



**CITY OF RICHARDSON, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Prepared By:**

**DEPARTMENT OF FINANCE**

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**City of Richardson, Texas  
Comprehensive Annual Financial Report  
For the Year Ended September 30, 2019**

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## **INTRODUCTORY SECTION**



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February 7, 2020

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, 2019, 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, 2019, 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

City Council

Mayor  
**Paul Voelker**

Mayor Pro Tem  
Place 3  
**Janet DePuy**

Place 1  
**Bob Dubey**  
Place 2  
**Mark Solomon**  
Place 4  
**Kyle Kepner**  
Place 5  
**Ken Hutchenrider**  
Place 6  
**Steve Mitchell**

City Manager  
**Dan Johnson**

## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2019

population of 113,710. The City is a home rule city and 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, 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

## CITY OF RICHARDSON, TEXAS

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and to provide reductions in other expenditures or expenses, or supplemental revenues to fund such amendments.

### **Local Economy**

The city of Richardson, including its Telecom Corridor® area, is one of the major employment centers in the Dallas-Fort Worth Metroplex (“DFW”). Richardson is a center of economic diversity, with high-quality businesses in a variety of technology and non-technology industries including the financial services, semiconductor, telecommunications 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 is one of the most conveniently located communities in DFW, with access to points in all directions via both major roadways and the Dallas Area Rapid Transit (“DART”) rail system. Central Expressway (U.S. 75), one of the main northbound and southbound arteries of the region, runs through the heart of the community. LBJ Freeway (IH-635) is to the immediate south of the City and the President George Bush Turnpike spans the northern border, giving Richardson residents easy access to the Dallas-Fort Worth International Airport. Richardson residents and businesses also benefit from the DART Light Rail line which parallels Central Expressway and has four existing stations in the City: Spring Valley, Arapaho Center, Galatyn Park and CityLine/Bush. In 2016, DART approved the future construction of the Cotton Belt Commuter Rail Line, which runs through the northwest portion of the City, running from Plano in the east, through Richardson, and connecting on to DFW Airport where it will connect to the TEXRail Line which runs to downtown Fort Worth. 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. In December 2018, DART awarded the \$872 million construction package to Archer Western Herzog 4.0 and closed on its \$908 million loan agreement with the Federal Railroad Administration’s Railroad Rehabilitation & Improvement Financing program. In June 2019, the DART Board approved a resolution to name future service running on the Cotton Belt as the Silver Line. There are currently plans for a hike and bike trail to run the entire length of the Silver Line. Construction is expected to be complete in late 2022.

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

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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.

- CityLine Apartments (phase III, building E) – Developer JLB Partners has started construction on a 306-unit apartment complex on 3.27 acres at 3520 Wilshire Way. The name of the complex is still pending. Plans also include a 158,017 square foot parking garage as well as one, two and three bedroom floor plans. The development is slated to open early 2021.
- 3400 @ CityLine – Transwestern Development Co. announced several tenants for their recently constructed office building. DXC Technology, an affiliate of Hewlett Packard, has leased 100,300 square feet of space. Xander, AT&T Services' advertising analytics group, and Generational Group LLC, a middle-market investment banking firm, have also secured space within the building. Coworking firm Common Desk will occupy 31,500 square feet of space and will also coordinate tenant amenities for other occupants.
- Drury Inn & Suites – In 2016, Drury Southwest purchased a 3-acre site located at the southeast corner of CityLine Drive and U.S. 75. The 13-story, full-service 229 room hotel with a parking garage, and an attached 6,500 square foot conference facility is scheduled to open in March of 2020. The site is also zoned for a 6,000 square foot free-standing restaurant.

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 initial phase of development is complete with 280 urban-style apartment homes. During the fall of 2018, the

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installation of Micro Macro Mojo was completed – a 70-foot glass and steel sculpture funded through a public-private partnership.

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, and the City provided a purchase grant to support redevelopment of the area. The Halal Guys, OMG Tacos, Dog Haus Biergarten, Hiccups Restaurant & Teahouse and Popbar are all open for business. The second phase of this development is still in planning stages.

The Gateway at the CORE: Catalyst Urban Development has started demolition in preparation for the development of a mixed-use project which is planned for 14.5 acres along Main Street between the existing 200,000 square foot 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 north side 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 area around the development has been branded the Richardson CORE District by stakeholders in the area and is being supported by City infrastructure projects described in the Major Initiative section of this document.

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

- Texas Instruments: Richardson-based semiconductor company has decided to expand its existing facility on Renner Road with the addition of an approximately \$3.1 billion facility that is expected to create more than 488 jobs. The new 870,000 square foot plant will boost their chip production for a broad range of uses, such as smartphones, connected cars and industrial machinery. The company was issued a permit in September 2019 to begin building an 800-space parking garage to support its growing number of Richardson employees and facilitate construction of the additional fabrication facility.
- KDC Richardson Data Center: Developer KDC is in the process of constructing 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.
- Parc NorthEast: Construction was completed in June of 2019 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. The area includes mainly industrial space, and each building is designed to accommodate multiple tenants. The buildings range in size from 92,000 to 140,000 square feet.

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- 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. With two campuses at Bush/Renner and Campbell Road, the hospital hosts 394-beds, and employs 301 physicians, 1,371 employees, and has 196 active volunteers. The hospital includes outpatient, imaging and surgical services, a dedicated Women's Pavilion and a Cancer Center. Due to increased volume for specialized and acute care services, MRMC is adding two patient floors at the Bush/Renner campus with 150 all-private patient rooms as well as a surgical operating room scheduled to be completed in early 2020. A new 671-space parking garage was completed in November 2018.
- The University of Texas at Dallas: The campus is located within the City of Richardson and has undergone an ongoing, strategic campus renovation since 2009 that has included hundreds of millions of dollars of investment in new and upgraded buildings. With an enrollment of 27,641 students, UT Dallas continues to position itself as a major national research university.

In November 2018, UT Dallas became one of the few universities to add an esports program to their athletics department. 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.

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. 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 future DART Silver Line, described in more detail earlier in this section. Phase three of the development, which will add another 370 beds and additional dining options, is currently under construction while phase four is under review with a planned construction start in early 2020.

- Cambria Hotel: This four-story, 119-room limited service hotel on 2.55-acres located at the northeast corner of Infocom Drive and Wyndham Lane opened in October 2019.
- Hall Park at Richardson: Developer Craig Hall, in a partnership with Leon Capital, is in the process of constructing a 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. One apartment building is currently leasing. Landscaping plans include a 1.5-acre park oasis which will bring an outdoor destination to Richardson and Zack's Tower, an outdoor sculpture, was recently installed.

## CITY OF RICHARDSON, TEXAS

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- WaterWalk: MBC Partners in partnership with WaterWalk have completed 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.
- Richardson Square Area: The owner of the former Sears location at Richardson Square, received approval for a revamp of the site near the northeast corner of Plano Road and Belt Line Road. The plans were crafted with feedback provided by nearby property owners and neighborhood residents and include filling the Sears building with retailers and modernizing the façade. Also included are four new buildings on out-parcels ranging in size from 2,500-8,100 square feet, with three of the pad sites being targeted for drive-thru restaurants.
- Cue Galatyn Park: This five-story, 372-unit apartment building from Georgia-based Davis Development is currently under construction on the southern half of land between the Galatyn Park Plaza and Galatyn Parkway. The development is slated to open late Spring 2020.
- Routh Creek & Routh Woods: Irving-based JPI has 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 began initial occupancy in 2019 and feature urban-style architecture with extensive amenities and immediate access to Spring Creek Nature Area.

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

The \$27,978,542 unassigned fund balance in the general fund is the equivalent of 75.93 days of expenditures and transfers on a budgetary basis. In addition to these amounts, the City was able to assign \$4,000,000 of year-ending fund balance to respond to clean-up efforts resulting from the tornado that struck a portion of the community on October 20, 2019. This will allow the City to pay for the costs associated with the storm without utilizing its operating balances. The City Council has expressed a desire to strategically increase the year-end fund balance of the General Fund over the last several years. At the end of Fiscal Year 2015, fund balance stood at 60.5 days on a budgetary basis, slightly in excess of the formal policy of 60 days, and the fund balance for Fiscal Year 2019 represents an increase of 15.43 days over Fiscal Year 2015 levels. These increases have primarily been fueled by the strategic utilization of year end savings.

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. As part of this evaluation, the City began to transition \$5.05 million of equipment for governmental activity needs to a cash financed strategy through a multi-year phased approach. Previously, the full \$5.05 million was financed through short term Certificates of Obligation. The budget for Fiscal Year 2019 included \$600,000 in funds for cash financed equipment replacement. The budget for Fiscal Year 2020 increases this amount to \$2.9 million which covers all general machinery and equipment.

## CITY OF RICHARDSON, TEXAS

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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, \$86.7 million of the \$115 million has been issued. Of that amount, the City issued \$16.790 million in General Obligation Bonds in 2019, along with an additional \$30.565 million in Combination Tax and Revenue Certificates of Obligations to meet the City's capital needs and support the General Obligation program.

The city continues to invest in our community through a variety of major initiatives:

- The City dedicates budgeted funds each year for key infrastructure such as streets, alleys, traffic signs & markings, parks, city facilities, water/sewer, and drainage. Additional budgeted funds are earmarked for economic development.
- The Richardson Public Safety Campus is located at the northeast corner of Greenville Avenue and Belt Line Road. The project includes the construction of a new Police Headquarters building, a new Fire Station No. 1 that includes Fire Department Administration, the installation of three public art pieces and secure parking. Construction on the 77,000-square-foot police headquarters building and 31,000-square-foot fire station and fire administration building are almost complete. Fire Station No. 1 opened October 15, 2019 and Fire Administration opened October 1, 2019, while the Police Headquarters is scheduled to be operational by the end of 2019. The Public Safety Campus was funded through a combination of General Obligation Bond and Certificates of Obligation.
- Voters approved \$4,895,000 for renovation and enhancements of the Senior Center located at 820 W. Arapaho Road. The design process started in Fiscal Year 2019 and is almost complete. Construction is scheduled to begin in the Spring of 2020. The project will also include site parking and landscaping improvements.
- The Collins/Arapaho Transit-Oriented Development and Innovation District Study is a City-initiated visioning effort for an approximately 1,200-acre area, generally bounded by Central Expressway (U.S. 75), Campbell Road, Plano Road, and Apollo Road. The area underwent a year-long study and visioning process and zoning for the area was approved in December 2019. The goal is to facilitate redevelopment of an area comprised largely of flex space and small office buildings into area district of innovation that will include better offices, retail and multi-family developments which will be attractive to start-ups and high-quality established companies.



## CITY OF RICHARDSON, TEXAS

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September 30, 2019

- Richardson’s Main Street area will see major changes in Fiscal Year 2020. In 2009, the City Council adopted a new Comprehensive Plan which identified the Main Street area as one of the six “Enhancement/Redevelopment” zones to address the challenges many first-tier suburbs were facing due to aging development and infrastructure. A community vision and market study of Main Street and the U.S. 75 corridor resulted in zoning initiatives in 2015 and 2016 and set a vision for improving the Main Street area for mobility, aesthetics and functionality. Construction began on October 1, 2019 to create a more walkable and pedestrian-oriented environment through the complete reconstruction of Main Street from near Sherman Street to just east of Greenville Avenue, including the realignment of the Greenville Avenue and Main Street intersection. The project, funded with Certificates of Obligation, will include streetscape enhancements with additional landscaping, new open space areas, decorative lighting, bike racks, picnic tables, increased parking opportunities and directional signage.

### **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, 2018. This was the forty-first 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

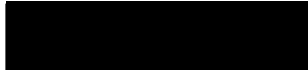
September 30, 2018

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

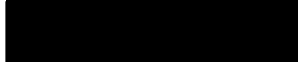
Sincerely,



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, 2019**

**CITY COUNCIL**

PAUL VOELKER, MAYOR  
JANET DePUY, MAYOR PRO TEM  
BOB DUBEY  
MARK SOLOMON  
KYLE KEPNER  
KEN HUTCHENRIDER  
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  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

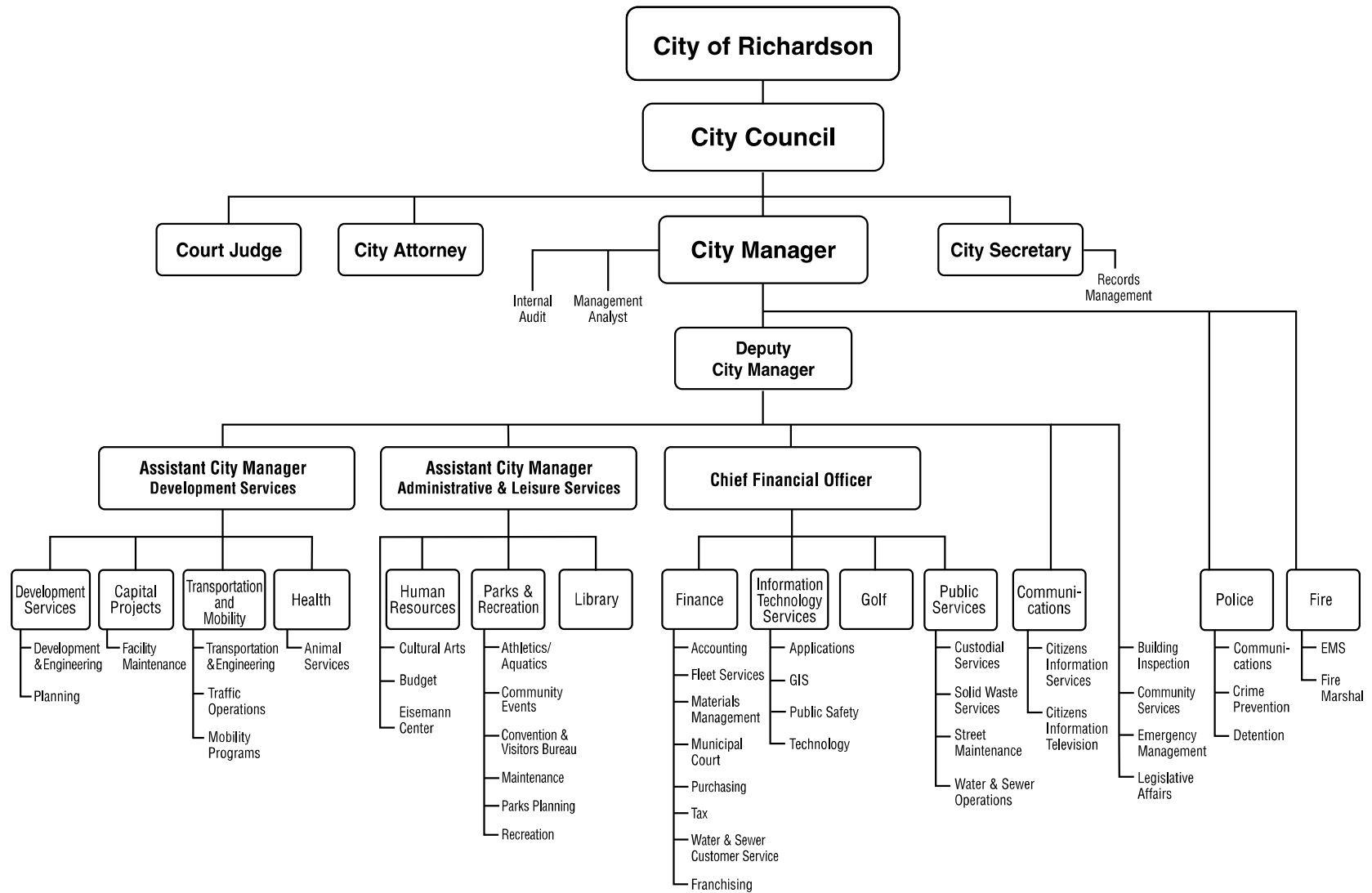
**City of Richardson  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

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, 2019, 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, 2019, 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.

## **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, and Schedule of Changes in Net Pension Liability and Related Ratios*, on pages 16 – 25, 74, 75, 76, and 77 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*

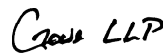
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, budgetary comparison schedules, the introductory section and statistical section are presented for purposes of 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 7, 2020 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.



Crowe LLP

Dallas, Texas  
February 7, 2020



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
September 30, 2019

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, 2019. 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, 2019 by \$215,929,705 (net position).
- The City's total net position increased \$11,375,431. The reasons for this increase can be found on pages 20-23 of this report.
- At September 30, 2019, the City's governmental funds reported combined ending fund balances of \$132,633,661. The \$27,856,062 unassigned fund balance in the General Fund represents 21% of total General Fund expenditures and transfers out.
- Principal balances of the City's total long-term debt increased by \$23,515,019 (5.7%) 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, 2019

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 21 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)  
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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, 2019 were \$795,846,667, deferred outflows of resources were \$41,431,086, total liabilities were \$620,297,088 and deferred inflows of resources were \$1,050,960 resulting in a net position balance of \$215,929,705 a 5.6% increase over the previous year (see Table 1).

The largest portion of the City's net position, \$213,780,510 (99%), 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, \$18,825,443 (9%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of (\$16,676,248) (-8%) reflects commitments made as part of its post-employment benefits programs that will be funded in future years. More details about these benefits can be found in Notes 16 and 17 of the financial statements.

The government's overall net position increased \$11,375,431 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, 2019

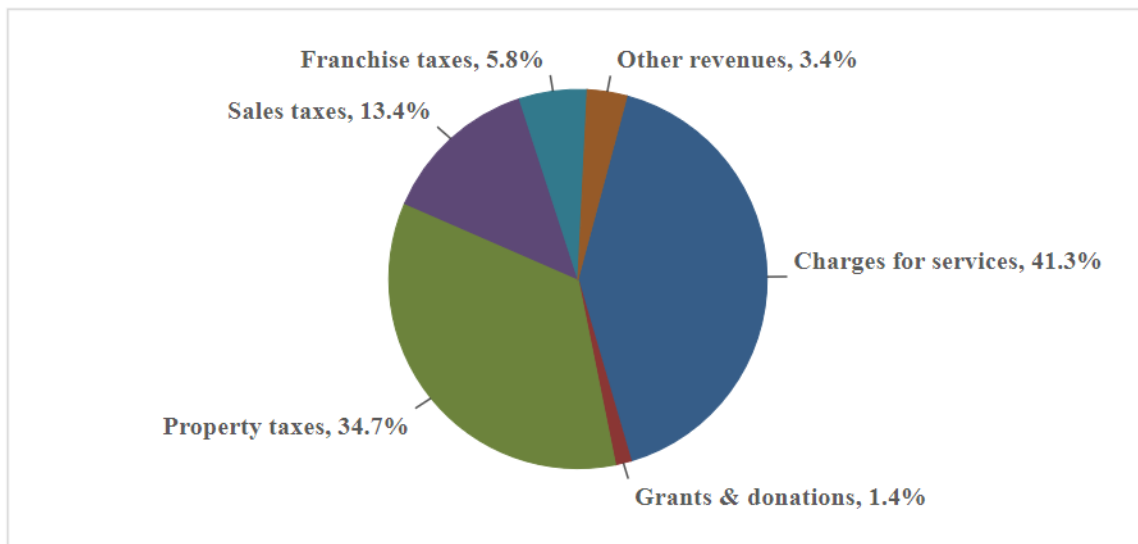
**Table 1**  
**City of Richardson**  
**Net Position**  
**(In thousands)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Current and other assets	\$ 161,769	\$ 162,728	\$ 56,860	\$ 49,264	\$ 218,629	\$ 211,992	3.1%
Capital assets	476,320	435,386	100,897	101,623	577,217	537,009	7.5%
Total assets	638,089	598,114	157,757	150,887	795,846	749,001	6.3%
Total deferred outflows of resources	34,879	13,583	6,552	2,859	41,431	16,442	152.0%
Other liabilities	58,168	55,335	16,726	16,809	74,894	72,144	3.8%
Long term liabilities	474,884	416,425	70,520	59,244	545,404	475,669	14.7%
Total liabilities	533,052	471,760	87,246	76,053	620,298	547,813	13.2%
Total deferred inflows of resources	915	11,135	135	1,941	1,050	13,076	(92.0)%
Net Position:							
Net investment in capital assets	156,267	150,625	57,513	57,169	213,780	207,794	2.9%
Restricted	13,653	9,692	5,172	3,071	18,825	12,763	47.5%
Unrestricted	(30,919)	(31,515)	14,243	15,512	(16,676)	(16,003)	4.2%
Total net position	\$ 139,001	\$ 128,802	\$ 76,928	\$ 75,752	\$ 215,929	\$ 204,554	5.6%

**Changes in net position.** The City's total revenues increased by 4.3% to \$298,643,036 (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 48% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up 41% of revenue collected (see Figure 1).

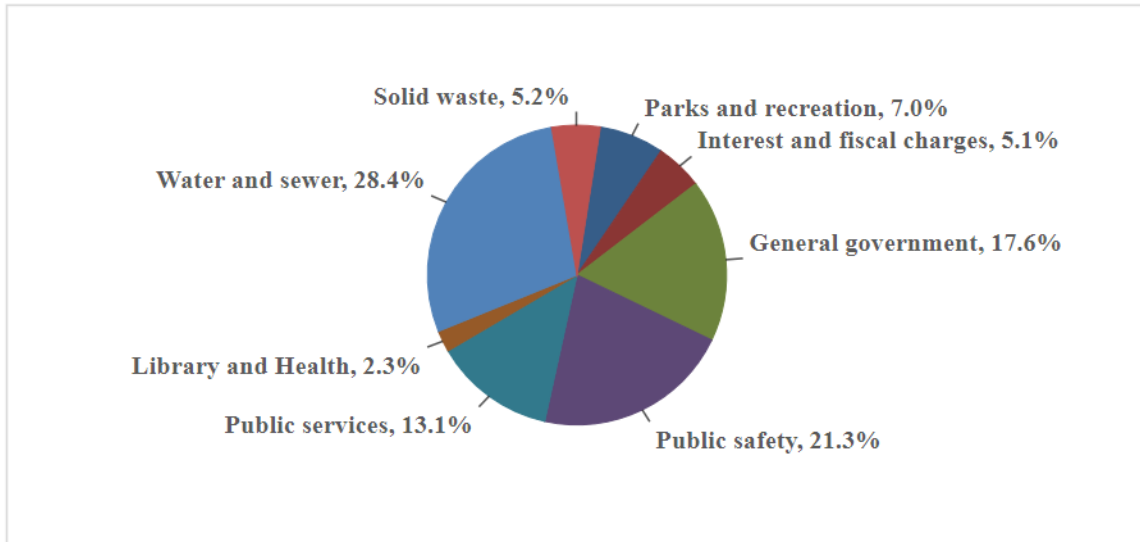
The total cost of all programs and services increased 13.1% to \$287,267,605 (see Table 2). The City's functional expenses cover a range of services with over a third attributed to public utilities and 21% attributed to public safety (see Figure 2).

**Figure 1 - Sources of Revenue for FY 2019**



**CITY OF RICHARDSON, TEXAS**  
 Management's Discussion and Analysis (Unaudited)  
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**Figure 2 - Functional Expenses for FY 2019**



**Governmental Activities.** Net position increased \$10,198,816. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of \$7,577,509, sales tax revenue of \$4,806,311 and unrestricted interest earnings of \$1,701,596.
- General government expenses increased \$13,926,997, over last year due to an increase in TIF Fund expenses related to financial support of TIF projects completed in FY 2019.

**Business-Type Activities.** Business type activities increased net position by \$1,176,615. Key elements to the change in net position are as follows:

- Water sales were \$2.7 million over year-end estimates. In FY2019, the City received 59.7" of rainfall compared to the 54.7" received in the previous year and the five-year average rainfall of 46.9".
- Total revenues of \$80,911,280 are \$3,204,605 above year-end estimates. Sewer sales finished the year \$684,000 over the year end estimate of \$31.0 million. Total expenses, excluding transfers, ended the year (\$2.3 million) below year end estimates. Personal Services ended the year (\$478,000) below year end estimate due to personnel savings across many departments. Maintenance which includes among other items the cost of wholesale water and sewer treatment services, was \$1.4 million under estimates.
- Solid waste fee revenue finished the year \$102,000 below the year-end estimate. Total expenses and transfers ended the year \$2,000 below the estimate of \$15.3 million. Actual disposal costs of \$36.68 per ton were (\$1.57) lower than original estimates. Due to better than expected revenue and expense performance, \$400,000 was set aside for disaster relief expenses to support costs of the October 20th tornado.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
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**Table 2**  
**City of Richardson**  
**Changes in Net Position**  
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 27,592	\$ 25,556	\$ 95,743	\$ 93,534	\$ 123,335	\$ 119,090	3.6 %
Operating grants and contributions	2,564	7,242	-	6	2,564	7,248	(64.6)%
Capital grants and contributions	424	428	1,045	1,974	1,469	2,402	(38.8)%
General revenues:							
Property taxes	103,685	96,107	-	-	103,685	96,107	7.9 %
Sales taxes	40,164	35,357	-	-	40,164	35,357	13.6 %
Franchise taxes	17,331	17,415	-	-	17,331	17,415	(0.5)%
Mixed beverage tax	651	616	-	-	651	616	5.7 %
Hotel/motel taxes	4,245	4,245	-	-	4,245	4,245	- %
Unrestricted interest earnings	4,025	2,324	774	458	4,799	2,782	72.5 %
Contributions to permanent fund principal	200	-	-	-	200	-	100.0 %
Gain on sale of capital assets	97	727	103	241	200	968	(79.3)%
<b>Total revenues</b>	<b>200,978</b>	<b>190,017</b>	<b>97,665</b>	<b>96,213</b>	<b>298,643</b>	<b>286,230</b>	<b>4.3 %</b>
<b>Expenses:</b>							
General government	50,473	36,545	-	-	50,473	36,545	38.1 %
Public safety	61,285	56,951	-	-	61,285	56,951	7.6 %
Public services	37,633	30,921	-	-	37,633	30,921	21.7 %
Library	4,433	4,217	-	-	4,433	4,217	5.1 %
Parks and recreation	20,114	19,259	-	-	20,114	19,259	4.4 %
Public health	2,228	2,173	-	-	2,228	2,173	2.5 %
Interest and fiscal charges	14,417	12,984	-	-	14,417	12,984	11.0 %
Water and sewer	-	-	81,682	76,642	81,682	76,642	6.6 %
Solid waste	-	-	15,003	14,369	15,003	14,369	4.4 %
<b>Total expenses</b>	<b>190,583</b>	<b>163,050</b>	<b>96,685</b>	<b>91,011</b>	<b>287,268</b>	<b>254,061</b>	<b>13.1 %</b>
Increase (decrease) in net position before transfers	10,395	26,967	980	5,202	11,375	32,169	64.6 %
Transfers	(196)	(250)	196	250	-	-	- %
<b>Increase (decrease) in net position</b>	<b>10,199</b>	<b>26,717</b>	<b>1,176</b>	<b>5,452</b>	<b>11,375</b>	<b>32,169</b>	<b>64.6 %</b>
Net position - beginning	128,802	102,085	75,752	70,300	204,554	172,385	18.7 %
<b>Net position - ending</b>	<b>\$ 139,001</b>	<b>\$ 128,802</b>	<b>\$ 76,928</b>	<b>\$ 75,752</b>	<b>\$ 215,929</b>	<b>\$ 204,554</b>	<b>5.6 %</b>

**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, 2019

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$132,633,661. Approximately 21%, or \$27,856,062, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, \$104,777,599 or 79% 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 21% of total General Fund expenditures and transfers out, while total fund balance represents 25% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased \$7,963,975 this fiscal year. Total nonspendable fund balance totals \$551,388. Assigned fund balance totals \$4,541,051 and total unassigned fund balance represents \$27,856,062. Property tax and sales tax revenues increased \$4,614,520 and \$4,806,311, respectively, from the previous year's collections. At the same time, public safety expenditures increased \$1,889,047 and general government expenditures increased \$1,625,598

The Debt Service Fund has a fund balance of \$3,191,846, 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 \$76,992,136. Restricted fund balance of \$65,658,188 is for future capital equipment purchases and construction projects, and \$11,333,948 is assigned for various capital projects. The fund balance decreased \$13,846,996 due to capital outlay for the public safety complex and various capital improvements throughout the City. The Capital Fund also received year-end transfers from the general fund of \$2 million to pay for future special maintenance and other projects.

The Other Governmental Funds had a fund balance increase of \$2,937,952. The major items related to this increase were collection of TIF revenues and Economic Development fund revenues 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 \$15,846,745 and \$(2,785,774) respectively. Total net position increased \$860,396 in the Water and Sewer Fund and the Solid Waste Fund decreased \$(180,616).

**General Fund Budgetary Highlights:** With better than expected revenue and expenditure performance as detailed below, the City Council increased funding for special maintenance initiatives and other project improvements of \$2 million while assigning \$4 million of fund balance for expenses related to the October 20th tornado. Below are the General Government revenue highlights:

- Property Tax revenue was \$299,000 or 0.5% over year end estimates and -1.4% below the original budget. Current year taxes finished the year \$324,000 over estimate while prior year taxes and penalties and interest ended the year (\$25,000) below estimate.
- Sales and other business tax revenue finished the year \$2.4 million over the year-end estimate of \$39.7 million, but an increase of \$4.2 million from the original budget.
- Ambulance fees increased \$649,000 due to a \$600,000 payment from the Texas Department of Health and Human Services for unreimbursed Medicaid expenses.
- Franchise fee revenue ended the year \$218,000 over the year-end estimate. The majority of the increase, or \$168,000 is the result of higher than anticipated sales of water and sewer services.

General Government expenditures, excluding transfers, finished the year (\$3.7 million) or -2.9% below year-end estimate. The overall positive variance in General Government expenditures was due to the following:

- Personal services expenditures ended the year (\$1 million) or -1.1% below year end estimates due to personnel savings across many departments.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
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- Professional services expenditures ended the year with (\$640,000) or a -6.2% savings below estimates of \$10.3 million.
- Contracts came in (\$405,000) below its estimated position of \$8.7 million.
- Maintenance expenditures were (\$658,000) below the year end estimate of \$4.8 million and supply expenditures were (\$1 million) below the year end estimate of \$10 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, 2019 amounts to \$577,217,564 (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 \$40,208,314 (7.5%) .

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

- Equipment and vehicle assets acquired totaled \$6.7 million.
- Public Safety Campus (Fire Station #1) completed construction totaled \$18.4 million.
- Land purchases totaled \$3.2 million which included Park land for \$1.78 million, Main Street development for \$818,000 and public safety building development for \$644,000.
- The City completed numerous street, bridge, sidewalk, alley, drainage, traffic and trail projects totaling over \$17.7 million.
- The Water and Sewer Fund completed \$2.9 million in projects, which extended and improved the City's Water and Sewer system.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 92,402	\$ 89,067	\$ 424	\$ 424	\$ 92,826	\$ 89,491
Public Art	2,493	1,015	-	-	2,493	1,015
Buildings	82,510	67,935	3,835	3,993	86,345	71,928
Improvements other than buildings	41,278	42,693	1,709	1,832	42,987	44,525
Infrastructure	181,622	176,481	85,184	86,823	266,806	263,304
Vehicles, machinery and equipment	18,757	15,796	8,005	7,953	26,762	23,749
Construction in progress	57,258	42,399	1,740	598	58,998	42,997
Total capital assets, net	<u>\$ 476,320</u>	<u>\$ 435,386</u>	<u>\$ 100,897</u>	<u>\$ 101,623</u>	<u>\$ 577,217</u>	<u>\$ 537,009</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)  
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**Long-Term Debt:** At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$319,470,000 as shown in Table 4. Of this amount, \$266,145,000 represents tax-supported bonds, \$53,325,000 represents self-supported bonds. The other obligations of \$98,164,409 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 Activities		Business-type Activities		Total	
	2019	2018*	2019	2018*	2019	2018*
General obligation bonds	\$ 181,100	\$ 181,910	\$ 13,490	\$ 16,480	\$ 194,590	\$ 198,390
Certificates of obligation	71,610	55,915	39,835	32,860	111,445	88,775
Certificates of obligation from direct borrowings	13,435	18,030	-	-	13,435	18,030
Total bonds payable	<u>266,145</u>	<u>255,855</u>	<u>53,325</u>	<u>49,340</u>	<u>319,470</u>	<u>305,195</u>
TIF obligations	97,049	87,571	-	-	97,049	87,571
Other obligations	1,115	1,353	-	-	1,115	1,353
Total outstanding debt	<u>\$ 364,309</u>	<u>\$ 344,779</u>	<u>\$ 53,325</u>	<u>\$ 49,340</u>	<u>\$ 417,634</u>	<u>\$ 394,119</u>

\*Includes reclassification to show the Certificates of obligation from direct borrowings as a separate line item in accordance with GASB 88. There was no change to total bonds payable amount for Governmental Activities of \$255,855.

In April 2019, the City issued a total of \$47.3 million in debt to facilitate its ongoing capital program. In addition, the City recognized TIF obligations during the year of \$14.5 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's budget development for the upcoming fiscal year, and the years to follow, are being heavily influenced by recently ratified state legislation that constrains property and franchise tax revenues. While the fuller impact will be felt in future fiscal year 2021 budget cycle, key preparation steps and constraints have been made in the 2019-20 budget. Stronger attention to new operating expenses, price and inflation escalations and recurring cost obligations will be made. These will likely impact future municipal service delivery.
- 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 FY2019-2020 budgets.

Increases in property tax collections are expected to be \$8 million in FY 19-20, made possible in part due to continuation of strong property values experienced in the city associated with growth in the Richardson Telecom Corridor and the North Texas area. The increase in property values will continue to be responsible for funding infrastructure improvements, and replacing the City's traffic and information technology legacy systems.

The FY 2019-2020 Water and Sewer Fund budget anticipates an additional rate increase from NTMWD. The wholesale cost of water and sewer treatment services accounts for \$54 million or 63.1% of the total expenses in the fund. Water and Sewer revenues reflect a 7.5% increase in retail rates for FY 2019-2020 based on the assumption of normal consumption and normal weather patterns.

The FY 2019-2020 Solid Waste Fund budget includes a -1.0% decrease in expenditures over year-end estimates. Revenues are projected to be \$206,000 increase over year-end estimates.

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis (Unaudited)  
September 30, 2019

**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, 2019

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 43,354,703	\$ 17,312,084	\$ 60,666,787
Investments	107,699,857	-	107,699,857
Receivables (net of allowances)	10,746,926	12,293,958	23,040,884
Inventories	499,052	1,457,706	1,956,758
Prepaid items	259,065	2,443	261,508
Deposits	117,500	-	117,500
Property held for redevelopment and resale	274,020	-	274,020
Restricted assets:			
Cash and cash equivalents	-	21,608,793	21,608,793
Investments	-	3,000,971	3,000,971
Receivables (net of allowances)	-	2,025	2,025
Internal balances	(1,181,933)	1,181,933	-
Capital assets:			
Nondepreciable	152,153,615	2,163,436	154,317,051
Depreciable (net)	324,166,619	98,733,894	422,900,513
Total assets	638,089,424	157,757,243	795,846,667
Deferred outflows of resources			
Pension contributions, investment experience and assumptions	30,033,922	5,307,938	35,341,860
Deferred charge on refundings	840,444	540,046	1,380,490
OPEB contributions, investment experience and assumptions	4,004,228	704,508	4,708,736
Total deferred outflows of resources	\$ 34,878,594	\$ 6,552,492	\$ 41,431,086

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Position  
September 30, 2019

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities:</b>			
Accounts payable	10,776,680	3,931,079	14,707,759
Retainage payable	2,697,625	-	2,697,625
Accrued liabilities	2,230,160	1,307,712	3,537,872
Accrued interest	7,753,115	361,866	8,114,981
<b>Payable from restricted assets:</b>			
Accounts payable	-	1,073,582	1,073,582
Retainage payable	-	42,933	42,933
Customer deposits	-	3,609,429	3,609,429
Unearned revenue	371,178	-	371,178
Money held in escrow	110,186	-	110,186
<b>Non-current liabilities:</b>			
<b>Due within one year:</b>			
Bonds, leases, and contractual obligations	31,840,371	6,136,161	37,976,532
Compensated absences	1,334,513	100,154	1,434,667
Workers' compensation	253,243	163,124	416,367
Unpaid claims liability	800,448	-	800,448
<b>Due in more than one year:</b>			
Bonds, leases, and contractual obligations	350,681,823	50,805,571	401,487,394
Total OPEB liability	43,203,682	7,127,886	50,331,568
Net pension liability	66,241,909	11,684,869	77,926,778
Workers' compensation	2,745,780	-	2,745,780
Compensated absences	12,010,617	901,392	12,912,009
<b>Total liabilities</b>	<b>533,051,330</b>	<b>87,245,758</b>	<b>620,297,088</b>
<b>Deferred inflows of resources</b>			
Deferred charges on refundings	78,835	-	78,835
Pension actuarial experience	349,284	49,276	398,560
OPEB assumptions	487,339	86,226	573,565
<b>Total deferred inflows of resources</b>	<b>915,458</b>	<b>135,502</b>	<b>1,050,960</b>
<b>Net position:</b>			
Net investment in capital assets	156,267,047	57,513,463	213,780,510
<b>Restricted for:</b>			
Capital projects	4,641,458	4,901,963	9,543,421
Debt service	-	270,145	270,145
General government	7,681,760	-	7,681,760
Public safety	1,013,526	-	1,013,526
Parks and recreation	61,400	-	61,400
<b>Endowment</b>			
Expendable	55,191	-	55,191
Nonexpendable	200,000	-	200,000
Unrestricted	(30,919,152)	14,242,904	(16,676,248)
<b>Total net position</b>	<b>\$ 139,001,230</b>	<b>\$ 76,928,475</b>	<b>\$ 215,929,705</b>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Activities  
Year ended September 30, 2019

	<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	\$ 50,472,454	\$ 6,265,897	\$ 2,455,249	\$ -	\$ (41,751,308)	\$ -	\$ (41,751,308)
Public safety	61,285,186	8,872,129	108,776	53,866	(52,250,415)	-	(52,250,415)
Public services	37,633,246	5,886,601	-	38,000	(31,708,645)	-	(31,708,645)
Library	4,432,722	-	-	-	(4,432,722)	-	(4,432,722)
Parks and recreation	20,114,310	6,137,636	-	-	(13,976,674)	-	(13,976,674)
Public health	2,228,182	429,312	-	332,103	(1,466,767)	-	(1,466,767)
Interest and fiscal charges	14,416,695	-	-	-	(14,416,695)	-	(14,416,695)
Total governmental activities	<u>190,582,795</u>	<u>27,591,575</u>	<u>2,564,025</u>	<u>423,969</u>	<u>(160,003,226)</u>	<u>-</u>	<u>(160,003,226)</u>
Business-type activities:							
Water and sewer	81,681,969	80,911,280	-	1,045,921	-	275,232	275,232
Solid waste	15,002,841	14,831,816	-	-	-	(171,025)	(171,025)
Total business-type activities	<u>96,684,810</u>	<u>95,743,096</u>	<u>-</u>	<u>1,045,921</u>	<u>-</u>	<u>104,207</u>	<u>104,207</u>
Total primary government	<u>\$ 287,267,605</u>	<u>\$ 123,334,671</u>	<u>\$ 2,564,025</u>	<u>\$ 1,469,890</u>	<u>(160,003,226)</u>	<u>104,207</u>	<u>(159,899,019)</u>
General Revenues:							
Property tax					103,684,944	-	103,684,944
Sales tax					40,163,563	-	40,163,563
Franchise tax					17,330,740	-	17,330,740
Mixed beverage and bingo tax					650,715	-	650,715
Hotel/motel tax					4,244,866	-	4,244,866
Unrestricted interest earnings					4,025,343	773,695	4,799,038
Gain on sale of assets					97,531	103,053	200,584
Contributions to permanent fund principal					200,000	-	200,000
Transfers					(195,660)	195,660	-
Total general revenues					<u>170,202,042</u>	<u>1,072,408</u>	<u>171,274,450</u>
Change in net position					10,198,816	1,176,615	11,375,431
Net position - beginning					<u>128,802,414</u>	<u>75,751,860</u>	<u>204,554,274</u>
Net position - ending					<u>\$ 139,001,230</u>	<u>\$ 76,928,475</u>	<u>\$ 215,929,705</u>

See accompanying notes to basic financial statements



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**CITY OF RICHARDSON, TEXAS**  
**Balance Sheet - Governmental Funds**  
**September 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 632,143	\$ 3,191,846	\$ 23,472,109	\$ 4,047,272	\$ 31,343,370
Investments	27,368,244	-	63,831,613	16,500,000	107,699,857
Receivables (net of allowances)	9,270,094	-	321,668	1,086,567	10,678,329
Due from other funds	153,167	-	-	-	153,167
Inventories	303,332	-	-	-	303,332
Prepaid items	130,556	-	28,814	61,400	220,770
Deposits	117,500	-	-	-	117,500
Property held for redevelopment and resale	-	-	274,020	-	274,020
Total assets	<u>\$ 37,975,036</u>	<u>\$ 3,191,846</u>	<u>\$ 87,928,224</u>	<u>\$ 21,695,239</u>	<u>\$ 150,790,345</u>
<b>Liabilities:</b>					
Accounts payable	\$ 1,243,858	\$ -	\$ 8,220,253	\$ 998,241	\$ 10,462,352
Retainage payable	5,257	-	2,605,649	86,719	2,697,625
Accrued liabilities	1,823,336	-	-	406,824	2,230,160
Due to other funds	-	-	-	153,167	153,167
Unearned revenue	-	-	-	302,581	302,581
Money held in escrow	-	-	110,186	-	110,186
Total liabilities	<u>3,072,451</u>	<u>-</u>	<u>10,936,088</u>	<u>1,947,532</u>	<u>15,956,071</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	1,954,084	-	-	246,529	2,200,613
Total deferred inflows of resources	<u>1,954,084</u>	<u>-</u>	<u>-</u>	<u>246,529</u>	<u>2,200,613</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventory	303,332	-	-	-	303,332
Deposits	117,500	-	-	-	117,500
Prepaid items	130,556	-	-	61,400	191,956
Permanent fund principal	-	-	-	200,000	200,000
<b>Restricted for:</b>					
Debt service	-	3,191,846	-	-	3,191,846
Public services	-	-	16,358,761	-	16,358,761
General government	-	-	1,193,978	7,185,563	8,379,541
Public safety	-	-	48,105,449	1,013,526	49,118,975
<b>Committed for:</b>					
General government	-	-	-	3,715,962	3,715,962
Public services	-	-	-	4,027,236	4,027,236
Parks and recreation	-	-	-	219,451	219,451
<b>Assigned for:</b>					
Public services	337,922	-	1,255,166	-	1,593,088
Public safety	36,141	-	-	-	36,141
Parks and recreation	43,656	-	-	66,520	110,176
General government	4,118,302	-	613,703	3,011,520	7,743,525
Health	5,030	-	-	-	5,030
Other capital projects	-	-	9,465,079	-	9,465,079
Unassigned	27,856,062	-	-	-	27,856,062
Total fund balances	<u>32,948,501</u>	<u>3,191,846</u>	<u>76,992,136</u>	<u>19,501,178</u>	<u>132,633,661</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>					
	<u>\$ 37,975,036</u>	<u>\$ 3,191,846</u>	<u>\$ 87,928,224</u>	<u>\$ 21,695,239</u>	<u>\$ 150,790,345</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, 2019

Total fund balances - governmental funds balance sheet	\$ 132,633,661
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.	476,210,603
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	35,933,826
Some amounts will not be recongized as revenue until future periods and therefore are deferred in the funds.	(827,913)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	9,348,375
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (Note 2(a))	<u>(514,297,322)</u>
Net position of governmental activities	<u><u>\$ 139,001,230</u></u>

**CITY OF RICHARDSON, TEXAS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**Year ended September 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>					
Property taxes	\$ 55,629,538	\$ 38,522,414	\$ -	\$ 9,554,093	\$ 103,706,045
Franchise taxes	17,110,594	-	-	220,146	17,330,740
Sales tax	40,163,563	-	-	-	40,163,563
Mixed beverage and bingo tax	650,715	-	-	-	650,715
Hotel/motel taxes	-	-	-	4,244,866	4,244,866
Drainage fees	-	-	-	2,817,356	2,817,356
911 revenue	1,059,984	-	-	595,413	1,655,397
Intergovernmental revenue	104,587	-	592,564	3,063,826	3,760,977
Licenses and permits	3,168,574	-	-	-	3,168,574
Fines and forfeitures	3,362,822	-	-	197,725	3,560,547
Interest revenue	881,062	203,911	2,177,491	511,191	3,773,655
Civic center use	354,884	-	-	-	354,884
Eisemann center revenue	-	-	246,626	2,176,238	2,422,864
Recreation and leisure	3,890,521	-	-	2,203,503	6,094,024
Public safety	3,467,722	-	-	-	3,467,722
Contributions	32,985	-	282,103	250,000	565,088
Participation	-	-	38,000	-	38,000
Other	609,951	-	10,194	200,625	820,770
General administration	8,309,239	-	-	-	8,309,239
Total revenues	<u>138,796,741</u>	<u>38,726,325</u>	<u>3,346,978</u>	<u>26,034,982</u>	<u>206,905,026</u>
<b>Expenditures:</b>					
General government	29,369,087	-	2,782,888	18,708,209	50,860,184
Public safety	53,254,092	-	503,058	501,357	54,258,507
Public services	20,219,061	-	5,371,517	1,037,208	26,627,786
Library	3,511,349	-	360,856	-	3,872,205
Parks and recreation	12,764,465	-	298,364	2,103,260	15,166,089
Public health	1,992,662	-	2,241	19,654	2,014,557
General administration	-	-	-	1,105,547	1,105,547
Capital outlay	70,265	-	56,252,251	6,329,473	62,651,989
Debt service:					
Principal retirement	-	27,490,000	-	-	27,490,000
Interest and fiscal charges	194,844	11,003,551	-	3,712,536	14,910,931
Payments for other obligations	328,465	124,807	-	4,804,912	5,258,184
Issuance costs	-	-	394,401	-	394,401
Total expenditures	<u>121,704,290</u>	<u>38,618,358</u>	<u>65,965,576</u>	<u>38,322,156</u>	<u>264,610,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,092,451</u>	<u>107,967</u>	<u>(62,618,598)</u>	<u>(12,287,174)</u>	<u>(57,705,354)</u>
<b>Other financing sources (uses):</b>					
Transfers in	502,000	682	8,744,613	1,228,923	10,476,218
Transfers out	(9,973,536)	-	(682)	(502,000)	(10,476,218)
Issuance of certificates of obligation	-	-	20,990,000	-	20,990,000
Issuance of general obligation bonds	-	-	16,790,000	-	16,790,000
Issuance of other obligations	-	-	-	14,498,203	14,498,203
Premium/discount on bonds	-	-	1,865,967	-	1,865,967
Insurance and other recoveries	216,025	-	381,704	-	597,729
Proceeds from sale of capital assets	127,035	-	-	-	127,035
Total other financing sources (uses)	<u>(9,128,476)</u>	<u>682</u>	<u>48,771,602</u>	<u>15,225,126</u>	<u>54,868,934</u>
Net change in fund balances	7,963,975	108,649	(13,846,996)	2,937,952	(2,836,420)
Fund balances - October 1	<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>
Fund balances - September 30	<u>\$ 32,948,501</u>	<u>\$ 3,191,846</u>	<u>\$ 76,992,136</u>	<u>\$ 19,501,178</u>	<u>\$ 132,633,661</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, 2019

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

Net change in fund balances - total governmental funds	\$ (2,836,420)
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))	39,497,760
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,395,505
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))	(21,395,986)
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))	(8,612,354)
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>2,150,311</u>
Change in net position of governmental activities	<u><u>\$ 10,198,816</u></u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Position - Proprietary Funds  
September 30, 2019

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Assets				
Current assets:				
Cash and cash equivalents	\$ 14,860,203	\$ 2,451,881	\$ 17,312,084	\$ 12,011,333
Receivables (net of allowances)	10,763,647	1,530,311	12,293,958	68,597
Inventories	1,439,582	18,124	1,457,706	195,720
Prepaid items	1,056	1,387	2,443	38,295
Restricted assets:				
Cash and cash equivalents	18,014,228	3,594,565	21,608,793	-
Investments	3,000,971	-	3,000,971	-
Other receivables	2,025	-	2,025	-
Total current assets:	<u>48,081,712</u>	<u>7,596,268</u>	<u>55,677,980</u>	<u>12,313,945</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	219,721,696	-	219,721,696	-
Vehicles, machinery and equipment	19,020,195	16,085,185	35,105,380	333,906
Construction in progress	1,585,926	154,000	1,739,926	-
Less accumulated depreciation	<u>(156,812,588)</u>	<u>(11,755,599)</u>	<u>(168,568,187)</u>	<u>(563,299)</u>
Total noncurrent assets	<u>95,644,586</u>	<u>5,252,744</u>	<u>100,897,330</u>	<u>109,631</u>
Total assets	<u>143,726,298</u>	<u>12,849,012</u>	<u>156,575,310</u>	<u>12,423,576</u>
Deferred outflows of resources				
Pension contributions investment experience and assumptions	2,870,095	2,437,843	5,307,938	271,015
Deferred charge on refunding	538,851	1,195	540,046	-
OPEB contributions, investment experience and assumptions	383,416	321,092	704,508	33,922
Total deferred outflows of resources	<u>\$ 3,792,362</u>	<u>\$ 2,760,130</u>	<u>\$ 6,552,492</u>	<u>\$ 304,937</u>

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Position - Proprietary Funds  
September 30, 2019

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 3,818,020	\$ 113,059	\$ 3,931,079	\$ 314,328
Accrued liabilities	1,255,360	52,352	1,307,712	-
Accrued interest	317,855	44,011	361,866	-
Unpaid claims liabilities	-	-	-	800,448
Current maturities of bonds, leases and contractual obligations	4,853,286	1,282,875	6,136,161	-
Compensated absences	58,681	41,473	100,154	10,988
Workers' compensation liability	8,658	154,466	163,124	-
<b>Current liabilities payable from restricted assets:</b>				
Accounts payable	865,794	207,788	1,073,582	-
Retainage payable	42,933	-	42,933	-
Unearned revenue	-	-	-	68,597
Deposits	3,609,429	-	3,609,429	-
Total current liabilities	<u>14,830,016</u>	<u>1,896,024</u>	<u>16,726,040</u>	<u>1,194,361</u>
<b>Noncurrent liabilities:</b>				
Bonds, leases and contractual obligations	45,523,653	5,281,918	50,805,571	-
Total OPEB liability	3,927,736	3,200,150	7,127,886	311,952
Net pension liability	6,305,343	5,379,526	11,684,869	584,291
Compensated absences	528,132	373,260	901,392	98,891
Total noncurrent liabilities	<u>56,284,864</u>	<u>14,234,854</u>	<u>70,519,718</u>	<u>995,134</u>
Total liabilities	<u>71,114,880</u>	<u>16,130,878</u>	<u>87,245,758</u>	<u>2,189,495</u>
<b>Deferred inflows of resources</b>				
Pension actuarial experience	9,898	39,378	49,276	4,618
OPEB assumptions	47,479	38,747	86,226	4,092
Total deferred inflows	<u>57,377</u>	<u>78,125</u>	<u>135,502</u>	<u>8,710</u>
<b>Net position (deficit):</b>				
Net investment in capital assets	57,873,613	(360,150)	57,513,463	109,632
Restricted for:				
Capital projects	2,431,618	2,470,345	4,901,963	-
Debt service	194,427	75,718	270,145	-
Unrestricted	15,846,745	(2,785,774)	13,060,971	10,420,676
Total net position	<u>\$ 76,346,403</u>	<u>\$ (599,861)</u>	<u>75,746,542</u>	<u>\$ 10,530,308</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>1,181,933</u>	
Net position of business-type activities			<u>\$ 76,928,475</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, 2019

	<u>Business-type activities-enterprise funds</u>			<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Operating revenues:				
Water sales	\$ 47,599,008	\$ -	\$ 47,599,008	\$ -
Sewer service	31,652,199	-	31,652,199	-
Penalties	883,837	-	883,837	-
Service fees (other)	76,990	-	76,990	-
Antenna rentals	529,392	-	529,392	-
Meter fees	72,355	-	72,355	-
Solid waste fees	-	14,136,394	14,136,394	-
Charges for services	-	-	-	589,619
City and employee contributions	53,109	35,406	88,515	15,331,449
Miscellaneous	44,390	660,016	704,406	413,787
Total operating revenues	<u>80,911,280</u>	<u>14,831,816</u>	<u>95,743,096</u>	<u>16,334,855</u>
Operating expenses:				
Personal services	7,152,984	5,706,867	12,859,851	949,741
Premiums	-	-	-	925,541
Professional and technical services	4,063,897	354,475	4,418,372	774,926
Property services	1,431,022	138,223	1,569,245	81,913
Other purchases services	1,024,363	578,721	1,603,084	49,197
Insurance claims	-	-	-	11,134,895
Purchase of water	30,820,711	-	30,820,711	-
Purchase of sewage treatment	19,273,271	-	19,273,271	-
Solid waste charges	-	4,030,626	4,030,626	-
General administration	4,724,859	2,277,784	7,002,643	-
Franchise fees	3,962,590	706,820	4,669,410	-
Supplies	2,462,625	437,158	2,899,783	17,707
Depreciation	5,449,384	833,777	6,283,161	5,475
Total operating expenses	<u>80,365,706</u>	<u>15,064,451</u>	<u>95,430,157</u>	<u>13,939,395</u>
Operating income (loss)	<u>545,574</u>	<u>(232,635)</u>	<u>312,939</u>	<u>2,395,460</u>
Nonoperating revenues (expenses):				
Interest revenue	650,765	122,930	773,695	251,688
Interest expense and fiscal charges	(1,485,463)	(141,845)	(1,627,308)	-
Other non-operating charges	(104,374)	(19,806)	(124,180)	-
Proceeds from sale of capital assets	12,313	90,740	103,053	-
Total nonoperating revenues (expenses)	<u>(926,759)</u>	<u>52,019</u>	<u>(874,740)</u>	<u>251,688</u>
Income (loss) before contributions and transfers	<u>(381,185)</u>	<u>(180,616)</u>	<u>(561,801)</u>	<u>2,647,148</u>
Capital contributions	1,241,581	-	1,241,581	-
Change in net position	860,396	(180,616)	679,780	2,647,148
Total net position - October 1	75,486,007	(419,245)		7,883,160
Total net position - September 30	<u>\$ 76,346,403</u>	<u>\$ (599,861)</u>		<u>\$ 10,530,308</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>496,835</u>	
Change in net position of business-type activities			<u>\$ 1,176,615</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, 2019

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Funds</u>
Cash flows from operating activities:				
Cash received from customers	\$ 78,167,175	\$ 14,133,397	\$ 92,300,572	\$ -
Cash received from service users	-	-	-	589,619
Cash received from city, employee and other contributions	53,109	35,406	88,515	15,731,565
Cash payments for goods and services	(68,740,002)	(8,189,676)	(76,929,678)	(1,977,063)
Cash payments to employees	(6,248,421)	(5,116,058)	(11,364,479)	(861,658)
Cash payments for claims	-	-	-	(10,994,780)
Cash received from miscellaneous revenue	44,390	660,016	704,406	-
Net cash provided by (used in) operating activities	<u>3,276,251</u>	<u>1,523,085</u>	<u>4,799,336</u>	<u>2,487,683</u>
Cash from financing activities:				
Net proceeds from sale of capital assets	12,313	90,740	103,053	-
Bond proceeds and accrued interest	8,757,068	1,473,727	10,230,795	-
Acquisition and construction of capital assets	(3,148,718)	(1,167,369)	(4,316,087)	(45,209)
Increase in retainage payable	(2,461)	-	(2,461)	-
Principal paid on debt	(4,375,000)	(1,215,000)	(5,590,000)	-
Interest paid on debt	(1,723,582)	(212,265)	(1,935,847)	-
Fiscal charges and bond escrow payments	(104,374)	(19,806)	(124,180)	-
Net cash provided by (used in) capital and related financing activities	<u>(584,754)</u>	<u>(1,049,973)</u>	<u>(1,634,727)</u>	<u>(45,209)</u>
Cash flows from investing activities:				
Purchase of investment securities	(3,002,010)	-	(3,002,010)	-
Proceeds from sale and maturities of investments	18,981,010	-	18,981,010	9,000,000
Interest received on investments	650,346	122,930	773,276	251,688
Net cash provided by (used in) investing activities	<u>16,629,346</u>	<u>122,930</u>	<u>16,752,276</u>	<u>9,251,688</u>
Net increase in cash, restricted cash, and cash equivalents	19,320,843	596,042	19,916,885	11,694,162
Cash, restricted cash, and cash equivalents, October 1	<u>13,553,588</u>	<u>5,450,404</u>	<u>19,003,992</u>	<u>317,171</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 32,874,431</u>	<u>\$ 6,046,446</u>	<u>38,920,877</u>	<u>12,011,333</u>

See accompanying notes to basic financial statements.



**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows  
Proprietary Funds  
Year ended September 30, 2019

	<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	\$ 545,574	\$ (232,635)	312,939	2,395,460
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,449,384	833,777	6,283,161	5,475
Provision for uncollectible accounts	15,126	6,564	21,690	-
Changes in assets and liabilities:				
(Increase) Decrease in trade accounts receivable (gross)	(2,325,384)	(8,229)	(2,333,613)	-
(Increase) Decrease in other receivables	(499,606)	266,722	(232,884)	317,984
(Increase) Decrease in inventory of supplies	(648,827)	19,663	(629,164)	960
(Increase) Decrease in prepaid items	7,222	6,284	13,506	3,079
Increase (Decrease) in accounts payable	(584,352)	41,466	(542,886)	(145,485)
Increase in unpaid claims liabilities	-	-	-	(175,325)
Increase (Decrease) in unearned revenue	-	-	-	(2,544)
Increase in deposits payable from restricted assets	152,655	-	152,655	-
Increase (Decrease) in compensated absences	35,931	(70,977)	(35,046)	11,612
Increase (Decrease) in workers compensation	(18,427)	(62,139)	(80,566)	-
Increase(Decrease) in post-employment benefits	199,912	163,146	363,058	17,231
Increase(Decrease) in pension liabilities	687,147	560,775	1,247,922	59,236
Increase (Decrease) in accrued liabilities	259,896	(1,332)	258,564	-
Total adjustments	<u>2,730,677</u>	<u>1,755,720</u>	<u>4,486,397</u>	<u>92,223</u>
Net cash provided (used in) operating activities	<u>3,276,251</u>	<u>1,523,085</u>	<u>4,799,336</u>	<u>2,487,683</u>
Noncash investing capital and financing activities:				
Contributions of capital assets from public	1,045,921	-	1,045,921	-
Contributions of assets from governmental funds	195,660	-	195,660	-
Construction payable	908,727	-	908,727	-
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	14,860,203	2,451,881	17,312,084	12,011,333
Total restricted cash and investments per the statement of net position	<u>18,014,228</u>	<u>3,594,565</u>	<u>21,608,793</u>	<u>-</u>
Cash, restricted cash and cash equivalents as of September 30,2019	<u>\$ 32,874,431</u>	<u>\$ 6,046,446</u>	<u>\$ 38,920,877</u>	<u>\$ 12,011,333</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, 2019

### 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 2018-19, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

The objective of Statement No. 88, *Certain Disclosures Related to debt including direct borrowings and direct placements*, is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequence, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

#### 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

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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

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

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

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

Additionally, the City reports the following fund types:

**Internal Service Funds.** The Internal Service Funds 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.

**Permanent Fund.** The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, not principal, support the City's specified program.

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

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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 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

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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 2019, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Texas Daily, Federated Money Market Funds, LegacyTexas Money Market Funds and Certificates of Deposit. 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 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.

## CITY OF RICHARDSON, TEXAS

### Notes to the Financial Statements

Year ended September 30, 2019

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, 2019, 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.

##### *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.

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### 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, 2019, the City received \$597,729 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, 2019

### **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 the

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

pension and OPEB plan investments are deferred and recognized in the respective plans as an expense over a closed five-year period. The fourth item is the difference in the change of assumptions for the pension plan. The amount 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 four 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. The fourth item is the difference in the change of assumptions for the OPEB plan and it is deferred and recognized as OPEB plan expense over a period of years based on the estimated average remaining service lives of employees that are provided with OPEB through the OPEB plan determined by the plan (active and inactive employees) for the City determined as of the beginning of the measurement date.

### **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 \$18,825,443 of restricted net position, of which \$9,629,395 is restricted by enabling legislation.

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### 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 \$514,297,322 are as follows:

Bonds payable	\$ 266,145,000
Notes payable and other contractual obligations	98,164,409
Less issuance discount (to be amortized as interest expense)	(19,809)
Add issuance premium (to be amortized as interest expense)	18,232,594
Less deferred charges on refunding, net (to be amortized as interest expense)	(761,609)
Accrued interest payable	7,753,115
TMRS pension liability	65,657,618
Postemployment liability	42,891,730
Compensated absences	13,235,251
Workers' compensation liability	<u>2,999,023</u>
Net adjustment to reduce fund balances - total governmental	<u>\$ 514,297,322</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 \$39,497,760 difference are as follows:

Capital Outlay	\$ 62,651,989
Governmental Depreciation Expense	<u>(23,154,229)</u>
Net adjustment to increase fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 39,497,760</u>

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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 \$21,395,986 are as follows:

**Debt issued or incurred:**

General obligations, certificates of obligation, and refunding bonds	\$ (37,780,000)
Notes payable and other contractual obligations	(14,498,203)
Add premium	(1,865,967)

**Principal repayments:**

General obligation bonds	17,600,000
Certificates of obligation	9,890,000
Notes payable and other contractual obligations	<u>5,258,184</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (21,395,986)</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 \$8,612,354 are as follows:

Amortization of bond premium	\$ 2,044,296
Amortization of bond discount	(2,047)
Amortization of deferred charge on refunded bonds	(253,872)
Accrued interest	(899,746)
Pension expenses	(37,935,355)
Other postemployment benefits	(2,594,682)
Compensated absences	(559,027)
Workers compensation	86,668
Change in deferred inflows	10,121,725
Change in deferred outflows	<u>21,379,686</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (8,612,354)</u>

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### 3 Deposits and Investments

	<u>Bank balance</u>	<u>Book balance</u>
Financial Institution:		
Legacy - City	\$ 4,533,187	\$ 4,714,237
Legacy - RIC	74,520	74,520
Frost - City	25,367	25,367
Legacy - Money Market	12,041,526	12,041,526
TexasTERM CD	4,000,000	4,000,000
Petty Cash	-	13,930
Total	<u>\$ 20,674,600</u>	<u>\$ 20,869,580</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, 2019

The City has the following recurring fair value measurements as of September 30, 2019:

	<b>9/30/2019</b>	<b>Inputs</b>			<b>Weighted average maturity (days) (1)</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>		
Investments by fair value level					
Debt securities					
Federal Home Loan Bank	\$ 38,838,770	\$ -	\$ 38,838,770	\$ -	108
Federal Farm Credit Bank	11,999,320	-	11,999,320	-	353
Federal Home Loan Mortgage Corporation	3,987,711	-	3,987,711	-	196
Federal National Mortgage Association-Bonds	7,983,338	-	7,983,338	-	218
Total debt securities	62,809,139	-	62,809,139	-	174
U.S. Treasuries	47,891,689	-	47,891,689	-	83
Total investment by fair value level	110,700,828	-	\$ 110,700,828	-	135
Investments measured at net asset value (NAV)					
Federated Money Market Fund	511,504				33
Total investments measured at net asset value (NAV)	511,504				33
Investments measured at amortized cost					
Texas Daily LGIP	6,335,725				32
TexStar LGIP	34,902,475				22
TexPool LGIP	19,656,296				34
Total investments at amortized cost	60,894,496				30
Total investments	\$ 172,106,828				
Portfolio weighted average maturity					97

(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, 2019

**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, 2019. 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, 2019.

**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, 2019, the City’s direct investments are in the Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 23%, 7%, 2%, and 5% respectively, of the City’s total investments.

#### 4 Receivables

Receivables at September 30, 2019, 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
<b>Receivables:</b>				
Taxes - property	\$ 1,606,321	\$ -	\$ -	\$ 1,606,321
Taxes - sales	3,683,332	-	-	3,683,332
Trade accounts	4,580,227	24,452	880,336	5,485,015
Interest	160,424	297,216	-	457,640
Intergovernmental	655,871	-	210,312	866,183
	10,686,175	321,668	1,090,648	12,098,491
Gross receivable				
Less allowance for uncollectibles	(1,416,081)	-	(4,081)	(1,420,162)
	\$ 9,270,094	\$ 321,668	\$ 1,086,567	\$ 10,678,329
Net receivables				

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**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>
<b>Receivables:</b>				
Trade accounts	\$ 9,462,641	\$ 1,368,869	\$ 10,831,510	\$ -
Other	1,443,046	206,562	1,649,608	68,597
Interest	<u>2,708</u>	<u>-</u>	<u>2,708</u>	<u>-</u>
Gross receivable	10,908,395	1,575,431	12,483,826	68,597
Less allowance for uncollectibles	<u>(142,723)</u>	<u>(45,120)</u>	<u>(187,843)</u>	<u>-</u>
Net receivables	<u>\$ 10,765,672</u>	<u>\$ 1,530,311</u>	<u>\$ 12,295,983</u>	<u>\$ 68,597</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2019.

**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	\$ 512,282	\$ 119,729	\$ 632,011
Customers' deposits	3,611,454	-	3,611,454
Rate stabilization	2,796,029	-	2,796,029
Capital Project and Equipment Funds	<u>14,097,459</u>	<u>3,474,836</u>	<u>17,572,295</u>
Total Restricted Assets	<u>\$ 21,017,224</u>	<u>\$ 3,594,565</u>	<u>\$ 24,611,789</u>



**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**6 Capital Assets**

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning balance October 1, 2018	Increases	Decreases	Ending balance September 30, 2019
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 89,066,980	\$ 3,334,656	\$ -	\$ 92,401,636
Public Art	1,015,009	1,478,424	-	2,493,433
Construction in Progress	42,399,430	53,648,679	(38,789,563)	57,258,546
Total capital assets, not being depreciated:	<u>132,481,419</u>	<u>58,461,759</u>	<u>(38,789,563)</u>	<u>152,153,615</u>
Capital assets, being depreciated:				
Buildings	137,839,733	18,386,044	-	156,225,777
Improvements other than Buildings	100,140,587	2,239,942	-	102,380,529
Vehicles, Machinery and Equipment	55,746,886	6,793,229	(1,205,748)	61,334,367
Infrastructure	504,611,294	17,041,134	-	521,652,428
Total capital assets, being depreciated:	<u>798,338,500</u>	<u>44,460,349</u>	<u>(1,205,748)</u>	<u>841,593,101</u>
Less accumulated depreciation for:				
Buildings	69,904,990	3,811,133	-	73,716,123
Improvements other than buildings	57,447,741	3,654,425	-	61,102,166
Vehicles, Machinery and Equipment	39,950,945	3,793,130	(1,166,716)	42,577,359
Infrastructure	328,129,818	11,901,016	-	340,030,834
Total accumulated depreciation	<u>495,433,494</u>	<u>23,159,704</u>	<u>(1,166,716)</u>	<u>517,426,482</u>
Total capital assets being depreciated, net	<u>302,905,006</u>	<u>21,300,645</u>	<u>(39,032)</u>	<u>324,166,619</u>
Governmental activities capital assets, net	<u>\$ 435,386,425</u>	<u>\$ 79,762,404</u>	<u>\$ (38,828,595)</u>	<u>\$ 476,320,234</u>

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

	Beginning balance October 1, 2018	Increases	Decreases	Ending balance September 30, 2019
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 423,510	\$ -	\$ -	\$ 423,510
Construction in progress	598,054	4,514,307	(3,372,435)	1,739,926
Total capital assets, not being depreciated:	<u>1,021,564</u>	<u>4,514,307</u>	<u>(3,372,435)</u>	<u>2,163,436</u>
Capital assets, being depreciated:				
Buildings	9,885,373	-	-	9,885,373
Improvements other than buildings	2,589,632	-	-	2,589,632
Vehicles, machinery and equipment	33,731,617	1,443,641	(69,878)	35,105,380
Infrastructure	216,749,543	2,972,153	-	219,721,696
Total capital assets, being depreciated:	<u>262,956,165</u>	<u>4,415,794</u>	<u>(69,878)</u>	<u>267,302,081</u>
Less accumulated depreciation for:				
Buildings	5,892,701	157,028	-	6,049,729
Improvements other than buildings	756,731	124,144	-	880,875
Vehicles, machinery and equipment	25,778,707	1,391,588	(69,878)	27,100,417
Infrastructure	129,926,765	4,610,401	-	134,537,166
Total accumulated depreciation	<u>162,354,904</u>	<u>6,283,161</u>	<u>(69,878)</u>	<u>168,568,187</u>
Total capital assets being depreciated, net	<u>100,601,261</u>	<u>(1,867,367)</u>	<u>-</u>	<u>98,733,894</u>
Business-type activities capital assets, net	<u>\$ 101,622,825</u>	<u>\$ 2,646,940</u>	<u>\$ (3,372,435)</u>	<u>\$ 100,897,330</u>

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

**Governmental activities:**

General government	\$ 5,346,049
Public safety	2,948,308
Public service	10,541,186
Library	301,930
Parks and recreation	3,963,079
Health	53,677
Total governmental funds	<u>23,154,229</u>
Internal service fund - Central Services Fund	5,475
Depreciation expense - governmental activities	<u>\$ 23,159,704</u>

**Business-type activities:**

Water and sewer	\$ 5,449,384
Solid waste	833,777
Depreciation expense - business activities	<u>\$ 6,283,161</u>

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**7 Construction Commitments**

Outstanding commitments at September 30, 2019, under authorized construction contracts for the Capital Fund, and Water and Sewer and Solid Waste Funds, were \$31,425,875 and \$3,052,680, 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 were two interfund balances at September 30, 2019. The first interfund balance is between the TIF #2 fund and the General Fund for \$127,167. The last interfund balance is between Federal Grants fund and the General Fund for \$26,000 due to the timing of receipts from the granting agencies for amounts spent in advance by the grant programs. Individual fund transfers for fiscal year 2018-2019 were as follows:

	<b>Transfers Out</b>					
	<b>Governmental Activities</b>	<b>Governmental Funds</b>			<b>Other Governmental Funds</b>	<b>Total</b>
		<b>General Fund</b>	<b>Capital Projects Fund</b>			
Transfers in:						
General	\$ -	\$ -	\$ -	\$ 502,000	\$ 502,000	
Debt Service	-	-	682	-	682	
Capital	-	8,744,613	-	-	8,744,613	
Governmental	-	1,228,923	-	-	1,228,923	
	-	9,973,536	682	502,000	10,476,218	
Business-Type Activities	195,660	-	-	-	195,660	
Total	<u>\$ 195,660</u>	<u>\$ 9,973,536</u>	<u>\$ 682</u>	<u>\$ 502,000</u>	<u>\$ 10,671,878</u>	

Governmental Activities Transfers Out:

- \$195,660 for Water/Sewer Infrastructure projects accepted through TIF Funds.

General Fund Transfers Out:

- \$8,744,613 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- \$1,228,923 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.
- \$2,000 to the General Fund from the RIC for Park and Recreation programs.
- \$682 to the General Debt Service Fund from the Capital Fund for remaining residual funds.

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**9 Long-Term Obligations**

The following is a summary of financial obligations for the fiscal year ended September 30, 2019:

	<b>Balance beginning of year (1)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance end of year</b>	<b>Due within one year</b>
<b>Governmental-type activities:</b>					
General obligation bonds	\$ 181,910,000	\$ 16,790,000	\$ (17,600,000)	\$ 181,100,000	\$ 17,980,000
Certificates of obligation	55,915,000	20,990,000	(5,295,000)	71,610,000	6,995,000
Certificates of obligation from direct borrowings	18,030,000	-	(4,595,000)	13,435,000	4,550,000
Bond discounts/premiums (2)	18,389,067	1,865,967	(2,042,249)	18,212,785	2,086,507
Total bonds payable	<u>274,244,067</u>	<u>39,645,967</u>	<u>(29,532,249)</u>	<u>284,357,785</u>	<u>31,611,507</u>
TIF obligation	87,571,447	14,498,203	(5,020,565)	97,049,085	-
Other obligations	1,352,943	-	(237,619)	1,115,324	228,864
Other postemployment benefits	40,587,023	4,636,321	(2,019,662)	43,203,682	-
TMRS - pension liability	27,985,248	71,962,599	(33,705,938)	66,241,909	-
Compensated absences	12,774,491	2,007,743	(1,437,104)	13,345,130	1,334,513
Workers' compensation	3,085,691	303,781	(390,449)	2,999,023	253,243
Unpaid claims liability	975,773	11,505,930	(11,681,255)	800,448	800,448
Total governmental-type long-term liabilities	<u>448,576,683</u>	<u>144,560,544</u>	<u>(84,024,841)</u>	<u>509,112,386</u>	<u>34,228,575</u>
<b>Business-type activities:</b>					
General obligation refunding bonds	16,480,000	-	(2,990,000)	13,490,000	2,730,000
Certificates of obligation	32,860,000	9,575,000	(2,600,000)	39,835,000	2,950,000
Bond discount/premiums	3,414,645	655,795	(453,708)	3,616,732	456,161
Total bonds payable	<u>52,754,645</u>	<u>10,230,795</u>	<u>(6,043,708)</u>	<u>56,941,732</u>	<u>6,136,161</u>
Other postemployment benefits	6,664,916	820,312	(357,342)	7,127,886	-
TMRS - pension liability	4,916,053	12,732,465	(5,963,649)	11,684,869	-
Compensated absences	1,036,592	35,931	(70,977)	1,001,546	100,154
Workers' compensation	243,690	-	(80,566)	163,124	163,124
Total business-type long-term liabilities	<u>\$ 65,615,896</u>	<u>\$ 23,819,503</u>	<u>\$ (12,516,242)</u>	<u>\$ 76,919,157</u>	<u>\$ 6,399,439</u>

(1) Beginning balance includes reclassification to show the Certificates of Obligation from direct borrowings as a separate line item in accordance with GASB 88. There was no change in total bonds payable amount of \$274,244,067.

(2) All bond discounts/premiums are related to public borrowings.

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**Governmental Activities**

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 Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding @ 9/30/2019</u>	<u>Due Within One Year</u>
General Obligation Bonds						
2019 General Obligation	2.62 - 4.00	4/25/2019	2/15/2039	\$ 16,790,000	\$ 16,790,000	\$ 425,000
2018 General Obligation	3.00 - 5.00	4/25/2018	2/15/2038	38,525,000	37,745,000	1,310,000
2017 General Obligation	3.00 - 4.00	5/04/2017	2/15/2037	19,725,000	18,500,000	475,000
2016A Ref. & Imp.	2.00 - 5.00	4/15/2016	2/15/2036	16,815,000	11,550,000	1,970,000
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	39,185,000	25,235,000	5,015,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	10,610,000	1,660,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2023	6,270,000	2,290,000	720,000
2010 Ref. & Imp.	2.00 - 5.00	6/15/2010	2/15/2030	73,000,000	51,590,000	4,865,000
2010 Ref. & Imp.-Golf	4.00 - 5.00	6/15/2010	6/15/2021	4,365,000	<u>1,085,000</u>	<u>530,000</u>
Total general obligation bonds - tax exempt					<u>\$ 175,395,000</u>	<u>\$ 16,970,000</u>
Taxable General Obligation Bonds						
2016B Taxable	3.00 - 3.77	4/15/2016	2/15/2036	5,470,000	4,915,000	220,000
2010A Taxable Refunding	1.15 - 4.05	6/15/2010	2/15/2020	6,105,000	<u>790,000</u>	<u>790,000</u>
Total general obligation bonds - taxable					<u>5,705,000</u>	<u>1,010,000</u>
Total governmental-type general obligation, taxable and tax exempt bonds					<u>181,100,000</u>	<u>17,980,000</u>

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

	<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>@ 9/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Certificates of Obligations						
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	20,990,000	20,990,000	2,715,000
2018 Certificates	3.13 - 5.00	4/25/2018	2/15/2038	26,290,000	24,735,000	2,015,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	20,930,000	16,420,000	300,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	4,045,000	1,595,000	895,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	685,000	80,000
2014 Certificates	.75 - 2.00	4/01/2014	2/15/2022	6,900,000	325,000	105,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	775,000	135,000
2012B Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	1,680,000	200,000
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2025	7,520,000	1,825,000	275,000
2009 Certificates	2.50 - 3.80	4/15/2009	2/15/2023	5,370,000	<u>660,000</u>	<u>155,000</u>
Total certificates of obligation - tax exempt					<u>69,690,000</u>	<u>6,875,000</u>
Certificates of Obligation - direct borrowings						
2017A Certificates	Adjustable	5/04/2017	6/15/2027	10,000,000	2,010,000	2,010,000
2014B Certificates	Adjustable	12/22/2014	6/15/2029	11,425,000	<u>11,425,000</u>	<u>2,540,000</u>
Total certificates of obligation - direct borrowings					<u>13,435,000</u>	<u>4,550,000</u>
Taxable Certificates of Obligation						
2015B Certificates	0.90 - 4.00	3/15/2015	2/15/2035	2,150,000	1,830,000	90,000
2012A Certificates	1.63 - 3.00	3/15/2012	2/15/2022	275,000	<u>90,000</u>	<u>30,000</u>
Total certificates - taxable					<u>1,920,000</u>	<u>120,000</u>
Total governmental-type certificates of obligation, taxable and tax exempt bonds					<u>85,045,000</u>	<u>11,545,000</u>
Add unamortized premium					18,232,594	2,088,609
Less: unamortized discount					<u>(19,809)</u>	<u>(2,102)</u>
Total general government bonds and certificates of obligation					<u>\$ 284,357,785</u>	<u>\$ 31,611,507</u>

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### 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 @ 9/30/2019	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	\$ 5,410,000	\$ 540,000
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	1,815,000	240,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	1,585,000	275,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	3,435,000	935,000
2010 Refunding	4.00 - 5.00	6/15/2010	2/15/2021	4,080,000	980,000	475,000
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	5,685,000	205,000	205,000
Total water and sewer general obligation bonds					<u>\$ 13,430,000</u>	<u>\$ 2,670,000</u>
Certificates of Obligations:						
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	8,240,000	8,240,000	230,000
2018 Certificate	3.125 - 5.00	4/25/2018	2/15/2038	5,940,000	5,770,000	250,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	4,440,000	4,120,000	195,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,665,000	95,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	1,995,000	95,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,295,000	140,000
2011 Certificates	2.00 - 4.625	4/01/2011	2/15/2031	3,500,000	2,505,000	160,000
2010 Certificates	2.00 - 4.125	6/15/2010	2/15/2030	7,210,000	4,205,000	390,000
2009 Certificates	2.50 - 4.50	4/15/2009	2/15/2029	5,030,000	2,960,000	250,000
Total water and sewer certificates of obligation					<u>33,755,000</u>	<u>1,805,000</u>
Total water and sewer general obligation refunding bonds and certificates of obligation					<u>47,185,000</u>	<u>4,475,000</u>
Solid Waste						
General Obligation Refunding Bonds:						
2009 Refunding	2.00 - 5.00	4/15/2009	2/15/2020	480,000	60,000	60,000
Certificates of Obligations:						
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	1,335,000	1,335,000	135,000
2018 Certificates	4.00 - 5.00	4/25/2018	2/15/2026	1,240,000	1,125,000	140,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2025	875,000	690,000	105,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	665,000	120,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	460,000	110,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	390,000	125,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2021	1,000,000	270,000	135,000
2012B Certificates	2.00 - 3.00	3/15/2012	2/15/2020	865,000	120,000	120,000
2011 Certificates	2.00 - 3.25	4/01/2011	2/15/2019	1,380,000	-	-
2010 Certificates	2.00 - 4.00	6/15/2010	2/15/2025	3,575,000	1,025,000	155,000
Total solid waste certificates of obligation					<u>6,080,000</u>	<u>1,145,000</u>
Total solid waste general obligation refunding bonds and certificates of obligation					<u>6,140,000</u>	<u>1,205,000</u>
Add unamortized premium					3,669,916	460,510
Less: unamortized discount					<u>(53,184)</u>	<u>(4,349)</u>
Total business-type general obligation refunding bonds and certificates of obligation					<u>\$ 56,941,732</u>	<u>\$ 6,136,161</u>

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### Debt Service Requirements

Debt service requirements at September 30, 2019 for General Obligation Bonds and Certificates of Obligation are as follows:

	<b>Governmental Activities</b>				<b>Business-type Activities</b>	
	<b>Bonds</b>		<b>Bonds Direct Borrowing</b>		<b>Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>Year ending September 30:</b>						
2020	\$ 24,975,000	\$ 10,280,448	\$ 4,550,000	\$ 323,275	\$ 5,680,000	\$ 2,071,182
2021	23,975,000	8,863,843	5,585,000	333,188	5,600,000	1,762,708
2022	20,825,000	7,918,252	3,300,000	123,749	5,175,000	1,558,415
2023	19,390,000	7,049,276	-	-	4,535,000	1,367,295
2024	17,315,000	6,224,542	-	-	4,295,000	1,184,979
2025-2029	68,505,000	20,400,634	-	-	15,935,000	3,487,155
2030-2034	44,540,000	8,759,106	-	-	8,385,000	1,166,526
2035-2039	33,185,000	2,201,396	-	-	3,720,000	250,560
Totals	<u>\$ 252,710,000</u>	<u>\$ 71,697,497</u>	<u>\$ 13,435,000</u>	<u>\$ 780,212</u>	<u>\$ 53,325,000</u>	<u>\$ 12,848,820</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, 2019 there were no defeased bonds outstanding.

On April 25, 2019, the City issued \$16,790,000 of General Obligation Bonds, Series 2019 with a true interest cost of 2.78%. Proceeds from the sale of the bonds, net of issuance costs of \$135,370 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, 2019, the City issued \$30,565,000 of Combination Tax and Revenue Certificates of Obligation, Series 2019 with a true interest cost of 2.58%. The Water/Sewer Fund issued \$8,240,000 in Certificates, the Solid Waste Fund issued \$1,335,000 in Certificates and \$20,990,000 in Certificates were issued for the benefit of the Capital Fund, net of issuance cost of \$259,031. 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 (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, traffic and transportation, parks and recreation, municipal library, animal services, fleet, the municipal golf course, information technology, community services and solid waste departments.



# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### Certificates of Obligation - Direct Borrowings

The City's outstanding certificates of obligation bonds from direct borrowings related to governmental activities of \$13,435,000 are secured by a pledge of ad valorem taxes levied by the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System. The Certificates are subject to redemption prior to maturity, at the option of the City, in whole or in part, on June 15 of each year at the redemption price of par plus accrued interest to the date of redemption.

The City has no unused lines of credit.

### Ratings

Standard and Poor's Ratings Services assigned its 'AAA' rating with a stable outlook, to the City's Series 2019 Combination Tax and Revenue Certificates of Obligation and the City's Series 2019 General Obligation Bonds, and Moody's Investors Service (Moody's) also assigned it 'Aaa' rating, with a stable outlook to these issues.

### Bondholder Remedies

In an event of default in connection with (i) failure to make payment of the principal of or interest on any of the bonds when due and payable or (ii) the performance or observance of any other covenants, conditions or obligations in the Ordinance, the Holder of any of the City's bonded debt shall be entitled to a writ of mandamus issued by a court of proper jurisdiction against the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in the Ordinance. The City's bonded debt does not contain any acceleration provisions in the event of default or termination.

### 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. Other Contractual Obligations

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2019:

	<b>Governmental-type Activities</b>		
	<b>Police Academy</b>	<b>Texas Comptroller of Public Accounts</b>	<b>Total</b>
Balance at October 1, 2018	\$ 549,464	\$ 803,479	\$ 1,352,943
Additions/adjustments	-	-	-
Payments	(124,807)	(112,812)	(237,619)
Balance at September 30, 2019	\$ 424,657	\$ 690,667	\$ 1,115,324

### 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, 2019:

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
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	14,815	1,403	16,218
2025-2029	15,463	773	16,236
Totals	<u>\$ 424,657</u>	<u>\$ 47,835</u>	<u>\$ 472,492</u>

**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-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 2018-2019. The balance at September 30, 2019 was \$690,667.

**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.

	<u>DISTRICT</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
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 \$521,719 and an interest payment of \$191,045 were made during the fiscal year.

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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 \$194,844 was made during the fiscal year from the General Fund. Principal payments of \$1,328,455 (\$215,653 from operating funds and \$1,112,802 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 \$56,792,941 to date. Funding is contingent upon the availability of tax revenues in the TIF District #2. Reimbursement lasts until paid in full or expiration of the TIF zone. Interest payments of \$2,483,409 and a principal payment of \$3,008,201 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 \$33,598,151 to date. Funding is contingent upon the availability of tax revenues in the TIF District #3. An interest payment of \$834,009 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 \$204,072 and a principal payment of \$162,190 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:

	<u>TIF DISTRICT 1</u>			<u>TIF DISTRICT 2</u>	<u>TIF DISTRICT 3</u>	<u>Total</u>
	<u>Centennial Park</u>	<u>AGF Greenville II, Ltd.</u>	<u>Collins Tech Park</u>	<u>BCS TIF Zone 2</u>	<u>BCP TIF LLC Zone 3</u>	
Balance at October 1, 2018	\$ 8,664,134	\$ 5,115,828	\$ 2,806,550	\$ 49,345,109	\$ 21,639,826	\$ 87,571,447
Additions/adjustments	-	-	-	2,539,878	11,958,325	14,498,203
Payments	(521,719)	(162,190)	(1,328,455)	(3,008,201)	-	(5,020,565)
Balance at September 30, 2019	<u>\$ 8,142,415</u>	<u>\$ 4,953,638</u>	<u>\$ 1,478,095</u>	<u>\$ 48,876,786</u>	<u>\$ 33,598,151</u>	<u>\$ 97,049,085</u>

### 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 2018-2019, a total of \$133,110 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of \$390,448 and \$151,014 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 2018-2019, the

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

City received refunds from the commercial insurance carrier in the amount of \$713,646.

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 \$800,448 for unpaid claims and claim adjustment expenses at September 30, 2019. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

### Reconciliation of Unpaid Claims Liabilities

	<u>2019</u>	<u>2018</u>
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 975,773	\$ 879,943
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	11,681,255	13,202,175
Increase (decrease) in prior year provision	<u>(175,325)</u>	<u>95,830</u>
Total incurred claims and claim adjustment expenses	<u>12,481,703</u>	<u>14,177,948</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	10,880,807	12,226,402
Claims and claim adjustment expenses attributable to insured events of prior years	<u>800,448</u>	<u>975,773</u>
Total payments	<u>11,681,255</u>	<u>13,202,175</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 800,448</u>	<u>\$ 975,773</u>

### 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, 2019, the City allocated \$8,309,239 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.

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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 \$1,146,960 in incentive payments under this program in fiscal year 2019.
- **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 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 \$1,992,763 in fiscal year 2019.
- **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 2019, the City rebated \$2,923,773 in taxes, reduced fees by \$5,727,923 and made incentive payments of \$483,878 under these agreements.
- **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. In 2019, the City made \$8,517,447 in payments for TIF obligations, \$275,000 in TIF incentives, and \$414,288 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

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

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, 2019 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

### Employees covered by benefit terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	280
Active employees	977
	<u>1,257</u>

### Contributions

Effective January 1, 2014, the City provides a \$200 per month, post-65 subsidy to retirees with 20 or more years of City service. 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	\$ 1,022	\$ 740	\$ 404
Retiree/spouse	2,092	1,424	777
Surviving spouse	1,124	815	506

### Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2018 and the measurement date of December 31, 2018.

### 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.

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of December 31, 2018 which include the following:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary Increases	3.50% - 10.50%
Health Care Trend Rate	7.20%

Participation rate assumptions for retirees who choose to receive health care benefits is based on years of City service. 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 3.71%. 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, 2018. For the purpose of this valuation, the municipal bond rate is 3.71% 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 3.31% as of December 31, 2017, 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 (2.71%) and 1-percentage-point-higher (4.71%).

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

	<b>Current Single Rate Assumption</b>	
<b>1% Decrease 2.71%</b>	<b>3.71%</b>	<b>1% Increase 4.71%</b>
\$ 55,890,441	\$ 50,331,568	\$ 45,460,107

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

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 (6.20%) and 1-percentage-point-higher (8.20%).

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

	<b>Current Single Rate</b>	
<b>1% Decrease</b>	<b>Assumption</b>	<b>1% Increase</b>
<b>6.20%</b>	<b>7.20%</b>	<b>8.20%</b>
\$ 45,975,658	\$ 50,331,568	\$ 55,493,219

**Schedule of Changes in Total OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
Beginning balances	\$ 47,251,939
<b>Changes for the year:</b>	
Service cost	1,981,275
Interest on the Total OPEB Liability	1,568,415
Differences between expected and actual experience	1,906,943
Changes in assumptions	(660,122)
Benefit payments	<u>(1,716,882)</u>
Net changes	<u>3,079,629</u>
Ending balance	<u><u>\$ 50,331,568</u></u>



**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

**OPEB Expense and Deferred Outflows/(Inflows) of Resources**

For the year ended September 30, 2019 the City recognized \$4,032,097 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,736,088	\$ -
Changes of assumptions	1,831,997	(573,565)
Contributions subsequent to the measurement date	1,140,651	-
<b>Total</b>	<b>\$ 4,708,736</b>	<b>\$ (573,565)</b>

Of the \$4,708,736 total for deferred outflows of resources, \$1,140,651 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, \$2,994,520 will be recognized in OPEB expense as follows:

<b>Fiscal Year</b>	<b>Net Deferred outflows (inflows) of resources</b>
2020	\$ 482,407
2021	482,407
2022	482,407
2023	482,407
2024	482,407
Thereafter	582,485
<b>Total</b>	<b>\$ 2,994,520</b>

**COBRA Benefits**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There were two participants in the program as of September 30, 2019.

**17 Pension Benefits**

**Plan Description**

The City of Richardson participates as one of 887 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, 2019

### 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	730
Inactive employees entitled to but not yet receiving benefits	436
Active employees	<u>991</u>
Total	2,157

### 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 14.80% and 14.44% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$11,146,767 which exceeded the required contributions by \$165,063 due to an additional voluntary contribution.

# CITY OF RICHARDSON, TEXAS

## Notes to the Financial Statements

Year ended September 30, 2019

### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following assumptions:

Inflation	2.50% per year
Overall payroll growth	3.5% 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, 2018, 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, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)*
Domestic Equity	17.50 %	4.30 %
International Equity	17.50	6.10
Core Fixed Income	10.00	1.00
Non-Core Fixed Income	20.00	3.39
Real Return	10.00	3.78
Real Estate	10.00	4.44
Absolute Return	10.00	3.56
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%
\$149,627,709	\$77,926,778	\$18,537,255

#### 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](http://www.tmr.com).

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

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

	<u><b>Increase (Decrease)</b></u>
<b>Total pension liability:</b>	
Service Cost	\$ 11,005,234
Interest (on the Total Pension Liability)	34,850,859
Changes of benefit terms	-
Difference between expected and actual experience	243,478
Benefit payments, including refunds of employee contributions	<u>(23,632,610)</u>
Net Change in Total Pension Liability	22,466,961
Total Pension Liability - Beginning	<u>522,622,710</u>
Total Pension Liability - Ending (A)	<u><u>545,089,671</u></u>
<b>Plan Fiduciary Net Position:</b>	
Contributions - Employer	10,887,470
Contributions - Employee	5,149,508
Net Investment Income	(14,664,558)
Benefit payments, including refunds of employee contributions	(23,632,610)
Administrative expense	(283,512)
Other	(14,812)
Net Change in Plan Fiduciary Net Position	<u>(22,558,514)</u>
Plan Fiduciary Net Position - Beginning	<u>489,721,409</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>467,162,893</u></u>
Net Pension Liability - Ending (A-B)	<u><u>77,926,778</u></u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	85.70 %
Covered Payroll	73,564,399
Net Pension Liability as a Percentage of Covered Payroll	105.93 %

\*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, 2018.

**CITY OF RICHARDSON, TEXAS**

Notes to the Financial Statements

Year ended September 30, 2019

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

For the year ended September 30, 2019 the City recognized pension expense of \$19,453,055. Deferred outflows of resources and deferred inflows of resources related to pensions are from the below sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 455,602	\$ (398,560)
Net difference between projected and actual earnings on pension plan investments	25,329,284	-
Difference in assumptions	1,261,879	-
Employers's Contributions to the pension plan subsequent to the measurement date	8,295,095	-
Total	<u>\$ 35,341,860</u>	<u>\$ (398,560)</u>

Of the \$35,341,860 total for deferred outflows of resources, \$8,295,095 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, \$26,648,205, related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Net deferred outflows (inflows) of resources</u>
2019	\$ 10,279,388
2020	3,447,149
2021	3,338,645
2022	9,583,023
Total	<u>\$ 26,648,205</u>



## **REQUIRED SUPPLEMENTARY INFORMATION**





**CITY OF RICHARDSON, TEXAS**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**Year ended September 30, 2019**

	<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	\$ 57,993,588	\$ 56,879,384	\$ 55,629,538	\$ 1,138,180	\$ 56,767,718	\$ (111,666)
Franchise fees	17,383,042	16,892,721	17,110,594	-	17,110,594	217,873
Sales tax	37,250,506	38,994,947	40,163,563	1,262,284	41,425,847	2,430,900
Mixed beverage and bingo tax	614,959	644,087	650,715	-	650,715	6,628
911 revenue	1,228,030	1,127,505	1,059,984	-	1,059,984	(67,521)
Intergovernmental revenue	45,500	41,100	104,587	-	104,587	63,487
Licenses and permits	2,655,592	2,913,422	3,168,574	-	3,168,574	255,152
Fines and forfeitures	3,090,455	3,581,226	3,362,822	(38,100)	3,324,722	(256,504)
Interest revenue	486,837	798,554	881,062	-	881,062	82,508
Civic center use	290,000	293,000	354,884	-	354,884	61,884
Recreation and leisure	4,214,900	4,031,483	3,890,521	-	3,890,521	(140,962)
Public safety	2,490,834	2,606,491	3,467,722	-	3,467,722	861,231
Other	894,526	687,254	609,951	-	609,951	(77,303)
General administration	8,372,618	8,363,483	8,309,239	-	8,309,239	(54,244)
Contributions	100,000	45,000	32,985	-	32,985	(12,015)
Total revenues	<u>137,111,387</u>	<u>137,899,657</u>	<u>138,796,741</u>	<u>2,362,364</u>	<u>141,159,105</u>	<u>3,259,448</u>
Expenditures						
Current:						
General government	33,061,464	33,673,767	29,369,087	110,124	29,479,211	4,194,556
Public safety	53,881,977	53,540,894	53,254,092	36,141	53,290,233	250,661
Public services	22,131,439	22,120,828	20,219,061	337,922	20,556,983	1,563,845
Library	3,641,655	3,597,179	3,511,349	-	3,511,349	85,830
Parks and recreation	13,379,150	13,145,747	12,764,465	43,656	12,808,121	337,626
Public health	2,090,678	2,078,477	1,992,662	5,030	1,997,692	80,785
Capital outlay	-	49,669	70,265	-	70,265	20,596
Debt service						
Interest and fiscal charges	-	-	194,844	(194,844)	-	-
Payments for other obligations	-	-	328,465	(328,465)	-	-
Total expenditures	<u>128,186,363</u>	<u>128,206,561</u>	<u>121,704,290</u>	<u>9,564</u>	<u>121,713,854</u>	<u>6,492,707</u>
Excess of revenues over expenditures	<u>8,925,024</u>	<u>9,693,096</u>	<u>17,092,451</u>	<u>2,352,800</u>	<u>19,445,251</u>	<u>9,752,155</u>
Other financing sources (uses)						
Transfers in	500,000	500,000	502,000	-	502,000	2,000
Transfers out	(7,973,536)	(8,203,536)	(9,973,536)	-	(9,973,536)	(1,770,000)
Proceeds from sale of capital assets	100,000	65,000	127,035	-	127,035	62,035
Insurance and other recoveries	175,000	225,000	216,025	-	216,025	(8,975)
Total other financing sources (uses)	<u>(7,198,536)</u>	<u>(7,413,536)</u>	<u>(9,128,476)</u>	<u>-</u>	<u>(9,128,476)</u>	<u>(1,714,940)</u>
Net change in fund balance	1,726,488	2,279,560	7,963,975	2,352,800	10,316,775	8,037,215
Fund balances, October 1	<u>18,688,166</u>	<u>19,491,684</u>	<u>24,984,526</u>	<u>1,747,973</u>	<u>26,732,499</u>	<u>7,240,815</u>
Fund balances, September 30	<u>\$ 20,414,654</u>	<u>\$ 21,771,244</u>	<u>\$ 32,948,501</u>	<u>\$ 4,100,773</u>	<u>\$ 37,049,274</u>	<u>\$ 15,278,030</u>

**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Year ended September 30, 2019

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

	<b>2018</b>	<b>2017</b>
Total OPEB liability:		
Service cost	\$ 1,981,275	\$ 1,656,080
Interest (on the total OPEB liability)	1,568,415	1,640,160
Differences between expected and actual experience	1,906,943	105,618
Change of Assumptions	(660,122)	2,443,407
Benefit Payments, Including Refunds of Employee Contributions	(1,716,882)	(1,628,228)
Net change in total OPEB liability	3,079,629	4,217,037
Total OPEB liability - beginning	47,251,939	43,034,902
Total OPEB liability - ending	50,331,568	47,251,939
Covered employee payroll	73,564,399	70,946,642
Total OPEB liability as a percentage of covered employee payroll	68.42 %	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 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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

**CITY OF RICHARDSON, TEXAS**  
 Required Supplementary Information  
 Year ended September 30, 2019

**Schedule of Pension Contributions**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contribution	\$ 10,981,704	\$ 10,828,353	\$ 10,000,938	\$ 8,960,805	\$ 9,092,062
Contributions in relation to the actuarially determined contribution	(11,146,767)	(10,828,353)	(10,000,938)	(8,960,805)	(9,092,062)
Contribution deficiency (excess)	\$ (165,063)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 75,570,212	\$ 72,840,621	\$ 70,066,638	\$ 67,329,906	\$ 65,295,964
Contributions as a percentage of covered payroll	14.75 %	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	27 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	Adopted buy-back provision.

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

**CITY OF RICHARDSON, TEXAS**  
Required Supplementary Information  
Year ended September 30, 2019

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 11,005,234	\$ 10,613,618	\$ 10,202,479	\$ 9,282,442	\$ 8,595,083
Interest (on the Total Pension Liability)	34,850,859	33,439,920	31,995,989	31,310,006	30,001,418
Differences between expected and actual experience	243,478	(313,905)	648,556	(1,241,285)	(142,357)
Change of assumptions	-	-	-	7,343,227	-
Benefit payments, including refunds of employee contributions	<u>(23,632,610)</u>	<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	22,466,961	21,306,974	21,957,610	26,732,703	18,208,400
Total Pension Liability - Beginning	<u>522,622,710</u>	<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>\$ 545,089,671</u>	<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	10,887,470	10,342,735	\$ 9,073,163	\$ 9,067,267	\$ 9,312,812
Contributions - Employee	5,149,508	4,967,489	4,767,618	4,599,369	4,541,066
Net Investment Income	(14,664,558)	60,507,332	28,105,129	622,684	23,194,326
Benefit payments, including refunds of employee contributions	(23,632,610)	(22,432,659)	(20,889,414)	(19,961,687)	(20,245,744)
Administrative expense	(283,512)	(313,643)	(317,470)	(379,292)	(242,173)
Other	<u>(14,812)</u>	<u>(15,895)</u>	<u>(17,105)</u>	<u>(18,735)</u>	<u>(19,911)</u>
Net change in plan fiduciary net position	(22,558,514)	53,055,359	20,721,921	(6,070,394)	16,540,376
Plan Fiduciary Net Position - Beginning	<u>489,721,409</u>	<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>\$ 467,162,893</u>	<u>\$ 489,721,407</u>	<u>\$ 436,666,048</u>	<u>\$ 415,944,127</u>	<u>\$ 422,014,521</u>
Net Pension Liability - Ending (A-B)	<u>\$ 77,926,778</u>	<u>\$ 32,901,303</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	85.70 %	93.70 %	87.10 %	86.77 %	93.24 %
Covered payroll	\$ 73,564,399	\$ 70,946,642	\$ 68,061,898	\$ 65,693,151	\$ 64,872,361
Net Pension Liability as a Percentage of Covered Payroll	105.93 %	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 five 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, 2019

**(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	\$ 136,159,899	\$ 136,410,097
Debt Service	38,616,886	38,620,886
Water and Sewer	81,430,441	82,243,992
Solid Waste Services	15,026,707	15,273,484
Golf	2,315,098	2,279,347
Internal Service (Combined)	16,305,470	14,938,702
Special Police	127,975	145,523
State Grants	-	16,650
Federal Grants	-	495,458
Municipal Court Security	173,050	179,806
Traffic Safety	-	14,055
Wireless 911	566,000	605,000
Judicial Efficiency	11,850	11,400
Hotel/Motel Tax	6,652,804	7,077,443
Technology	105,829	107,061
Tax Increment Financing #1	2,486,701	4,102,447
Tax Increment Financing #2	6,082,344	5,829,190
Tax Increment Financing #3	839,634	834,009
Richardson Improvement Corp.	8,640	13,850
Franchise Peg Fund	132,000	776,925
Drainage Fee Fund	3,205,861	3,930,861

**CITY OF RICHARDSON, TEXAS**  
Notes to the Required Supplementary Information  
Year Ended September 30, 2019

**(A) Budgetary Information**

**Excess of Expenditures over Appropriations**

For the year ended September 30, 2019 expenditures exceeded appropriations in the Special Police Fund totaling \$16,552 and \$4,704 in the Municipal Court Building Security Fund due to personal service costs exceeding budget.

**(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	\$ 7,963,975
Beginning of year adjustment for encumbrances not recognized as expenditures	531,487
End of year adjustment for encumbrances not recognized as expenditures	(541,051)
Increase in property tax recognized for GAAP basis	1,138,180
Increase in sales tax recognized for GAAP basis	1,262,284
Increase in fines and forfeitures recognized for GAAP basis	<u>(38,100)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u>\$ 10,316,775</u>



## **COMBINING FINANCIAL STATEMENTS**





**CITY OF RICHARDSON, TEXAS**  
Nonmajor Governmental Funds  
September 30, 2019

**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, 2019

*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.

*Ann & Charles Eisemann Edge Permanent Fund* - A fund used to account for principal trust amounts received and related interest income to be used for the Eisemann Center Edge arts program.

#### 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, 2019

	<b>Special Revenue Funds</b>					
	<b>Grant Funds(1)</b>	<b>Municipal Court Funds(1)</b>	<b>Tax Increment Financing Funds(1)</b>	<b>Special Police Funds</b>	<b>Traffic Safety Fund</b>	<b>Wireless 911 Fund</b>
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 684	\$ 250,511	\$ 453,768	\$ 271,616	\$ -	\$ 588,187
Investments	-	-	6,000,000	-	-	-
Receivables (net of allowances)	195,898	-	183,543	14,414	-	-
Prepaid items	-	2,138	-	-	-	-
<b>Total assets</b>	<b>\$ 196,582</b>	<b>\$ 252,649</b>	<b>\$ 6,637,311</b>	<b>\$ 286,030</b>	<b>\$ -</b>	<b>\$ 588,187</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 12,011	\$ 1,199	\$ -	\$ 53,604	\$ -	\$ -
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	26,000	-	127,167	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 38,011</b>	<b>\$ 1,199</b>	<b>\$ 127,167</b>	<b>\$ 53,604</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Prepaid items	-	2,138	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
<b>Restricted for:</b>						
General government	-	214,970	6,510,144	-	-	-
Public safety	158,571	34,342	-	232,426	-	588,187
<b>Committed for:</b>						
General government	-	-	-	-	-	-
Public services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
<b>Assigned for:</b>						
General government	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
<b>Total fund balances</b>	<b>\$ 158,571</b>	<b>\$ 251,450</b>	<b>\$ 6,510,144</b>	<b>\$ 232,426</b>	<b>\$ -</b>	<b>\$ 588,187</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 196,582</b>	<b>\$ 252,649</b>	<b>\$ 6,637,311</b>	<b>\$ 286,030</b>	<b>\$ -</b>	<b>\$ 588,187</b>

(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, 2019

<b>Special Revenue Funds</b>							<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Hotel/Motel Tax Fund</b>	<b>PEG Fund</b>	<b>Drainage Fund</b>	<b>Richardson Improvement Corporation Fund</b>	<b>Economic Development Fund</b>	<b>Golf Fund</b>	<b>Special Revenue Funds Subtotal</b>	<b>Ann &amp; Charles Eisemann Edge</b>	<b>Total</b>
\$ 487,788	\$ 405,258	\$ 278,793	\$ 74,520	\$ 795,962	\$ 184,994	\$ 3,792,081	\$ 255,191	\$ 4,047,272
3,000,000	-	4,500,000	-	3,000,000	-	16,500,000	-	16,500,000
376,660	-	246,529	-	-	69,523	1,086,567	-	1,086,567
57,837	-	-	-	-	1,425	61,400	-	61,400
<u>\$ 3,922,285</u>	<u>\$ 405,258</u>	<u>\$ 5,025,322</u>	<u>\$ 74,520</u>	<u>\$ 3,795,962</u>	<u>\$ 255,942</u>	<u>\$ 21,440,048</u>	<u>\$ 255,191</u>	<u>\$ 21,695,239</u>
\$ 169,844	\$ -	\$ 664,838	\$ -	\$ 80,000	\$ 16,745	\$ 998,241	\$ -	\$ 998,241
-	-	86,719	-	-	-	86,719	-	86,719
380,503	-	-	8,000	-	18,321	406,824	-	406,824
-	-	-	-	-	-	153,167	-	153,167
302,581	-	-	-	-	-	302,581	-	302,581
<u>852,928</u>	<u>-</u>	<u>751,557</u>	<u>8,000</u>	<u>80,000</u>	<u>35,066</u>	<u>1,947,532</u>	<u>-</u>	<u>1,947,532</u>
-	-	246,529	-	-	-	246,529	-	246,529
-	-	246,529	-	-	-	246,529	-	246,529
57,837	-	-	-	-	1,425	61,400	-	61,400
-	-	-	-	-	-	-	200,000	200,000
-	405,258	-	-	-	-	7,130,372	55,191	7,185,563
-	-	-	-	-	-	1,013,526	-	1,013,526
-	-	-	-	3,715,962	-	3,715,962	-	3,715,962
-	-	4,027,236	-	-	-	4,027,236	-	4,027,236
-	-	-	-	-	219,451	219,451	-	219,451
3,011,520	-	-	-	-	-	3,011,520	-	3,011,520
-	-	-	66,520	-	-	66,520	-	66,520
<u>3,069,357</u>	<u>405,258</u>	<u>4,027,236</u>	<u>66,520</u>	<u>3,715,962</u>	<u>220,876</u>	<u>19,245,987</u>	<u>255,191</u>	<u>19,501,178</u>
<u>\$ 3,922,285</u>	<u>\$ 405,258</u>	<u>\$ 5,025,322</u>	<u>\$ 74,520</u>	<u>\$ 3,795,962</u>	<u>\$ 255,942</u>	<u>\$ 21,440,048</u>	<u>\$ 255,191</u>	<u>\$ 21,695,239</u>

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds  
Year ended September 30, 2019

	<b>Special Revenue Funds</b>					
	<b>Grant Funds(1)</b>	<b>Municipal Court Funds(1)</b>	<b>Tax Increment Financing Funds(1)</b>	<b>Special Police Funds</b>	<b>Traffic Safety Fund</b>	<b>Wireless 911 Fund</b>
Revenues:						
Property taxes	\$ -	\$ -	\$ 9,554,093	\$ -	\$ -	\$ -
Hotel/motel taxes	-	-	-	-	-	-
Drainage fees	-	-	-	-	-	-
Eisemann center revenue	-	-	-	-	-	-
Golf course revenue	-	-	-	-	-	-
Golf course restaurant	-	-	-	-	-	-
911 revenue	-	-	-	-	-	595,413
Intergovernmental revenue	480,641	-	2,420,543	162,642	-	-
Franchise taxes	-	-	-	-	-	-
Fines and forfeitures	-	179,687	-	17,205	833	-
Interest revenue	2,656	6,781	200,053	4,118	207	13,131
Contributions	-	-	-	-	-	-
Other	-	-	-	37,139	-	-
<b>Total revenues</b>	<b>483,297</b>	<b>186,468</b>	<b>12,174,689</b>	<b>221,104</b>	<b>1,040</b>	<b>608,544</b>
Expenditures:						
General government	-	103,347	11,875,356	-	-	-
Parks and recreation	-	-	-	-	-	-
Public health	19,654	-	-	-	-	-
Public safety	142,233	184,510	-	112,075	13,968	48,571
Public services	-	-	-	-	-	-
General administration	-	-	175,000	-	-	-
Capital outlay	265,721	-	3,534,204	-	-	-
Debt service:						
Payments for other obligations	-	-	4,804,912	-	-	-
Interest and fiscal charges	-	-	3,712,536	-	-	-
<b>Total expenditures</b>	<b>427,608</b>	<b>287,857</b>	<b>24,102,008</b>	<b>112,075</b>	<b>13,968</b>	<b>48,571</b>
Excess (deficiency) of revenues over (under) expenditures	55,689	(101,389)	(11,927,319)	109,029	(12,928)	559,973
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(50,000)	-	(450,000)
Issuance of other obligations	-	-	14,498,203	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>14,498,203</b>	<b>(50,000)</b>	<b>-</b>	<b>(450,000)</b>
<b>Net change in fund balances</b>	<b>55,689</b>	<b>(101,389)</b>	<b>2,570,884</b>	<b>59,029</b>	<b>(12,928)</b>	<b>109,973</b>
Fund balances, October 1	102,882	352,839	3,939,260	173,397	12,928	478,214
<b>Fund balances, September 30</b>	<b>\$ 158,571</b>	<b>\$ 251,450</b>	<b>\$ 6,510,144</b>	<b>\$ 232,426</b>	<b>\$ -</b>	<b>\$ 588,187</b>

(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, 2019

Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation Fund	Economic Development Fund	Golf Fund	Special Revenue Funds Subtotal	Ann & Charles Eisemann Edge	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,554,093	\$ -	\$ 9,554,093
4,244,866	-	-	-	-	-	4,244,866	-	4,244,866
-	-	2,817,356	-	-	-	2,817,356	-	2,817,356
2,176,238	-	-	-	-	-	2,176,238	-	2,176,238
-	-	-	-	-	2,165,109	2,165,109	-	2,165,109
-	-	-	-	-	38,394	38,394	-	38,394
-	-	-	-	-	-	595,413	-	595,413
-	-	-	-	-	-	3,063,826	-	3,063,826
-	220,146	-	-	-	-	220,146	-	220,146
-	-	-	-	-	-	197,725	-	197,725
79,055	11,947	109,940	42	75,747	2,323	506,000	5,191	511,191
-	-	-	-	-	-	-	250,000	250,000
82,547	-	-	-	35,000	45,939	200,625	-	200,625
<u>6,582,706</u>	<u>232,093</u>	<u>2,927,296</u>	<u>42</u>	<u>110,747</u>	<u>2,251,765</u>	<u>25,779,791</u>	<u>255,191</u>	<u>26,034,982</u>
6,145,558	226,070	-	-	357,878	-	18,708,209	-	18,708,209
-	-	-	8,850	-	2,094,410	2,103,260	-	2,103,260
-	-	-	-	-	-	19,654	-	19,654
-	-	-	-	-	-	501,357	-	501,357
-	-	1,037,208	-	-	-	1,037,208	-	1,037,208
-	-	828,861	-	-	101,686	1,105,547	-	1,105,547
595,229	543,769	1,390,550	-	-	-	6,329,473	-	6,329,473
-	-	-	-	-	-	4,804,912	-	4,804,912
-	-	-	-	-	-	3,712,536	-	3,712,536
<u>6,740,787</u>	<u>769,839</u>	<u>3,256,619</u>	<u>8,850</u>	<u>357,878</u>	<u>2,196,096</u>	<u>38,322,156</u>	<u>-</u>	<u>38,322,156</u>
<u>(158,081)</u>	<u>(537,746)</u>	<u>(329,323)</u>	<u>(8,808)</u>	<u>(247,131)</u>	<u>55,669</u>	<u>(12,542,365)</u>	<u>255,191</u>	<u>(12,287,174)</u>
-	-	-	-	1,228,923	-	1,228,923	-	1,228,923
-	-	-	(2,000)	-	-	(502,000)	-	(502,000)
-	-	-	-	-	-	14,498,203	-	14,498,203
-	-	-	(2,000)	1,228,923	-	15,225,126	-	15,225,126
(158,081)	(537,746)	(329,323)	(10,808)	981,792	55,669	2,682,761	255,191	2,937,952
3,227,438	943,004	4,356,559	77,328	2,734,170	165,207	16,563,226	-	16,563,226
<u>\$ 3,069,357</u>	<u>\$ 405,258</u>	<u>\$ 4,027,236</u>	<u>\$ 66,520</u>	<u>\$ 3,715,962</u>	<u>\$ 220,876</u>	<u>\$ 19,245,987</u>	<u>\$ 255,191</u>	<u>\$ 19,501,178</u>

**CITY OF RICHARDSON, TEXAS**  
 Combining Balance Sheet - Nonmajor Governmental Funds - State and Federal Grant Funds  
 September 30, 2019

	<b>Special Revenue Funds</b>		
	<b>State Grants</b>	<b>Federal Grants</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ -	\$ 684	\$ 684
Intergovernmental receivables	-	195,898	195,898
Total assets	\$ -	\$ 196,582	\$ 196,582
Liabilities:			
Accounts payable	\$ -	\$ 12,011	\$ 12,011
Due to other funds	-	26,000	26,000
Total liabilities	-	38,011	38,011
Fund balances:			
Restricted for:			
Public safety	-	158,571	158,571
Total fund balances	-	158,571	158,571
Total liabilities and fund balances	\$ -	\$ 196,582	\$ 196,582



**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, 2019

	<b>Special Revenue Funds</b>		
	<b>State Grants</b>	<b>Federal Grants</b>	<b>Total</b>
Revenues:			
Intergovernmental revenue	\$ 14,848	\$ 465,793	\$ 480,641
Interest revenue	-	2,656	2,656
Total revenues	<u>14,848</u>	<u>468,449</u>	<u>483,297</u>
Expenditures:			
Public health	14,848	4,806	19,654
Public safety	-	142,233	142,233
Capital outlay	-	265,721	265,721
Total expenditures	<u>14,848</u>	<u>412,760</u>	<u>427,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>55,689</u>	<u>55,689</u>
Other financing sources (uses):			
Net change in fund balances	-	55,689	55,689
Fund balances, October 1	-	102,882	102,882
Fund balances, September 30	<u>\$ -</u>	<u>\$ 158,571</u>	<u>\$ 158,571</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - State Grants Fund  
 Year ended September 30, 2019

	<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	\$ 14,848	\$ (1,802)
Total revenues	<u>-</u>	<u>16,650</u>	<u>14,848</u>	<u>(1,802)</u>
Expenditures:				
Public health	-	16,650	14,848	1,802
Total expenditures	<u>-</u>	<u>16,650</u>	<u>14,848</u>	<u>1,802</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 Grants Fund  
 Year ended September 30, 2019

	<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	\$ -	\$ 497,664	\$ 465,793	\$ (31,871)
Interest revenue	-	2,269	2,656	387
Total revenues	<u>-</u>	<u>499,933</u>	<u>468,449</u>	<u>(31,484)</u>
Expenditures:				
Public safety	-	57,363	142,233	(84,872)
Public health	-	13,350	4,806	8,544
Capital outlay	-	424,745	265,721	159,024
Total expenditures	<u>-</u>	<u>495,458</u>	<u>412,760</u>	<u>82,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,475</u>	<u>55,689</u>	<u>51,212</u>
Other financing sources (uses):				
Net change in fund balance	-	4,475	55,689	51,212
Fund balances, October 1	-	102,882	102,882	-
Fund balances, September 30	<u>\$ -</u>	<u>\$ 107,357</u>	<u>\$ 158,571</u>	<u>\$ 51,212</u>

**CITY OF RICHARDSON, TEXAS**  
Combining Balance Sheet - Nonmajor Governmental Funds - Municipal Court Funds  
September 30, 2019

	<b>Special Revenue Funds</b>			
	<b>Building Security</b>	<b>Technology</b>	<b>Judicial Efficiency</b>	<b>Total</b>
Assets:				
Cash and cash equivalents	\$ 27,960	\$ 205,235	\$ 17,316	\$ 250,511
Prepaid items	-	2,138	-	2,138
Total assets	<u>\$ 27,960</u>	<u>\$ 207,373</u>	<u>\$ 17,316</u>	<u>\$ 252,649</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,199	\$ 1,199
Total liabilities	<u>-</u>	<u>-</u>	<u>1,199</u>	<u>1,199</u>
Fund balances:				
Prepaid items	-	2,138	-	2,138
Restricted for:				
General government	-	198,853	16,117	214,970
Public safety	27,960	6,382	-	34,342
Total fund balances	<u>27,960</u>	<u>207,373</u>	<u>16,117</u>	<u>251,450</u>
Total liabilities and fund balances	<u>\$ 27,960</u>	<u>\$ 207,373</u>	<u>\$ 17,316</u>	<u>\$ 252,649</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, 2019

	<b>Special Revenue Funds</b>			
	<b>Building Security</b>	<b>Technology</b>	<b>Judicial Efficiency</b>	<b>Total</b>
Revenues:				
Fines and forfeitures	\$ 74,452	\$ 98,977	\$ 6,258	\$ 179,687
Interest revenue	1,967	4,418	396	6,781
Total revenues	<u>76,419</u>	<u>103,395</u>	<u>6,654</u>	<u>186,468</u>
Expenditures:				
General government	-	97,013	6,334	103,347
Public safety	184,510	-	-	184,510
Total expenditures	<u>184,510</u>	<u>97,013</u>	<u>6,334</u>	<u>287,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(108,091)</u>	<u>6,382</u>	<u>320</u>	<u>(101,389)</u>
Net change in fund balances	(108,091)	6,382	320	(101,389)
Fund balances, October 1	136,051	200,991	15,797	352,839
Fund balances, September 30	<u>\$ 27,960</u>	<u>\$ 207,373</u>	<u>\$ 16,117</u>	<u>\$ 251,450</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Municipal Court Building Security Fund  
 Year ended September 30, 2019

	<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	\$ 70,500	\$ 74,452	\$ 3,952
Interest revenue	2,729	2,807	1,967	(840)
Total revenues	<u>63,729</u>	<u>73,307</u>	<u>76,419</u>	<u>3,112</u>
Expenditures:				
Public safety	<u>173,050</u>	<u>179,806</u>	<u>184,510</u>	<u>(4,704)</u>
Total expenditures	<u>173,050</u>	<u>179,806</u>	<u>184,510</u>	<u>(4,704)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,321)</u>	<u>(106,499)</u>	<u>(108,091)</u>	<u>(1,592)</u>
Net change in fund balance	(109,321)	(106,499)	(108,091)	(1,592)
Fund balances, October 1	<u>137,490</u>	<u>136,051</u>	<u>136,051</u>	<u>-</u>
Fund balances, September 30	<u>\$ 28,169</u>	<u>\$ 29,552</u>	<u>\$ 27,960</u>	<u>\$ (1,592)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Technology Fund  
 Year ended September 30, 2019

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Fines and forfeitures	\$ 87,040	\$ 97,300	\$ 98,977	\$ 1,677
Interest revenue	2,155	3,966	4,418	452
Total revenues	<u>89,195</u>	<u>101,266</u>	<u>103,395</u>	<u>2,129</u>
Expenditures:				
General government	68,380	69,612	97,013	(27,401)
Capital outlay	37,449	37,449	-	37,449
Total expenditures	<u>105,829</u>	<u>107,061</u>	<u>97,013</u>	<u>10,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,634)</u>	<u>(5,795)</u>	<u>6,382</u>	<u>12,177</u>
Net change in fund balance	(16,634)	(5,795)	6,382	12,177
Fund balances, October 1	<u>184,671</u>	<u>195,196</u>	<u>200,991</u>	<u>5,795</u>
Fund balances, September 30	<u><u>\$ 168,037</u></u>	<u><u>\$ 189,401</u></u>	<u><u>\$ 207,373</u></u>	<u><u>\$ 17,972</u></u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Judicial Efficiency Fund  
 Year ended September 30, 2019

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Fines and forfeitures	\$ 5,000	\$ 5,300	\$ 6,258	\$ 958
Interest revenue	237	340	396	56
Total revenues	<u>5,237</u>	<u>5,640</u>	<u>6,654</u>	<u>1,014</u>
Expenditures:				
General government	6,850	6,400	6,334	66
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>11,850</u>	<u>11,400</u>	<u>6,334</u>	<u>5,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,613)</u>	<u>(5,760)</u>	320	6,080
Net change in fund balance	(6,613)	(5,760)	320	6,080
Fund balances, October 1	<u>14,543</u>	<u>15,797</u>	<u>15,797</u>	<u>-</u>
Fund balances, September 30	<u>\$ 7,930</u>	<u>\$ 10,037</u>	<u>\$ 16,117</u>	<u>\$ 6,080</u>



**CITY OF RICHARDSON, TEXAS**

Combining Balance Sheet - Nonmajor Governmental Funds - Tax Increment Financing Funds  
September 30, 2019

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Tax Increment Financing #1</b>	<b>Tax Increment Financing #2</b>	<b>Tax Increment Financing #3</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 385,751	\$ -	\$ 68,017	\$ 453,768
Investments	6,000,000	-	-	6,000,000
Accounts receivable	-	183,543	-	183,543
<b>Total assets</b>	<b><u>\$ 6,385,751</u></b>	<b><u>\$ 183,543</u></b>	<b><u>\$ 68,017</u></b>	<b><u>\$ 6,637,311</u></b>
<b>Liabilities:</b>				
Due to other funds	-	127,167	-	127,167
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>127,167</u></b>	<b><u>-</u></b>	<b><u>127,167</u></b>
<b>Fund balances:</b>				
Restricted for:				
General government	6,385,751	56,376	68,017	6,510,144
<b>Total fund balances</b>	<b><u>6,385,751</u></b>	<b><u>56,376</u></b>	<b><u>68,017</u></b>	<b><u>6,510,144</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 6,385,751</u></b>	<b><u>\$ 183,543</u></b>	<b><u>\$ 68,017</u></b>	<b><u>\$ 6,637,311</u></b>

**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, 2019

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Tax Increment Financing #1</b>	<b>Tax Increment Financing #2</b>	<b>Tax Increment Financing #3</b>	
Revenues:				
General property taxes	\$ 4,623,272	\$ 4,246,246	\$ 684,575	\$ 9,554,093
Intergovernmental revenue	1,205,338	1,067,458	147,747	2,420,543
Interest revenue	146,452	45,547	8,054	200,053
Total revenues	<u>5,975,062</u>	<u>5,359,251</u>	<u>840,376</u>	<u>12,174,689</u>
Expenditures:				
General government	324,003	131,922	11,419,431	11,875,356
General administration	150,000	25,000	-	175,000
Capital outlay	770,896	2,224,414	538,894	3,534,204
Debt service:				
Payments for other obligations	1,796,711	3,008,201	-	4,804,912
Interest and fiscal charges	395,118	2,483,409	834,009	3,712,536
Total expenditures	<u>3,436,728</u>	<u>7,872,946</u>	<u>12,792,334</u>	<u>24,102,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,538,334</u>	<u>(2,513,695)</u>	<u>(11,951,958)</u>	<u>(11,927,319)</u>
Other financing sources (uses):				
Issuance of other obligations	-	2,539,878	11,958,325	14,498,203
Total other financing sources (uses)	<u>-</u>	<u>2,539,878</u>	<u>11,958,325</u>	<u>14,498,203</u>
Net change in fund balances	2,538,334	26,183	6,367	2,570,884
Fund balances, October 1	3,847,417	30,193	61,650	3,939,260
Fund balances, September 30	<u>\$ 6,385,751</u>	<u>\$ 56,376</u>	<u>\$ 68,017</u>	<u>\$ 6,510,144</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Tax Increment Financing #1  
 Year ended September 30, 2019

	<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	\$ 4,873,520	\$ 4,797,235	\$ 4,623,272	\$ 101,708	\$ 4,724,980	\$ (72,255)
Intergovernmental revenue	1,222,365	1,205,338	1,205,338	-	1,205,338	-
Interest revenue	74,773	136,699	146,452	-	146,452	9,753
Total revenues	<u>6,170,658</u>	<u>6,139,272</u>	<u>5,975,062</u>	<u>101,708</u>	<u>6,076,770</u>	<u>(62,502)</u>
Expenditures:						
General government	2,336,701	3,155,336	324,003	2,293,537	2,617,540	537,796
General administration	150,000	150,000	150,000	-	150,000	-
Capital outlay	-	797,111	770,896	-	770,896	26,215
Debt service:						
Payments for other obligations	-	-	1,796,711	(1,796,711)	-	-
Interest and fiscal charges	-	-	395,118	(395,118)	-	-
Total expenditures	<u>2,486,701</u>	<u>4,102,447</u>	<u>3,436,728</u>	<u>101,708</u>	<u>3,538,436</u>	<u>564,011</u>
Excess of revenues over (under) expenditures	<u>3,683,957</u>	<u>2,036,825</u>	<u>2,538,334</u>	<u>-</u>	<u>2,538,334</u>	<u>501,509</u>
Net change in fund balance	3,683,957	2,036,825	2,538,334	-	2,538,334	501,509
Fund balances, October 1	<u>3,749,675</u>	<u>3,847,417</u>	<u>3,847,417</u>	<u>-</u>	<u>3,847,417</u>	<u>-</u>
Fund balances, September 30	<u>\$ 7,433,632</u>	<u>\$ 5,884,242</u>	<u>\$ 6,385,751</u>	<u>\$ -</u>	<u>\$ 6,385,751</u>	<u>\$ 501,509</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Tax Increment Financing #2  
 Year ended September 30, 2019

	<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	\$ 4,920,756	\$ 4,742,369	\$ 4,246,246	\$ 312,580	\$ 4,558,826	\$ (183,543)
Intergovernmental revenue	1,134,795	1,067,458	1,067,458	-	1,067,458	-
Interest revenue	26,793	45,501	45,547	-	45,547	46
Total revenues	<u>6,082,344</u>	<u>5,855,328</u>	<u>5,359,251</u>	<u>312,580</u>	<u>5,671,831</u>	<u>(183,497)</u>
Expenditures:						
General government	6,057,344	5,804,190	131,922	5,488,726	5,620,648	183,542
General administration	25,000	25,000	25,000	-	25,000	-
Capital outlay	-	-	2,224,414	(2,224,414)	-	-
Debt service:						
Payments for other obligations	-	-	3,008,201	(3,008,201)	-	-
Interest and fiscal charges	-	-	2,483,409	(2,483,409)	-	-
Total expenditures	<u>6,082,344</u>	<u>5,829,190</u>	<u>7,872,946</u>	<u>2,227,298</u>	<u>5,645,648</u>	<u>183,542</u>
Excess of revenues over (under) expenditures	-	26,138	(2,513,695)	2,539,878	26,183	45
Other financing sources (uses):						
Issuance of other obligations	-	-	2,539,878	(2,539,878)	-	-
Total other financing sources (uses)	-	-	2,539,878	(2,539,878)	-	-
Net change in fund balance	-	26,138	26,183	5,079,756	26,183	45
Fund balances, October 1	<u>50,000</u>	<u>30,193</u>	<u>30,193</u>	<u>-</u>	<u>30,193</u>	<u>-</u>
Fund balances, September 30	<u>\$ 50,000</u>	<u>\$ 56,331</u>	<u>\$ 56,376</u>	<u>\$ -</u>	<u>\$ 56,376</u>	<u>\$ 45</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Tax Increment Financing #3  
 Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual GAAP</u>	<u>Adjustments</u>	<u>Actual Budget</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Property taxes	\$ 687,287	\$ 684,575	\$ 684,575	\$ -	\$ 684,575	\$ -
Intergovernmental revenue	158,505	147,747	147,747	-	147,747	-
Interest revenue	3,509	7,751	8,054	-	8,054	303
Total revenues	<u>849,301</u>	<u>840,073</u>	<u>840,376</u>	<u>-</u>	<u>840,376</u>	<u>303</u>
Expenditures:						
General government	839,634	834,009	11,419,431	(10,585,422)	834,009	-
Capital outlay	-	-	538,894	(538,894)	-	-
Debt service:						
Interest and fiscal charges	-	-	834,009	(834,009)	-	-
Total expenditures	<u>839,634</u>	<u>834,009</u>	<u>12,792,334</u>	<u>11,958,325</u>	<u>834,009</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>9,667</u>	<u>6,064</u>	<u>(11,951,958)</u>	<u>11,958,325</u>	<u>6,367</u>	<u>303</u>
Other financing sources (uses):						
Issuance of other obligations	-	-	11,958,325	(11,958,325)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,958,325</u>	<u>11,958,325</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,688,935	1,674,082	6,367	-	6,367	303
Fund balances, October 1	<u>60,872</u>	<u>61,650</u>	<u>61,650</u>	<u>-</u>	<u>61,650</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,749,807</u>	<u>\$ 1,735,732</u>	<u>\$ 68,017</u>	<u>\$ -</u>	<u>\$ 68,017</u>	<u>\$ 303</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Debt Service Fund  
 Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 38,562,055	\$ 38,530,613	\$ 38,522,414	\$ (8,199)
Interest revenue	147,228	185,563	203,911	18,348
Total revenues	<u>38,709,283</u>	<u>38,716,176</u>	<u>38,726,325</u>	<u>10,149</u>
Expenditures:				
Debt service:				
Interest and fiscal charges	11,026,080	11,006,079	11,003,551	2,528
Principal retirement	27,466,000	27,490,000	27,490,000	-
Payments for other obligations	124,806	124,807	124,807	-
Total expenditures	<u>38,616,886</u>	<u>38,620,886</u>	<u>38,618,358</u>	<u>2,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,397</u>	<u>95,290</u>	<u>107,967</u>	<u>12,677</u>
Other financing sources (uses):				
Transfers in	-	-	682	682
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>682</u>	<u>682</u>
Net change in fund balance	92,397	95,290	108,649	13,359
Fund balances, October 1	<u>2,956,718</u>	<u>3,083,197</u>	<u>3,083,197</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,049,115</u>	<u>\$ 3,178,487</u>	<u>\$ 3,191,846</u>	<u>\$ 13,359</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Special Police Funds  
 Year ended September 30, 2019

	<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	\$ 38,000	\$ 110,000	\$ 162,642	\$ 52,642
Fines and forfeitures	23	19,000	17,205	(1,795)
Interest revenue	3,870	6,133	4,118	(2,015)
Other	15,000	31,000	37,139	6,139
Total revenues	<u>56,893</u>	<u>166,133</u>	<u>221,104</u>	<u>54,971</u>
Expenditures:				
Public safety	5,000	95,523	112,075	(16,552)
Capital outlay	72,975	-	-	-
Total expenditures	<u>77,975</u>	<u>95,523</u>	<u>112,075</u>	<u>(16,552)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,082)</u>	<u>70,610</u>	<u>109,029</u>	<u>38,419</u>
Other financing sources (uses):				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(71,082)	20,610	59,029	38,419
Fund balances, October 1	<u>273,226</u>	<u>173,397</u>	<u>173,397</u>	<u>-</u>
Fund balances, September 30	<u>\$ 202,144</u>	<u>\$ 194,007</u>	<u>\$ 232,426</u>	<u>\$ 38,419</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Traffic Safety Fund  
 Year ended September 30, 2019

	<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	\$ -	\$ 833	\$ 833	\$ -
Interest revenue	-	294	207	(87)
Total revenues	<u>-</u>	<u>1,127</u>	<u>1,040</u>	<u>(87)</u>
Expenditures:				
Public safety	-	14,055	13,968	87
Total expenditures	<u>-</u>	<u>14,055</u>	<u>13,968</u>	<u>87</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,928)</u>	<u>(12,928)</u>	<u>-</u>
Net change in fund balance	-	(12,928)	(12,928)	-
Fund balances, October 1	<u>-</u>	<u>12,928</u>	<u>12,928</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Wireless 911 Fund  
 Year ended September 30, 2019

	<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	\$ 570,000	\$ 590,000	\$ 595,413	\$ 5,413
Interest revenue	6,500	10,475	13,131	2,656
Total revenues	<u>576,500</u>	<u>600,475</u>	<u>608,544</u>	<u>8,069</u>
Expenditures:				
Public safety	16,000	10,000	48,571	(38,571)
Capital outlay	100,000	145,000	-	145,000
Total expenditures	<u>116,000</u>	<u>155,000</u>	<u>48,571</u>	<u>106,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>460,500</u>	<u>445,475</u>	<u>559,973</u>	<u>114,498</u>
Other financing sources (uses):				
Transfers out	(450,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Net change in fund balance	10,500	(4,525)	109,973	114,498
Fund balances, October 1	<u>464,466</u>	<u>478,214</u>	<u>478,214</u>	<u>-</u>
Fund balances, September 30	<u>\$ 474,966</u>	<u>\$ 473,689</u>	<u>\$ 588,187</u>	<u>\$ 114,498</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Hotel/Motel Fund  
 Year ended September 30, 2019

	<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	\$ 4,314,151	\$ 4,081,766	\$ 4,244,866	\$ 163,100
Parking Fees	230,562	230,830	239,005	8,175
Eisemann center revenue	2,387,233	1,934,550	1,937,233	2,683
Interest revenue	42,806	69,028	79,055	10,027
Other	80,000	69,896	82,547	12,651
Total revenues	<u>7,054,752</u>	<u>6,386,070</u>	<u>6,582,706</u>	<u>196,636</u>
Expenditures:				
General government	6,652,804	7,077,443	6,145,558	931,885
Capital outlay	-	-	595,229	(595,229)
Total expenditures	<u>6,652,804</u>	<u>7,077,443</u>	<u>6,740,787</u>	<u>336,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>401,948</u>	<u>(691,373)</u>	<u>(158,081)</u>	<u>533,292</u>
Net change in fund balance	401,948	(691,373)	(158,081)	533,292
Fund balances, October 1	<u>2,762,449</u>	<u>3,227,438</u>	<u>3,227,438</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,164,397</u>	<u>\$ 2,536,065</u>	<u>\$ 3,069,357</u>	<u>\$ 533,292</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Franchise PEG Fund  
 Year ended September 30, 2019

	<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	\$ 225,000	\$ 220,000	\$ 220,146	\$ 146
Interest revenue	3,977	13,076	11,947	(1,129)
Total revenues	<u>228,977</u>	<u>233,076</u>	<u>232,093</u>	<u>(983)</u>
Expenditures:				
General government	-	-	226,070	(226,070)
Capital outlay	132,000	776,925	543,769	233,156
Total expenditures	<u>132,000</u>	<u>776,925</u>	<u>769,839</u>	<u>7,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,977</u>	<u>(543,849)</u>	<u>(537,746)</u>	<u>6,103</u>
Net change in fund balance	96,977	(543,849)	(537,746)	6,103
Fund balances, October 1	<u>251,758</u>	<u>943,004</u>	<u>943,004</u>	<u>-</u>
Fund balances, September 30	<u>\$ 348,735</u>	<u>\$ 399,155</u>	<u>\$ 405,258</u>	<u>\$ 6,103</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Drainage Fund  
 Year ended September 30, 2019

	<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	\$ 54,000	\$ 95,000	\$ 109,940	\$ 14,940
Drainage fees	2,821,500	2,827,709	2,817,356	(10,353)
Total revenues	<u>2,875,500</u>	<u>2,922,709</u>	<u>2,927,296</u>	<u>4,587</u>
Expenditures:				
Public services	1,377,000	902,000	1,037,208	(135,208)
General administration	828,861	828,861	828,861	-
Capital outlay	1,000,000	2,200,000	1,390,550	809,450
Total expenditures	<u>3,205,861</u>	<u>3,930,861</u>	<u>3,256,619</u>	<u>674,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(330,361)</u>	<u>(1,008,152)</u>	<u>(329,323)</u>	<u>678,829</u>
Net change in fund balance	(330,361)	(1,008,152)	(329,323)	678,829
Fund balances, October 1	<u>3,570,776</u>	<u>4,356,559</u>	<u>4,356,559</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,240,415</u>	<u>\$ 3,348,407</u>	<u>\$ 4,027,236</u>	<u>\$ 678,829</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Richardson Improvement Corporation Fund  
 Year ended September 30, 2019

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Contributions	\$ -	\$ 3,000	\$ -	\$ (3,000)
Interest revenue	45	45	42	(3)
Total revenues	<u>45</u>	<u>3,045</u>	<u>42</u>	<u>(3,003)</u>
Expenditures:				
Parks and recreation	8,640	13,850	8,850	5,000
Total expenditures	<u>8,640</u>	<u>13,850</u>	<u>8,850</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,595)</u>	<u>(10,805)</u>	<u>(8,808)</u>	<u>1,997</u>
Other financing sources (uses):				
Transfers out	-	-	(2,000)	(2,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net change in fund balance	(8,595)	(10,805)	(10,808)	(3)
Fund balances, October 1	<u>75,297</u>	<u>77,328</u>	<u>77,328</u>	<u>-</u>
Fund balances, September 30	<u>\$ 66,702</u>	<u>\$ 66,523</u>	<u>\$ 66,520</u>	<u>\$ (3)</u>

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule - Golf Fund  
 Year ended September 30, 2019

	<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	\$ 2,300,395	\$ 2,002,819	\$ 2,165,109	\$ 162,290
Golf course restaurant	38,803	35,595	38,394	2,799
Other				
Interest	1,959	1,139	2,323	1,184
Other Miscellaneous	20,420	38,962	45,939	6,977
Total revenues	<u>2,361,577</u>	<u>2,078,515</u>	<u>2,251,765</u>	<u>173,250</u>
Expenditures:				
General administration	101,686	101,686	101,686	-
Parks and recreation	2,213,412	2,177,661	2,094,410	83,251
Total expenditures	<u>2,315,098</u>	<u>2,279,347</u>	<u>2,196,096</u>	<u>83,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,479</u>	<u>(200,832)</u>	<u>55,669</u>	<u>256,501</u>
Other financing sources (uses):				
Transfers in	-	230,000	-	(230,000)
Total other financing sources (uses)	<u>-</u>	<u>230,000</u>	<u>-</u>	<u>(230,000)</u>
Net change in fund balance	46,479	29,168	55,669	26,501
Fund balances, October 1	<u>144,116</u>	<u>165,207</u>	<u>165,207</u>	<u>21,091</u>
Fund balances, September 30	<u>\$ 190,595</u>	<u>\$ 194,375</u>	<u>\$ 220,876</u>	<u>\$ 26,501</u>



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**CITY OF RICHARDSON, TEXAS**  
Nonmajor Governmental Funds - Internal Service Funds  
September 30, 2019

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, 2019

	<b>Central Services Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 335,731	\$ 11,675,602	\$ 12,011,333
Accounts receivable	-	68,597	68,597
Inventories	195,720	-	195,720
Prepaid items	300	37,995	38,295
Total current assets	<u>531,751</u>	<u>11,782,194</u>	<u>12,313,945</u>
Capital assets:			
Land	56,011	-	56,011
Buildings	259,990	-	259,990
Improvements	23,023	-	23,023
Vehicles, machinery and equipment	333,906	-	333,906
Total capital assets	<u>672,930</u>	<u>-</u>	<u>672,930</u>
Less accumulated depreciation	<u>(563,299)</u>	<u>-</u>	<u>(563,299)</u>
Total capital assets, net of accumulated depreciation	<u>109,631</u>	<u>-</u>	<u>109,631</u>
 Total assets	 <u>641,382</u>	 <u>11,782,194</u>	 <u>12,423,576</u>
 Deferred outflows of resources:			
Pension contributions investment experience and assumptions	171,376	99,639	271,015
OPEB contributions, investment experience and assumptions	22,614	11,308	33,922
Total deferred outflows of resources	<u>193,990</u>	<u>110,947</u>	<u>304,937</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	14,192	300,136	314,328
Compensated absences	3,963	7,025	10,988
Unpaid claims liabilities	-	800,448	800,448
Unearned revenue	-	68,597	68,597
Total current liabilities	<u>18,155</u>	<u>1,176,206</u>	<u>1,194,361</u>
Noncurrent liabilities:			
Compensated absences	35,671	63,220	98,891
Net pension liability	378,889	205,402	584,291
Total OPEB liability	<u>164,954</u>	<u>146,998</u>	<u>311,952</u>
Total noncurrent liabilities	<u>579,514</u>	<u>415,620</u>	<u>995,134</u>
Total liabilities	<u>597,669</u>	<u>1,591,826</u>	<u>2,189,495</u>
 Deferred inflows of resources:			
Pension actuarial experience	2,741	1,877	4,618
OPEB assumptions	2,728	1,364	4,092
Total deferred inflows of resources	<u>5,469</u>	<u>3,241</u>	<u>8,710</u>
 Net position:			
Net investment in capital assets	109,632	-	109,632
Unrestricted	<u>122,602</u>	<u>10,298,074</u>	<u>10,420,676</u>
Total net position	<u>\$ 232,234</u>	<u>\$ 10,298,074</u>	<u>\$ 10,530,308</u>

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - All Internal Service Funds  
Year ended September 30, 2019

	<b>Central</b>		
	<b>Services Fund</b>	<b>Insurance Fund</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 589,619	\$ -	\$ 589,619
City and employee contributions	14,753	15,316,696	15,331,449
Miscellaneous	13,671	400,116	413,787
Total operating revenues	<u>618,043</u>	<u>15,716,812</u>	<u>16,334,855</u>
Operating expenses:			
Personal services	392,071	557,670	949,741
Premiums	990	924,551	925,541
Professional and technical services	10,770	764,156	774,926
Property services	81,913	-	81,913
Other purchases services	-	49,197	49,197
Insurance claims	37,645	11,097,250	11,134,895
Supplies	15,786	1,921	17,707
Depreciation	5,475	-	5,475
Total operating expenses	<u>544,650</u>	<u>13,394,745</u>	<u>13,939,395</u>
Operating income (loss)	<u>73,393</u>	<u>2,322,067</u>	<u>2,395,460</u>
Nonoperating revenues:			
Interest revenue	8,655	243,033	251,688
Total nonoperating revenues	<u>8,655</u>	<u>243,033</u>	<u>251,688</u>
Change in net position	82,048	2,565,100	2,647,148
Net position, October 1	150,186	7,732,974	7,883,160
Net position, September 30	<u>\$ 232,234</u>	<u>\$ 10,298,074</u>	<u>\$ 10,530,308</u>

**CITY OF RICHARDSON, TEXAS**  
Combining Statement of Cash Flows  
Internal Service Funds  
Year ended September 30, 2019

	<u>Central</u> <u>Services Fund</u>	<u>Insurance</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from service users	\$ 589,619	\$ -	\$ 589,619
Cash received from city, employee and other contributions	14,753	15,716,812	15,731,565
Cash payments for premiums and other operating expenses	(86,937)	(1,890,126)	(1,977,063)
Cash payments to employees	(336,502)	(525,156)	(861,658)
Cash payments for claims	(37,645)	(10,957,135)	(10,994,780)
Net cash provided (used in) by operating activities	<u>143,288</u>	<u>2,344,395</u>	<u>2,487,683</u>
Cash from noncapital financing activities			
Acquisition of capital assets	(45,209)	-	(45,209)
Net cash provided (used) by noncapital financing activities	<u>(45,209)</u>	<u>-</u>	<u>(45,209)</u>
Cash flows from investing activity:			
Proceeds from sale and maturities of investments	-	9,000,000	9,000,000
Interest received on investments	8,655	243,033	251,688
Net cash provided (used in) by investing activities	<u>8,655</u>	<u>9,243,033</u>	<u>9,251,688</u>
Net increase (decrease) in cash and cash equivalents	106,734	11,587,428	11,694,162
Cash and cash equivalents, October 1	<u>228,997</u>	<u>88,174</u>	<u>317,171</u>
Cash and cash equivalents, September 30	<u><u>335,731</u></u>	<u><u>11,675,602</u></u>	<u><u>12,011,333</u></u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	73,393	2,322,067	2,395,460
Adjustments to reconcile operating income (loss) to net cash used for operating activities			
Depreciation	5,475	-	5,475
Changes in assets and liabilities:			
(Increase) Decrease in other receivables	-	317,984	317,984
(Increase) Decrease in inventory of supplies	960	-	960
(Increase) Decrease in prepaid items	(300)	3,379	3,079
Increase (Decrease) in accounts payable	8,193	(153,678)	(145,485)
Increase in unpaid claims liabilities	-	(175,325)	(175,325)
Increase (Decrease) in unearned revenue	-	(2,544)	(2,544)
Increase (Decrease) in post-employment benefits	11,488	5,743	17,231
Increase (Decrease) in compensated absences	4,589	7,023	11,612
Increase (Decrease) in pension liabilities	39,490	19,746	59,236
Total adjustments	<u>69,895</u>	<u>22,328</u>	<u>92,223</u>
Net cash used in operating activities:	<u><u>143,288</u></u>	<u><u>2,344,395</u></u>	<u><u>2,487,683</u></u>
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and investments per the statement of net position	<u>\$ 335,731</u>	<u>\$ 11,675,602</u>	<u>\$ 12,011,333</u>



## **STATISTICAL SECTION**

**CITY OF RICHARDSON, TEXAS**  
Statistical Section  
September 30, 2019

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

	<b>Pages</b>
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	114 - 119
<i>Revenue Capacity</i> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120 - 123
<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.	124 - 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>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>2019</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 109,432	\$ 106,308	\$ 108,527	\$ 113,992	\$ 129,095	\$ 134,199	\$ 130,402	\$ 110,728	\$ 150,625	\$ 156,267
Restricted	22,180	15,207	10,744	7,103	7,072	10,511	10,682	26,607	9,692	13,653
Unrestricted	<u>(5,654)</u>	<u>(7,778)</u>	<u>(8,303)</u>	<u>(6,582)</u>	<u>(19,188)</u>	<u>(23,943)</u>	<u>(19,160)</u>	<u>(23,077)</u>	<u>(31,515)</u>	<u>(30,919)</u>
Total governmental activities net position	<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>\$ 114,258</u>	<u>\$ 128,802</u>	<u>\$ 139,001</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 52,823	\$ 50,959	\$ 50,558	\$ 55,251	\$ 50,634	\$ 51,770	\$ 55,464	\$ 56,619	\$ 57,169	\$ 57,513
Restricted	2,338	9,245	6,338	6,700	4,068	5,464	3,262	3,016	3,071	5,172
Unrestricted	<u>18,192</u>	<u>12,666</u>	<u>11,604</u>	<u>11,399</u>	<u>8,983</u>	<u>10,694</u>	<u>12,427</u>	<u>12,823</u>	<u>15,512</u>	<u>14,243</u>
Total business-type activities net position	<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>\$ 72,458</u>	<u>\$ 75,752</u>	<u>\$ 76,928</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 162,255	\$ 157,267	\$ 159,085	\$ 169,243	\$ 179,729	\$ 185,969	\$ 185,866	\$ 167,347	\$ 207,794	\$ 213,780
Restricted	24,518	24,452	17,082	13,803	11,140	15,975	13,944	29,623	12,763	18,825
Unrestricted	<u>12,538</u>	<u>4,888</u>	<u>3,301</u>	<u>4,817</u>	<u>(10,205)</u>	<u>(13,249)</u>	<u>(6,733)</u>	<u>(10,254)</u>	<u>(16,003)</u>	<u>(16,676)</u>
Total primary government net position	<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>\$ 186,716</u>	<u>\$ 204,554</u>	<u>\$ 215,929</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>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>2019</u>
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 27,767	\$ 34,351	\$ 30,018	\$ 29,705	\$ 36,311	\$ 36,761	\$ 45,754	\$ 60,771	\$ 36,545	\$ 50,472
Public safety	44,318	45,826	45,224	45,616	47,533	48,745	54,796	56,883	56,951	61,285
Public services	26,652	26,819	26,776	27,044	28,931	30,588	34,955	32,108	30,921	37,633
Library	4,099	4,245	4,027	3,963	3,989	4,161	4,311	4,339	4,217	4,433
Parks and recreation	14,507	14,662	14,786	15,078	15,282	18,310	18,987	19,813	19,259	20,114
Public health	1,460	1,467	1,548	1,606	1,714	1,807	2,054	2,185	2,173	2,228
Interest and fiscal charges	8,817	10,832	10,930	11,134	10,757	9,884	9,524	11,136	12,984	14,417
Total governmental activities expenses	<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>	<u>190,582</u>
Business-type activities:										
Water and sewer	46,785	49,816	51,667	54,341	55,648	59,159	63,836	71,437	76,642	81,682
Solid waste	12,779	12,798	13,057	12,574	12,441	13,725	14,418	14,509	14,369	15,003
Golf	2,338	2,487	2,376	2,544	2,558	-	-	-	-	-
Total business-type activities expenses	<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>	<u>96,685</u>
Total primary government expenses	<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>	<u>\$ 287,267</u>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,111	\$ 3,577	\$ 3,423	\$ 3,875	\$ 3,327	\$ 3,398	\$ 6,027	\$ 6,025	\$ 4,736	\$ 6,266
Public safety	8,398	9,170	9,480	9,506	9,252	9,691	9,421	7,867	7,977	8,872
Public services	1,956	2,200	4,278	6,583	6,163	6,152	10,200	6,940	5,947	5,887
Library	184	164	155	6	5	-	-	-	-	-
Parks and recreation	3,291	3,327	3,262	3,756	4,103	5,328	6,110	6,367	6,281	6,138
Public health	264	266	264	293	291	340	346	369	615	429
Operating grants and contributions	642	532	1,777	522	788	967	3,689	1,821	7,242	2,564
Capital grants and contributions	10,144	3,875	2,028	8,363	15,022	8,168	1,819	4,468	428	424
Total governmental activities program revenues	<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>	<u>30,580</u>
Business-type activities:										
Charges for services:										
Water and sewer	42,807	48,485	46,075	54,257	51,271	60,310	63,914	68,876	78,920	80,911
Solid waste	12,274	12,275	12,303	12,375	12,555	13,047	13,345	14,679	14,614	14,832
	1,536	1,873	2,011	2,231	1,919	-	-	-	-	-
Operating grants and contributions	-	15	12	-	-	-	-	-	6	-
Capital grants and contributions	1,228	647	956	908	1,551	1,549	4,032	3,457	1,974	1,045
Total business-type activities program revenues	<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>	<u>96,788</u>
Total primary government program revenues	<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>	<u>\$ 127,368</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 2010-2012 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>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>2019</u>
Net (expense) revenue:										
Governmental activities	\$ (99,630)	\$ (115,091)	\$ (108,642)	\$ (101,242)	\$ (105,566)	\$ (116,212)	\$ (132,769)	\$ (153,378)	\$ (129,824)	\$ (160,002)
Business-type activities	(4,057)	(1,806)	(5,743)	312	(3,351)	2,022	3,037	1,066	4,503	102
Total primary government net expense	<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>(129,732)</u>	<u>(152,312)</u>	<u>(125,321)</u>	<u>(159,900)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property	\$ 58,105	\$ 61,115	\$ 63,810	\$ 64,602	\$ 68,368	\$ 70,677	\$ 78,761	\$ 87,312	\$ 96,107	\$ 103,685
Sales	24,967	24,753	25,246	26,600	29,805	31,065	33,660	36,044	35,357	40,164
Other taxes	3,105	3,447	3,351	3,673	4,129	4,460	4,979	4,863	4,861	4,896
Franchise	12,275	13,533	13,561	14,289	15,039	15,647	16,058	16,446	17,415	17,331
Unrestricted interest earnings	332	397	156	94	92	137	399	724	2,324	4,025
Transfers	(695)	(489)	(259)	(4,506)	4,058	(2,064)	-	-	(250)	(196)
Gain on sale of assets	14	74	8	35	40	78	69	323	727	97
Contributions to permanent fund principal	-	-	-	-	-	-	-	-	-	200
Total governmental activities	<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>	<u>170,202</u>
Business-type activities:										
Unrestricted interest earnings	73	47	31	29	23	47	109	164	458	774
Transfers	695	489	259	4,506	(4,058)	2,064	-	-	250	196
Gain on sale of assets	90	59	352	3	181	109	80	74	241	103
Total business-type activities	<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>	<u>1,073</u>
Total primary government	<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>	<u>\$ 171,275</u>
Change in net position:										
Governmental activities	(1,527)	(12,261)	(2,769)	3,545	15,965	3,788	1,157	(7,666)	26,717	10,200
Business-type activities	(3,199)	(1,211)	(5,101)	4,850	(7,205)	4,242	3,226	1,304	5,452	1,175
Total primary government	<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>	<u>\$ 11,375</u>



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**Table 3**

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

	<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>2019</u>
General Fund:										
Reserved for other	\$ 730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	507	559	1,027	882	933	720	666	595	552
Assigned for	-	114	327	337	665	800	634	598	532	4,541
Unreserved	15,403	-	-	-	-	-	-	-	-	-
Unassigned	-	15,808	16,274	16,513	17,789	18,007	19,788	21,612	23,858	27,856
Total general fund	<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>	<u>\$ 32,949</u>
All other governmental funds:										
Reserved for:										
Capital projects	\$ 80,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	1,604	-	-	-	-	-	-	-	-	-
Other *	10,518	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,902	-	-	-	-	-	-	-	-	-
Capital funds	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	61
Deposits	-	105	-	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-	-	-	200
Restricted for:										
Debt service	-	2,180	2,247	2,324	2,328	2,381	2,653	2,794	3,083	3,192
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	16,359
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	8,380
Health/shelter	-	-	-	-	229	40	68	-	26	-
Public safety	-	-	-	1,917	1,906	2,147	3,468	26,187	44,232	49,119
Other purposes	-	4,180	2,716	-	-	-	-	-	-	-
Committed for:										
General government	-	-	-	-	-	-	1,211	1,873	2,734	3,716
Public services	-	-	570	1,921	2,743	2,841	2,557	3,208	4,357	4,027
Parks and recreation	-	-	-	-	-	-	107	195	164	219
Assigned for:										
Public services	-	707	808	1,474	1,507	90	2,457	1,553	1,255	1,255
Other purpose	-	3,540	2,422	-	-	-	-	-	-	-
Public safety	-	-	-	-	2	44	3	-	-	-
Parks and recreation	-	-	-	23	65	225	767	83	77	67
Neighborhood Vitality Projects	-	-	-	-	65	-	-	-	-	-
Capital projects	-	-	-	4,896	-	2,578	7,630	6,011	9,359	9,465
General government	-	-	-	1,081	5,405	2,120	3,179	3,026	3,770	3,625
Total all other governmental funds	<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>	<u>\$ 99,685</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>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>2019</u>
<b>Revenues:</b>										
Property taxes	\$ 58,085	\$ 61,339	\$ 63,753	\$ 64,565	\$ 68,362	\$ 70,744	\$ 78,762	\$ 87,317	\$ 95,825	\$ 103,706
Franchise taxes	12,275	13,533	13,561	14,289	15,038	15,647	16,058	16,446	17,416	17,331
Sales tax	24,967	24,753	25,246	26,600	29,805	31,065	33,660	36,044	35,357	40,164
Mixed beverage and bingo tax	392	408	338	352	464	523	543	587	616	651
Hotel/motel taxes	2,713	3,039	3,013	3,322	3,665	3,937	4,436	4,276	4,245	4,245
Drainage fees	-	-	1,781	2,705	2,582	2,702	2,755	2,754	2,765	2,817
911 revenue	1,521	1,579	1,676	1,724	1,723	1,731	1,727	1,727	1,656	1,655
Intergovernmental revenue	4,946	3,465	2,437	7,732	9,261	4,866	4,927	4,034	3,905	3,761
Licenses and permits	1,466	1,767	2,405	4,000	3,310	3,380	4,638	4,253	2,890	3,168
Fines and forfeitures	5,583	6,398	5,765	6,339	5,482	5,461	5,042	3,461	3,493	3,560
Interest revenue	327	393	154	92	90	134	375	685	2,200	3,774
Civic center use	328	299	331	328	295	300	315	268	249	355
Eisemann center revenue	2,143	2,411	2,396	2,026	2,177	2,143	2,232	2,543	2,324	2,423
Recreation and leisure	3,275	3,327	3,207	3,743	4,091	5,302	6,064	6,336	6,227	6,094
Rents	21	64	-	-	-	-	-	-	-	-
Public safety	1,819	1,591	2,396	2,236	2,095	2,434	2,602	2,636	2,631	3,468
Contributions	293	124	99	64	615	256	261	194	431	565
Participation	171	55	140	316	272	2,257	405	-	52	38
Other	886	964	745	813	1,184	1,129	1,644	1,399	1,282	821
General administration	6,745	8,101	8,496	8,235	7,652	8,128	8,054	7,955	8,010	8,309
<b>Total revenues</b>	<b>\$ 127,956</b>	<b>\$ 133,610</b>	<b>\$ 137,939</b>	<b>\$ 149,481</b>	<b>\$ 158,163</b>	<b>\$ 162,139</b>	<b>\$ 174,500</b>	<b>\$ 182,915</b>	<b>\$ 191,574</b>	<b>\$ 206,905</b>
<b>Expenditures:</b>										
General government	\$ 28,358	\$ 34,818	\$ 29,772	\$ 30,454	\$ 37,522	\$ 37,401	\$ 45,649	\$ 60,986	\$ 37,209	\$ 50,860
Public safety	38,193	39,627	40,035	41,881	43,163	44,415	47,917	49,976	51,800	54,259
Public services	18,613	18,020	18,780	19,704	20,920	22,142	25,288	22,136	21,119	26,627
Library	3,527	3,448	3,354	3,513	3,478	3,543	3,640	3,754	3,836	3,872
Parks and recreation	11,181	11,146	11,530	11,891	11,790	14,339	14,349	15,443	15,179	15,166
Public health	1,298	1,322	1,422	1,535	1,629	1,673	1,863	1,982	2,030	2,015
General administration	555	2,004	2,690	2,130	1,565	2,028	2,013	1,058	1,082	1,106
Capital outlay	20,934	20,701	21,397	50,941	40,698	38,419	28,386	29,967	48,420	62,652
Debt service:										
Principal retirement	12,548	14,425	15,738	16,421	17,901	19,300	19,860	24,614	26,685	27,490
Interest and fiscal charges	9,063	11,140	11,095	10,772	10,608	10,344	11,316	10,950	12,478	14,911
Payments for other obligations	1,228	812	859	1,052	1,215	902	2,584	2,954	4,838	5,258
Issuance costs	841	84	195	272	119	541	342	509	564	394
<b>Total expenditures</b>	<b>\$ 146,339</b>	<b>\$ 157,547</b>	<b>\$ 156,867</b>	<b>\$ 190,566</b>	<b>\$ 190,608</b>	<b>\$ 195,047</b>	<b>\$ 203,207</b>	<b>\$ 224,329</b>	<b>\$ 225,240</b>	<b>\$ 264,610</b>
Deficiency of revenues under expenditures	(18,383)	(23,937)	(18,928)	(41,085)	(32,445)	(32,908)	(28,707)	(41,414)	(33,666)	(57,705)

**(Continued)**

Table 4

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

	<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>2019</u>
Other financing sources (uses):										
Transfers in	\$ 4,520	\$ 3,247	\$ 4,121	\$ 5,650	\$ 4,594	\$ 6,503	\$ 10,011	\$ 9,610	\$ 9,961	\$ 10,476
Transfers out	(5,215)	(3,736)	(6,330)	(6,202)	(5,652)	(9,531)	(10,011)	(9,610)	(9,961)	(10,476)
Issuance of certificates of obligation	7,520	3,085	6,050	4,290	12,500	17,270	4,045	30,930	26,290	20,990
Issuance of general obligation bonds	60,665	-	-	-	-	-	8,265	19,725	38,525	16,790
Issuance of refunding bonds	18,440	6,039	6,270	18,000	-	45,741	14,020	-	-	-
Issuance of other obligations	1,124	6,535	192	10,909	13,789	10,654	22,252	26,042	5,667	14,498
Premium/discount on bonds	7,378	15	760	2,811	34	277	2,720	1,659	3,946	1,866
Payment to refunded bond escrow agent	(19,502)	(5,981)	(6,779)	(20,417)	-	(45,341)	(15,904)	-	-	-
Insurance and other recoveries	128	40	107	170	10	190	2,459	137	182	598
Proceeds from sale of capital assets	145	204	531	77	51	84	74	342	758	127
Total other financing sources	<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>	<u>54,869</u>
Net change in fund balances	<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>	<u>\$ (2,836)</u>
Debt service as a percentage of non-capital expenditures	18.21 %	19.27 %	20.44 %	20.23 %	19.82 %	19.50 %	19.31 %	19.81 %	24.88 %	23.55 %

**Table 5**

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

<b>Fiscal year ended September 30</b>	<b>Residential property</b>	<b>Commercial property</b>	<b>Industrial property</b>	<b>Less total exemptions/ reductions</b>	<b>Total taxable assessed value (1)</b>	<b>Total direct tax rate</b>
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
2019	8,097,909,289	11,047,973,089	906,275,735	4,878,398,254	15,173,759,859	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 ISD	Collin County	Collin College	Plano ISD	Garland ISD	Dallas County	Dallas County Hospital District	Dallas County Community College	Dallas County School Equalization Fund
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
2019	0.374130	0.251030	0.625160	1.520000	0.180785	0.081222	1.439000	1.460000	0.243100	0.279400	0.124000	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	2019			2010		
	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	\$ 720,068,550	1	4.27 %	\$ -	-	- %
Collins Technology Park Partners	430,620,030	2	2.56	-	-	-
Bank of America	387,140,036	3	2.30	128,856,152	3	1.31
Texas Instruments	252,983,519	4	1.50	103,529,363	6	1.05
Cisco Systems	233,415,968	5	1.39	120,770,594	5	1.23
Qorvo	227,103,875	6	1.35	-	-	-
IBM	186,975,314	7	1.11	102,386,818	8	1.04
Health Care Services Corp. (BCBSTX)	153,800,542	8	0.91	-	-	-
Verizon	115,974,059	9	0.69	120,969,799	4	1.23
ACL Apartments	104,158,048	10	0.62	-	-	-
AT&T	-	-	-	218,034,238	1	2.22
Nortel Networks	-	-	-	147,084,114	2	1.50
KDC-Galatyn Investments I LLP	-	-	-	103,053,949	7	1.05
Equastone	-	-	-	65,067,940	9	0.66
Oncor	-	-	-	55,903,145	10	0.57
<b>Total</b>	<b>\$ 2,812,239,941</b>		<b>16.70 %</b>	<b>\$ 1,165,656,112</b>		<b>11.86 %</b>

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

Note:

- (a) Includes TIF values
- (b) Total Taxable Value August 3, 2018= \$16,850,380,841
- (c) Total Taxable Value October 1, 2009 = \$9,837,843,846



**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 9/30/19	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of Taxes Levied for the Fiscal Year		Amount	Percentage of Adjusted Levy
2010	\$ 57,644,880	\$ (105,875)	\$ 57,539,005	\$ 57,283,266	99.37 %	\$ 196,213	\$ 57,479,479	99.90 %
2011	61,383,092	888,303	62,271,395	61,020,848	99.41	1,182,395	62,203,243	99.89
2012	62,836,249	39,017	62,875,266	62,496,395	99.46	328,185	62,824,580	99.92
2013	64,374,498	(200,195)	64,174,303	63,980,358	99.39	134,619	64,114,977	99.91
2014	68,105,024	(89,591)	68,015,433	67,862,416	99.64	84,330	67,946,746	99.90
2015	70,561,704	(39,854)	70,521,850	70,275,798	99.59	161,289	70,437,087	99.88
2016	78,509,994	(195,372)	78,314,622	78,176,975	99.58	10,161	78,187,136	99.84
2017	87,404,711	(118,388)	87,286,323	87,087,236	99.64	41,139	87,128,375	99.82
2018	97,013,107	(643,734)	96,369,373	96,535,083	99.51	(403,849)	96,131,234	99.75
2019	106,052,791	-	106,052,791	105,475,738	99.46	-	105,475,738	99.46

- (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>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>2019</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
General obligation bonds	\$ 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	\$ 181,100,000
Certificates of obligation (4)	23,435,000	20,790,000	19,145,000	18,825,000	21,550,000	21,535,000	19,710,000	36,510,000	55,915,000	71,610,000
Certificates of obligation from direct borrowings (4)	-	-	-	-	5,600,000	17,025,000	17,025,000	21,475,000	18,030,000	13,435,000
Unamortized premium/(discount)	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	18,212,785
Total general obligation bonds and certificates of obligation (4)	<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>	<u>284,357,785</u>
TIF obligation (2)	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	97,049,085
Other obligations	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	1,115,324
Total TIF and other obligations	<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>	<u>98,164,409</u>
Total governmental activities	<u>\$ 265,116,079</u>	<u>\$ 258,838,663</u>	<u>\$ 247,940,768</u>	<u>\$ 250,062,379</u>	<u>\$ 256,318,084</u>	<u>\$ 262,518,878</u>	<u>\$ 273,089,088</u>	<u>\$ 322,161,343</u>	<u>\$ 363,168,457</u>	<u>\$ 382,522,194</u>

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.

(4) In FY 2019, this table was restated to separate out direct borrowings from debt in accordance with GASB 88. There was no change in the total outstanding debt amounts.

Table 9 (continued)

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

	<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>2019</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
General obligation refunding bonds (4)	15,058,917	13,860,000	21,155,000	18,415,000	16,805,000	17,410,000	21,495,000	19,095,000	16,480,000	13,490,000
General obligation bonds from direct borrowings (4)	-	620,380	423,528	419,550	360,398	215,741	70,588	-	-	-
Certificates of obligation	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	39,835,000
Unamortized premium/(discount)	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	3,616,732
Total general obligation bonds and certificates of obligation (4)	<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>	<u>56,941,732</u>
Other Obligations	<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>	<u>-</u>
Total other obligations	<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>	<u>-</u>
Total business-type activities	<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>	<u>\$ 56,941,732</u>
Total primary government	<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>	<u>\$ 439,463,926</u>
% of personal income (3)	10.2 %	10.1 %	9.4 %	9.3 %	9.2 %	8.9 %	9.0 %	10.0 %	10.9 %	10.9 %
Per capita (3)	\$ 3,329	\$ 3,251	\$ 3,090	\$ 3,053	\$ 3,047	\$ 3,073	\$ 3,103	\$ 3,470	\$ 3,776	\$ 3,865

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.

(4) In FY 2019, this table was restated to separate out direct borrowings from debt in accordance with GASB 88. There was no change in the total outstanding debt amounts.

**Table 10**

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

	<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>2019</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>										
General obligation bonds	\$ 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	\$ 181,100,000
Certificates of obligation (4)	23,435,000	20,790,000	19,145,000	18,825,000	21,550,000	21,535,000	19,710,000	36,510,000	55,915,000	71,610,000
Certificates of obligation from direct borrowings (4)	-	-	-	-	5,600,000	17,025,000	17,025,000	21,475,000	18,030,000	13,435,000
Unamortized premium/(discount)	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	18,212,785
Total general obligation bonds and certificates of obligation (4)	<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>284,357,785</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>										
General obligation refunding bonds (4)	15,058,917	13,860,000	21,155,000	18,415,000	16,805,000	17,410,000	21,495,000	19,095,000	16,480,000	13,490,000
General obligations bonds from direct borrowings (4)	-	620,380	423,528	419,550	360,398	215,741	70,588	-	-	-
Certificates of obligation	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	39,835,000
Unamortized premium/(discount)	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	3,616,732
Total general obligation bonds and certificates of obligation (4)	<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>	<u>56,941,732</u>
Total primary government	<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>	<u>\$ 341,299,517</u>
% of actual taxable value of property (2)	3.2 %	3.2 %	3.1 %	2.9 %	2.6 %	2.5 %	2.2 %	2.1 %	2.3 %	2.2 %
Per capita (3)	\$ 3,205	\$ 3,074	\$ 2,959	\$ 2,825	\$ 2,698	\$ 2,631	\$ 2,479	\$ 2,650	\$ 2,967	\$ 3,001

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.
- (4) In FY 2019, this table was restated to separate out direct borrowings from debt.

**Table 11**

**CITY OF RICHARDSON, TEXAS**  
 Direct and Overlapping Governmental Activities Debt  
 September 30, 2019  
 (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	\$ 626,379,992	37.73 %	\$ 236,333,171
Plano Independent School District	855,305,000	13.65	116,749,133
Dallas County	151,495,000	3.55	5,378,073
Dallas County Schools	37,306,896	3.55	1,324,395
Dallas County Hospital District	640,180,000	3.55	22,726,390
Dallas County Community College District	182,800,000	3.55	6,489,400
Garland Independent School District	594,330,090	0.04	237,732
Collin County	392,565,000	5.18	20,334,867
Collin County Community College District	239,445,000	5.18	<u>12,403,251</u>
Subtotal, overlapping debt			421,976,412
City direct debt			<u>382,522,194</u> (2)
Total direct and overlapping bonded debt			<u><u>\$ 804,498,606</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 \$18,212,785 and TIF and other obligations of \$98,164,409. 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>
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
2019	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>	
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
2019	113,710	4,046,256	35,584	37.6	39,103	53,085	3.2

Sources:

- (1) NCTCOG as of April, 2019.
- (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	2019			2010		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
State Farm Insurance	8,000	1	6.15 %	-	-	- %
Blue Cross & Blue Shield of Texas	3,100	2	2.38	3,100	3	2.57
The University of Texas at Dallas	2,674	3	2.06	2,830	5	2.35
Richardson ISD	2,500	4	1.92	4,780	2	3.97
RealPage	2,100	5	1.62	-	-	-
Cisco Systems	2,000	6	1.54	1,200	9	1.00
GEICO	1,900	7	1.46	-	-	-
Raytheon	1,700	8	1.31	-	-	-
United Healthcare	1,700	9	1.31	1,100	11	0.91
Fujitsu Network	1,500	10	1.15	1,500	7	1.25
City of Richardson	-	-	-	985	13	0.82
AT&T	-	-	-	6,000	1	4.98
Bank of America	-	-	-	3,000	4	2.49
Verizon Business	-	-	-	2,250	6	1.87
Rockwell Collins	-	-	-	1,200	8	1.00
Elcan Optical Systems	-	-	-	1,100	10	0.91
Ericsson, Inc.	-	-	-	1,000	12	0.83
<b>Total</b>	<b>27,174</b>		<b>20.90 %</b>	<b>30,045</b>		<b>24.95 %</b>

Source:

- (1) Richardson Economic Development Partnership as of September, 2019.
- (2) Richardson Economic Development Partnership total city employment totaled approximately 130,000 as of September, 2019.
- (3) Richardson Chamber of Commerce, 2010.
- (4) NCTCOG-2010 City Employment Projections - 120,456.



**Table 15**

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

<b>Function/program</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General government	141	143	143	145	149	153	153	152	165	168
Public safety	396	395	395	396	397	411	419	428	432	432
Public services	159	156	157	159	156	154	156	156	141	148
Library	35	35	35	35	29	30	30	30	30	30
Parks and recreation (1)	78	80	81	81	77	94	95	95	101	101
Public health	15	16	17	17	17	17	18	18	18	18
Water	64	66	66	66	66	68	70	70	72	73
Wastewater	12	12	12	12	12	12	12	14	14	15
Solid waste	70	70	70	70	70	71	71	71	71	71
Golf (1)	16	16	16	16	14	-	-	-	-	-
Total	986	989	992	997	987	1,010	1,024	1,034	1,044	1,056

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

Source: City Budget Office.

Totals updated for years 2010 - 2012 in FY 2013.

**Table 16**

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

Function/program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public safety:</b>										
Police: Number of employees	229	242	246	246	245	253	258	263	267	267
Fire: Number of employees	150	153	150	150	152	158	161	165	166	165
<b>Municipal court:</b>										
Number of violations (citations)	46,077	54,113	46,357	48,249	43,144	39,042	32,313	31,338	36,269	37,242
<b>Public services:</b>										
Asphalt repairs (tons) (1)	1,091	1,117	1,184	978	572	600	662	775	718	897
Concrete replacement (yards) (1)	-	-	-	-	3,806	3,118	2,382	2,359	2,234	1,743
Parks and recreation: Acreage	865	865	865	865	865	870	873	900	900	900
Library: Volumes in collection	-	-	-	250,035	262,208	251,535	253,802	260,328	263,782	280,183
<b>Water and sewer:</b>										
Number of water consumers	31,711	32,407	32,409	32,685	32,895	33,046	33,249	33,427	33,424	33,549
Average daily water consumption (thousands of gallons) (2)	26,703	26,033	22,555	20,482	19,148	22,478	21,920	22,522	24,203	22,773
Number of sewer consumers	31,245	29,192	29,162	29,295	29,533	29,681	29,869	29,983	30,016	30,121
<b>Solid waste:</b>										
Refuse collected (tons/day) (4)	152	143	136	138	136	188	163	151	132	140
Bulky/brush pickups (tons/day) (4)	65	59	64	62	71	36	37	24	23	34
Recyclables collected (tons/day)	28	28	30	27	26	26	27	19	20	20
Golf: Number of rounds played (3)	75,630	92,999	92,681	87,003	71,488	47,893	68,823	74,355	72,451	74,577

- (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) 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.
- (3) Course 1 was closed from February 1, 2015 through October 16, 2015.
- (4) 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public safety:</b>										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	42	43	46	48	50	46	43	43	45	48
Volunteer patrol units	3	3	3	2	3	3	3	3	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
<b>Public works:</b>										
Streets - paved (miles)	404	404	406	409	411	587	590	590	591	591
Alleys - paved (miles)	221	221	222	222	222	222	223	223	223	223
Sidewalks (miles)	651	651	652	665	678	678	680	683	696	697
Streetlights	6,171	6,207	6,211	6,234	6,241	6,288	6,301	6,301	6,301	6,301
<b>Parks and recreation:</b>										
Parks	30	32	32	33	33	35	36	38	38	38
Playgrounds	28	29	29	30	30	31	31	33	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
<b>Water:</b>										
Water mains (miles)	567	569	571	574	581	581	585	585	585	585
Fire hydrants	4,110	4,156	4,187	4,258	4,359	4,419	4,522	4,609	4,630	4,666
<b>Wastewater:</b>										
Sanitary sewers (miles)	499	499	500	503	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 liability (AAL)	Funded ratio (%) (a)/(b)	Unfunded ALL (UAAL) (b)-(a)		Annual covered payroll (2)	
12/31/09	2010	\$ 169,208,373	\$ 262,453,428	64.47 %	\$ 93,245,055	30	\$ 54,789,624	170.19 %
12/31/10	(3) 2011	176,026,211	276,540,082	63.65	100,513,871	29	58,633,974	171.43
12/31/11	2012	313,084,736	359,151,109	87.17	46,066,373	27	58,251,916	79.08
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
12/31/18	2019	490,140,485	545,089,671	89.92	54,949,186	13	75,570,212	72.71

- (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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