,725,000	167,248
Totals	$ 214,000,450	$ 69,011,809	$ 55,944,550	$ 14,727,301

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, 2013, there were $22,650,000 of defeased bonds outstanding.

On March 15, 2013, the City issued $20,720,000 General Obligation Refunding Bonds with a true interest cost of 1.914%. The bond proceeds were used to refund $18,490,000 of General Obligation Bonds, $3,555,000 of Certificates of Obligation and pay costs associated with the issuance of the bonds. The refunded debt resulted in cash flow savings of $3,091,891 with a net present value benefit of $2,715,388. The City recorded a $587,619 deferred charge on the refunding, which will be amortized over the life of the new debt.

Certificates of Obligation

On March 15, 2013, the City issued $8,315,000 Combination Tax and Revenue Certificates of Obligation, Series 2013 with a true interest cost of 2.352%. The Water and Sewer Fund issued $3,025,000 in Certificates, the Solid Waste Fund issued $1,000,000 in Certificates and $4,290,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately $104,931 will be used for constructing and equipping fire-fighting facilities, providing equipment and vehicles for community events, emergency management, information technology, civic center, police, fire, planning, traffic and transportation, facility services, parks and recreation, municipal library, solid waste departments, and improving and extending the City's water and sewer system.

Golf Debt Obligations

On January 1, 2013, the City restructured the operations of the golf course. As part of this change, the City elected to treat all outstanding debt of the golf course as tax-supported debt rather than as golf-supported debt. Principal and interest due on golf obligations for FY 2013 were paid by the General Debt Service Fund and future payments will be budgeted from tax-supported funds. A noncash transfer of $4,403,666 was made from the governmental activities to the Golf Fund to record the transfer of $4,150,000 of principal outstanding and $253,666 of related premium, deferred charges and interest.

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.

(h) 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, 2013:

	Governmental-type activities							Business-type activities
								Water and sewer
	Computer hardware	Police academy	Loan star	CIS	Key government finance	Texas comptroller of public accounts	Total	Computer hardware
Balance at October 1, 2012	$ 559,612	$ 1,217,430	$ 110,386	$ 607,219	$ 500,078	$ 1,927,107	$ 4,921,832	$ 22,834
Additions/ adjustments	973,539	—	—	—	—	—	973,539	—
Payments	(523,263)	(98,226)	(62,370)	(95,758)	(160,202)	(112,812)	(1,052,631)	(21,042)
Balance at September 30, 2013	$ 1,009,888	$ 1,119,204	$ 48,016	$ 511,461	$ 339,876	$ 1,814,295	$ 4,842,740	$ 1,792

Capital Lease

The City entered into a lease agreement in February 2011 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 which meets the City's capitalization threshold of $5,000 is included in the capital assets at September 30, 2013. The details of the capital assets are:

	Governmental activities
Total cost	$ 684,117
Less accumulated depreciation	(339,188)
Book value	$ 344,929

The following is a schedule of the lease payments required under the capital lease at September 30, 2013:

Fiscal year ending September 30	Governmental activities
2014	$ 293,039
Total minimum lease payments	293,039
Less amount representing interest (5%)	(14,123)
Present value of minimum lease payments	$ 278,916

In January 2013 the City entered into another 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. Leased equipment that meets the City's capitalization threshold of $5,000 has been included in the capital assets at September 30, 2013. The details of the capital assets are:

		Governmental activities
Total cost	$	434,847
Less accumulated depreciation		(54,356)
Book value	$	380,491

The following is a schedule of the lease payments required under the capital lease at September 30, 2013:

Fiscal year ending September 30		**Governmental activities**
2014	$	261,704
2015		261,704
2016		261,704
Total minimum lease payments		785,112
Less amount representing interest (5%)		(55,336)
Present value of minimum lease payments	$	729,776

Notes Payable

At September 30, 2013, the City's outstanding notes payable, which was used to finance computer hardware, consisted of the following:

$162,729 Frost Leasing, five year note due in monthly payments of $2,996 through October 2013. Interest rate is 3.99%	$	2,987

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2013:

	Governmental activities		Business-type activities		
	Principal	Interest	Principal	Interest	Total
Fiscal year ending September 30:					
2014	$ 1,195	$ 4	$ 1,792	$ 5	$ 2,996
Totals	$ 1,195	$ 4	$ 1,792	$ 5	$ 2,996

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, 2013:

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	$ 108,476	$ 48,001	$ 156,477
2015	107,815	43,609	151,424
2016	112,543	38,973	151,516
2017	117,752	34,052	151,804
2018	123,155	28,839	151,994
2019 – 2023	519,185	69,413	588,598
2024 – 2025	30,278	2,176	32,454
Totals	$ 1,119,204	$ 265,063	$ 1,384,267

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, 2013:

	Principal	Interest	Total
Fiscal year ending September 30:			
2014	$ 48,016	$ 722	$ 48,738
Totals	$ 48,016	$ 722	$ 48,738

Other Obligations

During fiscal year 2009, the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of $2,256,143 was recorded as a liability and a reduction of sales tax revenue. The Comptroller's office has set up a 20-year payout arrangement and $112,812 was paid in FY 2012-2013.

In fiscal year 2010, 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.

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.

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.

(i) TIF – Economic Grants

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

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

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

	District		
	1	**2**	**3**
Tax Year Established	2006	2011	2011
City's Participation	100%	66.67%	66.67%
Other Tax Entities	Dallas County	Collin County	NA
Participating At	65%	50%	NA

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 infrastructure grant of $3,299,865 and a design and construction reimbursement grant of $6,285,726

plus 7% interest compounded annually until paid in full or termination of the agreement. At this time, the company has only qualified for the infrastructure grant of $3,299,865. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. Interest payments of $241,334 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. The company has qualified for the full grant amount. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 3, or from tax rebates on business personal property at the site. Interest payments of $222,864 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of $76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $9,935,678 during Fiscal Year 2013. Funding is contingent upon the availability of tax revenues in the TIF District #2. Reimbursement lasts until paid in full or expiration of the TIF zone.

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

	TIF District 1 Centennial Park	TIF District 1 SAF Collins Tech Park	TIF District 2 BCS TIF Zone 2	Total
Balance at October 1, 2012	$ 3,299,865	$ 4,939,616	$ —	$ 8,239,481
Additions/adjustments	—	—	9,935,678	9,935,678
Balance at September 30,2013	$ 3,299,865	$ 4,939,616	$ 9,935,678	$ 18,175,159

(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 2012-2013, a total of $132,584 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 $307,555 and $22,897 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 "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of $200,000 for each employee in a plan year. In fiscal year 2012-2013, the City received refunds from the commercial insurance carrier in the amount of $124,396.

All funds of the City participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be $700,000 for unpaid claims and claim adjustment expenses at September 30, 2013. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

Reconciliation of Unpaid Claims Liabilities

	2013	2012
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 800,000	$ 700,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	11,462,515	11,961,935
Increase (decrease) in prior year provision	(263,410)	(45,465)
Total incurred claims and claim adjustment expenses	11,999,105	12,616,470
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	10,762,515	11,161,935
Claims and claim adjustment expenses attributable to insured events of prior years	536,590	654,535
Total payments	11,299,105	11,816,470
Total unpaid claims and claim adjustment expenses at end of year	$ 700,000	$ 800,000

(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, 2013, the City allocated $8,235,088 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.

(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 218 retirees and an additional 197 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 2012-2013, 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.

	Under 10	10 – 14	15 – 19	20+
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

	Coverage for retiree age 65 or older			
	Under 10	**10 – 14**	**15 – 19**	**20+**
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, 2013, the City contributed $511,560 and plan participants contributed $928,569 to the plan.

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	December 31, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	30 years – open period
Asset valuation method	Amortized cost
Inflation rate	3%
Investment rate of return	4.5%
Payroll growth	3.0%

	2013	2012	2011
Annual OPEB cost:			
Annual required contribution (ARC)	$ 2,531,878	$ 5,288,320	$ 5,134,291
Interest on net OPEB obligation	904,662	722,219	534,754
Adjustment to the ARC	(838,158)	(669,129)	(495,444)
Annual OPEB cost	2,598,382	5,341,410	5,173,601
Contributions made	(1,739,893)	(1,287,143)	(1,007,702)
Net OPEB obligation	858,489	4,054,267	4,165,899
Net OPEB obligation, October 1	20,103,582	16,049,315	11,883,416
Net OPEB obligation, September 30	$ 20,962,071	$ 20,103,582	$ 16,049,315
Percentage of annual OPEB cost contributed	67.0%	24.1%	19.5%
Funding progress:			
Actuarial valuation date	December 31, 2012		
Actuarial value of assets	$ —		
Actuarial accrued liability (AAL)	30,657,050		
Funded ratio	—		
Unfunded AAL (UAAL)	30,657,050		
Annual covered payroll	60,109,888		
UAAL as a percentage of covered payroll	51.00%		

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.

Plan Changes

Effective January 1, 2014, the City will provide health benefits for its post-65 retirees through a separate, fully insured plan. The City will provide a $200 monthly subsidy for retirees with over 20 years of City service. The monthly subsidy of $200 was capped at that level through Council action.

Also, pre-65 retirees will have the choice of three self-insured health plans beginning on January 1, 2014. It is assumed that current retirees will choose an option that mirrors their current premiums for purposes of the actuarial valuation. The plan changes were communicated to retirees during FY 2013 and incorporated into the most recent actuarial valuation.

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, 2013.

(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 on TMRS' website at www.TMRS.com.

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

Valuation date	12/31/2012
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.

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 beginning in FY 2011 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 and FY 2013.

Schedule of Actuarial Liabilities and Funding Progress

Valuation date	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	25.3 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)

	2013	2012	2011
Net pension obligation:			
Annual pension cost:			
Annual required contribution (ARC)	$ 9,069,586	$ 9,542,735	$ 11,989,514
Interest on net pension obligation (NPO)	422,808	418,693	362,094
Adjustment to the ARC	(371,470)	(359,909)	(321,570)
Annual pension cost	9,120,924	9,601,519	12,030,038
Contributions made	(9,120,924)	(9,542,735)	(11,221,483)
Increase in NPO	—	58,784	808,555
Net pension obligation, October 1	6,040,107	5,981,323	5,172,768
Net pension obligation, September 30	$ 6,040,107	$ 6,040,107	$ 5,981,323
Percentage of APC contribution	100%	99%	93%

Funding progress:	
Actuarial valuation date	December 31, 2012
Actuarial value of assets	$ 357,883,017
Actuarial accrued liability (AAL)	393,548,291
Funded ratio	90.94%
Unfunded AAL (UAAL)	$ 35,665,274
Annual covered payroll	60,109,888
UAAL as a percentage of covered payroll	59.33%

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.

(f) Excess of Expenditures over Appropriations

For the year ended September 30, 2013, expenditures exceeded appropriations in the Debt Service Fund. These expenditures were funded with the net proceeds received from the refunding bond issue. Expenditures for canine training in the Special Police Funds caused expenditures to exceed appropriations by $1,838. These expenditures were funded by greater than anticipated revenues. In the Wireless 911 Fund additional expenditures for professional services caused expenditures to exceed appropriations by $1,978. These expenditures were authorized and funded with existing fund balance. The level of budgetary control is at the fund level for all City funds.

(5) Subsequent Events

In January 2014 the City Council approved an amendment to the original TIF #1 infrastructure reimbursement development agreement with Centennial Park Richardson, Ltd. in order to reflect the updated completion dates of the required infrastructure. The company has satisfied the terms and conditions of the amended agreement and is now eligible to receive a infrastructure reimbursement of $5,913,299. According to the amended agreement, interest will accrue on the $5,913,299 effective June 1, 2013. The City will accrue the $5,913,299 along with the interest in FY 2014.

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CITY OF RICHARDSON, TEXAS

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Year ended September 30, 2013

	Budgeted amounts		Actual GAAP	Adjustments	Actual budget	Variance with final budget-
	Original	Final	basis	budget basis	basis	positive (negative)
Revenues:						
General property taxes	$ 36,866,814	$ 36,573,932	$ 36,544,640	$ —	$ 36,544,640	$ (29,292)
Franchise fees	13,751,834	13,830,761	14,051,723	—	14,051,723	220,962
Sales tax	25,511,312	26,723,423	26,599,539	(112,812)	26,486,727	(236,696)
Mixed beverage and bingo tax	342,620	351,165	351,654	—	351,654	489
911 revenue	1,207,741	1,215,416	1,208,581	—	1,208,581	(6,835)
Intergovernmental revenue	—	—	65,174	—	65,174	65,174
Licenses and permits	2,039,773	3,318,985	4,000,243	—	4,000,243	681,258
Fines and forfeitures	4,428,935	4,467,012	4,586,314	58,065	4,644,379	177,367
Interest revenue	28,588	40,202	42,777	—	42,777	2,575
Civic center use	355,567	296,367	327,543	—	327,543	31,176
Recreation and leisure	3,449,733	3,599,569	3,743,480	—	3,743,480	143,911
Public safety	2,008,973	2,082,935	2,236,079	—	2,236,079	153,144
Other revenue	1,151,546	1,183,907	712,703	—	712,703	(471,204)
General administration	8,391,088	8,324,088	8,235,088	—	8,235,088	(89,000)
Contributions	—	—	60,755	—	60,755	60,755
Total revenues	99,534,524	102,007,762	102,766,293	(54,747)	102,711,546	703,784
Expenditures:						
Current:						
General government	25,309,220	25,640,724	24,960,557	572,536	25,533,093	107,631
Public safety	39,605,719	40,030,299	39,814,941	4,344	39,819,285	211,014
Public services	17,101,669	16,875,991	16,505,861	(60,106)	16,445,755	430,236
Library	3,221,901	3,154,964	3,115,738	1,558	3,117,296	37,668
Parks and recreation	11,465,049	11,410,132	11,042,082	36,177	11,078,259	331,873
Public health	1,497,280	1,541,226	1,522,529	20,383	1,542,912	(1,686)
Capital outlay	—	—	31,343	—	31,343	(31,343)
Debt service:						
Interest and fiscal charges	—	—	45,153	(45,153)	—	—
Payments for other obligations	—	—	520,075	(520,075)	—	—
Total expenditures	98,200,838	98,653,336	97,558,279	9,664	97,567,943	1,085,393
Excess of revenues over expenditures	1,333,686	3,354,426	5,208,014	(64,411)	5,143,603	1,789,177
Other financing sources (uses):						
Transfers in	500,000	500,000	515,500	—	515,500	15,500
Transfers out	(1,614,410)	(3,554,410)	(5,254,410)	—	(5,254,410)	(1,700,000)
Insurance recoveries	—	—	170,022	—	170,022	170,022
Sale of capital assets	—	—	77,392	—	77,392	77,392
Total other financing sources and (uses)	(1,114,410)	(3,054,410)	(4,491,496)	—	(4,491,496)	(1,437,086)
Net change in fund balance	219,276	300,016	716,518	(64,411)	652,107	352,091
Fund balances, October 1	16,230,042	16,700,336	17,160,003	(286,351)	16,873,652	173,316
Fund balances, September 30	$ 16,449,318	$ 17,000,352	$ 17,876,521	$ (350,762)	$ 17,525,759	$ 525,407

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Required Supplementary Information

Schedule of Pension Benefits Funding Progress

Actuarial valuation date	City Fiscal Year	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(c) Funded ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b)-(a)	(e) Annual covered payroll (1)	UAAL as a percentage of covered payroll (d)/(e) (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
12/31/2012	2013	357,883,017	393,548,291	90.94	35,665,274	60,109,888	59.33

(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 beginning in the City's CAFR for FY 2011 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 and FY 2013.

Schedule of Postemployment Health Care Benefits Funding Progress

Actuarial valuation date	City Fiscal Year	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(c) Funded ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b)-(a)	(e) Annual covered payroll	UAAL as a percentage of covered payroll (d)/(e)
10/1/2007	2008	$ —	$ 80,705,746	—%	$ 80,705,746	$ 51,033,789	158.14%
10/1/2008	2009	—	47,029,210	—	47,029,210	52,621,488	89.37
10/1/2008	2010	—	60,896,447	—	60,896,447	53,511,198	113.80
12/31/2009	2011/2012	—	60,087,217	—	60,087,217	58,679,443	102.40
12/31/2012	2013	—	30,657,050	—	30,657,050 (2)	60,109,888	51.00

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
2013	2,531,878	67	20,962,069

(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.

(2) Effective January 1, 2014, the City will provide health benefits for its post-65 retirees through a separate, fully insured plan. The City will provide a $200 monthly subsidy for retirees with over 20 years of service. The monthly subsidy of $200 was capped at that level through Council action.

Also pre-65 retirees will have the choice of three self-insured health plans beginning on January 1, 2014. It is assumed that current retirees will choose an option that mirrors their current premiums for purposes of the actuarial valuation. The plan changes were communicated to retirees during FY 2013 and incorporated into the most recent actuarial valuation.

See accompanying independent auditors' report.

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.

	Original budget	Amended budget
General	$ 99,815,248	$ 102,207,746
Debt Service	27,316,741	27,316,741
Water and Sewer	56,746,134	57,842,929
Solid Waste Services	14,468,875	13,848,141
Golf	2,825,389	2,305,756
Internal Service (Combined)	13,458,091	12,930,301
Special Police	130,000	201,409
State Grants	—	20,872
Federal Grants	—	978,596
Municipal Court Security	52,826	65,805
Traffic Safety	1,057,308	1,416,891
Wireless 911	480,000	473,994
Judicial Efficiency	8,000	14,350
Hotel/Motel Tax	5,544,270	5,461,040
Technology	128,104	172,327
Franchise PEG Fund	320,000	384,401
Tax Increment Financing #1	717,448	798,014
Tax Increment Financing #2	—	17,836
Drainage Fee Fund	2,685,000	3,245,000
Richardson Improvement Corp.	111,650	109,598

(B) 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	$	716,518
Beginning of year adjustment for encumbrances not recognized as expenditures		326,935
End of year adjustment for encumbrances not recognized as expenditures		(336,599)
Reduction in sales tax recognized for GAAP basis		(112,812)
Increase in fines and forfeitures recognized for GAAP basis		58,065
Excess of revenues and other sources over expenditures and other uses-budget basis	$	652,107

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Special Revenue Funds

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

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.

Franchise 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 #1– In 2006, the City Council adopted Tax Increment Financing Zone #1. 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.

Tax Increment Financing Fund #2– In 2012, the City Council adopted Tax Increment Financing Zone #2. 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.

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

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

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, 2013

	Special Revenue Funds					
	Special Police Funds	**State Grant Funds**	**Federal Grant Funds**	**Municipal Ct. Bldg. Security Fund**	**Traffic Safety Fund**	**Wireless 911 Fund**
Assets:						
Cash and cash equivalents	$ 315,183	$ —	$ —	$ 217,293	$ 942,091	$ 326,306
Cash and investments						
Intergovernmental receivables	—	950	583,625	—	—	—
Trade receivables	—	—	—	—	482,894	—
Prepaid items	—	—	—	—	—	—
Total assets	$ 315,183	$ 950	$ 583,625	$ 217,293	$ 1,424,985	$ 326,306
Liabilities:						
Accounts payable	$ 25,869	$ 950	$ 680	$ —	$ 52,453	$ —
Retainage payable	—	—	—	—	—	
Accrued liabilities	—	—	—	—	477,914	—
Due to other funds	—	—	582,945	—	—	—
Unearned revenue	—	—	—	—	—	—
Total liabilities	25,869	950	583,625	—	530,367	—
Deferred inflows of resources:						
Unavailable revenues	—	—	—	—	368,028	—
Total deferred inflows of resources	—	—	—	—	368,028	—
Fund balances:						
Nonspendable:						
Prepaid	—	—	—	—	—	—
Restricted for:						
General Government	—	—	—	217,293	—	—
Public Safety	289,314	—	—	—	526,590	326,306
Committed for:						
Public Services	—	—	—	—	—	—
Assigned for:						
General Government	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—
Total fund balances	289,314	—	—	217,293	526,590	326,306
Total liabilities and fund balances	$ 315,183	$ 950	$ 583,625	$ 217,293	$ 1,424,985	$ 326,306

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2013

Special Revenue Funds								
Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	PEG Franchise Fund	Tax Increment Financing # 1	Tax Increment Financing #2	Drainage Fund	Richardson Improvement Corporation	Total
$ 16,546	$ 1,387,889	$ 194,255	$ 460,272	$ 386,395	$ 50,000	$ 1,856,767	$ 32,122	$ 6,185,119
—	—	—	—	—	—	—	—	584,575
—	312,562	—	—	—	—	236,148	—	1,031,604
—	95,255	—	—	—	—	—	2,764	98,019
$ 16,546	$ 1,795,706	$ 194,255	$ 460,272	$ 386,395	$ 50,000	$ 2,092,915	$ 34,886	$ 7,899,317
$ 57	$ 137,366	$ 60,647	$ 18,845	$ —	$ —	$ 30,878	$ 8,628	$ 336,373
—	—	—	—	—	—	4,995	—	4,995
—	145,236	—	—	—	—	17,100	—	640,250
—	—	—	—	—	—	—	—	582,945
—	336,455	—	22,132	—	—	—	—	358,587
57	619,057	60,647	40,977	—	—	52,973	8,628	1,923,150
—	—	—	—	—	—	118,495	—	486,523
—	—	—	—	—	—	118,495	—	486,523
—	95,255	—					2,764	98,019
16,489	—	133,608	419,295	386,395	50,000	—	—	1,223,080
—	—	—	—	—	—	—	—	1,142,210
—	—	—	—	—	—	1,921,447	—	1,921,447
—	1,081,394	—	—	—	—	—	—	1,081,394
—	—	—	—	—	—	—	23,494	23,494
16,489	1,176,649	133,608	419,295	386,395	50,000	1,921,447	26,258	5,489,644
$ 16,546	$ 1,795,706	$ 194,255	$ 460,272	$ 386,395	$ 50,000	$ 2,092,915	$ 34,886	$ 7,899,317

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2013

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Traffic Safety Fund	Wireless 911 Fund
Revenues:						
Property taxes	$ —	$ —	$ —	$ —	$ —	$ —
Hotel/motel tax	—	—	—	—	—	—
Drainage fees	—	—	—	—	—	—
Eisemann Center revenue	—	—	—	—	—	—
911 revenue	—	—	—	—	—	515,469
Intergovernmental revenue	34,536	15,532	964,040	—	—	—
Franchise fees	—	—	—	—	—	—
Fines and forfeitures	50,360	—	—	103,371	1,522,807	—
Interest revenue	367	—	—	180	576	289
Contributions	—	—	—	—	—	—
Other revenue	600	—	—	—	—	—
Total revenues	85,863	15,532	964,040	103,551	1,523,383	515,758
Expenditures:						
General government	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—
Public health	—	9,175	—	—	—	—
Public safety	103,651	6,357	178,383	64,663	1,346,336	25,972
Public services	—	—	—	—	—	—
General administration	—	—	—	—	—	—
Capital outlay	49,596	—	785,657	—	19,030	—
Debt service:						
Interest and fiscal charges	—	—	—	—	—	—
Total expenditures	153,247	15,532	964,040	64,663	1,365,366	25,972
Excess (deficiency) of revenues over (under) expenditures	(67,384)	—	—	38,888	158,017	489,786
Other financing sources (uses):						
Transfers in	—	—	—	—	—	—
Transfers out	(50,000)	—	—	—	—	(450,000)
Issuance of other obligations	—	—	—	—	—	—
Total other financing sources (uses)	(50,000)	—	—	—	—	(450,000)
Net change in fund balances	(117,384)	—	—	38,888	158,017	39,786
Fund balance, October 1	406,698	—	—	178,405	368,573	286,520
Fund balance, September 30	$ 289,314	$ —	$ —	$ 217,293	$ 526,590	$ 326,306

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2013

Special Revenue Funds								
Judicial Efficiency Fund	**Hotel/Motel Tax Fund**	**Technology Fund**	**PEG Franchise Fund**	**Tax Increment Financing #1**	**Tax Increment Financing #2**	**Drainage Fund**	**Richardson Improvement Corporation**	**Total**
$ —	$ —	$ —	$ —	$ 634,987	$ 67,791	$ —	$ —	$ 702,778
—	3,321,885	—	—	—	—	—	—	3,321,885
—	—	—	—	—	—	2,705,115	—	2,705,115
—	2,025,997	—	—	—	—	—	—	2,025,997
—	—	—	—	—	—	—	—	515,469
—	3,000	—	—	166,156	—	—	—	1,183,264
—	—	—	237,330	—	—	—	—	237,330
7,129	—	69,110	—	—	—	—	—	1,752,777
16	871	175	381	553	30	966	—	4,404
—	—	—	—	—	—	—	500	500
—	—	—	—	—	—	—	—	600
7,145	5,351,753	69,285	237,711	801,696	67,821	2,706,081	500	12,450,119
7,817	4,499,501	125,853	75,331	—	6,750	—	—	4,715,252
—	—	—	—	—	—	—	89,762	89,762
—	—	—	—	—	—	—	—	9,175
—	—	—	—	—	—	—	—	1,725,362
—	—	—	—	—	—	308,480	—	308,480
—	544,750	—	—	150,000	—	910,000	—	1,604,750
—	115,262	—	84,111	—	9,935,678	136,385	—	11,125,719
—	—	—	—	418,638	—	—	—	418,638
7,817	5,159,513	125,853	159,442	568,638	9,942,428	1,354,865	89,762	19,997,138
(672)	192,240	(56,568)	78,269	233,058	(9,874,607)	1,351,216	(89,262)	(7,547,019)
—	—	—	—	—	—	—	80,000	80,000
—	—	—	—	(229,376)	(11,071)	—	(15,500)	(755,947)
—	—	—	—	—	9,935,678	—	—	9,935,678
—	—	—	—	(229,376)	9,924,607	—	64,500	9,259,731
(672)	192,240	(56,568)	78,269	3,682	50,000	1,351,216	(24,762)	1,712,712
17,161	984,409	190,176	341,026	382,713	—	570,231	51,020	3,776,932
$ 16,489	$ 1,176,649	$ 133,608	$ 419,295	$ 386,395	$ 50,000	$ 1,921,447	$ 26,258	$ 5,489,644

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
General property taxes	$ 27,362,215	$ 27,320,679	$ 27,317,614	$ (3,065)
Interest revenue	5,129	6,685	6,165	(520)
Total revenues	27,367,344	27,327,364	27,323,779	(3,585)
Expenditures:				
Debt service:				
Principal retirement	16,895,357	16,895,357	16,421,023	474,334
Interest and fiscal charges	10,144,504	10,144,504	10,524,875	(380,371)
Payments for other obligations	276,880	276,880	532,555	(255,675)
Total expenditures	27,316,741	27,316,741	27,478,453	(161,712)
Excess of revenues over (under) expenditures	50,603	10,623	(154,674)	(165,297)
Other financing sources:				
Transfer in	—	—	9,695	9,695
Net proceeds from issuance/refunding bonds	—	—	221,569	221,569
Total other financing sources	—	—	231,264	231,264
Net change in fund balance	50,603	10,623	76,590	65,967
Fund balances, October 1	2,197,285	2,246,976	2,246,976	—
Fund balances, September 30	$ 2,247,888	$ 2,257,599	$ 2,323,566	$ 65,967

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Special Police Funds

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ 80,000	$ 45,704	$ 50,360	$ 4,656
Intergovernmental revenue	—	25,251	34,536	9,285
Interest income	217	465	367	(98)
Other revenue	—	—	600	600
Total revenues	80,217	71,420	85,863	14,443
Expenditures:				
Public safety	5,000	25,854	103,651	(77,797)
Capital outlay	75,000	125,555	49,596	75,959
Total expenditures	80,000	151,409	153,247	(1,838)
Excess of revenues over (under) expenditures	217	(79,989)	(67,384)	12,605
Other financing sources:				
Transfers out	(50,000)	(50,000)	(50,000)	—
Total other financing sources	(50,000)	(50,000)	(50,000)	—
Net change in fund balance	(49,783)	(129,989)	(117,384)	12,605
Fund balances, October 1	343,857	406,698	406,698	—
Fund balances, September 30	$ 294,074	$ 276,709	$ 289,314	$ 12,605

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – State Grant Funds

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	$ —	$ 20,872	$ 15,532	$ (5,340)
Total revenues	—	20,872	15,532	(5,340)
Expenditures:				
Public health	—	14,515	9,175	5,340
Public safety	—	6,357	6,357	—
Total expenditures	—	20,872	15,532	5,340
Excess of revenues over (under) expenditures	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	$ —	$ —	$ —	$ —

The original budget was not determined due to the timing of state grant program awards occurring after the budget process. A revised budget is based on actual funds awarded from various state grant programs.

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Federal Grant Funds

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	$ —	$ 978,596	$ 964,040	$ (14,556)
Total revenues	—	978,596	964,040	(14,556)
Expenditures:				
Public safety	—	46,716	178,383	(131,667)
Capital outlay	—	931,880	785,657	146,223
Total expenditures	—	978,596	964,040	14,556
Excess of revenues over (under) expenditures	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	$ —	$ —	$ —	$ —

The original budget for FY 2013 was not determined due to the timing of federal grant program awards occurring after the budget process. A revised budget is based on actual funds awarded from various federal grant programs.

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Municipal Court Security Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ 98,450	$ 99,000	$ 103,371	$ 4,371
Interest income	138	225	180	(45)
Total revenues	98,588	99,225	103,551	4,326
Expenditures:				
Public safety	52,826	65,805	64,663	1,142
Total expenditures	52,826	65,805	64,663	1,142
Excess of revenues over (under) expenditures	45,762	33,420	38,888	5,468
Net change in fund balance	45,762	33,420	38,888	5,468
Fund balances, October 1	191,065	178,405	178,405	—
Fund balances, September 30	$ 236,827	$ 211,825	$ 217,293	$ 5,468

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines	$ 1,029,232	$ 1,556,774	$ 1,522,807	$ (33,967)
Interest income	485	682	576	(106)
Total revenues	1,029,717	1,557,456	1,523,383	(34,073)
Expenditures:				
Public safety	1,057,308	1,397,861	1,346,336	51,525
Capital outlay	—	19,030	19,030	—
Total expenditures	1,057,308	1,416,891	1,365,366	51,525
Excess of revenues over (under) expenditures	(27,591)	140,565	158,017	17,452
Net change in fund balance	(27,591)	140,565	158,017	17,452
Fund balances, October 1	155,325	368,573	368,573	—
Fund balances, September 30	$ 127,734	$ 509,138	$ 526,590	$ 17,452

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Wireless 911

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
911 revenue	$ 510,000	$ 530,000	$ 515,469	$ (14,531)
Interest income	147	350	289	(61)
Total revenues	510,147	530,350	515,758	(14,592)
Expenditures:				
Public safety	30,000	23,994	25,972	(1,978)
Total expenditures	30,000	23,994	25,972	(1,978)
Excess of revenues over (under) expenditures	480,147	506,356	489,786	(16,570)
Other financing sources (uses):				
Transfers out	(450,000)	(450,000)	(450,000)	—
Total other financing sources (uses)	(450,000)	(450,000)	(450,000)	—
Net change in fund balance	30,147	56,356	39,786	(16,570)
Fund balances, October 1	269,014	286,520	286,520	—
Fund balances, September 30	$ 299,161	$ 342,876	$ 326,306	$ (16,570)

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Judicial Efficiency Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ 6,950	$ 6,750	$ 7,129	$ 379
Interest income	9	18	16	(2)
Total revenues	6,959	6,768	7,145	377
Expenditures:				
General government	8,000	14,350	7,817	6,533
Total expenditures	8,000	14,350	7,817	6,533
Excess of revenues over (under) expenditures	(1,041)	(7,582)	(672)	6,910
Net change in fund balance	(1,041)	(7,582)	(672)	6,910
Fund balances, October 1	11,185	17,161	17,161	—
Fund balances, September 30	$ 10,144	$ 9,579	$ 16,489	$ 6,910

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Hotel-Motel Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Hotel/motel taxes	$ 3,075,152	$ 3,233,242	$ 3,321,885	$ 88,643
Parking fees	215,000	193,728	199,859	6,131
Eisemann center revenues	2,150,625	1,851,005	1,826,138	(24,867)
Intergovernmental revenue	—	—	3,000	3,000
Interest income	876	995	871	(124)
Total revenues	5,441,653	5,278,970	5,351,753	72,783
Expenditures:				
General government:				
Arts	300,000	300,000	300,000	—
Miscellaneous	10,000	41,620	15,045	26,575
Auditorium – administration	3,994,751	4,009,274	3,877,527	131,747
Parking garage	539,519	477,146	422,191	54,955
General administration	700,000	633,000	544,750	88,250
Total expenditures	5,544,270	5,461,040	5,159,513	301,527
Excess of revenues over (under) expenditures	(102,617)	(182,070)	192,240	374,310
Net change in fund balance	(102,617)	(182,070)	192,240	374,310
Fund balances, October 1	776,974	984,409	984,409	—
Fund balances, September 30	$ 674,357	$ 802,339	$ 1,176,649	$ 374,310

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Technology Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	$ 69,000	$ 67,000	$ 69,110	$ 2,110
Interest income	187	202	175	(27)
Total revenues	69,187	67,202	69,285	2,083
Expenditures:				
General government	108,104	172,327	125,853	46,474
Capital outlay	20,000	—	—	—
Total expenditures	128,104	172,327	125,853	46,474
Excess of revenues over (under) expenditures	(58,917)	(105,125)	(56,568)	48,557
Net change in fund balance	(58,917)	(105,125)	(56,568)	48,557
Fund balances, October 1	187,016	190,177	190,176	(1)
Fund balances, September 30	$ 128,099	$ 85,052	$ 133,608	$ 48,556

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Franchise PEG Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Franchise fees	$ 240,000	$ 258,000	$ 237,330	$ (20,670)
Interest income	91	442	381	(61)
Total revenues	240,091	258,442	237,711	(20,731)
Expenditures:				
General government	—	34,610	75,331	(40,721)
Capital	320,000	349,791	84,111	265,680
Total expenditures	320,000	384,401	159,442	224,959
Excess of revenues over (under) expenditures	(79,909)	(125,959)	78,269	204,228
Net change in fund balance	(79,909)	(125,959)	78,269	204,228
Fund balances, October 1	316,191	341,026	341,026	—
Fund balances, September 30	$ 236,282	$ 215,067	$ 419,295	$ 204,228

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Tax Increment Financing #1

Year ended September 30, 2013

	Budgeted amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with final budget-positive (negative)
	Original	Final				
Revenues:						
General property tax	$ 702,838	$ 691,423	$ 634,987	$ —	$ 634,987	$ (56,436)
Intergovernmental revenue	174,852	166,156	166,156	—	166,156	—
Interest income	350	671	553	—	553	(118)
Total revenues	878,040	858,250	801,696	—	801,696	(56,554)
Expenditures:						
General government	567,448	418,638	—	418,638	418,638	—
General administration	150,000	150,000	150,000	—	150,000	—
Total expenditures	717,448	568,638	150,000	418,638	568,638	—
Excess of revenues over (under) expenditures	160,592	289,612	651,696	(418,638)	233,058	(56,554)
Other financing sources (uses):						
Interest and fiscal charges	—	—	(418,638)	418,638	—	—
Transfer Out	—	(229,376)	(229,376)	—	(229,376)	—
Total other financing sources (uses)	—	(229,376)	(648,014)	418,638	(229,376)	—
Net change in fund balance	160,592	60,236	3,682	—	3,682	(56,554)
Fund balance, October 1	382,797	382,713	382,713	—	382,713	—
Fund balance, September 30	$ 543,389	$ 442,949	$ 386,395	$ —	$ 386,395	$ (56,554)

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Tax Increment Financing #2

Year ended September 30, 2013

	Budgeted amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with final budget-positive (negative)
	Original	Final				
Revenues:						
General property tax	$ 64,141	$ 67,791	$ 67,791	$ —	$ 67,791	$ —
Interest income	—	45	30	—	30	(15)
Total revenues	64,141	67,836	67,821	—	67,821	(15)
Expenditures:						
General government	—	6,750	9,942,428	(9,935,678)	6,750	—
Total expenditures	—	6,750	9,942,428	(9,935,678)	6,750	—
Excess of revenues over (under) expenditures	64,141	61,086	(9,874,607)	9,935,678	61,071	(15)
Other financing sources (uses):						
Issuance of Other Obligations	—	—	9,935,678	(9,935,678)	—	—
Transfer Out	—	(11,086)	(11,071)	—	(11,071)	15
Total other financing sources (uses)	—	(11,086)	9,924,607	(9,935,678)	(11,071)	15
Net change in fund balance	64,141	50,000	50,000	—	50,000	—
Fund balance, October 1	—	—	—	—	—	—
Fund balance, September 30	$ 64,141	$ 50,000	$ 50,000	$ —	$ 50,000	$ —

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Drainage Fund

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fee revenue	$ 2,688,649	$ 2,696,243	$ 2,705,115	$ 8,872
Interest income	250	900	966	66
Total revenues	2,688,899	2,697,143	2,706,081	8,938
Expenditures:				
Public services	1,775,000	2,335,000	444,865	1,890,135
General administration	910,000	910,000	910,000	—
Total expenditures	2,685,000	3,245,000	1,354,865	1,890,135
Excess of revenues over (under) expenditures	3,899	(547,857)	1,351,216	1,899,073
Net change in fund balance	3,899	(547,857)	1,351,216	1,899,073
Fund balances, October 1	15,895	570,231	570,231	—
Fund balances, September 30	$ 19,794	$ 22,374	$ 1,921,447	$ 1,899,073

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2013

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Contributions	$ 2,500	$ 500	$ 500	$ —
Total revenues	2,500	500	500	—
Expenditures:				
Parks and recreation	111,650	109,598	89,762	19,836
Total expenditures	111,650	109,598	89,762	19,836
Excess of revenues over (under) expenditures	(109,150)	(109,098)	(89,262)	19,836
Other financing source (uses)s:				
Transfers in	80,000	80,000	80,000	—
Transfers out	—	—	(15,500)	(15,500)
Total other financing sources (uses)	80,000	80,000	64,500	(15,500)
Net change in fund balance	(29,150)	(29,098)	(24,762)	4,336
Fund balances, October 1	46,210	51,020	51,020	—
Fund balances, September 30	$ 17,060	$ 21,922	$ 26,258	$ 4,336

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2013

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

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

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

CITY OF RICHARDSON, TEXAS

Combining Statement of Net Position – All Internal Service Funds

September 30, 2013

	Central Services Fund	Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 16,378	$ 2,961,821	$ 2,978,199
Accounts receivable	—	72,225	72,225
Inventories	224,157	—	224,157
Total current assets	240,535	3,034,046	3,274,581
Capital assets:			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	607,883	—	607,883
Less accumulated depreciation	(551,872)	—	(551,872)
Total capital assets, net of accumulated depreciation	56,011	—	56,011
Total assets	296,546	3,034,046	3,330,592
Liabilities:			
Current liabilities:			
Accounts payable	13,808	518,288	532,096
Compensated absences	3,955	12,730	16,685
Unpaid claims liabilities	—	700,000	700,000
Total current liabilities	17,763	1,231,018	1,248,781
Noncurrent liabilities:			
Compensated absences	35,598	43,006	78,604
Post employment benefits	117,862	82,288	200,150
Total noncurrent liabilities	153,460	125,294	278,754
Total liabilities	171,223	1,356,312	1,527,535
Net position:			
Net investment in capital assets	56,011	—	56,011
Unrestricted	69,312	1,677,734	1,747,046
Total net position	$ 125,323	$ 1,677,734	$ 1,803,057

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenses, and Changes in

Fund Net Position– All Internal Service Funds

Year ended September 30, 2013

	Central Services Fund	Insurance Fund	Total
Operating revenues:			
Charges for services	$ 475,335	$ —	$ 475,335
City and employee contributions	26,010	11,964,730	11,990,740
Intergovernmental revenue	3,766	115,700	119,466
Miscellaneous	2	36,527	36,529
Total operating revenues	505,113	12,116,957	12,622,070
Operating expenses:			
Personal services	377,000	258,331	635,331
Premiums	—	627,752	627,752
Professional and technical services	13,443	785,527	798,970
Property services	90,671	—	90,671
Other purchased services	—	107,497	107,497
Insurance claims	—	10,564,143	10,564,143
Supplies	13,583	3,121	16,704
Total operating expenses	494,697	12,346,371	12,841,068
Operating income (loss)	10,416	(229,414)	(218,998)
Nonoperating revenues:			
Interest revenue	87	2,112	2,199
Transfer in	—	450,000	450,000
Total nonoperating revenues	87	452,112	452,199
Change in net position	10,503	222,698	233,201
Net position, October 1	114,820	1,455,036	1,569,856
Net position, September 30	$ 125,323	$ 1,677,734	$ 1,803,057

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Combining Statement of Cash Flows – All Internal Service Funds

Year ended September 30, 2013

	Central Services Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from service users	$ 479,103	$ —	$ 479,103
Cash received from City, employee, and other contributions	26,010	12,116,957	12,142,967
Cash payments for premiums and other operating expenses	(118,120)	(1,470,363)	(1,588,483)
Cash payments to employees	(397,791)	(227,784)	(625,575)
Cash payments for claims	—	(10,556,621)	(10,556,621)
Net cash used for operating activities	(10,798)	(137,811)	(148,609)
Cash flows from noncapital financing activities:			
Transfers from other funds	—	450,000	450,000
Net cash provided by noncapital financing activities	—	450,000	450,000
Cash flows from investing activity:			
Interest received on investments	87	2,112	2,199
Net cash provided by investing activity	87	2,112	2,199
Net increase (decrease) in cash and cash equivalents	(10,711)	314,301	303,590
Cash and cash equivalents, October 1	27,089	2,647,520	2,674,609
Cash and cash equivalents, September 30	$ 16,378	$ 2,961,821	$ 2,978,199
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	$ 10,416	$ (229,414)	$ (218,998)
Adjustments to reconcile operating income (loss) to net cash used for operating activities			
Changes in assets and liabilities:			
Increase in inventories	(8,995)	—	(8,995)
Increase in accounts receivables	—	(65,739)	(65,739)
Increase in accounts payable	8,572	226,795	235,367
Decrease in IBNR	—	(100,000)	(100,000)
Increase in compensated absences	2,107	25,172	27,279
Increase (decrease) in post-employment benefits	(22,898)	5,375	(17,523)
Total adjustments	(21,214)	91,603	70,389
Net cash used for operating activities	$ (10,798)	$ (137,811)	$ (148,609)
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	$ 16,378	$ 2,961,821	$ 2,978,199
Less investments not meeting the definition of cash equivalents	—	—	—
Cash and cash equivalents at September 30, 2013	$ 16,378	$ 2,961,821	$ 2,978,199

See accompanying notes to basic financial statements.

STATISTICAL SECTION

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CITY OF RICHARDSON, TEXAS

Statistical Section

September 30, 2013

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

	Pages
Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	106 – 111
Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	112 – 115
Debt Capacity – These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	116 – 120
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121 – 122
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	123 – 125

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

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Table 1

CITY OF RICHARDSON, TEXAS

Statement of Net Position by Component*

Last ten fiscal years

(In thousands)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	$ 102,465	$ 106,089	$ 101,669	$ 99,244	$ 116,550	$ 103,758	$ 109,432	$ 106,308	$ 108,527	$ 113,992
Restricted	4,575	7,033	5,720	12,504	6,295	22,864	22,180	15,207	10,744	7,103
Unrestricted	16,140	10,514	21,045	26,098	8,487	903	(5,654)	(7,778)	(8,303)	(6,582)
Total governmental activities net position	$ 123,180	$ 123,636	$ 128,434	$ 137,846	$ 131,332	$ 127,525	$ 125,958	$ 113,737	$ 110,968	$ 114,513
Business-type activities:										
Net investment in capital assets	$ 61,606	$ 59,254	$ 60,920	$ 61,716	$ 59,030	$ 54,480	$ 52,823	$ 50,959	$ 50,558	$ 55,251
Restricted	1,921	2,312	5,013	2,990	3,627	3,873	2,338	9,245	6,338	6,700
Unrestricted	12,727	14,320	18,578	16,018	14,566	17,625	18,192	12,666	11,604	11,399
Total business-type activities net position	$ 76,254	$ 75,886	$ 84,511	$ 80,724	$ 77,223	$ 75,978	$ 73,353	$ 72,870	$ 68,500	$ 73,350
Primary government:										
Net investment in capital assets	$ 164,071	$ 165,343	$ 162,589	$ 160,960	$ 175,580	$ 158,238	$ 162,255	$ 157,267	$ 159,085	$ 169,243
Restricted	6,496	9,345	10,733	15,494	9,922	26,737	24,518	24,452	17,082	13,803
Unrestricted	28,867	24,834	39,623	42,116	23,053	18,528	12,538	4,888	3,301	4,817
Total primary government net position	$ 199,434	$ 199,522	$ 212,945	$ 218,570	$ 208,555	$ 203,503	$ 199,311	$ 186,607	$ 179,468	$ 187,863

* The City implemented GASB Statements 63 and 65 in fiscal year 2013. The amounts for all fiscal years presented have been restated for the effects of these standards.

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Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Position*

Last ten fiscal years

(In thousands)

(Accrual basis of accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government	$ 22,253	$ 22,787	$ 24,339	$ 25,381	$ 30,689	$ 27,784	$ 27,767	$ 34,351	$ 30,018	$ 29,705
Public safety	31,777	34,896	35,268	37,774	41,630	43,610	44,318	45,826	45,224	45,616
Public services	19,961	19,257	19,117	20,210	24,701	27,070	26,652	26,819	26,776	27,044
Library	3,050	3,060	3,097	3,988	4,145	4,224	4,099	4,245	4,027	3,963
Parks and recreation	10,412	10,936	11,765	12,576	13,814	13,658	14,507	14,662	14,786	15,078
Public health	1,168	1,215	1,310	1,344	1,483	1,582	1,460	1,467	1,548	1,606
Interest and fiscal charges	7,617	7,951	9,026	10,069	10,990	9,642	8,817	10,832	10,930	11,134
Total governmental activities expenses	96,238	100,102	103,922	111,342	127,452	127,570	127,620	138,202	133,309	134,146
Business-type activities:										
Water and sewer	34,878	36,286	38,203	41,343	45,159	46,278	46,785	49,816	51,667	54,341
Solid waste	9,576	9,964	10,402	11,211	12,068	12,364	12,779	12,798	13,057	12,574
Golf	2,328	2,461	2,359	2,147	2,336	2,406	2,338	2,487	2,376	2,544
Total business-type activities expenses	46,782	48,711	50,964	54,701	59,563	61,048	61,902	65,101	67,100	69,459
Total primary government expenses	$ 143,020	$ 148,813	$ 154,886	$ 166,043	$ 187,015	$ 188,618	$ 189,522	$ 203,303	$ 200,409	$ 203,605
Program revenues:										
Governmental activities:										
Charges for services:										
General government	$ 2,294	$ 2,231	$ 2,039	$ 2,138	$ 3,144	$ 3,724	$ 3,111	$ 3,577	$ 3,423	$ 3,875
Public safety	6,500	7,086	7,149	7,313	7,937	8,903	8,398	9,170	9,480	9,506
Public services	1,421	1,607	1,124	1,968	1,527	1,379	1,956	2,200	4,278	6,583
Library	128	145	149	170	186	190	184	164	155	6
Parks and recreation	2,498	2,563	2,679	2,796	2,898	2,891	3,291	3,327	3,262	3,756
Public health	197	186	189	196	249	255	264	266	264	293
Operating grants and contributions	519	1,221	731	576	1,061	368	642	532	1,777	522
Capital grants and contributions	2,443	1,245	3,766	5,810	4,991	10,059	10,144	3,875	2,028	8,363
Total governmental activities program revenues	16,000	16,284	17,826	20,967	21,993	27,769	27,990	23,111	24,667	32,904
Business-type activities:										
Charges for services:										
Water and sewer	32,982	33,921	43,938	34,645	40,338	43,116	42,807	48,485	46,075	54,257
Solid waste	10,116	10,255	10,687	10,989	11,330	12,262	12,274	12,275	12,303	12,375
Golf	2,028	1,952	2,163	2,022	2,144	2,045	1,536	1,873	2,011	2,231
Operating grants and contributions	—	—	—	—	—	—	—	15	12	—
Capital grants and contributions	880	301	835	1,375	701	872	1,228	647	956	908
Total business-type activities program revenues	46,006	46,429	57,623	49,031	54,513	58,295	57,845	63,295	61,357	69,771
Total primary government program revenues	$ 62,006	$ 62,713	$ 75,449	$ 69,998	$ 76,506	$ 86,064	$ 85,835	$ 86,406	$ 86,024	$ 102,675

* The City implemented GASB Statements 63 and 65 in fiscal year 2013. The amounts shown for "Interest and fiscal charges" and expenses for Business-type activities have been restated for all years presented.

(Continued)

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Position

Last ten fiscal years

(In thousands)

(Accrual basis of accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense) revenue:										
Governmental activities	$ (80,238)	$ (83,818)	$ (86,096)	$ (90,375)	$ (105,459)	$ (99,801)	$ (99,630)	$ (115,091)	$ (108,642)	$ (101,242)
Business-type activities	(776)	(2,282)	6,659	(5,670)	(5,050)	(2,753)	(4,057)	(1,806)	(5,743)	312
Total primary government net expense	$ (81,014)	$ (86,100)	$ (79,437)	$ (96,045)	$ (110,509)	$ (102,554)	$ (103,687)	$ (116,897)	$ (114,385)	$ (100,930)
General revenues										
Governmental activities:										
Taxes:										
Property	$ 40,723	$ 44,573	$ 46,550	$ 53,777	$ 55,264	$ 57,574	$ 58,105	$ 61,115	$ 63,810	$ 64,602
Sales	20,170	21,046	21,923	23,646	23,286	20,815	24,967	24,753	25,246	26,600
Other	2,925	2,832	3,302	3,540	3,719	2,986	3,105	3,447	3,351	3,673
Franchise	10,020	10,353	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289
Unrestricted interest earnings	1,317	1,698	3,370	6,260	4,904	2,298	332	397	156	94
Insurance and other recoveries	—	2,500	—	173	—	—	—	—	—	—
Transfers	—	—	—	—	(117)	(19)	(695)	(489)	(259)	(4,506)
Gain on sale of assets	—	1,272	109	1,160	18	134	14	74	8	35
Total governmental activities	75,155	84,274	90,894	99,787	98,945	95,994	98,103	102,830	105,873	104,787
Business-type activities:										
Unrestricted interest earnings	199	425	871	1,317	868	295	73	47	31	29
Insurance and other recoveries	—	194	—	30	—	—	—	—	—	—
Transfers	—	—	—	—	117	19	695	489	259	4,506
Gain on sale of assets	61	49	277	133	117	730	90	59	352	3
Total business-type activities	260	668	1,148	1,480	1,102	1,044	858	595	642	4,538
Total primary government	$ 75,415	$ 84,942	$ 92,042	$ 101,267	$ 100,047	$ 97,038	$ 98,961	$ 103,425	$ 106,515	$ 109,325
Change in net position:										
Governmental activities	$ (5,083)	$ 456	$ 4,798	$ 9,412	$ (6,514)	$ (3,807)	$ (1,527)	$ (12,261)	$ (2,769)	$ 3,545
Business-type activities	(516)	(1,614)	7,807	(4,190)	(3,948)	(1,709)	(3,199)	(1,211)	(5,101)	4,850
Total primary government	$ (5,599)	$ (1,158)	$ 12,605	$ 5,222	$ (10,462)	$ (5,516)	$ (4,726)	$ (13,472)	$ (7,870)	$ 8,395

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Table 3

CITY OF RICHARDSON, TEXAS

Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved for other	$ 771	$ 954	$ 935	$ 949	$ 986	$ 600	$ 730	$ —	$ —	$ —
Non spendable	—	—	—	—	—	—	—	507	559	1,027
Assigned	—	—	—	—	—	—	—	114	327	337
Unreserved	12,408	13,062	14,208	14,562	15,259	15,244	15,403	—	—	
Unassigned	—	—	—	—	—	—	—	15,808	16,274	16,513
Total general fund	$ 13,179	$ 14,016	$ 15,143	$ 15,511	$ 16,245	$ 15,844	$ 16,133	$ 16,429	$ 17,160	$ 17,877
All other governmental funds:										
Reserved for:										
Capital projects	$ 4,187	$ 26,233	$ 72,217	$ 55,910	$ 36,223	$ 19,375	$ 80,012	$ —	$ —	$ —
Debt service	1,481	2,010	1,452	2,116	1,785	1,947	1,604	—	—	—
Other *	1,530	2,719	4,431	13,897	27,021	16,799	10,518	—	—	—
Unreserved, reported in:										
Special revenue funds	2,322	2,051	2,703	3,153	3,292	3,779	2,902	—	—	—
Capital funds	161	2,670	8,751	11,784	2,191	1,030	4,425	—	—	—
Non spendable:										
Property held for redevelopment	—	—	—	—	—	—	—	—	2,495	2,495
Prepaid Items	—	—	—	—	—	—	—	91	64	98
Deposits	—	—	—	—	—	—	—	105	—	—
Restricted for:										
Debt service	—	—	—	—	—	—	—	2,180	2,247	2,324
Library	—	—	—	—	—	—	—	—	—	63
Parks and recreation projects	—	—	—	—	—	—	—	22,817	18,341	3,831
Public services	—	—	—	—	—	—	—	30,061	26,548	16,283
Neighborhood vitality projects	—	—	—	—	—	—	—	7,725	6,434	5,325
Municipal public buildings	—	—	—	—	—	—	—	9,871	5,098	341
Other capital projects	—	—	—	—	—	—	—	3,399	2,196	129
General government	—	—	—	—	—	—	—	—	—	1,223
Public safety	—	—	—	—	—	—	—	—	—	1,917
Other purposes	—	—	—	—	—	—	—	4,180	2,716	—
Committed for:										
Public services	—	—	—	—	—	—	—	—	570	1,921
Assigned for:										
Public services	—	—	—	—	—	—	—	707	808	1,474
Other purposes	—	—	—	—	—	—	—	3,540	2,422	—
Parks and recreation	—	—	—	—	—	—	—	—	—	23
Capital projects	—	—	—	—	—	—	—	—	—	4,896
General government	—	—	—	—	—	—	—	—	—	1,081
Total all other governmental funds	$ 9,681	$ 35,683	$ 89,554	$ 86,860	$ 70,512	$ 42,930	$ 99,461	$ 84,676	$ 69,939	$ 43,424

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

Note: The City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. The classification of fund balances were not restated for years prior to FY2011.

(Continued)

Table 4

CITY OF RICHARDSON, TEXAS

Changes in Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Property taxes	$ 41,694	$ 44,615	$ 46,493	$ 53,631	$ 55,101	$ 57,814	$ 58,085	$ 61,339	$ 63,753	$ 64,565
Franchise taxes	10,020	10,353	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289
Sales tax	20,170	21,046	21,923	23,646	23,286	23,070	24,967	24,753	25,246	26,600
Mixed beverage and Bingo Tax	308	317	353	372	406	401	392	408	338	352
Hotel/motel taxes	2,617	2,515	2,949	3,168	3,314	2,585	2,713	3,039	3,013	3,322
Drainage fees	—	—	—	—	—	—	—	—	1,781	2,705
911 Revenue	1,332	1,319	1,308	1,316	1,336	1,377	1,521	1,579	1,676	1,724
Intergovernmental revenue	1,664	1,458	1,664	4,071	3,312	8,366	4,946	3,465	2,437	7,732
Licenses and permits	1,426	1,563	1,161	1,865	1,506	1,375	1,466	1,767	2,405	4,000
Fines and forfeitures	4,546	4,100	4,208	4,587	5,008	5,550	5,583	6,398	5,765	6,339
Interest revenue	1,314	1,652	3,221	6,087	4,820	2,278	327	393	154	92
Civic center use	186	231	237	286	384	334	328	299	331	328
Eisemann center revenue	1,207	1,520	1,571	1,422	1,936	2,452	2,143	2,411	2,396	2,026
Recreation and leisure	2,490	2,563	2,679	2,796	2,898	2,891	3,275	3,327	3,207	3,743
Rents	12	16	26	12	59	79	21	64	—	—
Public safety	1,334	1,263	1,480	1,549	1,672	1,759	1,819	1,591	2,396	2,236
Contributions	897	951	2,743	2,150	565	138	293	124	99	64
Participation	39	53	152	164	104	56	171	55	140	316
Other	1,124	828	533	853	1,055	864	886	964	745	813
General administration	5,589	5,602	5,738	6,643	6,968	6,932	6,745	8,101	8,496	8,235
Total revenues	97,969	101,965	114,079	125,849	125,601	130,527	127,956	133,610	137,939	149,481
Expenditures:										
General government	23,957	24,248	26,006	27,960	32,311	29,260	28,358	34,818	29,772	30,454
Public safety	29,699	32,909	33,002	35,186	36,507	38,860	38,193	39,627	40,035	41,881
Public services	12,153	12,680	12,875	13,938	17,328	19,542	18,613	18,020	18,780	19,704
Library	2,487	2,533	2,568	3,393	3,407	3,640	3,527	3,448	3,354	3,513
Parks and recreation	9,202	9,749	10,343	10,756	11,026	11,049	11,181	11,146	11,530	11,891
Public health	1,156	1,202	1,245	1,311	1,315	1,401	1,298	1,322	1,422	1,535
General administration	430	230	255	291	427	480	555	2,004	2,690	2,130
Capital outlay	8,696	6,262	14,808	20,699	27,552	37,125	20,934	20,701	21,397	50,941
Debt service:										
Principal retirement	9,354	16,588	7,887	10,241	11,311	12,308	12,548	14,425	15,738	16,421
Interest and fiscal charges	7,841	7,094	7,849	10,489	10,183	9,620	9,063	11,140	11,095	10,772
Payments for other obligations	267	544	615	456	474	2,690	1,228	812	859	1,052
Issuance costs	197	527	1,054	29	33	219	841	84	195	272
Total expenditures	105,439	114,566	118,507	134,749	151,874	166,194	146,339	157,547	156,867	190,566
Deficiency of revenues under expenditures	(7,470)	(12,601)	(4,428)	(8,900)	(26,273)	(35,667)	(18,383)	(23,937)	(18,928)	(41,085)

(Continued)

Table 4

CITY OF RICHARDSON, TEXAS

Changes in Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in	$ 3,089	$ 20,840	$ 7,958	$ 6,740	$ 4,916	$ 4,030	$ 4,520	$ 3,247	$ 4,121	$ 5,650
Transfer out	(3,089)	(20,840)	(7,958)	(6,740)	(5,033)	(4,049)	(5,215)	(3,736)	(6,330)	(6,202)
Issuance of certificates of obligation	—	2,790	2,640	3,220	4,500	5,370	7,520	3,085	6,050	4,290
Issuance of general obligation bonds	—	22,925	53,775	—	5,933	—	60,665	—	—	—
Issuance of refunding bonds	11,910	10,050	25,665	—	—	14,460	18,440	6,039	6,270	18,000
Issuance of other obligations	666	197	61	1,592	—	1,740	1,124	6,535	192	10,909
Premium on bonds	—	2,604	3,016	—	—	772	7,378	15	760	2,811
Discount on bonds	(31)	—	—	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	(11,682)	(10,620)	(26,397)	—	—	(14,992)	(19,502)	(5,981)	(6,779)	(20,417)
Lease payments	183	84	—	—	—	—	—	—	—	—
Insurance and other recoveries	—	2,500	—	173	218	127	128	40	107	170
Proceeds from sale of capital assets	139	8,910	667	1,589	125	226	145	204	531	77
Total other financing sources	1,185	39,440	59,427	6,574	10,659	7,684	75,203	9,448	4,922	15,288
Net change in fund balances	$ (6,285)	$ 26,839	$ 54,999	$ (2,326)	$ (15,614)	$ (27,983)	$ 56,820	$ (14,489)	$ (14,006)	$ (25,797)
Debt service as a percentage of noncapital expenditures	18.05%	22.37%	15.77%	18.58%	17.67%	19.07%	18.21%	19.27%	20.44%	20.23%

Table 5

CITY OF RICHARDSON, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property

Last ten fiscal years

(Unaudited)

Fiscal year ended September 30	Residential property	Commercial property	Industrial property	Less total exemptions/ reductions	Total taxable assessed value (1)	Total direct tax rate
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
2013	5,064,251,846	6,019,687,573	812,199,657	1,937,327,183	9,958,811,893	0.63516

Source: Dallas and Collin County Central Appraisal District, and the City's 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)

	City direct rates			Overlapping rates								
Fiscal year	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
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
2013	0.362810	0.272350	0.635160	1.340050	0.240000	0.086299	1.373400	1.253300	0.243100	0.271000	0.119375	0.009937

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

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

Table 7

CITY OF RICHARDSON, TEXAS

Principal Property Tax Payers

Current year and ten years ago

(Unaudited)

	2013			2004		
Taxpayer	**Taxable assessed value**	**Rank**	**Percentage of total city taxable assessed value (a)**	**Taxable assessed value**	**Rank**	**Percentage of total city taxable assessed value (b)**
Bank of America	$ 249,002,334	1	2.47%	$ —		—%
Health Care Service Corporation	223,642,779	2	2.22	—		—
CISCO Systems	206,854,494	3	2.05	103,282,579	4	1.22
AT & T	126,856,414	4	1.26	51,207,396	6	0.61
Verizon (MCI in 2004)	124,709,481	5	1.24	171,617,480	3	2.03
Fujitsu	120,965,744	6	1.20	62,424,642	5	0.74
Texas Instruments	97,206,509	7	0.96	—		—
IBM	81,223,404	8	0.81	—		—
Collins Technology Park Partners	68,656,880	9	0.68	—		—
Triquint Semiconductor	64,016,131	10	0.64	44,102,412	10	0.52
Southwestern Bell/SBC	—		—	187,046,487	1	2.21
Nortel Networks	—		—	172,632,655	2	2.04
Crescent Real Estate	—		—	50,283,868	9	0.59
Texas Utilities Electric/Oncor	—		—	50,389,590	8	0.60
Lennox	—		—	50,569,100	7	0.60
Total	$ 1,363,134,170		13.52%	$ 943,556,209		11.16%

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

Note:

(a) Total Taxable Value October 1, 2012 = $10,079,565,561

(b) Total Taxable Value October 1, 2003 = $ 8,458,454,017

Table 8

CITY OF RICHARDSON, TEXAS

Property Tax Levies and Collections

Last ten fiscal years (1)

(Unaudited)

Fiscal year ended September 30	Taxes levied for the fiscal year (2)	Subsequent adjustments	Total adjusted levy at 9/30/13	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of taxes levied for the fiscal year		Amount	Percentage of adjusted levy
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	(23,397)	62,812,852	62,496,396	99.46	108,874	62,605,270	99.67
2013	64,374,498	—	64,374,498	63,980,358	99.39	—	63,980,358	99.39

(1) This table was reformatted for FY 2012 to provide better clarity regarding taxes levied in the original year of collection versus levy adjustments and collections in subsequent years.

(2) Taxes levied for the fiscal year include the certified roll plus any adjustments that occur in the fiscal year that the taxes are due.

Source: Dallas and Collin County Tax Offices, and the City's Tax Department

Table 9

CITY OF RICHARDSON, TEXAS

Ratio of Outstanding Debt by Type (1)

Last ten fiscal years

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General Obligation Bonds	$ 89,279,810	$ 103,399,810	$ 174,629,810	$ 167,807,386	$ 160,411,425	$ 154,898,857	$ 221,126,083	$ 212,489,620	$ 203,891,472	$ 195,175,450
Certificates of Obligation	63,088,762	58,163,679	36,383,644	36,185,000	36,770,000	34,835,000	23,435,000	20,790,000	19,145,000	18,825,000
Unamortized premium, (discount), (deferred charges)	(528,040)	1,356,418	2,594,779	2,528,716	2,418,958	2,763,680	8,966,461	8,539,469	8,804,688	10,216,188
Total General Obligation Bonds and Certificates of Obligation	151,840,532	162,919,907	213,608,233	206,521,102	199,600,383	192,497,537	253,527,544	241,819,089	231,841,160	224,216,638
TIF Obligations (2)	—	—	—	—	3,299,865	3,299,865	3,299,865	8,239,481	8,239,481	18,175,159
Other Obligations	5,178,049	4,831,287	4,277,408	5,412,684	7,572,046	8,877,937	4,805,514	5,588,922	4,921,832	4,842,740
Total TIF and Other Obligations	5,178,049	4,831,287	4,277,408	5,412,684	10,871,911	12,177,802	8,105,379	13,828,403	13,161,313	23,017,899
Total Governmental Activities	157,018,581	167,751,194	217,885,641	211,933,786	210,472,294	204,675,339	261,632,923	255,647,492	245,002,473	247,234,537
Business-type activities:										
Water/Sewer Revenue Bonds	1,115,544	1,055,000	990,000	925,000	855,000	—	—	—	—	—
General Obligation Refunding Bonds	910,190	1,135,190	1,135,190	1,062,613	963,575	7,011,143	15,058,917	14,480,380	21,578,528	18,834,550
Certificates of Obligation	38,731,238	41,516,320	44,826,355	48,610,000	52,115,000	49,840,000	48,705,000	50,220,000	38,930,000	37,110,000
Unamortized premium, (discount), (deferred charges)	59,542	(54,719)	(55,572)	(55,832)	(54,094)	90,805	698,799	666,020	1,141,155	1,216,308
Total General Obligation Bonds and Certificates of Obligation	39,700,970	42,596,791	45,905,973	49,616,781	53,024,481	56,941,948	64,462,716	65,366,400	61,649,683	57,160,858
Other Obligations	150,296	100,071	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792
Total Other Obligations	150,296	100,071	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792
Total Business-Type Activities	39,851,266	42,696,862	45,954,476	49,759,236	53,107,215	57,065,229	64,525,203	65,409,456	61,672,517	57,162,650
Total Primary Government	$ 196,869,847	$ 210,448,056	$ 263,840,117	$ 261,693,022	$ 263,579,509	$ 261,740,568	$ 326,158,126	$ 321,056,948	$ 306,674,990	$ 304,397,187
Percentage of Personal Income (3)	7.5%	7.7%	8.6%	9.0%	8.4%	8.4%	10.0%	10.0%	9.3%	9.2%
Per Capita (3)	$ 2,051	$ 2,192	$ 2,734	$ 2,678	$ 2,705	$ 2,625	$ 3,287	$ 3,213	$ 3,053	$ 3,018

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

(1) In FY2013, this table was restated to include the unamortized premium, discount and deferred charges for all years presented. These components are generated as part of debt issuance, and are amortized as noncash interest expense over the life of the debt.

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

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

Table 10

CITY OF RICHARDSON, TEXAS

Ratio of General Bonded Debt Outstanding

Last ten fiscal years

(Dollars expressed in thousands, except per capita)

(Unaudited)

	General bonded debt outstanding				
Fiscal year	**General obligation bonds**	**Certificates of obligation (1)**	**Total**	**Percentage of actual taxable value of property (2)**	**Per capita (3)**
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
2013	195,175	18,825	214,000	2.15	2,122

(1) The amounts for 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.

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

Table 11

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Governmental Activities Bonded Debt

09/30/13

(Unaudited)

Governmental unit	Debt outstanding	Estimated percentage applicable (1)	Estimated share of overlapping debt
Debt repaid with property taxes:			
Richardson Independent School District	$ 441,309,988	35.84%	$ 158,165,500
Plano Independent School District	981,345,871	12.04	118,154,043
Dallas County	136,430,000	3.50	4,775,050
Dallas County Schools	67,675,000	3.50	2,368,625
Dallas County Hospital District	705,000,000	3.50	24,675,000
Dallas County Community College District	355,880,000	3.50	12,455,800
Garland Independent School District	372,319,346	0.03	111,696
Collin County	393,350,000	5.27	20,729,545
Collin County Community College District	37,460,000	5.27	1,974,142
Subtotal, overlapping debt			343,409,400
City direct debt			214,000,450
Total direct and overlapping bonded debt			$ 557,409,850

(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)

Year	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2004	$ 1,268,768,103	$ 152,368,572	$ 1,116,399,531	12.01%
2005	1,249,799,529	161,563,489	1,088,236,040	12.93
2006	1,305,609,898	211,013,454	1,094,596,444	16.16
2007	1,386,695,363	203,992,386	1,182,702,977	14.71
2008	1,422,373,668	197,181,425	1,225,192,243	13.86
2009	1,474,007,177	189,733,857	1,284,273,320	12.87
2010	1,475,676,577	244,561,083	1,231,115,494	16.57
2011	1,451,488,433	233,279,620	1,218,208,813	16.07
2012	1,452,124,244	223,036,472	1,229,087,772	15.36
2013	1,493,821,784	214,000,450	1,279,821,334	14.33

Table 13

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

(unaudited)

Water Revenue Bonds

Fiscal year	Utility service charge	Less operating expenses	Net available revenue	Debt service Principal	Debt service Interest	Accreted value	Coverage
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	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—

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 R.I.S.D. (3)	School enrollment P.I.S.D. (4)	Unemployment rate (%) (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
2013	100,850	3,323,814	32,958	36.2	38,043	55,302	5.6

Sources:
(1) NCTCOG as of January, 2013.
(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)

	2013			2004		
Employer	**Employees (1)**	**Rank**	**Percentage of total city employment (2)**	**Employees (3)**	**Rank**	**Percentage of total city employment (4)**
AT&T (SBC in 2004)	4,300	1	3.30%	2,140	6	2.25%
The University of Texas as Dallas	3,500	2	2.69	2,800	4	2.95
Blue Cross & Blue Shield of Texas	3,100	3	2.38	2,400	5	2.53
Ericsson, Inc.	2,500	4	1.92			
Richardson ISD	2,500	5	1.92	4,415	2	4.65
Verizon Business (Worldcom in 2004)	2,250	6	1.73	2,900	3	3.05
Cisco Systems	1,700	7	1.30	1,000	10	1.05
United Healthcare	1,700	8	1.30			
Fujitsu Network Communications	1,500	9	1.15	1,424	7	1.50
Fossil, Inc.	1,400	10	1.07	1,000	11	1.05
Bank of America	1,000	11	0.77			
State Farm	1,000	12	0.77			
Hewlett-Packard				1,000	9	1.05
Nortel Networks				4,700	1	4.95
Cingular Wireless				1,300	8	1.37
Total	26,450		20.30%	25,079		26.41%

Source:

(1) Richardson Economic Development Partnership as of December, 2013.
(2) North Central Texas Council of Governments as of September, 2013 total city employment was approximately 130,309.
(3) Richardson Economic Development Partnership and City of Richardson, 2004.
(4) NCTCOG–Projections for 2004 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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	142	141	142	145	146	143	141	143	143	145
Public safety	392	390	393	398	398	399	396	395	395	396
Public services	146	148	150	152	161	161	159	156	157	159
Library	33	33	33	34	35	35	35	35	35	35
Parks and recreation	81	78	79	81	82	78	78	80	81	81
Public health	15	15	15	16	16	16	15	16	17	17
Water	62	62	59	61	64	64	64	66	66	66
Wastewater	11	11	11	11	12	12	12	12	12	12
Solid waste	57	57	57	61	61	70	70	70	70	70
Golf	16	16	16	16	16	16	16	16	16	16
Total	955	951	955	975	991	994	986	989	992	997

Source:
City Budget Office.
Totals updated for years 2009 – 2012

Table 17

CITY OF RICHARDSON, TEXAS

Operating Indicators by Function/Program

Last ten fiscal years

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police number of employees	244	244	243	248	249	246	229	242	246	246
Fire number of employees	148	146	150	150	149	151	150	153	150	150
Municipal court:										
Number of violations (citations)	40,895	42,588	39,972	39,361	49,008	42,137	46,077	54,113	46,357	48,249
Parks and recreation Acreage (1)	1,598	1,598	1,598	1,598	865	865	865	865	865	865
Library volumes in collection (2)	227,328	236,479	247,059	250,035	262,208	251,535	253,802	260,328	263,782	252,261
Water and sewer:										
Number of water consumers	32,334	32,499	32,626	32,318	32,064	31,751	31,711	32,407	32,409	32,685
Average daily water consumption (thousands of gallons) (3)	32,280	33,761	31,342	27,401	27,540	23,622	26,703	26,033	22,555	20,482
Number of sewer consumers	32,334	31,644	31,675	31,713	31,518	31,274	31,245	29,192	29,162	29,295
Solid waste:										
Refuse collected (tons/day)	133	175	165	162	162	149	152	143	136	138
Bulky/brush pickups (tons/day)	41	54	53	60	67	60	65	59	64	62
Recyclables collected (tons/day)	17	17	18	18	20	22	28	28	30	27
Golf number of rounds played (4)	97,500	91,944	100,750	94,825	102,584	100,266	75,630	92,999	92,681	87,003

(1) 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.
(2) The volumes in collection for the library was reduced in 2013 due to lost and missing items as well as over 17,000 withdrawn items.
(3) The average daily water consumption was reduced in 2013 due to water restrictions.
(4) The number of rounds played for golf was reduced in 2013 due to the Watters Creek course reopening this year after major renovations.

Source: City Departments

Table 18

CITY OF RICHARDSON, TEXAS

Capital Asset Statistics by Function/Program

Last ten fiscal years

(unaudited)

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	40	40	40	41	44	43	42	43	46	48
Volunteer patrol units	—	—	—	—	2	3	3	3	3	2
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets- paved (miles)	400	400	401	402	402	405	404	404	406	409
Alleys – paved (miles)	218	221	221	222	223	223	221	221	222	222
Sidewalks (miles)	569	593	593	593	585	585	651	651	652	665
Streetlights	5,640	6,022	6,036	6,036	6,120	6,159	6,171	6,207	6,211	6,234
Parks and recreation:										
Parks	30	30	30	30	30	30	30	32	32	33
Playgrounds	28	28	28	28	28	28	28	29	29	30
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)	531	554	551	555	559	563	567	569	571	574
Fire hydrants	3,685	3,839	3,893	3,963	4,062	4,056	4,110	4,156	4,187	4,258
Wastewater:										
Sanitary sewers (miles)	406	406	495	495	499	499	499	499	500	503

Source: City Departments