

CITY OF RICHARDSON, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Prepared By:

DEPARTMENT OF FINANCE

Kent Pfeil, CGFO – Director of Finance

Keith Dagen, CPA – Assistant Director of Finance

Vicki McCarthy, CPA – Controller

Anita Collins, CGFO

Eddie Mueller, CPA

Carolyn Kaplan, CPA

Michael Spanos

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS
Comprehensive Annual Financial Report
Year ended September 30, 2014

Table of Contents

	Page
I. Introductory Section	
Letter of Transmittal	1
Principal Officials	9
Certificate of Achievement for Excellence in Financial Reporting	10
Organizational Chart	11
II. Financial Section	
Independent Auditor's Report	12
A. Management's Discussion and Analysis	15
B. Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Governmental Fund Financial Statements	
Balance Sheet	27
Reconciliation of the Balance Sheet of Governmental Funds	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds	
Statement of Net Position	31
Statement of Revenues, Expenses and Changes in Fund Net Position	33
Statement of Cash Flows	34
Notes to Financial Statements	36
C. Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	70
Schedules of Pension and Postemployment Healthcare Benefits Funding Progress	71
Notes to Required Supplementary Information	72

CITY OF RICHARDSON, TEXAS
 Comprehensive Annual Financial Report
 Year ended September 30, 2014

Table of Contents

Page

D. Combining Financial Statements

Nonmajor Governmental Funds

Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Combining Balance Sheet – Grants	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Grants	81
Budgetary Comparison Schedule – State Grant Funds	82
Budgetary Comparison Schedule – Federal Grant Funds	83
Combining Balance Sheet – Municipal Court Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Municipal Court Funds	85
Budgetary Comparison Schedule – Municipal Court Building Security Fund	86
Budgetary Comparison Schedule – Technology Fund	87
Budgetary Comparison Schedule – Judicial Efficiency Fund	88
Combining Balance Sheet – TIF's	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – TIF'S	90
Budgetary Comparison Schedule – Tax Increment Financing #1	91
Budgetary Comparison Schedule – Tax Increment Financing #2	92
Budgetary Comparison Schedule – Tax Increment Financing #3	93
Budgetary Comparison Schedule – Debt Service Fund	94
Budgetary Comparison Schedule – Special Police Funds	95
Budgetary Comparison Schedule – Traffic Safety Fund	96
Budgetary Comparison Schedule – Wireless 911 Fund	97
Budgetary Comparison Schedule – Hotel-Motel Fund	98
Budgetary Comparison Schedule – Franchise PEG Fund	99
Budgetary Comparison Schedule – Drainage Fund	100
Budgetary Comparison Schedule – Richardson Improvement Corporation	101

Internal Service Funds

Combining Statement of Net Position	103
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	104
Combining Statement of Cash Flows	105

III. Statistical Section (Unaudited)

Table

1. Statement of Net Position by Component	107
2. Changes in Net Position	108
3. Fund Balances, Governmental Funds	110

CITY OF RICHARDSON, TEXAS
Comprehensive Annual Financial Report
Year ended September 30, 2014

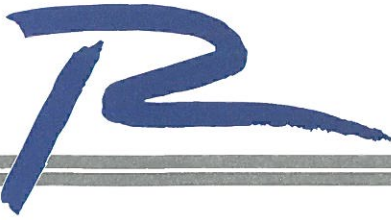
Table of Contents

	Page
4. Changes in Fund Balances, Governmental Funds	111
5. Assessed Value and Estimated Actual Value of Taxable Property	113
6. Direct and Overlapping Property Tax Rates	114
7. Principal Property Tax Payers	115
8. Property Tax Levies and Collections	116
9. Ratio of Outstanding Debt by Type	117
10. Ratio of General Bonded Debt Outstanding	118
11. Direct and Overlapping Governmental Activities Debt	119
12. Legal Debt Margin Information	120
13. Pledged-Revenue Coverage	121
14. Demographic and Economic Statistics	122
15. Principal Employers	123
16. Full-Time Equivalent City Government Employees by Function/Program	124
17. Operating Indicators by Function/Program	125
18. Capital Asset Statistics by Function/Program	126

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



January 23, 2015

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

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

Dan Johnson
City Manager

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2014, 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 unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2014, 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 101,820. 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



P.O. Box 830309
Richardson, TX
75083-0309
972-744-4100
Fax 972-744-5803
www.cor.net

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

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 community services and operates two eighteen-hole golf courses. The City also operates the Charles W. Eisemann Center for Performing Arts and Corporate Presentations, which is a multi-venue performing arts and presentation center. Certain parks and recreation and administrative services are performed by the Richardson Improvement Corporation, which functions, in essence, as a department of the City of Richardson and therefore has been included as an integral part of the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note 1.a.)

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

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

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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

Local Economy

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

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

Richardson also benefits from the DART Light Rail line which parallels U.S. 75 and has four stations in the City. In order to take full advantage of these transportation assets for development and redevelopment purposes, the City has implemented three Tax Increment Financing (TIF) Districts. TIF District #1 was established in November 2006, encompassing both sides of the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and then extending west from U.S. 75 along Spring Valley Road to Coit Road. TIF District #2, established in November 2011, is bounded by President George Bush Turnpike on the north, Wyndham Lane on the east, Renner Road on the south, and the DART Light Rail line on the west. TIF District #3, established in November 2011, is bounded by President George Bush Turnpike on the north, the DART Light Rail line on the east, Renner Road on the South and has its western boundary between Alma Road and U.S. 75. Dallas County participates financially in TIF District #1 and Collin County participates financially in TIF District #2. 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 2 million square foot regional office campus for State Farm Insurance housing approximately 8,000 workers.

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

Construction on the first phase of development began in 2013, with three of four buildings for State Farm, as well as associated infrastructure and public amenities, on track for completion in 2015. The remaining State Farm building is under construction with a projected completion date of mid-2016. The combined KDC and State Farm transactions were named as Deal of the Year 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. The CityLine development was named the Winner in the Mixed-use category in the *Dallas Business Journal's Best Real Estate Deals of 2014* awards program.

- In March 2014, Raytheon announced plans to move its Garland, Texas operations to a new state-of-the-art campus in Richardson's CityLine development. Construction began on the 489,000 square foot office complex at the southwest corner of Wyndham Lane and the President Bush Turnpike in July 2014 and the company is expected to move in by the end of 2015. The deal will bring an estimated 1,700 employees to the CityLine campus.
- KDC's CityLine Market, an 8.5 acre retail development located on the northeast corner of Plano Road and Renner Road, will be anchored by a 40,000 square foot Whole Foods grocery store and will have two inline retail buildings and three pad sites fronting Renner Road for a total of almost 81,000 square feet of retail space.
- KDC announced that LOOK Cinemas will build a 60,000 square foot upscale dining and movie theater complex within CityLine. The entertainment center will feature 12 screens of all reclining and luxury seating, and patrons will have the option to dine in the company's signature restaurant, IVY Kitchen, or in one of the four dine-in theatres while enjoying movies.
- KDC announced that Jasper's would be the first restaurant at the CityLine development. Jasper's, by Iron Chef America winner Kent Rathbun, features "gourmet backyard cuisine" and was named to Esquire Magazine's Top 20 Best New Restaurants in America. Richardson will join Plano, Austin, and The Woodlands as the fourth location of the upscale restaurant. Other restaurants announced include Coal Vines, an Italian pizza and wine bistro concept by Joseph Palladino, owner of Nick & Sam's Steakhouse, Edoaka Sushi and Robata, serving authentic Japanese food items as well as hot plates with western influences, and Tom+Chee, the quintessential grilled cheese and tomato soup shop known for its fresh ingredients and quirky takes on comfort food classics.
- An Aloft Hotel, by Starwood Hotels & Resorts, will be included in CityLine's first phase. The 150-room select service hotel, scheduled to open in January 2016, will be a part CityLine Plaza, next door to the first phase of three State Farm buildings.
- KDC is partnering with JLB Partners to build a 532-unit apartment community in two phases. The apartments, slated for opening in summer 2015 will be located within walking distance of

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

the State Farm office buildings in CityLine and front Plano Road. The Lofts at CityLine will include 4-story and 5-story urban style residential buildings and include 20,000 square feet of retail space.

- During the summer of 2013, Zale/Corson Group began construction of 403 apartments as part of the first phase of an 800-unit apartment complex located on approximately 19 acres fronting Renner Road in the southwestern corner of TIF #2. The \$100 million development will open for residents in early 2015.
- Current development activity within TIF District #2 is speeding potential development of TIF District #3. The 85 acre area just west of TIF District #2 was also zoned as Planned Development utilizing similar form-based regulations that fostered the KDC development. In October 2014, zoning was approved for a new development on 55 acres between U.S. 75 and the DART rail line that would include 1.35 million square feet of office space, 1,250 urban-style apartments, a 150-room hotel and 60,000 square feet of retail. The project is being developed by real estate investor BC Station Partners, who intends to purchase the property from the Caruth Foundation.
- Property owners Fobare Commercial and AGF, in partnership with Hunt Development Co., announced plans for an expansion of their \$90-million mixed-use Eastside development located at Campbell Road and U.S. 75 within TIF District #1. The first phase of the Eastside Phase II development will include a 280-unit, 4-story apartment building and future phases will include additional apartment space and a potential office building. The development will replace about 145,000 square feet of aging office space in a handful of low-rise buildings.
- San Antonio-based apartment builders Embrey Partners Ltd. broke ground on an 11-acre rental community at 1350 North Greenville Avenue near DART's Arapaho Road light rail station. The GreenVUE apartments, located within TIF District #1, will have more than 400 units and open early in 2015.
- In October 2013, Fobare Commercial began redevelopment at Collins Center, a 153,000 square foot building located within TIF District #1 at 1225 Alma Road. Associa, Inc., a national leader in association management, leased 62,500 square feet of space at the building bringing 700 new jobs to the location, creating a national shared services center for the company. The transaction was a Finalist in the *Dallas Business Journal's Best Real Estate Deals of 2014* awards program.

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

JP Partners, KBS Realty Advisors, and GE Capital are joining together to develop a mixed-use project at the Palisades, a 58-acre development on the west side of U.S. 75 across from the

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

Galatyn Park DART rail station. The project will include single family homes, apartments, high-rise office buildings, retail, restaurants, and hotels built around a 4-acre park.

KDC completed a 260,000 square foot office and warehouse project for AdvoCare International in the summer of 2014. The health and wellness nutritional supplement company owns the 35 acre campus and facility which includes 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.

State Farm announced plans to build a large datacenter south of its CityLine campus at the corner of Lookout Road and Plano Road. The property, part of historic Spring Creek Farms, was previously owned by the Owens family. KDC will build a 129,180 square foot datacenter and take up about 15 acres on the property including parking for more than 130 workers. This will be Richardson's 19th data center. Altogether, these data centers comprise almost 2 million square feet, and several additional data centers are planned that will add 670,000 square feet of space.

Dallas-based developer Wynne Jackson Inc. and Balfour Beatty Investments have partnered with the University of Texas at Dallas on a 13-acre mixed-use project on the north end of UT Dallas' campus. The development, Northside at UT Dallas will include 384 apartments, more than a dozen townhomes plus approximately 27,000 square feet of retail space. The project will be built on land owned by the university and is adjacent to a future Cotton Belt commuter rail station site.

In April 2014, Methodist Richardson Medical Center (MRMC) opened a new 125-bed, four-story hospital at its Bush/Renner campus. The new hospital will employ nearly 900 professionals, and 400-plus physicians representing more than 35 specialties. Acute care services will be centralized at the new facility and MRMC's Campbell Road campus will undergo a renovation, offering continuing use of two medical plazas, physician offices, a full-service emergency department and other ancillary services. Added services will include an expansion of the behavioral health and addiction recovery unit as well as inpatient rehabilitation and long-term acute care. The Campbell Road campus will be renamed to the MRMC Campus for Continuing Care.

The University of Texas at Dallas, located within the City of Richardson, continues to experience campus growth and upgrades. During 2014, construction was completed on a fifth Residence Hall, a second dining hall, a second recreation center, a second parking garage, and an addition to the Jindal School of Management. These enhancements are part of a campus renovation that has included hundreds of millions of dollars of new and upgraded buildings since 2009 as the university, with an enrollment of just under 23,100 students for the fall of 2014, positions itself to achieve status as a "Tier One" research university. This designation would be the first in the Dallas-Fort Worth Metroplex.

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

Long-term Financial Planning

The \$17,789,078 unassigned fund balance in the general fund is the equivalent of 61 days of expenditures and transfers on a budgetary basis. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

Major Initiatives

In June of 2010, the City issued \$66 million in General Obligation Bonds which were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key elements of the 2010 bond program completed during Fiscal Year 2014 included a new RFID check out system for the library, various street and neighborhood vitality improvements, and the extension of the Central Trail from the Arapaho Road DART Station to the City's southern limit. In 2014, the City issued \$7.855 million in Combination Tax and Revenue Certificates of Obligation to meet the City's capital equipment needs, construct a dog park, upgrade to a Next Gen 911 system, and supplement streets and neighborhood vitality initiatives from the 2010 bond program. The City also issued \$5.6 million in Adjustable Rate Combination Tax and Revenue Certificates of Obligation to purchase a parcel of undeveloped land for future parks and recreation purposes. Subsequent to year end, in December 2014, the City issued \$11.425 million in Adjustable Rate Combination Tax and Revenue Certificates of Obligation to acquire public park land and open space.

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, 2013. This was the thirty-sixth 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.

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2014

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

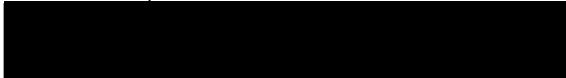
Sincerely,



Dan Johnson
City Manager



Kent Pfeil
Director of Finance



Vicki McCarthy, CPA
Controller



THIS PAGE LEFT BLANK INTENTIONALLY

**CITY OF RICHARDSON, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2014**

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

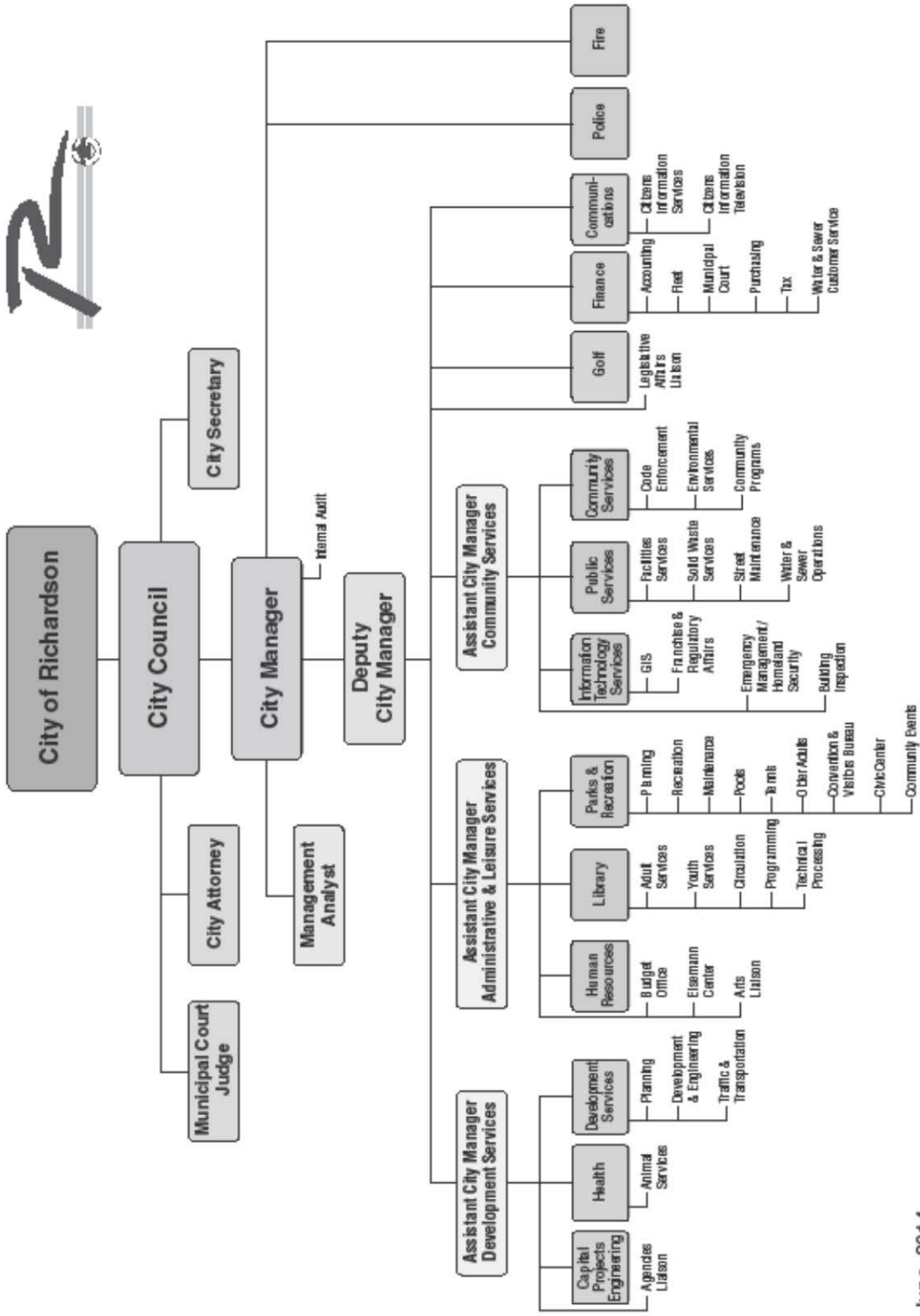
Presented to

City of **Richardson**
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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, 2014, 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.



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, 2014, 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.

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 15 – 24 and 70 – 73 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 23, 2015 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 23, 2015

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

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, 2014. 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, 2014 by \$196,623,061 (net position). Of this amount, \$5,753,518 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$8,759,882. The highlights of this increase can be found on pages 18 and 19 of this report.
- At September 30, 2014, the City's governmental funds reported combined ending fund balances of \$54,182,652. The \$17,789,078 unassigned fund balance in the General Fund represents 16.71% of total General Fund expenditures and transfers.
- The City's total long-term debt increased by \$3,461,849 (1.17%) during the current fiscal year. See Table 4 on page 23 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 comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

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

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

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

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. See note 1(b) for more information on the Golf Fund.

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

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

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

The City reports 19 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

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. The Golf Fund was reclassified as a nonmajor Special Revenue Fund as of the end of FY 2014. See note 1(b) for further details.

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 healthcare.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

Government-Wide Financial Analysis

Total assets of the City at September 30, 2014 were \$570,074,440, deferred outflows of resources were \$2,820,930, and total liabilities were \$376,272,309 resulting in a net position balance of \$196,623,061.

The largest portion of the City's net position, \$179,728,828 (91.41%), reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
City of Richardson
Net Position
(In thousands)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 74,793	\$ 89,636	\$ 29,821	\$ 36,000	\$ 104,614	\$ 125,636
Capital assets	364,637	333,297	100,823	106,598	465,460	439,895
Total assets	\$ 439,430	\$ 422,933	\$ 130,644	\$ 142,598	\$ 570,074	\$ 565,531
Total deferred outflows of resources	\$ 2,230	\$ 2,828	\$ 591	\$ 662	\$ 2,821	\$ 3,490
Other liabilities	\$ 41,403	\$ 48,825	\$ 11,399	\$ 11,645	\$ 52,802	\$ 60,470
Long-term liabilities outstanding	269,779	262,423	53,691	58,265	323,470	320,688
Total liabilities	\$ 311,182	\$ 311,248	\$ 65,090	\$ 69,910	\$ 376,272	\$ 381,158
Net position:						
Net investment in capital assets	\$ 129,095	\$ 113,992	\$ 50,634	\$ 55,251	\$ 179,729	\$ 169,243
Restricted	7,072	7,103	4,068	6,700	11,140	13,803
Unrestricted	(5,689)	(6,582)	11,443	11,399	5,754	4,817
	\$ 130,478	\$ 114,513	\$ 66,145	\$ 73,350	\$ 196,623	\$ 187,863

An additional portion of the City's net position, \$11,140,715 (5.67%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,753,518 (2.92%), 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 \$8,759,882 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

Governmental Activities. Net position increased \$15,965,151. Key revenue and expense transactions are as follows:

- Intergovernmental revenue increased \$1,528,663. This increase is mainly due to the continued support received from the Texas Department of Transportation's Regional Toll Revenue Program for infrastructure and trails.
- Increase in sales tax receipts in the amount of \$3,205,595.
- Increase in ad valorem tax receipts in the amount of \$3,766,241 due to increase in property tax values.
- Increase in franchise taxes of \$749,280 due to increase in electric, gas, and telecommunications.
- Capital contributions and grants increased \$6,659,240 due to strong developer participation.

Business-Type Activities. Business type activities decreased net position by \$7,205,269. Key elements to the change in net position are as follows:

- Water and sewer operating revenues for the current fiscal year were lower than last year by 5.5%. The water restrictions brought on by the continued drought is responsible for the decrease in revenues. Current year operating expenses are 2.46% higher than the previous year and are predominately due to the higher costs for water and sewer treatment.
- The Solid Waste Fund had a \$238,875 increase in net position compared to fiscal year 2013. Operating revenues increased 1.45% due to an increase in commercial collection fees. Expenditures decreased 1.46% due to a reduction in solid waste charges from NTMWD. Additional one-time revenues of \$186,580 were recorded in fiscal year 2014 due to sale of solid waste equipment.
- The Golf Fund showed a 14% decrease in revenues due to a 17.83% decrease in golf rounds. The fund recorded a transfer out of \$3,978,097 as the fund was converted to a Special Revenue Fund at year-end. See note 1(b) for additional detail.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

Table 2
Changes in Net Position
(In thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 23,141	\$ 24,019	\$ 65,745	\$ 68,863	\$ 88,886	\$ 92,882
Operating grants and contributions	789	522	—	—	789	522
Capital grants and contributions	15,022	8,363	1,551	908	16,573	9,271
General revenues:						
Property taxes	68,368	64,602	—	—	68,368	64,602
Sales taxes	29,805	26,600	—	—	29,805	26,600
Franchise taxes	15,038	14,289	—	—	15,038	14,289
Mixed beverage and bingo tax	464	351	—	—	464	351
Hotel/motel taxes	3,665	3,322	—	—	3,665	3,322
Unrestricted interest earnings	92	94	24	29	116	123
Gain on sale of assets	40	35	181	3	221	38
Transfers	4,058	(4,506)	(4,058)	4,506	—	—
Total revenues	160,482	137,691	63,443	74,309	223,925	212,000
Expenses:						
General government	36,312	29,705	—	—	36,312	29,705
Public safety	47,533	45,616	—	—	47,533	45,616
Public services	28,931	27,044	—	—	28,931	27,044
Library	3,989	3,963	—	—	3,989	3,963
Parks and recreation	15,281	15,078	—	—	15,281	15,078
Public health	1,714	1,606	—	—	1,714	1,606
Interest and fiscal charges	10,757	11,134	—	—	10,757	11,134
Water and sewer	—	—	55,648	54,341	55,648	54,341
Solid waste	—	—	12,442	12,574	12,442	12,574
Golf	—	—	2,558	2,544	2,558	2,544
Total expenses	144,517	134,146	70,648	69,459	215,165	203,605
Increase(decrease) in net position	15,965	3,545	(7,205)	4,850	8,760	8,395
Net position-beginning	114,513	110,968	73,350	68,500	187,863	179,468
Net position – ending	\$ 130,478	\$ 114,513	\$ 66,145	\$ 73,350	\$ 196,623	\$ 187,863

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 \$54,182,652. Approximately 32.83%, or \$17,789,078, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, \$36,393,574 (67.17%), is not available for general spending.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

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 16.71% of total General Fund expenditures and transfers out, while total fund balance represents 18.16% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased \$1,459,028 this fiscal year. Sales tax revenues were larger than anticipated with an increase of \$3,205,595 from the previous year's collections. Franchise fees resulted in an increase of \$701,602 from the previous year, primarily due to an increase in telecommunications access line fees and electric and gas franchise fees. Personal services expenditures increased \$1,849,318 from the previous year.

The Debt Service Fund has a fund balance of \$2,328,014, all of which is restricted for the payment of debt. The City's financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund.

The fund balance in the Capital Fund ended the year at \$24,620,053, of which \$2,495,127 is property held for redevelopment and classified as nonspendable resources, \$16,978,669 is restricted for future capital equipment purchases and construction projects, \$3,535,112 is assigned for capital projects, \$1,506,973 is assigned for public service projects and \$104,172 is assigned for other projects. The fund balance decreased by \$10,991,608 due to the use of bond proceeds and grant funds to construct various capital improvements throughout the City.

The Other Governmental Funds had a fund balance increase of \$2,409,392. The major items related to this increase from fiscal year 2013 are an increase in Hotel/Motel tax revenue collections of \$343,222 and an increase in TIF ad valorem tax revenue collections of \$942,196. The Drainage Fund revenues had no significant changes from the previous year, while capital outlays increased \$372,914 for drainage projects on Dumont Dr. and Cottonwood Creek. The Drainage Fund had an increase in fund balance of \$821,489 for fiscal year 2014.

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

Unrestricted net position in the Water and Sewer Fund and the Solid Waste Fund at the end of the year amounted to \$9,399,814 and \$1,945,440, respectively. Total net position decreased (\$2,795,294) in the Water and Sewer Fund and increased \$238,875 in the Solid Waste Fund. Net position for the Golf Fund showed a decrease of (\$4,613,126) as all of the fund's assets and liabilities have been moved to the Governmental Funds.

General Fund Budgetary Highlights

General Fund revenues were projected to be \$1,894,995, or 1.8% higher than estimated year-end revenues for fiscal year 2013. Property tax, sales tax and other business tax revenues were budgeted to make up 63.7% of total General Fund revenues. The certified property tax base increased 6.2% (including TIF values) and tax rates remained unchanged from the prior year. Franchise taxes were projected to increase 2.8% with a normal growth in the customer base. Sales and other business tax revenue was budgeted to increase by 1.8% compared to the estimate for fiscal year 2013. Total expenditures and transfers were projected to be 2.0% higher than 2013 year-end estimates. Personal service expenditures were projected to be 4.1% higher than 2013 estimates

CITY OF RICHARDSON, TEXAS

Management’s Discussion and Analysis (unaudited)

September 30, 2014

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 4.9% higher than the previous year estimate. This increase relates to Parks and Recreation maintenance commitments, enhanced bridge rail maintenance and a spay/neuter program for the animal shelter.

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, 2014 amounts to \$465,460,957 (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 \$25,566,351 (5.81%).

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

- The City completed the Floyd Branch Drainage project at a cost of \$6,711,866. The project improves the drainage basin for an area of approximately 2,500 acres, or 3.383 square miles.
- The City completed the Central Trail at a cost of \$4,296,148. Central Trail connects to Spring Creek Trail to the north and continues south to the City limits.
- The City completed numerous street, sidewalk, alley, and erosion projects totaling over \$11.3 million.
- The City purchased 26 acres of land for \$5,427,116. The land will be used for park improvements.

The Water and Sewer Fund completed \$4.9 million in projects, which extended and improved the City’s Water and Sewer system.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 60,740	\$ 53,681	\$ 424	\$ 543	\$ 61,164	\$ 54,224
Buildings	82,028	84,879	4,680	5,229	86,708	90,108
Improvements other than buildings	32,509	30,440	114	4,142	32,623	34,582
Infrastructure	145,489	129,021	85,450	86,067	230,939	215,088
Vehicles, machinery and equipment	15,551	15,700	7,583	8,656	23,134	24,356
Construction in progress	28,321	19,576	2,572	1,961	30,893	21,537
Total capital assets, net	\$ 364,638	\$ 333,297	\$ 100,823	\$ 106,598	\$ 465,461	\$ 439,895

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

CITY OF RICHARDSON, TEXAS

Management’s Discussion and Analysis (unaudited)

September 30, 2014

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$260,840,000. Of this amount, \$208,599,602 represents tax-supported bonds, \$52,240,398 represents self-supported bonds. The other obligations of \$35,586,450 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.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 181,450	\$ 195,175	\$ 17,165	\$ 18,835	\$ 198,615	\$ 214,010
Certificates of obligation	27,150	18,825	35,075	37,110	62,225	55,935
Total bonds payable	208,600	214,000	52,240	55,945	260,840	269,945
TIF obligations	31,964	18,175	—	—	31,964	18,175
Other obligations	3,622	4,843	—	2	3,622	4,845
Total outstanding debt	<u>\$ 244,186</u>	<u>\$ 237,018</u>	<u>\$ 52,240</u>	<u>\$ 55,947</u>	<u>\$ 296,426</u>	<u>\$ 292,965</u>

In April 2014, the City issued \$7,855,000 of Combination Tax and Revenue Certificates of Obligation. The Certificates of Obligation were issued to pay for constructing, improving, renovating and equipping park and recreation facilities and police and fire fighting facilities, improving the City’s emergency dispatch system, acquiring equipment and vehicles for emergency management, police, fire, streets, traffic and transportation, facility services, municipal court, parks and recreation, municipal library, fleet services, and solid waste departments, constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of and rights-of-way therefore. In July 2014, the City issued \$5,600,000 of Adjustable Rate Combination Tax and Revenue Certificates of Obligation. The Certificates of Obligation were used for municipal park and recreation improvements and improvements to and expansion of the municipal service center, including the acquisition of land therefore. The City recognized TIF grants of \$13,788,889 for infrastructure and land received from a developer. The City’s total bonded debt activity resulted in an overall decrease of approximately \$9,105,000 (3.5%).

Standard & Poor’s Ratings Services assigned its ‘AAA’ rating, with a stable outlook, to the City’s Series 2014 Combination Tax and Revenue Certificates of Obligation, and Moody’s Investors Service (Moody’s) also assigned an ‘Aaa’ rating, with a stable outlook, for the City’s Series 2014 Combination Tax and Revenue Certificates of Obligation. 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 2.0%.

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

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis (unaudited)

September 30, 2014

Economic Factors and Next Year's Budgets and Rates

General Fund revenues and transfers-in for the 2014–2015 budget are expected to increase by 3.1% compared to the fiscal year 2013–2014 revised budget. Expenditures and transfers-out for the General Fund are budgeted 2.9% higher than expenditures and transfers-out in the revised budget for fiscal year 2013–2014. The budget initiatives include a focus on infrastructure maintenance, public safety staffing initiatives for police patrol and emergency medical services, economic development strategies and increased resources for parks maintenance. Overall, the General Fund is expected to end fiscal year 2014–2015 in compliance with the City's financial policy by maintaining a fund balance equal to 60 days of operating expenditures.

Key Highlights of the 2014–2015 Budget Include:

- A 4.9% increase in the overall certified tax base and no change in the tax rate.
- A 3.0% increase in base sales tax is projected.
- A 9.5% rate adjustment in water and sewer fees.
- A 5% rate adjustment in solid waste for commercial frontload services.
- No rate adjustment in golf fees.
- Fund balances maintained in all four (4) major operating funds.
- 5% step increases for approximately 61% of employees eligible for the increase.
- 2.0% merit based increase for those employees at the top of their pay range.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Statement of Net Position

September 30, 2014

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 27,319,880	\$ 2,709,389	\$ 30,029,269
Investments	35,100,063	8,400,696	43,500,759
Receivables (net of allowances)	8,801,899	7,341,421	16,143,320
Inventories	478,496	114,598	593,094
Prepaid items	577,032	494,734	1,071,766
Deposits	117,500	—	117,500
Property held for redevelopment	2,495,127	—	2,495,127
Restricted assets:			
Cash and cash equivalents	—	6,516,943	6,516,943
Investments	—	4,145,283	4,145,283
Receivables (net of allowances)	—	422	422
Internal balances	(97,377)	97,377	—
Capital assets:			
Nondepreciable	89,061,201	2,995,869	92,057,070
Depreciable (net)	275,576,484	97,827,403	373,403,887
Total assets	<u>439,430,305</u>	<u>130,644,135</u>	<u>570,074,440</u>
Deferred outflows of resources:			
Deferred charge on refundings	2,229,771	591,159	2,820,930
Total deferred outflow of resources	<u>2,229,771</u>	<u>591,159</u>	<u>2,820,930</u>
Liabilities:			
Accounts payable	5,088,281	2,576,316	7,664,597
Retainage payable	764,401	—	764,401
Accrued liabilities	1,332,251	210,375	1,542,626
Accrued interest	3,386,086	248,837	3,634,923
Payable from restricted assets:			
Accounts payable	—	372,900	372,900
Retainage payable	—	137,032	137,032
Customer deposits	—	2,663,705	2,663,705
Unearned revenue	7,859,793	—	7,859,793
Money held in escrow	110,676	—	110,676
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	20,873,407	5,057,815	25,931,222
Compensated absences	1,063,923	120,973	1,184,896
Workers' compensation	261,329	11,384	272,713
Unpaid claims liability	663,637	—	663,637
Due in more than one year:			
Bonds, leases, and contractual obligations	235,444,677	48,876,906	284,321,583
Post employment benefits	24,758,530	3,725,008	28,483,538
Compensated absences	9,575,312	1,088,755	10,664,067
Total liabilities	<u>311,182,303</u>	<u>65,090,006</u>	<u>376,272,309</u>
Net position:			
Net investment in capital assets	129,094,950	50,633,878	179,728,828
Restricted for:			
Capital projects	2,629,702	3,699,446	6,329,148
Debt service	—	369,333	369,333
Public safety	1,386,295	—	1,386,295
General government	3,055,939	—	3,055,939
Unrestricted	(5,689,113)	11,442,631	5,753,518
Total net position	<u>\$ 130,477,773</u>	<u>\$ 66,145,288</u>	<u>\$ 196,623,061</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Activities

Year ended September 30, 2014

	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Functions/programs:							
Governmental activities:							
General government	\$ 36,311,501	\$ 3,326,721	\$ 514,714	—	\$ (32,470,066)	\$ —	\$ (32,470,066)
Public safety	47,533,291	9,251,667	224,023	51,355	(38,006,246)	—	(38,006,246)
Public services	28,931,255	6,163,549	22,080	12,704,831	(10,040,795)	—	(10,040,795)
Library	3,989,092	4,621	—	—	(3,984,471)	—	(3,984,471)
Parks and recreation	15,281,348	4,102,847	17,850	2,015,956	(9,144,695)	—	(9,144,695)
Public health	1,713,990	291,309	9,808	250,008	(1,162,865)	—	(1,162,865)
Interest and fiscal charges	10,756,604	—	—	—	(10,756,604)	—	(10,756,604)
Total governmental activities	<u>144,517,081</u>	<u>23,140,714</u>	<u>788,475</u>	<u>15,022,150</u>	<u>(105,565,742)</u>	<u>—</u>	<u>(105,565,742)</u>
Business-type activities:							
Water and Sewer	55,648,270	51,271,143	—	1,551,410	—	(2,825,717)	(2,825,717)
Solid Waste	12,441,418	12,554,988	—	—	—	113,570	113,570
Golf	2,558,384	1,919,096	—	—	—	(639,288)	(639,288)
Total business-type activities	<u>70,648,072</u>	<u>65,745,227</u>	<u>—</u>	<u>1,551,410</u>	<u>—</u>	<u>(3,351,435)</u>	<u>(3,351,435)</u>
Total primary government	<u>\$ 215,165,153</u>	<u>\$ 88,885,941</u>	<u>\$ 788,475</u>	<u>\$ 16,573,560</u>	<u>(105,565,742)</u>	<u>(3,351,435)</u>	<u>(108,917,177)</u>
General revenues:							
Property taxes					68,368,325	—	68,368,325
Sales taxes					29,805,134	—	29,805,134
Franchise taxes					15,038,333	—	15,038,333
Mixed beverage and bingo tax					463,804	—	463,804
Hotel/Motel taxes					3,665,107	—	3,665,107
Unrestricted interest earnings					92,202	23,522	115,724
Gain on sale of assets					39,891	180,741	220,632
Transfers					4,058,097	(4,058,097)	—
Total general revenues					<u>121,530,893</u>	<u>(3,853,834)</u>	<u>117,677,059</u>
Changes in net position					15,965,151	(7,205,269)	8,759,882
Net position – beginning					<u>114,512,622</u>	<u>73,350,557</u>	<u>187,863,179</u>
Net position – ending					<u>\$ 130,477,773</u>	<u>\$ 66,145,288</u>	<u>\$ 196,623,061</u>

See accompanying notes to basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Balance Sheet – Governmental Funds

September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 1,134,059	\$ 2,334,482	\$ 13,292,546	\$ 8,438,422	\$ 25,199,509
Investments	14,206,787	—	19,493,276	—	33,700,063
Receivables (net of allowances)	6,889,082	—	767,190	1,145,627	8,801,899
Due from other funds	57,014	—	—	—	57,014
Inventories	287,371	—	—	—	287,371
Prepaid items	476,979	—	—	76,875	553,854
Deposits	117,500	—	—	—	117,500
Property held for redevelopment	—	—	2,495,127	—	2,495,127
Total assets	\$ 23,168,792	\$ 2,334,482	\$ 36,048,139	\$ 9,660,924	\$ 71,212,337
Liabilities:					
Accounts payable	\$ 1,340,591	\$ —	\$ 3,050,805	\$ 387,621	\$ 4,779,017
Retainage payable	9,412	—	737,063	17,926	764,401
Accrued liabilities	851,246	6,468	—	474,537	1,332,251
Due to other funds	—	—	—	57,014	57,014
Unearned revenue	2,425	—	7,537,592	288,058	7,828,075
Money held in escrow	8,050	—	102,626	—	110,676
Total liabilities	2,211,724	6,468	11,428,086	1,225,156	14,871,434
Deferred inflows of resources:					
Unavailable revenue	1,621,519	—	—	536,732	2,158,251
Total deferred inflows of resources	1,621,519	—	—	536,732	2,158,251
Fund balances:					
Nonspendable:					
Property held for redevelopment	—	—	2,495,127	—	2,495,127
Inventory	287,371	—	—	—	287,371
Deposits	117,500	—	—	—	117,500
Prepaid items	476,979	—	—	76,875	553,854
Restricted for:					
Debt Service	—	2,328,014	—	—	2,328,014
Library	—	—	6,810	—	6,810
Parks and recreation projects	—	—	4,101,351	—	4,101,351
Public services	—	—	8,692,568	—	8,692,568
Neighborhood vitality projects	—	—	2,509,004	—	2,509,004
Municipal public buildings	—	—	36,624	—	36,624
Other capital projects	—	—	117,798	—	117,798
General government	—	—	463,756	2,097,214	2,560,970
Health/Shelter	—	—	229,307	—	229,307
Public Safety	—	—	821,451	1,085,005	1,906,456
Committed for:					
Public services	—	—	—	2,742,936	2,742,936
Assigned for:					
Public services	304,817	—	1,506,973	—	1,811,790
Public safety	52,985	—	2,065	—	55,050
Parks and recreation projects	204,703	—	37,530	27,478	269,711
Neighborhood vitality projects	—	—	64,577	—	64,577
General government	94,155	—	3,535,112	1,869,528	5,498,795
Health	7,477	—	—	—	7,477
Library	484	—	—	—	484
Unassigned	17,789,078	—	—	—	17,789,078
Total fund balances	19,335,549	2,328,014	24,620,053	7,899,036	54,182,652
Total liabilities, deferred inflows and fund balances	\$ 23,168,792	\$ 2,334,482	\$ 36,048,139	\$ 9,660,924	\$ 71,212,337

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position

September 30, 2014

Total fund balances – governmental funds balance sheet	\$ 54,182,652
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.	364,581,674
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,158,251
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	2,403,141
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (note 2 (a))	<u>(292,847,945)</u>
Net position of governmental activities	<u>\$ 130,477,773</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 38,529,677	\$ 28,187,827	\$ —	\$ 1,644,974	\$ 68,362,478
Franchise taxes	14,753,325	—	—	285,008	15,038,333
Sales tax	29,805,134	—	—	—	29,805,134
Mixed beverage and bingo tax	463,804	—	—	—	463,804
Hotel/Motel taxes	—	—	—	3,665,107	3,665,107
Drainage fees	—	—	—	2,581,636	2,581,636
911 revenue	1,214,347	—	—	508,575	1,722,922
Intergovernmental revenue	75,530	—	8,535,190	649,798	9,260,518
Licenses and permits	3,310,532	—	—	—	3,310,532
Fines and forfeitures	4,090,745	—	—	1,391,456	5,482,201
Interest revenue	53,887	2,490	23,602	9,760	89,739
Civic center use	295,181	—	—	—	295,181
Eisemann Center revenue	—	—	—	2,177,365	2,177,365
Recreation and leisure	4,090,764	—	—	—	4,090,764
Public safety	2,094,865	—	—	—	2,094,865
Contributions	96,302	—	250,358	267,850	614,510
Participation	—	—	272,240	—	272,240
Other	833,085	481	226,841	123,325	1,183,732
General administration	7,651,904	—	—	—	7,651,904
Total revenues	107,359,082	28,190,798	9,308,231	13,304,854	158,162,965
Expenditures:					
General government	26,680,859	—	20,333	10,820,512	37,521,704
Public safety	41,041,427	—	342,827	1,778,433	43,162,687
Public services	17,248,008	—	3,327,876	343,970	20,919,854
Library	3,087,964	—	389,760	—	3,477,724
Parks and recreation	11,500,851	—	213,201	76,242	11,790,294
Public health	1,611,577	—	7,500	9,808	1,628,885
General administration	—	—	—	1,565,555	1,565,555
Capital outlay	55,015	—	32,069,901	8,572,719	40,697,635
Debt service:					
Principal retirement	—	17,900,848	—	—	17,900,848
Interest and fiscal charges	25,418	9,563,584	—	1,019,389	10,608,391
Payments for other obligations	489,601	725,198	—	—	1,214,799
Issuance costs	—	—	119,644	—	119,644
Total expenditures	101,740,720	28,189,630	36,491,042	24,186,628	190,608,020
Excess (deficiency) of revenues over (under) expenditures	5,618,362	1,168	(27,182,811)	(10,881,774)	(32,445,055)
Other financing sources (uses):					
Transfers in	517,850	3,280	3,740,273	332,337	4,593,740
Transfers out	(4,738,494)	—	(83,280)	(830,060)	(5,651,834)
Issuance of certificates of obligation	—	—	12,500,000	—	12,500,000
Issuance of other obligations	—	—	—	13,788,889	13,788,889
Premium/discount on bonds	—	—	34,210	—	34,210
Insurance recoveries	10,612	—	—	—	10,612
Proceeds from sale of capital assets	50,698	—	—	—	50,698
Total other financing sources (uses)	(4,159,334)	3,280	16,191,203	13,291,166	25,326,315
Net change in fund balances	1,459,028	4,448	(10,991,608)	2,409,392	(7,118,740)
Fund balances – October 1	17,876,521	2,323,566	35,611,661	5,489,644	61,301,392
Fund balances – September 30	\$ 19,335,549	\$ 2,328,014	\$ 24,620,053	\$ 7,899,036	\$ 54,182,652

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, 2014

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

Net change in fund balances – total governmental funds	\$ (7,118,740)
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))	25,684,675
The net effect of various transactions related to the sale of capital assets decreased net position.	(7,005)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,765,380
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (note 2(b))	(7,202,003)
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))	(1,890,341)
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.	733,185
Change in net position of governmental activities	\$ <u><u>15,965,151</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2014

	<u>Business-type activities-enterprise funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,114,774	\$ 594,615	\$ —	\$ 2,709,389	\$ 2,120,371
Investments	6,706,390	1,694,306	—	8,400,696	1,400,000
Receivables (net of allowances)	5,502,614	1,838,807	—	7,341,421	—
Inventories	88,069	26,529	—	114,598	191,125
Prepaid items	396,762	97,972	—	494,734	23,178
Restricted assets:					
Cash and cash equivalents	4,516,451	2,000,492	—	6,516,943	—
Investments	4,145,283	—	—	4,145,283	—
Other receivables	422	—	—	422	—
Total current assets	<u>23,470,765</u>	<u>6,252,721</u>	<u>—</u>	<u>29,723,486</u>	<u>3,734,674</u>
Noncurrent assets					
Capital assets:					
Land	357,950	65,560	—	423,510	56,011
Improvements	—	193,870	—	193,870	23,023
Buildings	9,480,126	405,247	—	9,885,373	259,990
Water and Sewer System	196,618,284	—	—	196,618,284	—
Vehicles, machinery and equipment	16,870,904	13,176,476	—	30,047,380	268,859
Construction in progress	2,330,272	242,087	—	2,572,359	—
Less accumulated depreciation	<u>(130,603,759)</u>	<u>(8,313,745)</u>	<u>—</u>	<u>(138,917,504)</u>	<u>(551,872)</u>
Total noncurrent assets	<u>95,053,777</u>	<u>5,769,495</u>	<u>—</u>	<u>100,823,272</u>	<u>56,011</u>
Total Assets	<u>118,524,542</u>	<u>12,022,216</u>	<u>—</u>	<u>130,546,758</u>	<u>3,790,685</u>
Deferred Outflow of Resources:					
Deferred charge on refunding	<u>576,706</u>	<u>14,453</u>	<u>—</u>	<u>591,159</u>	<u>—</u>
Total deferred outflow of resources	<u>576,706</u>	<u>14,453</u>	<u>—</u>	<u>591,159</u>	<u>—</u>

CITY OF RICHARDSON, TEXAS
Statement of Net Position – Proprietary Funds
September 30, 2014

	<u>Business-type activities-enterprise funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Liabilities					
Current liabilities:					
Accounts payable	\$ 2,541,838	\$ 34,478	\$ —	\$ 2,576,316	\$ 309,264
Accrued liabilities	167,645	42,730	—	210,375	—
Accrued interest	219,977	28,860	—	248,837	—
Unpaid claims liabilities	—	—	—	—	663,637
Current maturities of bonds, leases and contractual obligations	3,810,244	1,247,571	—	5,057,815	—
Compensated absences	81,341	39,632	—	120,973	8,580
Workers' compensation liability	—	11,384	—	11,384	—
Current liabilities payable from restricted assets:					
Accounts payable	193,028	179,872	—	372,900	—
Retainage payable	136,014	1,018	—	137,032	—
Unearned revenue	—	—	—	—	31,718
Deposits	2,663,705	—	—	2,663,705	—
Total current liabilities	<u>9,813,792</u>	<u>1,585,545</u>	<u>—</u>	<u>11,399,337</u>	<u>1,013,199</u>
Noncurrent liabilities:					
Bonds, leases and contractual obligations	43,026,106	5,850,800	—	48,876,906	—
Postemployment benefits	2,145,217	1,579,791	—	3,725,008	199,742
Compensated absences	732,068	356,687	—	1,088,755	77,226
Total noncurrent liabilities	<u>45,903,391</u>	<u>7,787,278</u>	<u>—</u>	<u>53,690,669</u>	<u>276,968</u>
Total liabilities	<u>55,717,183</u>	<u>9,372,823</u>	<u>—</u>	<u>65,090,006</u>	<u>1,290,167</u>
Net position:					
Net investment capital assets	51,770,092	(1,136,214)	—	50,633,878	56,011
Restricted for:					
Capital projects	1,987,069	1,712,377	—	3,699,446	—
Debt service	227,090	142,243	—	369,333	—
Unrestricted	9,399,814	1,945,440	—	11,345,254	2,444,507
Total net position	<u>\$ 63,384,065</u>	<u>\$ 2,663,846</u>	<u>\$ —</u>	<u>66,047,911</u>	<u>\$ 2,500,518</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				97,377	
Net position of business-type activities				<u>\$ 66,145,288</u>	

See accompanying notes to basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	Business-type activities-enterprise funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Operating revenues:					
Water sales	\$ 29,768,614	\$ —	\$ —	\$ 29,768,614	\$ —
Sewer service	20,462,099	—	—	20,462,099	—
Penalties	449,277	—	—	449,277	—
Service fees (other)	56,437	—	—	56,437	—
Antenna rentals	368,782	—	—	368,782	—
Meter fees	69,320	—	—	69,320	—
Solid waste fees	—	11,887,606	—	11,887,606	—
Golf course fees	—	—	1,784,552	1,784,552	—
Golf course restaurant	—	—	34,754	34,754	—
Charges for services	—	—	—	—	703,413
City and employee contributions	67,637	35,257	4,082	106,976	10,816,901
Intergovernmental revenue	—	—	—	—	94,729
Miscellaneous	28,977	632,125	95,708	756,810	19,154
Total operating revenue	51,271,143	12,554,988	1,919,096	65,745,227	11,634,197
Operating expenses:					
Personal services	6,150,726	4,326,092	1,035,352	11,512,170	505,683
Premiums	—	—	—	—	610,871
Professional and technical services	539,719	181,800	236,499	958,018	810,501
Property services	2,174,101	300,818	289,857	2,764,776	95,767
Other purchased services	707,684	299,407	125,712	1,132,803	75,804
Insurance claims	—	—	—	—	10,225,458
Purchase of water	18,974,257	—	—	18,974,257	—
Purchase of sewage treatment	11,468,004	—	—	11,468,004	—
Solid waste charges	—	3,062,825	—	3,062,825	—
General administration	3,879,623	2,122,106	94,175	6,095,904	—
Franchise fees	2,511,536	594,380	—	3,105,916	—
BABIC program	466,666	—	—	466,666	—
Supplies	1,242,199	230,378	355,051	1,827,628	15,115
Depreciation	6,250,350	1,124,170	418,779	7,793,299	—
Total operating expenses	54,364,865	12,241,976	2,555,425	69,162,266	12,339,199
Operating income (loss)	(3,093,722)	313,012	(636,329)	(3,417,039)	(705,002)
Nonoperating revenues (expenses):					
Interest revenue	19,575	3,480	467	23,522	2,463
Interest expense and fiscal charges	(1,261,076)	(172,988)	—	(1,434,064)	—
Other non-operating charges	(4,809)	(11,209)	—	(16,018)	—
Gain (loss) from disposal of capital assets	(6,672)	186,580	833	180,741	—
Total nonoperating revenues (expenses)	(1,252,982)	5,863	1,300	(1,245,819)	2,463
Income (loss) before contributions and transfers	(4,346,704)	318,875	(635,029)	(4,662,858)	(702,539)
Capital contributions	1,551,410	—	—	1,551,410	—
Transfers in	—	—	—	—	1,400,000
Transfers out	—	(80,000)	(3,978,097)	(4,058,097)	—
Change in net position	(2,795,294)	238,875	(4,613,126)	(7,169,545)	697,461
Total net position October 1	66,179,359	2,424,971	4,613,126		1,803,057
Total net position – September 30	\$ 63,384,065	\$ 2,663,846	\$ —		\$ 2,500,518
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(35,724)	
Change in net position of business type-activities				\$ (7,205,269)	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2014

	<u>Business-type activities-enterprise funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 52,090,826	12,498,958	1,913,877	\$ 66,503,661	\$ —
Cash received from service users	—	—	—	—	703,416
Cash received from city, employee and other contributions	67,637	35,257	4,082	106,976	10,930,781
Cash payments for goods and services	(42,419,125)	(6,477,914)	(1,081,739)	(49,978,778)	(1,425,065)
Cash payments to employees	(6,129,440)	(4,176,297)	(998,814)	(11,304,551)	(475,457)
Cash payments for claims	—	—	—	—	(10,593,966)
Cash received from miscellaneous revenues	28,977	—	—	28,977	—
Net cash provided by (used in) operating activities	<u>3,638,875</u>	<u>1,880,004</u>	<u>(162,594)</u>	<u>5,356,285</u>	<u>(860,291)</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	—	(80,000)	(267,249)	(347,249)	—
Net cash used in noncapital financing activities	<u>—</u>	<u>(80,000)</u>	<u>(267,249)</u>	<u>(347,249)</u>	<u>—</u>
Cash flows from financing activities:					
Net proceeds from sale of capital assets	208	186,580	833	187,621	—
Bond proceeds, other obligations, and accrued interest	—	950,090	—	950,090	—
Acquisition and construction of capital assets	(3,434,923)	(942,260)	(87,753)	(4,464,936)	—
Increase in retainage payable	(14,279)	(6,735)	(10,314)	(31,328)	—
Principal paid on debt	(3,380,943)	(1,280,000)	—	(4,660,943)	—
Interest paid on debt	(1,870,336)	(200,413)	—	(2,070,749)	—
Fiscal charges and bond escrow payments	(4,809)	(267)	—	(5,076)	—
Net cash used in capital and related financing activities	<u>(8,705,082)</u>	<u>(1,293,005)</u>	<u>(97,234)</u>	<u>(10,095,321)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investment securities	(16,363,135)	(1,701,594)	—	(18,064,729)	—
Proceeds from sale and maturities of investments	17,520,037	—	—	17,520,037	—
Interest received on investments	100,247	7,173	467	107,887	2,463
Net cash provided by (used in) investing activities	<u>1,257,149</u>	<u>(1,694,421)</u>	<u>467</u>	<u>(436,805)</u>	<u>2,463</u>
Net decrease in cash, restricted cash, and cash equivalents	<u>(3,809,058)</u>	<u>(1,187,422)</u>	<u>(526,610)</u>	<u>(5,523,090)</u>	<u>(857,828)</u>
Cash, restricted cash, and cash equivalents, October 1	<u>10,440,283</u>	<u>3,782,529</u>	<u>526,610</u>	<u>14,749,422</u>	<u>2,978,199</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 6,631,225</u>	<u>\$ 2,595,107</u>	<u>\$ —</u>	<u>\$ 9,226,332</u>	<u>\$ 2,120,371</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2014

	<u>Business-type activities-enterprise funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,093,722)	\$ 313,012	\$ (636,329)	\$ (3,417,039)	\$ (705,002)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	6,250,350	1,124,170	418,779	7,793,299	—
Provision for uncollectible accounts	(18,347)	(5,993)	—	(24,340)	—
Changes in assets and liabilities:					
(Increase) decrease in trade accounts receivable (gross)	1,020,128	(13,308)	(1,137)	1,005,683	72,225
(Increase) decrease in other receivables	(204,325)	109,637	—	(94,688)	—
(Increase) decrease in inventories	784	1,259	—	2,043	33,032
(Increase) decrease in prepaid items	100,027	24,761	1,014	125,802	(23,178)
Increase (decrease) in accounts payable	(561,837)	178,144	18,541	(365,152)	(222,832)
Increase in unpaid claims liabilities	—	—	—	—	(36,363)
Increase in unearned revenue	—	—	—	—	31,718
Increase in deposits payable from restricted assets	96,025	—	—	96,025	—
Increase (decrease) in compensated absences	(98,169)	17,123	7,296	(73,750)	(9,483)
Increase (decrease) in workers compensation	(4,277)	11,384	3,682	10,789	—
Increase (decrease) in post-employment benefits	123,732	121,288	25,560	270,580	(408)
Decrease in accrued liabilities	28,506	(1,473)	—	27,033	—
Total adjustments	<u>6,732,597</u>	<u>1,566,992</u>	<u>473,735</u>	<u>8,773,324</u>	<u>(155,289)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,638,875</u>	<u>\$ 1,880,004</u>	<u>\$ (162,594)</u>	<u>\$ 5,356,285</u>	<u>\$ (860,291)</u>
Noncash investing, capital, and financing activities:					
Transfer of resources due to fund closure	\$ —	\$ —	\$ (3,710,848)	\$ (3,710,848)	\$ —
Contributions of capital assets from public	1,544,410	—	—	1,544,410	—
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:					
Total unrestricted cash and investments per the statement of net position	\$ 8,821,164	2,288,921	—	\$ 11,110,085	\$ 2,120,371
Total restricted cash and investments per the statement of net position	<u>8,661,734</u>	<u>2,000,492</u>	<u>—</u>	<u>10,662,226</u>	<u>1,400,000</u>
Total cash and investments per the statement of net position	17,482,898	4,289,413	—	21,772,311	3,520,371
Less investments not meeting the definition of cash equivalents	<u>(10,851,673)</u>	<u>(1,694,306)</u>	<u>—</u>	<u>(12,545,979)</u>	<u>(1,400,000)</u>
Cash, restricted cash and cash equivalents as of September 30, 2014	<u>\$ 6,631,225</u>	<u>\$ 2,595,107</u>	<u>\$ —</u>	<u>\$ 9,226,332</u>	<u>\$ 2,120,371</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(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) 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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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. During the budget process for FY2015, the City Council reclassified the Golf Fund from a Proprietary Fund to a Special Revenue Fund as of the end of FY2014. This treatment acknowledges that the Golf Fund was unlikely to be self-supporting in the future. Fiscal year 2014 operations were reported in the Proprietary Fund – Golf Fund and net operations transferred at fiscal year end to the Special Revenue Fund. Current assets and liabilities were transferred to the new Special Revenue Fund and capital assets and long-term liabilities were transferred to the Governmental Activities for the government-wide presentation.

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

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

Statement of Cash Flows

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

(c) *Measurement Focus/Basis of Accounting*

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net 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,

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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, postemployment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

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

(d) *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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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 Frost Bank. The City's safekeeping agent holds all securities in the City's name.

For fiscal year 2014, the City invested in U.S. Agencies, a U.S. Treasury, TexPool, TexSTAR, Lone Star, Texas Daily, Federated Money Market Funds, Invesco Money Market Funds and a Certificate of Deposit. The City records all interest revenue related to investment activities in the respective funds.

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

TexPool and TexSTAR were created to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fair value of positions in TexPool or TexSTAR is the same as the value of the pool shares. Texas Daily was created in 2000 to allow Texas local governments and school districts to pool their funds for investment. Lone Star was created in 1991 by the Texas Association of School boards (TASB) Financial Services. On March 1, 2004, TASB Financial Services became First Public.

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

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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, 2014, the City’s tax rate was \$0.63516.

Inventories and Prepaid Items

Inventories

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

Prepaid Items

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

Property held for Redevelopment

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

Capital Assets

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, 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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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 2014, \$420,717 of net interest costs were capitalized in the Water and Sewer Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

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

Land improvements	10–20 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, 2014, the City received \$10,612 in insurance recoveries.

Compensated Absences

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

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City's pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in note 4(d).

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Long-Term Obligations

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

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

Classifications of Fund Balance

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

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

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 refunding reported in the government-wide statement of net position for governmental and business activities and at the fund level for the proprietary 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.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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 \$11,140,715 of restricted net position, of which \$4,811,567 is restricted by enabling legislation.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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

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

The governmental funds Balance Sheet includes reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$292,847,945 are as follows:

Bonds payable	\$ 208,599,602
Notes payable and other contractual obligations	35,586,540
Less issuance discount (to be amortized as interest expense)	(29,418)
Add issuance premium (to be amortized as interest expense)	12,161,360
Less deferred charges on refunding (to be amortized as interest expense)	(2,229,771)
Accrued interest payable	3,386,086
Postemployment liability	24,558,788
Compensated absences	10,553,429
Workers’ compensation liability	<u>261,329</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ 292,847,945</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$25,684,675 difference are as follows:

Capital outlay	\$ 40,697,635
Depreciation expense	(19,424,519)
Assets from Golf Fund	11,059,936
Accumulated depreciation from Golf Fund	<u>(6,648,377)</u>
Net adjustment to increase in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 25,684,675</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Another element of the reconciliation states “the issuance of long-term debt (e.g., bonds, leases, and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is originally issued, whereas these amounts are amortized in the Statement of Activities.” The details of the \$7,202,003 are as follows:

Debt issued or incurred:	
General obligations, certificates of obligation, and refunding bonds	\$ (12,500,000)
Notes payable and other contractual obligations	(13,788,889)
Add premium	(34,210)
Principal repayments:	
General obligation bonds	13,725,848
Certificates of obligation	4,175,000
Notes payable	<u>1,220,248</u>
Net adjustment to increase fund balance – total governmental funds to arrive at changes in net position of governmental activities	\$ <u><u>(7,202,003)</u></u>

Another element of the reconciliation states, “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$1,890,341 are as follows:

Amortization of bond premium	\$ 955,924
Amortization of bond discount	(9,626)
Amortization of deferred charge on refunded bonds	(598,071)
Accrued interest	(382,247)
Postemployment benefits	(1,785,379)
Compensated absences	(95,869)
Workers’ compensation expense	<u>24,927</u>
Net adjustment to decrease fund balance – total governmental funds to arrive at changes in net position of governmental activities	\$ <u><u>(1,890,341)</u></u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(3) Detailed Notes

(a) Deposits and Investments

Deposits – The City maintained the following deposit balances:

	Bank balance	Book balance
Financial institution:		
Legacy – City	\$ 4,415,544	\$ 4,637,864
Legacy – RIC	36,009	36,009
Frost – City	209,236	209,236
Independent Bank – CD	4,005,952	4,005,952
Petty cash	N/A	10,840
Total	\$ 8,666,741	\$ 8,899,901

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

	Fair value	Weighted average maturity (years) (1)
Investment type:		
Federal National Mortgage Corporation – Bonds	\$ 21,180,164	0.05
Federal Home Loan Mortgage Association – Bonds	14,410,304	0.04
Lone Star	9,327,672	0.02
Texas Daily	8,471,617	0.01
TexPool	5,525,427	0.01
TexStar	3,418,649	0.01
Federal Home Loan Bank – Bonds	8,001,043	0.00
Federated Government Agency Money Market Fund	489,804	0.00
Invesco Government Agency Money Market Fund	413,141	0.00
U.S. Treasury	4,054,532	0.00
Total fair value	\$ 75,292,353	
Portfolio weighted average maturity		0.14

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

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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, 2014. Standard & Poor’s has rated investments in TexPool, TexSTAR, Lone Star, Texas Daily, Invesco Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2014.

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 25% in an individual investment pool or money market mutual fund. At September 30, 2014, the City’s direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and a U.S. Treasury. These investments are 10%, 26%, 18% and 5%, respectively, of the City’s total investments.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(b) Receivables

Receivables at September 30, 2014, 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	Other governmental funds	Total governmental funds
Receivables:				
Taxes-property	\$ 1,296,169	\$ —	\$ —	\$ 1,296,169
Taxes-sales	2,835,336	—	—	2,835,336
Trade accounts	3,563,153	—	4,712,424	8,275,577
Interest	113,410	5,338	—	118,748
Intergovernmental	14,908	761,852	57,014	833,774
Gross receivables	7,822,976	767,190	4,769,438	13,359,604
Less allowance for uncollectibles	(933,894)	—	(3,623,811)	(4,557,705)
Net receivables	\$ 6,889,082	\$ 767,190	\$ 1,145,627	\$ 8,801,899

Business-Type Receivables			
	Water and sewer	Solid waste	Total business-type activities
Receivables:			
Trade accounts	\$ 5,250,304	\$ 1,185,100	\$ 6,435,404
Other	342,606	681,569	1,024,175
Interest	—	3,594	3,594
Gross receivables	5,592,910	1,870,263	7,463,173
Less allowance for uncollectibles	(89,874)	(31,456)	(121,330)
Net receivables	\$ 5,503,036	\$ 1,838,807	\$ 7,341,843

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2014.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(c) ***Restricted Assets***

Enterprise Funds

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Services Fund</u>	<u>Total</u>
Debt service – Sinking Fund	\$ 447,067	\$ 171,103	\$ 618,170
Customers’ deposits	2,663,705	—	2,663,705
Rate stabilization	2,153,297	—	2,153,297
Capital Project and Equipment Funds	3,351,022	1,829,389	5,180,411
Developer participation	47,065	—	47,065
Total restricted assets	<u>\$ 8,662,156</u>	<u>\$ 2,000,492</u>	<u>\$ 10,662,648</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(d) Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning balance October 1, 2013	Increases	Decreases	Ending balance September 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 53,681,133	\$ 7,058,742	\$ —	\$ 60,739,875
Construction in progress	<u>19,576,530</u>	<u>20,599,964</u>	<u>(11,855,168)</u>	<u>28,321,326</u>
Total capital assets, not being depreciated	<u>73,257,663</u>	<u>27,658,706</u>	<u>(11,855,168)</u>	<u>89,061,201</u>
Capital assets, being depreciated:				
Buildings	136,121,437	1,258,665	—	137,380,102
Improvements other than buildings	65,589,565	10,270,197	—	75,859,762
Vehicles, machinery, and equipment	44,595,114	4,008,735	(2,095,140)	46,508,709
Infrastructure	<u>403,882,470</u>	<u>26,079,793</u>	<u>—</u>	<u>429,962,263</u>
Total capital assets, being depreciated	<u>650,188,586</u>	<u>41,617,390</u>	<u>(2,095,140)</u>	<u>689,710,836</u>
Less accumulated depreciation for:				
Buildings	51,242,531	4,109,675	—	55,352,206
Improvements other than buildings	35,149,761	8,200,962	—	43,350,723
Vehicles, machinery, and equipment	28,895,335	4,150,468	(2,088,135)	30,957,668
Infrastructure	<u>274,861,964</u>	<u>9,611,791</u>	<u>—</u>	<u>284,473,755</u>
Total accumulated depreciation	<u>390,149,591</u>	<u>26,072,896</u>	<u>(2,088,135)</u>	<u>414,134,352</u>
Total capital assets being depreciated, net	<u>260,038,995</u>	<u>15,544,494</u>	<u>(7,005)</u>	<u>275,576,484</u>
Governmental activities capital assets, net	<u>\$ 333,296,658</u>	<u>\$ 43,203,200</u>	<u>\$ (11,862,173)</u>	<u>\$ 364,637,685</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

	Beginning balance October 1, 2013	Increases	Decreases	Ending balance September 30, 2014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 542,839	\$ —	\$ (119,329)	\$ 423,510
Construction in progress	1,961,459	3,922,943	(3,312,043)	2,572,359
	<u>2,504,298</u>	<u>3,922,943</u>	<u>(3,431,372)</u>	<u>2,995,869</u>
Capital assets, being depreciated:				
Buildings	10,584,402	92,612	(791,641)	9,885,373
Improvements other than buildings	9,260,589	—	(9,066,719)	193,870
Vehicles, machinery, and equipment	31,192,952	684,364	(1,829,936)	30,047,380
Infrastructure	191,629,083	4,989,201	—	196,618,284
	<u>242,667,026</u>	<u>5,766,177</u>	<u>(11,688,296)</u>	<u>236,744,907</u>
Less accumulated depreciation, for:				
Buildings	5,355,303	269,693	(419,199)	5,205,797
Improvements other than buildings	5,118,862	359,541	(5,398,783)	79,620
Vehicles, machinery, and equipment	22,536,711	1,558,403	(1,631,189)	22,463,925
Infrastructure	105,562,500	5,605,662	—	111,168,162
	<u>138,573,376</u>	<u>7,793,299</u>	<u>(7,449,171)</u>	<u>138,917,504</u>
Total capital assets being depreciated net	<u>104,093,650</u>	<u>(2,027,122)</u>	<u>(4,239,125)</u>	<u>97,827,403</u>
Business-type activities capital assets, net	\$ <u>106,597,948</u>	\$ <u>1,895,821</u>	\$ <u>(7,670,497)</u>	\$ <u>100,823,272</u>

As part of the transfer of capital assets from the Golf Fund to Governmental Activities more fully described in note 1(b), \$11,059,936 of assets and accumulated depreciation of \$6,648,377 was moved from Business-Type Activities to Governmental Activities.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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

Governmental activities:

General government	\$	4,945,969
Public safety		2,503,939
Public services		8,370,436
Library		379,361
Parks and recreation		3,197,717
Health		27,097

Depreciation expense – governmental activities 19,424,519

Transfer of Golf Fund accumulated depreciation (note 1(b))		6,648,377
	\$	<u>26,072,896</u>

Business-type activities:

Water and sewer	\$	6,250,350
Solid waste		1,124,170
Golf		418,779

Total depreciation expense – business-type activities \$ 7,793,299

(e) Construction Commitments

Outstanding commitments at September 30, 2014, 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, 2014 between the Federal Grant Fund and the General Fund for \$57,014. This interfund balance was due to timing of receipts from the federal government for amounts spent in advance by the Federal Grant Fund.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Individual fund transfers for fiscal year 2013-2014 were as follows:

	Transfers Out					Total
	Governmental funds			Enterprise funds		
	General Fund	Capital Fund	Other Governmental Funds	Solid Waste Fund	Golf Fund	
Transfers in:						
General	\$ —	\$ —	\$ 517,850	\$ —	\$ —	\$ 517,850
Debt service	—	3,280	—	—	—	3,280
Capital	3,338,494	—	312,210	80,000	9,569	3,740,273
Other governmental	—	80,000	—	—	252,337	332,337
Insurance Fund	1,400,000	—	—	—	—	1,400,000
Governmental activities	—	—	—	—	3,716,191	3,716,191
Total	<u>\$ 4,738,494</u>	<u>\$ 83,280</u>	<u>\$ 830,060</u>	<u>\$ 80,000</u>	<u>\$ 3,978,097</u>	<u>\$ 9,709,931</u>

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 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 and convey a donation for park improvements from the RIC. The transfer from the General Fund to the Insurance Fund was to provide additional funding for CORPlan. The transfer from the Solid Waste Fund to the Capital Fund was for a capital project. The transfers out from the Golf Fund are for the conversion of the Fund to a Special Revenue Fund as described in note 1(b).

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(g) Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2014:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	\$ 195,175,450	\$ —	\$ (13,725,848)	\$ 181,449,602	\$ 13,440,344
Certificates of obligation	18,825,000	12,500,000	(4,175,000)	27,150,000	5,860,000
Bond discounts/premiums	13,044,030	43,836	(955,924)	12,131,942	1,009,287
Total bonds payable	227,044,480	12,543,836	(18,856,772)	220,731,544	20,309,631
TIF Obligation	18,175,159	13,788,889	—	31,964,048	—
Other Obligations	4,842,740	—	(1,220,248)	3,622,492	563,776
Other postemployment benefits	17,876,972	3,462,893	(1,783,670)	19,556,195	—
TMRS – pension liability	5,096,589	462,507	(356,761)	5,202,335	—
Compensated absences	10,552,849	1,647,481	(1,561,095)	10,639,235	1,063,923
Workers' compensation	286,254	251,464	(276,389)	261,329	261,329
Unpaid claims liability	700,000	—	(36,363)	663,637	663,637
Total governmental-type long-term liabilities	\$ 284,575,043	\$ 32,157,070	\$ (24,091,298)	\$ 292,640,815	\$ 22,862,296
Business-type activities:					
General obligation refunding bonds	\$ 18,834,550	\$ —	\$ (1,669,152)	\$ 17,165,398	\$ 2,019,656
Certificates of obligation	37,110,000	955,000	(2,990,000)	35,075,000	2,845,000
Bond discount/premiums	1,878,147	10,178	(194,002)	1,694,323	193,159
Total bonds payable	57,822,697	965,178	(4,853,154)	53,934,721	5,057,815
Other obligations	1,792	—	(1,792)	—	—
Other postemployment benefits	3,085,098	556,678	(754,540)	2,887,236	—
TMRS – pension liability	943,519	66,046	(171,793)	837,772	—
Compensated absences	1,400,975	143,209	(334,456)	1,209,728	120,973
Workers' compensation	4,277	57,133	(50,026)	11,384	11,384
Total business-type long-term liabilities	\$ 63,258,358	\$ 1,788,244	\$ (6,165,761)	\$ 58,880,841	\$ 5,190,172

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Bonds payable at September 30, 2014, are comprised of the following:

General Government

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

	<u>Interest rate percentage</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Original issue</u>	<u>Outstanding @ September 30, 2014</u>	<u>Due within one year</u>
General obligation bonds:						
2013 Refunding	1.50 – 5.00	3/15/2013	2/15/2025	\$ 18,000,000	\$ 18,000,000	\$ 130,000
2012 Refunding	2.00 – 4.00	3/15/2012	2/15/2023	6,270,000	5,545,000	615,000
2011 Adj. Rate Refunding	Adjustable	6/14/2011	6/15/2023	6,039,620	3,264,602	1,310,344
2010 Ref. & Imp.	2.00 – 5.00	6/15/2010	2/15/2030	73,000,000	66,920,000	1,485,000
2010 Ref. & Imp. – Golf	3.00 – 5.00	6/15/2010	2/15/2021	4,365,000	3,290,000	390,000
2009 Refunding	2.00 – 5.00	4/15/2009	2/15/2019	14,460,000	6,365,000	1,280,000
2006 Ref. & Imp.	4.50 – 5.25	7/01/2006	2/15/2026	79,440,000	64,995,000	5,180,000
2005 Ref. & Imp.	3.00 – 5.25	5/12/2005	2/15/2025	32,975,000	8,655,000	2,365,000
2005 Ref. & Imp. – Golf	3.00 – 5.25	5/12/2005	2/15/2017	225,000	80,000	25,000
Total general obligation bonds – tax exempt					<u>177,114,602</u>	<u>12,780,344</u>
Taxable general obligation bonds:						
2010A Taxable Refunding	1.15 – 4.05	6/15/2010	2/15/2020	6,105,000	4,335,000	660,000
Total general obligation bonds – taxable					<u>4,335,000</u>	<u>660,000</u>
Total governmental-type general obligation, taxable and tax exempt bonds					<u>181,449,602</u>	<u>13,440,344</u>
Certificates of obligations:						
2014 Certificates	0.75 – 2.00	4/01/2014	2/15/2022	6,900,000	6,900,000	2,335,000
2014A Certificates	Adjustable	8/26/2014	6/15/2009	5,600,000	5,600,000	—
2013 Certificates	1.50 – 4.00	3/15/2013	2/15/2033	4,290,000	3,530,000	815,000
2012 Certificates	2.00 – 4.00	3/15/2012	2/15/2032	5,775,000	4,075,000	900,000
2011 Certificates	2.00 – 3.25	4/01/2011	2/15/2019	3,085,000	920,000	815,000
2010 Certificates	2.00 – 4.00	6/15/2010	2/15/2025	7,520,000	3,555,000	350,000
2009 Certificates	2.50 – 3.80	4/15/2009	2/15/2023	5,370,000	1,660,000	230,000
2008 Certificates	3.50	4/15/2008	2/15/2016	4,500,000	580,000	285,000
2007 Certificates	4.00 – 4.50	4/15/2007	2/15/2015	3,220,000	105,000	105,000
Total certificates of obligation – tax exempt					<u>26,925,000</u>	<u>5,835,000</u>
Taxable certificates of obligation:						
2012A Certificates	1.625 – 3.00	3/15/2012	2/15/2022	275,000	225,000	25,000
Total governmental-type certificates of obligation, taxable and tax exempt bonds					<u>27,150,000</u>	<u>5,860,000</u>
Add unamortized premium					12,161,360	1,011,092
Less:						
Unamortized discount					<u>(29,418)</u>	<u>(1,805)</u>
Total general government bonds and certificates of obligation					<u>\$ 220,731,544</u>	<u>\$ 20,309,631</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Business-Type Activities

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

	<u>Interest rate percentage</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Original issue</u>	<u>Outstanding @ September 30, 2014</u>	<u>Due within one year</u>
Water and Sewer:						
General obligation bonds:						
2013 Refunding	1.50 – 5.00	3/15/2013	2/15/2025	\$ 2,720,000	\$ 2,675,000	\$ 85,000
2012 Refunding	2.00 – 4.00	3/15/2012	2/15/2024	8,575,000	7,620,000	785,000
2011 Adj. Rate Refunding	Adjustable	6/14/2011	6/15/2023	620,380	360,398	144,656
2010 Refunding	4.00 – 5.00	6/15/2010	2/15/2030	4,080,000	3,040,000	375,000
2009 Refunding	2.00 – 5.00	4/15/2009	2/15/2020	5,685,000	<u>3,160,000</u>	<u>585,000</u>
Total water and sewer general obligation bonds					<u>16,855,398</u>	<u>1,974,656</u>
Certificates of obligation:						
2013 Certificates	1.50 – 4.00	3/15/2013	2/15/2033	3,025,000	2,940,000	125,000
2011 Certificates	2.00 – 3.25	4/01/2011	2/15/2031	3,500,000	3,210,000	130,000
2010 Certificates	2.00 – 4.00	6/15/2010	2/15/2030	7,210,000	5,980,000	340,000
2009 Certificates	2.50 – 3.80	4/15/2009	2/15/2029	5,030,000	4,090,000	215,000
2008 Certificates	3.50 – 4.50	4/15/2008	2/15/2028	5,000,000	4,005,000	210,000
2007 Certificates	4.00 – 4.50	4/15/2007	2/15/2027	5,000,000	3,790,000	220,000
2006 Certificates	4.00 – 5.00	7/01/2006	2/15/2026	5,000,000	3,530,000	225,000
2005 Certificates	3.15 – 4.00	5/12/2005	2/15/2025	4,235,000	<u>880,000</u>	<u>200,000</u>
Total water and sewer certificates of obligation					<u>28,425,000</u>	<u>1,665,000</u>
Total water and sewer general obligation bonds and certificates of obligation					45,280,398	3,639,656
Solid waste:						
General obligation bonds:						
2009 Refunding	1.50-4.00	4/15/2009	2/15/2021	480,000	310,000	45,000
Certificates of obligation:						
2014 Certificates	0.75 – 2.00	4/01/2014	2/15/2022	955,000	955,000	100,000
2013 Certificates	1.50 – 4.00	3/15/2013	2/15/2021	1,000,000	895,000	120,000
2012 Certificates	2.00 – 3.00	3/15/2012	2/15/2020	865,000	665,000	105,000
2011 Certificates	2.00 – 3.25	4/01/2011	2/15/2019	1,380,000	935,000	170,000
2010 Certificates	2.00 – 4.00	6/15/2010	2/15/2025	3,575,000	2,440,000	305,000
2009 Certificates	2.50 – 3.00	4/15/2009	2/15/2017	1,400,000	560,000	180,000
2008 Certificates	3.50	4/15/2008	2/15/2015	1,200,000	<u>200,000</u>	<u>200,000</u>
Total solid waste certificates of obligation					6,650,000	1,180,000
Total solid waste general obligation bonds and certificates of obligation					<u>6,960,000</u>	<u>1,225,000</u>
Add unamortized premium					1,796,939	198,800
Less:						
Unamortized discount					<u>(102,616)</u>	<u>(5,641)</u>
Total business type general obligation bonds and certificates of obligation					<u>\$ 53,934,721</u>	<u>\$ 5,057,815</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Debt Service Requirements

Debt service requirements at September 30, 2014 for General Obligation Bonds and Certificates of Obligation are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending September 30:				
2015	\$ 19,300,344	\$ 8,662,620	\$ 4,864,656	\$ 1,868,760
2016	19,231,984	8,209,527	4,753,016	1,724,121
2017	19,447,274	7,525,097	4,997,726	1,565,559
2018	19,605,000	6,693,813	4,710,000	1,396,513
2019	19,935,000	5,851,398	4,710,000	1,220,927
2020 – 2024	67,940,000	17,965,888	17,580,000	3,766,885
2025 – 2029	36,930,000	5,243,180	9,005,000	1,098,490
2030 – 2033	6,210,000	174,863	1,620,000	81,712
Totals	\$ <u>208,599,602</u>	\$ <u>60,326,386</u>	\$ <u>52,240,398</u>	\$ <u>12,722,967</u>

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, 2014, there was \$20,395,000 of defeased bonds outstanding.

Certificates of Obligation

On April 1, 2014, the City issued \$7,855,000 Combination Tax and Revenue Certificates of Obligation, Series 2014 with a true interest cost of 1.02%. The Solid Waste Fund issued \$955,000 in Certificates and \$6,900,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$88,712 will be used for constructing, improving, renovating, and equipping park and recreation facilities and police and fire fighting facilities, improving the City’s emergency dispatch system, acquiring equipment and vehicles for emergency management, police, fire, streets, traffic and transportation, facility services, municipal court, parks and recreation, municipal library, fleet services, and solid waste departments, constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of and rights-of-way therefore.

On July 28, 2014, the City issued \$5,600,000 of Adjustable Rate Combination Tax and Revenue Certificates of Obligation, Series 2014A with a variable interest rate. The \$5,600,000 in certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$45,000 will be used for municipal park and recreation improvements, and improvements to and expansion of the municipal service center, including the acquisition of land therefore.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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

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

(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, 2014:

	Governmental-type activities						Total	Business-type activities Water and Sewer computer hardware
	Computer hardware	Police academy	Loan STAR	CIS	Key government finance	Texas comptroller of public accounts		
Balance at October 1, 2013	\$ 1,009,888	\$ 1,119,204	\$ 48,016	\$ 511,461	\$ 339,876	\$ 1,814,295	\$ 4,842,740	\$ 1,792
Additions/adjustments payments	(513,195)	(108,476)	(48,016)	(97,873)	(339,876)	(112,812)	(1,220,248)	(1,792)
Balance at September 30, 2014	<u>\$ 496,693</u>	<u>\$ 1,010,728</u>	<u>\$ —</u>	<u>\$ 413,588</u>	<u>\$ —</u>	<u>\$ 1,701,483</u>	<u>\$ 3,622,492</u>	<u>\$ —</u>

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 qualified as a capital lease for accounting purposes and was paid off during the fiscal year. 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, 2014. The details of the capital assets are:

	Governmental activities
Total cost	\$ 434,847
Less accumulated depreciation	(163,068)
Book value	<u>\$ 271,779</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

The following is a schedule of the lease payments required under the capital lease at September 30, 2014:

<u>Fiscal year ending September 30</u>	<u>Governmental activities</u>
2015	\$ 261,704
2016	261,704
Total minimum lease payments	523,408
Less amount representing interest (5%)	(26,715)
Present value of minimum lease payments	<u>\$ 496,693</u>

Notes Payable

The note with Frost Bank to provide funding for computer hardware was paid off during FY2014.

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, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
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	124,807	23,755	148,562
2020 – 2024	409,193	47,060	456,253
2025 – 2029	15,463	773	16,236
Totals	<u>\$ 1,010,728</u>	<u>\$ 217,061</u>	<u>\$ 1,227,789</u>

The contractual obligation to the State of Texas Energy Conservation Office (LoanStar) was repaid in full during FY2014.

Other Obligations

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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 2013-2014. The balance at September 30, 2014 was \$1,701,484.

The City’s financial note with Key Government Finance for purchase of a telephone system in FY 2010 was paid off during FY 2014.

The City’s purchase of citywide network enhancements financed in January 2012 through Key Government Finance was paid off during FY 2014.

During fiscal year 2009-2010, the City entered into an agreement with Computer Information Systems, Inc. (CIS) to purchase public safety records management software. The agreement requires annual installments of \$109,168 beginning October 1, 2010 and ending October 1, 2017. The balance at September 30, 2014 was \$413,588.

(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	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 an infrastructure grant of \$3,299,865 and a design and construction reimbursement grant of \$5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. Interest payments of \$356,946 were made during the fiscal year.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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, and from tax rebates on business personal property at the site. Interest payments of \$541,164 (\$417,712 from the TIF Fund and \$123,452 from operating) 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 \$17,812,268 to date. Funding is contingent upon the availability of tax revenues in the TIF District #2. Reimbursement lasts until paid in full or expiration of the TIF zone. Interest payments of \$244,731 were made during the fiscal year.

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

	TIF DISTRICT 1 Centennial Park	TIF DISTRICT 1 Collins Tech Park	TIF DISTRICT 2 BCS TIF Zone 2	Total
Balance at October 1, 2013	\$ 3,299,865	\$ 4,939,616	\$ 9,935,678	\$ 18,175,159
Additions/adjustments	5,912,299	—	7,876,590	13,788,889
Payments	—	—	—	—
Balance at September 30, 2014	<u>\$ 9,212,164</u>	<u>\$ 4,939,616</u>	<u>\$ 17,812,268</u>	<u>\$ 31,964,048</u>

(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 2013-2014, a total of \$116,232 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 \$276,389 and \$47,012 have been recorded as expenditures/expenses in the General Fund and the Proprietary Funds, respectively.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

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 2013-2014, the City received refunds from the commercial insurance carrier in the amount of \$541,366.

All funds of the City assigned full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City’s consultant estimated the liability to be \$663,637 for unpaid claims and claim adjustment expenses at September 30, 2014. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

Reconciliation of Unpaid Claims Liabilities

	<u>2014</u>	<u>2013</u>
Incurring claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 700,000	\$ 800,000
Incurring claims and claim adjustment expenses:		
Provision for insured events of the current year	10,734,796	11,462,515
Increase (decrease) in prior year provision	<u>(271,662)</u>	<u>(263,410)</u>
Total incurring claims and claim adjustment expenses	<u>11,163,134</u>	<u>11,999,105</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	10,071,159	10,762,515
Claims and claim adjustment expenses attributable to insured events of prior years	<u>428,338</u>	<u>536,590</u>
Total payments	<u>10,499,497</u>	<u>11,299,105</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 663,637</u>	<u>\$ 700,000</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(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, 2014, the City allocated \$7,651,904 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) *Postemployment Benefits*

Retiree Health Benefits

Plan Description

In addition to the pension benefits described in note 4(e), the City provides postemployment health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. At September 30, the City had 229 retirees and an additional 185 active employees that are eligible to retire. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan and is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Contributions

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

	<u>Under 10</u>	<u>10 – 14</u>	<u>15 – 19</u>	<u>20+</u>
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

Contributions to the plan are designed to fund the plan on a pay-as-you-go basis. The City may choose to fund additional amounts to increase the reserves of the Insurance Fund. These amounts would not reduce the actuarial liability of the plan, but would offset a portion of the other postemployment benefits (OPEB) liability in the fund financial statements. For the year ended September 30, 2014, the City contributed \$523,668 and plan participants contributed \$634,221.

Schedule of Actuarial Liabilities and Funding Progress

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

Actuarial valuation date	12/31/2012
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%

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB cost:			
Annual required contribution (ARC)	\$ 2,607,834	\$ 2,531,878	\$ 5,288,320
Interest on net OPEB obligation	943,293	904,662	722,219
Adjustment to the ARC	<u>(873,951)</u>	<u>(838,158)</u>	<u>(669,129)</u>
Annual OPEB cost	2,677,176	2,598,382	5,341,410
Contributions made	<u>(1,195,816)</u>	<u>(1,739,893)</u>	<u>(1,287,143)</u>
Net OPEB obligation	1,481,360	858,489	4,054,267
Net OPEB obligation, October 1	<u>20,962,071</u>	<u>20,103,582</u>	<u>16,049,315</u>
Net OPEB obligation, September 30	\$ <u><u>22,443,431</u></u>	\$ <u><u>20,962,071</u></u>	\$ <u><u>20,103,582</u></u>
Percentage of annual OPEB cost contributed	44.7%	67.0%	24.1%
Funding progress:			
Actuarial valuation date	12/31/12		
Actuarial value of assets	\$ —		
Actuarial accrued liability (AAL)	30,657,050		
Funded ratio	—		
Unfunded AAL (UAAL)	30,657,050		
Annual covered payroll	62,548,315		
UAAL as a percentage of covered payroll	49.01%		

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

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There was one participant in the program as of September 30, 2014.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

(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	12/31/2013
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 Entry Age Normal actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for each city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, Updated Service Credits and Annuity Increases.

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Change in Actuarial Values

In 2013, the TMRS Board, in preparation for implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, changed the actuarial cost method to entry age normal, which is the only actuarial method allowed under the new standard. This change was incorporated into the 2013 actuarial valuation, while other elements of the new standard will be implemented as part of the City's 2015 fiscal year. Entry age normal resulted in a higher actuarially accrued liability than projected unit credit, but will minimize contribution rate volatility over time. The change also reduced the remaining amortization period for the liability from 25.3 years to 17.0 years. Also in 2013 the TMRS board adopted updated mortality assumptions to more accurately reflect a member's life expectancy at retirement. The impact of this change will be phased in over a thirteen year period to reduce the impact to members closest to retirement.

Schedule of Actuarial Liabilities and Funding Progress

Valuation date	12/31/13
Actuarial-cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	17.0 years closed
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)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net pension obligation:			
Annual pension cost:			
Annual required contribution (ARC)	\$ 9,277,774	\$ 9,069,586	\$ 9,542,735
Interest on net pension obligation (NPO)	422,808	422,808	418,693
Adjustment to the ARC	<u>(380,192)</u>	<u>(371,470)</u>	<u>(359,909)</u>
Annual pension cost	9,320,390	9,120,924	9,601,519
Contributions made	<u>(9,320,390)</u>	<u>(9,120,924)</u>	<u>(9,542,735)</u>
Increase in NPO	—	—	58,784
Net pension obligation, October 1	<u>6,040,107</u>	<u>6,040,107</u>	<u>5,981,323</u>
Net pension obligation, September 30	\$ <u>6,040,107</u>	\$ <u>6,040,107</u>	\$ <u>6,040,107</u>
Percentage of APC contribution	100%	100%	99%

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2014

Funding progress:	
Actuarial valuation date	12/31/13
Actuarial value of assets	\$ 381,584,128
Actuarial accrued liability (AAL)	\$ <u>434,417,023</u>
Funded ratio	\$ <u>87.84%</u>
Unfunded AAL (UAAL)	\$ 52,832,895
Annual covered payroll	\$ 62,548,315
UAAL as a percentage of covered payroll	\$ <u>84.47%</u>

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.

(5) Subsequent Events

On December 22, 2014, the City issued \$11,425,000 of Adjustable Rate Combination Tax and Revenue Certificates of Obligation, Series 2014B with a variable interest rate. The \$11,425,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance cost of approximately \$65,000 will be used for the acquisition of public park land and open space.

In October 2014, the City entered into a lease agreement with Key Capital in the amount of \$496,845 to fund the purchase of computer equipment. The effective interest rate is 2.721%. There are four (4) equal payments of \$124,211 (principal and interest) with the first payment being due in December 2014 and the final payment is due in December 2017.

In December 2014, the City entered into a lease agreement with Dell Financial Services in the amount of \$599,770 for the lease of computer equipment. The effective interest rate is 3.93%. There are eight equal installments of \$74,971 (principal and interest) with the first payment being due in December 2014 and the final payment is due in June 2018.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS
Required Supplementary Information
Budgetary Comparison Schedule – General Fund
Year ended September 30, 2014

	Budgeted amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget- Positive (Negative)
	Original	Final				
Revenues:						
General property taxes	\$ 38,893,308	\$ 38,533,870	\$ 38,529,677	\$ —	\$ 38,529,677	\$ (4,193)
Franchise fees	14,224,305	15,078,819	14,753,325	—	14,753,325	(325,494)
Sales tax	27,216,860	28,521,994	29,805,134	(112,812)	29,692,322	1,170,328
Mixed beverage and bingo tax	355,104	452,131	463,804	—	463,804	11,673
911 revenue	1,239,724	1,207,687	1,214,347	—	1,214,347	6,660
Intergovernmental revenue	—	—	75,530	—	75,530	75,530
Licenses and permits	2,156,837	2,677,285	3,310,532	—	3,310,532	633,247
Fines and forfeitures	4,511,682	4,154,329	4,090,745	(38,744)	4,052,001	(102,328)
Interest revenue	40,403	53,870	53,887	—	53,887	17
Civic center use	309,000	314,274	295,181	—	295,181	(19,093)
Recreation and leisure	3,758,063	4,033,044	4,090,764	—	4,090,764	57,720
Public safety	2,136,464	1,935,483	2,094,865	—	2,094,865	159,382
Other revenue	1,243,102	1,050,292	833,085	—	833,085	(217,207)
General administration	8,317,904	8,253,909	7,651,904	—	7,651,904	(602,005)
Contributions	—	—	96,302	—	96,302	96,302
Total revenues	104,402,756	106,266,987	107,359,082	(151,556)	107,207,526	940,539
Expenditures:						
Current:						
General government	26,700,297	27,017,983	26,680,859	(31,697)	26,649,162	368,821
Public safety	41,095,706	41,425,918	41,041,427	24,604	41,066,031	359,887
Public services	17,733,665	17,896,824	17,248,008	204,713	17,452,721	444,103
Library	3,223,892	3,210,944	3,087,964	(1,074)	3,086,890	124,054
Parks and recreation	11,990,654	11,873,750	11,500,851	144,383	11,645,234	228,516
Public health	1,668,798	1,694,760	1,611,577	(12,906)	1,598,671	96,089
Capital outlay	—	—	55,015	—	55,015	(55,015)
Debt service:						
Interest and fiscal charges	—	—	25,418	(25,418)	—	—
Payments for other obligations	—	—	489,601	(489,601)	—	—
Total expenditures	102,413,012	103,120,179	101,740,720	(186,996)	101,553,724	1,566,455
Excess of revenues over expenditures	1,989,744	3,146,808	5,618,362	35,440	5,653,802	2,506,994
Other financing sources (uses):						
Transfers in	—	—	517,850	—	517,850	517,850
Transfers out	(1,838,494)	(2,938,494)	(4,738,494)	—	(4,738,494)	(1,800,000)
Insurance recoveries	—	—	10,612	—	10,612	10,612
Sale of capital assets	—	—	50,698	—	50,698	50,698
Total other financing sources and (uses)	(1,838,494)	(2,938,494)	(4,159,334)	—	(4,159,334)	(1,220,840)
Net change in fund balance	151,250	208,314	1,459,028	35,440	1,494,468	1,286,154
Fund balances, October 1	17,000,352	17,358,795	17,876,521	(286,351)	17,590,170	231,375
Fund balances, September 30	\$ 17,151,602	\$ 17,567,109	\$ 19,335,549	\$ (250,911)	\$ 19,084,638	\$ 1,517,529

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)	(b)	(c)	(d)	(e)	UAAL as a percentage of covered payroll (d)/(e) (1)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual covered payroll (1)	
12/31/2007	2008	\$ 169,208,373	\$ 262,453,428	64.47%	\$ 93,245,055	\$ 54,789,624	170.19%
12/31/2008	2009	176,026,211	276,540,082	63.65	100,513,871	58,633,974	171.43
12/31/2009	2010	190,620,271	266,366,493	71.56	75,746,222	58,679,443	129.08
12/31/2010	2011	313,084,736	(2) 359,151,109	87.17	46,066,373	58,251,916	79.08
12/31/2011	2012	335,735,994	377,190,581	89.01	41,454,587	59,243,331	69.97
12/31/2012	2013	357,883,017	393,548,291	90.94	35,665,274	60,109,888	59.33
12/31/2013	2014	381,584,128	(3) 434,417,023	87.84	52,832,895	62,548,315	84.47

- (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. This change was incorporated into the TMRS 2010 Actuarial Valuation and in the City's CAFR for FY2011 and had the net effect of increasing the City's funded ratio.
- (3) In 2013, the TMRS Board, in preparation for implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, changed the actuarial cost method to entry age normal and updated post-retirement mortality assumptions. These changes were incorporated into the TMRS 2013 actuarial valuation and in the City's CAFR for FY 2014, which had the net effect of reducing the City's funded ratio and reducing the remaining amortization period from 25.3 to 17 years.

Schedule of Postemployment Health Care Benefits Funding Progress

Actuarial valuation date	City Fiscal Year	(a)	(b)	(c)	(d)	(e)	UAAL as a percentage of covered payroll (d)/(e)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual covered payroll	
10/01/2007	2008	\$ —	\$ 80,705,746	—	\$ 80,705,746	\$ 51,033,789	158.14%
10/01/2008	2009	—	47,029,210	—	47,029,210	52,621,488	89.37
10/01/2008	2010	—	60,896,447	—	60,896,447	53,511,198	113.80
12/31/2009	2011/2012	—	60,087,217	—	60,087,217	58,679,443	102.40
12/31/2012	2013	—	30,657,050	—	30,657,050	(1) 60,109,888	51.00
12/31/2012	2014	—	30,657,050	—	30,657,050	62,548,315	49.01

Schedule of Employer Contributions – Postemployment Health Care Benefits

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

- (1) Effective January 1, 2014, the City began providing health benefits for its post-65 retirees through a separate, fully insured plan. The City provides a \$200 monthly subsidy for retirees with over 20 years of service. The monthly subsidy of \$200 was capped at that level through Council action. Pre-65 retirees have the choice of three self-insured health plans beginning on January 1, 2014.
- (2) Due to changes in healthcare regulations at the national level, the City has chosen to only fund amounts needed to satisfy current year claims at this time. Once provisions of the Patient Protection and Affordable Care Act have been fully implemented and the national environment stabilizes the City will reevaluate funding strategies.

See accompanying notes to basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Notes to Required Supplementary Information

September 30, 2014

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 Solid Waste and Water and Sewer Funds include amounts for operations and debt service.

	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 104,251,506	\$ 106,058,673
Debt Service	28,285,845	28,285,845
Water and Sewer	61,574,064	61,301,396
Solid Waste Services	14,670,200	14,362,182
Golf	2,239,639	2,100,033
Internal Service (Combined)	11,655,268	12,982,377
Special Police	110,000	177,489
State Grants	—	23,476
Federal Grants	—	227,558
Municipal Court Security	87,904	64,870
Traffic Safety	1,483,552	1,455,227
Wireless 911	598,185	598,185
Judicial Efficiency	7,400	7,000
Hotel/Motel Tax	5,488,775	5,563,534
Technology	78,276	98,814
Tax Increment Financing #1	950,673	924,658
Tax Increment Financing #2	309,082	300,646
Tax Increment Financing #3	11,933	11,936
Richardson Improvement Corp.	80,575	346,115
Franchise Peg Fund	37,500	305,433
Drainage Fee Fund	2,720,000	4,530,521

CITY OF RICHARDSON, TEXAS

Notes to Required Supplementary Information

September 30, 2014

(C) Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Basis of Budgeting

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$ 1,459,028
Beginning of year adjustment for encumbrances not recognized as expenditures	336,598
End of year adjustment for encumbrances not recognized as expenditures	(149,602)
Reduction in sales tax recognized for GAAP basis	(112,812)
Increase in fines and forfeitures recognized for GAAP basis	<u>(38,744)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u>\$ 1,494,468</u>

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds

September 30, 2014

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds

September 30, 2014

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

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

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

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

Golf Fund – This fund was established to account for the revenues and expenditures of the City’s golf course. The Golf Fund, in past years had been presented as an Enterprise Fund. See note 1(b) for full details.

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.

CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2014

	Special Revenue Funds				
	Grant Funds (1)	Municipal Court Funds (1)	Tax Increment Financing Funds (1)	Special Police Funds	Traffic Safety Fund
Assets:					
Cash and cash equivalents	\$ 770	\$ 378,550	\$ 1,264,264	\$ 305,630	\$ 578,755
Receivables (net of allowances)	57,014	—	—	—	403,670
Prepaid items	—	—	—	—	—
Total assets	<u>\$ 57,784</u>	<u>\$ 378,550</u>	<u>\$ 1,264,264</u>	<u>\$ 305,630</u>	<u>\$ 982,425</u>
Liabilities:					
Accounts payable	\$ 770	\$ 337	\$ —	\$ 46,791	\$ 39,199
Retainage payable	—	—	—	—	—
Accrued liabilities	—	—	—	—	331,686
Due to other funds	57,014	—	—	—	—
Unearned revenue	—	—	—	—	—
Total liabilities	<u>57,784</u>	<u>337</u>	<u>—</u>	<u>46,791</u>	<u>370,885</u>
Deferred inflows of resources:					
Unavailable revenues	—	—	—	—	301,290
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>301,290</u>
Fund balances:					
Nonspendable:					
Prepaid	—	—	—	—	—
Restricted for:					
General government	—	130,900	1,264,264	—	—
Public safety	—	247,313	—	258,839	310,250
Committed for:					
Public services	—	—	—	—	—
Assigned for:					
General government	—	—	—	—	—
Parks and recreation	—	—	—	—	—
Total fund balances	<u>—</u>	<u>378,213</u>	<u>1,264,264</u>	<u>258,839</u>	<u>310,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,784</u>	<u>\$ 378,550</u>	<u>\$ 1,264,264</u>	<u>\$ 305,630</u>	<u>\$ 982,425</u>

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

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2014

Special Revenue Funds

Wireless 911 Fund	Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation	Golf Fund	Total
\$ 271,960	\$ 2,115,325	\$ 463,348	\$ 2,779,326	\$ 36,009	\$ 244,485	\$ 8,438,422
—	383,879	—	235,442	—	65,622	1,145,627
—	73,332	—	—	2,542	1,001	76,875
<u>\$ 271,960</u>	<u>\$ 2,572,536</u>	<u>\$ 463,348</u>	<u>\$ 3,014,768</u>	<u>\$ 38,551</u>	<u>\$ 311,108</u>	<u>\$ 9,660,924</u>
\$ 3,357	\$ 198,767	\$ 12,634	\$ 18,464	\$ 8,531	\$ 58,771	\$ 387,621
—	—	—	17,926	—	—	17,926
—	142,851	—	—	—	—	474,537
—	—	—	—	—	—	57,014
—	288,058	—	—	—	—	288,058
<u>3,357</u>	<u>629,676</u>	<u>12,634</u>	<u>36,390</u>	<u>8,531</u>	<u>58,771</u>	<u>1,225,156</u>
—	—	—	235,442	—	—	536,732
—	—	—	235,442	—	—	536,732
—	73,332	—	—	2,542	1,001	76,875
—	—	450,714	—	—	251,336	2,097,214
268,603	—	—	—	—	—	1,085,005
—	—	—	2,742,936	—	—	2,742,936
—	1,869,528	—	—	—	—	1,869,528
—	—	—	—	27,478	—	27,478
<u>268,603</u>	<u>1,942,860</u>	<u>450,714</u>	<u>2,742,936</u>	<u>30,020</u>	<u>252,337</u>	<u>7,899,036</u>
<u>\$ 271,960</u>	<u>\$ 2,572,536</u>	<u>\$ 463,348</u>	<u>\$ 3,014,768</u>	<u>\$ 38,551</u>	<u>\$ 311,108</u>	<u>\$ 9,660,924</u>

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	Special Revenue Funds				
	Grant Funds (1)	Municipal Court Funds (1)	Tax Increment Financing Funds (1)	Special Police Funds	Traffic Safety Fund
Revenues:					
General property taxes	\$ —	\$ —	\$ 1,644,974	\$ —	\$ —
Hotel/Motel tax	—	—	—	—	—
Drainage fees	—	—	—	—	—
Eisemann Center revenue	—	—	—	—	—
911 revenue	—	—	—	—	—
Intergovernmental revenue	196,354	—	418,062	35,382	—
Franchise fees	—	—	—	—	—
Fines and forfeitures	—	157,273	—	16,300	1,217,883
Interest revenue	—	462	2,070	336	853
Contributions	—	—	—	—	—
Other revenue	—	—	—	53,966	—
Total revenues	196,354	157,735	2,065,106	105,984	1,218,736
Expenditures:					
General government	—	86,353	5,917,937	—	—
Parks and recreation	—	—	—	—	—
Public health	9,808	—	—	—	—
Public safety	159,996	60,559	—	59,883	1,435,076
Public services	—	—	—	—	—
General administration	—	—	150,000	—	—
Capital outlay	26,550	—	7,876,590	26,576	—
Debt Service:					
Interest and fiscal charges	—	—	1,019,389	—	—
Total expenditures	196,354	146,912	14,963,916	86,459	1,435,076
Excess (deficiency) of revenues over (under) expenditures	—	10,823	(12,898,810)	19,525	(216,340)
Other financing sources (uses):					
Transfers in	—	—	—	—	—
Transfers out	—	—	(62,210)	(50,000)	—
Issuance of other obligations	—	—	13,788,889	—	—
Total other financing sources (uses)	—	—	13,726,679	(50,000)	—
Net change in fund balances	—	10,823	827,869	(30,475)	(216,340)
Fund balance, October 1	—	367,390	436,395	289,314	526,590
Fund balance, September 30	\$ —	\$ 378,213	\$ 1,264,264	\$ 258,839	\$ 310,250

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

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, 2014

Special Revenue Funds						
Richardson						
Wireless 911 Fund	Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Improvement Corporation	Golf Fund	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,644,974
—	3,665,107	—	—	—	—	3,665,107
—	—	—	2,581,636	—	—	2,581,636
—	2,177,365	—	—	—	—	2,177,365
508,575	—	—	—	—	—	508,575
—	—	—	—	—	—	649,798
—	—	285,008	—	—	—	285,008
—	—	—	—	—	—	1,391,456
422	1,971	520	3,122	4	—	9,760
—	—	—	—	267,850	—	267,850
—	69,359	—	—	—	—	123,325
<u>508,997</u>	<u>5,913,802</u>	<u>285,528</u>	<u>2,584,758</u>	<u>267,854</u>	<u>—</u>	<u>13,304,854</u>
—	4,562,113	254,109	—	—	—	10,820,512
—	—	—	—	76,242	—	76,242
—	—	—	—	—	—	9,808
62,919	—	—	—	—	—	1,778,433
—	—	—	343,970	—	—	343,970
—	505,555	—	910,000	—	—	1,565,555
53,781	79,923	—	509,299	—	—	8,572,719
—	—	—	—	—	—	1,019,389
<u>116,700</u>	<u>5,147,591</u>	<u>254,109</u>	<u>1,763,269</u>	<u>76,242</u>	<u>—</u>	<u>24,186,628</u>
<u>392,297</u>	<u>766,211</u>	<u>31,419</u>	<u>821,489</u>	<u>191,612</u>	<u>—</u>	<u>(10,881,774)</u>
—	—	—	—	80,000	252,337	332,337
(450,000)	—	—	—	(267,850)	—	(830,060)
—	—	—	—	—	—	13,788,889
<u>(450,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(187,850)</u>	<u>252,337</u>	<u>13,291,166</u>
(57,703)	766,211	31,419	821,489	3,762	252,337	2,409,392
326,306	1,176,649	419,295	1,921,447	26,258	—	5,489,644
<u>\$ 268,603</u>	<u>\$ 1,942,860</u>	<u>\$ 450,714</u>	<u>\$ 2,742,936</u>	<u>\$ 30,020</u>	<u>\$ 252,337</u>	<u>\$ 7,899,036</u>

CITY OF RICHARDSON, TEXAS

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

September 30, 2014

	Special Revenue Funds		
	<u>State</u>	<u>Federal</u>	
	<u>Grant Funds</u>	<u>Grant Funds</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 770	\$ —	\$ 770
Intergovernmental receivables	920	56,094	57,014
Total assets	<u>\$ 1,690</u>	<u>\$ 56,094</u>	<u>\$ 57,784</u>
Liabilities:			
Accounts payable	\$ 770	\$ —	\$ 770
Due to other funds	920	56,094	57,014
Total liabilities	<u>1,690</u>	<u>56,094</u>	<u>57,784</u>
Fund balances:			
Assigned	<u>—</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and fund balances	<u>\$ 1,690</u>	<u>\$ 56,094</u>	<u>\$ 57,784</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	Special Revenue Funds		
	State Grants	Federal Grants	Total
Revenues:			
Intergovernmental revenue	\$ 16,867	\$ 179,487	\$ 196,354
Total revenues	<u>16,867</u>	<u>179,487</u>	<u>196,354</u>
Expenditures:			
Public health	9,808	—	9,808
Public safety	1,018	158,978	159,996
Capital outlay	<u>6,041</u>	<u>20,509</u>	<u>26,550</u>
Total expenditures	<u>16,867</u>	<u>179,487</u>	<u>196,354</u>
Excess (deficiency) of revenues over (under) expenditures	—	—	—
Fund balance, October 1	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – State Grant Funds

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ —	\$ 23,476	\$ 16,867	\$ (6,609)
Total revenues	—	23,476	16,867	(6,609)
Expenditures:				
Public health	—	16,417	9,808	6,609
Public safety	—	7,059	1,018	6,041
Capital outlay	—	—	6,041	(6,041)
Total expenditures	—	23,476	16,867	6,609
Excess of revenues over (under) expenditures	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	\$ —	\$ —	\$ —	\$ —

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Federal Grant Funds

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ —	\$ 227,558	\$ 179,487	\$ (48,071)
Total revenues	—	227,558	179,487	(48,071)
Expenditures:				
Public safety	—	190,445	158,978	31,467
Capital outlay	—	37,113	20,509	16,604
Total expenditures	—	227,558	179,487	48,071
Excess of revenues over (under) expenditures	—	—	—	—
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	\$ —	\$ —	\$ —	\$ —

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet – Nonmajor Governmental Funds – Municipal Court Funds

September 30, 2014

	Special Revenue Funds			
	Building Security	Technology	Judicial Efficiency	Total
Assets:				
Cash and cash equivalents	\$ 247,313	\$ 111,775	\$ 19,462	\$ 378,550
Total assets	<u>\$ 247,313</u>	<u>\$ 111,775</u>	<u>\$ 19,462</u>	<u>\$ 378,550</u>
Liabilities:				
Accounts payable	\$ —	\$ —	\$ 337	\$ 337
Total liabilities	<u>—</u>	<u>—</u>	<u>337</u>	<u>337</u>
Fund balances:				
Restricted for:				
General government	—	111,775	19,125	130,900
Public safety	<u>247,313</u>	<u>—</u>	<u>—</u>	<u>247,313</u>
Total fund balances	<u>247,313</u>	<u>111,775</u>	<u>19,125</u>	<u>378,213</u>
Total liabilities and fund balances	<u>\$ 247,313</u>	<u>\$ 111,775</u>	<u>\$ 19,462</u>	<u>\$ 378,550</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	Special Revenue Funds			
	Building Security	Technology	Judicial Efficiency	Total
Revenues:				
Fines and forfeitures	\$ 90,270	\$ 60,248	\$ 6,755	\$ 157,273
Interest revenue	309	129	24	462
Total revenues	<u>90,579</u>	<u>60,377</u>	<u>6,779</u>	<u>157,735</u>
Expenditures:				
General government	—	82,210	4,143	86,353
Public safety	<u>60,559</u>	—	—	<u>60,559</u>
Total expenditures	<u>60,559</u>	<u>82,210</u>	<u>4,143</u>	<u>146,912</u>
Excess (deficiency) of revenues over (under) expenditures	30,020	(21,833)	2,636	10,823
Fund Balance, October 1	<u>217,293</u>	<u>133,608</u>	<u>16,489</u>	<u>367,390</u>
Fund balance, September 30	<u><u>\$ 247,313</u></u>	<u><u>\$ 111,775</u></u>	<u><u>\$ 19,125</u></u>	<u><u>\$ 378,213</u></u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Municipal Court Building Security Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 98,000	\$ 90,200	\$ 90,270	\$ 70
Interest income	247	206	309	103
Total revenues	<u>98,247</u>	<u>90,406</u>	<u>90,579</u>	<u>173</u>
Expenditures:				
Public safety	<u>87,904</u>	<u>64,870</u>	<u>60,559</u>	<u>4,311</u>
Total expenditures	<u>87,904</u>	<u>64,870</u>	<u>60,559</u>	<u>4,311</u>
Excess of revenues over (under) expenditures	<u>10,343</u>	<u>25,536</u>	<u>30,020</u>	<u>4,484</u>
Net change in fund balance	10,343	25,536	30,020	4,484
Fund balances, October 1	<u>211,825</u>	<u>217,293</u>	<u>217,293</u>	<u>—</u>
Fund balances, September 30	<u><u>\$ 222,168</u></u>	<u><u>\$ 242,829</u></u>	<u><u>\$ 247,313</u></u>	<u><u>\$ 4,484</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Technology Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 68,000	\$ 63,000	\$ 60,248	\$ (2,752)
Interest income	100	103	129	26
Total revenues	<u>68,100</u>	<u>63,103</u>	<u>60,377</u>	<u>(2,726)</u>
Expenditures:				
General government	78,276	78,814	82,210	(3,396)
Capital outlay	—	20,000	—	20,000
Total expenditures	<u>78,276</u>	<u>98,814</u>	<u>82,210</u>	<u>16,604</u>
Excess of revenues over (under) expenditures	<u>(10,176)</u>	<u>(35,711)</u>	<u>(21,833)</u>	<u>13,878</u>
Net change in fund balance	(10,176)	(35,711)	(21,833)	13,878
Fund balances, October 1	<u>85,052</u>	<u>133,608</u>	<u>133,608</u>	<u>—</u>
Fund balances, September 30	<u>\$ 74,876</u>	<u>\$ 97,897</u>	<u>\$ 111,775</u>	<u>\$ 13,878</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Judicial Efficiency Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 6,750	\$ 6,350	\$ 6,755	\$ 405
Interest income	12	17	24	7
Total revenues	<u>6,762</u>	<u>6,367</u>	<u>6,779</u>	<u>412</u>
Expenditures:				
General government	<u>7,400</u>	<u>7,000</u>	<u>4,143</u>	<u>2,857</u>
Total expenditures	<u>7,400</u>	<u>7,000</u>	<u>4,143</u>	<u>2,857</u>
Excess of revenues over (under) expenditures	<u>(638)</u>	<u>(633)</u>	<u>2,636</u>	<u>3,269</u>
Net change in fund balance	(638)	(633)	2,636	3,269
Fund balances, October 1	<u>9,579</u>	<u>16,489</u>	<u>16,489</u>	<u>—</u>
Fund balances, September 30	<u>\$ 8,941</u>	<u>\$ 15,856</u>	<u>\$ 19,125</u>	<u>\$ 3,269</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

September 30, 2014

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Assets:				
Cash and cash equivalents	\$ 1,227,184	\$ 37,076	\$ 4	\$ 1,264,264
Total assets	<u>\$ 1,227,184</u>	<u>\$ 37,076</u>	<u>\$ 4</u>	<u>\$ 1,264,264</u>
Fund balances:				
Restricted for:				
General government	\$ 1,227,184	\$ 37,076	\$ 4	\$ 1,264,264
Total fund balances	<u>1,227,184</u>	<u>37,076</u>	<u>4</u>	<u>1,264,264</u>
Total liabilities and fund balances	<u>\$ 1,227,184</u>	<u>\$ 37,076</u>	<u>\$ 4</u>	<u>\$ 1,264,264</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2014

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Revenues:				
General property taxes	\$ 1,411,383	\$ 221,658	\$ 11,933	\$ 1,644,974
Intergovernmental revenue	352,254	65,808	—	418,062
Interest revenue	1,810	256	4	2,070
Total revenues	1,765,447	287,722	11,937	2,065,106
Expenditures:				
General government	5,912,299	1,760	3,878	5,917,937
General administration	150,000	—	—	150,000
Capital outlay	—	7,876,590	—	7,876,590
Debt Service:				
Interest and fiscal charges	774,658	244,731	—	1,019,389
Total expenditures	6,836,957	8,123,081	3,878	14,963,916
Excess (deficiency) of revenues over (under) expenditures	(5,071,510)	(7,835,359)	8,059	(12,898,810)
Other financing sources (uses):				
Transfers out	—	(54,155)	(8,055)	(62,210)
Issuance of other obligations	5,912,299	7,876,590	—	13,788,889
Total other financing sources (uses)	5,912,299	7,822,435	(8,055)	13,726,679
Net change in fund balance	840,789	(12,924)	4	827,869
Fund balance, October 1	386,395	50,000	—	436,395
Fund balance, September 30	\$ 1,227,184	\$ 37,076	\$ 4	\$ 1,264,264

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Tax Increment Financing #1
 Year ended September 30, 2014

	Budgeted amounts		Actual GAAP basis	Adjustments budget basis	Actual budget basis	Variance with final budget-positive (negative)
	Original	Final				
Revenues:						
General property tax	\$ 1,435,069	\$ 1,371,460	\$ 1,411,383	\$ —	\$ 1,411,383	\$ 39,923
Intergovernmental revenue	345,178	352,255	352,254	—	352,254	(1)
Interest income	537	1,432	1,810	—	1,810	378
Total revenues	1,780,784	1,725,147	1,765,447	—	1,765,447	40,300
Expenditures:						
General government	800,673	774,658	5,912,299	(5,137,641)	774,658	—
General administration	150,000	150,000	150,000	—	150,000	—
Debt service:						
Interest and fiscal charges	—	—	774,658	(774,658)	—	—
Total expenditures	950,673	924,658	6,836,957	(5,912,299)	924,658	—
Excess of revenues over (under) expenditures	830,111	800,489	(5,071,510)	5,912,299	840,789	40,300
Other financing sources (uses):						
Issuance of other obligations	—	—	5,912,299	(5,912,299)	—	—
Total other financing sources (uses)	—	—	5,912,299	(5,912,299)	—	—
Net change in fund balance	830,111	800,489	840,789	—	840,789	40,300
Fund balance, October 1	442,949	386,395	386,395	—	386,395	—
Fund balance, September 30	\$ <u>1,273,060</u>	\$ <u>1,186,884</u>	\$ <u>1,227,184</u>	\$ <u>—</u>	\$ <u>1,227,184</u>	\$ <u>40,300</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Tax Increment Financing #2
 Year ended September 30, 2014

	<u>Budgeted amounts</u>		<u>Actual GAAP basis</u>	<u>Adjustments budget basis</u>	<u>Actual budget basis</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
General property tax	\$ 240,586	\$ 234,667	\$ 221,658	\$ —	\$ 221,658	\$ (13,009)
Intergovernmental revenue	68,375	65,807	65,808	—	65,808	1
Interest income	121	192	256	—	256	64
Total revenues	<u>309,082</u>	<u>300,666</u>	<u>287,722</u>	<u>—</u>	<u>287,722</u>	<u>(12,944)</u>
Expenditures:						
General government	254,942	246,491	1,760	244,731	246,491	—
Capital Outlay	—	—	7,876,590	(7,876,590)	—	—
Debt service:						
Interest and fiscal charges	—	—	244,731	(244,731)	—	—
Total expenditures	<u>254,942</u>	<u>246,491</u>	<u>8,123,081</u>	<u>(7,876,590)</u>	<u>246,491</u>	<u>—</u>
Excess of revenues over (under) expenditures	<u>54,140</u>	<u>54,175</u>	<u>(7,835,359)</u>	<u>7,876,590</u>	<u>41,231</u>	<u>(12,944)</u>
Other financing sources (uses):						
Issuance of other obligations	—	—	7,876,590	(7,876,590)	—	—
Transfer out	(54,140)	(54,155)	(54,155)	—	(54,155)	—
Total other financing sources (uses)	<u>(54,140)</u>	<u>(54,155)</u>	<u>7,822,435</u>	<u>(7,876,590)</u>	<u>(54,155)</u>	<u>—</u>
Net change in fund balance	—	20	(12,924)	—	(12,924)	(12,944)
Fund balance, October 1	50,000	50,000	50,000	—	50,000	—
Fund balance, September 30	<u>\$ 50,000</u>	<u>\$ 50,020</u>	<u>\$ 37,076</u>	<u>\$ —</u>	<u>\$ 37,076</u>	<u>\$ (12,944)</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Tax Increment Financing #3

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
General property tax	\$ 11,933	\$ 11,933	\$ 11,933	\$ —
Interest income	—	3	4	1
Total revenues	<u>11,933</u>	<u>11,936</u>	<u>11,937</u>	<u>1</u>
Expenditures:				
General government	<u>3,878</u>	<u>3,881</u>	<u>3,878</u>	<u>3</u>
Total expenditures	<u>3,878</u>	<u>3,881</u>	<u>3,878</u>	<u>3</u>
Excess of revenues over (under) expenditures	<u>8,055</u>	<u>8,055</u>	<u>8,059</u>	<u>4</u>
Other financing sources (uses):				
Transfer out	<u>(8,055)</u>	<u>(8,055)</u>	<u>(8,055)</u>	<u>—</u>
Total other financing sources (uses)	<u>(8,055)</u>	<u>(8,055)</u>	<u>(8,055)</u>	<u>—</u>
Net change in fund balance	—	—	4	4
Fund balance, October 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, September 30	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 4</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
General property taxes	\$ 28,349,584	\$ 28,286,088	\$ 28,187,827	\$ (98,261)
Interest revenue	7,235	7,235	2,490	(4,745)
Other revenue	—	—	481	481
Total revenues	28,356,819	28,293,323	28,190,798	(102,525)
Expenditures:				
Debt service:				
Principal retirement	18,398,407	18,398,407	17,900,848	497,559
Interest and fiscal charges	9,625,734	9,625,734	9,563,584	62,150
Payments for other obligations	261,704	261,704	725,198	(463,494)
Total expenditures	28,285,845	28,285,845	28,189,630	96,215
Excess of revenues over (under) expenditures	70,974	7,478	1,168	(6,310)
Other financing sources:				
Transfer in	—	—	3,280	3,280
Total other financing sources	—	—	3,280	3,280
Net change in fund balance	70,974	7,478	4,448	(3,030)
Fund balances, October 1	2,257,599	2,323,566	2,323,566	—
Fund balances, September 30	\$ 2,328,573	\$ 2,331,044	\$ 2,328,014	\$ (3,030)

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Special Police Funds

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 25,000	\$ 19,559	\$ 16,300	\$ (3,259)
Intergovernmental revenue	15,000	25,926	35,382	9,456
Interest income	347	—	336	336
Contribution	—	263	—	(263)
Other revenue	5,000	16,674	53,966	37,292
Total revenues	<u>45,347</u>	<u>62,422</u>	<u>105,984</u>	<u>43,562</u>
Expenditures:				
Public safety	5,000	82,589	59,883	22,706
Capital outlay	55,000	44,900	26,576	18,324
Total expenditures	<u>60,000</u>	<u>127,489</u>	<u>86,459</u>	<u>41,030</u>
Excess of revenues over (under) expenditures	<u>(14,653)</u>	<u>(65,067)</u>	<u>19,525</u>	<u>84,592</u>
Other financing sources:				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>—</u>
Total other financing sources	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>—</u>
Net change in fund balance	(64,653)	(115,067)	(30,475)	84,592
Fund balances, October 1	<u>276,709</u>	<u>289,314</u>	<u>289,314</u>	<u>—</u>
Fund balances, September 30	<u>\$ 212,056</u>	<u>\$ 174,247</u>	<u>\$ 258,839</u>	<u>\$ 84,592</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines	\$ 1,500,000	\$ 1,167,011	\$ 1,217,883	\$ 50,872
Interest income	682	888	853	(35)
Total revenues	<u>1,500,682</u>	<u>1,167,899</u>	<u>1,218,736</u>	<u>50,837</u>
Expenditures:				
Public safety	1,483,552	1,319,552	1,435,076	(115,524)
Capital outlay	—	135,675	—	135,675
Total expenditures	<u>1,483,552</u>	<u>1,455,227</u>	<u>1,435,076</u>	<u>20,151</u>
Excess of revenues over (under) expenditures	<u>17,130</u>	<u>(287,328)</u>	<u>(216,340)</u>	<u>70,988</u>
Net change in fund balance	17,130	(287,328)	(216,340)	70,988
Fund balances, October 1	<u>509,138</u>	<u>526,590</u>	<u>526,590</u>	<u>—</u>
Fund balances, September 30	<u>\$ 526,268</u>	<u>\$ 239,262</u>	<u>\$ 310,250</u>	<u>\$ 70,988</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Wireless 911

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
911 revenue	\$ 525,000	\$ 505,000	\$ 508,575	\$ 3,575
Interest income	310	338	422	84
Total revenues	<u>525,310</u>	<u>505,338</u>	<u>508,997</u>	<u>3,659</u>
Expenditures:				
Public safety	21,000	21,000	62,919	(41,919)
Capital outlay	127,185	127,185	53,781	73,404
Total expenditures	<u>148,185</u>	<u>148,185</u>	<u>116,700</u>	<u>31,485</u>
Excess of revenues over (under) expenditures	<u>377,125</u>	<u>357,153</u>	<u>392,297</u>	<u>35,144</u>
Other financing sources (uses):				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Net change in fund balance	(72,875)	(92,847)	(57,703)	35,144
Fund balances, October 1	<u>342,876</u>	<u>326,306</u>	<u>326,306</u>	<u>—</u>
Fund balances, September 30	<u>\$ 270,001</u>	<u>\$ 233,459</u>	<u>\$ 268,603</u>	<u>\$ 35,144</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Hotel/Motel Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Hotel/Motel taxes	\$ 3,325,990	\$ 3,604,209	\$ 3,665,107	\$ 60,898
Parking fees	215,000	220,476	229,778	9,302
Eisemann Center revenue	1,947,103	1,843,310	1,947,587	104,277
Intergovernmental revenue	—	—	—	—
Interest income	1,025	1,351	1,971	620
Miscellaneous	—	—	69,359	69,359
Total revenues	5,489,118	5,669,346	5,913,802	244,456
Expenditures:				
General government:				
Arts	325,000	425,000	325,000	100,000
Miscellaneous	115,000	130,200	94,156	36,044
Auditorium – administration	3,883,300	3,877,715	3,722,528	155,187
Parking garage	503,475	532,614	420,429	112,185
Capital outlay	—	—	79,923	(79,923)
General administration	662,000	598,005	505,555	92,450
Total expenditures	5,488,775	5,563,534	5,147,591	415,943
Excess of revenues over (under) expenditures	343	105,812	766,211	660,399
Net change in fund balance	343	105,812	766,211	660,399
Fund balances, October 1	802,339	1,176,649	1,176,649	—
Fund balances, September 30	\$ 802,682	\$ 1,282,461	\$ 1,942,860	\$ 660,399

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Franchise PEG Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Franchise fees	\$ 250,000	\$ 275,000	\$ 285,008	\$ 10,008
Interest income	307	398	520	122
Total revenues	<u>250,307</u>	<u>275,398</u>	<u>285,528</u>	<u>10,130</u>
Expenditures:				
General government	—	31,531	254,109	(222,578)
Capital outlay	<u>37,500</u>	<u>273,902</u>	<u>—</u>	<u>273,902</u>
Total expenditures	<u>37,500</u>	<u>305,433</u>	<u>254,109</u>	<u>51,324</u>
Excess of revenues over (under) expenditures	<u>212,807</u>	<u>(30,035)</u>	<u>31,419</u>	<u>61,454</u>
Net change in fund balance	212,807	(30,035)	31,419	61,454
Fund balances, October 1	<u>215,067</u>	<u>419,295</u>	<u>419,295</u>	<u>—</u>
Fund balances, September 30	<u>\$ 427,874</u>	<u>\$ 389,260</u>	<u>\$ 450,714</u>	<u>\$ 61,454</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Drainage Fund

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fee revenue	\$ 2,720,000	\$ 2,696,596	\$ 2,581,636	\$ (114,960)
Interest income	925	1,570	3,122	1,552
Total revenues	<u>2,720,925</u>	<u>2,698,166</u>	<u>2,584,758</u>	<u>(113,408)</u>
Expenditures:				
Public services	400,000	314,496	343,970	(29,474)
General administration	910,000	910,000	910,000	—
Capital outlay	1,410,000	3,306,025	509,299	2,796,726
Total expenditures	<u>2,720,000</u>	<u>4,530,521</u>	<u>1,763,269</u>	<u>2,767,252</u>
Excess of revenues over (under) expenditures	<u>925</u>	<u>(1,832,355)</u>	<u>821,489</u>	<u>2,653,844</u>
Net change in fund balance	925	(1,832,355)	821,489	2,653,844
Fund balances, October 1	<u>22,374</u>	<u>1,921,447</u>	<u>1,921,447</u>	<u>—</u>
Fund balances, September 30	<u>\$ 23,299</u>	<u>\$ 89,092</u>	<u>\$ 2,742,936</u>	<u>\$ 2,653,844</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2014

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Contributions	\$ 500	\$ 267,850	\$ 267,850	\$ —
Interest	—	—	4	4
Total revenues	<u>500</u>	<u>267,850</u>	<u>267,854</u>	<u>4</u>
Expenditures:				
Parks and recreation	<u>80,575</u>	<u>96,115</u>	<u>76,242</u>	<u>19,873</u>
Total expenditures	<u>80,575</u>	<u>96,115</u>	<u>76,242</u>	<u>19,873</u>
Excess of revenues over (under) expenditures	<u>(80,075)</u>	<u>171,735</u>	<u>191,612</u>	<u>19,877</u>
Other financing source (uses):				
Transfers in	80,000	80,000	80,000	—
Transfers out	<u>—</u>	<u>(250,000)</u>	<u>(267,850)</u>	<u>(17,850)</u>
Total other financing sources (uses)	<u>80,000</u>	<u>(170,000)</u>	<u>(187,850)</u>	<u>(17,850)</u>
Net change in fund balance	(75)	1,735	3,762	2,027
Fund balances, October 1	<u>21,922</u>	<u>26,258</u>	<u>26,258</u>	<u>—</u>
Fund balances, September 30	<u>\$ 21,847</u>	<u>\$ 27,993</u>	<u>\$ 30,020</u>	<u>\$ 2,027</u>

See accompanying notes to basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2014

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, 2014

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 289,994	\$ 1,830,377	\$ 2,120,371
Investments	—	1,400,000	1,400,000
Inventories	191,125	—	191,125
Prepaid expenses	—	23,178	23,178
Total current assets	<u>481,119</u>	<u>3,253,555</u>	<u>3,734,674</u>
Capital assets:			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	<u>607,883</u>	<u>—</u>	<u>607,883</u>
Less accumulated depreciation	<u>(551,872)</u>	<u>—</u>	<u>(551,872)</u>
Total capital assets, net of accumulated depreciation	<u>56,011</u>	<u>—</u>	<u>56,011</u>
Total assets	<u>537,130</u>	<u>3,253,555</u>	<u>3,790,685</u>
Liabilities:			
Current liabilities:			
Accounts payable	7,186	302,078	309,264
Compensated absences	3,792	4,788	8,580
Unpaid claims liabilities	—	663,637	663,637
Unearned revenue	—	31,718	31,718
Total current liabilities	<u>10,978</u>	<u>1,002,221</u>	<u>1,013,199</u>
Noncurrent liabilities:			
Compensated absences	34,131	43,095	77,226
Postemployment benefits	111,930	87,812	199,742
Total noncurrent liabilities	<u>146,061</u>	<u>130,907</u>	<u>276,968</u>
Total liabilities	<u>157,039</u>	<u>1,133,128</u>	<u>1,290,167</u>
Net position:			
Net investment in capital assets	56,011	—	56,011
Unrestricted	324,080	2,120,427	2,444,507
Total net position	<u>\$ 380,091</u>	<u>\$ 2,120,427</u>	<u>\$ 2,500,518</u>

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, 2014

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 703,413	\$ —	\$ 703,413
City and employee contributions	19,111	10,797,790	10,816,901
Intergovernmental revenue	—	94,729	94,729
Miscellaneous	3	19,151	19,154
	<u>722,527</u>	<u>10,911,670</u>	<u>11,634,197</u>
Total operating revenues			
Operating expenses:			
Personal services	352,314	153,369	505,683
Premiums	—	610,871	610,871
Professional and technical services	7,567	802,934	810,501
Property services	95,767	—	95,767
Other purchased services	38	75,766	75,804
Insurance claims	—	10,225,458	10,225,458
Supplies	12,223	2,892	15,115
	<u>467,909</u>	<u>11,871,290</u>	<u>12,339,199</u>
Total operating expenses			
Operating income (loss)	<u>254,618</u>	<u>(959,620)</u>	<u>(705,002)</u>
Nonoperating revenues:			
Interest revenue	150	2,313	2,463
Transfer in	—	1,400,000	1,400,000
	<u>150</u>	<u>1,402,313</u>	<u>1,402,463</u>
Total nonoperating revenues			
Change in net position	254,768	442,693	697,461
Net position, October 1	<u>125,323</u>	<u>1,677,734</u>	<u>1,803,057</u>
Net position, September 30	\$ <u><u>380,091</u></u>	\$ <u><u>2,120,427</u></u>	\$ <u><u>2,500,518</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Combining Statement of Cash Flows – All Internal Service Funds

Year ended September 30, 2014

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from service users	\$ 703,416	\$ —	\$ 703,416
Cash received from City, employee, and other contributions	19,111	10,911,670	10,930,781
Cash payments for premiums and other operating expenses	(91,785)	(1,333,280)	(1,425,065)
Cash payments to employees	(319,759)	(155,698)	(475,457)
Cash payments for claims	(37,517)	(10,556,449)	(10,593,966)
Net cash used in operating activities	<u>273,466</u>	<u>(1,133,757)</u>	<u>(860,291)</u>
Cash flows from noncapital financing activity:			
Transfers from other funds	—	—	—
Net cash provided by noncapital financing activity	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from investing activity:			
Interest received on investments	150	2,313	2,463
Net cash provided by investing activity	<u>150</u>	<u>2,313</u>	<u>2,463</u>
Net increase (decrease) in cash and cash equivalents	273,616	(1,131,444)	(857,828)
Cash and cash equivalents, October 1	<u>16,378</u>	<u>2,961,821</u>	<u>2,978,199</u>
Cash and cash equivalents, September 30	\$ <u>289,994</u>	\$ <u>1,830,377</u>	\$ <u>2,120,371</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 254,618	\$ (959,620)	\$ (705,002)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Changes in assets and liabilities:			
Increase in inventories	33,032	—	33,032
Increase in accounts receivables	—	72,225	72,225
Decrease in prepaid item	—	(23,178)	(23,178)
Increase in unearned revenue	—	31,718	31,718
Decrease in accounts payable	(6,622)	(216,210)	(222,832)
Decrease in IBNR	—	(36,363)	(36,363)
Decrease in compensated absences	(1,630)	(7,853)	(9,483)
Increase (decrease) in post-employment benefits	(5,932)	5,524	(408)
Total adjustments	<u>18,848</u>	<u>(174,137)</u>	<u>(155,289)</u>
Net cash used in operating activities	\$ <u>273,466</u>	\$ <u>(1,133,757)</u>	\$ <u>(860,291)</u>
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	\$ 289,994	\$ 3,230,377	\$ 3,520,371
Less investments not meeting the definition of cash equivalents	—	(1,400,000)	(1,400,000)
Cash and cash equivalents at September 30, 2014	\$ <u>289,994</u>	\$ <u>1,830,377</u>	\$ <u>2,120,371</u>

See accompanying notes to basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Statistical Section

September 30, 2014

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
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well being have changed over time.	107–112
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	113–116
<i>Debt Capacity</i> – These schedules present information to help the reader assess the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	117–121
<i>Demographic and Economic Information</i> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	122–123
<i>Operating Information</i> – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	124–126

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

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:										
Net investment in capital assets	\$ 106,089	\$ 101,669	\$ 99,244	\$ 116,550	\$ 103,758	\$ 109,432	\$ 106,308	\$ 108,527	\$ 113,992	\$ 129,095
Restricted	7,033	5,720	12,504	6,295	22,864	15,207	10,744	7,103	7,072	
Unrestricted	10,514	21,045	26,098	8,487	903	(5,654)	(7,778)	(8,303)	(6,582)	(5,689)
Total governmental activities net position	\$ <u>123,636</u>	\$ <u>128,434</u>	\$ <u>137,846</u>	\$ <u>131,332</u>	\$ <u>127,525</u>	\$ <u>125,958</u>	\$ <u>113,737</u>	\$ <u>110,968</u>	\$ <u>114,513</u>	\$ <u>130,478</u>
Business-type activities:										
Net investment in capital assets	\$ 59,254	\$ 60,920	\$ 61,716	\$ 59,030	\$ 54,480	\$ 52,823	\$ 50,959	\$ 50,558	\$ 55,251	\$ 50,634
Restricted	2,312	5,013	2,990	3,627	3,873	2,338	9,245	6,338	6,700	4,069
Unrestricted	14,320	18,578	16,018	14,566	17,625	18,192	12,666	11,604	11,399	11,442
Total business-type activities net position	\$ <u>75,886</u>	\$ <u>84,511</u>	\$ <u>80,724</u>	\$ <u>77,223</u>	\$ <u>75,978</u>	\$ <u>73,353</u>	\$ <u>72,870</u>	\$ <u>68,500</u>	\$ <u>73,350</u>	\$ <u>66,145</u>
Primary government:										
Net investment in capital assets	\$ 165,343	\$ 162,589	\$ 160,960	\$ 175,580	\$ 158,238	\$ 162,255	\$ 157,267	\$ 159,085	\$ 169,243	\$ 179,729
Restricted	9,345	10,733	15,494	9,922	26,737	24,518	24,452	17,082	13,803	11,141
Unrestricted	24,834	39,623	42,116	23,053	18,528	12,538	4,888	3,301	4,817	5,753
Total primary government net position	\$ <u>199,522</u>	\$ <u>212,945</u>	\$ <u>218,570</u>	\$ <u>208,555</u>	\$ <u>203,503</u>	\$ <u>199,311</u>	\$ <u>186,607</u>	\$ <u>179,468</u>	\$ <u>187,863</u>	\$ <u>196,623</u>

*The City implemented GASB Statements 63 and 65 in FY 2013. The amounts for fiscal years 2005-2012 were restated for the effects of these standards in FY 2013.

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Position*

Last ten fiscal years

(In thousands)

(Accrual basis of accounting)

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 22,787	\$ 24,339	\$ 25,381	\$ 30,689	\$ 27,784	\$ 27,767	\$ 34,351	\$ 30,018	\$ 29,705	\$ 36,311
Public safety	34,896	35,268	37,774	41,630	43,610	44,318	45,826	45,224	45,616	47,533
Public services	19,257	19,117	20,210	24,701	27,070	26,652	26,819	26,776	27,044	28,931
Library	3,060	3,097	3,988	4,145	4,224	4,099	4,245	4,027	3,963	3,989
Parks and recreation	10,936	11,765	12,576	13,814	13,658	14,507	14,662	14,786	15,078	15,282
Public health	1,215	1,310	1,344	1,483	1,582	1,460	1,467	1,548	1,606	1,714
Interest and fiscal charges	7,951	9,026	10,069	10,990	9,642	8,817	10,832	10,930	11,134	10,757
Total governmental activities expenses	<u>100,102</u>	<u>103,922</u>	<u>111,342</u>	<u>127,452</u>	<u>127,570</u>	<u>127,620</u>	<u>138,202</u>	<u>133,309</u>	<u>134,146</u>	<u>144,517</u>
Business-type activities:										
Water and sewer	36,286	38,203	41,343	45,159	46,278	46,785	49,816	51,667	54,341	55,648
Solid waste	9,964	10,402	11,211	12,068	12,364	12,779	12,798	13,057	12,574	12,441
Golf	2,461	2,359	2,147	2,336	2,406	2,338	2,487	2,376	2,544	2,558
Total business-type activities expenses	<u>48,711</u>	<u>50,964</u>	<u>54,701</u>	<u>59,563</u>	<u>61,048</u>	<u>61,902</u>	<u>65,101</u>	<u>67,100</u>	<u>69,459</u>	<u>70,647</u>
Total primary government expenses	<u>\$ 148,813</u>	<u>\$ 154,886</u>	<u>\$ 166,043</u>	<u>\$ 187,015</u>	<u>\$ 188,618</u>	<u>\$ 189,522</u>	<u>\$ 203,303</u>	<u>\$ 200,409</u>	<u>\$ 203,605</u>	<u>\$ 215,164</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,231	\$ 2,039	\$ 2,138	\$ 3,144	\$ 3,724	\$ 3,111	\$ 3,577	\$ 3,423	\$ 3,875	\$ 3,327
Public safety	7,086	7,149	7,313	7,937	8,903	8,398	9,170	9,480	9,506	9,252
Public services	1,607	1,124	1,968	1,527	1,379	1,956	2,200	4,278	6,583	6,163
Library	145	149	170	186	190	184	164	155	6	5
Parks and recreation	2,563	2,679	2,796	2,898	2,891	3,291	3,327	3,262	3,756	4,103
Public health	186	189	196	249	255	264	266	264	293	291
Operating grants and contributions	1,221	731	576	1,061	368	642	532	1,777	522	788
Capital grants and contributions	1,245	3,766	5,810	4,991	10,059	10,144	3,875	2,028	8,363	15,022
Total governmental activities program revenues	<u>16,284</u>	<u>17,826</u>	<u>20,967</u>	<u>21,993</u>	<u>27,769</u>	<u>27,990</u>	<u>23,111</u>	<u>24,667</u>	<u>32,904</u>	<u>38,951</u>
Business-type activities:										
Charges for services:										
Water and sewer	33,921	43,938	34,645	40,338	43,116	42,807	48,485	46,075	54,257	51,271
Solid waste	10,255	10,687	10,989	11,330	12,262	12,274	12,275	12,303	12,375	12,555
Golf	1,952	2,163	2,022	2,144	2,045	1,536	1,873	2,011	2,231	1,919
Operating grants and contributions	—	—	—	—	—	—	15	12	—	—
Capital grants and contributions	301	835	1,375	701	872	1,228	647	956	908	1,551
Total business-type activities program revenues	<u>46,429</u>	<u>57,623</u>	<u>49,031</u>	<u>54,513</u>	<u>58,295</u>	<u>57,845</u>	<u>63,295</u>	<u>61,357</u>	<u>69,771</u>	<u>67,296</u>
Total primary government program revenues	<u>\$ 62,713</u>	<u>\$ 75,449</u>	<u>\$ 69,998</u>	<u>\$ 76,506</u>	<u>\$ 86,064</u>	<u>\$ 85,835</u>	<u>\$ 86,406</u>	<u>\$ 86,024</u>	<u>\$ 102,675</u>	<u>\$ 106,247</u>

*The City implemented GASB Statements 63 and 65 in FY 2013. The amounts shown for "Interest and fiscal charges" and expenses for Business-type activities were restated for fiscal years 2005-2012 in FY 2013.

(Continued)

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Position

Last ten fiscal years

(In thousands)

(Accrual basis of accounting)

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue:										
Governmental activities	\$ (83,818)	\$ (86,096)	\$ (90,375)	\$ (105,459)	\$ (99,801)	\$ (99,630)	\$ (115,091)	\$ (108,642)	\$ (101,242)	\$ (105,566)
Business-type activities	(2,282)	6,659	(5,670)	(5,050)	(2,753)	(4,057)	(1,806)	(5,743)	312	(3,351)
Total primary government net expense	<u>\$ (86,100)</u>	<u>\$ (79,437)</u>	<u>\$ (96,045)</u>	<u>\$ (110,509)</u>	<u>\$ (102,554)</u>	<u>\$ (103,687)</u>	<u>\$ (116,897)</u>	<u>\$ (114,385)</u>	<u>\$ (100,930)</u>	<u>\$ (108,917)</u>
General revenues										
Governmental activities:										
Taxes:										
Property	\$ 44,573	\$ 46,550	\$ 53,777	\$ 55,264	\$ 57,574	\$ 58,105	\$ 61,115	\$ 63,810	\$ 64,602	\$ 68,368
Sales	21,046	21,923	23,646	23,286	20,815	24,967	24,753	25,246	26,600	29,805
Other	2,832	3,302	3,540	3,719	2,986	3,105	3,447	3,351	3,673	4,129
Franchise	10,353	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,039
Unrestricted interest earnings	1,698	3,370	6,260	4,904	2,298	332	397	156	94	92
Insurance and other recoveries	2,500	—	173	—	—	—	—	—	—	—
Transfers	—	—	—	(117)	(19)	(695)	(489)	(259)	(4,506)	4,058
Gain on sale of assets	1,272	109	1,160	18	134	14	74	8	35	40
Total governmental activities	<u>84,274</u>	<u>90,894</u>	<u>99,787</u>	<u>98,945</u>	<u>95,994</u>	<u>98,103</u>	<u>102,830</u>	<u>105,873</u>	<u>104,787</u>	<u>121,531</u>
Business-type activities:										
Unrestricted interest earnings	425	871	1,317	868	295	73	47	31	29	23
Insurance and other recoveries	194	—	30	—	—	—	—	—	—	—
Transfers	—	—	—	117	19	695	489	259	4,506	(4,058)
Gain on sale of assets	49	277	133	117	730	90	59	352	3	181
Total business-type activities	<u>668</u>	<u>1,148</u>	<u>1,480</u>	<u>1,102</u>	<u>1,044</u>	<u>858</u>	<u>595</u>	<u>642</u>	<u>4,538</u>	<u>(3,854)</u>
Total primary government	<u>\$ 84,942</u>	<u>\$ 92,042</u>	<u>\$ 101,267</u>	<u>\$ 100,047</u>	<u>\$ 97,038</u>	<u>\$ 98,961</u>	<u>\$ 103,425</u>	<u>\$ 106,515</u>	<u>\$ 109,325</u>	<u>\$ 117,677</u>
Change in net position:										
Governmental activities	\$ 456	\$ 4,798	\$ 9,412	\$ (6,514)	\$ (3,807)	\$ (1,527)	\$ (12,261)	\$ (2,769)	\$ 3,545	\$ 15,965
Business-type activities	(1,614)	7,807	(4,190)	(3,948)	(1,709)	(3,199)	(1,211)	(5,101)	4,850	(7,205)
Total primary government	<u>\$ (1,158)</u>	<u>\$ 12,605</u>	<u>\$ 5,222</u>	<u>\$ (10,462)</u>	<u>\$ (5,516)</u>	<u>\$ (4,726)</u>	<u>\$ (13,472)</u>	<u>\$ (7,870)</u>	<u>\$ 8,395</u>	<u>\$ 8,760</u>

THIS PAGE LEFT BLANK INTENTIONALLY

Table 3

CITY OF RICHARDSON, TEXAS

Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)

(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved for other	\$ 954	\$ 935	\$ 949	\$ 986	\$ 600	\$ 730	\$ —	\$ —	\$ —	\$ —
Non spendable	—	—	—	—	—	—	507	559	1,027	882
Assigned	—	—	—	—	—	—	114	327	337	665
Unreserved	13,062	14,208	14,562	15,259	15,244	15,403	—	—	—	—
Unassigned	—	—	—	—	—	—	15,808	16,274	16,513	17,789
Total general fund	\$ 14,016	\$ 15,143	\$ 15,511	\$ 16,245	\$ 15,844	\$ 16,133	\$ 16,429	\$ 17,160	\$ 17,877	\$ 19,336
All other governmental funds:										
Reserved for:										
Capital projects	\$ 26,233	\$ 72,217	\$ 55,910	\$ 36,223	\$ 19,375	\$ 80,012	\$ —	\$ —	\$ —	\$ —
Debt service	2,010	1,452	2,116	1,785	1,947	1,604	—	—	—	—
Other *	2,719	4,431	13,897	27,021	16,799	10,518	—	—	—	—
Unreserved, reported in:										
Special revenue funds	2,051	2,703	3,153	3,292	3,779	2,902	—	—	—	—
Capital funds	2,670	8,751	11,784	2,191	1,030	4,425	—	—	—	—
Non spendable:										
Property held for redevelopment	—	—	—	—	—	—	—	2,495	2,495	2,495
Prepaid Items	—	—	—	—	—	—	91	64	98	77
Deposits	—	—	—	—	—	—	105	—	—	—
Restricted for:										
Debt service	—	—	—	—	—	—	2,180	2,247	2,324	2,328
Library	—	—	—	—	—	—	—	—	63	7
Parks and recreation projects	—	—	—	—	—	—	22,817	18,341	3,831	4,101
Public services	—	—	—	—	—	—	30,061	26,548	16,283	8,692
Neighborhood vitality projects	—	—	—	—	—	—	7,725	6,434	5,325	2,509
Municipal public buildings	—	—	—	—	—	—	9,871	5,098	341	37
Other capital projects	—	—	—	—	—	—	3,399	2,196	129	118
General government	—	—	—	—	—	—	—	—	1,223	2,561
Health/Shelter	—	—	—	—	—	—	—	—	—	229
Public safety	—	—	—	—	—	—	—	—	1,917	1,906
Other purposes	—	—	—	—	—	—	4,180	2,716	—	—
Committed for:										
Public services	—	—	—	—	—	—	—	570	1,921	2,743
Assigned for:										
Public services	—	—	—	—	—	—	707	808	1,474	1,507
Other purposes	—	—	—	—	—	—	3,540	2,422	—	—
Public Safety	—	—	—	—	—	—	—	—	—	2
Parks and recreation	—	—	—	—	—	—	—	—	23	65
Neighborhood Vitality Projects	—	—	—	—	—	—	—	—	—	65
Capital projects	—	—	—	—	—	—	—	—	4,896	—
General government	—	—	—	—	—	—	—	—	1,081	5,405
Unassigned	—	—	—	—	—	—	—	—	—	—
Total all other governmental funds	\$ 35,683	\$ 89,554	\$ 86,860	\$ 70,512	\$ 42,930	\$ 99,461	\$ 84,676	\$ 69,939	\$ 43,424	\$ 34,847

* 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.

Table 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	\$ 44,615	\$ 46,493	\$ 53,631	\$ 55,101	\$ 57,814	\$ 58,085	\$ 61,339	\$ 63,753	\$ 64,565	\$ 68,362
Franchise taxes	10,353	15,640	11,231	11,871	12,206	12,275	13,533	13,561	14,289	15,038
Sales tax	21,046	21,923	23,646	23,286	23,070	24,967	24,753	25,246	26,600	29,805
Mixed beverage and Bingo Tax	317	353	372	406	401	392	408	338	352	464
Hotel/motel taxes	2,515	2,949	3,168	3,314	2,585	2,713	3,039	3,013	3,322	3,665
Drainage fees	—	—	—	—	—	—	—	1,781	2,705	2,582
911 Revenue	1,319	1,308	1,316	1,336	1,377	1,521	1,579	1,676	1,724	1,723
Intergovernmental revenue	1,458	1,664	4,071	3,312	8,366	4,946	3,465	2,437	7,732	9,261
Licenses and permits	1,563	1,161	1,865	1,506	1,375	1,466	1,767	2,405	4,000	3,310
Fines and forfeitures	4,100	4,208	4,587	5,008	5,550	5,583	6,398	5,765	6,339	5,482
Interest revenue	1,652	3,221	6,087	4,820	2,278	327	393	154	92	90
Civic center use	231	237	286	384	334	328	299	331	328	295
Eisemann center revenue	1,520	1,571	1,422	1,936	2,452	2,143	2,411	2,396	2,026	2,177
Recreation and leisure	2,563	2,679	2,796	2,898	2,891	3,275	3,327	3,207	3,743	4,091
Rents	16	26	12	59	79	21	64	—	—	—
Public safety	1,263	1,480	1,549	1,672	1,759	1,819	1,591	2,396	2,236	2,095
Contributions	951	2,743	2,150	565	138	293	124	99	64	615
Participation	53	152	164	104	56	171	55	140	316	272
Other	828	533	853	1,055	864	886	964	745	813	1,184
General administration	5,602	5,738	6,643	6,968	6,932	6,745	8,101	8,496	8,235	7,652
Total revenues	\$ 101,965	\$ 114,079	\$ 125,849	\$ 125,601	\$ 130,527	\$ 127,956	\$ 133,610	\$ 137,939	\$ 149,481	\$ 158,163
Expenditures:										
General government	\$ 24,248	\$ 26,006	\$ 27,960	\$ 32,311	\$ 29,260	\$ 28,358	\$ 34,818	\$ 29,772	\$ 30,454	\$ 37,522
Public safety	32,909	33,002	35,186	36,507	38,860	38,193	39,627	40,035	41,881	43,163
Public services	12,680	12,875	13,938	17,328	19,542	18,613	18,020	18,780	19,704	20,920
Library	2,533	2,568	3,393	3,407	3,640	3,527	3,448	3,354	3,513	3,478
Parks and recreation	9,749	10,343	10,756	11,026	11,049	11,181	11,146	11,530	11,891	11,790
Public health	1,202	1,245	1,311	1,315	1,401	1,298	1,322	1,422	1,535	1,629
General administration	230	255	291	427	480	555	2,004	2,690	2,130	1,565
Capital outlay	6,262	14,808	20,699	27,552	37,125	20,934	20,701	21,397	50,941	40,698
Debt service:										
Principal retirement	16,588	7,887	10,241	11,311	12,308	12,548	14,425	15,738	16,421	17,901
Interest and fiscal charges	7,094	7,849	10,489	10,183	9,620	9,063	11,140	11,095	10,772	10,608
Payments for other obligations	544	615	456	474	2,690	1,228	812	859	1,052	1,215
Issuance costs	527	1,054	29	33	219	841	84	195	272	119
Total expenditures	\$ 114,566	\$ 118,507	\$ 134,749	\$ 151,874	\$ 166,194	\$ 146,339	\$ 157,547	\$ 156,867	\$ 190,566	\$ 190,608
Deficiency of revenues under expenditures	(12,601)	(4,428)	(8,900)	(26,273)	(35,667)	(18,383)	(23,937)	(18,928)	(41,085)	(32,445)

(Continued)

Table 4

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other financing sources (uses):										
Transfers in	\$ 20,840	\$ 7,958	\$ 6,740	\$ 4,916	\$ 4,030	\$ 4,520	\$ 3,247	\$ 4,121	\$ 5,650	\$ 4,594
Transfer out	(20,840)	(7,958)	(6,740)	(5,033)	(4,049)	(5,215)	(3,736)	(6,330)	(6,202)	(5,652)
Issuance of certificates of obligation	2,790	2,640	3,220	4,500	5,370	7,520	3,085	6,050	4,290	12,500
Issuance of general obligation bonds	22,925	53,775	—	5,933	—	60,665	—	—	—	—
Issuance of refunding bonds	10,050	25,665	—	—	14,460	18,440	6,039	6,270	18,000	—
Issuance of other obligations	197	61	1,592	—	1,740	1,124	6,535	192	10,909	13,789
Premium on bonds	2,604	3,016	—	—	772	7,378	15	760	2,811	34
Payment to refunded bond escrow agent	(10,620)	(26,397)	—	—	(14,992)	(19,502)	(5,981)	(6,779)	(20,417)	—
Lease payments	84	—	—	—	—	—	—	—	—	—
Insurance and other recoveries	2,500	—	173	218	127	128	40	107	170	10
Proceeds from sale of capital assets	8,910	667	1,589	125	226	145	204	531	77	51
Total other financing sources	<u>39,440</u>	<u>59,427</u>	<u>6,574</u>	<u>10,659</u>	<u>7,684</u>	<u>75,203</u>	<u>9,448</u>	<u>4,922</u>	<u>15,288</u>	<u>25,326</u>
Net change in fund balances	<u>\$ 26,839</u>	<u>\$ 54,999</u>	<u>\$ (2,326)</u>	<u>\$ (15,614)</u>	<u>\$ (27,983)</u>	<u>\$ 56,820</u>	<u>\$ (14,489)</u>	<u>\$ (14,006)</u>	<u>\$ (25,797)</u>	<u>\$ (7,119)</u>
Debt service as a percentage of noncapital expenditures	22.37%	15.77%	18.58%	17.67%	19.07%	18.21%	19.27%	20.44%	20.23%	19.91%

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
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
2014	5,120,141,991	6,555,445,029	864,733,351	2,098,603,635	10,441,716,736	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)

Fiscal year	City direct rates			Overlapping rates								
	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
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
2014	0.370310	0.264850	0.635160	1.340050	0.235000	0.081960	1.448000	1.253300	0.243100	0.286000	0.124775	0.010000

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

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

Table 7

CITY OF RICHARDSON, TEXAS

Principal Property Tax Payers

Current year and nine years ago

(unaudited)

Name of Taxpayer	2014			2005		
	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	\$ 236,224,713	1	2.21%	\$ —		—%
Health Care Service Corporation	222,606,231	2	2.08	—		—
CISCO Systems	209,269,733	3	1.95	87,416,438	4	1.05
Collins Technology Park Partners	149,931,630	4	1.40	—		—
Verizon (MCI in 2005)	132,774,845	5	1.24	142,633,371	2	1.71
Champion Partners	116,119,082	6	1.08	—		—
AT&T	107,249,758	7	1.00	50,162,664	7	0.60
Fujitsu	105,695,813	8	0.99	64,026,598	5	0.77
IBM	104,168,636	9	0.97	—		—
Texas Instruments	95,722,725	10	0.89	—		—
Southwestern Bell/SBC	—		—	165,490,369	1	1.99
Nortel Networks	—		—	132,785,279	3	1.59
Crescent Real Estate	—		—	45,123,477	8	0.54
Texas Utilities Electric/Oncor	—		—	52,762,580	6	0.63
CWS Friendly Village	—		—	37,565,613	10	0.45
Lennox	—		—	44,531,480	9	0.53
Total	\$ 1,479,763,166		13.81%	\$ 822,497,869		9.86%

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

Note:

(a) Total Taxable Value October 1, 2014 = \$10,707,411,690

(b) Total Taxable Value October 1, 2005 = \$ 8,331,996,860

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 9/30/14	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					
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		(186,084)		64,188,414		63,980,358	99.39		136,611		64,116,969	99.89
2014		68,105,024		—		68,105,024		67,862,416	99.64		—		67,862,416	99.64

(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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	\$ 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	\$ 181,449,602
Certificates of Obligation	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	27,150,000
Unamortized premium/(discount)	2,794,715	5,554,555	5,405,503	5,125,192	5,568,746	12,449,617	11,730,640	11,742,983	13,044,030	12,131,942
Total General Obligation Bonds and Certificates of Obligation	164,358,204	216,568,009	209,397,889	202,306,617	195,302,603	257,010,700	245,010,260	234,779,455	227,044,480	220,731,544
TIF Obligations (2)	—	—	—	3,299,865	3,299,865	3,299,865	8,239,481	8,239,481	18,175,159	31,964,048
Other Obligations	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	3,622,492
Total TIF and Other Obligations	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	35,586,540
Total Governmental Activities	169,189,491	220,845,417	214,810,573	213,178,528	207,480,405	265,116,079	258,838,663	247,940,768	250,062,379	256,318,084
BUSINESS-TYPE ACTIVITIES										
Water/Sewer Revenue Bonds	1,055,000	990,000	925,000	855,000	—	—	—	—	—	—
General Obligation Refunding Bonds	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	17,165,398
Certificates of Obligation	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	35,075,000
Unamortized premium/(discount)	(25,202)	(30,441)	(34,159)	(36,756)	343,587	1,335,658	1,244,165	1,916,392	1,878,147	1,694,323
Total General Obligation Bonds and Certificates of Obligation	43,681,308	46,921,104	50,563,454	53,896,819	57,194,730	65,099,575	65,944,545	62,424,920	57,822,697	53,934,721
Other Obligations	100,071	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792	—
Total Other Obligations	100,071	48,503	142,455	82,734	123,281	62,487	43,056	22,834	1,792	—
Total Business-Type Activities	43,781,379	46,969,607	50,705,909	53,979,553	57,318,011	65,162,062	65,987,601	62,447,754	57,824,489	53,934,721
Total Primary Government	\$ 212,970,870	\$ 267,815,024	\$ 265,516,482	\$ 267,158,081	\$ 264,798,416	\$ 330,278,141	\$ 324,826,264	\$ 310,388,522	\$ 307,886,868	\$ 310,252,805
Percentage of Personal Income (3)	7.8%	8.8%	9.1%	8.6%	8.4%	10.2%	10.1%	9.4%	9.3%	9.2%
Per Capita (3)	\$ 2,218	\$ 2,775	\$ 2,717	\$ 2,741	\$ 2,656	\$ 3,329	\$ 3,251	\$ 3,090	\$ 3,053	\$ 3,047

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

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

CITY OF RICHARDSON, TEXAS
 Ratio of General Bonded Debt Outstanding (1)
 Last ten fiscal years
 (Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	\$ 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	\$ 181,449,602
Certificates of Obligation	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	27,150,000
Unamortized premium/(discount)	1,356,418	2,594,779	2,528,716	2,418,958	2,763,680	8,966,461	8,539,469	11,742,982	13,044,030	12,131,942
Total General Obligation Bonds and Certificates of Obligation	<u>162,919,907</u>	<u>213,608,233</u>	<u>206,521,102</u>	<u>199,600,383</u>	<u>192,497,537</u>	<u>253,527,544</u>	<u>241,819,089</u>	<u>234,779,454</u>	<u>227,044,480</u>	<u>220,731,544</u>
BUSINESS-TYPE ACTIVITIES										
Water/Sewer Revenue Bonds	1,055,000	990,000	925,000	855,000	—	—	—	—	—	—
General Obligation Refunding Bonds	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	17,165,398
Certificates of Obligation	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	35,075,000
Unamortized premium/(discount)	(54,719)	(55,572)	(55,832)	(54,094)	90,805	698,799	666,020	1,916,392	1,878,147	1,694,323
Total General Obligation Bonds and Certificates of Obligation	<u>43,651,791</u>	<u>46,895,973</u>	<u>50,541,781</u>	<u>53,879,481</u>	<u>56,941,948</u>	<u>64,462,716</u>	<u>65,366,400</u>	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>
Total Primary Government	<u>\$ 206,571,698</u>	<u>\$ 260,504,206</u>	<u>\$ 257,062,883</u>	<u>\$ 253,479,864</u>	<u>\$ 249,439,485</u>	<u>\$ 317,990,260</u>	<u>\$ 307,185,489</u>	<u>\$ 297,204,374</u>	<u>\$ 284,867,177</u>	<u>\$ 274,666,265</u>
Percentage of Actual Taxable Value of Property (2)	2.5%	3.0%	2.8%	2.7%	2.5%	3.2%	3.2%	3.1%	2.9%	2.6%
Per Capita (3)	\$ 2,152	\$ 2,700	\$ 2,631	\$ 2,601	\$ 2,502	\$ 3,205	\$ 3,074	\$ 2,959	\$ 2,825	\$ 2,698

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

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

Table 11

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Governmental Activities Debt

September 30, 2014

(unaudited)

Governmental unit	Debt outstanding	Estimated percentage applicable (1)	Estimated share of overlapping debt
Debt repaid with property taxes:			
Richardson Independent School District	\$ 429,804,983	36.62%	\$ 157,394,585
Plano Independent School District	922,505,466	11.96	110,331,654
Dallas County	111,350,000	3.45	3,841,575
Dallas County Schools	67,265,000	3.45	2,320,643
Dallas County Hospital District	736,235,000	3.45	25,400,108
Dallas County Community College District	339,035,000	3.45	11,696,708
Garland Independent School District	346,746,128	0.04	138,698
Collin County	391,410,000	5.03	19,687,923
Collin County Community College District	34,595,000	5.03	<u>1,740,129</u>
Subtotal, overlapping debt			332,552,021
City direct debt			<u>256,318,084</u> (2)
Total direct and overlapping bonded debt			<u><u>\$ 588,870,105</u></u>

119

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

(2) Includes unamortized premium and discounts of \$12,131,942 and TIF and other obligations of \$35,586,540. Amounts for other governmental units only include the value of bonded debt outstanding.

Source: First Southwest Company.

Table 12

CITY OF RICHARDSON, TEXAS

Legal Debt Margin Information

Last ten fiscal years

(unaudited)

Year	Debt limit	Total net debt applicable to limit (1)	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
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
2014	1,566,257,510	208,599,602	1,357,657,908	13.32

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

Table 13

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

(unaudited)

Water Revenue Bonds

Fiscal year	Utility service charge	Less operating expenses	Net available revenue	Debt service		Accreted value	Coverage
				Principal	Interest		
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	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—

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

Water Revenue Bonds were refunded in FY 2009.

Table 14

CITY OF RICHARDSON, TEXAS

Demographic and Economic Statistics

Last ten calendar years

(unaudited)

Calendar year	Estimated population (1)	Personal income (thousands of dollars)	Per capita personal income (2)	Median age (2)	School enrollment		Unemployment rate (%) (5)
					R.I.S.D. (3)	P.I.S.D. (4)	
2005	96,000	\$ 2,740,704	\$ 28,549	35.0	34,441	53,203	4.90%
2006	96,500	3,056,348	31,672	35.8	35,000	52,816	4.10
2007	97,720	2,920,264	29,884	39.6	35,000	54,478	3.80
2008	97,450	3,120,154	32,018	38.1	35,000	54,129	4.70
2009	99,700	3,134,169	31,436	37.2	34,878	54,864	7.30
2010	99,223	3,246,775	32,722	38.1	36,075	55,355	6.90
2011	99,930	3,207,553	32,098	38.1	35,997	54,989	7.50
2012	100,450	3,310,631	32,958	36.2	36,946	55,302	5.50
2013	100,850	3,323,814	32,958	36.2	38,043	55,302	5.60
2014	101,820	3,355,784	32,958	36.2	38,283	54,839	4.50

Sources:

- (1) NCTCOG as of January, 2014.
- (2) Information compiled from the Richardson Economic Development Partnership.
- (3) School Enrollment – Richardson Independent School District.
- (4) School Enrollment – Plano Independent School District.
- (5) Unemployment – Texas Workforce Commission Website.

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

Table 15

CITY OF RICHARDSON, TEXAS

Principal Employers

Current year and nine years ago

(unaudited)

Employer	2014			2005		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
AT&T (SBC in 2005)	5,000	1	3.91%	2,140	6	3.68%
State Farm Insurance	4,000	2	3.13	—	—	—
Blue Cross & Blue Shield of Texas	3,100	3	2.43	2,400	5	4.13
The University of Texas at Dallas	2,674	4	2.09	2,800	3	4.81
Richardson ISD	2,500	5	1.96	4,415	2	7.59
Verizon Business (MCI in 2005)	2,250	6	1.76	2,400	4	4.13
United Healthcare	1,700	7	1.33	—	—	—
Fujitsu Network Communications	1,500	8	1.17	1,424	7	2.45
Fossil, Inc.	1,400	9	1.10	1,000	10	1.72
Cisco Systems	1,200	10	0.94	1,000	11	1.72
Bank of America	600	11	0.47	—	—	—
Nortel Networks	—	—	—	4,800	1	8.25
Cingular Wireless	—	—	—	1,300	8	2.24
Hewlett-Packard	—	—	—	1,000	9	1.72
Total	25,924		20.29%	24,679		42.44%

Source:

- (1) Richardson Economic Development Partnership as of September, 2014.
- (2) North Central Texas Council of Governments a total city employment was approximately 127,716.
- (3) Richardson Economic Development Partnership and City of Richardson, 2005.
- (4) TWC website provided the total labor force numbers for September, 2005.

Table 16

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

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	141	142	145	146	143	141	143	143	145	149
Public safety	390	393	398	398	399	396	395	395	396	397
Public services	148	150	152	161	161	159	156	157	159	156
Library	33	33	34	35	35	35	35	35	35	29
Parks and recreation	78	79	81	82	78	78	80	81	81	77
Public health	15	15	16	16	16	15	16	17	17	17
Water	62	59	61	64	64	64	66	66	66	66
Wastewater	11	11	11	12	12	12	12	12	12	12
Solid waste	57	57	61	61	70	70	70	70	70	70
Golf	16	16	16	16	16	16	16	16	16	14
Total	951	955	975	991	994	986	989	992	997	987

124

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

Table 17

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:										
Police: Number of employees	244	243	248	249	246	229	242	246	246	245
Fire: Number of employees	146	150	150	149	151	150	153	150	150	152
Municipal court:										
Number of violations (citations)	42,588	39,972	39,361	49,008	42,137	46,077	54,113	46,357	48,249	43,144
Public services:										
Asphalt repairs (tons) (1)	2,374	1,252	1,403	7,683	1,322	1,091	1,117	1,184	978	572
Concrete replacement (yards) (1)	—	—	—	—	—	—	—	—	—	3,806
Parks and recreation: Acreage (2)	1,598	1,598	1,598	865	865	865	865	865	865	865
Library: Volumes in collection	236,479	247,059	250,035	262,208	251,535	253,802	260,328	263,782	252,261	252,789
Water and sewer:										
Number of water consumers	32,499	32,626	32,318	32,064	31,751	31,711	32,407	32,409	32,685	32,895
Average daily water consumption (thousands of gallons) (3)	33,761	31,342	27,401	27,540	23,622	26,703	26,033	22,555	20,482	19,148
Number of sewer consumers	31,644	31,675	31,713	31,518	31,274	31,245	29,192	29,162	29,295	29,533
Solid waste:										
Refuse collected (tons/day)	175	165	162	162	149	152	143	136	138	136
Bulky/brush pickups (tons/day)	54	53	60	67	60	65	59	64	62	71
Recyclables collected (tons/day)	17	18	18	20	22	28	28	30	27	26
Golf: Number of rounds played	91,944	100,750	94,825	102,584	100,266	75,630	92,999	92,681	87,003	71,488

(1) Asphalt repairs were reduced in FY2014 because in FY2014 public services began a new program focusing on full concrete replacement rather than asphalt overlays.
 (2) Park and Recreation Acreage – Prior to 2008 acreage was reported as all land that the Parks Department maintained (included ROW, medians, etc.). Starting in 2008, reported totals are only acreage of park land.
 (3) The average daily water consumption has declined since 2010 due to ongoing conservation efforts.

Source: City Departments

Table 18

CITY OF RICHARDSON, TEXAS
 Capital Asset Statistics by Function/Program
 Last ten fiscal years
 (unaudited)

Function/program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	40	40	41	44	43	42	43	46	48	50
Volunteer patrol units	—	—	—	2	3	3	3	3	2	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets- paved (miles)	400	401	402	402	405	404	404	406	409	411
Alleys – paved (miles)	221	221	222	223	223	221	221	222	222	222
Sidewalks (miles)	593	593	593	585	585	651	651	652	665	678
Streetlights	6,022	6,036	6,036	6,120	6,159	6,171	6,207	6,211	6,234	6,241
Parks and recreation:										
Parks	30	30	30	30	30	30	32	32	33	33
Playgrounds	28	28	28	28	28	28	29	29	30	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)	554	551	555	559	563	567	569	571	574	581
Fire hydrants	3,839	3,893	3,963	4,062	4,056	4,110	4,156	4,187	4,258	4,359
Wastewater:										
Sanitary sewers (miles)	406	495	495	499	499	499	499	500	503	503

Source: City Departments