



CITY OF RICHARDSON, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Prepared By:

DEPARTMENT OF FINANCE

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Keith Dagen, CPA – Director of Finance

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Stephanie Helmick



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**City of Richardson, Texas
Comprehensive Annual Financial Report
For the Year Ended September 30, 2018**

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INTRODUCTORY SECTION



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City Council
Paul Voelker
Mayor
Mark Solomon
Mayor Pro Tem
Bob Dubey
Scott Dunn
Mabel Simpson
Marta Gómez Frey
Steve Mitchell

Dan Johnson
City Manager

February 8, 2019

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

The Comprehensive Annual Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

The City Council selected the firm of Crowe LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2018, 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, located in North Central Texas, was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made in November 2015. The City currently has a land area of 28.5 square miles and an estimated population of 110,140. The City is a home rule city and

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operates under the Council-Manager form of government. Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing each of the City's four districts. Terms of office for all Council positions are for two consecutive years.

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

The City provides to its citizens a full range of services including police and fire protection, emergency ambulance service, water and sewer service, solid waste disposal, park and recreational activities, cultural events, and a library. In addition, the City provides planning for future land use, traffic control, building inspection, and community services and operates two eighteen-hole golf courses. The City also operates the Charles W. Eisemann Center for Performing Arts and Corporate Presentations, which is a multi-venue performing arts and presentation center. Certain parks and recreation and administrative services are performed by the Richardson Improvement Corporation, which functions as a department of the City of Richardson and therefore has been included as an integral part of the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (see note 1.a.)

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

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

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

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Local Economy

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

Richardson and the region benefit from the location of two major highways in the City. U.S. 75 bisects the City running north-south, with access to the IH-635/U.S.75 interchange (known as the High Five) just south of the City's border. The President George Bush Turnpike (PGBT), running east-west along the northern border of the City, provides a convenient connection to the Dallas-Fort Worth International Airport, as well as links to IH-35E, IH-30, IH-20, SH-114, and SH-183 west of the City as well as a second link to IH-30 east of the City. To help eliminate the congestion that motorists encounter when transitioning between U.S. 75 and the Bush Turnpike, San Antonio-based Zachry Construction Corp started work in May 2016 on a \$37 million overhaul of the U.S. 75 interchange at PGBT. The project, slated for completion in February 2019, will reconfigure the ramps and merges at U.S. 75 and the PGBT, which ranks as one of DFW's busiest interchanges. The work also includes extending the railroad bridge just north of PGBT, constructing new auxiliary lanes and rebuilding the Plano Parkway bridge spanning U.S. 75, just north of the City's border.

Richardson also benefits from the Dallas Area Rapid Transit ("DART") Light Rail line which parallels U.S. 75 and has four stations in the City. In October of 2016, DART approved the future construction of the Cotton Belt Commuter Rail Line with the adoption of its 20-Year Financial Plan. In August 2018, the DART board adopted an updated service plan for the Cotton Belt, officially adding a station at Richardson's CityLine development while ratifying a station at the University of Texas at Dallas, located in northwest Richardson. The CityLine station will be adjacent to an existing DART Light Rail station. That same month, an interlocal agreement between DART and the City was approved, defining specific enhancements to the project, including noise walls, specific grade crossings, a bridge over U.S. 75 and a trail running parallel to the rail line. Upon completion, the rail line will cross nine roads in Richardson. Four will be ground-level crossings, and five are existing or proposed elevated crossings. In December 2018, DART awarded an \$872 construction package to Archer Western Herzog 4.0, a joint venture between Atlanta-based Archer Western, one of the nation's largest transit, bridge and rail builders, and Missouri-based rail and highway specialist Herzog Contracting Group. Jacobs Engineering Group will serve as designer, and construction is scheduled for completion by December 2022. In late December 2018, DART closed on its loan agreement with the Federal Railroad Administration's Railroad Rehabilitation & Improvement Financing program. The loan is expected to provide a substantially lower interest rate than conventional tax-exempt debt would provide, preserving DART's debt capacity for future projects.

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The Cotton Belt line will run from DFW Airport to the eastern side of Plano, with connectivity to Fort Worth's TEXRail Line, which is being developed to connect downtown Fort Worth to the DFW Airport. The TEXRail Line is on track for completion in early 2019.

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

The TIF Districts and the DART Light Rail line are key strategic elements in the City's development and redevelopment plans, and the City strongly benefits from projects which are taking advantage of these assets as evidenced by the following examples:

CityLine & CityLine West: Dallas-based developer KDC acquired 186 acres of land within TIF District #2 in December 2012 (CityLine) and in October 2014, BC Station Partners LLC acquired 55 adjacent acres (CityLine West). The combined developments now include corporate office buildings anchored by State Farm and Raytheon, over 2,500 apartment and town home units, hotels, a wellness office building and fitness center anchored by Texas Health Resources and Children's Medical Center, 150,000 square feet of restaurants and retail space, and two City parks with connectivity to regional trails and nature preserves. This unique lifestyle destination balances spaces to live, work and play while the compact layout offers easy access to all its amenities. The following lists recent development at CityLine.

- Corporate Office Buildings:

3400 @ CityLine – Transwestern Development Co. broke ground in June 2016 on a 7-acre, 5-story, 310,000 square foot speculative office building. The new building at the northeast corner of U.S. 75 and Renner Road anchors the CityLine West development and is within walking distance of the DART Rail station and CityLine's retail options. Generational Group LLC, a middle-market investment banking firm, announced in November 2018 that it will relocate its headquarters to the building in May 2019.

- Living:

Single-family – Centre Living Homes began construction in 2016 on the only single-family development in the CityLine Area. The Residences at CityLine is a distinctly urban style

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development of 32 single-family, zero-lot-line homes on approximately 2.4 acres located at the southwest corner of CityLine Drive and Foxboro Drive.

- **Hotels:**

Aloft at CityLine – Starwood Hotels & Resorts, a 150-room select service hotel opened to the public in August 2017. The hotel fronts CityLine Plaza situated at the heart of the CityLine development.

Drury Inn & Suites – In 2016 Drury Southwest purchased a 3-acre site located at the southeast corner of CityLine Drive and U.S. 75. Construction began last year on a 13-story, full-service 229 room hotel with a parking garage, and an attached 6,500 square foot conference facility. A 6,000 square foot free-standing restaurant is also planned for the site.

- **Recreation:**

Fox Creek Park – Designed by TBG Partners, Fox Creek Park, which opened in November 2017, is located at Renner Road and Foxboro Drive and joins the current CityLine Park as a public open-space amenity within CityLine. Completion of the initial phase included 11-acres of the 17-acre park and includes a 75-foot pedestrian and cyclist bridge, a covered pavilion, playgrounds for children of various ages, limestone benches underneath shady canopy trees, ornamental planting beds, and connectivity to citywide hike and bike trail systems.

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

- **The Mallory:** The initial phase of the Eastside Phase II development is complete and includes 280 urban-style apartment homes wrapping a 5-level parking garage on a 4.8-acre lot.
- **Micro Macro Mojo:** A 70-foot, glass and steel cone-shaped sculpture stands near the southern tip of Eastside Phase II near the intersection of Greenville Avenue and Alma Road. Lit from within at night, it is visible by travelers on U.S. 75 and the DART Red Line and Orange Line rail. The art piece, funded through a public-private partnership, is viewed daily by tens of thousands of commuters due to its strategic location.

Restaurant Park: A public-private partnership between the City and Hermansen Land Development Inc. facilitated development of Restaurant Park in TIF District #1. The site of the former Continental Inn was purchased from the City as the centerpiece of the Park, which will feature up

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to seven restaurants gathered around a central plaza that will include a large fountain area and other amenities. The City provided a purchase grant to support redevelopment of the area. The Halal Guys, Dog Haus Biergarten, Even Stevens Sandwich Company, Popbar and Flying Biscuit Café are all open for business. The second phase of this development is still in planning stages.

Town Central: Catalyst Urban Development has received approval for the development of a mixed-use project which is planned for 14.5 acres along Main Street between the existing Chase Bank building and the DART rail line. The largest portion of the project includes a 302,672 square foot mixed-use building to be located on the northside of Main Street with retail on the ground floor and five levels of apartments above. The plan includes 430 apartments and townhomes, more than 20,000 square feet of retail and commercial space, parking garages and open space.

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

- KDC Richardson Data Center: Developer KDC has submitted plans to construct a data center at 1510 E. Lookout Drive on property adjacent to an existing State Farm data center. At completion the building will include a 101,400 square foot data center and 29,800 square feet of office space on more than 8 acres.
- EdgeCore Data Center: EdgeCore Internet Real Estate received approvals for a data center campus comprising of 900,000 square feet distributed among five buildings. The buildings will be built on 33 acres located at the northeast corner of Shiloh Road and Research Drive, south of Breckinridge Boulevard. Current plans include two office and data center buildings as well as an Oncor-owned electric substation
- Parc 114 Industrial Park: Construction has begun on developer Jackson-Shaw's four-building business park of about 450,000 square feet on 38 acres at 2900 Telecom Parkway, east of Bush Turnpike. Plans include mainly industrial space, and each building will be designed to accommodate multiple tenants. The buildings will range in size from 92,000 to 140,000 square feet.
- Serene Plaza: A new mixed-use redevelopment is planned for the northeast corner of U.S. Highway 75 and Spring Valley Road. The property owner, Serene Global, intends to develop three additional buildings surrounding the existing 6-story, 76,000 square foot office building, including: a 14-story retail, parking and apartment tower comprising 13,000 square feet of retail space, 509 parking spaces and 160 apartments and a 2-story retail and office building and a 3-story retail and office building totaling almost 20,000 square feet.
- Palisades Central: JP Partners, KBS Realty Advisors, and GE Capital joined together to develop an 80-acre mixed-use development located on the west side of U.S. 75 across from the Galatyn Park DART rail station. The project includes single family homes, apartments, high-rise office buildings, (almost 500,000 square feet already existing), retail, restaurants, and a full-service

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hotel built around a 4-acre park. Builder K. Hovnanian Homes purchased more than 100 lots for patio homes within the westernmost portion of the development and has presently built about 80% of the patio homes in the new community. Additionally, Wood Partners has completed more than 560 urban-style apartment homes in two distinct, but complementary apartment communities.

- Methodist Richardson Medical Center (MRMC): This full-service medical center offers enhanced health care services not only to residents in Richardson, but also Garland, Murphy, Plano, Sachse, Wylie and surrounding areas.

Bush/Renner Campus – The Bush/Renner campus hosts a 330-bed, four-story hospital that employs more than 1,600 professionals, and 500-plus physicians representing more than 40 specialties. This campus also includes ground-level outpatient, imaging and surgical services, a dedicated Women’s Pavilion and an adjacent Cancer Center. Due to increased volume for specialized and acute care services, MRMC is adding two patient floors with 150 all-private patient rooms as well as a surgical operating room and a 671-space parking garage. The parking garage was completed in November 2018 while the vertical expansion is scheduled for completion in early 2020. MRMC is the first hospital in the nation to be awarded the prestigious Gold Seal of Approval for pancreatic, liver and bile duct cancer care from the Joint Commission. The Joint Commission is an independent, not-for-profit organization, which accredits and certifies nearly 21,000 health care organizations and programs in the United States. Joint Commission accreditation and certification is recognized nationwide as a symbol of quality that reflects an organization’s commitment to meeting certain performance standards.

Campbell Road Campus – The Campus for Continuing Care offers acute care services and includes two medical plazas, physician offices, a full-service emergency department and other ancillary services.

- The University of Texas at Dallas:

The campus is located within the City of Richardson and has undergone a campus renovation since 2009 that included hundreds of millions of dollars of investment in new and upgraded buildings. With an enrollment of 28,755 students in Fall 2018, UT Dallas continues to position itself as a major national research university. The University’s Engineering Computer Science West Building opened in August 2018. The 200,000 square foot building houses additional classrooms, study areas, collaborative workspaces, a 300-seat auditorium, a large retail grab-and-go food location, and a landscaped courtyard with seating.

Construction is currently in progress on a 186,000 square foot Science Building, which is scheduled for completion in Spring 2020. This multi-story facility will serve as the home for the physics and math departments as well for the William B. Hanson Center for Space Sciences.

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Dallas-based developer Wynne Jackson Inc. and Balfour Beatty Campus Solutions partnered with the UT Dallas to develop the Northside at UTD mixed-use project, located on the north end of the University campus. Phase two of the development opened in Fall 2018, resulting in a total of 1,500 beds and over 20,000 square feet of retail, restaurants, and entertainment, effectively creating a “college town” collaboration. Some of the many amenities featured include study lounges, common areas, media rooms, and a pool and fitness center. As development continues, new restaurants have opened to meet the rich cultural needs of the campus and community. Northside at UTD is located on land owned by the University located directly south of the new Cotton Belt Regional Rail Line, which is scheduled for completion in 2022.

- Cambria Hotel – Construction of a four-story, 119-room limited service hotel on 2.55-acres located at the northeast corner of Infocom Drive and Wyndham Lane is nearing completion.
- Hall Park at Richardson – Developer Craig Hall, in a partnership with Leon Capital, began construction of a new 30-acre mixed-use development located at the southwest corner of Custer Parkway and the President George Bush Turnpike. Plans include two 300,000 square foot office buildings, a 10,000 square foot shopping center, 420 apartment units located within seven apartment buildings, and a 1,100-space parking garage. Landscaping plans include a 1.5-acre park oasis which will bring an outdoor destination to Richardson.
- WaterWalk – MBC Partners in partnership with WaterWalk are nearing completion on a new corporate lodging facility (a hybrid hotel-apartment concept) located at Glenville Drive and Greenville Avenue. The development includes two, four-story buildings totaling 153 rooms. The project is slated for completion in February 2019.
- Routh Creek & Routh Woods – Irving-based JPI has substantially completed construction on two multi-family housing developments near the intersection of Routh Creek Parkway and Glenville Drive. Jefferson Routh Creek with 420 units and Jefferson Routh Woods with 456 units are expected to begin initial occupancy in the summer of 2019 and will feature urban-style architecture with extensive amenities and immediate access to Spring Creek Nature Area.
- Four Points Sheraton – Tulsa-based SNJ Hotels LLC announced plans for a 6-story full-service hotel near North Central Expressway and Lookout Drive. The hotel will include 111 rooms as well as meeting facilities, a fitness center and access to the public trail system.

Long-term Financial Planning

The \$23,858,445 unassigned fund balance in the general fund is the equivalent of 68 days of expenditures and transfers on a budgetary basis. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

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Major Initiatives

In November 2015, citizens approved a new \$115 million, six-year General Obligation bond program. The 2015 program includes \$67 million for public buildings, including a new Fire Station #3 and a new Public Safety Complex, \$38.6 million for various street improvements, \$2.2 million for various sidewalk replacements, and \$7.2 million for various park improvements, including renovations to the Senior Center and an expansion of trails at the Spring Creek Nature Area.

To date, \$69.3 million of the \$115 million has been issued. Of that amount, the City issued \$38.525 million in General Obligation Bonds in 2018, along with an additional \$33.47 million in Combination Tax and Revenue Certificates of Obligations to meet the City's capital needs. Proceeds will be used to implement the third year of the 2015 bond program and supplement major construction initiatives, including funds for a major reconstruction of Main Street from Interurban Street to Abrams Road.

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, 2017. This was the fortieth 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 Don Magner, Deputy City Manager and Cara Copley, Assistant Director of Finance for providing support and guidance.

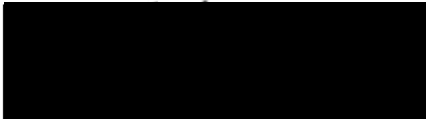
CITY OF RICHARDSON, TEXAS

Transmittal Letter

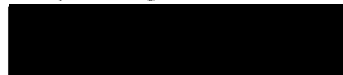
September 30, 2018

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

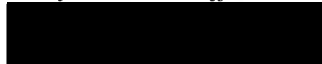
Sincerely,




Dan Johnson
City Manager



Kent Pfeil
Chief Financial Officer



Keith Dagen, CPA
Director of Finance



Vicki McCarthy, CPA
Controller



**CITY OF RICHARDSON, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2018**

CITY COUNCIL

PAUL VOELKER, MAYOR
MARK SOLOMON, MAYOR PRO TEM
BOB DUBEY
SCOTT DUNN
MABEL SIMPSON
MARTA GÓMEZ FREY
STEVE MITCHELL

CITY MANAGER

DAN JOHNSON

DEPUTY CITY MANAGER

DON MAGNER

CHIEF FINANCIAL OFFICER

KENT PFEIL

DIRECTOR OF FINANCE

KEITH DAGEN



Government Finance Officers Association

**Certificate of
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in Financial
Reporting**

Presented to

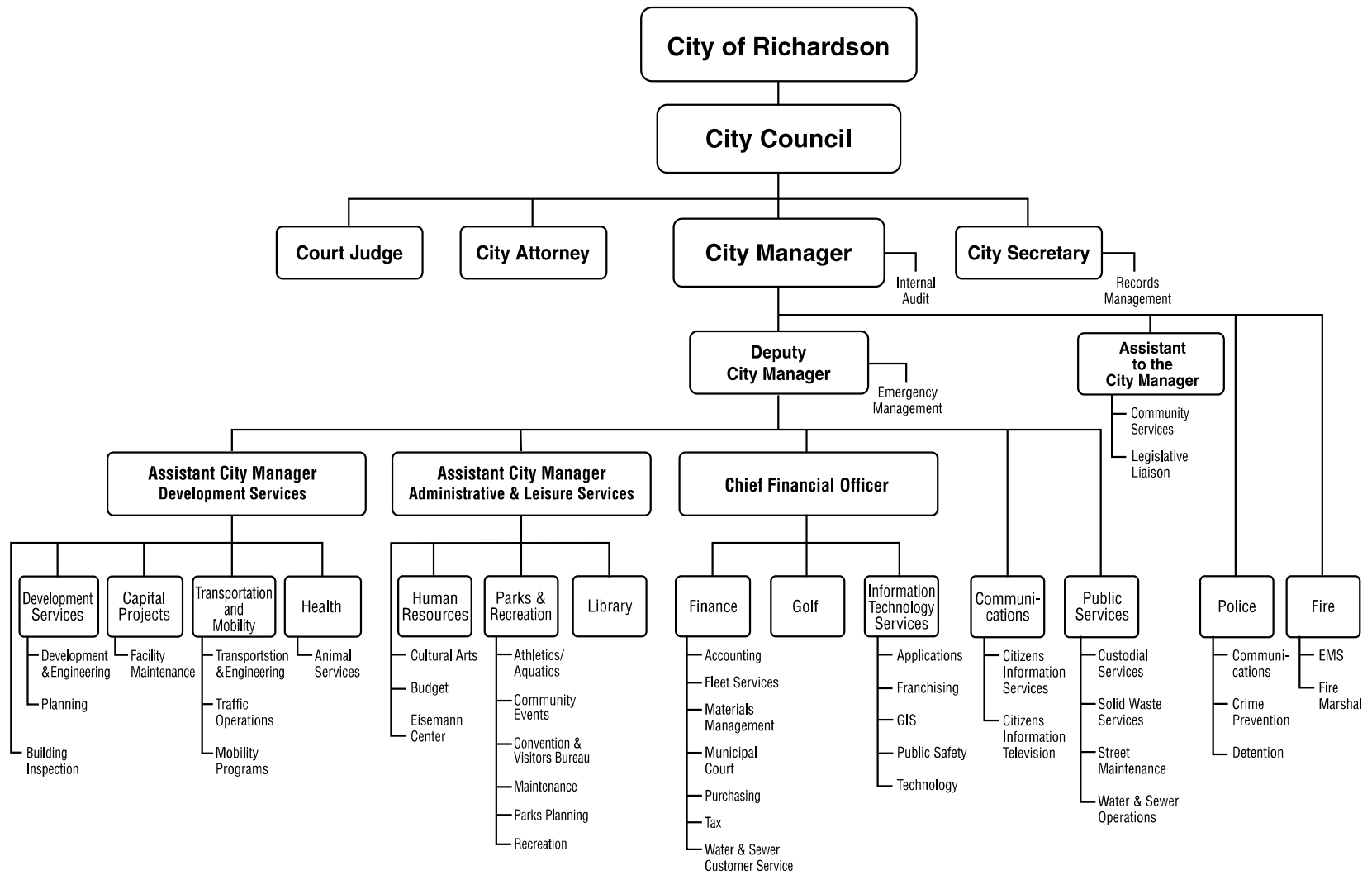
**City of Richardson
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Merrill

Executive Director/CEO





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FINANCIAL SECTION



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AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

*Honorable Mayor and Members of City Council,
Richardson, Texas*

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in June 2015 the GASB issued GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." As discussed in Note 1, GASB Statement 75 was effective for the City's fiscal year ended September 30, 2018. This Statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Statement 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures as well as identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about Postemployment Benefits Other Than Pensions are also addressed. As a result of implementation of this standard, the governmental activities and business-type activities net positions were restated by \$12,173,044 and \$2,157,912, respectively, as of September 1, 2017 and net positions of the Water Sewer fund, Solid Waste fund, Central Services fund and Insurance fund were also restated by \$1,160,991, \$981,314, \$69,107 and \$34,553, respectively, for the cumulative effect of the application of this pronouncement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Pension Contributions, Schedule of Changes in Net Pension Liability and Related Ratios*, on pages 17 – 26, 73, 74, 75, and 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining financial statements and the budgetary comparison schedules, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and budgetary comparison schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, slightly stylized font.

Crowe LLP

Dallas, Texas
February 8, 2019



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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Richardson, Texas (the City), for the fiscal year ended September 30, 2018. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2018 by \$204,554,274 (net position).
- The City's total net position increased \$32,168,903. The reasons for this increase can be found on pages 19-22 of this report.
- At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$135,470,081. The \$23,858,445 unassigned fund balance in the General Fund represents 19% of total General Fund expenditures and transfers out.
- Principal balances of the City's total long-term debt increased by \$40,929,302 (12%) during the current fiscal year (see Table 4). Additional information on the City's long-term debt can be found in Note 9 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

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

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

- *Governmental Activities.* Most of the City's basic services are reported here, including general government, police and fire protection, emergency ambulance service, planning for future land use, traffic control, building inspection, public health, neighborhood integrity, park and recreational activities, cultural events, and library. Property taxes, sales taxes, and franchise taxes provide the majority of the financing for these activities.
- *Business-Type Activities.* Activities for which the City charges customers a fee to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution and wastewater collection and solid waste collection and disposal.

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

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

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

The City reports 20 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, solid waste collection and disposal services. These services are primarily provided to outside, or nongovernmental, customers.

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and solid waste collection and disposal. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, the City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and healthcare benefits to its employees and retirees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and healthcare.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. Total assets of the City at September 30, 2018 were \$749,000,793, deferred outflows of resources were \$16,442,566, total liabilities were \$547,813,054 and deferred inflows of resources were \$13,076,031 resulting in a net position balance of \$204,554,274 a 18.7% increase over the previous year (see Table 1).

The largest portion of the City's net position, \$207,794,558 (102%), reflects its investment in capital assets (land and improvements, public art, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$12,762,238 (6%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of (\$16,002,522) (-8%) reflects commitments made as part of its post-employment benefits program that will be funded in future years. More details about these benefits can be found in Note 16 of the financial statements.

The government's overall net position increased \$32,168,903 over the prior fiscal year. The reasons for the overall increase is discussed in the following sections for governmental activities and business-type activities.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

Table 1
City of Richardson
Net Position
(In thousands)

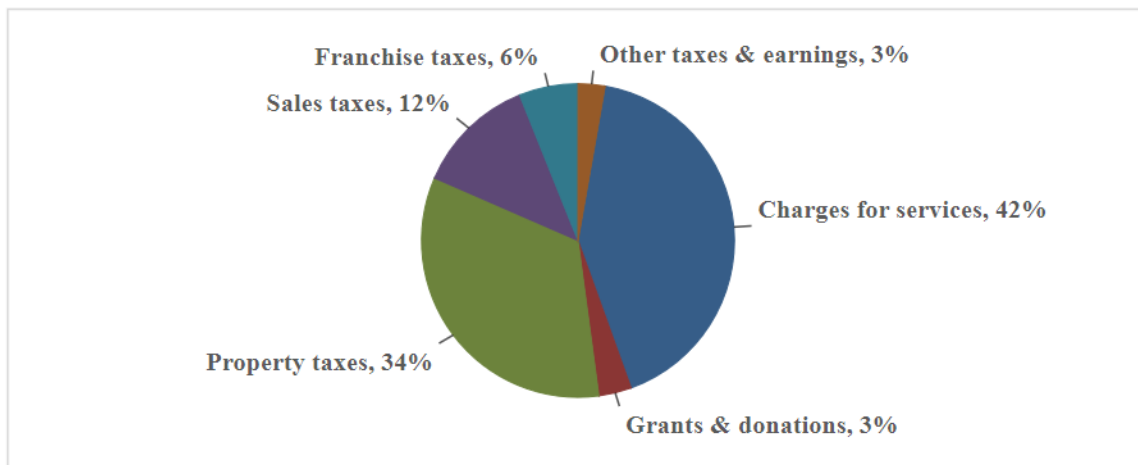
	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017*	2018	2017*	2018	2017*	2017-2018
Current and other assets	\$ 162,728	\$ 112,288	\$ 49,264	\$ 38,326	\$ 211,992	\$ 150,614	40.8%
Capital assets	435,386	404,503	101,623	102,577	537,009	507,080	5.9%
Total assets	598,114	516,791	150,887	140,903	749,001	657,694	13.9%
Total deferred outflows of resources	13,583	28,909	2,859	5,628	16,442	34,537	(52.4)%
Other liabilities	55,335	46,251	16,809	14,651	72,144	60,902	18.5%
Long term liabilities	416,425	397,039	59,244	61,540	475,669	458,579	3.7%
Total liabilities	471,760	443,290	76,053	76,191	547,813	519,481	5.5%
Total deferred outflows of resources	11,135	325	1,941	40	13,076	365	3,482.5%
Net Position:							
Net investment in capital assets	150,625	110,728	57,169	56,619	207,794	167,347	24.2%
Restricted	9,692	26,607	3,071	3,016	12,763	29,623	(56.9)%
Unrestricted	(31,515)	(35,250)	15,512	10,665	(16,003)	(24,585)	(34.9)%
Total net position	\$ 128,802	\$ 102,085	\$ 75,752	\$ 70,300	\$ 204,554	\$ 172,385	18.7%

*2017 amounts have been restated due to the adoption of Governmental Accounting Standards Board Statement No. 75. (See Note 1.B of the Notes to Basic Financial Statements.)

Changes in net position. The City's total revenues increased by 7.3% to \$286,230,068 (see Table 2). The State of Texas only provides limited support to municipalities, so the majority of the City's revenues are generated through local taxes and fees. Approximately 46% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up 42% of revenue collected (see Figure 1).

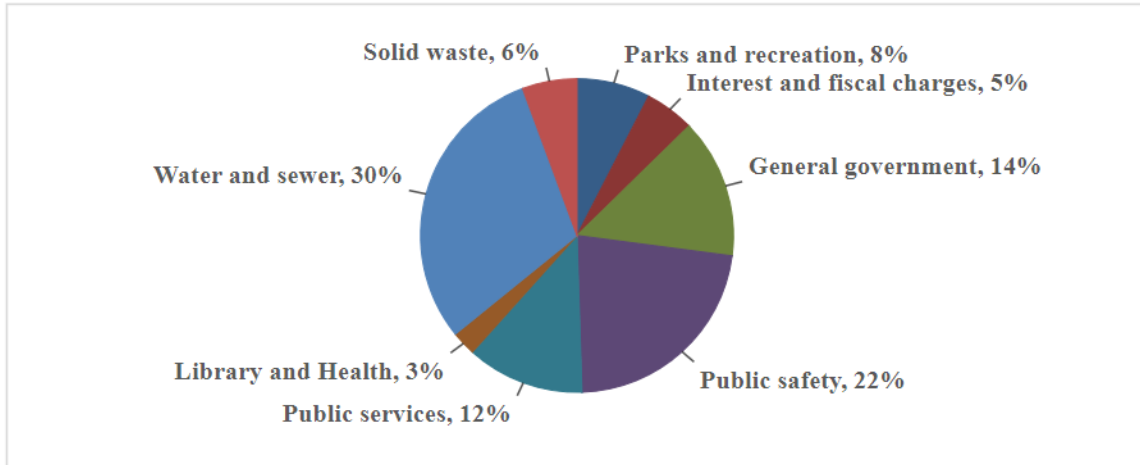
The total cost of all programs and services decreased 7% to \$254,061,165 (see Table 2). The City's functional expenses cover a range of services with over a third attributed to public utilities and 22% attributed to public safety (see Figure 2).

Figure 1 - Sources of Revenue for FY 2018



CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

Figure 2 - Functional Expenses for FY 2018



Governmental Activities. Net position increased \$26,717,037. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of \$8,795,416, franchise tax revenue of \$969,067 and operating and capital grant revenue of \$1,380,823.
- General government expenses decreased \$24,225,286 over last year due to a decrease in TIF Fund expenses related to financial support of TIF projects completed in FY 2017.

Business-Type Activities. Business type activities increased net position by \$5,451,866. Key elements to the change in net position are as follows:

- Water sales were approximately \$112,000 lower than anticipated due to more than expected rainfall during the summer months. In FY2018, the City received 54.7” of rainfall compared to the 38.3” received in the previous year and the five-year average rainfall of 41.3”. Total revenues of \$78,919,066 are (\$432,448) below year-end estimates. Sewer sales finished the year approximately \$608,000 over the year end estimate of \$28.9 million. Total expenses, excluding transfers, ended the year (\$3.2 million) below year end estimates. Professional services recognized a savings of \$2.4 million and it was primarily related to the Capacity Management Operations Maintenance program (CMOM) where expenses are encumbered for the next year after all services are rendered. Maintenance, which includes among other items the cost of wholesale water and sewer treatment services, was \$444,000 below estimates.
- Solid waste fee revenue finished the year \$23,000 below the previous year estimates. Residential revenues were \$31,000 below the \$6.1 million estimated year end position. Commercial collections finished the year \$21,000 below the estimate of \$7.9 million. Total expenses and transfers ended the year \$12,000 below the estimate of \$14.8 million. Actual disposal costs of \$37.49 per ton were (\$0.76) lower than original estimates. Due to better than expected revenue and expense performance, \$400,000 was set aside for future capital support.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

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

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017-2018</u>
Revenues:							
Program revenues:							
Charges for services	\$ 25,556	\$ 27,568	\$ 93,534	\$ 83,555	\$ 119,090	\$ 111,123	7.2 %
Operating grants and contributions	7,242	1,821	6	-	7,248	1,821	298.0 %
Capital grants and contributions	428	4,468	1,974	3,457	2,402	7,925	(69.7)%
General revenues:							
Property taxes	96,107	87,312	-	-	96,107	87,312	10.1 %
Sales taxes	35,357	36,044	-	-	35,357	36,044	(1.9)%
Franchise taxes	17,415	16,446	-	-	17,415	16,446	5.9 %
Mixed beverage tax	616	587	-	-	616	587	4.9 %
Hotel/motel taxes	4,245	4,276	-	-	4,245	4,276	(0.7)%
Unrestricted interest earnings	2,324	724	458	164	2,782	888	213.3 %
Gain on sale of capital assets	727	323	241	74	968	397	143.8 %
Total revenues	190,017	179,569	96,213	87,250	286,230	266,819	7.3 %
Expenses:							
General government	36,545	60,771	-	-	36,545	60,771	(39.9)%
Public safety	56,951	56,883	-	-	56,951	56,883	0.1 %
Public services	30,921	32,108	-	-	30,921	32,108	(3.7)%
Library	4,217	4,339	-	-	4,217	4,339	(2.8)%
Parks and recreation	19,259	19,813	-	-	19,259	19,813	(2.8)%
Public health	2,173	2,185	-	-	2,173	2,185	(0.5)%
Interest and fiscal charges	12,984	11,136	-	-	12,984	11,136	16.6 %
Water and sewer	-	-	76,642	71,437	76,642	71,437	7.3 %
Solid waste	-	-	14,369	14,509	14,369	14,509	(1.0)%
Total expenses	163,050	187,235	91,011	85,946	254,061	273,181	(7.0)%
Increase (decrease) in net position before transfers	26,967	(7,666)	5,202	1,304	32,169	(6,362)	605.6 %
Transfers	(250)	-	250	-	-	-	- %
Increase (decrease) in net position	26,717	(7,666)	5,452	1,304	32,169	(6,362)	605.6 %
Net position - beginning as restated (Note 1.B)	102,085	121,924	70,300	71,154	172,385	193,078	(10.7)%
Net position - ending	\$ 128,802	\$ 114,258	\$ 75,752	\$ 72,458	\$ 204,554	\$ 186,716	9.6 %

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$135,470,081. Approximately 18%, or \$23,858,445, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, \$111,611,636 or 82% is not available for general spending.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 19% of total General Fund expenditures and transfers out, while total fund balance represents 20% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased \$2,108,762 this fiscal year. Total nonspendable fund balance totals \$594,595. Assigned fund balance totals \$531,486 and total unassigned fund balance represents \$23,858,445. Property tax increased \$3,203,271 from the previous year's collections. At the same time, public safety expenditures increased \$2,437,778.

The Debt Service Fund has a fund balance of \$3,083,197, all of which is restricted for the payment of debt. The City's financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund.

The fund balance in the Capital Fund ended the year at \$90,839,132. Restricted fund balance of \$79,610,984 is for future capital equipment purchases and construction projects, and \$11,228,148 is assigned for various capital projects. The fund balance increased \$36,005,137 due to FY 2018 general obligation and certificate of obligation proceeds for the construction of various capital improvements throughout the City. The Capital Fund also received transfers from the general fund of \$2.7 million to pay for additional special maintenance and other projects.

The Other Governmental Funds had a fund balance increase of \$3,299,568. The major items related to this increase were collection of TIF revenues, Drainage fund fees, Hotel Motel fund facility fees and Economic Development fund fees that were not spent in the current year.

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

Unrestricted net position in the Water and Sewer Fund and the Solid Waste Fund at the end of the year amounted to \$16,582,289 and \$(1,755,233) respectively. Total net position increased \$4,698,527 in the Water and Sewer Fund and the Solid Waste Fund increased \$393,132.

General Fund Budgetary Highlights: With better than expected revenue and expenditure performance as detailed below, the City Council made revisions to the budget and increased funding for special maintenance initiatives and other project improvements from \$615,000 to \$2.7 million. Below are the General Government revenue highlights:

- Property Tax revenue was \$65,000 or -0.1% under year end estimates and -1.2% below the original budget. Current year taxes finished the year (\$112,000) below estimate while prior year taxes and penalties and interest ended the year \$7,600 over estimates.
- Sales and other business tax revenue finished the year (\$60,000) below the year-end estimate of \$37.2 million, but an increase of \$1.4 million from the original budget.
- License and Permit revenue increased \$277,949 over year-end estimates of \$2.6 million. Miscellaneous permits increased \$257,000 over the \$213,000 estimate due to a foundation permit for Galatyn Station, a multi-family development south of the Eisemann Center.
- Franchise fee revenue ended the year \$104,000 over the year-end estimate. Electric, cable television and the water and sewer franchise fees finished the year \$220,000 over their combined estimate of \$13.8 million. At the same time telecommunications, natural gas and the solid waste services fees ended the year \$116,000 below their combined estimate of \$3.3 million.

General Government expenditures, excluding transfers, finished the year (\$3.0 million) or -2.5% below year-end estimate. The overall positive variance in General Government expenditures was due to the following:

- Personal services expenditures ended the year (\$1.1 million) or -1.2% below year end estimates due to personnel

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

savings across many departments.

- Professional services expenditures ended the year with (\$766,000) or a -7.8% savings below the estimate of \$9.8 million.
- Contracts came in (\$134,000) below its estimated position of \$8 million.
- Maintenance expenditures were (\$700,000) below estimates and supply expenditures were (\$403,000) below the estimate of \$9.7 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$537,009,250 (net of accumulated depreciation) as shown in Table 3. This investment in capital assets includes land, public art, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$29,929,236 (5.9%) .

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

- Equipment and other improvement purchases totaled \$5.8 million.
- Public Safety Campus construction in progress totaled \$20.1 million.
- Land purchases of \$4,003,163 which included \$836,313 for Public Safety Campus, \$1.4 million for Fire Station #3, and \$1.7 million for the TIF - Main Street development.
- The City completed numerous street, bridge, sidewalk, alley, drainage, traffic and trail projects totaling over \$21 million.
- The Water and Sewer Fund completed \$1.4 million in projects, which extended and improved the City's Water and Sewer system.

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

	Governmental		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 89,067	\$ 85,069	\$ 424	\$ 424	\$ 89,491	\$ 85,493
Public Art	1,015	609	-	-	1,015	609
Buildings	67,935	71,490	3,993	4,152	71,928	75,642
Improvements other than buildings	42,693	42,856	1,832	1,944	44,525	44,800
Infrastructure	176,481	171,027	86,823	87,567	263,304	258,594
Vehicles, machinery and equipment	15,796	16,226	7,953	7,711	23,749	23,937
Construction in progress	42,399	17,226	598	779	42,997	18,005
Total capital assets, net	<u>\$ 435,386</u>	<u>\$ 404,503</u>	<u>\$ 101,623</u>	<u>\$ 102,577</u>	<u>\$ 537,009</u>	<u>\$ 507,080</u>

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$305,195,000 as shown in Table 4. Of this amount, \$255,855,000 represents tax-supported bonds, \$49,340,000 represents self-supported bonds. The other obligations of \$88,924,390 in the governmental activities relates to notes payable for a police training facility, TIF economic development grants, and other contractual obligations.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	Governmental		Business-type Activities		Total	
	Activities					
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 181,910	\$ 159,740	\$ 16,480	\$ 19,095	\$ 198,390	\$ 178,835
Certificates of obligation	73,945	57,985	32,860	28,275	106,805	86,260
Total bonds payable	<u>255,855</u>	<u>217,725</u>	<u>49,340</u>	<u>47,370</u>	<u>305,195</u>	<u>265,095</u>
TIF obligations	87,571	86,133	-	-	87,571	86,133
Other obligations	1,353	1,962	-	-	1,353	1,962
Total outstanding debt	<u>\$ 344,779</u>	<u>\$ 305,820</u>	<u>\$ 49,340</u>	<u>\$ 47,370</u>	<u>\$ 394,119</u>	<u>\$ 353,190</u>

In April 2018, the City issued a total of \$72 million in debt to facilitate its ongoing capital program. In addition, the City recognized TIF obligations during the year of \$5.7 million. Details of these transactions, including the purposes of each issue, can be found in Notes 9 and 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City experienced strong property value growth and expects continued value growth as well as higher reappraisal of existing properties throughout FY2018-2019.
- The North Texas Municipal Water District (NTMWD) wholesale water and wastewater rates have increased and are expected to continue to increase annually to reflect their maintenance initiatives.

The above indicators were taken into consideration when adopting the FY2018-2019 budgets.

Strong property values associated with growth in the Richardson Telecom Corridor and the North Texas area are expected to increase property tax collections \$9 million in FY 2018-2019. The increase in property values will continue to be responsible for funding infrastructure improvements and providing increased resources for public safety from the General Fund FY 2018-2019 budget.

The FY 2018-2019 Water and Sewer Fund budget anticipates an additional rate increase from NTMWD. The wholesale cost of water and sewer treatment services accounts for \$51 million or 62.2% of the total expenses in the fund. Water and Sewer revenues reflect a 9.5% increase in retail rates from FY 2018-2019 based on the assumption of normal consumption and normal weather patterns.

The FY 2018-2019 Solid Waste Fund budget includes a 1.3% increase in expenditures over year-end estimates. No rate changes are proposed for either Residential or Commercial collection fees. Revenues are projected to be \$14.9 million a .1% increase over year-end estimates.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2018

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS



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CITY OF RICHARDSON, TEXAS
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 28,726,155	\$ 4,255,661	\$ 32,981,816
Investments	119,540,149	16,000,000	135,540,149
Receivables (net of allowances)	13,930,865	9,749,383	23,680,248
Inventories	505,408	828,542	1,333,950
Prepaid items	318,235	15,949	334,184
Deposits	117,500	-	117,500
Property held for redevelopment and resale	274,020	-	274,020
Restricted assets:			
Cash and cash equivalents	-	14,748,331	14,748,331
Investments	-	2,981,010	2,981,010
Receivables (net of allowances)	-	335	335
Internal balances	(685,098)	685,098	-
Capital assets:			
Nondepreciable	132,481,419	1,021,564	133,502,983
Depreciable (net)	302,905,006	100,601,261	403,506,267
Total assets	598,113,659	150,887,134	749,000,793
Deferred outflows of resources			
Pension contributions, investment experience and assumptions	9,525,185	1,679,292	11,204,477
Deferred charge on refundings	1,105,909	661,615	1,767,524
Deferred outflows related to OPEB	2,952,195	518,370	3,470,565
Total deferred outflows of resources	13,583,289	2,859,277	16,442,566
Liabilities:			
Accounts payable	12,373,509	4,835,927	17,209,436
Retainage payable	1,230,032	-	1,230,032
Accrued liabilities	1,407,253	1,049,148	2,456,401
Accrued interest	6,853,369	338,267	7,191,636
Payable from restricted assets:			
Accounts payable	-	711,621	711,621
Retainage payable	-	45,394	45,394
Customer deposits	-	3,456,774	3,456,774
Unearned revenue	1,118,731	-	1,118,731
Money held in escrow	200,450	-	200,450
Non-current liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	29,690,501	6,024,585	35,715,086
Compensated absences	1,277,449	103,659	1,381,108
Workers' compensation	208,113	243,690	451,803
Unpaid claims liability	975,773	-	975,773
Due in more than one year:			
Bonds, leases, and contractual obligations	333,477,956	46,730,060	380,208,016
Other post employment benefits	40,587,023	6,664,916	47,251,939
Pension	27,985,248	4,916,053	32,901,301
Workers' compensation	2,877,578	-	2,877,578
Compensated absences	11,497,042	932,933	12,429,975
Total liabilities	471,760,027	76,053,027	547,813,054
Deferred inflows of resources			
Deferred charges on refundings	90,428	-	90,428
Pension actuarial experience	11,044,079	1,941,524	12,985,603
Total deferred inflows of resources	11,134,507	1,941,524	13,076,031
Net position:			
Net investment in capital assets	150,625,118	57,169,440	207,794,558
Restricted for:			
Capital projects	3,022,794	2,819,637	5,842,431
Debt service	-	250,629	250,629
General government	5,656,927	-	5,656,927
Public safety	928,757	-	928,757
Parks and recreation	83,494	-	83,494
Unrestricted	(31,514,676)	15,512,154	(16,002,522)
Total net position	\$ 128,802,414	\$ 75,751,860	\$ 204,554,274

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Activities
Year ended September 30, 2018

	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net position</u>			
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Function/programs:							
Governmental activities:							
General government	\$ 36,545,457	\$ 4,735,504	\$ 2,193,498	\$ -	\$ (29,616,455)	\$ -	\$ (29,616,455)
Public safety	56,950,876	7,977,055	39,749	46,146	(48,887,926)	-	(48,887,926)
Public services	30,921,302	5,947,547	5,008,467	51,789	(19,913,499)	-	(19,913,499)
Library	4,217,389	-	-	-	(4,217,389)	-	(4,217,389)
Parks and recreation	19,259,086	6,280,662	-	-	(12,978,424)	-	(12,978,424)
Public health	2,173,024	615,018	-	330,528	(1,227,478)	-	(1,227,478)
Interest and fiscal charges	12,983,980	-	-	-	(12,983,980)	-	(12,983,980)
Total governmental activities	<u>163,051,114</u>	<u>25,555,786</u>	<u>7,241,714</u>	<u>428,463</u>	<u>(129,825,151)</u>	<u>-</u>	<u>(129,825,151)</u>
Business-type activities:							
Water and sewer	76,641,555	78,919,066	-	1,973,865	-	4,251,376	4,251,376
Solid waste	14,368,496	14,614,484	6,000	-	-	251,988	251,988
Total business-type activities	<u>91,010,051</u>	<u>93,533,550</u>	<u>6,000</u>	<u>1,973,865</u>	<u>-</u>	<u>4,503,364</u>	<u>4,503,364</u>
Total primary government	<u>\$ 254,061,165</u>	<u>\$ 119,089,336</u>	<u>\$ 7,247,714</u>	<u>\$ 2,402,328</u>	<u>(129,825,151)</u>	<u>4,503,364</u>	<u>(125,321,787)</u>
General Revenues:							
Property tax					96,107,435	-	96,107,435
Sales tax					35,357,252	-	35,357,252
Franchise tax					17,415,472	-	17,415,472
Mixed beverage and bingo tax					616,316	-	616,316
Hotel/motel tax					4,244,671	-	4,244,671
Unrestricted interest earnings					2,323,747	458,374	2,782,121
Gain on sale of assets					726,855	240,568	967,423
Transfers					(249,560)	249,560	-
Total general revenues					<u>156,542,188</u>	<u>948,502</u>	<u>157,490,690</u>
Change in net position					26,717,037	5,451,866	32,168,903
Net position - beginning, Restated See Note 1(B)					<u>102,085,377</u>	<u>70,299,994</u>	<u>172,385,371</u>
Net position - ending					<u>\$ 128,802,414</u>	<u>\$ 75,751,860</u>	<u>\$ 204,554,274</u>

See accompanying notes to basic financial statements

CITY OF RICHARDSON, TEXAS
Balance Sheet - Governmental Funds
September 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 5,033,934	\$ 3,083,197	\$ 10,084,791	\$ 10,207,062	\$ 28,408,984
Investments	15,984,080	-	87,656,069	6,900,000	110,540,149
Receivables (net of allowances)	7,752,352	-	5,044,269	747,663	13,544,284
Due from other funds	40,535	-	-	-	40,535
Inventories	308,728	-	-	-	308,728
Prepaid items	168,367	-	25,000	83,494	276,861
Deposits	117,500	-	-	-	117,500
Property held for redevelopment and resale	-	-	274,020	-	274,020
Total assets	<u>\$ 29,405,496</u>	<u>\$ 3,083,197</u>	<u>\$ 103,084,149</u>	<u>\$ 17,938,219</u>	<u>\$ 153,511,061</u>
Liabilities:					
Accounts payable	\$ 1,441,935	\$ -	\$ 10,002,550	\$ 469,211	\$ 11,913,696
Retainage payable	1,175	-	1,194,133	34,724	1,230,032
Accrued liabilities	1,021,241	-	123,368	262,644	1,407,253
Due to other funds	-	-	-	40,535	40,535
Unearned revenue	-	-	724,516	323,074	1,047,590
Money held in escrow	-	-	200,450	-	200,450
Total liabilities	<u>2,464,351</u>	<u>-</u>	<u>12,245,017</u>	<u>1,130,188</u>	<u>15,839,556</u>
Deferred inflows of resources:					
Unavailable revenue	<u>1,956,619</u>	<u>-</u>	<u>-</u>	<u>244,805</u>	<u>2,201,424</u>
Total deferred inflows of resources	<u>1,956,619</u>	<u>-</u>	<u>-</u>	<u>244,805</u>	<u>2,201,424</u>
Fund balances:					
Nonspendable:					
Inventory	308,728	-	-	-	308,728
Deposits	117,500	-	-	-	117,500
Prepaid items	168,367	-	-	83,494	251,861
Restricted for:					
Debt service	-	3,083,197	-	-	3,083,197
Library	-	-	171,503	-	171,503
Parks and recreation projects	-	-	5,370,770	-	5,370,770
Public services	-	-	27,682,653	-	27,682,653
Capital projects	-	-	1,954,955	-	1,954,955
General government	-	-	1,101,782	5,062,333	6,164,115
Health/shelter	-	-	25,933	-	25,933
Public safety	-	-	43,303,388	928,756	44,232,144
Committed for:					
General government	-	-	-	2,734,170	2,734,170
Public services	-	-	-	4,356,559	4,356,559
Parks and recreation	-	-	-	163,992	163,992
Assigned for:					
Public services	220,973	-	1,255,167	-	1,476,140
Public safety	72,550	-	-	-	72,550
Parks and recreation	132,480	-	-	77,328	209,808
General government	105,483	-	613,703	3,156,594	3,875,780
Other capital projects	-	-	9,359,278	-	9,359,278
Unassigned	<u>23,858,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,858,445</u>
Total fund balances	<u>24,984,526</u>	<u>3,083,197</u>	<u>90,839,132</u>	<u>16,563,226</u>	<u>135,470,081</u>
Total liabilities, deferred inflows of resources, and fund balances					
	<u>\$ 29,405,496</u>	<u>\$ 3,083,197</u>	<u>\$ 103,084,149</u>	<u>\$ 17,938,219</u>	<u>\$ 153,511,061</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 September 30, 2018

Total fund balances - governmental funds balance sheet	\$ 135,470,081
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	435,316,528
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,554,951
Some amounts will not be recongized as revenue until future periods and therefore are deferred in the funds.	(10,949,638)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	7,198,062
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund.	<u>(452,787,570)</u>
Net position of governmental activities (Note 2(a))	<u><u>\$ 128,802,414</u></u>

CITY OF RICHARDSON, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:					
Property taxes	\$ 51,425,515	\$ 36,109,871	\$ -	\$ 8,290,003	\$ 95,825,389
Franchise taxes	17,187,830	-	-	227,642	17,415,472
Sales tax	35,357,252	-	-	-	35,357,252
Mixed beverage and bingo tax	616,316	-	-	-	616,316
Hotel/motel taxes	-	-	-	4,244,671	4,244,671
Drainage fees	-	-	-	2,764,805	2,764,805
911 revenue	1,084,647	-	-	571,823	1,656,470
Intergovernmental revenue	304,417	-	1,165,301	2,435,493	3,905,211
Licenses and permits	2,889,838	-	-	-	2,889,838
Fines and forfeitures	3,302,802	-	-	190,294	3,493,096
Interest revenue	531,384	123,763	1,256,207	288,603	2,199,957
Civic center use	248,710	-	-	-	248,710
Eisemann center revenue	-	-	259,678	2,064,090	2,323,768
Recreation and leisure	4,075,840	-	-	2,151,545	6,227,385
Public safety	2,630,824	-	-	-	2,630,824
Contributions	95,681	-	330,528	5,231	431,440
Participation	-	-	51,789	-	51,789
Other	743,714	-	390,611	147,219	1,281,544
General administration	8,010,212	-	-	-	8,010,212
Total revenues	<u>128,504,982</u>	<u>36,233,634</u>	<u>3,454,114</u>	<u>23,381,419</u>	<u>191,574,149</u>
Expenditures:					
General government	28,153,986	-	1,552,181	7,502,906	37,209,073
Public safety	51,365,045	-	147,930	286,576	51,799,551
Public services	20,196,781	-	365,377	557,430	21,119,588
Library	3,441,057	-	395,176	-	3,836,233
Parks and recreation	12,645,135	-	397,388	2,136,146	15,178,669
Public health	1,980,695	-	32,338	17,167	2,030,200
General administration	-	-	-	1,081,745	1,081,745
Capital outlay	128,527	-	40,974,153	7,317,175	48,419,855
Debt service:					
Principal retirement	-	26,685,000	-	-	26,685,000
Interest and fiscal charges	2,359	8,869,738	-	3,605,911	12,478,008
Payments for other obligations	573,228	389,665	-	3,875,008	4,837,901
Issuance costs	-	-	563,716	-	563,716
Total expenditures	<u>118,486,813</u>	<u>35,944,403</u>	<u>44,428,259</u>	<u>26,380,064</u>	<u>225,239,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,018,169</u>	<u>289,231</u>	<u>(40,974,145)</u>	<u>(2,998,645)</u>	<u>(33,665,390)</u>
Other financing sources (uses):					
Transfers in	503,231	-	8,218,405	1,239,860	9,961,496
Transfers out	(8,737,646)	-	-	(1,223,850)	(9,961,496)
Issuance of certificates of obligation	-	-	26,290,000	-	26,290,000
Issuance of general obligation bonds	-	-	38,525,000	-	38,525,000
Issuance of other obligations	-	-	-	5,667,203	5,667,203
Premium/discount on bonds	-	-	3,945,877	-	3,945,877
Insurance and other recoveries	182,021	-	-	-	182,021
Proceeds from sale of capital assets	142,987	-	-	615,000	757,987
Total other financing sources (uses)	<u>(7,909,407)</u>	<u>-</u>	<u>76,979,282</u>	<u>6,298,213</u>	<u>75,368,088</u>
Net change in fund balances	2,108,762	289,231	36,005,137	3,299,568	41,702,698
Fund balances - October 1	<u>22,875,764</u>	<u>2,793,966</u>	<u>54,833,995</u>	<u>13,263,658</u>	<u>93,767,383</u>
Fund balances - September 30	<u>\$ 24,984,526</u>	<u>\$ 3,083,197</u>	<u>\$ 90,839,132</u>	<u>\$ 16,563,226</u>	<u>\$ 135,470,081</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balances of Governmental Funds to the Statement of Activities
 Year ended September 30, 2018

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

Net change in fund balances - total governmental funds	\$ 41,702,698
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (Note 2(b))	25,909,740
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,400,700
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2(b))	(42,905,179)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2(b))	(4,648,070)
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>1,257,148</u>
Change in net position of governmental activities	<u><u>\$ 26,717,037</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2018

	<u>Business-type activities-enterprise funds</u>			Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,770,429	\$ 2,485,232	\$ 4,255,661	\$ 317,171
Investments	16,000,000	-	16,000,000	9,000,000
Receivables (net of allowances)	7,954,015	1,795,368	9,749,383	386,581
Inventories	790,755	37,787	828,542	196,680
Prepaid items	8,278	7,671	15,949	41,374
Restricted assets:				
Cash and cash equivalents	11,783,159	2,965,172	14,748,331	-
Investments	2,981,010	-	2,981,010	-
Other receivables	335	-	335	-
Total current assets:	<u>41,287,981</u>	<u>7,291,230</u>	<u>48,579,211</u>	<u>9,941,806</u>
Noncurrent assets:				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	2,291,281	298,351	2,589,632	23,023
Buildings	9,480,126	405,247	9,885,373	259,990
Water and sewer system	216,749,543	-	216,749,543	-
Vehicles, machinery and equipment	18,653,759	15,077,858	33,731,617	288,697
Construction in progress	598,054	-	598,054	-
Less accumulated depreciation	<u>(151,427,043)</u>	<u>(10,927,861)</u>	<u>(162,354,904)</u>	<u>(557,824)</u>
Total noncurrent assets	<u>96,703,670</u>	<u>4,919,155</u>	<u>101,622,825</u>	<u>69,897</u>
Total assets	<u>137,991,651</u>	<u>12,210,385</u>	<u>150,202,036</u>	<u>10,011,703</u>
Deferred outflows of resources				
Pension contributions investment experience and assumptions	872,044	807,248	1,679,292	98,769
Deferred charge on refunding	657,609	4,006	661,615	-
Deferred outflows related to OPEB	280,922	237,448	518,370	25,084
Total deferred outflows of resources	<u>\$ 1,810,575</u>	<u>\$ 1,048,702</u>	<u>\$ 2,859,277</u>	<u>\$ 123,853</u>

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2018

	<u>Business-type activities-enterprise funds</u>			Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 4,685,581	\$ 150,346	\$ 4,835,927	\$ 459,813
Accrued liabilities	995,464	53,684	1,049,148	-
Accrued interest	293,674	44,593	338,267	-
Unpaid claims liabilities	-	-	-	975,773
Current maturities of bonds, leases and contractual obligations	4,745,070	1,279,515	6,024,585	-
Compensated absences	55,088	48,571	103,659	9,827
Workers' compensation liability	27,085	216,605	243,690	-
Current liabilities payable from restricted assets:				
Accounts payable	582,583	129,038	711,621	-
Retainage payable	45,394	-	45,394	-
Unearned revenue	-	-	-	71,141
Deposits	3,456,774	-	3,456,774	-
Total current liabilities	<u>14,886,713</u>	<u>1,922,352</u>	<u>16,809,065</u>	<u>1,516,554</u>
Noncurrent liabilities:				
Bonds, leases and contractual obligations	41,630,860	5,099,200	46,730,060	-
Other post employment benefits	3,672,809	2,992,107	6,664,916	289,975
Pension liability	2,578,210	2,337,843	4,916,053	262,986
Compensated absences	495,794	437,139	932,933	88,440
Total noncurrent liabilities	<u>48,377,673</u>	<u>10,866,289</u>	<u>59,243,962</u>	<u>641,401</u>
Total liabilities	<u>63,264,386</u>	<u>12,788,641</u>	<u>76,053,027</u>	<u>2,157,955</u>
Deferred inflows of resources				
Pension actuarial experience	<u>1,051,833</u>	<u>889,691</u>	<u>1,941,524</u>	<u>94,441</u>
Net position (deficit):				
Net investment in capital assets	58,038,694	(869,254)	57,169,440	69,897
Restricted for:				
Capital projects	689,373	2,130,264	2,819,637	-
Debt service	175,651	74,978	250,629	-
Unrestricted	<u>16,582,289</u>	<u>(1,755,233)</u>	<u>14,827,056</u>	<u>7,813,263</u>
Total net position	<u>\$ 75,486,007</u>	<u>\$ (419,245)</u>	<u>75,066,762</u>	<u>\$ 7,883,160</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>685,098</u>	
Net position of business-type activities			<u>\$ 75,751,860</u>	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds
Year Ended September 30, 2018

	<u>Business-type activities-enterprise funds</u>			Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Operating revenues:				
Water sales	\$ 47,884,224	\$ -	\$ 47,884,224	\$ -
Sewer service	29,477,212	-	29,477,212	-
Penalties	935,147	-	935,147	-
Service fees (other)	74,826	-	74,826	-
Antenna rentals	357,281	-	357,281	-
Meter fees	77,550	-	77,550	-
Solid waste fees	-	14,028,667	14,028,667	-
Charges for services	-	-	-	556,776
City and employee contributions	60,538	27,517	88,055	16,088,079
Miscellaneous	52,288	564,300	616,588	296,374
Total operating revenues	<u>78,919,066</u>	<u>14,620,484</u>	<u>93,539,550</u>	<u>16,941,229</u>
Operating expenses:				
Personal services	6,437,344	5,418,290	11,855,634	805,822
Premiums	-	-	-	780,300
Professional and technical services	2,374,426	443,086	2,817,512	745,237
Property services	1,774,400	132,807	1,907,207	73,288
Other purchases services	962,575	445,426	1,408,001	92,930
Insurance claims	-	-	-	12,919,844
Purchase of water	29,720,231	-	29,720,231	-
Purchase of sewage treatment	16,344,041	-	16,344,041	-
Solid waste charges	-	3,834,908	3,834,908	-
General administration	4,562,545	2,227,640	6,790,185	-
Franchise fees	3,868,072	701,432	4,569,504	-
Supplies	3,981,342	419,195	4,400,537	26,275
Depreciation	5,338,446	757,992	6,096,438	3,968
Total operating expenses	<u>75,363,422</u>	<u>14,380,776</u>	<u>89,744,198</u>	<u>15,447,664</u>
Operating income (loss)	<u>3,555,644</u>	<u>239,708</u>	<u>3,795,352</u>	<u>1,493,565</u>
Nonoperating revenues (expenses):				
Interest revenue	383,734	74,640	458,374	123,790
Interest expense and fiscal charges	(1,417,298)	(140,737)	(1,558,035)	-
Other non-operating charges	(56,044)	(11,981)	(68,025)	-
Proceeds from sale of capital assets	9,066	231,502	240,568	-
Total nonoperating revenues (expenses)	<u>(1,080,542)</u>	<u>153,424</u>	<u>(927,118)</u>	<u>123,790</u>
Income (loss) before contributions and transfers	2,475,102	393,132	2,868,234	1,617,355
Capital contributions	2,223,425	-	2,223,425	-
Change in net position	4,698,527	393,132	5,091,659	1,617,355
Total net position - October 1, Restated See Note (1.B)	70,787,480	(812,377)		6,265,805
Total net position - September 30	<u>\$ 75,486,007</u>	<u>\$ (419,245)</u>		<u>\$ 7,883,160</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>360,207</u>	
Change in net position of business-type activities			<u>\$ 5,451,866</u>	

See accompanying notes to basic financial statements.



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CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities -
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash flows from operating activities:				
Cash received from customers	\$ 79,225,043	\$ 13,955,922	\$ 93,180,965	\$ -
Cash received from service users	-	-	-	556,776
Cash received from city, employee and other contributions	60,538	27,517	88,055	16,384,453
Cash payments for goods and services	(62,958,375)	(8,349,981)	(71,308,356)	(1,587,020)
Cash payments to employees	(6,170,590)	(4,986,463)	(11,157,053)	(792,421)
Cash payments for claims	-	-	-	(13,101,365)
Cash received from miscellaneous revenue	52,288	564,300	616,588	-
Net cash provided by (used in) operating activities	<u>10,208,904</u>	<u>1,211,295</u>	<u>11,420,199</u>	<u>1,460,423</u>
Cash from financing activities:				
Net proceeds from sale of capital assets	9,066	231,502	240,568	-
Bond proceeds and accrued interest	6,433,354	1,376,010	7,809,364	-
Acquisition and construction of capital assets	(1,824,289)	(1,094,928)	(2,919,217)	-
Increase in retainage payable	37,200	(402)	36,798	-
Principal paid on debt	(3,975,000)	(1,235,000)	(5,210,000)	-
Interest paid on debt	(1,602,404)	(181,222)	(1,783,626)	-
Fiscal charges and bond escrow payments	(56,044)	(11,981)	(68,025)	-
Net cash provided by (used in) capital and related financing activities	<u>(978,117)</u>	<u>(916,021)</u>	<u>(1,894,138)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investment securities	(18,966,484)	-	(18,966,484)	(9,000,000)
Proceeds from sale and maturities of investments	9,994,630	-	9,994,630	4,000,000
Interest received on investments	370,771	74,640	445,411	123,790
Net cash provided by (used in) investing activities	<u>(8,601,083)</u>	<u>74,640</u>	<u>(8,526,443)</u>	<u>(4,876,210)</u>
Net decrease in cash, restricted cash, and cash equivalents	629,704	369,914	999,618	(3,415,787)
Cash, restricted cash, and cash equivalents, October 1	<u>12,923,884</u>	<u>5,080,490</u>	<u>18,004,374</u>	<u>3,732,958</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 13,553,588</u>	<u>\$ 5,450,404</u>	<u>\$ 19,003,992</u>	<u>\$ 317,171</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income and loss	\$ 3,555,644	\$ 239,708	\$ 3,795,352	\$ 1,493,565
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,338,446	757,992	6,096,438	3,968
Provision for uncollectible accounts	10,068	(2,329)	7,739	-
Changes in assets and liabilities:				
(Increase) Decrease in trade accounts receivable (gross)	(451,290)	(67,038)	(518,328)	-
(Increase) Decrease in other receivables	689,511	(343,475)	346,036	(278,041)
(Increase) Decrease in inventory of supplies	(594,749)	28,774	(565,975)	14,049
(Increase) Decrease in prepaid items	98,022	23,735	121,757	(11,610)
Increase (Decrease) in accounts payable	697,879	145,480	843,359	128,571
Increase in unpaid claims liabilities	-	-	-	95,830
Increase (Decrease) in unearned revenue	-	-	-	691
Increase in deposits payable from restricted assets	161,190	-	161,190	-
Increase (Decrease) in compensated absences	30,276	45,644	75,920	(7,634)
Increase (Decrease) in workers compensation	902	187,065	187,967	-
Increase(Decrease) in post-employment benefits	152,936	129,267	282,203	13,654
Increase(Decrease) in pension liabilities	82,640	69,851	152,491	7,380
Increase (Decrease) in accrued liabilities	437,429	(3,379)	434,050	-
Total adjustments	<u>6,653,260</u>	<u>971,587</u>	<u>7,624,847</u>	<u>(33,142)</u>
Net cash provided (used in) operating activities	<u>10,208,904</u>	<u>1,211,295</u>	<u>11,420,199</u>	<u>1,460,423</u>
Noncash investing capital and financing activities:				
Contributions of capital assets from public	1,973,865	-	1,973,865	-
Contributions of assets from governmental funds	249,560	-	249,560	-
Construction payable	627,977	-	627,977	-
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:				
Total unrestricted cash and investments per the statement of net position	17,770,429	2,485,232	20,255,661	9,317,171
Total restricted cash and investments per the statement of net position	<u>11,783,159</u>	<u>2,965,172</u>	<u>14,748,331</u>	<u>-</u>
Total cash and investments per the statement of net position	29,553,588	5,450,404	35,003,992	9,317,171
Less investments not meeting the definition of cash equivalents	<u>(16,000,000)</u>	<u>-</u>	<u>(16,000,000)</u>	<u>(9,000,000)</u>
Cash, restricted cash and cash equivalents as of September 30,2018	<u>\$ 13,553,588</u>	<u>\$ 5,450,404</u>	<u>\$ 19,003,992</u>	<u>\$ 317,171</u>

See accompanying notes to basic financial statements.



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CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Implementation of New Accounting Statements

For fiscal year 2017-18, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 establishes accounting and financial reporting standards for governments ("employers") providing other postemployment benefits (OPEB). Under GASB 75, the employer must report the Total OPEB Liability (TOL), the OPEB expense and the related deferred inflows and outflows of resources associated with providing OPEB benefits to their employees (and retirees) in their basic financial statements. In addition, extensive note disclosures and related Required Supplementary Information are also required.

Per the requirements of Statement 75, the City recorded a beginning deferred outflow of resources for contributions made between the start of the measurement period for OPEB and the City's prior fiscal year-end, as well as a liability for the beginning balance of the TOL. This resulted in an adjustment to beginning net position of the governmental activities and the business activities in the Government-Wide Financial Statements and the Statement of Revenues, Expenses and Changes in the Fund Net Position.

	FUND LEVEL					
	Government Wide Statement of Activities		Proprietary Statement of Revenues, Expenses and Changes in Net Position		Internal Service Statement of Revenues, Expenses and Change in Net Position	
	Governmental Activities	Business Activities	Water/Sewer	Solid Waste	Central Services	Insurance
Net Position as of 10/1/2017	\$ 114,258,421	\$ 72,457,906	\$ 71,948,471	\$ 168,937	\$ 137,244	\$ 6,232,221
Change in reporting - OPEB Liability	(12,173,044)	(2,157,912)	(1,160,991)	(981,314)	(69,107)	(34,553)
Net Position as restated 10/1/2017	\$ 102,085,377	\$ 70,299,994	\$ 70,787,480	\$ (812,377)	\$ 68,137	\$ 6,197,668

Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, supersedes the

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

requirements of paragraphs 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset report in a business-type activity or enterprise fund.

C. Basis of Presentation

Government-Wide Statements

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

The Statement of Activities demonstrates the extent to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include charges to customers and applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program. They also include operating grants, capital grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not included among program revenues are reported as general revenues.

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

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

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

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

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

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

Water and Sewer Fund. The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, billing and collection activities, and the

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

operations, maintenance, and construction of the water and sewer systems. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the system.

Solid Waste Fund. The Solid Waste Fund is used to account for the operations of solid waste collection and disposal and recycling services provided to the residents of the City. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for solid waste debt. All costs are financed through charges to the utility customers.

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

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

Statement of Cash Flows

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

D. Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30-day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures, which are accrued using a 45-day availability period, and for grants, which are accrued as revenue as soon as all applicable eligibility requirements have been met.

Expenditures are recorded when the related fund liability is incurred, except for outstanding principal and interest on general long-term debt which is recognized when due, and certain compensated absences, postemployment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, franchise fees, sales tax revenues, fines and forfeitures, drainage fees, and interest revenue. Licenses and permits, recreation and leisure fees, public safety, and other revenues

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

are not susceptible to accrual because generally they are not measurable until received in cash.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Deposits and Investments

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

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

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

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

For fiscal year 2018, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Lone Star, Texas Daily, Federated Money Market Funds, Invesco Money Market Funds, LegacyTexas Money Market Funds and Certificates of Deposit. Accounts with Lone Star and Invesco were closed prior to year end. The City records all interest revenue related to investment activities in the respective funds.

Investments that have a remaining maturity at the time of purchase of over one year are recorded at fair value based on quoted market prices. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. Investments with a remaining maturity at time of purchase of one year or less are recorded at amortized cost. For these investments, amortized cost approximates fair value.

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

For TexPool, the State’s Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (Trust Company), which is authorized to operate TexPool. Pursuant to the

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

TexPool participation agreement, administrative and investment services to TexPool are provided by Federated. The Comptroller maintains oversight of the services provided by TexPool. The TexPool Advisory Board, composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool, acts as advisor on TexPool's Investment Policy.

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advance to/from other funds" (the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. City property taxes are billed and collected by Dallas County or Collin County depending on the county in which the property is located. City property tax revenues are recognized in the period for which they are collected. An allowance is established for delinquent taxes to the extent that their collectability is improbable.

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the year ended September 30, 2018, the City's tax rate was \$0.62516 per \$100 assessed valuation.

Inventories and Prepaid Items

Inventories

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Prepaid Items

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

Property held for Redevelopment

During FY 2012 the City acquired land which is being held for future economic development. Total land was recorded at a net realizable value of \$274,020.

Capital Assets

Property, plant, equipment and public domain (infrastructure) capital assets such as roads, bridges, curbs, gutters, streets and sidewalks, drainage systems, and water and sewer systems are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value at the date of donation. 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 two years. 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 and one-half year in the final year of life or upon disposal which ever event occurs first.

Estimated useful lives are as follows:

Land improvements	10 - 50 years
Buildings	10 - 50 years
Other improvements	5 - 50 years
Infrastructure	30 years
Vehicles, machinery and equipment	3 - 20 years

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperation Revenues in the Enterprise Funds. For the year ended September 30, 2018, the City received \$182,021 in insurance recoveries.

Compensated Absences

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City's pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note 16.

Long-Term Obligations

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

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

Classifications of Fund Balance

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

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

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has five items that qualify for reporting in this category. First, the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, the City's contributions to its pension and OPEB plans made from the measurement date of the respective plans to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Third, the difference between projected and actual earnings on pension

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

plan investments are deferred and recognized as pension plan expense over a closed five-year period. The fourth item is the difference in the change of assumptions for the pension plan and it is deferred and recognized as pension plan expense over a period of years based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan determined by the plan (active and inactive employees) for the City determined as of the beginning of the measurement date. The fifth item is the difference between projected and actual experience and changes in assumptions for the OPEB plan. That amount is deferred and recognized as OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB Plan (active and inactive employees).

In addition to liabilities, the Statement of Net Position and or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has three items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period they become available to the City. A deferred inflow of resources is recognized in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position for the difference between the expected experience and the actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) for the City determined as of the beginning of the measurement date. The third item is the deferred charge on refunded debt which results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, plus any unspent debt proceeds. The government-wide statement of net position reports \$12,762,238 of restricted net position, of which \$6,093,060 is restricted by enabling legislation.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

2. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

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

The details of the \$452,787,570 are as follows:

Bonds payable	\$ 255,855,000
Notes payable and other contractual obligations	88,924,390
Less issuance discount (to be amortized as interest expense)	(21,856)
Add issuance premium (to be amortized as interest expense)	18,410,923
Less deferred charges on refunding, net (to be amortized as interest expense)	(1,015,481)
Accrued interest payable	6,853,369
TMRS pension liability	27,722,262
Postemployment liability	40,297,048
Compensated absences	12,676,224
Workers' compensation liability	<u>3,085,691</u>
Net adjustment to reduce fund balances - total governmental	<u>\$ 452,787,570</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$25,909,740 difference are as follows:

Capital Outlay	\$ 48,419,855
Governmental Depreciation Expense	<u>(22,510,115)</u>
Net adjustment to increase fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 25,909,740</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

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

The details of the \$42,905,179 are as follows:

Debt issued or incurred:

General obligations, certificates of obligation, and refunding bonds	\$ (64,815,000)
Notes payable and other contractual obligations	(5,667,203)
Add premium	(3,945,877)

Principal repayments:

General obligation bonds	16,355,000
Certificates of obligation	10,330,000
Notes payable and other contractual obligations	<u>4,837,901</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (42,905,179)</u>

Another element of the reconciliation states, “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$4,648,070 are as follows:

Amortization of bond premium	\$ 1,900,043
Amortization of bond discount	(1,978)
Amortization of deferred charge on refunded bonds	(247,022)
Accrued interest	(1,593,300)
Pension expenses	26,773,351
Other postemployment benefits	(3,556,220)
Compensated absences	(632,042)
Workers compensation	(1,621,992)
Change in deferred inflows	(10,728,568)
Change in deferred outflows	<u>(14,940,342)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (4,648,070)</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

3. Deposits and Investments

	<u>Bank balance</u>	<u>Book balance</u>
Financial Institution:		
Legacy - City	\$ 4,636,227	\$ 4,778,567
Legacy - RIC	85,133	85,133
Frost - City	124,944	124,944
Legacy - Money Market	4,001,151	4,001,151
Petty Cash	-	13,290
Total	<u>\$ 8,847,455</u>	<u>\$ 9,003,085</u>

Fair Value Measurements

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.
- Level 2 - Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.
- Level 3 - Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

The City has the following recurring fair value measurements as of September 30, 2018:

	9/30/2018	Inputs			Weighted average maturity (days) (1)
	(Level 1)	(Level 2)	(Level 3)		
Investments by fair value level					
Debt securities					
Federal Home Loan Bank	\$ 15,838,989	\$ -	\$ 15,838,989	\$ -	170
Federal Home Loan Mortgage Corporation	4,031,350	-	4,031,350	-	178
Federal National Mortgage Association-Bonds	15,901,082	-	15,901,082	-	192
Total debt securities	35,771,421	-	35,771,421	-	181
U.S. Treasuries	102,749,738	-	102,749,738	-	107
Total investment by fair value level	138,521,159	-	\$138,521,159	-	126
Investments measured at net asset value (NAV)					
Federated Money Market Fund	500,508				25
Total investments measured at net asset value (NAV)	500,508				25
Investments measured at amortized cost					
Texas Daily LGIP	11,184,691				29
TexStar LGIP	19,134,028				30
TexPool LGIP	7,907,835				28
Total investments at amortized cost	38,226,554				29
Total investments	\$177,248,221				
Portfolio weighted average maturity					105

(1) Amounts shown as zero are less than one day.

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

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

Debt securities classified in Level 2 of the fair value hierarchy are valued by Interactive Data Corp (IDC) using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Credit Risk – Investments. The City’s investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating agency, and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City’s investment policy has no other restrictions relating to credit ratings that would limit its investment options. Moody’s has rated investments in Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, as AAA as of September 30, 2018. Standard & Poor’s has rated investments in TexPool, TexSTAR, Lone Star, Texas Daily, Invesco Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2018.

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

Interest Rate Risk – Investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its operating portfolio to one year or less. The maximum weighted average maturity for the City’s composite portfolio is three years.

Concentration of Credit Risk – Investments. The City’s investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 25% in an individual investment pool or money market mutual fund. At September 30, 2018, the City’s direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 9%, 2%, and 9% respectively, of the City’s total investments.

4. Receivables

Receivables at September 30, 2018, for the government’s individual major governmental funds, nonmajor funds, and internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consist of the following:

Governmental Receivables

	General Fund	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Receivables:				
Taxes - property	\$ 1,676,662	\$ -	\$ -	\$ 1,676,662
Taxes - sales	2,509,952	-	-	2,509,952
Trade accounts	4,613,382	-	710,747	5,324,129
Investments	-	4,000,000	-	4,000,000
Interest	162,361	336,214	-	498,575
Intergovernmental	208,277	708,055	38,801	955,133
Gross receivable	9,170,634	5,044,269	749,548	14,964,451
Less allowance for uncollectibles	(1,418,282)	-	(1,885)	(1,420,167)
Net receivables	<u>\$ 7,752,352</u>	<u>\$ 5,044,269</u>	<u>\$ 747,663</u>	<u>\$ 13,544,284</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Business-Type Receivables

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Business-type Activities</u>	<u>Internal Service Funds</u>
Receivables:				
Trade accounts	\$ 7,137,257	\$ 1,360,640	\$ 8,497,897	\$ -
Other	943,440	473,284	1,416,724	386,581
Interest	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
Gross receivable	8,081,947	1,833,924	9,915,871	386,581
Less allowance for uncollectibles	<u>(127,597)</u>	<u>(38,556)</u>	<u>(166,153)</u>	<u>-</u>
Net receivables	<u>\$ 7,954,350</u>	<u>\$ 1,795,368</u>	<u>\$ 9,749,718</u>	<u>\$ 386,581</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2018.

5. Restricted Assets

Enterprise Funds

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Debt service - Sinking Fund	\$ 469,325	\$ 119,571	\$ 588,896
Customers' deposits	3,457,108	-	3,457,108
Rate stabilization	3,036,195	-	3,036,195
Capital Project and Equipment Funds	<u>7,801,876</u>	<u>2,845,601</u>	<u>10,647,477</u>
Total Restricted Assets	<u>\$ 14,764,504</u>	<u>\$ 2,965,172</u>	<u>\$ 17,729,676</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

6. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning balance October 1, 2017	Increases	Decreases	Ending balance September 30, 2018
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 85,068,817	\$ 4,003,163	\$ (5,000)	\$ 89,066,980
Public Art	609,517	405,492	-	1,015,009
Construction in Progress	17,225,736	32,183,991	(7,010,297)	42,399,430
Total capital assets, not being depreciated	<u>102,904,070</u>	<u>36,592,646</u>	<u>(7,015,297)</u>	<u>132,481,419</u>
Capital assets, being depreciated				
Buildings	137,839,733	-	-	137,839,733
Improvements other than Buildings	96,619,225	3,521,362	-	100,140,587
Vehicles, Machinery and Equipment	53,199,602	3,242,805	(695,521)	55,746,886
Infrastructure	487,540,288	17,071,006	-	504,611,294
Total capital assets, being depreciated	<u>775,198,848</u>	<u>23,835,173</u>	<u>(695,521)</u>	<u>798,338,500</u>
Less accumulated depreciation for:				
Buildings	66,349,514	3,555,476	-	69,904,990
Improvements other than buildings	53,762,839	3,684,902	-	57,447,741
Vehicles, Machinery and Equipment	36,973,914	3,657,144	(680,113)	39,950,945
Infrastructure	316,513,257	11,616,561	-	328,129,818
Total accumulated depreciation	<u>473,599,524</u>	<u>22,514,083</u>	<u>(680,113)</u>	<u>495,433,494</u>
Total capital assets being depreciated, net	<u>301,599,324</u>	<u>1,321,090</u>	<u>(15,408)</u>	<u>302,905,006</u>
Governmental activities capital assets, net	<u>\$ 404,503,394</u>	<u>\$ 37,913,736</u>	<u>\$ (7,030,705)</u>	<u>\$ 435,386,425</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

	Beginning balance October 1, 2017	Increases	Decreases	Ending balance September 30, 2018
	<u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2018</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 423,510	\$ -	\$ -	\$ 423,510
Construction in progress	<u>778,529</u>	<u>2,919,217</u>	<u>(3,099,692)</u>	<u>598,054</u>
Total capital assets, not being depreciated	<u>1,202,039</u>	<u>2,919,217</u>	<u>(3,099,692)</u>	<u>1,021,564</u>
Capital assets, being depreciated				
Buildings	9,885,373	-	-	9,885,373
Improvements other than buildings	2,575,304	14,328	-	2,589,632
Vehicles, machinery and equipment	32,825,826	1,543,827	(638,036)	33,731,617
Infrastructure	<u>212,984,579</u>	<u>3,764,964</u>	<u>-</u>	<u>216,749,543</u>
Total capital assets, being depreciated	<u>258,271,082</u>	<u>5,323,119</u>	<u>(638,036)</u>	<u>262,956,165</u>
Less accumulated depreciation for:				
Buildings	5,733,219	159,482	-	5,892,701
Improvements other than buildings	630,720	126,011	-	756,731
Vehicles, machinery and equipment	25,114,926	1,301,817	(638,036)	25,778,707
Infrastructure	<u>125,417,637</u>	<u>4,509,128</u>	<u>-</u>	<u>129,926,765</u>
Total accumulated depreciation	<u>156,896,502</u>	<u>6,096,438</u>	<u>(638,036)</u>	<u>162,354,904</u>
Total capital assets being depreciated, net	<u>101,374,580</u>	<u>(773,319)</u>	<u>-</u>	<u>100,601,261</u>
Business-type activities capital assets, net	<u>\$ 102,576,619</u>	<u>\$ 2,145,898</u>	<u>\$ (3,099,692)</u>	<u>\$ 101,622,825</u>

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

Governmental activities:

General government	\$ 5,268,250
Public safety	2,634,858
Public service	10,239,023
Library	307,365
Parks and recreation	4,003,703
Health	56,916
Total governmental funds	<u>22,510,115</u>
Internal service fund - Central Services Fund	3,968
Depreciation expense - governmental activities	<u>\$ 22,514,083</u>

Business-type activities:

Water and sewer	5,338,446
Solid waste	757,992
Depreciation expense - business activities	<u>\$ 6,096,438</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

7. Construction Commitments

Outstanding commitments at September 30, 2018, under authorized construction contracts for the Capital Fund, and Water and Sewer Fund, were \$47,252,990 and \$1,208,768, respectively. These outstanding commitments will be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers and operating revenues dedicated to street maintenance.

8. Interfund Receivables, Payables and Transfers

There was an interfund balance at September 30, 2018 between the Federal Grant Fund and the General Fund for \$40,530. This interfund balance was due to timing of receipts from the granting agencies for amounts spent in advance by the grant programs. A \$5 interfund balance between the RIC Fund and the General Fund was due to a payroll transaction. Individual fund transfers for fiscal year 2017-2018 were as follows:

	Transfers Out			
	Governmental Activities	Governmental Funds		
		Other Governmental Funds		
		General Fund	Funds	Total
Transfers in:				
General	\$ -	\$ -	\$ 503,231	\$ 503,231
Capital	-	7,603,405	615,000	8,218,405
Other				
Governmental	-	1,134,241	105,619	1,239,860
Business-Type Activities	249,560	-	-	249,560
Total	<u>\$ 249,560</u>	<u>\$ 8,737,646</u>	<u>\$ 1,223,850</u>	<u>\$ 10,211,056</u>

Governmental Activities Transfers Out:

- \$249,560 for Water/Sewer Infrastructure projects accepted through TIF Funds.

General Fund Transfers Out:

- \$7,603,405 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- \$1,134,241 to the Economic Development Fund for funding of economic development projects.

Other Governmental Funds Transfers Out:

- \$50,000 to the General Fund from the Child Safety Fund to support the school crossing guard program.
- \$450,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center.
- \$3,231 to the General Fund from the RIC for Park and Recreation programs.
- \$615,000 to the Capital Fund from the RIC for sale of property.
- \$105,619 to the Grant Fund from the Special Police Fund related to Federal Seizure operations.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

9. Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2018:

	Balance beginning of year as restated	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	\$ 159,740,000	\$ 38,525,000	\$ (16,355,000)	\$ 181,910,000	\$ 17,600,000
Certificates of obligation	57,985,000	26,290,000	(10,330,000)	73,945,000	9,890,000
Bond discounts/premiums	16,341,255	3,945,877	(1,898,065)	18,389,067	1,962,882
Total bonds payable	<u>234,066,255</u>	<u>68,760,877</u>	<u>(28,583,065)</u>	<u>274,244,067</u>	<u>29,452,882</u>
TIF obligation	86,132,860	5,667,203	(4,228,616)	87,571,447	-
Other obligations	1,962,228	-	(609,285)	1,352,943	237,619
Other postemployment benefits	37,000,303	4,971,718	(1,384,998)	40,587,023	-
TMRS - pension liability	54,988,216	80,484	(27,083,452)	27,985,248	-
Compensated absences	12,150,083	1,742,053	(1,117,645)	12,774,491	1,277,449
Workers' compensation	1,463,699	1,895,639	(273,647)	3,085,691	208,113
Unpaid claims liability	879,943	12,322,232	(12,226,402)	975,773	975,773
Total governmental-type long-term liabilities	<u>428,643,587</u>	<u>95,440,206</u>	<u>(75,507,110)</u>	<u>448,576,683</u>	<u>32,151,836</u>
Business-type activities:					
General obligation refunding bonds	19,095,000	-	(2,615,000)	16,480,000	2,990,000
Certificates of obligation	28,275,000	7,180,000	(2,595,000)	32,860,000	2,600,000
Bond discount/premiums	3,189,744	629,364	(404,463)	3,414,645	434,585
Total bonds payable	<u>50,559,744</u>	<u>7,809,364</u>	<u>(5,614,463)</u>	<u>52,754,645</u>	<u>6,024,585</u>
Other postemployment benefits	6,034,599	873,547	(243,230)	6,664,916	-
TMRS - pension liability	9,661,472	-	(4,745,419)	4,916,053	-
Compensated absences	960,672	151,840	(75,920)	1,036,592	103,659
Workers' compensation	55,723	421,367	(233,400)	243,690	243,690
Total business-type long-term liabilities	<u>\$ 67,272,210</u>	<u>\$ 9,256,118</u>	<u>\$ (10,912,432)</u>	<u>\$ 65,615,896</u>	<u>\$ 6,371,934</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Bonds payable at September 30, 2018, are comprised of the following:

General Government

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

	<u>Interest Rate</u> %	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>@ 9/30/2018</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds						
2018 General Obligation	3.00 - 5.00	4/25/2018	2/15/2038	\$ 38,525,000	\$ 38,525,000	\$ 780,000
2017 General Obligation	3.00 - 4.00	5/04/2017	2/15/2037	19,725,000	19,275,000	775,000
2016 A Ref. & Imp.	2.00 - 5.00	4/15/2016	2/15/2036	16,815,000	13,440,000	1,890,000
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	39,185,000	30,020,000	4,785,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	12,195,000	1,585,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2023	6,270,000	2,990,000	700,000
2010 Ref. & Imp.	2.00 - 5.00	6/15/2010	2/15/2030	73,000,000	56,230,000	4,640,000
2010 Ref. & Imp.-Golf	4.00 - 5.00	6/15/2010	6/15/2021	4,365,000	1,585,000	500,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2019	14,460,000	975,000	975,000
Total general obligation bonds - tax exempt					<u>\$ 175,235,000</u>	<u>\$ 16,630,000</u>
Taxable General Obligation Bonds						
2016B Taxable	3.00 - 3.77	4/15/2016	2/15/2036	5,470,000	5,125,000	210,000
2010A Taxable Refunding	1.15 - 4.05	6/15/2010	2/15/2020	6,105,000	1,550,000	760,000
Total general obligation bonds - taxable					<u>6,675,000</u>	<u>970,000</u>
Total governmental-type general obligation, taxable and tax exempt bonds					<u>181,910,000</u>	<u>17,600,000</u>
Certificates of Obligations						
2018 Certificates	3.13 - 5.00	4/25/2018	2/15/2038	26,290,000	26,290,000	1,555,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	20,930,000	17,495,000	1,075,000
2017A Certificates	Adjustable	5/04/2017	6/15/2027	10,000,000	6,605,000	4,595,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	4,045,000	2,455,000	860,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	1,500,000	815,000
2014B Certificates	Adjustable	12/22/2014	6/15/2029	11,425,000	11,425,000	-
2014 Certificates	.75 - 2.00	4/1/2014	2/15/2022	6,900,000	425,000	100,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	905,000	130,000
2012B Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	1,875,000	195,000
2011 Certificates	2.00 - 3.25	4/1/2011	2/15/2019	3,085,000	30,000	30,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2025	7,520,000	2,090,000	265,000
2009 Certificates	2.50 - 3.80	4/15/2009	2/15/2023	5,370,000	810,000	150,000
Total certificates of obligation - tax exempt					<u>71,905,000</u>	<u>9,770,000</u>
Taxable Certificates of Obligation						
2015B Certificates	.90 - 4.00	3/15/2015	2/15/2035	2,150,000	1,920,000	90,000
2012A Certificates	1.63 - 3.00	3/15/2012	2/15/2022	275,000	120,000	30,000
Total certificates - taxable					<u>2,040,000</u>	<u>120,000</u>
Total governmental-type certificates of obligation, taxable and tax exempt bonds					<u>73,945,000</u>	<u>9,890,000</u>
Add unamortized premium					18,410,923	1,964,929
Less:						
Unamortized discount					<u>(21,856)</u>	<u>(2,047)</u>
Total general government bonds and certificates of obligation					<u>\$ 274,244,067</u>	<u>\$ 29,452,882</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Business-Type Activities

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

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/2018	Due Within One Year
Water and Sewer:						
General Obligation Bonds:						
2016A Refunding	3.00 - 5.00	4/15/2016	2/15/2028	\$ 6,185,000	\$ 5,930,000	\$ 520,000
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	2,050,000	235,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	1,845,000	260,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	4,330,000	895,000
2010 Refunding	4.00 - 5.00	6/15/2010	2/15/2021	4,080,000	1,435,000	455,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	5,685,000	775,000	570,000
Total water and sewer general obligation bonds					<u>\$ 16,365,000</u>	<u>\$ 2,935,000</u>
Certificates of Obligations:						
2018 Certificates	3.125 - 5.00	4/25/2018	2/15/2038	5,940,000	5,940,000	170,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	4,440,000	4,310,000	190,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,750,000	85,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	2,085,000	90,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,430,000	135,000
2011 Certificates	2.00 - 4.625	4/01/2011	2/15/2031	3,500,000	2,660,000	155,000
2010 Certificates	2.00 - 4.125	6/15/2010	2/15/2030	7,210,000	4,580,000	375,000
2009 Certificates	2.50 - 4.50	4/15/2009	2/15/2029	5,030,000	3,200,000	240,000
Total water and sewer certificates of obligation					<u>26,955,000</u>	<u>1,440,000</u>
Total water and sewer general obligation refunding bonds and certificates of obligation					<u>43,320,000</u>	<u>4,375,000</u>
Solid Waste						
General Obligation Refunding Bonds:						
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	480,000	115,000	55,000
Certificates of Obligations:						
2018 Certificates	4.00 - 5.00	4/25/2018	2/15/2026	1,240,000	1,240,000	115,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2025	875,000	790,000	100,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	785,000	120,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	565,000	105,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	510,000	120,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2021	1,000,000	400,000	130,000
2012B Certificates	2.00 - 3.00	3/15/2012	2/15/2020	865,000	235,000	115,000
2011 Certificates	2.00 - 3.25	4/01/2011	2/15/2019	1,380,000	205,000	205,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2025	3,575,000	1,175,000	150,000
Total solid waste certificates of obligation					<u>5,905,000</u>	<u>1,160,000</u>
Total solid waste general obligation refunding bonds and certificates of obligation					<u>6,020,000</u>	<u>1,215,000</u>
Add unamortized premium					3,472,023	438,780
Less:						
Unamortized discount					<u>(57,378)</u>	<u>(4,195)</u>
Total business-type general obligation refunding bonds and certificates of obligation					<u>\$ 52,754,645</u>	<u>\$ 6,024,585</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Debt Service Requirements

Debt service requirements at September 30, 2018 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
Year ending September 30:				
2019	\$ 27,490,000	\$ 10,954,324	\$ 5,590,000	\$ 1,935,847
2020	23,480,000	9,199,849	5,315,000	1,639,947
2021	21,935,000	8,204,950	5,120,000	1,446,358
2022	20,050,000	7,310,132	4,680,000	1,256,690
2023	20,945,000	6,447,395	4,025,000	1,080,645
2024-2028	68,125,000	20,492,945	15,095,000	3,127,315
2029-2033	41,820,000	8,477,064	7,395,000	888,159
2034-2038	32,010,000	2,537,222	2,120,000	145,847
Totals	<u>\$ 255,855,000</u>	<u>\$ 73,623,881</u>	<u>\$ 49,340,000</u>	<u>\$ 11,520,808</u>

General Obligation Bonds

As part of the City's debt management practices, the City defeased certain Certificates of Obligation and placed the proceeds in an irrevocable trust for all future debt service payments on the previously issued bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2018 there were no defeased bonds outstanding.

On April 25, 2018, the City issued \$38,525,000 of General Obligation Bonds, Series 2018 with a true interest cost of 3.14%. Proceeds from the sale of the bonds, net of issuance costs of \$330,294, will be used for (1) constructing, improving, renovating, and equipping municipal public buildings and the acquisition of land, (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (3) acquiring, constructing, improving, expanding, renovating and equipping park and recreation facilities of the City and the acquisition of land, and (4) constructing, improving, extending, repairing sidewalks and related improvements.

Certificates of Obligation

On April 25, 2018, the City issued \$33,470,000 of Combination Tax and Revenue Certificates of Obligation, Series 2018 with a true interest cost of 3.07%. The Water/Sewer Fund issued \$5,940,000 in Certificates, the Solid Waste Fund issued \$1,240,000 in Certificates and \$26,290,000 in Certificates were issued for the benefit of the Capital Fund, net of issuance cost of \$294,910. Proceeds from the sale of the Certificates will be used for (1) constructing, improving, renovating, expanding and equipping parks and recreation facilities, police and fire-fighting facilities, golf facilities, the library and municipal public buildings, and the acquisition of land and rights-of-way (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks, and the municipal drainage system within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (3) improving and extending the City's water and sewer system and (4) acquiring equipment and vehicles for police, fire, facility services, streets, parks and recreation, municipal library, animal services, the municipal golf course, information technology, water and sewer, and solid waste departments.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Ratings

Standard and Poor’s Ratings Services assigned its ‘AAA’ rating with a stable outlook, to the City’s Series 2018 Combination Tax and Revenue Certificates of Obligation and the City’s Series 2018 General Obligation Bonds, and Moody’s Investors Service (Moody’s) also assigned it ‘Aaa’ rating, with a stable outlook to these issues.

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

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

10. Capital Leases and Other Contractual Obligations

The following is a summary of capital leases and other contractual obligation transactions of the City for the fiscal year ended September 30, 2018:

	Governmental-type Activities					Total
	Computer Hardware	Police Academy	CIS	Key Government Finance	Texas Comptroller of Public Accounts	
Balance at October 1, 2017	\$ 145,630	\$ 672,618	\$ 106,809	\$ 120,880	\$ 916,291	\$ 1,962,228
Additions/adjustments	-	-	-	-	-	-
Payments	(145,630)	(123,154)	(106,809)	(120,880)	(112,812)	(609,285)
Balance at September 30, 2018	\$ -	\$ 549,464	\$ -	\$ -	\$ 803,479	\$ 1,352,943

Other Contractual Obligations

The City entered into an agreement with the City of Plano to develop a police academy to be used as a joint training facility. The City of Richardson and the City of Plano share the costs of improvements to the facilities.

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2018:

	Principal	Interest	Total
Fiscal year ending September 30:			
2019	\$ 124,807	\$ 23,755	\$ 148,562
2020	116,052	18,521	134,573
2021	101,277	13,596	114,873
2022	105,979	9,119	115,098
2023	71,071	4,423	75,494
2024-2028	30,278	2,176	32,454
Totals	\$ 549,464	\$ 71,590	\$ 621,054

Other Obligations

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of \$2,143,331 was recorded as a liability and a reduction of sales tax revenue. The Comptroller’s office had set up a 20-

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

year payout arrangement, but the life of the obligation was reduced to approximately 16 years due to an additional payment made in FY 2016. A payment of \$112,812 was made in FY 2017-2018. The balance at September 30, 2018 was \$803,479.

The City's purchase of citywide network enhancements financed December 2014 through Key Government Finance was paid off during FY 2018.

The City's purchase of public safety records management software financed in October 2010 through Computer Information Systems, Inc. was paid off during FY 2018.

11. TIF - Economic Grants

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

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

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

	DISTRICT		
	1	2	3
Tax Year Established	2006	2011	2011
City's Participation	100%	66.67%	66.67%
Other Tax Entities	Dallas County	Collin County	Collin County
Participating	65%	50%	50%
Tax Year Terminates	2031	2036	2036

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of \$3,299,865 and a construction reimbursement grant of \$5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. A principal payment of \$430,853 and an interest payment of \$226,450 were made during the fiscal year.

An economic development agreement was entered into with the City and SAF Collins Technology Park, LLC in April 2010. This agreement provides for a maximum grant amount of \$5,000,000 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for the full grant amount. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 3, and from tax rebates on business personal property at the site. An interest payment of \$273,074 was made during the fiscal year from the TIF Fund. Principal payments of \$1,031,412 (\$353,608 from operating funds and \$677,804 from the TIF Fund) were made.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of \$76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of \$54,253,063 to date. Funding is contingent upon the availability of tax revenues in the TIF

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

District #2. Reimbursement lasts until paid in full or expiration of the TIF zone. Interest payments of \$2,454,511 and a principal payment of \$2,657,963 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and BC Station Partners L.P. in March 2015. This agreement provides for approximately \$49,158,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of \$21,639,826 to date. Funding is contingent upon the availability of tax revenues in the TIF District #3. An interest payment of \$443,480 was made during the fiscal year.

An economic development agreement was entered into with the City and AGF Greenville II, Ltd. in April 2015. This agreement provides for a maximum grant amount of \$5,500,000 plus 4% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4. An interest payment of \$ 208,396 and a principal payment of \$108,388 was made during the fiscal year.

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

	TIF DISTRICT 1			TIF DISTRICT 2	TIF DISTRICT 3	
	Centennial Park	AGF Greenville II, Ltd.	Collins Tech Park	BCS TIF Zone 2	BCP TIF LLC Zone 3	Total
Balance at October 1, 2017	\$ 9,094,987	\$ 5,224,216	\$ 3,837,962	\$ 48,296,932	\$ 19,678,763	\$ 86,132,860
Additions/adjustments	-	-	-	3,706,140	1,961,063	5,667,203
Payments	(430,853)	(108,388)	(1,031,412)	(2,657,963)	-	(4,228,616)
Balance at September 30, 2018	\$ 8,664,134	\$ 5,115,828	\$ 2,806,550	\$ 49,345,109	\$ 21,639,826	\$ 87,571,447

Other Information

12. Risk Management

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management as the third party administrator for this program. During fiscal year 2017-2018, a total of \$141,294 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Special Revenue Non-Major Fund - Golf, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of \$273,647 and \$232,959 have been recorded as expenditures/expenses in the General Fund and Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of \$350,000 for each employee in a plan year. In fiscal year 2017-2018, the City received refunds from the commercial insurance carrier in the amount of \$556,875.

All funds with full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be \$975,773 for unpaid claims and claim adjustment expenses at September 30, 2018. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Reconciliation of Unpaid Claims Liabilities

	2018	2017
Incurring claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 879,943	\$ 1,177,976
Incurring claims and claim adjustment expenses:		
Provision for insured events of the current year	13,202,175	11,120,591
Increase (decrease) in prior year provision	95,830	(181,814)
Total incurred claims and claim adjustment expenses	14,177,948	12,116,753
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	12,226,402	10,240,648
Claims and claim adjustment expenses attributable to insured events of prior years	975,773	996,162
Total payments	13,202,175	11,236,810
Total unpaid claims and claim adjustment expenses at end of year	\$ 975,773	\$ 879,943

13. Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2018, the City allocated \$8,010,212 for such services.

14. Tax Abatement

Tax Abatements and Economic Incentives

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least \$20,000 in improvements to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided \$1,226,929 in incentive payments under this program in fiscal year 2018.
- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$2,080,358 in fiscal year 2018.

- **General Economic Development** – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2018, the City rebated \$2,526,259 in taxes, reduced fees by \$4,722,023 and made incentive payments of \$434,228 under these agreements. In addition to financial incentives, the City has committed to construct drainage improvements for one property owner to facilitate new construction.
- **Tax Increment Financing** – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 11. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made \$7,480,919 in payments for TIF obligations and \$348,427 in property tax rebates from general TIF resources.

15. Contingent Liabilities

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management and the City's attorneys, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

Grant Audit

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the grant agreements of the appropriate agency. In the opinion of the City management, such disallowance, if any, will not be significant to the City's financial statements.

16. Other Postemployment Benefits (OPEB)

Retiree Health Benefits

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. 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 plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2018 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Employees covered by benefit terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	265
Active employees	<u>1,001</u>
	<u><u>1,266</u></u>

Contributions

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

	<u>Under 15</u>	<u>15 - 19</u>	<u>20+</u>
Years of service:			
Retiree only	\$ 933	\$ 676	\$ 369
Retiree/spouse	1,866	1,271	677
Surviving spouse	1,026	744	462

Total OPEB Liability

The City's Total OPEB Liability (TOL) was determined by an actuarial valuation performed on December 31, 2016 and included updated procedures that rolled forward the Total OPEB liability (TOL) to the measurement date of December 31, 2017.

Actuarial assumptions

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

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of December 31, 2016 which include the following:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% - 10.50%
Health Care Trend Rate	7.50%

Participation rate assumptions for retirees who choose to receive health care benefits is based on years of City service.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Election rates for retirees with less than 15 years of service the election rate is 0%, from 15 to 19 years of service the election rate is 15%. Retirees with service of 20 years or greater, the election rate is 70% if retiring after age 49 and the election rate is 45% if retiring before age 50.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.31%. The discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2017. For the purpose of this valuation, the municipal bond rate is 3.31% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. The discount rate was 3.81% as of December 31, 2016, the prior measurement date.

Sensitivity of the Discount Rate and the Health Care Cost Trend Rate

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (2.31%) and 1-percentage-point-higher (4.31%).

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	Current Single Rate Assumption	
1% Decrease	3.31%	1% Increase
2.31%	3.31%	4.31%
\$ 52,545,735	\$ 47,251,939	\$ 42,518,209

The following table presents the sensitivity of the Total OPEB Liability to changes in the health care trend rate when calculating it at 1-percentage-point-lower (6.50%) and 1-percentage-point-higher (8.50%).

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rate

	Current Single Rate Assumption	
1% Decrease	7.50%	1% Increase
6.50%	7.50%	8.50%
\$ 42,717,983	\$ 47,251,939	\$ 52,680,116

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Schedule of Changes in Total OPEB Liability

	Total OPEB Liability
Beginning balances	\$ 43,034,902
Changes for the year:	
Service cost	1,656,080
Interest on the Total OPEB Liability	1,640,160
Differences between expected and actual experience	105,618
Changes in assumptions	2,443,407
Benefit payments	(1,628,228)
Net changes	4,217,037
Ending balance	\$ 47,251,939

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2018 the City recognized \$3,615,159 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,404	\$ -
Changes of assumptions	2,137,702	-
Contributions subsequent to the measurement date	1,240,459	-
Total	\$ 3,470,565	\$ -

Of the \$ 3,470,565 total for deferred outflows of resources, \$ 1,240,459 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending 9/30/2019. The remainder of the total net deferred outflows/inflows of resources, \$ 2,230,106 will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred outflows (inflows) of resources
2019	\$ 318,919
2020	318,919
2021	318,919
2022	318,919
2023	318,919
Thereafter	635,511
Total	\$ 2,230,106

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

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 two participants in the program as of September 30, 2018.

17. Pension Benefits

Plan Description

The City of Richardson participates as one of 883 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

All eligible employees of the city are required to participate in TMRS.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit options are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of the employee's contributions as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City are as follows:

Employee deposit rate	7% of Earnings
City matching rate	200%
Vesting period	5 Years
Retirement years (age/years of service)	60/5, Any/25
Updated service credit	50% (Repeating)
Annuity increase (to retirees)	50% of the change in CPI Repeating

Additional information related to the TMRS Plan is located in the TMRS CAFR.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	688
Inactive employees entitled to but not yet receiving benefits	404
Active employees	<u>1,001</u>
Total	2,093

Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amounts necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Richardson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Richardson were 14.58% and 14.80% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$10,828,353, and were equal to the required contributions.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Results of the study were adopted in 2015 and first used in the December 31, 2015, actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Assumptions are reviewed annually.

After an Asset Allocation Study conducted in 2015, the TMRS Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)*
Domestic Equity	17.50 %	4.55 %
International Equity	17.50	6.35
Core Fixed Income	10.00	1.00
Non-Core Fixed Income	20.00	4.15
Real Return	10.00	4.15
Real Estate	10.00	4.75
Absolute Return	10.00	4.00
Private Equity	5.00	7.75
Total	100.00 %	

*Net of the inflation assumption.

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute, and was projected over a period of 100 years. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of Discount Rate

The following table presents the sensitivity of the Net Pension Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$102,414,562	\$32,901,301	\$(24,647,305)

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of TMRS (including additions to/deductions from the TMRS's Fiduciary Net Position) have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. The Pension Plan Trust Fund is maintained on the accrual basis of accounting. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

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

	<u>Increase (Decrease)</u>
Total pension liability:	
Service Cost	\$ 10,613,618
Interest (on the Total Pension Liability)	33,439,920
Changes of benefit terms	-
Difference between expected and actual experience	(313,905)
Benefit payments, including refunds of employee contributions	<u>(22,432,659)</u>
Net Change in Total Pension Liability	21,306,974
Total Pension Liability - Beginning	<u>501,315,736</u>
Total Pension Liability - Ending (A)	<u><u>522,622,710</u></u>
Plan Fiduciary Net Position:	
Contributions - Employer	10,342,735
Contributions - Employee	4,967,489
Net Investment Income	60,507,332
Benefit payments, including refunds of employee contributions	(22,432,659)
Administrative expense	(313,643)
Other	<u>(15,895)</u>
Net Change in Plan Fiduciary Net Position	53,055,361
Plan Fiduciary Net Position - Beginning	<u>436,666,048</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>489,721,409</u></u>
Net Pension Liability - Ending (A-B)	<u><u>32,901,301</u></u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	93.70 %
Covered Payroll	70,946,642
Net Pension Liability as a Percentage of Covered Payroll	46.37 %

*FNP may be off a dollar due to rounding

The net pension liability and the total pension liability were calculated by Gabriel, Roeder, Smith & Company ("GRS"). The measurement date and the actuarial valuation date was December 31, 2017.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2018

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

For the year ended September 30, 2018 the City recognized pension expense of \$11,848,566.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 391,702	\$ (747,469)
Net difference between projected and actual earnings on pension plan investments	-	(12,238,134)
Difference in assumptions	2,782,216	-
Employers's Contributions to the pension plan subsequent to the measurement date	8,030,559	-
	<u>8,030,559</u>	<u>-</u>
Total	<u>\$ 11,204,477</u>	<u>\$ (12,985,603)</u>

Of the \$11,204,477 total for deferred outflows of resources, \$8,030,559 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending 9/30/2019. The remainder of the total net deferred outflows/inflows of resources, \$(9,811,685), related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
<u> </u>	<u> </u>
2018	\$ 1,909,039
2019	684,086
2020	(6,148,153)
2021	(6,256,657)
Total	<u>\$ (9,811,685)</u>



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHARDSON, TEXAS
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year ended September 30, 2018

	Budgeted Amounts		Actual GAAP	Adjustments	Actual Budget	Variance with
	Original	Final	Basis	Budget Basis	Basis	Final Budget- Positive (Negative)
Revenues						
Property taxes	\$ 53,002,615	\$ 52,417,906	\$ 51,425,515	\$ 867,703	\$ 52,293,218	\$ (124,688)
Franchise fees	16,776,410	17,083,506	17,187,830	-	17,187,830	104,324
Sales tax	35,130,408	36,613,557	35,357,252	1,192,137	36,549,389	(64,168)
Mixed beverage and bingo tax	589,604	611,899	616,316	-	616,316	4,417
911 revenue	1,181,209	1,203,951	1,084,647	-	1,084,647	(119,304)
Intergovernmental revenue	45,500	38,500	304,417	-	304,417	265,917
Licenses and permits	2,697,351	2,611,889	2,889,838	-	2,889,838	277,949
Fines and forfeitures	3,069,967	3,027,936	3,302,802	(111,243)	3,191,559	163,623
Interest revenue	260,150	403,118	531,384	-	531,384	128,266
Civic center use	284,683	285,000	248,710	-	248,710	(36,290)
Recreation and leisure	4,440,280	4,170,800	4,075,840	-	4,075,840	(94,960)
Public safety	2,631,736	2,454,026	2,630,824	-	2,630,824	176,798
Other	884,743	930,330	743,714	-	743,714	(186,616)
General administration	8,156,369	8,054,448	8,010,212	-	8,010,212	(44,236)
Contributions	110,000	100,000	95,681	-	95,681	(4,319)
Total revenues	129,261,025	130,006,866	128,504,982	1,948,597	130,453,579	446,713
Expenditures						
Current:						
General government	31,366,085	32,213,875	28,153,986	657,991	28,811,977	3,401,898
Public safety	51,863,727	51,775,115	51,365,045	72,550	51,437,595	337,520
Public services	20,949,134	21,157,887	20,196,781	220,974	20,417,755	740,132
Library	3,605,211	3,515,107	3,441,057	-	3,441,057	74,050
Parks and recreation	13,284,197	12,997,296	12,645,135	132,480	12,777,615	219,681
Public health	2,089,766	2,079,928	1,980,695	5,332	1,986,027	93,901
Capital outlay	14,400	135,380	128,527	-	128,527	6,853
Debt service						
Interest and fiscal charges	-	-	2,359	(2,359)	-	-
Payments for other obligations	-	-	573,228	(573,228)	-	-
Total expenditures	123,172,520	123,874,588	118,486,813	513,740	119,000,553	4,874,035
Excess of revenues over expenditures	6,088,505	6,132,278	10,018,169	1,434,857	11,453,026	5,320,748
Other financing sources (uses)						
Transfers in	500,000	500,000	503,231	-	503,231	3,231
Transfers out	(6,037,646)	(6,652,646)	(8,737,646)	-	(8,737,646)	(2,085,000)
Proceeds from sale of capital assets	75,000	75,000	142,987	-	142,987	67,987
Insurance and other recoveries	175,000	110,000	182,021	-	182,021	72,021
Total other financing sources (uses)	(5,287,646)	(5,967,646)	(7,909,407)	-	(7,909,407)	(1,941,761)
Net change in fund balance	800,859	164,632	2,108,762	1,434,857	3,543,619	3,378,987
Fund balances, October 1	17,887,307	19,327,052	22,875,764	313,116	23,188,880	3,861,828
Fund balances, September 30	\$ 18,688,166	\$ 19,491,684	\$ 24,984,526	\$ 1,747,973	\$ 26,732,499	\$ 7,240,815

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Year ended September 30, 2018

**Schedule of Changes in Total OPEB Liability and Related Ratios
 Last 10 Calendar Years***

	2017
Total OPEB liability:	
Service cost	\$ 1,656,080
Interest (on the total OPEB liability)	1,640,160
Differences between expected and actual experience	105,618
Change of Assumptions	2,443,407
Benefit Payments, Including Refunds of Employee Contributions	(1,628,228)
Net change in total OPEB liability	4,217,037
Total OPEB liability - beginning	43,034,902
Total OPEB liability - ending	\$ 47,251,939
Covered employee payroll	70,946,642
Total OPEB liability as a percentage of covered employee payroll	66.60 %

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in each period. The discount rate changed from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

*Note: The City implemented GASB 75 in FY 2018, therefore the required information for this schedule will be built over the next nine years.

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Year ended September 30, 2018

Schedule of Pension Contributions
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 10,828,353	\$ 10,000,938	\$ 8,960,805	\$ 9,092,062
Contributions in relation to the actuarially determined contribution	<u>(10,828,353)</u>	<u>(10,000,938)</u>	<u>(8,960,805)</u>	<u>(9,092,062)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 72,840,621	\$ 70,066,638	\$ 67,329,906	\$ 65,295,964
Contributions as a percentage of covered employee payroll	14.87 %	14.27 %	13.31 %	13.92 %

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.

Notes

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%

Retirement Age Experience -based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.

Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There was no benefit changes during the year

*Note: The City implemented GASB 68 in FY 2015, therefore the required information for this schedule will be built over the next six years.

CITY OF RICHARDSON, TEXAS
Required Supplementary Information
Year ended September 30, 2018

**Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Calendar Years***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 10,613,618	\$ 10,202,479	\$ 9,282,442	\$ 8,595,083
Interest (on the Total Pension Liability)	33,439,920	31,995,989	31,310,006	30,001,418
Differences between expected and actual experience	(313,905)	648,556	(1,241,285)	(142,357)
Change of assumptions	-	-	7,343,227	-
Benefit payments, including refunds of employee contributions	<u>(22,432,659)</u>	<u>(20,889,414)</u>	<u>(19,961,687)</u>	<u>(20,245,744)</u>
Net change in Total Pension Liability	21,306,974	21,957,610	26,732,703	18,208,400
Total Pension Liability - Beginning	<u>501,315,736</u>	<u>479,358,126</u>	<u>452,625,423</u>	<u>434,417,023</u>
Total Pension Liability - Ending (A)	<u>\$ 522,622,710</u>	<u>\$ 501,315,736</u>	<u>\$ 479,358,126</u>	<u>\$ 452,625,423</u>
Plan fiduciary Net Position				
Contributions - Employer	10,342,735	9,073,163	\$ 9,067,267	\$ 9,312,812
Contributions - Employee	4,967,489	4,767,618	4,599,369	4,541,066
Net Investment Income	60,507,332	28,105,129	622,684	23,194,326
Benefit payments, including refunds of employee contributions	(22,432,659)	(20,889,414)	(19,961,687)	(20,245,744)
Administrative expense	(313,643)	(317,470)	(379,292)	(242,173)
Other	<u>(15,895)</u>	<u>(17,105)</u>	<u>(18,735)</u>	<u>(19,911)</u>
Net change in plan fiduciary net position	53,055,361	20,721,921	(6,070,394)	16,540,376
Plan Fiduciary Net Position - Beginning	<u>436,666,048</u>	<u>415,944,127</u>	<u>422,014,521</u>	<u>405,474,145</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 489,721,409</u>	<u>\$ 436,666,048</u>	<u>\$ 415,944,127</u>	<u>\$ 422,014,521</u>
Net Pension Liability - Ending (A-B)	<u>\$ 32,901,301</u>	<u>\$ 64,649,688</u>	<u>\$ 63,413,999</u>	<u>\$ 30,610,902</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.70 %	87.10 %	86.77 %	93.24 %
Covered payroll	\$ 70,946,642	\$ 68,061,898	\$ 65,693,151	\$ 64,872,361
Net Pension Liability as a Percentage of Covered Payroll	46.37 %	94.99 %	96.53 %	47.19 %

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

This schedule is based on the actuarial dates of TMRS.

CITY OF RICHARDSON, TEXAS
Notes to the Required Supplementary Information
Year Ended September 30, 2018

(A) Budgetary Information

As set forth in the City Charter, the City Council adopts annual budgets for the General Fund, the Debt Service Fund, Special Revenue Funds, Enterprise Funds, and Internal Service Funds. These annual budget adoptions are prepared in accordance with the basis of accounting utilized by each fund. The budgets for the Enterprise Funds are prepared under a basis consistent with accounting principles generally accepted in the United States, except that depreciation, certain capital expenses, nonoperating income and certain nonoperating expense items are not considered. The legal level of control for each budget is at the fund level. That is to say, that total expenditures for each fund should not exceed total budgeted expenditures for that fund. The City Council is authorized to transfer budgeted amounts within and among departments and ratifies, through the Budget Ordinance, any transfers and/or amendments made by the City Manager. Subsequent to year-end, the Budget Department provides the City Council with the adopted budgets. The Solid Waste and Water and Sewer Funds include amounts for operations and debt service.

	<u>Original Budget</u>	<u>Amended Budget</u>
General	\$ 129,210,166	\$ 130,527,234
Debt Service	35,948,188	35,945,188
Water and Sewer	75,009,050	77,567,474
Solid Waste Services	14,970,413	14,837,693
Golf	2,275,125	2,243,736
Internal Service (Combined)	15,949,337	15,457,369
Special Police	55,000	120,875
State Grants	-	16,650
Federal Grants	-	460,398
Municipal Court Security	99,363	111,859
Traffic Safety	-	2,500
Wireless 911	471,000	465,500
Judicial Efficiency	5,950	5,950
Hotel/Motel Tax	6,591,660	6,592,599
Technology	68,928	67,725
Tax Increment Financing #1	2,234,903	4,178,560
Tax Increment Financing #2	5,481,002	5,374,985
Tax Increment Financing #3	383,535	443,480
Richardson Improvement Corp.	8,950	626,598
Franchise Peg Fund	73,000	1,073,000
Drainage Fee Fund	2,777,539	2,482,539

CITY OF RICHARDSON, TEXAS
Notes to the Required Supplementary Information
Year Ended September 30, 2018

(A) Budgetary Information

Excess of Expenditures over Appropriations

For the year ended September 30, 2018 expenditures exceeded appropriations by \$10,770 in the Municipal Court Building Security Fund due to personal service costs exceeding budget. The Traffic Safety Fund payments to the State Comptroller's office exceeded budget by \$635.

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

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$ 2,108,762
Beginning of year adjustment for encumbrances not recognized as expenditures	17,747
End of year adjustment for encumbrances not recognized as expenditures	(531,487)
Increase in property tax recognized for GAAP basis	867,703
Increase in sales tax recognized for GAAP basis	1,192,137
Increase in fines and forfeitures recognized for GAAP basis	<u>(111,243)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u><u>\$ 3,543,619</u></u>



COMBINING FINANCIAL STATEMENTS

CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds
September 30, 2018

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds
September 30, 2018

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

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

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

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

Economic Development Fund - This fund was established by the City Council's adoption of an ordinance in September 2014 dedicating a 1/2 cent of the ad valorem tax rate for economic development.

Golf Fund - This fund was established to account for the revenues and expenditures of the City's golf course.

Budget to Actual Comparisons

These schedules present the budget to actual comparisons for funds with legally adopted budgets that have not been presented as part of the Required Supplementary Information. Each comparison schedule shows the original budget amounts, the final adopted budget amounts, and the actual financial results as presented in the financial statements. A column is provided to show unusual items or items that are recorded for GAAP purposes that would not be considered for budgetary purposes. In addition, the variance between the final adopted budget amounts and the actual amounts on a budget basis is presented.



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CITY OF RICHARDSON, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds				
	Grant Funds(1)	Municipal Court Funds(1)	Tax Increment Financing Funds(1)	Special Police Funds	Traffic Safety Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 113,946	\$ 353,615	\$ 3,938,497	\$ 163,421	\$ 16,063
Investments	-	-	-	-	-
Receivables (net of allowances)	38,801	-	79,067	6,448	-
Prepaid items	-	-	-	11,435	-
Total assets	<u>\$ 152,747</u>	<u>\$ 353,615</u>	<u>\$ 4,017,564</u>	<u>\$ 181,304</u>	<u>\$ 16,063</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 9,335	\$ 776	\$ 78,304	\$ 7,907	\$ -
Retainage payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	3,135
Due to other funds	40,530	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>49,865</u>	<u>776</u>	<u>78,304</u>	<u>7,907</u>	<u>3,135</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid items	-	-	-	11,435	-
Restricted for:					
General government	-	180,069	3,939,260	-	-
Public safety	102,882	172,770	-	161,962	12,928
Committed for:					
General government	-	-	-	-	-
Public services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Assigned for:					
General government	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Total fund balances	<u>102,882</u>	<u>352,839</u>	<u>3,939,260</u>	<u>173,397</u>	<u>12,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 152,747</u>	<u>\$ 353,615</u>	<u>\$ 4,017,564</u>	<u>\$ 181,304</u>	<u>\$ 16,063</u>

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

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2018

Special Revenue Funds

Wireless 911 Fund	Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation	Economic Development Fund	Golf Fund	Total
\$ 478,214	\$ 516,878	\$ 954,703	\$ 694,161	\$ 85,133	\$ 2,734,170	\$ 158,261	\$ 10,207,062
-	3,000,000	-	3,900,000	-	-	-	6,900,000
-	330,865	-	244,805	-	-	47,677	747,663
-	70,844	-	-	-	-	1,215	83,494
<u>\$ 478,214</u>	<u>\$ 3,918,587</u>	<u>\$ 954,703</u>	<u>\$ 4,838,966</u>	<u>\$ 85,133</u>	<u>\$ 2,734,170</u>	<u>\$ 207,153</u>	<u>\$ 17,938,219</u>
\$ -	\$ 132,533	\$ -	\$ 214,577	\$ -	\$ -	\$ 25,779	\$ 469,211
-	-	11,699	23,025	-	-	-	34,724
-	235,542	-	-	7,800	-	16,167	262,644
-	-	-	-	5	-	-	40,535
-	323,074	-	-	-	-	-	323,074
<u>-</u>	<u>691,149</u>	<u>11,699</u>	<u>237,602</u>	<u>7,805</u>	<u>-</u>	<u>41,946</u>	<u>1,130,188</u>
-	-	-	244,805	-	-	-	244,805
-	-	-	244,805	-	-	-	244,805
-	70,844	-	-	-	-	1,215	83,494
-	-	943,004	-	-	-	-	5,062,333
478,214	-	-	-	-	-	-	928,756
-	-	-	-	-	2,734,170	-	2,734,170
-	-	-	4,356,559	-	-	-	4,356,559
-	-	-	-	-	-	163,992	163,992
-	3,156,594	-	-	-	-	-	3,156,594
-	-	-	-	77,328	-	-	77,328
<u>478,214</u>	<u>3,227,438</u>	<u>943,004</u>	<u>4,356,559</u>	<u>77,328</u>	<u>2,734,170</u>	<u>165,207</u>	<u>16,563,226</u>
<u>\$ 478,214</u>	<u>\$ 3,918,587</u>	<u>\$ 954,703</u>	<u>\$ 4,838,966</u>	<u>\$ 85,133</u>	<u>\$ 2,734,170</u>	<u>\$ 207,153</u>	<u>\$ 17,938,219</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2018

	Special Revenue Funds				
	Grant Funds(1)	Municipal Court Funds(1)	Tax Increment Financing Funds(1)	Special Police Funds	Traffic Safety Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ 8,290,003	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-
Drainage fees	-	-	-	-	-
Eisemann center revenue	-	-	-	-	-
Golf course revenue	-	-	-	-	-
Golf course restaurant	-	-	-	-	-
911 revenue	-	-	-	-	-
Intergovernmental revenue	255,657	-	2,093,941	85,895	-
Franchise taxes	-	-	-	-	-
Fines and forfeitures	-	167,352	-	16,672	6,270
Interest revenue	1,642	5,371	106,729	2,627	288
Contributions	-	-	-	-	-
Other	-	-	-	30,255	-
Total revenues	257,299	172,723	10,490,673	135,449	6,558
Expenditures:					
General government	-	62,999	1,141,263	-	-
Parks and recreation	-	-	-	-	-
Public health	17,167	-	-	-	-
Public safety	89,612	122,629	-	67,352	3,135
Public services	-	-	-	-	-
General administration	-	-	175,000	-	-
Capital outlay	153,257	-	6,416,816	-	-
Debt service:					
Payments for other obligations	-	-	3,875,008	-	-
Interest and fiscal charges	-	-	3,605,911	-	-
Total expenditures	260,036	185,628	15,213,998	67,352	3,135
Excess (deficiency) of revenues over (under) expenditures	(2,737)	(12,905)	(4,723,325)	68,097	3,423
Other financing sources (uses):					
Transfers in	105,619	-	-	-	-
Transfers out	-	-	-	(155,619)	-
Issuance of other obligations	-	-	5,667,203	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	105,619	-	5,667,203	(155,619)	-
Net change in fund balances	102,882	(12,905)	943,878	(87,522)	3,423
Fund balances, October 1	-	365,744	2,995,382	260,919	9,505
Fund balances, September 30	<u>\$ 102,882</u>	<u>\$ 352,839</u>	<u>\$ 3,939,260</u>	<u>\$ 173,397</u>	<u>\$ 12,928</u>

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

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2018

Special Revenue Funds

Wireless 911 Fund	Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation	Economic Development Fund	Golf Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,290,003
-	4,244,671	-	-	-	-	-	4,244,671
-	-	-	2,764,805	-	-	-	2,764,805
-	2,064,090	-	-	-	-	-	2,064,090
-	-	-	-	-	-	2,113,463	2,113,463
-	-	-	-	-	-	38,082	38,082
571,823	-	-	-	-	-	-	571,823
-	-	-	-	-	-	-	2,435,493
-	-	227,642	-	-	-	-	227,642
-	-	-	-	-	-	-	190,294
6,773	46,645	17,525	63,309	44	35,488	2,162	288,603
-	-	-	-	5,231	-	-	5,231
-	74,754	-	-	34	-	42,176	147,219
<u>578,596</u>	<u>6,430,160</u>	<u>245,167</u>	<u>2,828,114</u>	<u>5,309</u>	<u>35,488</u>	<u>2,195,883</u>	<u>23,381,419</u>
-	5,934,917	55,499	-	-	308,228	-	7,502,906
-	-	-	-	8,367	-	2,127,779	2,136,146
-	-	-	-	-	-	-	17,167
3,848	-	-	-	-	-	-	286,576
-	-	-	557,430	-	-	-	557,430
-	-	-	807,539	-	-	99,206	1,081,745
-	97,258	335,193	314,651	-	-	-	7,317,175
-	-	-	-	-	-	-	3,875,008
-	-	-	-	-	-	-	3,605,911
<u>3,848</u>	<u>6,032,175</u>	<u>390,692</u>	<u>1,679,620</u>	<u>8,367</u>	<u>308,228</u>	<u>2,226,985</u>	<u>26,380,064</u>
<u>574,748</u>	<u>397,985</u>	<u>(145,525)</u>	<u>1,148,494</u>	<u>(3,058)</u>	<u>(272,740)</u>	<u>(31,102)</u>	<u>(2,998,645)</u>
-	-	-	-	-	1,134,241	-	1,239,860
(450,000)	-	-	-	(618,231)	-	-	(1,223,850)
-	-	-	-	-	-	-	5,667,203
-	-	-	-	615,000	-	-	615,000
<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,231)</u>	<u>1,134,241</u>	<u>-</u>	<u>6,298,213</u>
124,748	397,985	(145,525)	1,148,494	(6,289)	861,501	(31,102)	3,299,568
<u>353,466</u>	<u>2,829,453</u>	<u>1,088,529</u>	<u>3,208,065</u>	<u>83,617</u>	<u>1,872,669</u>	<u>196,309</u>	<u>13,263,658</u>
<u>\$ 478,214</u>	<u>\$ 3,227,438</u>	<u>\$ 943,004</u>	<u>\$ 4,356,559</u>	<u>\$ 77,328</u>	<u>\$ 2,734,170</u>	<u>\$ 165,207</u>	<u>\$ 16,563,226</u>

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet - Nonmajor Governmental Funds - State and Federal Grant Funds
September 30, 2018

	<u>Special Revenue Funds</u>		
	<u>State Grant</u>	<u>Federal Grant</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,269	\$ 111,677	\$ 113,946
Intergovernmental receivables	2,450	36,351	38,801
Total assets	<u>\$ 4,719</u>	<u>\$ 148,028</u>	<u>\$ 152,747</u>
Liabilities:			
Accounts payable	\$ 4,719	\$ 4,616	\$ 9,335
Due to other funds	-	40,530	40,530
Total liabilities	<u>4,719</u>	<u>45,146</u>	<u>49,865</u>
Fund balances:			
Restricted for:			
Public safety	-	102,882	102,882
Total fund balances	<u>-</u>	<u>102,882</u>	<u>102,882</u>
Total liabilities and fund balances	<u>\$ 4,719</u>	<u>\$ 148,028</u>	<u>\$ 152,747</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds - State and Federal Grant Funds
Year ended September 30, 2018

	Special Revenue Funds		
	State Grant	Federal Grant	Total
Revenues:			
Intergovernmental revenue	\$ 12,321	\$ 243,336	\$ 255,657
Interest revenue	-	1,642	1,642
Total revenues	<u>12,321</u>	<u>244,978</u>	<u>257,299</u>
Expenditures:			
Public health	12,321	4,846	17,167
Public safety	-	89,612	89,612
Capital outlay	-	153,257	153,257
Total expenditures	<u>12,321</u>	<u>247,715</u>	<u>260,036</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,737)</u>	<u>(2,737)</u>
Other financing sources (uses):			
Transfers in	-	105,619	105,619
Total other financing sources (uses)	<u>-</u>	<u>105,619</u>	<u>105,619</u>
Net change in fund balances	-	102,882	102,882
Fund balances, October 1	-	-	-
Fund balances, September 30	<u>\$ -</u>	<u>\$ 102,882</u>	<u>\$ 102,882</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - State Grant Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ -	\$ 16,650	\$ 12,321	\$ (4,329)
Total revenues	<u>-</u>	<u>16,650</u>	<u>12,321</u>	<u>(4,329)</u>
Expenditures:				
Public health	-	16,650	12,321	4,329
Total expenditures	<u>-</u>	<u>16,650</u>	<u>12,321</u>	<u>4,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Federal Grant Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 725	\$ 421,351	\$ 243,336	\$ (178,015)
Interest revenue	-	-	1,642	1,642
Total revenues	<u>725</u>	<u>421,351</u>	<u>244,978</u>	<u>(176,373)</u>
Expenditures:				
Public safety	-	273,837	89,612	184,223
Public health	-	13,350	4,846	8,504
Capital outlay	-	173,211	153,257	19,954
Total expenditures	<u>-</u>	<u>460,398</u>	<u>247,715</u>	<u>212,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>725</u>	<u>(39,047)</u>	<u>(2,737)</u>	<u>36,308</u>
Other financing sources (uses):				
Transfers in	-	-	105,619	105,619
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>105,619</u>	<u>105,619</u>
Net change in fund balance	725	(39,047)	102,882	141,927
Fund balances, October 1	-	-	-	-
Fund balances, September 30	<u>\$ 725</u>	<u>\$ (39,047)</u>	<u>\$ 102,882</u>	<u>\$ 141,927</u>

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet - Nonmajor Governmental Funds - Municipal Court Funds
 September 30, 2018

	Special Revenue Funds			Total
	Building Security	Technology	Judicial Efficiency	
Assets:				
Cash and cash equivalents	\$ 136,051	\$ 200,991	\$ 16,573	\$ 353,615
Total assets	<u>\$ 136,051</u>	<u>\$ 200,991</u>	<u>\$ 16,573</u>	<u>\$ 353,615</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 776	\$ 776
Total liabilities	<u>-</u>	<u>-</u>	<u>776</u>	<u>776</u>
Fund balances:				
Restricted for:				
General government	-	164,272	15,797	180,069
Public safety	136,051	36,719	-	172,770
Total fund balances	<u>136,051</u>	<u>200,991</u>	<u>15,797</u>	<u>352,839</u>
Total liabilities and fund balances	<u>\$ 136,051</u>	<u>\$ 200,991</u>	<u>\$ 16,573</u>	<u>\$ 353,615</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Nonmajor Governmental Funds - Municipal Court Funds
 Year ended September 30, 2018

	Special Revenue Funds			
	Building Security	Technology	Judicial Efficiency	Total
Revenues:				
Fines and forfeitures	\$ 69,972	\$ 92,854	\$ 4,526	\$ 167,352
Interest revenue	2,539	2,593	239	5,371
Total revenues	<u>72,511</u>	<u>95,447</u>	<u>4,765</u>	<u>172,723</u>
Expenditures:				
General government	-	58,728	4,271	62,999
Public safety	122,629	-	-	122,629
Total expenditures	<u>122,629</u>	<u>58,728</u>	<u>4,271</u>	<u>185,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,118)</u>	<u>36,719</u>	<u>494</u>	<u>(12,905)</u>
Net change in fund balances	(50,118)	36,719	494	(12,905)
Fund balances, October 1	186,169	164,272	15,303	365,744
Fund balances, September 30	<u>\$ 136,051</u>	<u>\$ 200,991</u>	<u>\$ 15,797</u>	<u>\$ 352,839</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Municipal Court Building Security Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 61,000	\$ 61,000	\$ 69,972	\$ 8,972
Interest revenue	1,888	2,180	2,539	359
Total revenues	<u>62,888</u>	<u>63,180</u>	<u>72,511</u>	<u>9,331</u>
Expenditures:				
Public safety	99,363	111,859	122,629	(10,770)
Total expenditures	<u>99,363</u>	<u>111,859</u>	<u>122,629</u>	<u>(10,770)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,475)</u>	<u>(48,679)</u>	<u>(50,118)</u>	<u>(1,439)</u>
Net change in fund balance	(36,475)	(48,679)	(50,118)	(1,439)
Fund balances, October 1	<u>175,685</u>	<u>186,169</u>	<u>186,169</u>	<u>-</u>
Fund balances, September 30	<u>\$ 139,210</u>	<u>\$ 137,490</u>	<u>\$ 136,051</u>	<u>\$ (1,439)</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Technology Fund
 Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 82,000	\$ 86,400	\$ 92,854	\$ 6,454
Interest revenue	1,076	1,724	2,593	869
Total revenues	<u>83,076</u>	<u>88,124</u>	<u>95,447</u>	<u>7,323</u>
Expenditures:				
General government	68,928	64,143	58,728	5,415
Capital outlay	-	3,582	-	3,582
Total expenditures	<u>68,928</u>	<u>67,725</u>	<u>58,728</u>	<u>8,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,148</u>	<u>20,399</u>	<u>36,719</u>	<u>16,320</u>
Net change in fund balance	14,148	20,399	36,719	16,320
Fund balances, October 1	<u>155,237</u>	<u>164,272</u>	<u>164,272</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ 169,385</u></u>	<u><u>\$ 184,671</u></u>	<u><u>\$ 200,991</u></u>	<u><u>\$ 16,320</u></u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Judicial Efficiency Fund
 Year ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 4,526	\$ (474)
Interest revenue	161	190	239	49
Total revenues	<u>5,161</u>	<u>5,190</u>	<u>4,765</u>	<u>(425)</u>
Expenditures:				
General government	5,950	5,950	4,271	1,679
Total expenditures	<u>5,950</u>	<u>5,950</u>	<u>4,271</u>	<u>1,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(789)</u>	<u>(760)</u>	494	1,254
Net change in fund balance	(789)	(760)	494	1,254
Fund balances, October 1	<u>10,333</u>	<u>15,303</u>	<u>15,303</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ 9,544</u></u>	<u><u>\$ 14,543</u></u>	<u><u>\$ 15,797</u></u>	<u><u>\$ 1,254</u></u>

CITY OF RICHARDSON, TEXAS

Combining Balance Sheet - Nonmajor Governmental Funds - Tax Increment Financing Funds
September 30, 2018

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Assets:				
Cash and cash equivalents	\$ 3,846,654	\$ 30,193	\$ 61,650	\$ 3,938,497
Accounts receivable	79,067	-	-	79,067
Total assets	\$ 3,925,721	\$ 30,193	\$ 61,650	\$ 4,017,564
Liabilities:				
Accounts payable	\$ 78,304	\$ -	\$ -	\$ 78,304
Total liabilities	78,304	-	-	78,304
Fund balances:				
Restricted for:				
General government	3,847,417	30,193	61,650	3,939,260
Total fund balances	3,847,417	30,193	61,650	3,939,260
Total liabilities and fund balances	\$ 3,925,721	\$ 30,193	\$ 61,650	\$ 4,017,564

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds - Tax Increment Financing Funds
Year ended September 30, 2018

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Revenues:				
General property taxes	\$ 3,849,156	\$ 4,076,394	\$ 364,453	\$ 8,290,003
Intergovernmental revenue	998,721	1,009,113	86,107	2,093,941
Interest revenue	72,479	30,854	3,396	106,729
Total revenues	<u>4,920,356</u>	<u>5,116,361</u>	<u>453,956</u>	<u>10,490,673</u>
Expenditures:				
General government	8,200	1,133,063	-	1,141,263
General administration	150,000	25,000	-	175,000
Capital outlay	1,882,676	2,573,077	1,961,063	6,416,816
Debt service:				
Payments for other obligations	1,217,045	2,657,963	-	3,875,008
Interest and fiscal charges	707,920	2,454,511	443,480	3,605,911
Total expenditures	<u>3,965,841</u>	<u>8,843,614</u>	<u>2,404,543</u>	<u>15,213,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>954,515</u>	<u>(3,727,253)</u>	<u>(1,950,587)</u>	<u>(4,723,325)</u>
Other financing sources (uses):				
Issuance of other obligations	-	3,706,140	1,961,063	5,667,203
Total other financing sources (uses)	<u>-</u>	<u>3,706,140</u>	<u>1,961,063</u>	<u>5,667,203</u>
Net change in fund balances	954,515	(21,113)	10,476	943,878
Fund balances, October 1	2,892,902	51,306	51,174	2,995,382
Fund balances, September 30	<u>\$ 3,847,417</u>	<u>\$ 30,193</u>	<u>\$ 61,650</u>	<u>\$ 3,939,260</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Tax Increment Financing #1
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual GAAP	Adjustments	Actual Budget	Variance with
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Budget Basis</u>	<u>Basis</u>	<u>Final Budget- Positive (Negative)</u>
Revenues:						
Property taxes	\$ 4,140,397	\$ 3,980,076	\$ 3,849,156	\$ 110,917	\$ 3,960,073	\$ (20,003)
Intergovernmental revenue	1,057,513	998,721	998,721	-	998,721	-
Interest revenue	24,894	56,536	72,479	-	72,479	15,943
Total revenues	<u>5,222,804</u>	<u>5,035,333</u>	<u>4,920,356</u>	<u>(110,917)</u>	<u>5,031,273</u>	<u>(4,060)</u>
Expenditures:						
General government	2,084,903	2,112,682	8,200	2,035,882	2,044,082	68,600
General administration	150,000	150,000	150,000	-	150,000	-
Capital outlay	-	1,915,878	1,882,676	-	1,882,676	33,202
Debt service:						
Payments for other obligations	-	-	1,217,045	(1,217,045)	-	-
Interest and fiscal charges	-	-	707,920	(707,920)	-	-
Total expenditures	<u>2,234,903</u>	<u>4,178,560</u>	<u>3,965,841</u>	<u>110,917</u>	<u>4,076,758</u>	<u>101,802</u>
Excess of revenues over (under) expenditures	<u>2,987,901</u>	<u>856,773</u>	<u>954,515</u>	<u>-</u>	<u>954,515</u>	<u>97,742</u>
Net change in fund balance	2,987,901	856,773	954,515	-	954,515	97,742
Fund balances, October 1	<u>2,705,589</u>	<u>2,892,902</u>	<u>2,892,902</u>	<u>-</u>	<u>2,892,902</u>	<u>-</u>
Fund balances, September 30	<u>\$ 5,693,490</u>	<u>\$ 3,749,675</u>	<u>\$ 3,847,417</u>	<u>\$ -</u>	<u>\$ 3,847,417</u>	<u>\$ 97,742</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Tax Increment Financing #2
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		Actual GAAP	Adjustments	Actual Budget	Variance with
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Budget Basis</u>	<u>Basis</u>	<u>Final Budget- Positive (Negative)</u>
Revenues:						
Property taxes	\$ 4,377,285	\$ 4,338,495	\$ 4,076,394	\$ 237,510	\$ 4,313,904	\$ (24,591)
Intergovernmental revenue	1,094,310	1,009,113	1,009,113	-	1,009,113	-
Interest revenue	8,407	26,071	30,854	-	30,854	4,783
Total revenues	<u>5,480,002</u>	<u>5,373,679</u>	<u>5,116,361</u>	<u>237,510</u>	<u>5,353,871</u>	<u>(19,808)</u>
Expenditures:						
General government	5,456,002	5,349,985	1,133,063	4,216,921	5,349,984	1
General administration	25,000	25,000	25,000	-	25,000	-
Capital outlay	-	-	2,573,077	(2,573,077)	-	-
Debt service:						
Payments for other obligations	-	-	2,657,963	(2,657,963)	-	-
Interest and fiscal charges	-	-	2,454,511	(2,454,511)	-	-
Total expenditures	<u>5,481,002</u>	<u>5,374,985</u>	<u>8,843,614</u>	<u>(3,468,630)</u>	<u>5,374,984</u>	<u>1</u>
Excess of revenues over (under) expenditures	<u>(1,000)</u>	<u>(1,306)</u>	<u>(3,727,253)</u>	<u>3,706,140</u>	<u>(21,113)</u>	<u>(19,807)</u>
Other financing sources (uses):						
Issuance of other obligations	-	-	3,706,140	(3,706,140)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,706,140</u>	<u>(3,706,140)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,000)</u>	<u>(1,306)</u>	<u>(21,113)</u>	<u>-</u>	<u>(21,113)</u>	<u>(19,807)</u>
Fund balances, October 1	<u>51,000</u>	<u>51,306</u>	<u>51,306</u>	<u>-</u>	<u>51,306</u>	<u>-</u>
Fund balances, September 30	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 30,193</u>	<u>\$ -</u>	<u>\$ 30,193</u>	<u>\$ (19,807)</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Tax Increment Financing #3
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual GAAP</u>	<u>Adjustments</u>	<u>Actual Budget</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Budget Basis</u>	<u>Basis</u>	<u>Final Budget- Positive (Negative)</u>
Revenues:						
Property taxes	\$ 392,167	\$ 364,453	\$ 364,453	\$ -	\$ 364,453	\$ -
Intergovernmental revenue	98,041	86,107	86,107	-	86,107	-
Interest revenue	829	2,618	3,396	-	3,396	778
Total revenues	<u>491,037</u>	<u>453,178</u>	<u>453,956</u>	<u>-</u>	<u>453,956</u>	<u>778</u>
Expenditures:						
General government	383,535	443,480	-	443,480	443,480	-
Capital outlay	-	-	1,961,063	(1,961,063)	-	-
Debt service:						
Interest and fiscal charges	-	-	443,480	(443,480)	-	-
Total expenditures	<u>383,535</u>	<u>443,480</u>	<u>2,404,543</u>	<u>(1,961,063)</u>	<u>443,480</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>107,502</u>	<u>9,698</u>	<u>(1,950,587)</u>	<u>1,961,063</u>	<u>10,476</u>	<u>778</u>
Other financing sources (uses):						
Issuance of other obligations	<u>-</u>	<u>-</u>	<u>1,961,063</u>	<u>(1,961,063)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	107,502	9,698	10,476	-	10,476	778
Fund balances, October 1	<u>51,185</u>	<u>51,174</u>	<u>51,174</u>	<u>-</u>	<u>51,174</u>	<u>-</u>
Fund balances, September 30	<u>\$ 158,687</u>	<u>\$ 60,872</u>	<u>\$ 61,650</u>	<u>\$ -</u>	<u>\$ 61,650</u>	<u>\$ 778</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Debt Service Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 36,132,677	\$ 36,116,350	\$ 36,109,871	\$ (6,479)
Interest revenue	47,294	116,973	123,763	6,790
Total revenues	<u>36,179,971</u>	<u>36,233,323</u>	<u>36,233,634</u>	<u>311</u>
Expenditures:				
Debt service:				
Interest and fiscal charges	8,873,523	8,870,523	8,869,738	785
Principal retirement	26,685,000	26,685,000	26,685,000	-
Payments for other obligations	389,665	389,665	389,665	-
Total expenditures	<u>35,948,188</u>	<u>35,945,188</u>	<u>35,944,403</u>	<u>785</u>
Net change in fund balance	231,783	288,135	289,231	1,096
Fund balances, October 1	<u>2,724,935</u>	<u>2,793,966</u>	<u>2,793,966</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ 2,956,718</u></u>	<u><u>\$ 3,082,101</u></u>	<u><u>\$ 3,083,197</u></u>	<u><u>\$ 1,096</u></u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Special Police Funds
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ 24,275	\$ 120,128	\$ 85,895	\$ (34,233)
Fines and forfeitures	10,000	14,000	16,672	2,672
Interest revenue	2,460	3,101	2,627	(474)
Other	10,000	35,000	30,255	(4,745)
Total revenues	<u>46,735</u>	<u>172,229</u>	<u>135,449</u>	<u>(36,780)</u>
Expenditures:				
Public safety	5,000	67,358	67,352	6
Capital outlay	-	3,517	-	3,517
Total expenditures	<u>5,000</u>	<u>70,875</u>	<u>67,352</u>	<u>3,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,735</u>	<u>101,354</u>	<u>68,097</u>	<u>(33,257)</u>
Other financing sources (uses):				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(155,619)</u>	<u>(105,619)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(155,619)</u>	<u>(105,619)</u>
Net change in fund balance	(8,265)	51,354	(87,522)	(138,876)
Fund balances, October 1	<u>243,185</u>	<u>260,919</u>	<u>260,919</u>	<u>-</u>
Fund balances, September 30	<u>\$ 234,920</u>	<u>\$ 312,273</u>	<u>\$ 173,397</u>	<u>\$ (138,876)</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Traffic Safety Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ 6,500	\$ 6,270	\$ (230)
Interest revenue	-	254	288	34
Total revenues	<u>-</u>	<u>6,754</u>	<u>6,558</u>	<u>(196)</u>
Expenditures:				
Public safety	-	2,500	3,135	(635)
Total expenditures	<u>-</u>	<u>2,500</u>	<u>3,135</u>	<u>(635)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,254</u>	<u>3,423</u>	<u>(831)</u>
Net change in fund balance	-	4,254	3,423	(831)
Fund balances, October 1	<u>-</u>	<u>9,505</u>	<u>9,505</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ 13,759</u>	<u>\$ 12,928</u>	<u>\$ (831)</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Wireless 911 Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
911 revenue	\$ 525,000	\$ 570,000	\$ 571,823	\$ 1,823
Interest revenue	2,478	6,500	6,773	273
Total revenues	<u>527,478</u>	<u>576,500</u>	<u>578,596</u>	<u>2,096</u>
Expenditures:				
Public safety	21,000	15,500	3,848	11,652
Total expenditures	<u>21,000</u>	<u>15,500</u>	<u>3,848</u>	<u>11,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>506,478</u>	<u>561,000</u>	<u>574,748</u>	<u>13,748</u>
Other financing sources (uses):				
Transfers out	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Net change in fund balance	56,478	111,000	124,748	13,748
Fund balances, October 1	<u>353,437</u>	<u>353,466</u>	<u>353,466</u>	<u>-</u>
Fund balances, September 30	<u>\$ 409,915</u>	<u>\$ 464,466</u>	<u>\$ 478,214</u>	<u>\$ 13,748</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Hotel/Motel Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel/motel taxes	\$ 4,350,066	\$ 4,340,814	\$ 4,244,671	\$ (96,143)
Parking Fees	222,819	223,376	215,314	(8,062)
Eisemann center revenue	2,194,720	1,847,402	1,848,776	1,374
Interest revenue	25,312	34,218	46,645	12,427
Other	72,000	79,785	74,754	(5,031)
Total revenues	<u>6,864,917</u>	<u>6,525,595</u>	<u>6,430,160</u>	<u>(95,435)</u>
Expenditures:				
General government	6,591,660	6,592,599	5,934,917	657,682
Capital outlay	-	-	97,258	(97,258)
Total expenditures	<u>6,591,660</u>	<u>6,592,599</u>	<u>6,032,175</u>	<u>560,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>273,257</u>	<u>(67,004)</u>	<u>397,985</u>	<u>464,989</u>
Net change in fund balance	273,257	(67,004)	397,985	464,989
Fund balances, October 1	<u>2,427,599</u>	<u>2,829,453</u>	<u>2,829,453</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,700,856</u>	<u>\$ 2,762,449</u>	<u>\$ 3,227,438</u>	<u>\$ 464,989</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Franchise PEG Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Franchise taxes	\$ 250,000	\$ 223,500	\$ 227,642	\$ 4,142
Interest revenue	9,352	12,729	17,525	4,796
Total revenues	<u>259,352</u>	<u>236,229</u>	<u>245,167</u>	<u>8,938</u>
Expenditures:				
General government	-	-	55,499	(55,499)
Capital outlay	73,000	1,073,000	335,193	737,807
Total expenditures	<u>73,000</u>	<u>1,073,000</u>	<u>390,692</u>	<u>682,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,352</u>	<u>(836,771)</u>	<u>(145,525)</u>	<u>691,246</u>
Net change in fund balance	186,352	(836,771)	(145,525)	691,246
Fund balances, October 1	<u>1,093,154</u>	<u>1,088,529</u>	<u>1,088,529</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,279,506</u>	<u>\$ 251,758</u>	<u>\$ 943,004</u>	<u>\$ 691,246</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Drainage Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest revenue	\$ 25,725	\$ 54,000	\$ 63,309	\$ 9,309
Drainage fees	2,767,200	2,791,250	2,764,805	(26,445)
Total revenues	<u>2,792,925</u>	<u>2,845,250</u>	<u>2,828,114</u>	<u>(17,136)</u>
Expenditures:				
Public services	900,000	1,000,000	557,430	442,570
General administration	807,539	807,539	807,539	-
Capital outlay	1,070,000	675,000	314,651	360,349
Total expenditures	<u>2,777,539</u>	<u>2,482,539</u>	<u>1,679,620</u>	<u>802,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,386</u>	<u>362,711</u>	<u>1,148,494</u>	<u>785,783</u>
Net change in fund balance	15,386	362,711	1,148,494	785,783
Fund balances, October 1	<u>2,575,186</u>	<u>3,208,065</u>	<u>3,208,065</u>	<u>-</u>
Fund balances, September 30	<u>\$ 2,590,572</u>	<u>\$ 3,570,776</u>	<u>\$ 4,356,559</u>	<u>\$ 785,783</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Richardson Improvement Corporation
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions	\$ 500	\$ 3,231	\$ 5,231	\$ 2,000
Interest revenue	30	42	44	2
Other	-	34	34	-
Total revenues	<u>530</u>	<u>3,307</u>	<u>5,309</u>	<u>2,002</u>
Expenditures:				
Parks and recreation	<u>8,950</u>	<u>8,367</u>	<u>8,367</u>	<u>-</u>
Total expenditures	<u>8,950</u>	<u>8,367</u>	<u>8,367</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,420)</u>	<u>(5,060)</u>	<u>(3,058)</u>	<u>2,002</u>
Other financing sources (uses):				
Transfers out	-	(618,231)	(618,231)	-
Proceeds from sale of capital assets	<u>-</u>	<u>615,000</u>	<u>615,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,231)</u>	<u>(3,231)</u>	<u>-</u>
Net change in fund balance	(8,420)	(8,291)	(6,289)	2,002
Fund balances, October 1	<u>81,545</u>	<u>83,617</u>	<u>83,617</u>	<u>-</u>
Fund balances, September 30	<u>\$ 73,125</u>	<u>\$ 75,326</u>	<u>\$ 77,328</u>	<u>\$ 2,002</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Golf Fund
 Year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Golf course revenue	\$ 2,223,378	\$ 2,117,058	\$ 2,113,463	\$ (3,595)
Golf course restaurant	38,822	36,955	38,082	1,127
Other				
Interest	401	1,414	2,162	748
Other Miscellaneous	19,987	36,116	42,176	6,060
Total revenues	<u>2,282,588</u>	<u>2,191,543</u>	<u>2,195,883</u>	<u>4,340</u>
Expenditures:				
General administration	99,206	99,206	99,206	-
Parks and recreation	2,175,919	2,144,530	2,127,779	16,751
Total expenditures	<u>2,275,125</u>	<u>2,243,736</u>	<u>2,226,985</u>	<u>16,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,463</u>	<u>(52,193)</u>	<u>(31,102)</u>	<u>21,091</u>
Net change in fund balance	7,463	(52,193)	(31,102)	21,091
Fund balances, October 1	<u>99,427</u>	<u>196,309</u>	<u>196,309</u>	<u>-</u>
Fund balances, September 30	<u>\$ 106,890</u>	<u>\$ 144,116</u>	<u>\$ 165,207</u>	<u>\$ 21,091</u>

CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds - Internal Service Funds
September 30, 2018

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

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

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

CITY OF RICHARDSON, TEXAS
Combining Statement of Net Position - All Internal Service Funds
September 30, 2018

	Central		
	Services Fund	Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 228,997	\$ 88,174	\$ 317,171
Investments	-	9,000,000	9,000,000
Accounts receivable	-	386,581	386,581
Inventories	196,680	-	196,680
Prepaid items	-	41,374	41,374
Total current assets	<u>425,677</u>	<u>9,516,129</u>	<u>9,941,806</u>
Capital assets:			
Land	56,011	-	56,011
Buildings	259,990	-	259,990
Improvements	23,023	-	23,023
Vehicles, machinery and equipment	288,697	-	288,697
Total capital assets	<u>627,721</u>	<u>-</u>	<u>627,721</u>
Less accumulated depreciation	<u>(557,824)</u>	<u>-</u>	<u>(557,824)</u>
Total capital assets, net of accumulated depreciation	<u>69,897</u>	<u>-</u>	<u>69,897</u>
Total assets	<u>495,574</u>	<u>9,516,129</u>	<u>10,011,703</u>
Deferred outflows of resources:			
Pension contributions investment experience and assumptions	56,545	42,224	98,769
Deferred outflows related to OPEB	16,722	8,362	25,084
Total deferred outflows of resources	<u>73,267</u>	<u>50,586</u>	<u>123,853</u>
Liabilities:			
Current liabilities:			
Accounts payable	5,999	453,814	459,813
Compensated absences	3,505	6,322	9,827
Unpaid claims liabilities	-	975,773	975,773
Unearned revenue	-	71,141	71,141
Total current liabilities	<u>9,504</u>	<u>1,507,050</u>	<u>1,516,554</u>
Noncurrent liabilities:			
Compensated absences	31,540	56,900	88,440
Pension liability	164,686	98,300	262,986
Other post employment benefits	150,302	139,673	289,975
Total noncurrent liabilities	<u>346,528</u>	<u>294,873</u>	<u>641,401</u>
Total liabilities	<u>356,032</u>	<u>1,801,923</u>	<u>2,157,955</u>
Deferred inflows of resources:			
Pension actuarial experience	62,623	31,818	94,441
Total deferred inflows of resources	<u>62,623</u>	<u>31,818</u>	<u>94,441</u>
Net position:			
Net investment in capital assets	69,897	-	69,897
Unrestricted	80,289	7,732,974	7,813,263
Total net position	<u>\$ 150,186</u>	<u>\$ 7,732,974</u>	<u>\$ 7,883,160</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - All Internal Service Funds
Year ended September 30, 2018

	Central		
	Services Fund	Insurance Fund	Total
Operating revenues:			
Charges for services	\$ 556,776	\$ -	\$ 556,776
City and employee contributions	13,759	16,074,320	16,088,079
Miscellaneous	<u>2</u>	<u>296,372</u>	<u>296,374</u>
Total operating revenues	<u>570,537</u>	<u>16,370,692</u>	<u>16,941,229</u>
Operating expenses:			
Personal services	345,543	460,279	805,822
Premiums	715	779,585	780,300
Professional and technical services	10,239	734,998	745,237
Property services	73,288	-	73,288
Other purchases services	-	92,930	92,930
Insurance claims	34,780	12,885,064	12,919,844
Supplies	25,248	1,027	26,275
Depreciation	<u>3,968</u>	<u>-</u>	<u>3,968</u>
Total operating expenses	<u>493,781</u>	<u>14,953,883</u>	<u>15,447,664</u>
Operating income (loss)	<u>76,756</u>	<u>1,416,809</u>	<u>1,493,565</u>
Nonoperating revenues:			
Interest revenue	<u>5,293</u>	<u>118,497</u>	<u>123,790</u>
Total nonoperating revenues	<u>5,293</u>	<u>118,497</u>	<u>123,790</u>
Change in net position	82,049	1,535,306	1,617,355
Net position, October 1 (Restated, See Note (1.B))	<u>68,137</u>	<u>6,197,668</u>	<u>6,265,805</u>
Net position, September 30	<u>\$ 150,186</u>	<u>\$ 7,732,974</u>	<u>\$ 7,883,160</u>

CITY OF RICHARDSON, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
Year ended September 30, 2018

	Central Services Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from service users	\$ 556,776	\$ -	\$ 556,776
Cash received from city, employee and other contributions	13,761	16,370,692	16,384,453
Cash payments for premiums and other operating expenses	(97,471)	(1,489,549)	(1,587,020)
Cash payments to employees	(343,794)	(448,627)	(792,421)
Cash payments for claims	(34,780)	(13,066,585)	(13,101,365)
Net cash provided (used in) by operating activities	<u>94,492</u>	<u>1,365,931</u>	<u>1,460,423</u>
Cash from noncapital financing activities			
Acquisition of capital assets	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activity:			
Purchase of investment securities	-	(9,000,000)	(9,000,000)
Proceeds from sale and maturities of investments	-	4,000,000	4,000,000
Interest received on investments	5,293	118,497	123,790
Net cash provided (used in) by investing activities	<u>5,293</u>	<u>(4,881,503)</u>	<u>(4,876,210)</u>
Net increase (decrease) in cash and cash equivalents	99,785	(3,515,572)	(3,415,787)
Cash and cash equivalents, October 1	<u>129,212</u>	<u>3,603,746</u>	<u>3,732,958</u>
Cash and cash equivalents, September 30	<u>228,997</u>	<u>88,174</u>	<u>317,171</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	76,756	1,416,809	1,493,565
Adjustments to reconcile operating income (loss) to net cash used for operating activities			
Depreciation	3,968	-	3,968
Changes in assets and liabilities:			
(Increase) Decrease in other receivables	-	(278,041)	(278,041)
(Increase) Decrease in inventory of supplies	14,049	-	14,049
(Increase) Decrease in prepaid items	107	(11,717)	(11,610)
Increase (Decrease) in accounts payable	(2,138)	130,709	128,571
Increase in unpaid claims liabilities	-	95,830	95,830
Increase (Decrease) in unearned revenue	-	691	691
Increase (Decrease) in post-employment benefits	9,104	4,550	13,654
Increase (Decrease) in compensated absences	(12,274)	4,640	(7,634)
Increase (Decrease) in pension liabilities	4,920	2,460	7,380
Total adjustments	<u>17,736</u>	<u>(50,878)</u>	<u>(33,142)</u>
Net cash used in operating activities:	<u>94,492</u>	<u>1,365,931</u>	<u>1,460,423</u>
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	228,997	9,088,174	9,317,171
Less investments not meeting the definition of cash equivalents	<u>-</u>	<u>(9,000,000)</u>	<u>(9,000,000)</u>
Cash and cash equivalents at September 30, 2018	<u>\$ 228,997</u>	<u>\$ 88,174</u>	<u>\$ 317,171</u>



STATISTICAL SECTION

CITY OF RICHARDSON, TEXAS
Statistical Section
September 30, 2018

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

	Pages
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	115 - 120
<i>Revenue Capacity</i> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	121 - 124
<i>Debt Capacity</i> - These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	125 - 128
<i>Demographic and Economic Information</i> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	129 - 130
<i>Operating Information</i> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131 - 133
<i>Pension Information</i> - This schedule contains information regarding pension benefits funding progress.	134

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



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Table 1

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Net investment in capital assets	\$ 103,758	\$ 109,432	\$ 106,308	\$ 108,527	\$ 113,992	\$ 129,095	\$ 134,199	\$ 130,402	\$ 110,728	\$ 150,625
Restricted	22,864	22,180	15,207	10,744	7,103	7,072	10,511	10,682	26,607	9,692
Unrestricted	903	(5,654)	(7,778)	(8,303)	(6,582)	(19,188)	(23,943)	(19,160)	(35,250)	(31,515)
Total governmental activities net position	<u>\$ 127,525</u>	<u>\$ 125,958</u>	<u>\$ 113,737</u>	<u>\$ 110,968</u>	<u>\$ 114,513</u>	<u>\$ 116,979</u>	<u>\$ 120,767</u>	<u>\$ 121,924</u>	<u>\$ 102,085</u>	<u>\$ 128,802</u>
Business-type activities:										
Net investment in capital assets	\$ 54,480	\$ 52,823	\$ 50,959	\$ 50,558	\$ 55,251	\$ 50,634	\$ 51,770	\$ 55,464	\$ 56,619	\$ 57,169
Restricted	3,873	2,338	9,245	6,338	6,700	4,068	5,464	3,262	3,016	3,071
Unrestricted	17,625	18,192	12,666	11,604	11,399	8,983	10,694	12,427	10,665	15,512
Total business-type activities net position	<u>\$ 75,978</u>	<u>\$ 73,353</u>	<u>\$ 72,870</u>	<u>\$ 68,500</u>	<u>\$ 73,350</u>	<u>\$ 63,685</u>	<u>\$ 67,928</u>	<u>\$ 71,153</u>	<u>\$ 70,300</u>	<u>\$ 75,752</u>
Primary government:										
Net investment in capital assets	\$ 158,238	\$ 162,255	\$ 157,267	\$ 159,085	\$ 169,243	\$ 179,729	\$ 185,969	\$ 185,866	\$ 167,347	\$ 207,794
Restricted	26,737	24,518	24,452	17,082	13,803	11,140	15,975	13,944	29,623	12,763
Unrestricted	18,528	12,538	4,888	3,301	4,817	(10,205)	(13,249)	(6,733)	(24,585)	(16,003)
Total primary government net position	<u>\$ 203,503</u>	<u>\$ 199,311</u>	<u>\$ 186,607</u>	<u>\$ 179,468</u>	<u>\$ 187,863</u>	<u>\$ 180,664</u>	<u>\$ 188,695</u>	<u>\$ 193,077</u>	<u>\$ 172,385</u>	<u>\$ 204,554</u>

* The City implemented GASB Statements 63 and 65 in FY 2013. The amounts for fiscal years 2008-2012 were restated for the effects of these standards in FY 2013. The City implemented GASB Statement 68 in FY 2015. The amounts for fiscal year 2014 were restated for the effects of these standards in FY 2015. The City implemented GASB Statement 75 in FY 2018. The amounts for fiscal year 2017 were restated for the effects of these standards in FY 2018.

Table 2

CITY OF RICHARDSON, TEXAS
Changes in Net Position*
Last ten fiscal years
(In thousands)
(Accrual basis of accounting)
(unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses:										
Governmental activities:										
General government	\$ 27,784	\$ 27,767	\$ 34,351	\$ 30,018	\$ 29,705	\$ 36,311	\$ 36,761	\$ 45,754	\$ 60,771	\$ 36,545
Public safety	43,610	44,318	45,826	45,224	45,616	47,533	48,745	54,796	56,883	56,951
Public services	27,070	26,652	26,819	26,776	27,044	28,931	30,588	34,955	32,108	30,921
Library	4,224	4,099	4,245	4,027	3,963	3,989	4,161	4,311	4,339	4,217
Parks and recreation	13,658	14,507	14,662	14,786	15,078	15,282	18,310	18,987	19,813	19,259
Public health	1,582	1,460	1,467	1,548	1,606	1,714	1,807	2,054	2,185	2,173
Interest and fiscal charges	9,642	8,817	10,832	10,930	11,134	10,757	9,884	9,524	11,136	12,984
Total governmental activities expenses	<u>127,570</u>	<u>127,620</u>	<u>138,202</u>	<u>133,309</u>	<u>134,146</u>	<u>144,517</u>	<u>150,256</u>	<u>170,381</u>	<u>187,235</u>	<u>163,050</u>
Business-type activities:										
Water and sewer	46,278	46,785	49,816	51,667	54,341	55,648	59,159	63,836	71,437	76,642
Solid waste	12,364	12,779	12,798	13,057	12,574	12,441	13,725	14,418	14,509	14,369
Golf	2,406	2,338	2,487	2,376	2,544	2,558	-	-	-	-
Total business-type activities expenses	<u>61,048</u>	<u>61,902</u>	<u>65,101</u>	<u>67,100</u>	<u>69,459</u>	<u>70,647</u>	<u>72,884</u>	<u>78,254</u>	<u>85,946</u>	<u>91,011</u>
Total primary government expenses	<u>\$ 188,618</u>	<u>\$ 189,522</u>	<u>\$ 203,303</u>	<u>\$ 200,409</u>	<u>\$ 203,605</u>	<u>\$ 215,164</u>	<u>\$ 223,140</u>	<u>\$ 248,635</u>	<u>\$ 273,181</u>	<u>\$ 254,061</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 3,724	\$ 3,111	\$ 3,577	\$ 3,423	\$ 3,875	\$ 3,327	\$ 3,398	\$ 6,027	\$ 6,025	\$ 4,736
Public safety	8,903	8,398	9,170	9,480	9,506	9,252	9,691	9,421	7,867	7,977
Public services	1,379	1,956	2,200	4,278	6,583	6,163	6,152	10,200	6,940	5,947
Library	190	184	164	155	6	5	-	-	-	-
Parks and recreation	2,891	3,291	3,327	3,262	3,756	4,103	5,328	6,110	6,367	6,281
Public health	255	264	266	264	293	291	340	346	369	615
Operating grants and contributions	368	642	532	1,777	522	788	967	3,689	1,821	7,242
Capital grants and contributions	10,059	10,144	3,875	2,028	8,363	15,022	8,168	1,819	4,468	428
Total governmental activities program revenues	<u>27,769</u>	<u>27,990</u>	<u>23,111</u>	<u>24,667</u>	<u>32,904</u>	<u>38,951</u>	<u>34,044</u>	<u>37,612</u>	<u>33,857</u>	<u>33,226</u>
Business-type activities:										
Charges for services:										
Water and sewer	43,116	42,807	48,485	46,075	54,257	51,271	60,310	63,914	68,876	78,920
Solid waste	12,262	12,274	12,275	12,303	12,375	12,555	13,047	13,345	14,679	14,614
Golf	2,045	1,536	1,873	2,011	2,231	1,919	-	-	-	-
Operating grants and contributions	-	-	15	12	-	-	-	-	-	6
Capital grants and contributions	872	1,228	647	956	908	1,551	1,549	4,032	3,457	1,974
Total business-type activities program revenues	<u>58,295</u>	<u>57,845</u>	<u>63,295</u>	<u>61,357</u>	<u>69,771</u>	<u>67,296</u>	<u>74,906</u>	<u>81,291</u>	<u>87,012</u>	<u>95,514</u>
Total primary government program revenues	<u>\$ 86,064</u>	<u>\$ 85,835</u>	<u>\$ 86,406</u>	<u>\$ 86,024</u>	<u>\$ 102,675</u>	<u>\$ 106,247</u>	<u>\$ 108,950</u>	<u>\$ 118,903</u>	<u>\$ 120,869</u>	<u>\$ 128,740</u>

* The City implemented GASB Statement 63 and 65 in FY2013. The amounts shown for "Interest and fiscal charges" and expenses for Business-type activities were restated for fiscal years 2009-2012 in FY 2013.

(Continued)

CITY OF RICHARDSON, TEXAS
Changes in Net Position (Continued)
 Last ten fiscal years
 (In thousands)
 (Accrual basis of accounting)
 (unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (expense) revenue:										
Governmental activities	\$ (99,801)	\$ (99,630)	\$ (115,091)	\$ (108,642)	\$ (101,242)	\$ (105,566)	\$ (116,212)	\$ (132,769)	\$ (153,378)	\$ (129,824)
Business-type activities	(2,753)	(4,057)	(1,806)	(5,743)	312	(3,351)	2,022	3,037	1,066	4,503
Total primary government net expense	<u>(102,554)</u>	<u>(103,687)</u>	<u>(116,897)</u>	<u>(114,385)</u>	<u>(100,930)</u>	<u>(108,917)</u>	<u>(114,190)</u>	<u>(129,733)</u>	<u>(152,312)</u>	<u>(125,321)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property	\$ 57,574	\$ 58,105	\$ 61,115	\$ 63,810	\$ 64,602	\$ 68,368	\$ 70,677	\$ 78,761	\$ 87,312	\$ 96,107
Sales	20,815	24,967	24,753	25,246	26,600	29,805	31,065	33,660	36,044	35,357
Other taxes	2,986	3,105	3,447	3,351	3,673	4,129	4,460	4,979	4,863	4,861
Franchise	12,206	12,275	13,533	13,561	14,289	15,039	15,647	16,058	16,446	17,415
Unrestricted interest earnings	2,298	332	397	156	94	92	137	399	724	2,324
Transfers	(19)	(695)	(489)	(259)	(4,506)	4,058	(2,064)	-	-	(250)
Gain on sale of assets	134	14	74	8	35	40	78	69	323	727
Total governmental activities	<u>95,994</u>	<u>98,103</u>	<u>102,830</u>	<u>105,873</u>	<u>104,787</u>	<u>121,531</u>	<u>120,000</u>	<u>133,926</u>	<u>145,712</u>	<u>156,541</u>
Business-type activities:										
Unrestricted interest earnings	295	73	47	31	29	23	47	109	164	458
Transfers	19	695	489	259	4,506	(4,058)	2,064	-	-	250
Gain on sale of assets	730	90	59	352	3	181	109	80	74	241
Total business-type activities	<u>1,044</u>	<u>858</u>	<u>595</u>	<u>642</u>	<u>4,538</u>	<u>(3,854)</u>	<u>2,220</u>	<u>189</u>	<u>238</u>	<u>949</u>
Total primary government	<u>\$ 97,038</u>	<u>\$ 98,961</u>	<u>\$ 103,425</u>	<u>\$ 106,515</u>	<u>\$ 109,325</u>	<u>\$ 117,677</u>	<u>\$ 122,220</u>	<u>\$ 134,115</u>	<u>\$ 145,950</u>	<u>\$ 157,490</u>
Change in net position:										
Governmental activities	(3,807)	(1,527)	(12,261)	(2,769)	3,545	15,965	3,788	1,157	(7,666)	26,717
Business-type activities	(1,709)	(3,199)	(1,211)	(5,101)	4,850	(7,205)	4,242	3,226	1,304	5,452
Total primary government	<u>\$ (5,516)</u>	<u>\$ (4,726)</u>	<u>\$ (13,472)</u>	<u>\$ (7,870)</u>	<u>\$ 8,395</u>	<u>\$ 8,760</u>	<u>\$ 8,030</u>	<u>\$ 4,383</u>	<u>\$ (6,362)</u>	<u>\$ 32,169</u>



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Table 3

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:										
Reserved for other	\$ 600	\$ 730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	507	559	1,027	882	933	720	666	595
Assigned for	-	-	114	327	337	665	800	634	598	532
Unreserved	15,244	15,403	-	-	-	-	-	-	-	-
Unassigned	-	-	15,808	16,274	16,513	17,789	18,007	19,788	21,612	23,858
Total general fund	<u>\$ 15,844</u>	<u>\$ 16,133</u>	<u>\$ 16,429</u>	<u>\$ 17,160</u>	<u>\$ 17,877</u>	<u>\$ 19,336</u>	<u>\$ 19,740</u>	<u>\$ 21,142</u>	<u>\$ 22,876</u>	<u>\$ 24,985</u>
All other governmental funds:										
Reserved for:										
Capital projects	\$ 19,375	\$ 80,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	1,947	1,604	-	-	-	-	-	-	-	-
Other *	16,799	10,518	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,779	2,902	-	-	-	-	-	-	-	-
Capital funds	1,030	4,425	-	-	-	-	-	-	-	-
Non spendable:										
Property held for redevelopment and resale	-	-	-	2,495	2,495	2,495	274	274	274	-
Prepaid items	-	-	91	64	98	77	120	65	62	83
Deposits	-	-	105	-	-	-	-	-	-	-
Restricted for:										
Debt service	-	-	2,180	2,247	2,324	2,328	2,381	2,653	2,794	3,083
Library	-	-	-	-	63	7	26	89	-	172
Parks and recreation projects	-	-	22,817	18,341	3,831	4,101	1,156	471	836	5,371
Public services	-	-	30,061	26,548	16,283	8,692	5,544	4,800	18,978	27,683
Neighborhood vitality projects	-	-	7,725	6,434	5,325	2,509	1,745	-	-	-
Municipal public buildings	-	-	9,871	5,098	341	37	27	-	-	-
Capital projects	-	-	3,399	2,196	129	118	1,608	1,226	1,379	1,955
General government	-	-	-	-	1,223	2,561	4,415	4,178	4,432	6,164
Health/shelter	-	-	-	-	-	229	40	68	-	26
Public safety	-	-	-	-	1,917	1,906	2,147	3,468	26,187	44,232
Other purposes	-	-	4,180	2,716	-	-	-	-	-	-
Committed for:										
General government	-	-	-	-	-	-	-	1,211	1,873	2,734
Public services	-	-	-	570	1,921	2,743	2,841	2,557	3,208	4,357
Parks and recreation	-	-	-	-	-	-	-	107	195	164
Assigned for:										
Public services	-	-	707	808	1,474	1,507	90	2,457	1,553	1,255
Other purpose	-	-	3,540	2,422	-	-	-	-	-	-
Public safety	-	-	-	-	-	2	44	3	-	-
Parks and recreation	-	-	-	-	23	65	225	767	83	77
Neighborhood Vitality Projects	-	-	-	-	-	65	-	-	-	-
Capital projects	-	-	-	-	4,896	-	2,578	7,630	6,011	9,359
General government	-	-	-	-	1,081	5,405	2,120	3,179	3,026	3,770
Total all other governmental funds	<u>\$ 42,930</u>	<u>\$ 99,461</u>	<u>\$ 84,676</u>	<u>\$ 69,939</u>	<u>\$ 43,424</u>	<u>\$ 34,847</u>	<u>\$ 27,381</u>	<u>\$ 35,203</u>	<u>\$ 70,891</u>	<u>\$ 110,485</u>

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

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

Table 4

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:										
Property taxes	\$ 57,814	\$ 58,085	\$ 61,339	\$ 63,753	\$ 64,565	\$ 68,362	\$ 70,744	\$ 78,762	\$ 87,317	\$ 95,825
Franchise taxes	12,206	12,275	13,533	13,561	14,289	15,038	15,647	16,058	16,446	17,416
Sales tax	23,070	24,967	24,753	25,246	26,600	29,805	31,065	33,660	36,044	35,357
Mixed beverage and bingo tax	401	392	408	338	352	464	523	543	587	616
Hotel/motel taxes	2,585	2,713	3,039	3,013	3,322	3,665	3,937	4,436	4,276	4,245
Drainage fees	-	-	-	1,781	2,705	2,582	2,702	2,755	2,754	2,765
911 revenue	1,377	1,521	1,579	1,676	1,724	1,723	1,731	1,727	1,727	1,656
Intergovernmental revenue	8,366	4,946	3,465	2,437	7,732	9,261	4,866	4,927	4,034	3,905
Licenses and permits	1,375	1,466	1,767	2,405	4,000	3,310	3,380	4,638	4,253	2,890
Fines and forfeitures	5,550	5,583	6,398	5,765	6,339	5,482	5,461	5,042	3,461	3,493
Interest revenue	2,278	327	393	154	92	90	134	375	685	2,200
Civic center use	334	328	299	331	328	295	300	315	268	249
Eisemann center revenue	2,452	2,143	2,411	2,396	2,026	2,177	2,143	2,232	2,543	2,324
Recreation and leisure	2,891	3,275	3,327	3,207	3,743	4,091	5,302	6,064	6,336	6,227
Rents	79	21	64	-	-	-	-	-	-	-
Public safety	1,759	1,819	1,591	2,396	2,236	2,095	2,434	2,602	2,636	2,631
Contributions	138	293	124	99	64	615	256	261	194	431
Participation	56	171	55	140	316	272	2,257	405	-	52
Other	864	886	964	745	813	1,184	1,129	1,644	1,399	1,282
General administration	6,932	6,745	8,101	8,496	8,235	7,652	8,128	8,054	7,955	8,010
Total revenues	\$ 130,527	\$ 127,956	\$ 133,610	\$ 137,939	\$ 149,481	\$ 158,163	\$ 162,139	\$ 174,500	\$ 182,915	\$ 191,574
Expenditures:										
General government	\$ 29,260	\$ 28,358	\$ 34,818	\$ 29,772	\$ 30,454	\$ 37,522	\$ 37,401	\$ 45,649	\$ 60,986	\$ 37,209
Public safety	38,860	38,193	39,627	40,035	41,881	43,163	44,415	47,917	49,976	51,800
Public services	19,542	18,613	18,020	18,780	19,704	20,920	22,142	25,288	22,136	21,119
Library	3,640	3,527	3,448	3,354	3,513	3,478	3,543	3,640	3,754	3,836
Parks and recreation	11,049	11,181	11,146	11,530	11,891	11,790	14,339	14,349	15,443	15,179
Public health	1,401	1,298	1,322	1,422	1,535	1,629	1,673	1,863	1,982	2,030
General administration	480	555	2,004	2,690	2,130	1,565	2,028	2,013	1,058	1,082
Capital outlay	37,125	20,934	20,701	21,397	50,941	40,698	38,419	28,386	29,967	48,420
Debt service:										
Principal retirement	12,308	12,548	14,425	15,738	16,421	17,901	19,300	19,860	24,614	26,685
Interest and fiscal charges	9,620	9,063	11,140	11,095	10,772	10,608	10,344	11,316	10,950	12,478
Payments for other obligations	2,690	1,228	812	859	1,052	1,215	902	2,584	2,954	4,838
Issuance costs	219	841	84	195	272	119	541	342	509	564
Total expenditures	\$ 166,194	\$ 146,339	\$ 157,547	\$ 156,867	\$ 190,566	\$ 190,608	\$ 195,047	\$ 203,207	\$ 224,329	\$ 225,240
Deficiency of revenues under expenditures	(35,667)	(18,383)	(23,937)	(18,928)	(41,085)	(32,445)	(32,908)	(28,707)	(41,414)	(33,666)

(Continued)

Table 4

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Other financing sources (uses):										
Transfers in	\$ 4,030	\$ 4,520	\$ 3,247	\$ 4,121	\$ 5,650	\$ 4,594	\$ 6,503	\$ 10,011	\$ 9,610	\$ 9,961
Transfers out	(4,049)	(5,215)	(3,736)	(6,330)	(6,202)	(5,652)	(9,531)	(10,011)	(9,610)	(9,961)
Issuance of certificates of obligation	5,370	7,520	3,085	6,050	4,290	12,500	17,270	4,045	30,930	26,290
Issuance of general obligation bonds	-	60,665	-	-	-	-	-	8,265	19,725	38,525
Issuance of refunding bonds	14,460	18,440	6,039	6,270	18,000	-	45,741	14,020	-	-
Issuance of other obligations	1,740	1,124	6,535	192	10,909	13,789	10,654	22,252	26,042	5,667
Premium/discount on bonds	772	7,378	15	760	2,811	34	277	2,720	1,659	3,946
Payment to refunded bond escrow agent	(14,992)	(19,502)	(5,981)	(6,779)	(20,417)	-	(45,341)	(15,904)	-	-
Insurance and other recoveries	127	128	40	107	170	10	190	2,459	137	182
Proceeds from sale of capital assets	226	145	204	531	77	51	84	74	342	758
Total other financing sources	<u>7,684</u>	<u>75,203</u>	<u>9,448</u>	<u>4,922</u>	<u>15,288</u>	<u>25,326</u>	<u>25,847</u>	<u>37,931</u>	<u>78,835</u>	<u>75,368</u>
Net change in fund balances	<u>\$ (27,983)</u>	<u>\$ 56,820</u>	<u>\$ (14,489)</u>	<u>\$ (14,006)</u>	<u>\$ (25,797)</u>	<u>\$ (7,119)</u>	<u>\$ (7,061)</u>	<u>\$ 9,224</u>	<u>\$ 37,421</u>	<u>\$ 41,702</u>
Debt service as a percentage of non-capital expenditures	19.07 %	18.21 %	19.27 %	20.44 %	20.23 %	19.91 %	19.47 %	20.01 %	22.47 %	24.96 %

Table 5

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

Fiscal year ended September 30	Residential property	Commercial property	Industrial property	Less total exemptions/ reductions	Total taxable assessed value (1)	Total direct tax rate
2009	\$ 5,111,539,277	\$ 5,623,829,303	\$ 722,165,902	\$ 1,630,819,971	\$ 9,826,714,511	0.57516
2010	5,085,566,353	5,673,549,267	707,813,308	1,629,085,082	9,837,843,846	0.57516
2011	5,152,705,610	5,669,348,071	726,964,527	1,872,428,656	9,676,589,552	0.63516
2012	5,093,892,359	5,941,833,474	696,387,354	2,051,284,896	9,680,828,291	0.63516
2013	5,064,251,846	6,019,687,573	812,199,657	1,937,327,183	9,958,811,893	0.63516
2014	5,120,141,991	6,555,445,029	864,733,351	2,098,603,635	10,441,716,736	0.63516
2015	5,361,295,791	6,859,193,040	909,835,399	2,322,046,075	10,808,278,155	0.63516
2016	5,742,269,842	8,281,055,896	748,742,290	3,231,115,761	11,540,952,267	0.63516
2017	6,565,413,521	9,497,512,380	754,632,663	3,818,620,376	12,998,938,188	0.62516
2018	7,194,755,916	10,509,751,876	790,424,823	4,410,302,957	14,084,629,658	0.62516

Source: Dallas and Collin County Central Appraisal District, and the City's Tax Department.

(1) Net of Tax Increment Financing (TIF) Districts values.

Table 6

CITY OF RICHARDSON, TEXAS
 Direct and Overlapping Property Tax Rates
 Last ten fiscal years
 (Per \$100 of assessed value)
 (unaudited)

Fiscal year	City direct rates			Overlapping rates								
	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
2009	\$ 0.362810	\$ 0.212350	\$ 0.575160	\$ 1.340050	\$ 0.242500	\$ 0.086493	\$ 1.303400	\$ 1.253300	\$ 0.228100	\$ 0.254000	\$ 0.089400	\$ 0.004928
2010	0.362810	0.212350	0.575160	1.340050	0.242500	0.086300	1.328400	1.253300	0.228100	0.274000	0.094900	0.005212
2011	0.362810	0.272350	0.635160	1.340050	0.240000	0.086300	1.353400	1.253300	0.243100	0.271000	0.099230	0.010000
2012	0.362810	0.272350	0.635160	1.340050	0.240000	0.086300	1.373400	1.253300	0.243100	0.271000	0.099670	0.010000
2013	0.362810	0.272350	0.635160	1.340050	0.240000	0.086299	1.373400	1.253300	0.243100	0.271000	0.119375	0.009937
2014	0.365310	0.269850	0.635160	1.340050	0.237500	0.083643	1.453000	1.253300	0.243100	0.276000	0.124700	0.010000
2015	0.370310	0.264850	0.635160	1.340050	0.235000	0.081960	1.448000	1.253300	0.243100	0.286000	0.124775	0.010000
2016	0.380310	0.254850	0.635160	1.340050	0.225000	0.081960	1.439000	1.353300	0.243100	0.286000	0.123650	0.010000
2017	0.370310	0.254850	0.625160	1.390050	0.208395	0.081222	1.439000	1.460000	0.243100	0.279400	0.122933	0.009271
2018	0.370310	0.254850	0.625160	1.390050	0.192246	0.079810	1.439000	1.460000	0.243100	0.279400	0.124238	0.010000

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

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

Table 7

CITY OF RICHARDSON, TEXAS
Principal Property Taxpayers
Current year and nine years ago
(unaudited)

Name of Taxpayer	2018			2009		
	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (b)	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (c)
Corporate Properties Trust	\$ 685,493,462	1	4.42 %	\$ -	-	- %
Collins Technology Park Partners	363,167,960	2	2.34	-	-	-
Bank of America	315,371,123	3	2.03	109,344,405	4	1.10
Texas Instruments	254,713,927	4	1.64	103,804,875	6	1.05
Qorvo	216,330,694	5	1.39	-	-	-
CISCO Systems	210,305,204	6	1.36	105,922,095	5	1.07
IBM	198,681,759	7	1.28	81,271,357	7	0.82
Health Care Services Corp. (BCBSTX)	144,807,193	8	0.93	-	-	-
Verizon	134,343,231	9	0.87	112,009,327	3	1.13
AT&T	116,982,521	10	0.75	226,078,460	1	2.28
Nortel Networks	-	-	-	150,988,174	2	1.52
Equastone	-	-	-	71,428,140	8	0.72
Fujitsu	-	-	-	61,356,032	9	0.62
Oncor	-	-	-	56,044,980	10	0.57
Total	<u>\$ 2,640,197,074</u>		<u>17.01 %</u>	<u>\$ 1,078,247,845</u>		<u>10.88 %</u>

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

Note:

- (a) Includes TIF values
- (b) Total Taxable Value October 1, 2017= \$15,509,840,625
- (c) Total Taxable Value October 1, 2008 = \$9,914,847,711

Table 8

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

Fiscal year ended September 30	Taxes Levied for the Fiscal Year (2)	Subsequent Adjustments	Total Adjusted Levy at 9/30/18	Collected within the fiscal year of the levy		Total collections to date		
				Amount	Percentage of Taxes Levied for the Fiscal Year	Collections in subsequent years	Amount	Percentage of Adjusted Levy
2009	\$ 57,193,029	\$ (48,594)	\$ 57,144,435	\$ 56,793,451	99.30 %	\$ 289,328	\$ 57,082,779	99.89 %
2010	57,644,880	(102,526)	57,542,354	57,283,266	99.37	192,384	57,475,650	99.88
2011	61,383,092	896,825	62,279,917	61,020,848	99.41	1,178,143	62,198,991	99.87
2012	62,836,249	51,216	62,887,465	62,496,395	99.46	322,122	62,818,517	99.89
2013	64,374,498	(181,982)	64,192,516	63,980,358	99.39	128,240	64,108,598	99.87
2014	68,105,024	(67,394)	68,037,630	67,862,416	99.64	51,882	67,914,298	99.82
2015	70,561,704	(43,914)	70,517,790	70,275,798	99.59	107,955	70,383,753	99.81
2016	78,509,994	(199,205)	78,310,789	78,176,975	99.58	(58,821)	78,118,154	99.75
2017	87,404,711	(91,925)	87,312,786	87,087,236	99.64	(14,239)	87,072,997	99.73
2018	97,013,107	-	97,013,107	96,535,083	99.51	-	96,535,083	99.51

- (1) This table was reformatted for FY 2012 to provide better clarity regarding taxes levied in the original year of collection versus levy adjustments and collections in subsequent years.
- (2) Taxes levied for the fiscal year include the certified roll plus any adjustments that occur in the fiscal year that the taxes are due.

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

Table 9

CITY OF RICHARDSON, TEXAS
Ratios of Outstanding Debt by Type (1)
Last ten fiscal years
(unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>GOVERNMENTAL ACTIVITIES</u>										
General Obligation Bonds	\$ 154,898,857	\$ 221,126,083	\$ 212,489,620	\$ 203,891,472	\$ 195,175,450	\$ 181,449,602	\$ 162,669,259	\$ 154,949,412	\$ 159,740,000	\$ 181,910,000
Certificates of Obligation	34,835,000	23,435,000	20,790,000	19,145,000	18,825,000	27,150,000	38,560,000	36,735,000	57,985,000	73,945,000
Unamortized premium/(discount)	5,568,746	12,449,617	11,730,640	11,742,983	13,044,030	12,131,942	15,950,679	16,398,001	16,341,255	18,389,067
Total general obligation bonds and certificates of obligation	<u>195,302,603</u>	<u>257,010,700</u>	<u>245,010,260</u>	<u>234,779,455</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>	<u>234,066,255</u>	<u>274,244,067</u>
TIF Obligation (2)	3,299,865	3,299,865	8,239,481	8,239,481	18,175,159	31,964,048	41,506,816	62,451,680	86,132,860	87,571,447
Other Obligations	8,877,937	4,805,514	5,588,922	4,921,832	4,842,740	3,622,492	3,832,124	2,554,995	1,962,228	1,352,943
Total TIF and other obligations	<u>12,177,802</u>	<u>8,105,379</u>	<u>13,828,403</u>	<u>13,161,313</u>	<u>23,017,899</u>	<u>35,586,540</u>	<u>45,338,940</u>	<u>65,006,675</u>	<u>88,095,088</u>	<u>88,924,390</u>
Total governmental activities	<u>\$ 214,810,573</u>	<u>\$ 213,178,528</u>	<u>\$ 207,480,405</u>	<u>\$ 265,116,079</u>	<u>\$ 258,838,663</u>	<u>\$ 247,940,768</u>	<u>\$ 250,062,379</u>	<u>\$ 273,090</u>	<u>\$ 322,161,343</u>	<u>\$ 363,168,457</u>
<u>BUSINESS-TYPE ACTIVITIES</u>										
General Obligation Refunding Bonds	7,011,143	15,058,917	14,480,380	21,578,528	18,834,550	17,165,398	17,625,741	21,565,588	19,095,000	16,480,000
Certificates of Obligation	49,840,000	48,705,000	50,220,000	38,930,000	37,110,000	35,075,000	32,570,000	25,680,000	28,275,000	32,860,000
Unamortized premium/(discount)	343,587	1,335,658	1,244,165	1,916,392	1,878,147	1,694,323	2,080,380	3,261,227	3,189,744	3,414,645
Total general obligation bonds and certificates of obligation	<u>57,194,730</u>	<u>65,099,575</u>	<u>65,944,545</u>	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>	<u>52,276,121</u>	<u>50,506,815</u>	<u>50,559,744</u>	<u>52,754,645</u>
Other Obligations	123,281	62,487	43,056	22,834	1,792	-	-	-	-	-
Total other obligations	<u>123,281</u>	<u>62,487</u>	<u>43,056</u>	<u>22,834</u>	<u>1,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 57,318,011</u>	<u>\$ 65,162,062</u>	<u>\$ 65,987,601</u>	<u>\$ 62,447,754</u>	<u>\$ 57,824,489</u>	<u>\$ 53,934,721</u>	<u>\$ 52,276,121</u>	<u>\$ 50,506,815</u>	<u>\$ 50,559,744</u>	<u>\$ 52,754,645</u>
Total primary government	<u>\$ 264,798,416</u>	<u>\$ 330,278,141</u>	<u>\$ 324,826,264</u>	<u>\$ 310,388,522</u>	<u>\$ 307,886,868</u>	<u>\$ 310,252,805</u>	<u>\$ 314,794,999</u>	<u>\$ 323,595,903</u>	<u>\$ 372,721,087</u>	<u>\$ 415,923,102</u>
% of personal income (3)	8.4 %	10.2 %	10.1 %	9.4 %	9.3 %	9.2 %	8.9 %	9.0 %	10.0 %	10.9 %
Per capita (3)	\$ 2,656	\$ 3,329	\$ 3,251	\$ 3,090	\$ 3,053	\$ 3,047	\$ 3,073	\$ 3,103	\$ 3,470	\$ 3,776

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

- (1) In FY 2014, this table was restated to include the unamortized premium and discount for all years presented. These components are generated as part of debt issuance, and are amortized as non-cash interest expense over the life of the debt.
- (2) Tax increment financing (TIF) is used to finance public improvements within defined areas for economic development. The developer incurs the costs to install the necessary public infrastructure and other public improvements. The City reimburses the developer based on the increased tax increments within the TIF boundaries over the contracted period. The City's liability to the developer lasts until paid in full or expiration of TIF zone contract.
- (3) See table 13 for personal income and population data.

Table 10

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>GOVERNMENTAL ACTIVITIES</u>										
General obligation bonds	\$ 154,898,857	\$ 221,126,083	\$ 212,489,620	\$ 203,891,472	\$ 195,175,450	\$ 181,449,602	\$ 162,669,259	\$ 154,949,412	\$ 159,740,000	\$ 181,910,000
Certificates of obligation	34,835,000	23,435,000	20,790,000	19,145,000	18,825,000	27,150,000	38,560,000	36,735,000	57,985,000	73,945,000
Unamortized premium/(discount)	2,763,680	8,966,461	8,539,469	11,742,982	13,044,030	12,131,942	15,950,679	16,398,001	16,341,255	18,389,067
Total general obligation bonds and certificates of obligation	<u>192,497,537</u>	<u>253,527,544</u>	<u>241,819,089</u>	<u>234,779,454</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>	<u>234,066,255</u>	<u>274,244,067</u>
<u>BUSINESS-TYPE ACTIVITIES</u>										
General obligation refunding bonds	7,011,143	15,058,917	14,480,380	21,578,528	18,834,550	17,165,398	17,625,741	21,565,588	19,095,000	16,480,000
Certificates of obligation	49,840,000	48,705,000	50,220,000	38,930,000	37,110,000	35,075,000	32,570,000	25,680,000	28,275,000	32,680,000
Unamortized premium/(discount)	90,805	698,799	666,020	1,916,392	1,878,147	1,694,323	2,080,380	3,261,227	3,189,744	3,414,645
Total general obligation bonds and certificates of obligation	<u>56,941,948</u>	<u>64,462,716</u>	<u>65,366,400</u>	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>	<u>52,276,121</u>	<u>50,506,815</u>	<u>50,559,744</u>	<u>52,574,645</u>
Total primary government	<u>\$ 249,439,485</u>	<u>\$ 317,990,260</u>	<u>\$ 307,185,489</u>	<u>\$ 297,204,374</u>	<u>\$ 284,867,177</u>	<u>\$ 274,666,265</u>	<u>\$ 269,456,059</u>	<u>\$ 258,589,228</u>	<u>\$ 284,625,999</u>	<u>\$ 326,818,712</u>
% of actual taxable value of property (2)	2.5 %	3.2 %	3.2 %	3.1 %	2.9 %	2.6 %	2.5 %	2.2 %	2.1 %	2.3 %
Per capita (3)	\$ 2,502	\$ 3,205	\$ 3,074	\$ 2,959	\$ 2,825	\$ 2,698	\$ 2,631	\$ 2,479	\$ 2,650	\$ 2,967

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

- (1) In FY 2014, this table was restated to include the unamortized premium and discount for all years presented. These components are generated as part of debt issuance, and are amortized as non-cash interest expense over the life of the debt.
- (2) See table 5 for property value data.
- (3) See table 13 population data.

Table 11

CITY OF RICHARDSON, TEXAS
 Direct and Overlapping Governmental Activities Debt
 September 30, 2018
 (unaudited)

<u>Government unit</u>	<u>Debt outstanding</u>	<u>Estimated percentage applicable (1)</u>	<u>Estimated share of overlapping debt</u>
Debt repaid with property taxes:			
Richardson Independent School District	\$ 557,014,992	37.64 %	\$ 209,660,443
Plano Independent School District	957,625,000	12.82	122,767,525
Dallas County	36,600,000	3.56	1,302,960
Dallas County Schools	172,265,000	3.56	6,132,634
Dallas County Hospital District	687,775,000	3.56	24,484,790
Dallas County Community College District	228,350,000	3.56	8,129,260
Garland Independent School District	595,540,090	0.04	238,216
Collin County	319,710,000	5.23	16,720,833
Collin County Community College District	246,415,000	5.23	12,887,505
Subtotal, overlapping debt			<u>402,324,166</u>
City direct debt			<u>363,168,455</u> (2)
Total direct and overlapping bonded debt			<u><u>\$ 765,492,621</u></u>

- (1) Estimated percentage applicable to the City is calculated by taking each entity's taxable values within the City and dividing by the total taxable value for that entity.
- (2) Includes unamortized premium and discounts of \$18,389,067 and TIF and other obligations of \$88,924,390. Amounts for other governmental units only include the value of bonded debt outstanding.

Source: Hilltop Securities Inc.

Table 12

CITY OF RICHARDSON, TEXAS
 Legal Debt Margin Information
 Last ten fiscal years
 (unaudited)

<u>Year</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit (1)</u>	<u>Legal Debt Margin</u>	<u>Estimated share of overlapping debt</u>
2009	\$ 1,474,007,177	\$ 189,733,857	\$ 1,284,273,320	12.87%
2010	1,475,676,577	244,561,083	1,231,115,494	16.57
2011	1,451,488,433	233,279,620	1,218,208,813	16.07
2012	1,452,124,244	223,036,472	1,229,087,772	15.36
2013	1,493,821,784	214,000,450	1,279,821,334	14.33
2014	1,566,257,510	208,599,602	1,357,657,908	13.32
2015	1,621,241,723	201,229,259	1,420,012,464	12.41
2016 (2)	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A

- (1) Does not include premiums, discounts or other obligations as these amounts do not apply to the City's debt limit.
- (2) As of November, 2015 the City's Charter was amended to include a Tax Rate Limitation that stipulates that the City may borrow money for permanent public improvements or any other legitimate purpose as may be determined by the City Council, in accordance with the Constitution and the laws of the State of Texas. The Constitution places a limit on the ad valorem tax rate that may be levied for repayment of the ad valorem tax debt, but there is no formal limit on the amount of ad valorem debt that may be borrowed. Prior to the 2015 charter election, the City's limit was equal to 15 percent of the assessed value of the tax roll.

Table 13

CITY OF RICHARDSON, TEXAS
 Demographic and Economic Statistics
 Last ten calendar years
 (unaudited)

<u>Calendar Year</u>	<u>Estimated Population (1)</u>	<u>Personal income (thousands of dollars)</u>	<u>Per capita personal income (2)</u>	<u>Median age (2)</u>	<u>School enrollment</u>		<u>Unemployment rate (%) (5)</u>
					<u>R.I.S.D.(3)</u>	<u>P.I.S.D.(4)</u>	
2009	99,700	\$ 3,134,169	\$ 31,436	37.2	34,878	54,864	7.3 %
2010	99,223	3,246,775	32,722	38.1	36,075	55,355	6.9
2011	99,930	3,207,553	32,098	38.1	35,997	54,989	7.5
2012	100,450	3,310,631	32,958	36.2	36,946	55,302	5.5
2013	100,850	3,323,814	32,958	36.2	38,043	55,302	5.6
2014	101,820	3,355,784	32,958	36.2	38,283	54,839	4.5
2015	102,430	3,547,868	34,637	37.6	38,618	54,818	3.5
2016	104,300	3,612,639	34,637	37.6	38,792	54,818	3.7
2017	107,400	3,720,014	34,637	37.6	39,272	53,952	3.0
2018	110,140	3,814,919	34,637	37.6	39,314	53,952	3.5

Sources:

- (1) NCTCOG as of April, 2018.
- (2) Information compiled from the Richardson Economic Development Partnership.
- (3) School Enrollment - Richardson Independent School District.
- (4) School Enrollment - Plano Independent School District.
- (5) Unemployment - Texas Workforce Commission Website.

Note:

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

Table 14

CITY OF RICHARDSON, TEXAS
Principal Employers
Current year and nine years ago
(unaudited)

Employer	2018			2009		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
State Farm Insurance	8,000	1	11.43 %	-	-	- %
AT&T	5,000	2	7.14	-	7	-
Blue Cross & Blue Shield of Texas	3,100	3	4.43	2,900	4	5.19
The University of Texas at Dallas	2,674	4	3.82	2,830	5	5.07
Richardson ISD	2,500	5	3.57	4,900	1	8.77
RealPage	2,100	6	3.00	-	-	-
Cisco	2,000	7	2.86	-	-	-
GEICO	1,900	8	2.71	-	-	-
United Healthcare	1,700	9	2.43	1,100	11	1.97
Raytheon	1,700	9	2.43	1,500	8	2.68
Fujitsu Network Communications	1,500	10	2.14	800	14	1.43
Fossil Inc	1,400	11	2.00	1,200	9	2.15
Texas Instruments	1,200	12	1.71	-	-	-
Samsung Mobile	1,000	13	1.43	985	13	1.76
Qorvo	1,000	13	1.43	725	15	1.30
iQor	1,000	13	1.43	-	-	-
City of Richardson	950	14	1.36	-	-	-
Nortel Networks	-	-	-	4,300	2	7.70
Countrywide Financial	-	-	-	3,000	3	5.37
Verizon Business	-	-	-	2,256	6	4.04
Hewlett Packard Company	-	-	-	1,200	10	2.15
Rockwell Collins	-	-	-	1,100	12	1.97
Total	38,724		55.32 %	28,796		51.55 %

Source:

- (1) Richardson Economic Development Partnership as of May, 2018.
- (2) Richardson Economic Development Partnership total city employment totaled approximately 70,000 as of September, 2018.
- (3) Richardson Economic Development Partnership and City of Richardson, 2009.
- (4) TWC website provided the total city employment totaled 55,873 for September, 2009.

Table 15

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	143	141	143	143	145	149	153	153	152	165
Public safety	399	396	395	395	396	397	411	419	428	432
Public services	161	159	156	157	159	156	154	156	156	141
Library	35	35	35	35	35	29	30	30	30	30
Parks and recreation (1)	78	78	80	81	81	77	94	95	95	101
Public health	16	15	16	17	17	17	17	18	18	18
Water	64	64	66	66	66	66	68	70	70	72
Wastewater	12	12	12	12	12	12	12	12	14	14
Solid waste	70	70	70	70	70	70	71	71	71	71
Golf (1)	16	16	16	16	16	14	-	-	-	-
Total	994	986	989	992	997	987	1,010	1,024	1,034	1,044

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

Source: City Budget Office.

Totals updated for years 2009 - 2012 in FY 2013.

Table 16

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police: Number of employees	246	229	242	246	246	245	253	258	263	267
Fire: Number of employees	151	150	153	150	150	152	158	161	165	166
Municipal court:										
Number of violations (citations)	42,137	46,077	54,113	46,357	48,249	43,144	39,042	32,313	31,338	36,269
Public services:										
Asphalt repairs (tons) (1)	1,322	1,091	1,117	1,184	978	572	600	662	775	718
Concrete replacement (yards) (1)	-	-	-	-	-	3,806	3,118	2,382	2,359	2,234
Parks and recreation: Acreage (2)	865	865	865	865	865	865	870	873	900	900
Library: Volumes in collection	-	-	250,035	262,208	251,535	253,802	260,328	263,782	252,261	275,138
Water and sewer:										
Number of water consumers	31,751	31,711	32,407	32,409	32,685	32,895	33,046	33,249	33,427	33,424
Average daily water consumption (thousands of gallons) (3)	23,622	26,703	26,033	22,555	20,482	19,148	22,478	21,920	22,522	24,203
Number of sewer consumers	31,274	31,245	29,192	29,162	29,295	29,533	29,681	29,869	29,983	30,016
Solid waste:										
Refuse collected (tons/day) (5)	149	152	143	136	138	136	188	163	151	132
Bulky/brush pickups (tons/day) (5)	60	65	59	64	62	71	36	37	24	23
Recyclables collected (tons/day)	22	28	28	30	27	26	26	27	19	20
Golf: Number of rounds played (4)	100,266	75,630	92,999	92,681	87,003	71,488	47,893	68,823	74,355	72,451

- (1) Asphalt repairs were reduced in FY 2014 because in FY 2014 public services began a new program focusing on full concrete replacement rather than asphalt overlays.
- (2) Park and Recreation Acreage - Prior to 2008 acreage was reported as all land that the Parks Department maintained (included ROW, medians, etc.). Starting in 2008, reported totals are only acreage of park land.
- (3) In FY 2015, the average daily water consumption has increased because watering restrictions were lifted. In FY 2016 the City received higher than average rainfall.
- (4) Course 1 was closed from February 1, 2015 through October 16, 2015.
- (5) Beginning in FY 2015, refuse includes other bulky trash that is not composted.

Source: City Departments

Table 17

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	43	42	43	46	48	50	46	43	43	45
Volunteer patrol units	3	3	3	3	2	3	3	3	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets - paved (miles)	405	404	404	406	409	411	587	590	590	591
Alleys - paved (miles)	223	221	221	222	222	222	222	223	223	223
Sidewalks (miles)	585	651	651	652	665	678	678	680	683	696
Streetlights	6,159	6,171	6,207	6,211	6,234	6,241	6,288	6,301	6,301	6,301
Parks and recreation:										
Parks	30	30	32	32	33	33	35	36	38	38
Playgrounds	28	28	29	29	30	30	31	31	33	33
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	32	32	32	32	32	32	32	32	32	32
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	563	567	569	571	574	581	581	585	585	585
Fire hydrants	4,056	4,110	4,156	4,187	4,258	4,359	4,419	4,522	4,609	4,630
Wastewater:										
Sanitary sewers (miles)	499	499	499	500	503	503	503	503	503	503

Source: City Departments

CITY OF RICHARDSON, TEXAS
 Schedule of Pension Benefits Funding Progress (1)
 Last ten fiscal years
 (unaudited)

Actuarial valuation date	Fiscal Year	(a)	(b)	(c)	(d)	Equivalent Single Amortization period in years	(e)	UAAL as a percentage of covered payroll (%) (d)/(e) (2)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (%) (a)/(b)	Unfunded ALL (UAAL) (b)-(a)		Annual covered payroll (2)	
12/31/08	2009	\$ 169,208,373	\$ 262,453,428	64.47 %	\$ 93,245,055	30	\$ 54,789,624	170.19 %
12/31/09	2010	176,026,211	276,540,082	63.65	100,513,871	29	58,633,974	171.43
12/31/10 (3)	2011	313,084,736	359,151,109	87.17	46,066,373	27	58,251,916	79.08
12/31/11	2012	335,735,994	377,190,581	89.01	41,454,587	26	59,243,331	69.97
12/31/12	2013	357,883,017	393,548,291	90.94	35,665,274	25	60,109,888	59.33
12/31/13 (4)	2014	381,584,128	434,417,023	87.84	52,832,895	17	64,560,755	81.83
12/31/14	2015	403,661,975	452,625,423	89.18	48,963,448	16	65,295,964	74.99
12/31/15	2016	424,808,953	479,358,126	88.62	54,549,173	16	67,329,906	81.02
12/31/16	2017	444,939,761	501,315,736	88.75	56,375,975	15	70,066,638	80.46
12/31/17	2018	469,640,036	522,622,710	89.86	52,982,674	14	72,840,621	72.74

- (1) This schedule shows the pension benefit on a funding basis, as reported by TMRS each year. The funding basis, which is used to determine the City's annual contribution rate, uses an actuarial value for plan assets rather than a market value. This data is used to show ongoing funding progress of the plan with the normal cyclical swings of the stock market average out next year.
- (2) Covered annual payroll and UAAL as a percentage of covered payroll are based on the fiscal year. The rest of the information is provided by TMRS on a calendar year basis.
- (3) The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. This change was incorporated into the TMRS 2010 actuarial valuation and had the net effect of increasing the City's funded ratio.
- (4) In 2013, the TMRS Board, in preparation for implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, changed the actuarial cost method to entry age normal and updated post-retirement mortality assumptions. These changes were incorporated into the TMRS 2013 actuarial valuation which had the net effect of reducing the City's funded ratio and reducing the remaining amortization period from 25.3 to 17 years for the City's fiscal year 2014.



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