

CITY OF RICHARDSON, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Prepared By:

DEPARTMENT OF FINANCE

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CITY OF RICHARDSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008
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February 6, 2009

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

City Council
Steve Mitchell
Mayor
Bob Townsend
Mayor Pro Tem
Rhea Allison
John Murphy
Gary A. Slagel
Pris Hayes
Dennis Stewart

The Comprehensive Annual Financial Report of the City of Richardson (the "City"), for the fiscal year ended September 30, 2008, 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.

Bill Keffler
City Manager

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

The City Council selected the firm of KPMG LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2008, 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 14, 2007. The City currently has a land area of 28.5 square miles and an estimated population of 97,450. The City is a home rule city and operates under the Council-Manager form of government. Every two years, Richardson voters simultaneously elect seven council members to represent them. All council members are elected at large, with four representing each of the City's four districts. The Mayor is selected from among the Council members by a vote of the Council. Terms of office for all Council positions are for two consecutive years.

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



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

Activities of the general, debt service, water and sewer, golf, solid waste, and special revenue 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 reported as reservations of fund balances and 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.

Local Economy

The city of Richardson is one of the major employment centers in the Dallas-Fort Worth area, second only to the Central Business District in Dallas in the number of people employed. Richardson has historically been known for its concentration of technology-based businesses, but is becoming a center of economic diversity, with high-quality businesses in the financial services and insurance sectors as well, making the area attractive for companies of all backgrounds. Richardson has extensive resources in academia, a highly-skilled labor pool, transportation assets, infrastructure support, excellent lodging, and major corporate employers which will continue to prove beneficial in the recruitment of new businesses.

Richardson and the region are benefiting from the completion of the reconstruction of the I-635/U.S. 75 interchange (known as the High Five) and the completion of the President George Bush Turnpike segment from I-35E to the Dallas-Fort Worth International Airport. New HOV lanes on U.S. 75, which run northward from the High-Five interchange through Richardson, Plano, and Allen, were opened in December 2007.

In November 2006, the City Council approved the City's first Tax Increment Financing (TIF) District, an 896-acre zone encompassing the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and extending west from U.S. 75 to Coit Road along Spring Valley. Dallas County agreed to participate in the TIF district beginning in Fiscal Year 2009. The TIF district and the DART Light Rail line are key strategic assets in the City's redevelopment plans.

In July 2006, the City Council approved the Eastside development, a \$90-million mixed-use project situated at the southeast corner of U.S. 75 and Campbell Road, between the Arapaho Center and Galatyn Park transit stations. Eastside, led by Fobare Commercial, Skyrise Properties, Greenway Investments, and Post Properties, includes 86,000 square feet of retail and restaurant space, 19,000 square feet of new office space (in addition to 210,000 square feet of existing office space), and 436 apartment units, built around a two-acre park. Groundbreaking occurred in October 2006 and the first phase of the residential development began leasing in May 2008. The development's official grand opening took place in December 2008.

Richardson is also taking advantage of the opportunity for transit-oriented development in and around its four DART Light Rail Stations. The City entered into an infrastructure, grant, and reimbursement agreement with Centennial Park, Ltd. in September 2007 for the construction of Brick Row, located on 30 acres adjacent to the DART Spring Valley transit station in the TIF District. The development replaces an aging 337-unit apartment complex and 18 single-family dwellings with a mix of 950 residential units (townhomes, apartments, and condominiums), while providing 44,000 square feet of ground floor retail. The Floyd Branch drainage corridor, which bisects Centennial Park, will be enhanced to not only accommodate storm water protection, but also serve as an amenity by incorporating trails that will connect with Richardson's city-wide trail network. The development is eligible to receive approximately \$9.6 million in reimbursements and grants from the TIF, contingent on availability of funds generated from the project area. Groundbreaking on the development occurred in April 2008 and it is anticipated that the first apartments will be ready for leasing in late 2009.

Galatyn Park Corporation, Galatyn Properties Limited, and Legacy Partners began construction of The Venue, a transit-oriented residential project in the heart of the Galatyn Park Urban Center, in January 2007. The Venue is a \$34 million development that includes 283 apartment units and approximately 7,000 square feet of retail space. The Venue began leasing operations in the spring of 2008.

Blue Cross Blue Shield of Texas (BCBSTX) announced in December 2006 that they would be consolidating their Metroplex operations into a new headquarters campus in the Galatyn Park Urban Center. Groundbreaking occurred in October of 2007 on the 34-acre campus just north of the Charles W. Eisemann Center for the Performing Arts and Corporate Presentations. The \$265 million, 1.1 million square foot complex is expected to house up to 3,900 employees when it opens at the end of 2009. This is the largest office campus built in the DFW area since the construction of J.C. Penney's Plano headquarters project that was built in 1987. As part of the development, the City, in partnership with Collin County, is building Routh Creek Parkway from Lookout Drive to Renner Road, which will enhance access to the facility.

The Richardson Regional Medical Center (RRMC) continues to develop and expand their 20.5 acre satellite medical campus located at the intersection of Renner Road and President George Bush Turnpike. This campus is expected to serve east Richardson and the communities of Plano, Garland, Parker, Rowlett, Wylie, Sachse, and Murphy. The initial development was anchored by a 5-story, 100,000 square foot medical office building with more than 25 physicians. As part of the expansion, RRMC broke ground on a \$23 million, 50,000 square foot cancer center, and an \$18 million, 47,000 square foot outpatient hospital in April of 2007. The new facilities were dedicated in October of 2008.

In January 2008, Remington Medical Resorts received approval from the City Council to construct a 90-bed, post surgical rehabilitation hospital on Lookout Drive at Plano Road. The facility will offer short stay rehabilitation services that will compliment the services of the area's hospitals. The 65,000 square foot, three-story facility is under construction with an anticipated completion date in early 2010.

Criterion Property Company LP is building a 360-unit resort-style multi-family project west of Custer Parkway and south of the President George Bush Turnpike. The 14-building development, to be called Pradera, is expected to be completed in early 2009. Pradera lies adjacent to the 62-acre 190/Hall Office

Park, a proposed development by Hall Financial Group. The 190/Hall Office Park, when fully developed, will have over 1 million square feet of new office space in a multi-building office park.

Fujitsu Transaction Solutions relocated its North American headquarters to the Fujitsu campus in Richardson during 2008. The move brought approximately 300 new employees to the campus, which houses multiple Fujitsu affiliate companies. Also, Fujitsu Network Communications announced that it would expand its manufacturing capacity at the Richardson campus in order to produce two of its key products there. This expansion is expected to create 67 additional jobs.

Credit Solutions, the largest for-profit debt management company in the United States, moved its corporate headquarters to the Galatyn Park Urban Center in March of 2008. The company leased approximately 90,000 square feet of space, which will allow the company to double the size of its current 700 employee workforce. The transaction ranks as one of the largest leases by square footage in the Dallas area market in 2008.

AT&T announced plans to relocate their customer service center from downtown Dallas to Richardson as part of the company's corporate relocation from San Antonio to Dallas. The company has leased 60,000 square feet of office space at 2270 Lakeside Dr. and plans to move 300 employees to the Richardson site by the end of 2008.

Rockwell Collins, a communications and aviation electronics provider, announced that it would expand its operations in Richardson, leasing an additional 90,000 square feet of office space. The company will create 334 jobs and invest an estimated \$6.7 million of machinery and equipment in the added facility. The expansion has been awarded \$1.67 million from the State of Texas Enterprise Fund

The Texas Instruments Foundation made a grant of \$500,000 in 2008 to the Charles W. Eisemann Center for the Performing Arts and Corporate Presentations to help fund the Center's Phase II capital program. Texas Instruments' headquarters has been adjacent to the City of Richardson for more than 50 years and Texas Instruments and the Texas Instruments Foundation have been continuous partners with the community, the school district, and the University of Texas at Dallas.

Richardson is also experiencing new growth in the retail and hospitality sectors. Magnolia Lodging constructed a four-story, 125-room Hilton Garden Inn near the intersection of Custer Road and President George Bush Turnpike. This full service hotel opened in the summer of 2008. Additionally, Lowen Hospitality received zoning approval for the construction of a four-story, 103-room Marriott SpringHill Suites near the intersection of Breckenridge Boulevard and President George Bush Turnpike. Several shopping centers throughout the City, including Richardson Square Mall, Richardson Heights shopping center, Buckingham Place shopping center, and Dal-Rich Village, have undergone major renovations, including new facades and other upgrades as well as new tenanting. New and recent developments such as The Venue, Eastside, The Shire, and the Central/190 shopping center have enhanced the City's retail offerings as well.

Long-term Financial Planning

The \$15,258,773 unreserved fund balance in the general fund is the equivalent of 61.04 days of expenditures and transfers. This falls within the financial policy guidelines set by Council (60 days of fund balance) for budgetary and planning purposes. 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 July of 2006, the City issued \$55 million in General Obligation Bonds which were overwhelmingly approved by voters. These bonds were designated for street and drainage improvements, improvements to

sidewalks and bridges, parks and recreation improvements, and construction and improvements to public buildings. The City is working to complete and implement all of the projects identified in the 2006 bond election while continuing to assess infrastructure needs for future potential bond elections. In April of 2008, the City issued approximately \$10.7 million in Certificates of Obligation to meet the City's capital equipment needs and make improvements to the water and sewer system.

Awards and Acknowledgments

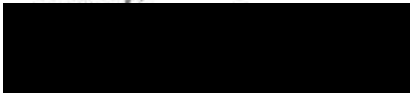
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007. This was the thirtieth year that the City 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.

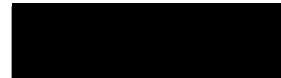
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the accounting division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to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

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

Sincerely,



Bill Keffler
City Manager



Kent Pfeil
Director of Finance



Patricia Loposer, CPA
Controller

CITY OF RICHARDSON, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2008

CITY COUNCIL

STEVE MITCHELL, MAYOR

BOB TOWNSEND, MAYOR PRO TEM

RHEA ALLISON

PRIS HAYES

JOHN MURPHY

GARY A. SLAGEL

DENNIS STEWART

CITY MANAGER

BILL KEFFLER

DEPUTY CITY MANAGER

DAN JOHNSON

DIRECTOR OF FINANCE

KENT PFEIL

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richardson
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



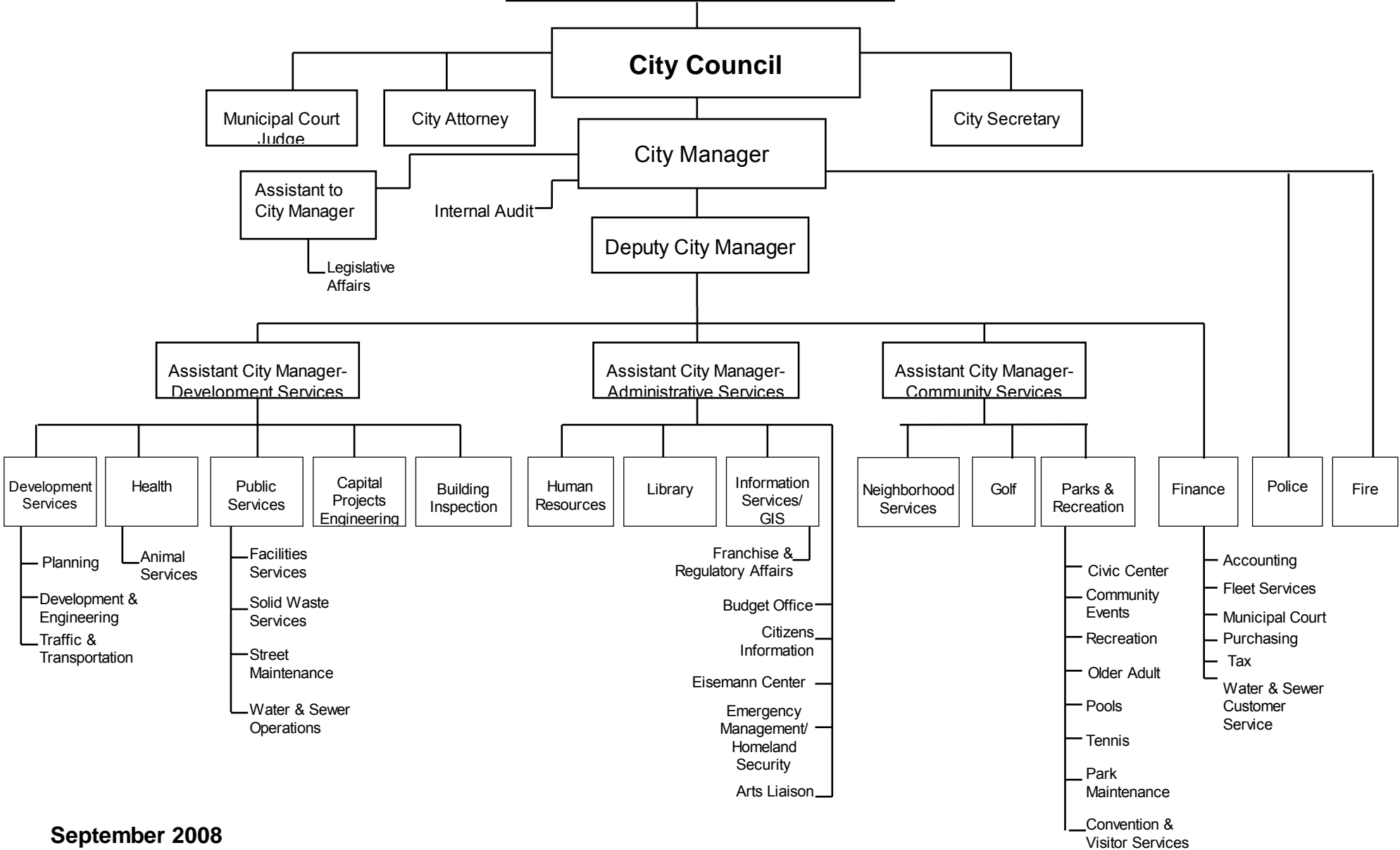
A handwritten signature in black ink, appearing to read "M. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

City of Richardson



September 2008



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:

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in note IB to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, and No. 50, *Pension Disclosures*, an amendment of GASB Statements No. 25 and 27.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards*, and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the budgetary information and schedules of funding progress on pages 11 through 19 and pages 59 through 60, 68 through 80, and page 61, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

February 6, 2009

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

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, for the fiscal year ended September 30, 2008. It is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1 through 5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2008, by \$210,849,659 (net assets). Of this amount, \$23,053,901 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$10,101,828. The highlights of this decrease can be found on pages 14 and 15 of this report.
- At September 30, 2008, the City's governmental funds reported combined ending fund balances of \$86,757,201. Approximately 23.9 percent of this amount, \$20,741,866 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,258,773, or 16.7 percent of total General Fund expenditures and transfers.
- The City's total debt increased by approximately \$1,925,000 (0.74 percent) during the current fiscal year. The highlights of this increase can be found on pages 17 and 18 of this report.

Overview of the Financial Statements

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

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

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

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

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 non-governmental, customers.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its warehouse, mail and records management operations, and for its employee health insurance program. Because these services predominantly benefit governmental 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, all of which are considered to be major funds of the City. 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 of Richardson 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.

Government-Wide Financial Analysis

Total assets of the City at September 30, 2008, were \$509,827,446, while total liabilities were \$298,977,787, resulting in a net asset balance of \$210,849,659.

The largest portion of the City's net assets, \$177,873,832 (84.4%) 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.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

Table 1
Net Assets
(in thousands)

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 104,811	\$ 118,647	\$ 32,397	\$ 34,119	\$ 137,208	\$ 152,766
Capital assets	266,083	252,114	106,536	105,283	372,619	357,397
Total assets	370,894	370,761	138,933	139,402	509,827	510,163
Long-term liabilities						
outstanding	224,484	220,115	55,992	51,902	280,476	272,017
Other liabilities	13,248	10,866	5,254	6,329	18,502	17,195
Total liabilities	237,732	230,981	61,246	58,231	298,978	289,212
Net assets:						
Invested in capital assets, net of related debt	118,380	101,178	59,494	62,163	177,874	163,341
Restricted	6,295	12,504	3,627	2,990	9,922	15,494
Unrestricted	8,487	26,098	14,566	16,018	23,053	42,116
Total net assets	\$ 133,162	\$ 139,780	\$ 77,687	\$ 81,171	\$ 210,849	\$ 220,951

An additional portion of the City's net assets, \$9,921,926 (4.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$23,053,901 (10.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities: Governmental activities decreased the City's net assets by \$6,617,541. Key elements of this decrease are as follows:

- Overall governmental expenditures increased approximately \$16,170,000.
- The City recorded approximately \$4,500,000 in other post employment benefit expense with the implementation of Governmental Accounting Standards Board Statement No. 45.
- The City made approximately \$2,400,000 in additional economic incentive payments over the previous year and also recognized approximately \$3,300,000 in infrastructure improvement reimbursement costs which will be paid out of the Tax Increment Financing Fund in future years.
- Salary and benefits increased approximately \$3,005,000. Full year funding of new positions added in FY 2007 and market adjustments to salaries make up this increase.
- Interest expense on outstanding debt increased approximately \$980,000.
- Although total revenue remained flat, charges for services increased \$2,000,000. The increase in property tax revenues of \$1,487,000 is related to the 2.6% increase in assessed values at year end. There was no property tax rate increase for FY 2008.

Business-type activities: Business type activities decreased net assets by \$3,484,287. Key elements to the change in net assets are as follows:

- Water and sewer revenues increased by about \$5,780,000 from the prior year. A 15.5% water and sewer rate increase was implemented June 1.
- Total expenses for business-type activities increased approximately \$4,845,000 from the previous year. This increase was primarily due to higher personal service costs and economic development agreements.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 15,941	\$ 14,581	\$ 53,812	\$ 47,656	\$ 69,753	\$ 62,237
Operating grants and contributions	1,061	576	-	-	1,061	576
Capital grants and contributions	4,991	5,810	701	1,375	5,692	7,185
General revenues:						
Property taxes	55,264	53,777	-	-	55,264	53,777
Sales taxes	23,286	23,646	-	-	23,286	23,646
Franchise fees	11,871	11,231	-	-	11,871	11,231
Mixed bev. & bingo tax	406	372	-	-	406	372
Hotel/motel taxes	3,313	3,168	-	-	3,313	3,168
Interest earnings	4,904	6,260	868	1,317	5,772	7,577
Insurance Recoveries	-	173	-	30	-	203
Transfers In/(Out)	(117)	-	117	-	-	-
Gain on sale of assets	18	1,160	117	133	135	1,293
Total revenues	<u>120,938</u>	<u>120,754</u>	<u>55,615</u>	<u>50,511</u>	<u>176,553</u>	<u>171,265</u>
Expenses:						
General Government	30,689	25,381	-	-	30,689	25,381
Public Safety	41,630	37,774	-	-	41,630	37,774
Public Services	24,701	20,210	-	-	24,701	20,210
Library	4,145	3,988	-	-	4,145	3,988
Parks and Recreation	13,814	12,576	-	-	13,814	12,576
Public Health	1,483	1,344	-	-	1,483	1,344
Interest and fiscal charges	11,094	10,116	-	-	11,094	10,116
Water and Sewer	-	-	44,718	40,918	44,718	40,918
Solid Waste	-	-	12,049	11,193	12,049	11,193
Golf	-	-	2,332	2,143	2,332	2,143
Total expenses	<u>127,556</u>	<u>111,389</u>	<u>59,099</u>	<u>54,254</u>	<u>186,655</u>	<u>165,643</u>
Increase (decrease) in net assets	(6,618)	9,365	(3,484)	(3,743)	(10,102)	5,622
Net assets-October 1	<u>139,780</u>	<u>130,415</u>	<u>81,171</u>	<u>84,914</u>	<u>220,951</u>	<u>215,329</u>
Net assets-September 30	<u>\$ 133,162</u>	<u>\$ 139,780</u>	<u>\$ 77,687</u>	<u>\$ 81,171</u>	<u>\$ 210,849</u>	<u>\$ 220,951</u>

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City of Richardson'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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$86,757,201. Approximately 23.9 percent, or \$20,741,866, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, inventory and prepaid items (\$28,007,286), debt service (\$1,785,304), and for capital equipment purchases and capital improvements (\$36,222,745).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$15,258,773. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 16.7 percent of total General Fund expenditures and transfers out, while total fund balance represents 17.8 percent of total General Fund expenditures and transfers out. The General Funds' fund balance increased by \$733,841 during the current fiscal year.

The Debt Service Fund has a fund balance of \$1,785,304, all of which is reserved 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 \$65,366,105, of which \$36,222,745 is reserved for future capital equipment purchases and construction projects, \$26,951,863 is reserved for construction commitments, and \$2,191,497 is unreserved. The fund balance decreased by \$16,123,943 for costs related to the City's ongoing capital improvement program. The Other Governmental Funds fund balance increased by \$106,755.

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

Unrestricted net assets in the Water and Sewer Fund, the Solid Waste Fund, and the Golf Fund at the end of the year amounted to \$11,805,869, \$2,309,704, and \$207,941 respectively. Total net assets in the Water and Sewer Fund decreased \$2,841,281, total net assets in the Solid Waste Fund decreased by \$467,452, and total net assets in the Golf Fund decreased by \$40,102.

General Fund Budgetary Highlights

The General Fund had an overall budget increase of 2.8% over last year with total revenues for the General Fund projected to be \$91.7 million. Property tax and sales tax revenues make up approximately 65 percent of General Fund revenues. Based on the increase in assessed property values, property tax revenue for fiscal year 2008 was budgeted 3.0% higher than the previous year. This marked the third year of positive tax base growth for the City. Sales tax revenues were originally budgeted with a 5.8% growth factor for 2008. Actual sales tax collections remained level with fiscal year 2007. Total expenditures and transfers for this budget year totaled \$91.6 million. This is an increase of 3.3% over last year. This increase is primarily attributable to full year funding of compensation initiatives begun last year as well as full year impact of positions added mid-year, movement within pay ranges for eligible employees and increased costs for maintenance, fuel, gas and electricity. Budgeted revenues for fiscal year 2008 were revised from \$91,728,237 to \$91,041,608 a reduction of \$686,629. Total budgeted expenditures and transfers were revised from \$91,596,711 to \$90,709,531, a decrease of \$887,180.

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, 2008, amounts to \$372,619,401 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total increase in the

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

City's investment in capital assets for the current fiscal year was 4.3 percent, with governmental activities increasing 5.5 percent and business-type activities increasing 1.2 percent.

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

- The City completed numerous street and paving projects, sidewalk and alley repairs, in addition to neighborhood vitality projects totaling over \$8 million.
- There were extensive upgrades and major purchases of technical equipment and computer software that included consolidation of many of the City's computer servers as well as replacement of aging desktop computers at a cost of approximately \$2.8 million.
- The City added a number of fleet vehicles including a heavy duty rescue fire truck, a new ambulance, police patrol units, solid waste service trucks, and dump trucks at an approximate cost of \$3.5 million.
- The Water and Sewer Fund completed \$5.6 million in projects which extended and improved the City's water and sewer system.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 43,115	\$ 40,958	\$ 543	\$ 543	\$ 43,658	\$ 41,501
Buildings	64,460	67,814	3,842	4,285	68,302	72,099
Improvements other than						
Buildings	17,035	13,702	6,186	6,150	23,221	19,852
Infrastructure	101,224	100,394	88,229	87,083	189,453	187,477
Vehicles, machinery and equipment	10,590	10,292	4,938	3,490	15,528	13,782
Construction in Progress	29,659	18,954	2,798	3,732	32,457	22,686
Total	<u>\$ 266,083</u>	<u>\$ 252,114</u>	<u>\$ 106,536</u>	<u>\$ 105,283</u>	<u>\$ 372,619</u>	<u>\$ 357,397</u>

Additional information on the City's capital assets can be found in note III. D. on pages 44 and 45 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$251,115,000. Of this amount, \$197,181,425 represents tax-supported bonds, \$53,078,575 represents self-supported bonds, and \$855,000 represents revenue-supported bonds. The other obligations of \$10,871,911 in the governmental activities relates to notes payable for computer equipment, a police training facility, infrastructure improvement reimbursements, and other contractual obligations. The other obligations of \$82,734 in the business-type activities relates to the financing and purchase of computer equipment.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

Table 4
Outstanding Debt
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 160,411	\$ 167,807	\$ 964	\$ 1,063	\$ 161,375	\$ 168,870
Revenue Bonds	-	-	855	925	855	925
Certificates of Obligation	36,770	36,185	52,115	48,610	88,885	84,795
Other Obligations	10,872	5,413	83	142	10,955	5,555
	<u>\$ 208,053</u>	<u>\$ 209,405</u>	<u>\$ 54,017</u>	<u>\$ 50,740</u>	<u>\$ 262,070</u>	<u>\$ 260,145</u>

During 2008, the City issued \$10,700,000 Combination Tax and Revenue Certificates of Obligation, of which \$4,500,000 is tax-supported and \$6,200,000 is self-supported by the Water and Sewer and Solid Waste funds. The City entered into a note payable in the amount of \$740,000 for the purchase of computer equipment, an infrastructure improvement agreement in the amount of \$3,299,865, and a \$1,893,103 reimbursement agreement for the paving and drainage improvements to Routh Creek Parkway. The City made principal payments of approximately \$14,708,000. The City's total long-term obligations resulted in an overall increase of approximately \$1,925,000.

Standard & Poor's Ratings Services upgraded the City's long-term bond rating and underlying rating on General Obligation debt from "AA+" to "AAA". In addition, Standard & Poor's assigned its "AAA" rating and stable outlook to the City's Series 2008 Combination Tax and Revenue Certificates of Obligation. The City maintains an "Aa1" rating from Moody's Investor Service for its General Obligation bonds and Combination Tax and Revenue Certificates of Obligation. The City's revenue bond rating was also upgraded by Standard & Poor's from "AA-" to "AA+". These revenue bonds have an "A1" rating by Moody's Investor Service. 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 debt to the assessed value of all taxable property is 2.08 percent.

Additional information on the City's long-term debt can be found in notes III. H and III. I. on pages 47 through 53 of this report.

Economic Factors and Next Year's Budgets and Rates

General Fund revenues and transfers-in for the 2008-2009 budget are expected to increase by 3.2 percent compared to the fiscal year 2007-2008 revised budget. Certified property tax values increased 4.0 percent from the preceding year and the tax rate was left unchanged at 57.516 cents per \$100 of assessed valuation. Revenues from sales and other business taxes make up 25.4 percent of the fiscal year 2008-2009 budget, an increase of 2.5 percent from the fiscal year 2007-2008 revised budget. Expenditures and transfers for the General Fund are budgeted 3.6 percent higher than expenditures and transfers in the fiscal year 2007-2008 revised budget. The majority of this increase is reflected in personal services. Overall, the General Fund is expected to end fiscal year 2008-2009 in compliance with the City's financial policy by maintaining a fund balance equal to 60.06 days of operating expenditures.

Key 2008-2009 budget development objectives are merit based compensation and benefit adjustments, full year funding of key positions added to meet service demands, increased asphalt, concrete, and street maintenance costs, increased costs for parks maintenance services, and increased costs for natural gas and fuel.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (continued)
September 30, 2008

Water and Sewer Fund revenues are budgeted to increase 12.4 percent in fiscal year 2008-2009 compared to the fiscal year 2007-2008 revised budget. This increase is based on a 3% growth in water sales as well as a full year impact of the 15.5% rate increase adopted in June 2008. Sewer sales are budgeted to increase 21.4%. This increase is estimated based on a 9.5% rate hike effective October 1, 2008. Fiscal year 2008-2009 expenses and transfers are expected to increase 7.0 percent compared to the fiscal year 2007-2008 revised budget. The Water and Sewer ending fund balance for 2008-2009 is budgeted to be approximately \$7,896,000, equivalent to 67.32 days of total expenses and transfers.

The fiscal year 2008-2009 budgeted revenues for the Solid Waste Fund are projected to increase 6.0 percent over revised budgeted revenues in fiscal year 2007-2008. This increase is predicated on minimal account growth and an increase in the rates for commercial services. Overall commercial revenues are projected to increase 9.7%. Total expenses and transfers are projected to increase 4.5 percent in fiscal year 2008-2009 in comparison to the fiscal year 2007-2008 revised budget. This increase is primarily related to an increase in personal service costs. The Solid Waste ending fund balance for 2008-2009 is budgeted to be approximately \$3,047,239, equal to 90.21 days of total expenses.

The fiscal year 2008-2009 budgeted revenues for the Golf Fund are expected to increase 1.5 percent from revenues in the fiscal year 2007-2008 revised budget. Total expenses and transfers are expected to increase 7.9 percent from the fiscal year 2007-2008 revised budget. The Golf ending fund balance for 2008-2009 is budgeted to be approximately \$456,438, equal to 74.59 days of total expenses.

Requests for Information

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

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CITY OF RICHARDSON, TEXAS
STATEMENT OF NET ASSETS
September 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 93,638,262	\$ 8,384,086	\$ 102,022,348
Receivables (net of allowances for uncollectibles)	8,740,478	6,876,323	15,616,801
Inventory of Supplies, at cost	502,151	178,562	680,713
Prepaid Items	225,274	16,436	241,710
Deposits	117,500	-	117,500
Restricted Assets:			
Cash and Investments	-	15,793,898	15,793,898
Receivables (net of allowances for uncollectibles)	-	441,139	441,139
Internal Balances	(243,321)	243,321	-
Capital Assets:			
Non-depreciable	72,774,123	3,340,944	76,115,067
Depreciable (net)	193,309,372	103,194,962	296,504,334
Deferred Charges	1,830,279	463,657	2,293,936
Total Assets	370,894,118	138,933,328	509,827,446
Liabilities:			
Accounts Payable	6,236,171	1,776,636	8,012,807
Retainage Payable	919,794	-	919,794
Accrued Liabilities	1,648,596	327,740	1,976,336
Accrued Interest	1,494,723	317,074	1,811,797
Payable from Restricted Assets:			
Accounts Payable	-	293,384	293,384
Retainage Payable	-	132,590	132,590
Customer Deposits	-	2,322,761	2,322,761
Accrued Liabilities	-	6,162	6,162
Accrued Interest	-	77,374	77,374
Unearned Revenue	2,485,820	-	2,485,820
Money Held in Escrow	462,138	-	462,138
Non-current Liabilities:			
Due within one year			
Bonds, Leases, and Contractual Obligations	15,101,309	3,108,967	18,210,276
Compensated Absences	1,019,343	141,116	1,160,459
Workers' Compensation	208,764	52,588	261,352
Unpaid Claims Liability	500,000	-	500,000
Due in more than one year			
Bonds, Leases, and Contractual Obligations	195,370,985	50,853,247	246,224,232
Arbitrage Rebate Liability	874,897	102,274	977,171
Other Post Employment Benefits	4,587,632	789,564	5,377,196
Compensated Absences	6,821,751	944,387	7,766,138
Total Liabilities	237,731,923	61,245,864	298,977,787
Net Assets:			
Invested in capital assets, net of related debt	118,380,202	59,493,630	177,873,832
Restricted for:			
Capital Projects	2,631,054	2,878,564	5,509,618
Debt Service	312,018	748,435	1,060,453
General Government	2,327,300	-	2,327,300
Public Safety	917,628	-	917,628
Special Purposes	106,927	-	106,927
Unrestricted	8,487,066	14,566,835	23,053,901
Total Net Assets	\$ 133,162,195	\$ 77,687,464	\$ 210,849,659

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General Government	\$ 30,688,761	\$ 3,143,590	\$ 778,776	\$ 33,023	\$ (26,733,372)	\$ -	\$ (26,733,372)
Public Safety	41,629,710	7,936,687	199,816	-	(33,493,207)	-	(33,493,207)
Public Services	24,700,984	1,527,936	-	2,884,039	(20,289,009)	-	(20,289,009)
Library	4,145,298	185,681	50,299	-	(3,909,318)	-	(3,909,318)
Parks and Recreation	13,814,277	2,898,052	2,500	2,074,012	(8,839,713)	-	(8,839,713)
Public Health	1,482,844	249,057	29,310	-	(1,204,477)	-	(1,204,477)
Interest and fiscal charges	11,094,149	-	-	-	(11,094,149)	-	(11,094,149)
Total Governmental Activities	<u>127,556,023</u>	<u>15,941,003</u>	<u>1,060,701</u>	<u>4,991,074</u>	<u>(105,563,245)</u>	<u>-</u>	<u>(105,563,245)</u>
Business-type activities:							
Water and Sewer	44,718,591	40,338,373	-	700,564	-	(3,679,654)	(3,679,654)
Solid Waste	12,048,621	11,329,950	-	-	-	(718,671)	(718,671)
Golf	2,332,316	2,143,678	-	-	-	(188,638)	(188,638)
Total Business-type Activities	<u>59,099,528</u>	<u>53,812,001</u>	<u>-</u>	<u>700,564</u>	<u>-</u>	<u>(4,586,963)</u>	<u>(4,586,963)</u>
Total	<u>\$ 186,655,551</u>	<u>\$ 69,753,004</u>	<u>\$ 1,060,701</u>	<u>\$ 5,691,638</u>	<u>(105,563,245)</u>	<u>(4,586,963)</u>	<u>(110,150,208)</u>
General Revenues:							
Property Taxes					55,264,104	-	55,264,104
Sales Taxes					23,286,213	-	23,286,213
Franchise Fees					11,870,533	-	11,870,533
Mixed Beverage and Bingo Tax					406,330	-	406,330
Hotel/Motel Taxes					3,313,750	-	3,313,750
Unrestricted Interest Earnings					4,904,273	868,192	5,772,465
Transfers In/Out					(117,410)	117,410	-
Gain on Sale of Assets					17,911	117,074	134,985
Total General Revenues					<u>98,945,704</u>	<u>1,102,676</u>	<u>100,048,380</u>
Changes in Net Assets					<u>(6,617,541)</u>	<u>(3,484,287)</u>	<u>(10,101,828)</u>
Net Assets-beginning					<u>139,779,736</u>	<u>81,171,751</u>	<u>220,951,487</u>
Net Assets-ending					<u>\$ 133,162,195</u>	<u>\$ 77,687,464</u>	<u>\$ 210,849,659</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF RICHARDSON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2008

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
ASSETS:					
Cash and Investments	\$ 15,452,152	\$ 1,806,741	\$ 69,783,529	\$ 3,879,699	\$ 90,922,121
Receivables (net of allowances for uncollectibles of \$2,166,024)					
Taxes-Ad Valorem	1,249,795	-	-	-	1,249,795
Taxes-Sales	1,643,459	-	-	-	1,643,459
Taxes-Hotel/Motel	-	-	-	439,049	439,049
Trade Accounts	2,737,589	-	-	139,418	2,877,007
Interest	52,494	-	371,659	54	424,207
Intergovernmental	247,704	-	1,671,433	135,255	2,054,392
Other	-	-	10,286	-	10,286
Due from Other Funds	18,975	-	430,372	8,182	457,529
Inventory of Supplies, at cost	332,461	-	-	-	332,461
Prepaid Items	179,816	-	-	38,713	218,529
Deposits	117,500	-	-	-	117,500
Total Assets	\$ 22,031,945	\$ 1,806,741	\$ 72,267,279	\$ 4,640,370	\$ 100,746,335
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 1,926,597	\$ -	\$ 3,708,653	\$ 516,648	\$ 6,151,898
Developer's Participation Payable	-	-	16,721	-	16,721
Retainage Payable	-	-	919,794	-	919,794
Accrued Liabilities	1,497,530	-	-	36,352	1,533,882
Accrued Interest	-	21,437	-	-	21,437
Due to Other Funds	435,242	-	-	22,287	457,529
Deferred Revenue	1,839,065	-	1,920,483	666,187	4,425,735
Money Held in Escrow	88,386	-	335,523	38,229	462,138
Total Liabilities	5,786,820	21,437	6,901,174	1,279,703	13,989,134
Fund Balances:					
Reserved for Inventory	332,461	-	-	-	332,461
Reserved for Prepaid Items	179,815	-	-	38,713	218,528
Reserved for Encumbrances	474,076	-	26,951,863	30,358	27,456,297
Reserved for Debt Service	-	1,785,304	-	-	1,785,304
Reserved for Capital Projects	-	-	36,222,745	-	36,222,745
Unreserved, reported in					
General Fund	15,258,773	-	-	-	15,258,773
Special Revenue Funds	-	-	-	3,291,596	3,291,596
Capital Fund	-	-	2,191,497	-	2,191,497
Total Fund Balances	16,245,125	1,785,304	65,366,105	3,360,667	86,757,201
Total Liabilities and Fund Balances	\$ 22,031,945	\$ 1,806,741	\$ 72,267,279	\$ 4,640,370	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	266,020,431
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,939,915
Internal Service Funds are used by management to charge the costs of central services and insurance to individual funds.	
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	1,948,871
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the funds. (see Note II. A.)	(223,504,223)

Net assets of governmental activities \$ 133,162,195

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

	General	Debt Service	Capital Fund	Other Governmental Funds	Total
REVENUES:					
General Property Taxes	\$ 34,615,950	\$ 20,173,577	\$ -	\$ 311,242	\$ 55,100,769
Franchise Fees	11,870,533	-	-	-	11,870,533
Sales Tax	23,286,213	-	-	-	23,286,213
Mixed Beverage and Bingo Tax	406,330	-	-	-	406,330
Hotel/Motel Taxes	-	-	-	3,313,750	3,313,750
911 Revenue	935,284	-	-	400,934	1,336,218
Intergovernmental Revenue	286,888	-	2,859,202	166,283	3,312,373
Licenses and Permits	1,505,575	-	-	-	1,505,575
Fines and Forfeitures	4,207,507	-	-	800,895	5,008,402
Interest Revenue	873,803	223,011	3,588,208	134,516	4,819,538
Civic Center Use	384,153	-	-	-	384,153
Eisemann Center Revenue	-	-	-	1,935,523	1,935,523
Recreation and Leisure	2,898,052	-	-	-	2,898,052
Rents	59,433	-	-	-	59,433
Public Safety	1,671,592	-	-	-	1,671,592
Contributions	-	-	536,350	28,211	564,561
Participation	-	-	104,430	-	104,430
Other Revenue	995,805	-	38,882	20,769	1,055,456
General Administration	6,968,561	-	-	-	6,968,561
Total Revenues	90,965,679	20,396,588	7,127,072	7,112,123	125,601,462
EXPENDITURES:					
General Government	23,528,313	-	1,610,029	7,172,610	32,310,952
Public Safety	35,708,048	-	206,552	592,568	36,507,168
Public Services	13,748,245	-	3,579,666	-	17,327,911
Library	2,909,264	-	418,514	79,077	3,406,855
Parks and Recreation	10,665,766	-	241,151	119,044	11,025,961
Public Health	1,295,933	-	-	18,934	1,314,867
General Administration	-	-	-	427,367	427,367
Capital Outlay	298,903	-	27,155,987	97,198	27,552,088
Debt Service-					
Principal Retirement	-	11,310,961	-	-	11,310,961
Interest and Fiscal Charges	24,523	10,158,463	-	-	10,182,986
Payments for Other Obligations	215,754	257,987	-	-	473,741
Issuance Costs	-	-	33,173	-	33,173
Total Expenditures	88,394,749	21,727,411	33,245,072	8,506,798	151,874,030
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,570,930	(1,330,823)	(26,118,000)	(1,394,675)	(26,272,568)
OTHER FINANCING SOURCES (USES):					
Transfers In	683,445	1,000,000	3,105,364	127,000	4,915,809
Transfers Out	(2,855,364)	-	(244,410)	(1,933,445)	(5,033,219)
Issuance of Certificates of Obligation	-	-	4,500,000	-	4,500,000
Issuance of Other Obligations	-	-	2,633,103	3,299,865	5,932,968
Insurance Recoveries	217,919	-	-	-	217,919
Proceeds from Sale of Capital Assets	116,911	-	-	8,010	124,921
Total Other Financing Sources (Uses)	(1,837,089)	1,000,000	9,994,057	1,501,430	10,658,398
NET CHANGE IN FUND BALANCES	733,841	(330,823)	(16,123,943)	106,755	(15,614,170)
FUND BALANCES-October 1	15,511,284	2,116,127	81,490,048	3,253,912	102,371,371
FUND BALANCES-September 30	\$ 16,245,125	\$ 1,785,304	\$ 65,366,105	\$ 3,360,667	\$ 86,757,201

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended September 30, 2008

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

Net change in fund balances - total governmental funds	\$ (15,614,170)
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. (see Note II. B.)	12,020,609
The net effect of the sales of capital assets is to decrease net assets. (see Note II. B.)	(97,121)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	2,102,426
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (see Note II. B.)	1,384,907
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. (see Note II. B.)	(5,818,162)
Internal service funds are used by management to charge the costs of central services and insurance to individual funds. The net expense of certain activities of the Internal Service Funds is reported with governmental activities.	<u>(596,030)</u>
Change in net assets of governmental activities	<u><u>\$ (6,617,541)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 September 30, 2008
 (continued on following page)

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Assets:					
Cash and Investments	\$ 6,320,347	\$ 1,590,493	\$ 473,246	\$ 8,384,086	\$ 2,716,141
Receivables (net of allowances)					
Trade Accounts	4,937,574	1,013,549	15,763	5,966,886	-
Other	520,541	379,140	-	899,681	42,283
Interest	9,738	18	-	9,756	-
Inventory of Supplies, at cost	103,506	75,056	-	178,562	169,690
Prepaid Items	8,147	5,641	2,648	16,436	6,745
Restricted Assets:					
Cash and Investments	13,934,498	1,807,253	52,147	15,793,898	-
Interest Receivable	87,497	-	-	87,497	-
Other Receivable	93,642	-	-	93,642	-
Intergovernmental Receivable	260,000	-	-	260,000	-
Total Current Assets	<u>26,275,490</u>	<u>4,871,150</u>	<u>543,804</u>	<u>31,690,444</u>	<u>2,934,859</u>
Capital Assets					
Land	357,950	65,560	119,329	542,839	56,011
Improvements	-	37,371	8,927,839	8,965,210	23,023
Buildings	7,685,671	-	782,402	8,468,073	259,990
Water and Sewer System	168,781,089	-	-	168,781,089	-
Vehicles, Machinery and Equipment	14,348,373	7,193,223	995,383	22,536,979	268,859
Total Capital Assets	<u>191,173,083</u>	<u>7,296,154</u>	<u>10,824,953</u>	<u>209,294,190</u>	<u>607,883</u>
Less: Accumulated Depreciation	(96,769,261)	(4,563,308)	(4,223,820)	(105,556,389)	(544,819)
Construction in Progress	2,798,105	-	-	2,798,105	-
Net Capital Assets	<u>97,201,927</u>	<u>2,732,846</u>	<u>6,601,133</u>	<u>106,535,906</u>	<u>63,064</u>
Deferred Charges	440,844	18,769	4,044	463,657	-
Total Noncurrent Assets	<u>97,642,771</u>	<u>2,751,615</u>	<u>6,605,177</u>	<u>106,999,563</u>	<u>63,064</u>
Total Assets	<u>\$ 123,918,261</u>	<u>\$ 7,622,765</u>	<u>\$ 7,148,981</u>	<u>\$ 138,690,007</u>	<u>\$ 2,997,923</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
September 30, 2008
(continuation)

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Current Liabilities:					
Accounts Payable	\$ 1,700,599	\$ 53,161	\$ 22,876	\$ 1,776,636	\$ 62,443
Accrued Liabilities	206,419	104,061	17,260	327,740	119,823
Accrued Interest	317,074	30,211	36,687	383,972	-
Unpaid Claims Liabilities	-	-	-	-	500,000
Current Maturities of Bonds, Leases and Contractual Obligations	1,683,356	601,534	326,072	2,610,962	-
Compensated Absences	86,325	42,893	11,898	141,116	8,411
Workers' Compensation Liability	8,899	31,519	12,170	52,588	-
Current Liabilities Payable from Restricted Assets-					
Accounts Payable	293,384	-	-	293,384	-
Retainage Payable	132,590	-	-	132,590	-
Deposits	2,322,761	-	-	2,322,761	-
Accrued Liabilities	6,162	-	-	6,162	-
Accrued Interest	10,476	-	-	10,476	-
Current Maturities of Bonds, Leases and Contractual Obligations	498,005	-	-	498,005	-
Total Current Liabilities	<u>7,266,050</u>	<u>863,379</u>	<u>426,963</u>	<u>8,556,392</u>	<u>690,677</u>
Noncurrent Liabilities:					
Bonds, Leases and Contractual Obligations	42,838,325	2,470,000	5,544,922	50,853,247	-
Arbitrage Rebate Liability	102,274	-	-	102,274	-
Other Post-employment Benefits	458,252	224,065	107,247	789,564	58,768
Compensated Absences	577,711	287,053	79,623	944,387	56,286
Total Noncurrent Liabilities	<u>43,976,562</u>	<u>2,981,118</u>	<u>5,731,792</u>	<u>52,689,472</u>	<u>115,054</u>
Total Liabilities	<u>51,242,612</u>	<u>3,844,497</u>	<u>6,158,755</u>	<u>61,245,864</u>	<u>805,731</u>
Net Assets:					
Invested in Capital Assets, net of related debt	58,934,149	(170,658)	730,139	59,493,630	63,064
Restricted for:					
Capital Projects	1,316,126	1,562,438	-	2,878,564	-
Debt Service	619,505	76,784	52,146	748,435	-
Unrestricted	11,805,869	2,309,704	207,941	14,323,514	2,129,128
Total Net Assets	<u>\$ 72,675,649</u>	<u>\$ 3,778,268</u>	<u>\$ 990,226</u>	<u>\$ 77,444,143</u>	<u>\$ 2,192,192</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds				<u>243,321</u>	
Net assets of business-type activities				<u>\$ 77,687,464</u>	

The notes to the financial statements are an integral part of this statement.

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CITY OF RICHARDSON, TEXAS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended September 30, 2008

	Business-Type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Operating Revenues:					
Water Sales	\$ 25,418,687	\$ -	\$ -	\$ 25,418,687	\$ -
Sewer Service	13,977,920	-	-	13,977,920	-
Penalties	470,429	-	-	470,429	-
Service Fees-Other	32,939	-	-	32,939	-
Antenna Rentals	207,266	-	-	207,266	-
Meter Fees	36,097	-	-	36,097	-
Solid Waste Fees	-	10,451,437	-	10,451,437	-
Golf Course Fees	-	-	2,091,935	2,091,935	-
Golf Course Restaurant	-	-	42,735	42,735	-
Charges for Services	-	-	-	-	675,387
City and Employee Contributions	53,835	76,944	3,428	134,207	8,832,935
Intergovernmental Revenue	111,739	3,863	351	115,953	65,313
Miscellaneous	29,461	797,706	5,229	832,396	25,761
Total Operating Revenue	40,338,373	11,329,950	2,143,678	53,812,001	9,599,396
Operating Expenses:					
Personal Services	5,784,830	3,950,234	998,357	10,733,421	607,961
Premiums	-	-	-	-	595,592
Professional and Technical Services	3,173,510	312,138	25,885	3,511,533	629,632
Property Services	1,098,564	124,054	88,081	1,310,699	86,447
Other Purchased Services	790,480	284,209	53,602	1,128,291	62,626
Insurance Claims	-	-	-	-	8,401,586
Purchase of Water	10,672,824	-	-	10,672,824	-
Purchase of Sewage Treatment	8,184,723	-	-	8,184,723	-
Solid Waste Charges	-	3,467,968	-	3,467,968	-
General Administration	4,366,934	2,090,714	83,546	6,541,194	-
Franchise Fees	1,969,830	521,775	-	2,491,605	-
BABIC Program	466,666	-	-	466,666	-
Supplies	1,154,618	370,701	324,411	1,849,730	25,969
Depreciation	5,319,879	755,931	448,122	6,523,932	5,800
Total Operating Expenses	42,982,858	11,877,724	2,022,004	56,882,586	10,415,613
Operating Income (Loss)	(2,644,485)	(547,774)	121,674	(3,070,585)	(816,217)
Nonoperating Revenues (Expenses):					
Interest Revenue	733,250	121,745	13,197	868,192	84,735
Interest Expense and Fiscal Charges	(1,669,253)	(115,220)	(297,017)	(2,081,490)	-
Transfers In	-	-	117,410	117,410	-
Gain from Disposal of Capital Assets	38,643	73,797	4,634	117,074	-
Total Nonoperating Revenues (Expenses)	(897,360)	80,322	(161,776)	(978,814)	84,735
Income (Loss) before Contributions	(3,541,845)	(467,452)	(40,102)	(4,049,399)	(731,482)
Capital Contributions	700,564	-	-	700,564	-
Change in Net Assets	(2,841,281)	(467,452)	(40,102)	(3,348,835)	(731,482)
Total Net Assets-October 1	75,516,930	4,245,720	1,030,328		2,923,674
Total Net Assets-September 30	\$ 72,675,649	\$ 3,778,268	\$ 990,226		\$ 2,192,192

Adjustment to reflect the consolidation of
 internal service fund activities related to
 enterprise funds (135,452)

Change in net assets of business type activities \$ (3,484,287)

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2008
(continued on the following page)

	Business-Type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 39,491,306	\$ 11,234,289	\$ 2,180,439	\$ 52,906,034	\$ -
Cash Received from Service Users	-	-	-	-	687,537
Cash Received from City, Employee and Other Contributions	-	-	-	-	8,911,726
Cash Payments for Goods and Services	(31,562,066)	(7,501,697)	(555,767)	(39,619,530)	(103,946)
Cash Payments to Employees	(5,374,163)	(3,771,547)	(874,680)	(10,020,390)	(557,737)
Cash Payments for Premiums and Other Operating Expenses	-	-	-	-	(1,329,098)
Cash Payments for Claims	-	-	-	-	(8,461,983)
Cash Received from Miscellaneous Revenues	141,200	-	-	141,200	-
Net Cash Provided by (Used for) Operating Activities	2,696,277	(38,955)	749,992	3,407,314	(853,501)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash Payments from Other Funds	797,537	-	117,410	914,947	-
Payments to Bank Depository	-	(122,201)	(40,909)	(163,110)	(146,506)
Net Cash Provided by (Used for) Noncapital Financing Activities	797,537	(122,201)	76,501	751,837	(146,506)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from Sale of Capital Assets	81,331	73,798	4,634	159,763	-
Bond Proceeds, Other Obligations, and Accrued Interest	5,027,644	1,205,717	-	6,233,361	-
Acquisition and Construction of Capital Assets	(4,946,852)	(1,698,499)	(117,410)	(6,762,761)	-
Decrease in Retainage Payable	(39,779)	-	-	(39,779)	-
Principal Paid on Debt	(1,943,760)	(670,000)	(310,000)	(2,923,760)	-
Interest Paid on Debt	(1,911,327)	(117,371)	(299,452)	(2,328,150)	-
Fiscal Charges Paid	(36,123)	(8,353)	(95)	(44,571)	-
Net Cash Used for Capital and Related Financing Activities	(3,768,866)	(1,214,708)	(722,323)	(5,705,897)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Investment Securities	(8,077,264)	(100,000)	-	(8,177,264)	-
Proceeds from Sale and Maturities of Investments	15,694,373	3,777,736	-	19,472,109	2,009,616
Interest Received on Investments	39,792	138,793	13,197	191,782	59,918
Net Cash Provided by Investing Activities	7,656,901	3,816,529	13,197	11,486,627	2,069,534
NET INCREASE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	7,381,849	2,440,665	117,367	9,939,881	1,069,527
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, October 1	5,505,653	857,081	408,026	6,770,760	1,646,614
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, September 30	\$ 12,887,502	\$ 3,297,746	\$ 525,393	\$ 16,710,641	\$ 2,716,141

The notes to the financial statements are an integral part of this statement.

CITY OF RICHARDSON, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2008
(continuation)

	Business-Type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (2,644,485)	\$ (547,774)	\$ 121,674	\$ (3,070,585)	\$ (816,217)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities-					
Depreciation	5,319,879	755,931	448,122	6,523,932	5,800
Provision for Uncollectible Accounts	91,948	7,122	-	99,070	-
Changes in Assets and Liabilities-					
(Increase) Decrease in Trade Accounts Receivable (Gross)	(846,550)	(46,660)	36,760	(856,450)	-
(Increase) Decrease in Other Receivables	1,013,343	(191,354)	-	821,989	(14,200)
(Increase) Decrease in Inventory of Supplies, at cost	(5,430)	40,017	-	34,587	1,405
(Increase) Decrease in Prepaid Items	3,560	59	3,965	7,584	(6,745)
Increase (Decrease) in Accounts Payable	(657,351)	(178,862)	15,792	(820,421)	14,857
Increase in Deposits Payable from Restricted Assets	70,229	-	-	70,229	-
Increase (Decrease) in Compensated Absences	(24,259)	5,477	3,850	(14,932)	(9,930)
Increase (Decrease) in Workers Compensation	(20,441)	(56,502)	11,907	(65,036)	-
Increase in Other Post-employment Benefits	458,252	224,065	107,247	789,564	58,768
Increase (Decrease) in Accrued Liabilities	(62,418)	(50,474)	675	(112,217)	(87,239)
Total Adjustments	5,340,762	508,819	628,318	6,477,899	(37,284)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 2,696,277	\$ (38,955)	\$ 749,992	\$ 3,407,314	\$ (853,501)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from public	\$ 700,564	\$ -	\$ -	\$ 700,564	\$ -

RECONCILIATION OF CASH, RESTRICTED CASH, AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS

	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	Governmental Activities-Internal Service Funds
Total Unrestricted Cash and Investments per the Statement of Net Assets	\$ 6,320,347	\$ 1,590,493	\$ 473,246	\$ 8,384,086	\$ 2,716,141
Total Restricted Cash and Investments per the Statement of Net Assets	13,934,498	1,807,253	52,147	15,793,898	-
Total Cash and Investments Per the Statement of Net Assets	20,254,845	3,397,746	525,393	24,177,984	2,716,141
Less: Investments not Meeting the Definition of Cash Equivalents	(7,367,343)	(100,000)	-	(7,467,343)	-
Cash, Restricted Cash and Cash Equivalents at September 30, 2008	\$ 12,887,502	\$ 3,297,746	\$ 525,393	\$ 16,710,641	\$ 2,716,141

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Richardson, Texas (the “City”) is a municipal corporation governed by an elected seven-member council and a mayor who is selected from among the council members by a vote of the council. As required by accounting principles generally accepted in the United States, 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*. In addition, the City has elected to apply only those Financial Accounting Standards Board (“FASB”) pronouncements issued before November 30, 1989, to its enterprise fund activities, as allowed in Section P80 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*.

Blended Component Unit. Richardson Improvement Corporation (RIC) is a non-profit corporation that serves the citizens of the City by improving municipal parks and recreational facilities through land acquisition and the development of parks. The City provides all financial support to RIC and all members of its governing board are appointed by City Council. Because the services that RIC provides exclusively benefits the City and the RIC operations are so intertwined with those of the City, RIC is in substance a department of the City and has been blended into the City’s financial statements in the Other Governmental Funds category and reported as a Special Revenue Fund. Complete financial statements for RIC may be obtained by writing City of Richardson, Attn: Finance Director, PO Box 830309, Richardson, TX 75083-0309.

B. Implementation of New Accounting Principles

For fiscal year 2007-2008, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*

Statement No. 50 *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*

GASB Statement No. 45 establishes standards of accounting and reporting for the measurement, recognition, and display of other postemployment benefits (OPEB) for expenses/expenditures, liabilities/assets, note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports. The cost of these benefits has been recorded as a liability and expense at the Government-wide level for governmental funds and at the fund level for enterprise funds. The notes to the City’s financial statements and the required supplementary information have been updated to reflect the requirements of this statement.

GASB Statement No. 50 This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*. Implementation of this Statement had no effect on net assets, but provided additional information in the notes to the financial statements regarding the funding progress of the City’s pension plan.

C. Basis of Presentation

1. Government-Wide Statements

The two government-wide financial statements, the Statement of Net Assets and the Statement of Activities, report information on all the activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 and 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.

2. 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 non-major 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 reserved to signify the amounts that are restricted exclusively for debt service expenditures.

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

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

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

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
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Solid Waste Fund. The Solid Waste Fund is used to account for the operations of solid waste collection and disposal and recycling services provided to the residents of the City. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for solid waste debt. All costs are financed through charges to the utility customers.

Golf Fund. The Golf Fund is used to account for the operations and maintenance of the City's golf course. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for golf debt. Revenues are generated through fees charged to users.

The 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 and dependents.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

3. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Enterprise and Internal Service Funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Because the City, at its option, can withdraw amounts within a 24-hour period from TexPool, TexSTAR, Federated and AIM Money Market Mutual Funds, these investments are also considered to be cash equivalents.

D. Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A thirty-day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures, which are accrued using a forty-five 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 unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, other post employment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The City reports deferred revenue in its governmental funds. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies 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.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

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

E. Assets, Liabilities and Net Assets

1. 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; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) obligations of state agencies, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas, or the United States, or its instrumentalities; (4) Joint Investment Pools of political subdivisions in the State of Texas which comply with the guidelines stated in the City’s investment policy; (5) Certificates of Deposit issued by state or national banks and credit unions domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations mentioned above; (6) fully collateralized direct repurchase agreements having a defined termination date; and (7) no-load money market mutual funds, regulated by the Securities and Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

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

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

For fiscal year 2008, the City invested in U.S. Agencies, TexPool, TexSTAR, Federated and AIM Money Market Funds, Certificates of Deposit, and a flexible repurchase agreement. The City records all interest revenue related to investment activities in the respective funds.

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

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

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

JPMorgan Chase Asset Management (USA), Inc. (“JPMCAM”) and First Southwest Asset Management, Inc. (“FSAM”) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (the “Board.”) The Board is composed of five members, three are representatives of participants in TexSTAR and the other two members are designated by each of the co-administrators. The Board manages the business and affairs of TexSTAR in accordance with its bylaws.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

The flexible repurchase agreement is between the City of Richardson as Buyer and Depfa PLC as Seller and is fully collateralized with collateral held by U.S. Bank National Association as custodian. Collateral consists of U.S. Treasuries and U.S. Agencies, and must always be at least 105% of the value of the flexible repurchase agreement. Securities tendered as collateral are monitored by the custodian to verify that the City's security interest is maintained, and weekly reports are provided to the City.

2. 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 non-current 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. The City bills and collects its own property taxes. 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, 2008, the City had a tax margin of \$1.92484 per \$100 assessed valuation based upon the maximum rates described above.

3. Inventories and Prepaid Items

Inventory of Supplies

Inventory consists primarily of supplies, valued at cost, which approximates market. Cost is determined using a weighted average method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Accordingly, fund balance is reserved 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 and are offset by a reservation of fund balance.

4. Restricted Assets

The ordinance authorizing the Waterworks and Sewer System revenue bonds requires that the City establish sinking funds (Revenue Bond Sinking and Reserve Funds) in an amount not less than the maximum annual requirement for the payment of principal and interest on all revenue bonds. At September 30, 2008, the sinking funds balances are sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements of the Waterworks and Sewer System. The proceeds are maintained as Restricted Assets in a Bond Construction Fund, which is a component of the City's Water and Sewer Fund, until such time as needed to fund the Waterworks and Sewer System construction program.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

5. Capital Assets

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, water and sewer systems, and lighting systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2008, \$355,947 in net interest costs was 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	20 Years
Water and Sewer System	25-40 Years
Buildings	40 Years
Other Improvements	10-30 Years
Infrastructure	5-30 Years
Vehicles, Machinery and Equipment	3-20 Years

6. 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 Non-operating Revenues in the Enterprise Funds. For the year ended September 30, 2008, the City received \$217,919 in insurance recoveries.

7. 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 non-retirees 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 non-retirees 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.

8. Other Post-Employment Benefits

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

9. Long-Term Obligations

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

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

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, and net of any unspent debt proceeds. The government-wide statement of net assets reports \$6,294,927 of restricted net assets for governmental activities, of which \$3,262,123 is restricted by enabling legislation.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets

The governmental funds Balance Sheet includes a reconciliation between *fund balances – total governmental funds* and *net assets – governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$223,504,223 difference are as follows:

Bonds payable	\$197,181,425
Notes payable and other contractual obligations	10,871,911
Less: Issuance discount (to be amortized as interest expense)	(58,932)
Add: Issuance premium (to be amortized as interest expense)	5,184,124
Less: Loss on refunding (to be amortized as interest expense)	(2,706,234)
Less: Deferred charges for issuance cost (to be amortized as fiscal charges)	(1,830,279)
Accrued interest payable	1,473,286
Other post-employment liability	4,528,864
Compensated absences	7,776,397
Workers’ compensation liability	208,764
Arbitrage rebate liability	874,897
Net adjustment to reduce the <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$223,504,223</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$12,020,609 difference are as follows:

Capital outlay	\$27,552,088
Depreciation expense	<u>(15,531,479)</u>
Net adjustment to decrease net change in <i>fund balances – total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u>\$ 12,020,609</u>

Another element of the reconciliation states “The net effect of the sales of capital assets is to decrease net assets.” The details of this \$97,121 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources and the costs associated with the sale decrease financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold and any sales commissions.	<u>\$97,121</u>
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A third element of the reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$1,384,907 difference are as follows:

Debt issued or incurred:	
General obligations, certificates of obligations, and refunding bonds	\$ 4,500,000
Notes payable	5,932,968
Less: Charges incurred at issuance	(33,173)
Principal repayments:	
General obligation bonds	(1,285,000)
Refunded general obligation bonds	(6,110,961)
Certificates of obligation	(3,915,000)
Notes payable	<u>(473,741)</u>
Net adjustment to increase net changes in <i>fund balances – total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u>\$ (1,384,907)</u>

Another element of the reconciliation states, “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$5,818,162) difference are as follows:

Amortization of bond premium	\$ 283,794
Amortization on bond discount	(3,483)
Amortization of issuance costs	(136,734)
Amortization of loss on refunding	(170,553)
Accrued interest	(9,290)
Other post-employment benefit expense	(4,528,864)
Compensated absences	(332,380)
Workers’ compensation expense	(45,755)
Arbitrage Rebate Liability	<u>(874,897)</u>
Net adjustment to decrease net changes in <i>fund balances – total governmental funds</i> to arrive at changes in <i>net assets of governmental activities</i>	<u>\$ (5,818,162)</u>

III. DETAILED NOTES

A. Deposits and Investments

Deposits – The City maintained the following deposit balances:

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>
Comerica – City	\$ 357,185	\$ 40,528
Comerica – RIC	23,023	22,491
Petty Cash	-	13,450
Legacy Bank – CD	15,383,039	15,383,039
Viewpoint – CD	6,047,856	6,047,856
US Bank	936	936
Totals	<u>\$ 21,812,039</u>	<u>\$ 21,508,300</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank - Discount Note	\$ 2,955,585	0.02
Federal Home Loan Bank - Bonds	8,996,092	0.04
Federal National Mortgage Assoc. - Bonds	3,010,438	0.02
Federal Home Loan Mortgage Assoc. - Bonds	5,594,291	0.02
Flexible Repurchase Agreement	42,540,410	0.36
TexPool	16,817,510	0.02
TexSTAR	7,634,045	0.01
AIM Treasury Money Market Fund	3,600,460	0.00
AIM Government Agency Money Market Fund	603,924	0.00
Federated Treasury Money Market Fund	3,695,739	0.00
Federated Government Agency Money Market Fund	606,911	0.00
US Bank	252,541	0.00
Total Fair Value	<u>\$ 96,307,946</u>	
Portfolio Weighted Average Maturity		0.49

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. Standard & Poor’s has rated investments in Federal Home Loan Bank, Federal National Mortgage Assoc., and Federal Home Loan Mortgage Assoc. as AAA as of September 30, 2008. Standard & Poor’s has rated investments in TexPool, TexSTAR, AIM Money Market Fund, and Federated Money Market Fund as AAA-m as of September 30, 2008.

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

Interest Rate Risk – Investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less under normal market conditions, with a three-year maximum weighted average maturity.

Concentration of Credit Risk – Investments. The City’s investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 20 percent in an individual investment pool or money market mutual fund. At September 30, 2008, the City’s investments are in the Flexible Repurchase Agreement, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments are 44.2%, 12.4%, 5.81%, and 3.13% respectively, of the City’s total investments.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

B. Receivables

Receivables at September 30, 2008, for the government's individual major governmental funds, nonmajor funds, internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consists of the following:

	General	Debt Service	Capital Fund	Nonmajor Funds	Total Governmental Funds
Receivables:					
Taxes-Ad Valorem	\$ 1,767,679	\$ -	\$ -	\$ -	\$ 1,767,679
Taxes-Sales	1,643,459	-	-	-	1,643,459
Taxes-Hotel/Motel	-	-	-	439,049	439,049
Trade Accounts	3,948,177	-	-	576,970	4,525,147
Other	-	-	10,286	-	10,286
Interest	52,494	-	371,659	54	424,207
Intergovernmental	247,704	-	1,671,433	135,255	2,054,392
Gross receivables	7,659,513	-	2,053,378	1,151,328	10,864,219
Less: Allowance for uncollectibles	(1,728,472)	-	-	(437,552)	(2,166,024)
Net receivables	<u>\$ 5,931,041</u>	<u>\$ -</u>	<u>\$ 2,053,378</u>	<u>\$ 713,776</u>	<u>\$ 8,698,195</u>
	Water & Sewer	Solid Waste	Golf	Total Business-type Activities	Internal Service
Receivables:					
Trade Accounts	\$ 5,113,110	\$ 1,058,626	\$ 15,763	\$ 6,187,499	\$ -
Other	614,183	379,140	-	993,323	42,283
Intergovernmental	260,000	-	-	260,000	-
Interest	97,235	18	-	97,253	-
Gross receivables	6,084,528	1,437,784	15,763	7,538,075	42,283
Less: Allowance for uncollectibles	(175,536)	(45,077)	-	(220,613)	-
Net receivables	<u>\$ 5,908,992</u>	<u>\$ 1,392,707</u>	<u>\$ 15,763</u>	<u>\$ 7,317,462</u>	<u>\$ 42,283</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered at September 30, 2008.

C. Restricted Assets

Enterprise Funds

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

	Water & Sewer Fund	Solid Waste Services Fund	Golf Fund	Total
Debt Service - Sinking and Reserve Funds	\$ 619,505	\$ 76,785	\$ 52,147	\$ 748,437
Customers' Deposits	2,322,761	-	-	2,322,761
Rate Stabilization	1,857,930	-	-	1,857,930
Capital Project and Equipment Funds	9,575,441	1,730,468	-	11,305,909
Total	<u>\$ 14,375,637</u>	<u>\$ 1,807,253</u>	<u>\$ 52,147</u>	<u>\$ 16,235,037</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

The City is required to maintain certain asset restrictions to meet revenue bond covenants. The amount of assets restricted for revenue bond retirement in the Water and Sewer Fund is detailed as follows:

Restricted Assets – Sinking and Reserve Fund	\$ 619,505
Less: Accrued Interest Attributable to Revenue Bonds, Payable from Restricted Assets	(10,476)
Less: Current Maturities of Revenue Bonds, Payable from Restricted Assets	(18,750)
Less: Future Maturities of Revenue Bonds, Payable from Restricted Assets	<u>(121,500)</u>
Restricted Assets Available for Non-Revenue Debt Service	<u>\$ 468,779</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning Balance October 1, 2007	Increases	Decreases	Ending Balance Sept. 30, 2008
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 40,957,857	\$ 2,157,223	\$ -	\$ 43,115,080
Construction in progress	18,953,709	27,615,776	(16,910,442)	29,659,043
Total capital assets, not being depreciated	<u>59,911,566</u>	<u>29,772,999</u>	<u>(16,910,442)</u>	<u>72,774,123</u>
Capital assets, being depreciated				
Buildings	100,800,433	-	-	100,800,433
Improvements other than buildings	36,098,270	4,840,986	(16,376)	40,922,880
Vehicles, machinery and equipment	34,861,715	3,335,631	(1,912,077)	36,285,269
Infrastructure	322,620,703	8,564,384	-	331,185,087
Total capital assets, being depreciated	<u>494,381,121</u>	<u>16,741,001</u>	<u>(1,928,453)</u>	<u>509,193,669</u>
Less accumulated depreciation, for				
Buildings	32,985,756	3,354,617	-	36,340,373
Improvements other than buildings	22,396,146	1,507,760	(16,376)	23,887,530
Vehicles, machinery and equipment	24,569,634	2,940,915	(1,814,956)	25,695,593
Infrastructure	222,226,814	7,733,987	-	229,960,801
Total accumulated depreciation	<u>302,178,350</u>	<u>15,537,279</u>	<u>(1,831,332)</u>	<u>315,884,297</u>
Total capital assets being depreciated, net	<u>192,202,771</u>	<u>1,203,722</u>	<u>(97,121)</u>	<u>193,309,372</u>
Governmental activities capital assets, net	<u>\$ 252,114,337</u>	<u>\$ 30,976,721</u>	<u>\$ (17,007,563)</u>	<u>\$ 266,083,495</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

	Beginning Balance October 1, 2007	Increases	Decreases	Ending Balance Sept. 30, 2008
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 542,839	\$ -	\$ -	\$ 542,839
Construction in progress	3,732,074	2,074,269	(3,008,238)	2,798,105
Total capital assets, not being depreciated	<u>4,274,913</u>	<u>2,074,269</u>	<u>(3,008,238)</u>	<u>3,340,944</u>
Capital assets, being depreciated				
Buildings	8,350,744	117,329	-	8,468,073
Improvements other than buildings	8,910,356	54,854	-	8,965,210
Vehicles, machinery and equipment	20,214,852	2,939,698	(617,571)	22,536,979
Infrastructure	163,139,731	5,641,358	-	168,781,089
Total capital assets, being depreciated	<u>200,615,683</u>	<u>8,753,239</u>	<u>(617,571)</u>	<u>208,751,351</u>
Less accumulated depreciation, for				
Buildings	4,066,275	559,941	-	4,626,216
Improvements other than buildings	2,759,708	19,560	-	2,779,268
Vehicles, machinery and equipment	16,724,699	1,449,727	(574,881)	17,599,545
Infrastructure	76,056,656	4,494,704	-	80,551,360
Total accumulated depreciation	<u>99,607,338</u>	<u>6,523,932</u>	<u>(574,881)</u>	<u>105,556,389</u>
Total capital assets being depreciated, net	<u>101,008,345</u>	<u>2,229,307</u>	<u>(42,690)</u>	<u>103,194,962</u>
Business-type activities capital assets, net	<u>\$ 105,283,258</u>	<u>\$ 4,303,576</u>	<u>\$ (3,050,928)</u>	<u>\$ 106,535,906</u>

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

Governmental activities	
General Government	\$ 4,248,658
Public Safety	1,899,596
Public Services	6,961,198
Library	538,324
Parks and Recreation	1,871,618
Health	12,085
Capital assets held by the government's internal service funds and charged to the various functions based on their usage of the assets	5,800
Total depreciation expense - governmental activities	<u>\$ 15,537,279</u>
Business-type activities	
Water and Sewer	\$ 5,319,879
Solid Waste	755,931
Golf	448,122
Total depreciation expense - business-type activities	<u>\$ 6,523,932</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

E. Construction Commitments

Outstanding commitments at September 30, 2008, under authorized construction contracts for the Capital Fund were \$26,951,863. 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

Due From/To Other Funds balances at September 30, 2008, were as follows:

Due To	Due From		Total
	General Fund	Other Governmental Funds	
General Fund	\$ -	\$ 18,975	\$ 18,975
Capital Project Funds	427,060	3,312	430,372
Other Governmental Funds	8,182	-	8,182
	<u>\$ 435,242</u>	<u>\$ 22,287</u>	<u>\$ 457,529</u>

The interfund balance between the State Grant Fund and the General Fund is due to timing of the transaction. Additional interfund balances are due to timing and the need to eliminate short-term deficiencies in the fund's cash position.

Individual fund transfers for fiscal year 2007-2008, were as follows:

Transfer In	Transfers Out			Total
	General Fund	Capital Fund	Other Governmental Funds	
General Fund	\$ -	\$ -	\$ 683,445	\$ 683,445
Debt Service Fund	-	-	1,000,000	1,000,000
Capital Fund	2,855,364	-	250,000	3,105,364
Golf	-	117,410	-	117,410
Other Governmental Funds	-	127,000	-	127,000
	<u>\$ 2,855,364</u>	<u>\$ 244,410</u>	<u>\$ 1,933,445</u>	<u>\$ 5,033,219</u>

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation. Transfers from the Wireless 911 Fund and Traffic Safety Fund to the General Fund are used in support of the expenses of the 911 call center and the indirect costs of the City's red light cameras. Transfers from the Child Safety Fund are used in support of the expenses for the school crossing guard program. The transfer from the Capital Fund to the Golf Fund was for the purchase of capital equipment and will not be reimbursed by the Golf fund. Transfer from the RIC to the General Fund was a donation for Wildflower!. Transfers from the Hotel/Motel Fund to the Debt Service Fund are used for the payment of principal and interest on outstanding debt obligations. Other transfers occur as needed.

G. Leasing Activities

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

The following property was leased under operating leases at September 30, 2008:

	Governmental Activities
Land	\$ 493,823
Buildings	2,546,558
Less: Depreciation	(551,754)
Book Value	<u>\$ 2,488,627</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

Minimum lease payments under operating leases are based on certain performance measures and cannot be calculated for each year. The City received payments totaling \$47,433 on these leases during the current fiscal year, and has received cumulative payments of \$66,032 over the life of these leases.

H. Long-term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2008:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental-type Activities					
General obligation bonds	\$ 167807,386	\$ -	\$ (7,395,961)	\$ 160411,425	\$ 7407,568
Certificates of obligation	36,185,000	4,500,000	(3,915,000)	36,770,000	4,900,000
Other obligations	5,412,684	5,932,968	(473,741)	10,871,911	2,678,888
Deferred amounts					
For bond discounts/premiums/loss	2,528,716	174,036	(283,794)	2,418,958	114,853
For loss on refunding	-			-	
Other post-employment benefits	-	5,975,817	(1,388,185)	4,587,632	-
Compensated absences	7,518,644	1,204,466	(882,016)	7,841,094	1,019,343
Workers' Compensation	163,009	395,912	(350,157)	208,764	208,764
Unpaid Claims Liability	500,000	-	-	500,000	500,000
Arbitrage rebate liability	-	874,897	-	874,897	-
Governmental-type activity long-term debt	<u>\$ 220,115,439</u>	<u>\$ 19,058,096</u>	<u>\$ (14,688,854)</u>	<u>\$ 224,484,681</u>	<u>\$ 16,829,416</u>
Business-type Activities					
Water and Sewer revenue bonds	\$ 92,000	\$ -	\$ 70,000	\$ 85,000	\$ 7,000
General obligation refunding bonds	1,062,613	-	(99,038)	963,575	117,432
Certificates of obligation	48,610,000	6,200,000	(2,695,000)	52,115,000	2,880,000
Other obligations	142,455	-	(59,721)	82,734	40,614
Deferred amounts					
For bond discounts/premiums	(55,832)	9,578	(7,840)	(54,094)	(4,079)
Other post-employment benefits	-	1,007,978	(218,414)	789,564	-
Compensated absences	1,100,435	141,686	(156,618)	1,085,503	141,116
Workers' Compensation	117,626	80,485	(145,523)	52,588	52,588
Arbitrage rebate liability	-	102,274	-	102,274	-
Business-type activity long term debt	<u>\$ 51,902,297</u>	<u>\$ 7,542,001</u>	<u>\$ (6,452,154)</u>	<u>\$ 55,992,144</u>	<u>\$ 3,026,711</u>

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

Bonds payable at September 30, 2008, are comprised of the following:

General Government

General Obligation Bonds

\$79,440,000 General Obligation Refunding and Improvement Bonds, Series 2006 due in annual principal payments ranging from \$435,000 to \$6,880,000 through February 15, 2026. Interest rate is variable from 4.50% to 5.25%.	\$ 76,010,000
\$32,975,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$1,435,000 to \$2,840,000 through February 15, 2025. Interest rate is variable from 3.00% to 5.25%.	32,975,000
\$11,910,000 General Obligation Refunding Bonds, Taxable Series 2004 due in annual principal payments ranging from \$100,000 to \$1,080,000 through February 15, 2020. Interest rate is variable from 1.50% to 5.40%.	4,740,000
\$12,442,581 Adjustable Rate General Obligation Refunding and Improvement Bonds, Series 2003. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2013. Interest rate is variable and is determined on June 16 of each year, currently 2.0%.	9,326,425
\$15,275,000 General Obligation Refunding and Improvement Bonds, Series 2002 due in annual principal payments ranging from \$255,000 to \$4,260,000 through February 15, 2022. Interest rate is variable from 2.50% to 4.875%.	12,435,000
\$11,335,000 General Obligation Bonds, Series 2001 due in annual principal payments ranging from \$130,000 to \$905,000 through February 15, 2021. Interest rate is variable from 4.75% to 5.25%.	8,740,000
\$8,125,000 General Obligation Bonds, Series 2000 due in annual principal payments ranging from \$30,000 to \$685,000 through February 15, 2010. Interest rate is variable from 5.20% to 6.70%.	745,000
\$10,465,000 General Obligation Bonds, Series 1999 due in annual principal payments ranging from \$100,000 to \$825,000 through February 15, 2019. Interest rate is variable from 3.75% to 5.0%.	7,160,000
\$27,285,000 General Obligation Refunding and Improvement Bonds, Series 1998 due in annual principal payments ranging from \$110,000 to \$3,835,000 through February 15, 2018. Interest rate is variable from 3.80% to 6.00%.	8,280,000
Total General Obligation Bonds	\$ 160,411,425

Taxable Certificates of Obligation

\$8,600,000 Taxable Series 2000B due in annual principal installments ranging from \$210,000 to \$835,000 through February 15, 2020. Interest rate is variable from 7.18% to 8.00%.	6,740,000
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Tax-Exempt Certificates of Obligations

\$4,500,000 Series 2008 due in annual principal installments ranging from \$260,000 to \$925,000 through February 15, 2016. Interest rate is 3.50%	4,500,000
\$3,220,000 Series 2007 due in annual principal installments ranging from \$95,000 to \$765,000 through February 15, 2015. Interest rate is variable from 4.00% to 4.50%	2,600,000
\$2,640,000 Series 2006 due in annual principal installments ranging from \$85,000 to \$620,000 through February 15, 2014. Interest rate is variable from 4.00% to 5.00%	1,565,000

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

\$2,790,000 Series 2005 due in annual principal installments ranging from \$155,000 to \$1,335,000 through February 15, 2011. Interest rate is variable from 3.15% to 4.00%	\$ 2,790,000
\$4,600,000 Series 2003 due in annual principal installments ranging from \$155,000 to \$845,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.	1,890,000
\$7,500,000 Series 2002 due in annual principal installments ranging from \$275,000 to \$955,000 through February 15, 2022. Interest rate is variable from 3.00% to 4.85%.	4,160,000
\$12,100,000 Series 2001 due in annual principal installments ranging from \$410,000 to \$1,110,000 through February 15, 2021. Interest rate is variable from 4.25% to 5.00%.	7,425,000
\$29,640,000 Series 2000A (Hotel Occupancy Tax) due in annual principal installments ranging from \$860,000 to \$2,400,000 through February 15, 2010. Interest rate is variable from 3.75% to 5.00%	2,510,000
\$6,285,000 Series 1999 due in annual principal installments ranging from \$175,000 to \$900,000 through February 15, 2019. Interest rate is variable from 3.75% to 5.00%	2,590,000
Total Tax-Exempt Certificates of Obligation	<u>30,030,000</u>
Add: Unamortized premium	5,184,125
Less: Unamortized discount	(58,933)
Less: Unamortized loss on refunding	(2,706,234)
Total Bonds and Certificates of Obligation Payable at September 30, 2008	<u>\$ 199,600,383</u>

As of September 30, 2008 \$1,785,304 of fund balance is reserved to service Bonds and Certificates of Obligation Payable.

Business-type activities

Revenue Bonds, General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2008, for the Water and Sewer, Solid Waste, and Golf Funds are comprised of the following:

Water and Sewer Revenue Bonds

\$1,500,000 Series 1998 Waterworks and Sewer System Revenue Bonds due in principal installments ranging from \$40,000 to \$115,000 through July 2017. Interest rate is variable from 4.50% to 7.50%	<u>\$ 855,000</u>
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Water and Sewer Adjustable Rate General Obligation Refunding and Improvement Bonds,

Series 2003

\$1,042,419 Serial Bonds due in annual principal installments ranging from \$44,739 to \$311,185 through June 15, 2016. Interest rate is variable and resets on June 16 of each year, currently 2.0%.	<u>758,575</u>
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Water and Sewer Certificates of Obligation

\$5,000,000 Series 2008 due in annual principal installments ranging from \$85,000 to \$380,000 through February 15, 2028, Interest rate is variable from 3.50% to 4.50%.	5,000,000
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\$5,000,000 Series 2007 due in annual principal installments ranging from \$85,000 to \$375,000 through February 15, 2027. Interest rate is variable from 4.00% to 4.50%.	4,915,000
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\$5,000,000 Series 2006 due in annual principal installments ranging from \$130,000 to \$375,000 through February 15, 2026. Interest rate is variable from 4.00% to 5.00%.	4,705,000
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\$4,235,000 Series 2005 due in annual principal installments ranging from \$85,000 to \$315,000 through February 15, 2025. Interest rate is variable from 3.15% to 4.00%.	3,845,000
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CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

\$3,730,000 Series 2004 due in annual principal installments ranging from \$75,000 to \$270,000 through February 15, 2024. Interest rate is variable from 3.00% to 4.50%.	\$ 3,235,000
\$3,750,000 Series 2003 due in annual principal installments ranging from \$80,000 to \$275,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.	3,090,000
\$9,600,000 Series 2002 due in annual principal installments ranging from \$345,000 to \$695,000 through February 15, 2022. Interest rate is variable from 3.00% to 4.85%.	7,405,000
\$6,885,000 Series 2001 due in annual principal installments ranging from \$80,000 to \$550,000 through February 2021. Interest rate is variable from 4.25% to 5.0%.	5,310,000
\$3,600,000 Series 2000 due in annual principal installments ranging from \$115,000 to \$300,000 through February 2020. Interest rate is variable from 4.50% to 6.0%.	2,690,000
\$4,700,000 Series 1999 due in annual principal installments ranging from \$50,000 to \$370,000 through February 2019. Interest rate is variable from 3.75% to 5.00%.	3,200,000
Total Water and Sewer Certificates of Obligation	<u>43,395,000</u>
<u>Solid Waste Certificates of Obligation</u>	
\$1,200,000 Series 2008 due in annual principal installments ranging from \$130,000 to \$200,000 through February 2015. Interest rate is 3.50%	1,200,000
\$1,160,000 Series 2007 due in annual principal installments ranging from \$130,000 to \$190,000 through February 15, 2014. Interest rate is variable from 4.00% to 4.50%.	1,030,000
\$495,000 Series 2006 due in annual principal installments ranging from \$155,000 to \$175,000 through February 15, 2009. Interest rate is 5.00%.	175,000
\$470,000 Series 2004 due in annual principal installments ranging from \$80,000 to \$105,000 through February 15, 2009. Interest rate is variable from 3.00% to 4.00%.	105,000
\$750,000 Series 2000 due in annual principal installments ranging from \$5,000 to \$65,000 through February 15, 2020. Interest rate is variable from 4.50% to 6.00%.	560,000
Total Solid Waste Certificates of Obligation	<u>3,070,000</u>
<u>Golf General Obligation Refunding and Improvement Bonds</u>	
\$225,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$20,000 to \$30,000 through February 15, 2017. Interest rate is variable from 3.00% to 5.25%.	<u>205,000</u>
<u>Golf Certificates of Obligation</u>	
\$6,300,000 Series 2001 due in annual principal installments ranging from \$35,000 to \$605,000 through February 2021. Interest rate is variable from 4.25% to 5.0%.	<u>5,650,000</u>
Add: Unamortized premium	78,771
Less: Deferred Loss on Refunding	(17,338)
Less: Unamortized discount	<u>(115,527)</u>
Total business-type Revenue Bonds, General Obligation Refunding Bonds and Certificates of Obligation Payable at September 30, 2008	<u>\$ 53,879,481</u>

Waterworks and Sewer System revenue bonds constitute special obligations of the City secured by a lien on and pledge of the net revenues of the water and sewer system. The bonds are collateralized by revenue of the water and sewer system and the Debt Service Sinking and Reserve Funds that were established by bond ordinances. \$1.5 million of bonds were issued in March 1998 and are payable through July 2017. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinances also contain certain provisions which require

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

the City to maintain pledged revenues, as defined in the ordinances, for each year of at least 1.10 times the maximum annual debt service requirements. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless special reserve requirements are met and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the issuance of additional bonds. For fiscal year 2007-2008, the revenue bond coverage was met. The maximum annual principal and interest outstanding on these revenue bonds are expected to require less than four percent of net revenues, based on the current year's net revenues. Total principal and interest remaining to be paid on the bonds is \$1,081,862. Principal and interest paid and total customer net revenues for the current year were \$115,088 and \$3,408,644, respectively.

Debt Service Requirements

Debt service requirements at September 30, 2008 for General Obligation Bonds, Certificates of Obligation, and Revenue Bonds were as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 12,307,568	\$ 9,427,329	\$ 3,072,432	\$ 2,427,700
2010	12,338,592	8,960,140	3,011,408	2,231,906
2011	12,622,274	8,398,947	3,182,726	2,100,560
2012	12,761,744	7,848,423	3,398,256	1,962,282
2013	12,491,247	7,281,792	3,543,753	1,815,113
2014-2018	63,365,000	26,881,192	17,605,000	6,722,194
2019-2023	52,225,000	10,586,499	15,020,000	2,639,146
2024-2028	19,070,000	1,312,700	5,100,000	441,956
Totals	<u>\$ 197,181,425</u>	<u>\$ 80,697,022</u>	<u>\$ 53,933,575</u>	<u>\$ 20,340,857</u>

General Obligation Refunding Bonds

As part of the City's debt management practices, the City defeased certain general obligation bonds and certificates of obligation by placing the proceeds of new bonds 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, 2008, there was \$31,160,000 of defeased bonds outstanding.

Proceeds of General Obligation Bonds are recorded in the Capital Fund and are restricted to the use for which they were approved in the bond elections. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

Certificates of Obligation

On April 15, 2008 the City issued \$10,700,000 of Combination Tax and Revenue Certificates of Obligation, Series 2008 with a net interest cost of 4.052% percent. The Water and Sewer fund issued \$5,000,000 in Certificates, the Solid Waste fund issued \$1,200,000 in Certificates, and \$4,500,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$78,877, will be used for the purchase of vehicles and equipment for various departments, and improving and extending the water and sewer system.

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

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

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

I. Capital Leases and Other Contractual Obligations

The following is a summary of capital leases and other contractual obligation transactions of the City for the fiscal year ended September 30, 2008:

	Computer Hardware	Police Academy	Loan STAR	Routh Creek Pkwy	RISD Fiber Optic	TIF Economic Grant	Total	Business-type Activities Water and Sewer Computer Hardware
Balance at October 1, 2007	\$ 745,276	\$1,894,528	\$ 395,745	\$400,694	\$1,976,441	-	\$5,412,684	\$142,455
Additions/ Adjustments	740,000	-	-	1,893,103	-	\$3,299,865	\$5,932,968	-
Payments	(255,566)	(164,463)	(53,712)	-	-	-	(473,741)	(59,721)
Balance at September 30, 2008	<u>\$1,229,710</u>	<u>\$1,730,065</u>	<u>\$ 342,033</u>	<u>\$2,293,797</u>	<u>\$1,976,441</u>	<u>\$3,299,865</u>	<u>\$10,871,911</u>	<u>\$ 82,734</u>

Notes Payable

At September 30, 2008, the City's outstanding notes payable, which were used to finance computer hardware, consisted of the following:

\$60,745 DeLage Landen, three year note due in annual payments of \$21,862 through October 2008. Interest rate is 4.68%	<u>\$ 20884</u>
\$812,632 Banc of America Public Capital Corp., three year note due in annual payments of \$291,221 through October 2009. Interest rate is 3.71%	<u>\$ 551,560</u>
\$740,000 Chase Equipment Leasing, Inc., three year note due in annual payments of \$265,949 through October 2010. Interest rate is 3.86%	<u>\$ 740,000</u>

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2008:

Fiscal Year Ending September 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$488,414	\$46,935	\$ 40,614	\$3,069	\$579,032
2010	485,231	28,256	42,120	1,563	557,170
2011	256,065	9,884	-	-	265,949
Totals	<u>\$1,229,710</u>	<u>\$85,075</u>	<u>\$82,734</u>	<u>\$4,632</u>	<u>\$1,402,151</u>

Other Contractual Obligations

During fiscal year 1990-1991, the City entered into an agreement with the cities of Plano and Garland to develop a police academy to be used as a joint training facility. In 2004, the City of Garland withdrew from the agreement, and a new contract was created between the City of Richardson and the City of Plano. The City's share of additional costs related to the new contract was \$607,594. During fiscal year 2007, the City of Plano issued \$1,000,000 in debt to provide additional upgrades and repairs to this facility. The City's share for these upgrades and repairs is \$500,000.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2008:

Fiscal Year Ending September 30	Principal	Interest	Total
2009	\$ 158,691	\$ 79,733	\$ 238,424
2010	176,406	70,149	246,555
2011	83,198	59,329	142,527
2012	94,340	56,258	150,598
2013	98,226	52,216	150,442
2014-2018	569,740	193,473	763,213
2019-2023	519,186	70,815	590,001
2024-2025	30,278	773	31,051
Totals	<u>\$ 1,730,065</u>	<u>\$ 582,746</u>	<u>\$ 2,312,811</u>

During fiscal year 2001-2002, the City entered into an agreement with the State of Texas Energy Conservation Office in which the City borrowed money from the State as part of its LoanSTAR Revolving Loan Program. Proceeds of the loan were used to make improvements to the energy use efficiency of several of the City's public facilities. The projects were completed in fiscal year 2004 for a total cost of \$559,627. The following is a schedule of the payments required under the loan agreement as of September 30, 2008:

Fiscal Year Ending September 30	Principal	Interest	Total
2009	\$ 55,342	\$ 9,642	\$ 64,984
2010	57,021	7,963	64,984
2011	58,751	6,233	64,984
2012	60,533	4,451	64,984
2013	62,370	2,614	64,984
2014	48,016	722	48,738
Totals	<u>\$ 342,033</u>	<u>\$ 31,625</u>	<u>\$ 373,658</u>

In December, 2006, the City entered into an interlocal agreement with Collin County for the paving and drainage improvements to Routh Creek Parkway. The total for the design and construction is estimated to be \$8,200,000. The County has agreed to fund 100% of the total cost up to this estimated amount. The City will reimburse the County 50% of the total project cost up to \$4,100,000 and will be responsible for all costs in excess of the \$8,200,000 estimate. The City is required to reimburse the County in full by January 1, 2013. Interest began accruing on the unpaid balance on January 1, 2008 at an annual rate of 4.1598%. The current outstanding principal balance is \$2,293,797.

The City agreed to participate with Richardson Independent School District ("RISD") to install fiber optic communication lines throughout the City's network. The network was completed in fiscal year 2004 and the City's share of the installation costs was \$1,976,441. Under the terms of the installation agreement, the City will reimburse RISD in fiscal year 2009 for these costs.

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for a maximum grant amount of \$3,299,865 plus 7% interest compounded annually until paid in full or termination of the agreement. The proceeds of the grant will be used for land acquisition, site demolition, and utility relocation. The funding for this grant is contingent upon the available tax revenues in the TIF zone from Sub Area No.2.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

IV. 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 2007-2008, a total of \$68,894 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 \$350,157 and \$145,523 have been recorded as expenditures/expenses in the General Fund and the Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides employee health benefit coverage up to a maximum of \$1,000,000 per employee in their lifetime and a maximum of \$100,000 per employee per year. The City purchases commercial insurance for claims in excess of the \$100,000 coverage mentioned above for each employee. In fiscal year 2007-2008, the City received refunds from the commercial insurance carrier in the amount of approximately \$429,000. There were no settlements exceeding insurance coverage in each of the last three years.

All funds of the City participate in the program and make payments to the Insurance and Flexible Spending Plan Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be \$500,000 for unpaid claims and claim adjustment expenses at September 30, 2008. 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>2008</u>	<u>2007</u>
Incurring claims and claim adjustment expenses-		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 500,000	\$ 800,000
Incurring claims and claim adjustment expenses-		
Provision for insured events of the current year	8,089,000	7,419,000
Increase/(Decrease) in prior year provision	<u>8,000</u>	<u>(478,000)</u>
Total incurred claims and claim adjustment expenses	<u>8,597,000</u>	<u>7,741,000</u>
Payments-		
Claims and claim adjustment expenses attributable to insured events of the current year	7,589,000	6,919,000
Claims and claim adjustment expenses attributable to insured events of prior years	<u>508,000</u>	<u>322,000</u>
Total payments	<u>8,097,000</u>	<u>7,241,000</u>
Total unpaid claims and claim adjustment expenses at end of year	<u><u>\$ 500,000</u></u>	<u><u>\$ 500,000</u></u>

B. Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for construction and enterprise activities but are paid from the General Fund. During the year ended September 30, 2008, the City allocated \$6,968,561 for such services. Certain other services related to repairs and maintenance performed by the Internal Service Fund are billed to the appropriate funds and departments at the time the service is performed.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

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. Other Post Employment Benefits

1. Retiree Health Benefits

Plan Description

In addition to the pension benefits described in Note IV. E, the City provides post employment health care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. At September 30, the City had 215 retirees and an additional 108 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 and Flexible Spending fund as well as the Water & Sewer, Solid Waste, Golf, and Central Services funds. A separate financial statement is not issued for the plan.

Contributions

In fiscal year 2007-2008, the City contributed \$350 each month to the plan on behalf of each retiree. This amount is subject to review during the annual budget process. Sample contribution rates for retirees and their dependents are based on the length of service of the retiree and are shown below.

Coverage for Retiree Under Age 65				
Years of Service	Under 10	10 – 14	15 – 19	20+
Retiree Only	\$671	\$504	\$335	\$168
Retiree +1	\$849	\$716	\$488	\$345
Surviving Spouse	\$839	\$630	\$419	\$221

Coverage for Retiree Age 65 or Older				
Years of Service	Under 10	10 – 14	15 – 19	20+
Retiree Only	\$401	\$301	\$201	\$100
Retiree +1	\$569	\$490	\$331	\$278
Surviving Spouse	\$499	\$376	\$251	\$171

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 and Flexible Spending fund. These amounts would not reduce the actuarial liability of the plan, but would offset a portion of the OPEB liability in the fund financial statements. For the year ended September 30, 2008, the City contributed \$868,000 and plan participants contributed \$666,152 to the plan.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial valuations involve the use of estimates and assumptions about the probability of events far into the future, including, but not limited to, assumptions about length of employee service, mortality rates, and future costs of health care. The valuation will be updated every two years and actual results will be compared to past expectations. As a result of these comparisons, new estimates and assumptions will be made about future results of the plan. Valuations

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

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 which 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 Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	5%
Payroll Growth	4%
Health Care Trends	9% Initial, 5% Ultimate
<u>Annual OPEB Cost:</u>	
Annual required contribution ("ARC")	\$ 6,983,793
Interest on Net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>\$ 6,983,793</u>
Claims Paid	\$(1,606,597)
Increase in Net OPEB Obligation	-
Net OPEB obligation at the end of the period	<u>\$ 5,377,196</u>
Percentage of Annual OPEB Cost Contributed	<u>23%</u>
<u>Funding Progress:</u>	
Actuarial Valuation Date	10/1/2007
Actuarial Value of Assets	-
Actuarial Accrued Liability (AAL)	\$ 80,705,746
Funded Ratio	0%
Unfunded AAL (UAAL)	\$ 80,705,746
Annual Covered Payroll	\$ 51,033,789
UAAL as a Percentage of Covered Payroll	158.14%

The Schedule of OPEB 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.

Plan Changes

As part of the Fiscal Year 2008-2009 budget process, the City Council approved several changes to the retiree health care program. The amount that the City contributes will be reduced to \$152 per month and premiums paid by retirees will effectively double across all premium categories. The impact of these plan changes will be included in future actuarial valuations.

2. COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There were 2 participants in the program as of September 30, 2008.

E. Pension Plan

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"), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount, which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if (1) the current employee contribution rate and City matching percent had always been in existence, and (2) if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for each employee is 7% of his/her annual covered salary, and the City matching ratio is currently 2 to 1, as adopted by the City. Under the State law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligations of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution 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 is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007, valuation is effective for rates beginning January 2009).

Change in Actuarial Method and Plan Assumptions

In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated services credits or cost of living increases which are granted to retirees. These benefits, which the City adopted on an annually repeating basis beginning in 1992, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities' rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way benefits are being funded.

CITY OF RICHARDSON, TEXAS
Notes to the Basic Financial Statements (continued)
September 30, 2008

After careful deliberation, the TMRS board approved several changes at its meetings in November and December of 2007 to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go-basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio's holdings and earn higher returns than could be obtained with fixed income investments.

These changes have been incorporated into the schedules below. The City's unfunded actuarial liability is \$32,818,940 higher under the new actuarial assumptions and the funding ratio is 9.2% lower under the new actuarial assumptions.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies By Age and Service
Inflation Rate	3.00%
Cost-of-Living-Adjustments	2.1% (3% CPI)
<u>Net Pension Obligation:</u>	

Annual Pension Cost:

	2008	2007	2006
Annual required contribution ("ARC")	\$ 8,919,048	\$ 8,375,040	\$ 7,841,416
Interest on Net Pension Obligation ("NPO")	-	-	-
Adjustment to the ARC	-	-	-
Annual pension Cost	8,919,048	8,375,040	7,841,416
Contributions Made	(8,919,048)	(8,375,040)	(7,841,416)
Increase in NPO	-	-	-
NPO at the end of the period	-	-	-
Percentage of APC Contribution	100%	100%	100%

Funding Progress:

Actuarial Valuation Date	12/31/2007
Actuarial Value of Assets	\$169,208,373
Actuarial Accrued Liability (AAL)	\$262,453,428
Funded Ratio	64.47%
Unfunded AAL (UAAL)	\$ 93,245,055
Annual Covered Payroll	\$ 54,789,624
UAAL as a Percentage of Covered Payroll	170.19%

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget-Positive (Negative)
	Original	Final				
REVENUES:						
General Property Taxes	\$ 35,255,853	\$ 34,937,787	\$ 34,615,950	\$ -	\$ 34,615,950	\$ (321,837)
Franchise Fees	11,719,163	11,504,399	11,870,533	-	11,870,533	366,134
Sales Tax	24,672,712	22,918,968	23,286,213	-	23,286,213	367,245
Mixed Beverage and Bingo Tax	372,544	409,682	406,330	-	406,330	(3,352)
911 Revenue	835,741	955,501	935,284	-	935,284	(20,217)
Intergovernmental Revenue	-	-	286,888	-	286,888	286,888
Licenses and Permits	1,558,847	1,472,259	1,505,575	-	1,505,575	33,316
Fines and Forfeitures	3,515,779	4,054,367	4,207,507	(80,000)	4,127,507	73,140
Interest Revenue	1,286,334	833,691	873,803	-	873,803	40,112
Civic Center Use	268,567	375,502	384,153	-	384,153	8,651
Recreation and Leisure	2,567,488	2,932,474	2,898,052	-	2,898,052	(34,422)
Rents	-	-	59,433	-	59,433	59,433
Public Safety	1,593,555	-	1,671,592	-	1,671,592	1,671,592
Other Revenue	1,165,311	3,016,456	995,805	-	995,805	(2,020,651)
General Administration	6,916,343	7,630,522	6,968,561	-	6,968,561	(661,961)
Total Revenues	91,728,237	91,041,608	90,965,679	(80,000)	90,885,679	(155,929)
EXPENDITURES:						
Current-						
General Government	23,969,979	24,122,469	23,528,313	400,717	23,929,030	193,439
Public Safety	36,163,767	35,807,353	35,708,048	56,519	35,764,567	42,786
Public Services	14,782,875	14,422,462	13,748,245	(139,674)	13,608,571	813,891
Library	3,104,576	2,954,310	2,909,264	450	2,909,714	44,596
Parks & Recreation	11,214,654	11,082,666	10,665,766	(61,833)	10,603,933	478,733
Public Health	1,405,496	1,342,847	1,295,933	10,006	1,305,939	36,908
Capital Outlay	-	22,060	298,903	56,212	355,115	(333,055)
Debt Service-						
Interest and Fiscal Charges	-	-	24,523	(24,523)	-	-
Payments for Other Obligations	-	-	215,754	(215,754)	-	-
Total Expenditures	90,641,347	89,754,167	88,394,749	82,120	88,476,869	1,277,298
EXCESS OF REVENUES OVER EXPENDITURES	1,086,890	1,287,441	2,570,930	(162,120)	2,408,810	1,121,369
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	683,445	-	683,445	683,445
Transfers Out	(955,364)	(955,364)	(2,855,364)	-	(2,855,364)	(1,900,000)
Insurance Recoveries	-	-	217,919	-	217,919	217,919
Sale of Capital Assets	-	-	116,911	-	116,911	116,911
Total Other Financing Sources (Uses)	(955,364)	(955,364)	(1,837,089)	-	(1,837,089)	(881,725)
NET CHANGE IN FUND BALANCE	131,526	332,077	733,841	(162,120)	571,721	(239,644)
FUND BALANCES, October 1	14,992,486	15,131,287	15,511,284	-	15,511,284	(379,997)
FUND BALANCES, September 30	\$ 15,124,012	\$ 15,463,364	\$ 16,245,125	\$ (162,120)	\$ 16,083,005	\$ (619,641)

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2008

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, non-operating income and certain non-operating expense items are not considered. The legal level of control for each budget is at the fund level. That is to say, that total expenditures for each fund should not exceed total budgeted expenditures for that fund. The City Council is authorized to transfer budgeted amounts within and among departments and ratifies, through the Budget Ordinance, any transfers and/or amendments made by the City Manager. Subsequent to year-end, the Budget Department provides the City Council with updated reports that shows additional expenditures/expenses and compares unaudited actual results with the adopted budgets. The Golf, Solid Waste, and Water and Sewer Funds include amounts for operations and debt service.

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
General	\$ 91,596,711	\$ 90,709,531
Debt Service	21,753,182	21,760,163
Water and Sewer	40,301,716	40,026,058
Solid Waste Services	11,799,741	11,768,957
Golf	2,108,009	2,070,882
Internal Service (Combined)	10,069,809	10,082,225
Special Police	126,252	296,252
State Grants	47,409	47,409
Federal Grants	73,573	73,573
Municipal Court Security	54,395	54,395
Library	37,702	37,702
Traffic Safety	533,307	475,268
Wireless 911	28,839	328,839
Judicial Efficiency	6,278	6,467
Hotel/Motel Tax	5,265,353	5,250,479
Technology	153,346	153,346
Tax Increment Financing	-	150,000
Richardson Improvement Corp.	125,972	130,867

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

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$ 733,841
Beginning of year adjustment for encumbrances not recognized as expenditures	391,956
End of year adjustment for encumbrances not recognized as expenditures	(474,076)
Reduction of fines and forfeitures recognized for GAAP basis	<u>(80,000)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u><u>\$ 571,721</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHARDSON, TEXAS

SCHEDULE OF TMRS FUNDING PROGRESS
LAST THREE FISCAL YEARS

	(a)	(b)	(c)	(d)	(e)	
Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual Covered Payroll (1)	UAAL as a Percentage of Covered Payroll (d)/(e) (1)
2005	\$ 155,476,548	\$ 203,726,194	76.32	\$ 48,249,646	\$ 50,060,682	96.38
2006	166,224,131	219,709,038	75.66	53,484,907	52,078,971	102.70
2007	169,208,373	262,453,428	(2) 64.47	93,245,055	54,789,624	170.19

(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) In 2007 TMRS made changes to the actuarial methods and plan assumptions. See footnote IV. E, for complete details.

SCHEDULE OF OPEB FUNDING PROGRESS (1)
CURRENT FISCAL YEAR

	(a)	(b)	(c)	(d)	(e)	
Actuarial Valuation Date October 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (d)/(e)
2007	\$ -	\$ 80,705,746	-	\$ 80,705,746	\$ 51,033,789	158.14

(1) OPEB valuations are based on the fiscal year.

See accompanying independent auditors' report.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

Library Fund - This fund is used to account for donations received from citizens for library activities.

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

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

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

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

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

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

Richardson Improvement Corporation – The Richardson Improvement Corporation is a legally separate entity that acts, in essence, as a department of the City. The Corporation provides certain parks and recreation functions for the City and the City provides a majority of the Corporation's support.

BUDGET TO ACTUAL COMPARISONS

These schedules present the budget to actual comparisons for funds with legally adopted budgets that have not been presented as part of the Required Supplementary Information. Each comparison schedule shows the original budget amounts, the final adopted budget amounts, and the actual financial results as presented in the financial statements. A column is provided to show unusual items or items that are recorded for GAAP purposes which 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, 2008
 (continued on following page)

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Library Fund	Traffic Safety Fund
Assets:						
Cash and Investments	\$ 494,880	\$ 40,976	\$ -	\$ 60,641	\$ 88,326	\$ 370,653
Due From Other Funds	-	-	-	-	-	-
Intergovernmental Receivables	-	75,634	59,621	-	-	-
Hotel/Motel Tax Receivable	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-
Trade Receivables	-	-	-	-	-	130,846
Prepaid Items	-	-	-	-	-	-
Total Assets	\$ 494,880	\$ 116,610	\$ 59,621	\$ 60,641	\$ 88,326	\$ 501,499
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	\$ 6,536	\$ 22,228	\$ 546	\$ -	\$ 177	\$ 109,473
Accrued Liabilities	-	-	119	286	-	86
Escrow	38,229	-	-	-	-	-
Due to Other Funds	-	18,975	3,312	-	-	-
Deferred Revenue	-	73,824	55,644	-	-	100,850
Total Liabilities	44,765	115,027	59,621	286	177	210,409
Fund Balances:						
Reserved for Encumbrances	16,198	-	-	-	-	-
Reserved for Prepaid Items	-	-	-	-	-	-
Unreserved- Undesignated	433,917	1,583	-	60,355	88,149	291,090
Total Fund Balances	450,115	1,583	-	60,355	88,149	291,090
Total Liabilities and Fund Balances	\$ 494,880	\$ 116,610	\$ 59,621	\$ 60,641	\$ 88,326	\$ 501,499

CITY OF RICHARDSON, TEXAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2008
 (continuation)

	Special Revenue Funds						Total
	Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	
Assets:							
Cash and Investments	\$ 185,235	\$ 60,910	\$ 1,539,264	\$ 850,266	\$ 166,057	\$ 22,491	\$ 3,879,699
Due From Other Funds	-	-	8,182	-	-	-	8,182
Intergovernmental Receivables	-	-	-	-	-	-	135,255
Hotel/Motel Tax Receivable	-	-	439,049	-	-	-	439,049
Interest Receivable	-	-	54	-	-	-	54
Trade Receivables	-	-	8,572	-	-	-	139,418
Prepaid Items	-	-	35,950	-	-	2,763	38,713
Total Assets	\$ 185,235	\$ 60,910	\$ 2,031,071	\$ 850,266	\$ 166,057	\$ 25,254	\$ 4,640,370
Liabilities and Fund Balances:							
Liabilities:							
Accounts Payable	\$ -	\$ 25	\$ 369,604	\$ -	\$ -	\$ 8,059	\$ 516,648
Accrued Liabilities	-	-	35,861	-	-	-	36,352
Escrow	-	-	-	-	-	-	38,229
Due to Other Funds	-	-	-	-	-	-	22,287
Deferred Revenue	-	-	435,869	-	-	-	666,187
Total Liabilities	-	25	841,334	-	-	8,059	1,279,703
Fund Balances:							
Reserved for Encumbrances	-	-	14,160	-	-	-	30,358
Reserved for Prepaid Items	-	-	35,950	-	-	2,763	38,713
Unreserved- Undesignated	185,235	60,885	1,139,627	850,266	166,057	14,432	3,291,596
Total Fund Balances	185,235	60,885	1,189,737	850,266	166,057	17,195	3,360,667
Total Liabilities and Fund Balances	\$ 185,235	\$ 60,910	\$ 2,031,071	\$ 850,266	\$ 166,057	\$ 25,254	\$ 4,640,370

CITY OF RICHARDSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008
 (continued on next page)

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Library Fund	Traffic Safety Fund
Revenues:						
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Motel Tax	-	-	-	-	-	-
Eisemann Center Revenue	-	-	-	-	-	-
911 Revenue	-	-	-	-	-	-
Intergovernmental Revenue	11,312	60,003	94,968	-	-	-
Fines and Forfeitures	228,639	-	-	98,809	5,950	328,581
Interest Revenue	19,274	1,028	-	1,072	2,907	13,898
Contributions	6,105	-	-	-	19,606	-
Other Revenue	3,522	-	-	-	16,707	-
Total Revenues	268,852	61,031	94,968	99,881	45,170	342,479
Expenditures:						
General Government	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Public Health	-	18,934	-	-	-	-
Public Safety	113,980	-	94,968	54,010	-	306,771
Library	-	46,813	-	-	32,264	-
General Administration	-	-	-	-	-	-
Capital Outlay	24,648	-	-	-	-	24,495
Total Expenditures	138,628	65,747	94,968	54,010	32,264	331,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	130,224	(4,716)	-	45,871	12,906	11,213
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(170,000)	(18,984)	-	-	-	(191,961)
Issuance of Other Obligations	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	8,010	-	-	-	-	-
Total Other Financing Sources (Uses)	(161,990)	(18,984)	-	-	-	(191,961)
Net Change in Fund Balances	(31,766)	(23,700)	-	45,871	12,906	(180,748)
Fund Balance, October 1	481,881	25,283	-	14,484	75,243	471,838
Fund Balance, September 30	\$ 450,115	\$ 1,583	\$ -	\$ 60,355	\$ 88,149	\$ 291,090

CITY OF RICHARDSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008
 (continuation)

	Special Revenue Funds						Total
	Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	
Revenues:							
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 311,242	\$ -	\$ 311,242
Hotel/Motel Tax	-	-	3,313,750	-	-	-	3,313,750
Eisemann Center Revenue	-	-	1,935,523	-	-	-	1,935,523
911 R venue	400,934	-	-	-	-	-	400,934
Intergovernmental Revenue	-	-	-	-	-	-	166,283
Fines and Forfeitures	-	7,196	-	131,720	-	-	800,895
Interest Revenue	7,721	2,105	53,558	28,138	4,815	-	134,516
Contributions	-	-	-	-	-	2,500	28,211
Other Revenue	-	-	540	-	-	-	20,769
Total Revenues	408,655	9,301	5,303,371	159,858	316,057	2,500	7,112,123
Expenditures:							
General Government	-	6,002	3,750,974	115,769	3,299,865	-	7,172,610
Parks and Recreation	-	-	-	-	-	119,044	119,044
Public Health	-	-	-	-	-	-	18,934
Public Safety	22,839	-	-	-	-	-	592,568
Library	-	-	-	-	-	-	79,077
General Administration	-	-	277,367	-	150,000	-	427,367
Capital Outlay	-	-	-	42,403	-	5,652	97,198
Total Expenditures	22,839	6,002	4,028,341	158,172	3,449,865	124,696	8,506,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	385,816	3,299	1,275,030	1,686	(3,133,808)	(122,196)	(1,394,675)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	127,000	127,000
Transfers out	(300,000)	-	(1,250,000)	-	-	(2,500)	(1,933,445)
Issuance of Other Obligations	-	-	-	-	3,299,865	-	3,299,865
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	8,010
Total Other Financing Sources (Uses)	(300,000)	-	(1,250,000)	-	3,299,865	124,500	1,501,430
Net Change in Fund Balances	85,816	3,299	25,030	1,686	166,057	2,304	106,755
Fund Balance, October 1	99,419	57,586	1,164,707	848,580	-	14,891	3,253,912
Fund Balance, September 30	\$ 185,235	\$ 60,885	\$ 1,189,737	\$ 850,266	\$ 166,057	\$ 17,195	\$ 3,360,667

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts		Actual GAAP Basis	Actual Budget Basis	Variance with Final Budget-Positive (Negative)
	Original	Final			
REVENUES:					
General Property Taxes	\$ 20,288,240	\$ 20,085,358	\$ 20,173,577	\$ 20,173,577	\$ 88,219
Interest Revenue	332,602	223,547	223,011	223,011	(536)
Other Revenue	-	21,437	-	-	(21,437)
Total Revenues	<u>20,620,842</u>	<u>20,330,342</u>	<u>20,396,588</u>	<u>20,396,588</u>	<u>66,246</u>
EXPENDITURES:					
Debt Service-					
Principal Retirement	11,529,137	11,529,137	11,310,961	11,310,961	218,176
Interest and Fiscal Charges	10,187,722	10,187,689	10,158,463	10,158,463	29,226
Payments for Other Obligations	36,323	43,337	257,987	257,987	(214,650)
Total Expenditures	<u>21,753,182</u>	<u>21,760,163</u>	<u>21,727,411</u>	<u>21,727,411</u>	<u>32,752</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(1,132,340)</u>	<u>(1,429,821)</u>	<u>(1,330,823)</u>	<u>(1,330,823)</u>	<u>98,998</u>
OTHER FINANCING SOURCES:					
Transfers In	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total Other Financing Sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(132,340)</u>	<u>(429,821)</u>	<u>(330,823)</u>	<u>(330,823)</u>	<u>98,998</u>
FUND BALANCES, October 1	<u>1,920,061</u>	<u>2,131,609</u>	<u>2,116,127</u>	<u>2,116,127</u>	<u>(15,482)</u>
FUND BALANCES, September 30	<u>\$ 1,787,721</u>	<u>\$ 1,701,788</u>	<u>\$ 1,785,304</u>	<u>\$ 1,785,304</u>	<u>\$ 83,516</u>

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - SPECIAL POLICE FUNDS
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Fines and Forfeitures	\$ 171,235	\$ 171,235	\$ 228,639	\$ 57,404
Intergovernmental Revenue	24,950	24,950	11,312	(13,638)
Contributions	6,105	6,105	6,105	-
Other Revenue	22,526	22,526	3,522	(19,004)
Interest Income	17,181	17,181	19,274	2,093
Total Revenues	241,997	241,997	268,852	26,855
EXPENDITURES:				
Public Safety	112,204	112,204	113,980	(1,776)
Capital Outlay	14,048	14,048	24,648	(10,600)
Total Expenditures	126,252	126,252	138,628	(12,376)
EXCESS OF REVENUES OVER EXPENDITURES	115,745	115,745	130,224	14,479
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(170,000)	(170,000)	-
Proceeds from Sale of Capital Assets	-	-	8,010	8,010
Total Other Financing Sources (Uses)	-	(170,000)	(161,990)	8,010
NET CHANGE IN FUND BALANCE	115,745	(54,255)	(31,766)	22,489
FUND BALANCES, October 1	481,881	481,881	481,881	-
FUND BALANCES, September 30	\$ 597,626	\$ 427,626	\$ 450,115	\$ 22,489

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - STATE GRANT FUNDS
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Intergovernmental Revenue	\$ 53,432	\$ 53,432	\$ 60,003	\$ 6,571
Interest Income	900	900	1,028	128
Total Revenues	54,332	54,332	61,031	6,699
EXPENDITURES:				
Public Health	23,584	23,584	18,934	4,650
Library	23,825	23,825	46,813	(22,988)
Total Expenditures	47,409	47,409	65,747	(18,338)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,923	6,923	(4,716)	25,037
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(18,984)	(18,984)
Total Other Financing Sources (Uses)	-	-	(18,984)	(18,984)
NET CHANGE IN FUND BALANCE	6,923	6,923	(23,700)	(30,623)
FUND BALANCES, October 1	25,283	25,283	25,283	-
FUND BALANCES, September 30	\$ 32,206	\$ 32,206	\$ 1,583	\$ (30,623)

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - FEDERAL GRANT FUNDS
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Intergovernmental Revenue	\$ 73,573	\$ 73,573	\$ 94,968	\$ 21,395
Total Revenues	73,573	73,573	94,968	21,395
EXPENDITURES:				
Public Safety	73,573	73,573	94,968	(21,395)
Total Expenditures	73,573	73,573	94,968	(21,395)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, October 1	-	-	-	-
FUND BALANCES, September 30	\$ -	\$ -	\$ -	\$ -

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - MUNICIPAL COURT SECURITY FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Fines and Forfeitures	\$ 96,911	\$ 96,911	\$ 98,809	\$ 1,898
Interest Income	900	900	1,072	172
Total Revenues	97,811	97,811	99,881	2,070
EXPENDITURES:				
Public Safety	54,395	54,395	54,010	385
Total Expenditures	54,395	54,395	54,010	385
EXCESS OF REVENUES OVER EXPENDITURES	43,416	43,416	45,871	2,455
NET CHANGE IN FUND BALANCE	43,416	43,416	45,871	2,455
FUND BALANCES, October 1	14,484	14,484	14,484	-
FUND BALANCES, September 30	\$ 57,900	\$ 57,900	\$ 60,355	\$ 2,455

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Contributions	\$ 14,667	\$ 14,667	\$ 19,606	\$ 4,939
Fines and Forfeitures	-	-	5,950	5,950
Other Revenue	19,757	19,757	16,707	(3,050)
Interest Income	4,291	4,291	2,907	(1,384)
Total Revenues	<u>38,715</u>	<u>38,715</u>	<u>45,170</u>	<u>6,455</u>
EXPENDITURES:				
Library	<u>37,702</u>	<u>37,702</u>	<u>32,264</u>	<u>5,438</u>
Total Expenditures	<u>37,702</u>	<u>37,702</u>	<u>32,264</u>	<u>5,438</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,013</u>	<u>1,013</u>	<u>12,906</u>	<u>11,893</u>
NET CHANGE IN FUND BALANCE	1,013	1,013	12,906	11,893
FUND BALANCES, October 1	<u>75,243</u>	<u>75,243</u>	<u>75,243</u>	-
FUND BALANCES, September 30	<u>\$ 76,256</u>	<u>\$ 76,256</u>	<u>\$ 88,149</u>	<u>\$ 11,893</u>

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - TRAFFIC SAFETY FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Fines	\$ 271,961	\$ 271,961	\$ 328,581	\$ 56,620
Interest Income	13,513	13,513	13,898	385
Total Revenues	285,474	285,474	342,479	57,005
EXPENDITURES:				
Public Safety	283,307	283,307	306,771	(23,464)
Capital Outlay	-	-	24,495	(24,495)
Total Expenditures	283,307	283,307	331,266	(47,959)
EXCESS OF REVENUES OVER EXPENDITURES	2,167	2,167	11,213	9,046
OTHER FINANCING SOURCES (USES):				
Transfers Out	(250,000)	(191,961)	(191,961)	-
Total Other Financing Sources (Uses)	(250,000)	(191,961)	(191,961)	-
NET CHANGE IN FUND BALANCE	(247,833)	(189,794)	(180,748)	9,046
FUND BALANCES, October 1	471,838	471,838	471,838	-
FUND BALANCES, September 30	\$ 224,005	\$ 282,044	\$ 291,090	\$ 9,046

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - WIRELESS 911
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
911 Revenue	\$ 388,621	\$ 388,621	\$ 400,934	\$ 12,313
Interest Income	8,124	8,124	7,721	(403)
Total Revenues	<u>396,745</u>	<u>396,745</u>	<u>408,655</u>	<u>11,910</u>
EXPENDITURES:				
Public Safety	<u>28,839</u>	<u>28,839</u>	<u>22,839</u>	<u>6,000</u>
Total Expenditures	<u>28,839</u>	<u>28,839</u>	<u>22,839</u>	<u>6,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>367,906</u>	<u>367,906</u>	<u>385,816</u>	<u>17,910</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	367,906	67,906	85,816	17,910
FUND BALANCES, October 1	<u>99,419</u>	<u>99,419</u>	<u>99,419</u>	<u>-</u>
FUND BALANCES, September 30	<u><u>\$ 467,325</u></u>	<u><u>\$ 167,325</u></u>	<u><u>\$ 185,235</u></u>	<u><u>\$ 17,910</u></u>

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - JUDICIAL EFFICIENCY FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Fines and Forfeitures	\$ 7,105	\$ 7,105	\$ 7,196	\$ 91
Interest Income	1,976	1,976	2,105	129
Total Revenues	9,081	9,081	9,301	220
EXPENDITURES:				
General Government	6,278	6,467	6,002	465
Total Expenditures	6,278	6,467	6,002	465
EXCESS OF REVENUES OVER EXPENDITURES	2,803	2,614	3,299	685
NET CHANGE IN FUND BALANCE	2,803	2,614	3,299	685
FUND BALANCES, October 1	57,586	57,586	57,586	-
FUND BALANCES, September 30	\$ 60,389	\$ 60,200	\$ 60,885	\$ 685

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - HOTEL-MOTEL FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget-Positive (Negative)
	Original	Final				
REVENUES:						
Hotel/Motel Taxes	\$ 3,439,795	\$ 3,388,050	\$ 3,313,750	\$ 37,587	\$ 3,351,337	\$ (36,713)
Parking Fees	170,000	170,000	186,909	-	186,909	16,909
Eisemann Center Revenues	1,624,384	1,675,905	1,749,154	-	1,749,154	73,249
Interest Income	54,310	43,118	53,558	-	53,558	10,440
Total Revenues	5,288,489	5,277,073	5,303,371	37,587	5,340,958	63,885
EXPENDITURES:						
General Government -						
Arts	275,000	275,000	273,600	-	273,600	1,400
Miscellaneous	10,200	10,200	14,164	-	14,164	(3,964)
Auditorium - Administration	3,168,655	3,120,168	3,007,790	-	3,007,790	112,378
Parking Garage	484,131	467,744	455,420	-	455,420	12,324
General Administration	277,367	277,367	277,367	-	277,367	-
Total Expenditures	4,215,353	4,150,479	4,028,341	-	4,028,341	122,138
EXCESS OF REVENUES OVER EXPENDITURES	1,073,136	1,126,594	1,275,030	37,587	1,312,617	186,023
OTHER FINANCING SOURCES (USES):						
Transfers Out	(1,050,000)	(1,100,000)	(1,250,000)	-	(1,250,000)	(150,000)
Total Other Financing Sources (Uses)	(1,050,000)	(1,100,000)	(1,250,000)	-	(1,250,000)	(150,000)
NET CHANGE IN FUND BALANCE	23,136	26,594	25,030	37,587	62,617	36,023
FUND BALANCES, October 1	729,924	859,460	1,164,707	(305,247)	859,460	-
FUND BALANCES, September 30	\$ 753,060	\$ 886,054	\$ 1,189,737	\$ (267,660)	\$ 922,077	\$ 36,023

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - TECHNOLOGY FUND
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Fines and Forfeitures	\$ 132,695	\$ 132,695	\$ 131,720	\$ (975)
Interest Income	27,831	27,831	28,138	307
Total Revenues	160,526	160,526	159,858	(668)
EXPENDITURES:				
General Government	24,184	24,184	115,769	(91,585)
Capital Outlay	129,162	129,162	42,403	86,759
Total Expenditures	153,346	153,346	158,172	(4,826)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,180	7,180	1,686	(5,494)
NET CHANGE IN FUND BALANCE	7,180	7,180	1,686	(5,494)
FUND BALANCES, October 1	848,580	848,580	848,580	-
FUND BALANCES, September 30	\$ 855,760	\$ 855,760	\$ 850,266	\$ (5,494)

CITY OF RICHARDSON, TEXAS
 BUDGETARY COMPARISON SCHEDULE - TAX INCREMENT FINANCING
 For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget-Positive (Negative)
	Original	Final				
REVENUES:						
General Property Tax	\$ 310,680	\$ 309,773	\$ 311,242	\$ -	\$ 311,242	\$ 1,469
Interest Income	-	4,701	4,815	-	4,815	114
Total Revenues	<u>310,680</u>	<u>314,474</u>	<u>316,057</u>	<u>-</u>	<u>316,057</u>	<u>1,583</u>
EXPENDITURES:						
General Government	-	-	3,299,865	(3,299,865)	-	-
General Administration	-	150,000	150,000	-	150,000	-
Total Expenditures	<u>-</u>	<u>150,000</u>	<u>3,449,865</u>	<u>(3,299,865)</u>	<u>150,000</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>310,680</u>	<u>164,474</u>	<u>(3,133,808)</u>	<u>3,299,865</u>	<u>166,057</u>	<u>1,583</u>
OTHER FINANCING SOURCES (USES):						
Issuance of Other Obligations	-	-	3,299,865	(3,299,865)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,299,865</u>	<u>(3,299,865)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	310,680	164,474	166,057	-	166,057	1,583
FUND BALANCES, October 1	-	-	-	-	-	-
FUND BALANCES, September 30	<u>\$ 310,680</u>	<u>\$ 164,474</u>	<u>\$ 166,057</u>	<u>\$ -</u>	<u>\$ 166,057</u>	<u>\$ 1,583</u>

CITY OF RICHARDSON, TEXAS
BUDGETARY COMPARISON SCHEDULE - RICHARDSON IMPROVEMENT CORPORATION
For the Fiscal Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Contributions	\$ -	\$ 2,500	\$ 2,500	\$ -
	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
EXPENDITURES:				
Parks and Recreation	125,972	128,367	119,044	9,323
Capital Outlay	-	-	5,652	(5,652)
Total Expenditures	<u>125,972</u>	<u>128,367</u>	<u>124,696</u>	<u>3,671</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(125,972)</u>	<u>(125,867)</u>	<u>(122,196)</u>	<u>(3,671)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>127,000</u>	<u>124,500</u>	<u>124,500</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>127,000</u>	<u>124,500</u>	<u>124,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,028	(1,367)	2,304	(3,671)
FUND BALANCES, October 1	<u>14,891</u>	<u>14,891</u>	<u>14,891</u>	<u>-</u>
FUND BALANCES, September 30	<u>\$ 15,919</u>	<u>\$ 13,524</u>	<u>\$ 17,195</u>	<u>\$ (3,671)</u>

INTERNAL SERVICE FUNDS

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 and Flexible Spending Fund - This fund is used to account for the health insurance program provided by the City to its employees and to their dependents on a subsidized cost basis. Additionally, employee contributions to the flexible benefits plan and related expenditures are accounted for within this fund.

CITY OF RICHARDSON, TEXAS
 COMBINING STATEMENT OF NET ASSETS - ALL INTERNAL SERVICE FUNDS
 September 30, 2008

	Central Services Fund	Insurance and Flexible Spending Fund	Total
Assets:			
Current Assets			
Cash and Investments	\$ 259,949	\$ 2,456,192	\$ 2,716,141
Accounts Receivable	133	42,150	42,283
Inventory of Supplies, at cost	169,690	-	169,690
Prepaid Items	-	6,745	6,745
Total Current Assets	429,772	2,505,087	2,934,859
Capital Assets:			
Land	56,011	-	56,011
Buildings	259,991	-	259,991
Improvements	23,023	-	23,023
Vehicles, Machinery, and Equipment	268,859	-	268,859
Total Capital Assets	607,884	-	607,884
Less: Accumulated Depreciation	(544,820)	-	(544,820)
Total Capital Assets, net of accumulated depreciation	63,064	-	63,064
Total Assets	\$ 492,836	\$ 2,505,087	\$ 2,997,923
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 24,032	\$ 38,411	\$ 62,443
Accrued Liabilities	5,109	114,714	119,823
Compensated Absences	5,486	2,925	8,411
Unpaid Claims Liabilities	-	500,000	500,000
Total Current Liabilities	34,627	656,050	690,677
Noncurrent Liabilities			
Compensated Absences	36,712	19,574	56,286
Other Post Employment Benefits	44,075	14,693	58,768
Total Noncurrent Liabilities	80,787	34,267	115,054
Total Liabilities	115,414	690,317	805,731
Net Assets:			
Invested in capital assets, net of related debt	63,064	-	63,064
Unrestricted	314,358	1,814,770	2,129,128
Total Net Assets	\$ 377,422	\$ 1,814,770	\$ 2,192,192

CITY OF RICHARDSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 ALL INTERNAL SERVICE FUNDS
 For the Year Ended September 30, 2008

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$ 675,387	\$ -	\$ 675,387
City and Employee Contributions	10,878	8,822,057	8,832,935
Intergovernmental Revenue	1,405	63,908	65,313
Miscellaneous	-	25,761	25,761
Total Operating Revenues	<u>687,670</u>	<u>8,911,726</u>	<u>9,599,396</u>
Operating Expenses			
Personal Services	398,760	209,201	607,961
Premiums	-	595,592	595,592
Professional and Technical Services	3,128	626,504	629,632
Property Services	86,447	-	86,447
Other Purchased Services	897	61,729	62,626
Insurance Claims	-	8,401,586	8,401,586
Supplies	22,853	3,116	25,969
Depreciation	5,800	-	5,800
Total Operating Expenses	<u>517,885</u>	<u>9,897,728</u>	<u>10,415,613</u>
Operating Income (Loss)	<u>169,785</u>	<u>(986,002)</u>	<u>(816,217)</u>
Nonoperating Revenues			
Interest Revenue	426	84,309	84,735
Total Nonoperating Revenues	<u>426</u>	<u>84,309</u>	<u>84,735</u>
Change in net assets	<u>170,211</u>	<u>(901,693)</u>	<u>(731,482)</u>
Net Assets, October 1	207,211	2,716,463	2,923,674
Net Assets, September 30	<u>\$ 377,422</u>	<u>\$ 1,814,770</u>	<u>\$ 2,192,192</u>

CITY OF RICHARDSON, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 ALL INTERNAL SERVICE FUNDS
 For the Year Ended September 30, 2008

	Central Services Fund	Insurance and Flexible Spending Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Service Users	\$ 687,537	\$ -	\$ 687,537
Cash Received from City, Employee, and Other Contributions	-	8,911,726	8,911,726
Cash Payments for Goods and Services	(103,946)	-	(103,946)
Cash Payments for Premiums and Other Operating Expenses	-	(1,329,098)	(1,329,098)
Cash Payments to Employees	(363,553)	(194,184)	(557,737)
Cash Payments for Claims	-	(8,461,983)	(8,461,983)
Net Cash Provided by (Used for) Operating Activities	<u>220,038</u>	<u>(1,073,539)</u>	<u>(853,501)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments to Bank Depository	<u>(144,738)</u>	<u>(1,768)</u>	<u>(146,506)</u>
Net Cash Used for Non-Capital Financing Activities	<u>(144,738)</u>	<u>(1,768)</u>	<u>(146,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale and Maturities of Investments	-	2,009,616	2,009,616
Interest Received on Investments	426	59,492	59,918
Net Cash Provided by Investing Activities	<u>426</u>	<u>2,069,108</u>	<u>2,069,534</u>
Net Increase in Cash and Cash Equivalents	75,726	993,801	1,069,527
Cash and Cash Equivalents, October 1	<u>184,223</u>	<u>1,462,391</u>	<u>1,646,614</u>
Cash and Cash Equivalents, September 30	<u>\$ 259,949</u>	<u>\$ 2,456,192</u>	<u>\$ 2,716,141</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ 169,785	\$ (986,002)	\$ (816,217)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities-			
Depreciation	5,800	-	5,800
Changes in Assets and Liabilities-			
Decrease in Inventory of Supplies, at cost	1,405	-	1,405
Increase in Other Receivables	(133)	(14,067)	(14,200)
Increase in Prepaid Items	-	(6,745)	(6,745)
Increase in Accounts Payable	7,976	6,881	14,857
Increase (Decrease) in Accrued Liabilities	1,241	(88,480)	(87,239)
Increase (Decrease) in Compensated Absences	(10,111)	181	(9,930)
Increase in Other Post-employment Benefits	44,075	14,693	58,768
Total Adjustments	<u>50,253</u>	<u>(87,537)</u>	<u>(37,284)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 220,038</u>	<u>\$ (1,073,539)</u>	<u>\$ (853,501)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Total Cash and Investments per the Statement of Net Assets	\$ 259,949	\$ 2,456,192	\$ 2,716,141
Less: Investments not Meeting the Definition of Cash Equivalents	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at September 30, 2008	<u>\$ 259,949</u>	<u>\$ 2,456,192</u>	<u>\$ 2,716,141</u>

STATISTICAL SECTION

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.

	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	87-93
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	94-97
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	98-102
<u>Demographic and Economic Information</u> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	103,104
<u>Operating Information</u> – 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.	105-107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 for the year ending September 30, 2002. Schedules presenting government-wide information include information beginning in that year.

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CITY OF RICHARDSON, TEXAS
 STATEMENT OF NET ASSETS BY COMPONENT (in Thousands)
 Last Seven Fiscal Years

Table 1

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 113,782	\$ 115,163	\$ 103,076	\$ 107,132	\$ 103,650	\$ 101,178	\$ 118,380
Restricted	9,829	5,629	4,575	7,033	5,720	12,504	6,295
Unrestricted	6,320	7,956	16,140	10,514	21,045	26,098	8,487
Total governmental activities net assets	<u>\$ 129,931</u>	<u>\$ 128,748</u>	<u>\$ 123,791</u>	<u>\$ 124,679</u>	<u>\$ 130,415</u>	<u>\$ 139,780</u>	<u>\$ 133,162</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 58,469	\$ 62,561	\$ 62,852	\$ 60,072	\$ 61,323	\$ 62,163	\$ 59,494
Restricted	13,571	10,275	1,921	2,312	5,013	2,990	3,627
Unrestricted	5,501	3,934	12,727	14,320	18,578	16,018	14,566
Total business-type activities net assets	<u>\$ 77,541</u>	<u>\$ 76,770</u>	<u>\$ 77,500</u>	<u>\$ 76,704</u>	<u>\$ 84,914</u>	<u>\$ 81,171</u>	<u>\$ 77,687</u>
Primary government							
Invested in capital assets, net of related debt	\$ 172,251	\$ 177,724	\$ 165,928	\$ 167,204	\$ 164,973	\$ 163,341	\$ 177,874
Restricted	23,400	15,904	6,496	9,345	10,733	15,494	9,922
Unrestricted	11,821	11,890	28,867	24,834	39,623	42,116	23,053
Total primary government net assets	<u>\$ 207,472</u>	<u>\$ 205,518</u>	<u>\$ 201,291</u>	<u>\$ 201,383</u>	<u>\$ 215,329</u>	<u>\$ 220,951</u>	<u>\$ 210,849</u>

CITY OF RICHARDSON, TEXAS
 CHANGES IN NET ASSETS (In thousands), LAST SEVEN FISCAL YEARS
 (accrual basis of accounting)

Table 2

Expenses	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
General Government	\$ 16,195	\$ 22,976	\$ 22,253	\$ 22,787	\$ 24,339	\$ 25,381	\$ 30,689
Public Safety	31,766	30,141	31,777	34,896	35,268	37,774	41,630
Public Services	20,761	19,534	19,961	19,257	19,117	20,210	24,701
Library	2,909	3,105	3,050	3,060	3,097	3,988	4,145
Parks and Recreation	9,501	10,377	10,412	10,936	11,765	12,576	13,814
Public Health	1,066	1,139	1,168	1,215	1,310	1,344	1,483
Interest and Fiscal Charges	8,623	8,332	7,491	7,519	8,088	10,116	11,094
Total governmental activities expenses	\$ 90,821	\$ 95,604	\$ 96,112	\$ 99,670	\$ 102,984	\$ 111,389	\$ 127,556
Business-type activities:							
Water and Sewer	\$ 31,616	\$ 32,849	\$ 33,643	\$ 35,487	\$ 37,820	\$ 40,918	\$ 44,718
Solid Waste	9,309	9,012	9,565	9,950	10,387	11,193	12,049
Golf	2,187	2,256	2,328	2,456	2,354	2,143	2,332
Total business-type activities expenses	43,112	44,117	45,536	47,893	50,561	54,254	59,099
Total primary government expenses	\$ 133,933	\$ 139,721	\$ 141,648	\$ 147,563	\$ 153,545	\$ 165,643	\$ 186,655
Program Revenues							
Governmental activities:							
Charges for services:							
General Government	\$ 3,098	\$ 3,290	\$ 2,294	\$ 2,231	\$ 2,039	\$ 2,138	\$ 3,144
Public Safety	7,533	7,030	6,500	7,086	7,149	7,313	7,937
Public Services	1,248	1,249	1,421	1,607	1,124	1,968	1,527
Library	131	137	128	145	149	170	186
Parks and Recreation	2,174	2,454	2,498	2,563	2,679	2,796	2,898
Public Health	190	178	197	186	189	196	249
Operating grants and contributions	28	99	519	1,221	731	576	1,061
Capital grants and contributions	11,936	4,620	2,443	1,245	3,766	5,810	4,991
Total governmental activities program revenues	\$ 26,338	\$ 19,057	\$ 16,000	\$ 16,284	\$ 17,826	\$ 20,967	\$ 21,993

CITY OF RICHARDSON, TEXAS
 CHANGES IN NET ASSETS (In thousands), LAST SEVEN FISCAL YEARS
 (accrual basis of accounting)

Table 2
 (continued)

Business-type activities:								
Charges for services:								
Water and Sewer	\$ 30,359	\$ 30,720	\$ 32,982	\$ 33,921	\$ 43,938	\$ 34,645	\$ 40,338	
Solid Waste	8,855	9,195	10,116	10,255	10,687	10,989	11,330	
Golf	2,151	2,090	2,028	1,952	2,163	2,022	2,144	
Capital grants and contributions	3,860	972	880	301	835	1,375	701	
Total business-type activities program revenues	<u>45,225</u>	<u>42,977</u>	<u>46,006</u>	<u>46,429</u>	<u>57,623</u>	<u>49,031</u>	<u>54,513</u>	
Total primary government program revenues	<u>\$ 71,563</u>	<u>\$ 62,034</u>	<u>\$ 62,006</u>	<u>\$ 62,713</u>	<u>\$ 75,449</u>	<u>\$ 69,998</u>	<u>\$ 76,506</u>	
Net (Expense) Revenue								
Governmental Activities	\$ (64,483)	\$ (76,547)	\$ (80,112)	\$ (83,386)	\$ (85,158)	\$ (90,422)	\$ (105,563)	
Business-type Activities	2,113	(1,140)	470	(1,464)	7,062	(5,223)	(4,586)	
Total Primary government net expense	<u>\$ (62,370)</u>	<u>\$ (77,687)</u>	<u>\$ (79,642)</u>	<u>\$ (84,850)</u>	<u>\$ (78,096)</u>	<u>\$ (95,645)</u>	<u>\$ (110,149)</u>	
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property Taxes	\$ 39,535	\$ 41,967	\$ 40,723	\$ 44,573	\$ 46,550	\$ 53,777	\$ 55,264	
Sales Taxes	18,956	19,337	20,170	21,046	21,923	23,646	23,286	
Other Taxes	2,588	2,554	2,925	2,832	3,302	3,540	3,719	
Franchise Fees	11,244	10,837	10,020	10,353	15,640	11,231	11,871	
Interest Earnings	1,423	669	1,317	1,698	3,370	6,260	4,904	
Insurance and other Recoveries	-	-	-	2,500	-	173	-	
Transfers In/(Out)	-	-	-	-	-	-	(117)	
Gain on sale of assets	-	-	-	1,272	109	1,160	18	
Total Governmental Activities	<u>\$ 73,746</u>	<u>\$ 75,364</u>	<u>\$ 75,155</u>	<u>\$ 84,274</u>	<u>\$ 90,894</u>	<u>\$ 99,787</u>	<u>\$ 98,945</u>	
Business-type Activities:								
Interest Earnings	\$ 641	\$ 318	\$ 199	\$ 425	\$ 871	\$ 1,317	\$ 868	
Insurance and other Recoveries	-	-	-	194	-	30	-	
Transfers In/(Out)	-	-	-	-	-	-	117	
Gain on sale of assets	4	51	61	49	277	133	117	
Total Business-type Activities	<u>645</u>	<u>369</u>	<u>260</u>	<u>668</u>	<u>1,148</u>	<u>1,480</u>	<u>1,102</u>	
Total Primary Government	<u>\$ 74,391</u>	<u>\$ 75,733</u>	<u>\$ 75,415</u>	<u>\$ 84,942</u>	<u>\$ 92,042</u>	<u>\$ 101,267</u>	<u>\$ 100,047</u>	
Change in Net Assets								
Governmental Activities	\$ 9,263	\$ (1,183)	\$ (4,957)	\$ 888	\$ 5,736	\$ 9,365	\$ (6,618)	
Business-type Activities	2,758	(771)	730	(796)	8,210	(3,743)	(3,484)	
Total Primary Government	<u>\$ 12,021</u>	<u>\$ (1,954)</u>	<u>\$ (4,227)</u>	<u>\$ 92</u>	<u>\$ 13,946</u>	<u>\$ 5,622</u>	<u>\$ (10,102)</u>	

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CITY OF RICHARDSON, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

Table 3

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved for Other *	\$ 966	\$ 805	\$ 642	\$ 637	\$ 715	\$ 771	\$ 954	\$ 935	\$ 949	\$ 986
Unreserved	10,024	10,989	11,561	11,520	11,703	12,408	13,062	14,208	14,562	15,259
Total general fund	<u>\$ 10,990</u>	<u>\$ 11,794</u>	<u>\$ 12,203</u>	<u>\$ 12,157</u>	<u>\$ 12,418</u>	<u>\$ 13,179</u>	<u>\$ 14,016</u>	<u>\$ 15,143</u>	<u>\$ 15,511</u>	<u>\$ 16,245</u>
All Other Governmental Funds										
Reserved for:										
Capital Projects	\$ -	\$ 58,123	\$ -	\$ 4,025	\$ 5,323	\$ 4,187	\$ 26,233	\$ 72,217	\$ 55,910	\$ 36,223
Debt Service	2,714	5,622	2,396	2,210	2,451	1,481	2,010	1,452	2,116	1,785
Other *	-	-	51	6,812	5,502	1,530	2,719	4,431	13,897	27,021
Unreserved, reported in:										
Special revenue funds	3,116	4,541	6,116	3,830	2,119	2,322	2,051	2,703	3,153	3,292
Capital funds	22,313	-	39,177	4,133	1,334	161	2,670	8,751	11,784	2,191
Total all other governmental funds	<u>\$ 28,143</u>	<u>\$ 68,286</u>	<u>\$ 47,740</u>	<u>\$ 21,010</u>	<u>\$ 16,729</u>	<u>\$ 9,681</u>	<u>\$ 35,683</u>	<u>\$ 89,554</u>	<u>\$ 86,860</u>	<u>\$ 70,512</u>

*Includes prepaid items, inventory and encumbrances

CITY OF RICHARDSON, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (in Thousands)
 Last Ten Fiscal Years

Table 4

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES:										
General Property Taxes	\$ 30,178	\$ 32,873	\$ 35,683	\$ 39,625	\$ 40,858	\$ 41,694	\$ 44,615	\$ 46,493	\$ 53,631	\$ 55,101
Franchise Fees	9,199	9,680	10,120	11,244	10,837	10,020	10,353	15,640	11,231	11,871
Sales Tax	22,631	24,995	23,473	18,956	19,337	20,170	21,046	21,923	23,646	23,286
Mixed Beverage and Bingo Tax	280	291	356	298	301	308	317	353	372	406
Hotel/Motel Taxes	2,454	2,778	2,844	2,290	2,254	2,617	2,515	2,949	3,168	3,314
911 Revenue	1,193	1,338	1,440	1,512	1,360	1,332	1,319	1,308	1,316	1,336
Intergovernmental Revenue	5,772	4,191	621	5,371	1,962	1,664	1,458	1,664	4,071	3,312
Licenses and Permits	1,368	1,545	1,612	1,403	1,613	1,426	1,563	1,161	1,865	1,506
Fines and Forfeitures	3,324	3,524	3,706	4,565	4,321	4,546	4,100	4,208	4,587	5,008
Interest Revenue	2,289	4,202	4,366	1,471	662	1,314	1,652	3,221	6,087	4,820
Civic Center Use	222	238	249	210	236	186	231	237	286	384
Eisemann Center Revenue (1)	-	-	-	348	933	1,207	1,520	1,571	1,422	1,936
Recreation and Leisure	2,433	2,378	2,799	2,149	2,454	2,490	2,563	2,679	2,796	2,898
Rents (2)	-	-	-	921	1,039	12	16	26	12	59
Public Safety (2)	-	-	-	997	1,311	1,334	1,263	1,480	1,549	1,672
Special Assessments	-	355	-	-	-	-	-	-	-	-
Contributions	6,523	6,552	7,368	7,109	2,222	897	951	2,743	2,150	565
Participation	10	56	493	271	237	39	53	152	164	104
Other Revenue	1,588	2,120	2,448	836	1,236	1,124	828	533	853	1,055
General Administration	5,131	4,856	5,503	5,369	5,156	5,589	5,602	5,738	6,643	6,968
Total Revenues	\$ 94,595	\$ 101,972	\$ 103,081	\$ 104,945	\$ 98,329	\$ 97,969	\$ 101,965	\$ 114,079	\$ 125,849	\$ 125,601
EXPENDITURES:										
General Government	\$ 17,427	\$ 18,921	\$ 20,079	\$ 19,919	\$ 24,012	\$ 23,957	\$ 24,248	\$ 26,006	\$ 27,960	\$ 32,311
Public Safety	25,779	27,157	28,840	29,048	28,021	29,699	32,909	33,002	35,186	36,507
Public Services	9,982	10,582	11,752	12,188	11,568	12,153	12,680	12,875	13,938	17,328
Library	2,147	2,309	2,397	2,511	2,690	2,487	2,533	2,568	3,393	3,407
Parks and Recreation	7,959	8,569	8,988	8,879	9,178	9,202	9,749	10,343	10,756	11,026
Public Health	959	1,000	1,032	1,043	1,100	1,156	1,202	1,245	1,311	1,315
General Administration	150	150	545	458	415	430	230	255	291	427
Capital Outlay	24,888	34,774	54,653	50,295	19,857	8,696	6,262	14,808	20,699	27,552
Debt Service-										
Principal Retirement	6,287	7,304	7,151	8,626	9,060	9,354	16,588	7,887	10,241	11,311
Interest and Fiscal Charges	6,613	7,156	11,470	11,150	8,150	7,841	7,094	7,849	10,489	10,183
Payments for Other Obligations	100	106	103	116	351	267	544	615	456	474
Issuance Costs	260	1,173	75	311	220	197	527	1,054	29	33
Total Expenditures	\$ 102,551	\$ 119,201	\$ 147,085	\$ 144,544	\$ 114,622	\$ 105,439	\$ 114,566	\$ 118,507	\$ 134,749	\$ 151,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (7,956)	\$ (17,229)	\$ (44,004)	\$ (39,599)	\$ (16,293)	\$ (7,470)	\$ (12,601)	\$ (4,428)	\$ (8,900)	\$ (26,273)

CITY OF RICHARDSON, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (in Thousands)
 Last Ten Fiscal Years

Table 4
 (continued)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
OTHER FINANCING SOURCES (USES):										
Transfers In	\$ 3,351	\$ 2,500	\$ 1,607	\$ 5,180	\$ 5,066	\$ 3,089	\$ 20,840	\$ 7,958	\$ 6,740	\$ 4,916
Transfer Out	(3,351)	(3,657)	(1,643)	(5,180)	(5,066)	(3,089)	(20,840)	(7,958)	(6,740)	(5,033)
Issuance of Certificates of Obligation	6,285	50,870	12,135	7,524	4,600	-	2,790	2,640	3,220	4,500
Issuance of General Obligation Bonds	10,465	8,125	11,335	5,000	3,000	-	22,925	53,775	-	5,933
Issuance of Refunding Bonds	-	-	-	10,762	9,443	11,910	10,050	25,665	-	-
Issuance of Other Obligations	-	-	260	19	4,531	666	197	61	1,592	-
Premium on Bonds	-	-	-	-	50	-	2,604	3,016	-	-
Discount on Bonds	-	-	-	-	(25)	(31)	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(10,622)	(9,384)	(11,682)	(10,620)	(26,397)	-	-
Lease Payments	-	-	-	-	-	183	84	-	-	-
Insurance and other Recoveries	-	-	-	-	-	-	2,500	-	173	218
Proceeds from Sale of Capital Assets	4	335	176	140	58	139	8,910	667	1,589	125
Total Other Financing Sources (Uses)	<u>16,754</u>	<u>58,173</u>	<u>23,870</u>	<u>12,823</u>	<u>12,273</u>	<u>1,185</u>	<u>39,440</u>	<u>59,427</u>	<u>6,574</u>	<u>10,659</u>
NET CHANGE IN FUND BALANCES	<u>\$ 8,798</u>	<u>\$ 40,944</u>	<u>\$ (20,134)</u>	<u>\$ (26,776)</u>	<u>\$ (4,020)</u>	<u>\$ (6,285)</u>	<u>\$ 26,839</u>	<u>\$ 54,999</u>	<u>\$ (2,326)</u>	<u>\$ (15,614)</u>
Debt service as a percentage of noncapital expenditures	17.1%	18.6%	20.3%	21.4%	18.8%	18.3%	22.9%	16.8%	18.6%	17.7%

NOTES: (1) The Eisemann Center began operations in fiscal year 2002.

(2) Beginning in fiscal year 2002, rental and public safety revenues were subdivided from fines and forfeitures and other revenues.

CITY OF RICHARDSON, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Table 5

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Industrial Property	Less: Total Exemptions/ Reductions	Total Taxable Assessed Value	Total Direct Tax Rate
1999	\$ 2,839,289,335	\$ 3,785,429,309	\$ 668,355,515	\$ 590,024,311	\$ 6,703,049,848	\$ 0.44385
2000	\$ 3,068,519,867	\$ 4,219,348,735	\$ 734,855,646	\$ 683,107,485	\$ 7,339,616,763	\$ 0.44385
2001	\$ 3,448,955,671	\$ 4,536,408,166	\$ 733,732,355	\$ 785,663,173	\$ 7,933,433,019	\$ 0.44385
2002	\$ 3,762,406,441	\$ 5,076,809,116	\$ 920,979,033	\$ 952,271,488	\$ 8,807,923,102	\$ 0.44385
2003	\$ 4,040,398,277	\$ 5,224,623,208	\$ 481,970,199	\$ 932,459,341	\$ 8,814,532,343	\$ 0.47785
2004	\$ 4,372,095,197	\$ 4,767,451,627	\$ 356,355,489	\$ 1,037,448,296	\$ 8,458,454,017	\$ 0.47785
2005	\$ 4,508,605,908	\$ 4,651,804,796	\$ 216,424,978	\$ 1,044,838,822	\$ 8,331,996,860	\$ 0.52516
2006	\$ 4,736,989,728	\$ 4,781,193,675	\$ 247,435,611	\$ 1,061,552,418	\$ 8,704,066,596	\$ 0.52516
2007	\$ 4,887,683,786	\$ 5,285,742,003	\$ 274,718,569	\$ 1,203,508,602	\$ 9,244,635,756	\$ 0.57516
2008	\$ 5,026,605,219	\$ 5,272,014,733	\$ 704,144,777	\$ 1,520,273,606	\$ 9,482,491,123	\$ 0.57516

Source: City Tax Department

DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)

Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates							
	Basic Rate	General Obligation Debt Service	Total Direct	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
1999	\$ 0.253500	\$ 0.190350	\$ 0.443850	\$ 1.625700	\$ 0.250000	\$ 0.098550	\$ 1.539500	\$ 0.197200	\$ 0.179900	\$ 0.050000	\$ 0.005974
2000	\$ 0.249000	\$ 0.194850	\$ 0.443850	\$ 1.648600	\$ 0.250000	\$ 0.096723	\$ 1.579200	\$ 0.196000	\$ 0.196000	\$ 0.050000	\$ 0.005699
2001	\$ 0.256530	\$ 0.187320	\$ 0.443850	\$ 1.668300	\$ 0.250000	\$ 0.094049	\$ 1.553100	\$ 0.196000	\$ 0.254000	\$ 0.050000	\$ 0.005667
2002	\$ 0.258570	\$ 0.185280	\$ 0.443850	\$ 1.799300	\$ 0.250000	\$ 0.092843	\$ 1.628500	\$ 0.196000	\$ 0.254000	\$ 0.060000	\$ 0.005525
2003	\$ 0.304160	\$ 0.173690	\$ 0.477850	\$ 1.808100	\$ 0.250000	\$ 0.091946	\$ 1.703400	\$ 0.196000	\$ 0.254000	\$ 0.060000	\$ 0.005500
2004	\$ 0.303770	\$ 0.174080	\$ 0.477850	\$ 1.820000	\$ 0.250000	\$ 0.091932	\$ 1.733400	\$ 0.203900	\$ 0.254000	\$ 0.077800	\$ 0.005460
2005	\$ 0.349340	\$ 0.175820	\$ 0.525160	\$ 1.820000	\$ 0.250000	\$ 0.090646	\$ 1.733400	\$ 0.203900	\$ 0.254000	\$ 0.080300	\$ 0.005460
2006	\$ 0.358680	\$ 0.166480	\$ 0.525160	\$ 1.820000	\$ 0.250000	\$ 0.089422	\$ 1.733400	\$ 0.213900	\$ 0.254000	\$ 0.081600	\$ 0.005300
2007	\$ 0.358680	\$ 0.216480	\$ 0.575160	\$ 1.630050	\$ 0.245000	\$ 0.087683	\$ 1.578400	\$ 0.213900	\$ 0.254000	\$ 0.081000	\$ 0.005304
2008	\$ 0.362810	\$ 0.212350	\$ 0.575160	\$ 1.340050	\$ 0.245000	\$ 0.086984	\$ 1.268400	\$ 0.228100	\$ 0.254000	\$ 0.080400	\$ 0.004714

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

Notes: Tax rates are per \$100 of assessed value.
 2007 Tax Rates for School Districts all decreased substantially due to Legislation passed by the Texas Legislature

CITY OF RICHARDSON, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Ten Years Ago

Table 7

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (b)
Cingular Wireless						
A T & T	\$ 194,192,290	1	2.04 %	\$ -		-
Nortel Networks	\$ 120,654,045	2	1.27 %	\$ 249,932,685	1	3.74 %
Verizon	\$ 118,207,833	3	1.24 %	\$ -		-
Texas Instruments	\$ 98,989,637	4	1.04 %	\$ -		-
CISCO Systems	\$ 93,014,339	5	0.98 %	\$ -		-
Crescent Real Estate	\$ 74,017,548	6	0.78 %	\$ 80,024,172	8	1.19 %
Fujitsu	\$ 63,419,787	7	0.67 %	\$ 205,325,724	3	3.06 %
TXU/Texas Utilities Electric	\$ 57,156,090	8	0.60 %	\$ -		-
Bank of America	\$ 57,053,832	9	0.60 %	\$ -		-
IBM	\$ 53,030,326	10	0.56 %	\$ -		-
MCI	-		-	\$ 246,391,753	2	3.68 %
Alcatel	-		-	\$ 175,766,240	4	2.62 %
Southwestern Bell	-		-	\$ 138,862,041	5	2.07 %
Ericsson	-		-	\$ 81,917,290	6	1.22 %
Rockwell International	-		-	\$ 61,092,645	9	0.91 %
TwinStar/TI	-		-	\$ 81,830,233	7	1.22 %
Hewlett Packard	-		-	\$ -		-
Cyrix Corporation	-		-	\$ 59,904,754	10	0.89 %
Total	\$ 929,735,727		9.75 %	\$ 1,381,047,537		20.61 %

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

Note:

(a) Total Taxable Value October 1, 2007 = \$9,536,507,360

(b) Total Taxable Value October 1, 1998 = \$6,703,049,848

CITY OF RICHARDSON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 8

Fiscal Year Ended Sept. 30	Taxes Levied for the Fiscal Year As of Sept. 30	Collected within the Fiscal Year of the Levy		Collections and or Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 29,995,544	\$ 29,736,224	99.14 %	\$ 198,589	\$ 29,934,813	99.80 %
2000	\$ 32,751,351	\$ 32,496,666	99.22 %	\$ 208,740	\$ 32,705,406	99.86 %
2001	\$ 35,658,943	\$ 35,157,349	98.59 %	\$ 377,433	\$ 35,534,782	99.65 %
2002	\$ 39,314,044	\$ 38,854,859	98.83 %	\$ 321,152	\$ 39,176,011	99.65 %
2003	\$ 41,759,918	\$ 40,275,196	96.44 %	\$ 1,285,349	\$ 41,560,545	99.52 %
2004	\$ 40,265,451	\$ 39,847,436	98.96 %	\$ 250,152	\$ 40,097,588	99.58 %
2005	\$ 44,019,499	\$ 43,626,251	99.11 %	\$ 232,232	\$ 43,858,483	99.63 %
2006	\$ 46,151,287	\$ 45,714,602	99.05 %	\$ 263,829	\$ 45,978,431	99.63 %
2007	\$ 53,459,507	\$ 52,971,881	99.09 %	\$ 227,294	\$ 53,199,175	99.51 %
2008	\$ 54,717,209	\$ 54,343,141	99.32 %	\$ -	\$ 54,343,141	99.32 %

Source: City Tax Department

CITY OF RICHARDSON, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	General Obligation Refunding Bonds	Certificates of Obligation	Other Obligations			
1999	\$ 75,132,639	\$ 14,916,303	\$ 838,573	\$ 3,855,000	\$ 1,628,500	\$ 10,717,198	\$1,731,980	\$ 108,820,193	4.77 %	\$ 1,220
2000	\$ 78,535,897	\$ 63,293,467	\$ 643,254	\$ 3,040,000	\$ 1,477,381	\$ 11,916,814	\$1,418,723	\$ 160,325,536	6.68 %	\$ 1,761
2001	\$ 84,944,908	\$ 73,234,442	\$ 735,280	\$ 2,170,000	\$ 1,328,252	\$ 25,165,558	\$1,089,709	\$ 188,668,149	8.19 %	\$ 2,035
2002	\$ 84,553,891	\$ 77,413,779	\$ 599,044	\$ 1,250,000	\$ 1,181,110	\$ 34,121,222	\$ 744,146	\$ 199,863,192	7.17 %	\$ 2,114
2003	\$ 83,722,581	\$ 76,843,443	\$ 4,779,180	\$ 1,180,533	\$ 1,042,419	\$ 36,496,556	\$ 381,201	\$ 204,445,913	8.07 %	\$ 2,137
2004	\$ 89,279,810	\$ 63,088,762	\$ 5,178,049	\$ 1,115,544	\$ 910,190	\$ 38,731,238	\$ 150,296	\$ 198,453,889	7.58 %	\$ 2,067
2005	\$ 103,399,810	\$ 58,163,679	\$ 4,831,287	\$ 1,055,000	\$ 1,135,190	\$ 41,516,320	\$ 100,071	\$ 210,201,357	7.67 %	\$ 2,190
2006	\$ 174,629,810	\$ 36,383,644	\$ 4,277,408	\$ 990,000	\$ 1,135,190	\$ 44,826,355	\$ 48,503	\$ 262,290,910	8.58 %	\$ 2,718
2007	\$ 167,807,386	\$ 36,185,000	\$ 5,412,684	\$ 925,000	\$ 1,062,613	\$ 48,610,000	\$ 142,455	\$ 260,145,138	8.91 %	\$ 2,662
2008	\$ 160,411,425	\$ 36,770,000	\$ 10,871,911	\$ 855,000	\$ 963,575	\$ 52,115,000	\$ 82,734	\$ 262,069,645	8.40 %	\$ 2,689

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

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

CITY OF RICHARDSON, TEXAS
 RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years (dollars in thousands, except per capita)

Table 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Certificates of Obligation	Total		
1999	\$ 75,133	\$ 14,916	\$ 90,049	1.34 %	\$ 1,010
2000	\$ 78,536	\$ 24,023	\$ 102,559	1.40 %	\$ 1,126
2001	\$ 84,945	\$ 33,964	\$ 118,909	1.50 %	\$ 1,283
2002	\$ 84,554	\$ 67,784	\$ 152,338	1.73 %	\$ 1,612
2003	\$ 83,723	\$ 67,478	\$ 151,201	1.72 %	\$ 1,581
2004	\$ 89,280	\$ 54,009	\$ 143,289	1.69 %	\$ 1,493
2005	\$ 103,400	\$ 58,164	\$ 161,564	1.94 %	\$ 1,683
2006	\$ 174,630	\$ 36,384	\$ 211,014	2.42 %	\$ 2,187
2007	\$ 167,807	\$ 36,185	\$ 203,992	2.21 %	\$ 2,088
2008	\$ 160,411	\$ 36,770	\$ 197,181	2.08 %	\$ 2,023

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

(1) See Table 5 for property value data.

(2) See Table 14 for population data.

CITY OF RICHARDSON, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2008

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Richardson Independent School District	\$ 437,249,988	37.63%	\$ 164,537,170
Plano Independent School District	\$ 833,460,732	9.34%	77,845,232
Dallas County	\$ 158,486,552	3.77%	5,974,943
Dallas County Community College District	\$ 298,185,000	3.77%	11,241,575
Collin County	\$ 389,985,000	4.83%	18,836,276
Collin County Community College District	\$ 50,595,000	4.83%	2,443,739
Subtotal, overlapping debt			\$ 280,878,935
City direct debt			197,181,425
Total direct and overlapping debt			\$ 478,060,360

Source: First Southwest Company

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	\$ 9,482,491,123
Debt limit (15% of assessed value)	\$ 1,422,373,668
Debt applicable to limit:	
Tax Supported Debt	197,181,425
Legal Debt Margin	<u>\$ 1,225,192,243</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 1,005,457,477	\$ 1,100,942,514	\$ 1,190,014,953	\$ 1,321,188,465	\$ 1,322,179,851	\$ 1,268,768,103	\$ 1,249,799,529	\$ 1,305,609,989	\$ 1,386,695,363	\$ 1,422,373,668
Total Net Debt Applicable to limit	90,048,942	141,829,364	158,179,351	161,967,670	160,566,025	152,368,572	161,563,490	211,013,454	203,992,386	197,181,425
Legal debt margin	\$ 915,408,535	\$ 959,113,150	\$ 1,031,835,602	\$ 1,159,220,795	\$ 1,161,613,826	\$ 1,116,399,531	\$ 1,088,236,039	\$ 1,094,596,535	\$ 1,182,702,977	\$ 1,225,192,243
Total net debt applicable to the limit as a percentage of debt limit	8.96%	12.88%	13.29%	12.26%	12.14%	12.01%	12.93%	16.16%	14.71%	13.86%

CITY OF RICHARDSON, TEXAS
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Table 13

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service		Accreted Value	
				Principal	Interest		
1999	\$ 28,521,734	\$ 20,676,794	\$ 7,844,940	\$ 765,000	\$ 266,138	\$ -	7.42
2000	\$ 31,930,164	\$ 25,723,469	\$ 6,206,695	\$ 815,000	\$ 221,813	\$ -	5.88
2001	\$ 30,238,213	\$ 25,241,283	\$ 4,996,930	\$ 870,000	\$ 173,008	\$ -	4.73
2002	\$ 30,938,820	\$ 26,919,553	\$ 4,019,267	\$ 920,000	\$ 120,057	\$ -	3.80
2003	\$ 31,007,303	\$ 27,909,907	\$ 3,097,396	\$ 69,467	\$ 988,770	\$ 925,533	2.86
2004	\$ 32,935,195	\$ 28,465,878	\$ 4,469,317	\$ 64,989	\$ 994,124	\$ 935,011	2.24
2005	\$ 34,268,319	\$ 30,302,699	\$ 3,965,620	\$ 60,544	\$ 129,443	\$ 74,455	15.00
2006	\$ 44,670,913	\$ 32,241,222	\$ 12,429,691	\$ 65,000	\$ 50,937	\$ -	107.21
2007	\$ 35,747,318	\$ 34,112,347	\$ 1,634,971	\$ 65,000	\$ 48,012	\$ -	14.47
2008	\$ 41,071,623	\$ 37,662,979	\$ 3,408,644	\$ 70,000	\$ 45,088	\$ -	29.62

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.

CITY OF RICHARDSON, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Table 14

Year	Estimated Population (1)	Personal Income (2) <i>(thousands of dollars)</i>	Per Capita Personal Income	Median Age (3)	School Enrollment		Unemployment Rate (%) (6)
					R.I.S.D. (4)	P.I.S.D. (5)	
1999	89,200	\$ 2,283,142	\$ 25,596	36.0	34,237	43,514	2.2 %
2000	91,050	\$ 2,399,680	\$ 26,356	37.0	35,218	46,115	2.3 %
2001	92,697	\$ 2,303,180	\$ 24,846	35.8	35,500	48,977	5.4 %
2002	94,529	\$ 2,786,423	\$ 29,477	35.9	35,275	50,632	5.4 %
2003	95,650	\$ 2,532,853	\$ 26,480	37.6	35,245	51,800	5.5 %
2004	96,000	\$ 2,618,353	\$ 27,275	37.6	35,436	49,289	4.3 %
2005	96,000	\$ 2,740,710	\$ 28,549	35.0	34,441	53,203	4.9 %
2006	96,500	\$ 3,056,396	\$ 31,672	35.8	35,000	52,816	4.1 %
2007	97,720	\$ 2,920,264	\$ 29,884	39.6	35,000	54,478	3.8 %
2008	97,450	\$ 3,120,154	\$ 32,018	38.1	35,000	54,129	4.7 %

- Sources:**
- (1) NCTCOG as of January 1, 2008
 - (2) U.S. Census Bureau American FactFinder website, 2005 - 2007 American Community Survey 3-Year Estimates
 - (3) U.S. Census Bureau American FactFinder website, 2005 - 2007 American Community Survey 3 Year Estimates
 - (4) School Enrollment - Richardson Independent School District - Estimate
 - (5) School Enrollment - Plano Independent School District
 - (6) 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.

CITY OF RICHARDSON, TEXAS
 PRINCIPAL EMPLOYERS,
 Current Year and Ten Years Ago

Table 15

Employer	2008			1999		
	Employees(1)	Rank	Percentage of Total City Employment(2)	Employees(3)	Rank	Percentage of Total City Employment(4)
Richardson ISD	4,900	1	8.68%	3,810	3	7.44%
Nortel Networks	4,300	2	7.61%	8,000	1	15.62%
Countrywide Financial	3,000	3	5.31%			-
Blue Cross & Blue Shield of Texas	2,900	4	5.14%	3,810	4	7.44%
University of Texas at Dallas	2,830	5	5.01%	1,879	8	3.67%
Verizon Business	2,256	6	4.00%			-
AT & T Inc.	2,140	7	3.79%			-
Fujitsu Network Communications	1,500	8	2.66%	2,400	7	4.69%
Cisco Systems	1,200	9	2.13%			-
Hewlett Packard Company	1,200	10	2.13%	650	13	-
Elcan/Raytheon E-Systems	1,100	11	1.95%	900	9	1.76%
Rockwell Collins	1,100	12	1.95%	600	10	1.17%
City of Richardson	985	13	1.74%	985	11	1.92%
Fossil	800	14	1.42%			-
Samsung Telecom America	725	15	1.28%			-
InterVoice, Inc.	-	-	-	650	12	1.27%
Baylor/Richardson Medical Center	-	-	-	600	14	1.17%
CitiCorp Credit Corp Services	-	-	-	590	15	1.15%
MCI Network Services	-	-	-	4,300	2	8.40%
Ericsson North America	-	-	-	2,900	5	5.66%
Alcatel Network Systems	-	-	-	2,800	6	5.47%
Total	30,936		54.78%	34,874		66.83%

Source: (1) Economic Development Partnership for 2008 employment - Fall 2008 Newsletter.
 (2) Texas Workforce Commission - total City labor force 56,469.
 (3) 1999 City of Richardson Bond Briefing Book and 1999 Official Statement.
 (4) Infoplease - total City labor force 51,213.

CITY OF RICHARDSON, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 16

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	117	132	138	153	153	144	148	149	152	155
Public Safety	405	412	419	410	391	392	390	393	398	398
Public Services	150	149	155	157	143	139	141	142	146	153
Library	37	37	37	36	34	33	33	33	34	35
Parks & Recreation	88	92	93	101	91	87	82	83	83	84
Public Health	16	16	16	16	15	15	15	15	16	16
Water	60	61	62	62	59	61	58	56	58	61
Wastewater	10	10	10	11	11	11	11	11	11	12
Solid Waste	49	58	59	58	57	57	57	57	61	61
Golf	17	17	17	18	17	16	16	16	16	16
Total	949	984	1,006	1,022	971	955	951	955	975	991

Source: City Budget Office

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety										
Police										
Number of Employees	266	265	265	259	243	244	244	243	248	249
Number of Violations (Citations)	35,443	41,930	45,160	52,773	46,772	40,895	42,588	39,972	39,361	49,008
Fire										
Number of Employees	139	147	154	151	148	148	146	150	150	149
Public Services										
Street Resurfacing (miles)	0.5	2.7	0.3	0.2	2.3	1.9	0.3	8.4	2.0	1.2
Asphalt Repairs (tons)	2,223.3	4,462.5	2,734.1	5,280.7	1,664.9	4,217.3	2,373.8	1,252.0	1,403.0	7,683.0
Parks and Recreation										
Acreage	1,208	1,278	1,278	1,278	1,278	1,598	1,598	1,598	1,598	865
Library										
Volumes in Collection	181,043	187,864	196,188	205,858	221,636	227,328	236,479	247,059	250,035	262,208
Water and Sewer										
Number of Water Consumers	30,591	31,140	31,602	31,146	31,681	32,334	32,499	32,626	32,318	32,064
Average Daily Water Consumption (thousands of gallons)	25,280	26,420	27,800	27,280	24,100	32,280	33,761	31,342	27,401	27,540
Number of Sewer Consumers	30,591	31,245	30,840	31,146	31,681	32,334	31,644	31,675	31,713	31,518
Solid Waste										
Refuse Collected (tons/ day)	129	125	128	133	136	133	175	165	162	162
Bulky/Brush Pickups (tons/day)	35	38	40	34	34	41	54	53	60	67
Recyclables Collected (tons/day)	16	18	19	27	18	17	17	18	18	20
Golf										
Number of Rounds Played	122,533	130,381	71,213	97,174	92,751	97,500	91,944	100,750	94,825	102,584

Source: City Departments

Notes:

Golf-- course renovated in 2001

Park and Recreation Acreage - Prior to 2008 acreage was reported as all land that the Parks Department maintained (included ROW, medians, etc.). In 2008 we are reporting only acreage of park land.

CITY OF RICHARDSON, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 18

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police Stations	2	2	2	2	2	2	2	2	2	2
Police Units	101	33	34	33	40	40	40	40	41	46
Fire Stations	5	5	6	6	6	6	6	6	6	6
Public Works										
Streets- Paved (miles)	408	402	407	415	414	400	400	401	402	402
Alleys - Paved (miles)	200	212	214	215	220	218	221	221	222	223
Sidewalks (miles)	527	527	548	548	569	569	593	593	593	585
Streetlights	5,630	5,630	5,630	5,630	5,630	5,640	6,022	6,036	6,036	6,120
Parks and Recreation										
Parks	28	29	29	30	30	30	30	30	30	30
Playgrounds	25	26	26	26	26	28	28	28	28	28
Swimming Pools	5	5	5	5	5	5	5	5	5	5
Tennis Courts	30	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)	435	435	435	509	517	531	554	551	555	559
Fire Hydrants	3,128	3,128	3,128	3,287	3,385	3,685	3,839	3,893	3,963	4,062
Wastewater										
Sanitary Sewers (miles)	478	478	478	384	395	406	406	495	495	499

Source: City Departments

Notes: Data for police units after 1999 are for patrol units only.
 Data for sidewalks is updated every two years.