

CITY OF RICHARDSON, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Prepared By:

DEPARTMENT OF FINANCE

Kent Pfeil – Director of Finance

Patricia Loposer, CPA – Controller

Anita Collins, CGFO

Eddie Mueller, CPA

Carolyn Kaplan, CPA

Jean Chang, CPA

CITY OF RICHARDSON, TEXAS
Comprehensive Annual Financial Report
Year ended September 30, 2011

Table of Contents

	Page
I. Introductory Section	
Letter of Transmittal	1
Principal Officials	8
Certificate of Achievement for Excellence in Financial Reporting	9
Organizational Chart	10
II. Financial Section	
Independent Auditor's Report	11
A. Management's Discussion and Analysis	13
B. Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	24
Governmental Fund Financial Statements	
Balance Sheet	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
Statement of Net Assets	28
Statement of Revenues, Expenses and Changes in Fund Net Assets	30
Statement of Cash Flows	31
Notes to Financial Statements	33
C. Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	70
Schedules of Pension and Post-Employment Health Care Benefits Funding Progress	71
Notes to Required Supplementary Information	72

CITY OF RICHARDSON, TEXAS
 Comprehensive Annual Financial Report
 Year ended September 30, 2011

Table of Contents

	Page
D. Combining Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
Budgetary Comparison Schedule – Debt Service Fund	80
Budgetary Comparison Schedule – Special Police Funds	81
Budgetary Comparison Schedule – State Grant Funds	82
Budgetary Comparison Schedule – Federal Grant Funds	83
Budgetary Comparison Schedule – Municipal Court Building Security Fund	84
Budgetary Comparison Schedule – Traffic Safety Fund	85
Budgetary Comparison Schedule – Wireless 911 Fund	86
Budgetary Comparison Schedule – Judicial Efficiency Fund	87
Budgetary Comparison Schedule – Hotel-Motel Fund	88
Budgetary Comparison Schedule – Technology Fund	89
Budgetary Comparison Schedule – Franchise PEG Fund	90
Budgetary Comparison Schedule – Tax Increment Financing	91
Budgetary Comparison Schedule – Richardson Improvement Corporation	92
Internal Service Funds	
Combining Statement of Net Assets	94
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	95
Combining Statement of Cash Flows	96
III. Statistical Section (Unaudited)	
Table	
1. Statement of Net Assets by Component	98
2. Changes in Net Assets	99
3. Fund Balances, Governmental Funds	101
4. Changes in Fund Balances, Governmental Funds	102
5. Assessed Value and Estimated Actual Value of Taxable Property	104
6. Direct and Overlapping Property Tax Rates	105
7. Principal Property Tax Payers	106
8. Property Tax Levies and Collections	107
9. Ratio of Outstanding Debt by Type	108
10. Ratio of General Bonded Debt Outstanding	109
11. Direct and Overlapping Governmental Activities Debt	110

CITY OF RICHARDSON, TEXAS
Comprehensive Annual Financial Report
Year ended September 30, 2011

Table of Contents

	Page
12. Legal Debt Margin Information	111
13. Pledged-Revenue Coverage	112
14. Demographic and Economic Statistics	113
15. Principal Employers	114
16. Full-Time Equivalent City Government Employees by Function/Program	115
17. Operating Indicators by Function/Program	116
18. Capital Asset Statistics by Function/Program	117

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION



February 10, 2012

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, 2011, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

The City Council selected the firm of KPMG LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unqualified (clean) opinion on the City's financial statements for the year ended September 30, 2011, and the auditor's report is located at the front of the financial section of the Comprehensive Annual Financial Report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The City is located in North Central Texas and was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made on November 14, 2007. The City currently has a land area of 28.5 square miles and an estimated population of 99,930. The City is a home rule city and operates under the Council-Manager form of government. Every two years, Richardson voters simultaneously elect seven council members to represent them. All council members are elected at large, with four representing each of the City's four districts. The Mayor is selected from among the Council members by a vote of the Council. Terms of office for all Council positions are for two consecutive years.

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

Bill Keffler
City Manager



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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

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

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

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

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

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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

Local Economy

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

Richardson and the region benefit from the location of two major highways in the City. The President George Bush Turnpike, running east-west along the northern border of the City, provides a convenient connection to the Dallas-Fort Worth International Airport, as well as links to IH-35E, IH-30, SH-114, and SH-183 west of the City. Construction projects on the Turnpike will add links to IH-20 west of Richardson and a second link to IH-30 on the east was recently completed. U.S. 75 bisects the City north-south, with access to the IH-635/U.S. 75 interchange (known as the High Five) just south of the City's borders.

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

- The City Council approved zoning for a Planned Development area covering all of the land incorporated into TIF District #3 and the western portion of TIF District #2. Initial plans for TIF District #2 call for 5.6 million square feet of mixed-use development with a potential 2036 taxable value of \$788 million. Initial plans for TIF District #3 call for 3.3 million square feet of mixed-use development with a potential 2036 taxable value of \$514 million.

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

- The first development has started in TIF District #2 with Stream Data Centers breaking ground on its second data center built in Richardson. Construction began in the summer of 2011 on an approximately 72,000 square foot facility at the northeast corner of Wyndham Road and Renner Road. Earlier in the year, Stream Data Centers sold a 20,000 square foot data center facility northeast of Renner Road and Shiloh Road for \$28.9 million to Carter Validus Mission Critical REIT Inc.
- Virtual Computing Environment Co. (VCE) began moving its headquarters to 87,000 square feet of space in the Collins Crossing building located at 1500 N. Greenville Avenue in March 2011. The move, announced by Texas Governor Rick Perry, is expected to generate \$35 million in capital investment and create 434 jobs in Richardson, and is the recipient of a \$2.45 million grant from the state's Texas Enterprise Fund. VCE is a cloud-based computing and converged infrastructure company that was formed in 2009 by Cisco and EMC with investments from VMware and Intel.
- In April 2011, id Software, inventors of popular computer games such as *Wolfenstein 3D*, *Doom*, *Quake*, and *Rage* also moved their headquarters to the Collins Crossing building at 1500 N. Greenville Avenue. The new campus, with 57,000 square feet of office space, houses a growing workforce of 250 employees.
- Construction continues at Digital Realty Trust's redevelopment of the 70-acre former Collins Technology Park, located at the southeast corner of East Collins Boulevard and Alma Road. The former technology equipment manufacturing campus has been converted to a data center park with a new name, Southwest Data Center Park. The existing seven buildings are being redeveloped to accommodate equipment for telecommunications and data processing. A key feature of the property is the onsite, privately owned electric substation. The first remodeled data center building was completed in 2010 and work is underway to upgrade a second building as well as construct a new 112,000 square foot building on the campus.
- In May 2011, the City Council approved new zoning for nearly 200 acres along the West Spring Valley corridor, a section of TIF District #1 between U.S. 75 and Coit Road. The corridor is comprised of aging and underperforming multi-family and commercial establishments and was identified in Richardson's recently adopted Comprehensive Plan as an area targeted for "Enhancement/Redevelopment." The zoning case was the culmination of nearly two years of work which included a comprehensive reinvestment strategy developed by the Leland Consulting Group.
- Other major developments in the City's TIF Districts include Eastside, a multi-use development with 450 apartments and 180,000 square feet of retail/office space at the southeast corner of U.S. 75 and Campbell Road which was completed in 2009 and Brick Row, a multi-use development adjacent to the DART Spring Valley transit station, has completed and leased 500 apartment units to date. In September 2011, the developers of Brick Row

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

dedicated a 2-acre park within the development to the City, which was named McKamy Spring Park.

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

Pillar Commercial announced that it acquired the former Nortel Networks campus at 2201 and 2221 Lakeside Boulevard for \$43.1 million. The two-building, 800,000 square foot office complex includes a 16-story tower and adjoining research and laboratory building. At the time of purchase, the building was about 30% full with tenants Avaya Inc. and Ericsson. After the purchase, Ericsson announced it will lease an additional 260,000 square feet of space in the campus, more than doubling the 200,000 square feet of space it currently occupies. This move has allowed Ericsson to increase its Richardson employment from about 1,100 employees to approximately 2,500 employees.

Richardson-based Fossil Inc., a fashion watch and accessory company, completed the move of its headquarters from 2280 N. Greenville Avenue to 901 S. Central Expressway in Richardson. The 535,000 square foot facility was the former home of Blue Cross & Blue Shield of Texas, which moved to a new headquarters campus in Richardson's Galatyn Park Urban Center in 2010. The campus moves were part of a series of transactions for developer KDC, who assumed the 901 S. Central Expressway site when it built Blue Cross & Blue Shield's new campus. After renovating the 901 S. Central location for Fossil, KDC agreed to purchase Fossil's three existing locations in Richardson: the 190,000 square foot headquarters building at 2280 N. Greenville Avenue, an adjacent office/flex building of 139,000 square feet, and a 130,000 square foot office building at 2323 N. Central Expressway.

The University of Texas at Dallas, located within the City of Richardson, continues to make progress on its campus-wide facility renovation. Started in 2009, previous enhancements have included a Residence Hall, a Dining Hall and expansion of the existing Student Union building, a Campus Landscape Enhancement, a new Student Services building and a new Science Learning Center. In 2011, UTDallas completed a new Visitor Center and Bookstore as well as a second Residence Hall. During 2011, construction began on a third Residence Hall and a new Arts and Technology Complex, and UTDallas received approval from the UT System Board of Regents for a fourth Residence Hall and two parking garages on campus. The ongoing campus renovations are part of the school's strategies to achieve "Tier One" status, a nationally recognized status achieved by only two other public universities in Texas.

In October 2011, Methodist Richardson Medical Center (MRMC) formally purchased the hospital facilities of the Richardson Hospital Authority. The Methodist Health System had signed a 20-year operating lease agreement with the Hospital Authority in June of 2009. That lease had included provisions which allowed Methodist to convert the lease into a purchase transaction. Since the partnership with Methodist began in 2009, MRMC has expanded several services, including the addition of a cardiac catheterization lab, a da Vinci Robotic® Surgery System, new

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

advanced equipment in the Cancer Center, and a \$3.4 million investment in converting medical records to an electronic format. The MRMC acquisition is expected to accelerate the expansion at the Bush/Renner satellite campus and advance health care in the region.

In late 2011, KBS Strategic Opportunity REIT Inc. and JP-Richardson LLC, an affiliate of JP Realty Partners Ltd. jointly purchased a portfolio of five office buildings within the City from Equastone LLC for \$44.5 million. The portfolio, which encompasses almost 730,000 square feet of leasable space, includes Greenway Plaza I, II and III office buildings on Lakeside Blvd and the Palisades Central I and II buildings at 2425 and 2435 N. Central Express way, along with 43 acres of undeveloped land adjacent to the Palisades buildings.

Texas Instruments began production of 300-mm analog wafer chips at its 1.1 million square foot semiconductor manufacturing facility, located at 400 W. Renner Road in the northwest section of the City. The plant will employ 1,000 jobs at full capacity and expects to generate \$2 billion each year from the Richardson location.

Long-term Financial Planning

The \$15,807,312 unassigned fund balance in the general fund is the equivalent of 60 days of expenditures and transfers. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

Major Initiatives

In June of 2010, the City issued \$66 million in General Obligation Bonds which were approved by voters in a May 2010 election. These bonds were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key features of the 2010 bond sale include a new recreation center and pool at Heights Park and a new Gymnastics Center which are scheduled to open in early 2013. Also included in the bond sale were a new Fire Station #4 which is scheduled to open in the summer of 2012 and a new Fire Training Center which will begin construction in 2012. Also, in 2010, the City issued \$8.5 million of Combination Tax and Revenue Certificates of Obligation for the acquisition of a Citywide radio system. In 2011, the City issued approximately \$8.0 million in Combination Tax and Revenue Certificates of Obligation to meet the City's capital equipment needs and make improvements to the water and sewer system.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. This was the thirty-third 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

CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2011

organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

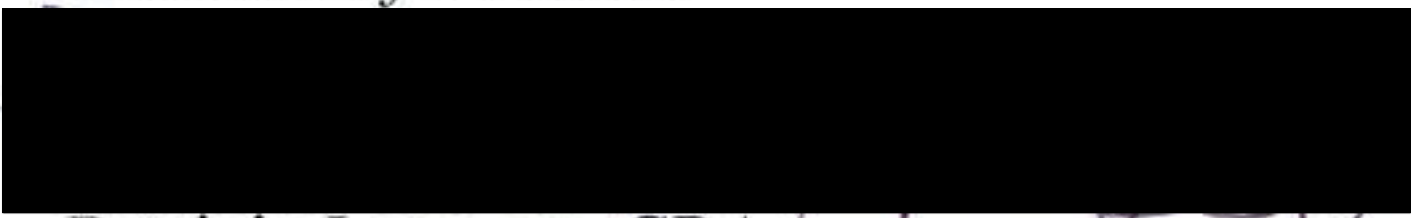
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the accounting division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to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

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

Sincerely,


Bill Keffler
City Manager


Kent Pfeil
Director of Finance


Patricia Lopusser, CPA
Controller

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2011

CITY COUNCIL

BOB TOWNSEND, MAYOR

LAURA MACZKA, MAYOR PRO TEM

SCOTT DUNN

KENDAL HARTLEY

STEVE MITCHELL

AMIR OMAR

MARK SOLOMON

CITY MANAGER

BILL KEFFLER

DEPUTY CITY MANAGER

DAN JOHNSON

DIRECTOR OF FINANCE

KENT PFEIL

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richardson
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditor's Report

The Honorable Mayor, City Council, and City Manager
City of Richardson, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson, Texas (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the budgetary information and schedules of funding progress on pages 13 through 22, and pages 70 through 73, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and individual fund budgetary comparison schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

February 10, 2012

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

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, 2011. It is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1 through 7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2011, by \$189,737,307 (net assets). Of this amount, \$4,887,780 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$12,884,102. The highlights of this decrease can be found on pages 15 and 16 of this report.
- At September 30, 2011, the City's governmental funds reported combined ending fund balances of \$101,104,976. This amount is classified into the following categories:

Nonspendable	\$	703,332	0.70%
Restricted	\$	80,233,045	79.36
Assigned	\$	4,361,287	4.31
Unassigned	\$	15,807,312	15.63

- The \$15,807,312 unassigned fund balance in the General Fund represents 16.36% of total General Fund expenditures and transfers.
- The City's total debt decreased by approximately \$4,641,000 (1.47%) during the current fiscal year. The highlights of this decrease can be found on page 21 of this report.

Overview of the Financial Statements

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

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

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

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

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

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

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

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

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

Fund Financial Statements. The City, 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.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

The City maintains 15 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Total assets of the City at September 30, 2011 were \$566,295,269, while total liabilities were \$376,557,962 resulting in a net asset balance of \$189,737,307.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

The largest portion of the City's net assets, \$160,397,389 (84.54%) reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1

Net Assets
(In thousands)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 117,066	\$ 133,137	\$ 43,986	\$ 40,383	\$ 161,052	\$ 173,520
Capital assets	296,800	293,517	108,443	107,225	405,243	400,742
Total assets	413,866	426,654	152,429	147,608	566,295	574,262
Long-term liabilities outstanding	266,327	268,507	65,167	63,975	331,494	332,482
Other liabilities	31,403	29,606	13,660	9,552	45,063	39,158
Total liabilities	297,730	298,113	78,827	73,527	376,557	371,640
Net assets:						
Invested in capital assets, net of related debt	108,707	112,015	51,690	53,551	160,397	165,566
Restricted	15,207	22,180	9,245	2,338	24,452	24,518
Unrestricted	(7,778)	(5,654)	12,666	18,192	4,888	12,538
Total net assets	\$ 116,136	\$ 128,541	\$ 73,601	\$ 74,081	\$ 189,737	\$ 202,622

An additional portion of the City's net assets, \$24,452,138 (12.89%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$4,887,780 (2.58%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets.

Governmental Activities. Net assets decreased \$12,404,680. Key revenue and expense transactions are as follows:

- Total governmental revenues decreased approximately \$152,000 over the prior year.
- Property tax revenues increased approximately \$3,010,000 which was a result of the \$0.06 tax rate increase. This increase was designated entirely for debt service to pay for the voter approved Series 2010 bond issue. The 2010 certified tax role reflected a 1.8% decrease from the prior year.
- Franchise fee revenues increased \$1,259,000.

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

- Charges for services increased approximately \$1,501,000. This increase is made up of higher fines and forfeiture revenues as well as increases in license and permit fees.
- Total expenses for fiscal year 2011 increased by approximately \$11,374,000 (8.96%) when compared to fiscal year 2010. This increase is predominately due to increases in salaries and employee benefits.

Business-Type Activities. Business type activities decreased net assets by \$479,422. Key elements to the change in net assets are as follows:

- Water and sewer operating revenues for the current fiscal year were higher than last year by 13.29%. This increase was the result of weather conditions, with above normal temperatures and considerably less rainfall than the prior year. Current year expense for the purchase of water increased 15.9% compared to last year. Total operating expenses were higher by 6.5%.
- Solid waste revenues were flat compared to the previous year. Operating expenses for the current year were 1.48% lower than in 2010.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis
September 30, 2011

- Golf course revenue for the year was higher by 22% compared to fiscal year 2010 due to the 23% increase in the total number of rounds played. Operating expenses for the year were 3.50% higher than fiscal year 2010.

Table 2
Changes in Net Assets
(In thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 18,704	\$ 17,204	\$ 62,633	\$ 56,617	\$ 81,337	\$ 73,821
Operating grants and contributions	532	642	15	—	547	642
Capital grants and contributions	3,875	10,144	647	1,228	4,522	11,372
General revenues:						
Property taxes	61,115	58,105	—	—	61,115	58,105
Sales taxes	24,753	24,967	—	—	24,753	24,967
Franchise fees	13,534	12,275	—	—	13,534	12,275
Mixed bev. and bingo tax	408	392	—	—	408	392
Hotel/motel taxes	3,039	2,713	—	—	3,039	2,713
Interest earnings	397	333	47	73	444	406
Gain on sale of assets	74	13	59	90	133	103
Transfers in/(out)	(490)	(695)	490	695	—	—
Total revenues	<u>125,941</u>	<u>126,093</u>	<u>63,891</u>	<u>58,703</u>	<u>189,832</u>	<u>184,796</u>
Expenses:						
General government	34,351	27,767	—	—	34,351	27,767
Public safety	45,826	44,318	—	—	45,826	44,318
Public services	26,819	26,652	—	—	26,819	26,652
Library	4,245	4,099	—	—	4,245	4,099
Parks and recreation	14,662	14,507	—	—	14,662	14,507
Public health	1,467	1,460	—	—	1,467	1,460
Interest and fiscal charges	10,976	8,169	—	—	10,976	8,169
Water and sewer	—	—	49,197	46,168	49,197	46,168
Solid waste	—	—	12,726	12,712	12,726	12,712
Golf	—	—	2,448	2,294	2,448	2,294
Total expenses	<u>138,346</u>	<u>126,972</u>	<u>64,371</u>	<u>61,174</u>	<u>202,717</u>	<u>188,146</u>
Decrease in net assets	(12,405)	(879)	(480)	(2,471)	(12,885)	(3,350)
Net assets – October 1	<u>128,541</u>	<u>129,420</u>	<u>74,081</u>	<u>76,552</u>	<u>202,622</u>	<u>205,972</u>
Net assets – September 30	<u>\$ 116,136</u>	<u>\$ 128,541</u>	<u>\$ 73,601</u>	<u>\$ 74,081</u>	<u>\$ 189,737</u>	<u>\$ 202,622</u>

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

September 30, 2011

As of the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$101,104,976. Approximately 15.63%, or \$15,807,312, constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is not available for new spending and has been classified into the following categories:

Nonspendable	\$	703,332
Restricted		80,233,045
Assigned		4,361,287

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance is \$15,807,312. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 16.36% of total General Fund expenditures and transfers out, while total fund balance represents 17.0% of total General Fund expenditures and transfers out. The General Fund’s fund balance increased \$295,704 this fiscal year.

The Debt Service Fund has a fund balance of \$2,180,133, 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 \$79,048,894, of which \$75,772,250 is restricted for future capital equipment purchases and construction projects, \$707,131 is assigned for street rehabilitation projects and \$2,464,032 is assigned for other purposes. The fund balance decreased by \$15,511,640 due to the use of bond proceeds for various capital improvements throughout the City.

The Other Governmental Funds fund balance increased \$150,487.

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

Unrestricted net assets in the Water and Sewer Fund, the Solid Waste Fund, and the Golf Fund at the end of the year amounted to \$11,360,902, \$1,543,502, and (\$353,129), respectively. Total net assets in the Water and Sewer Fund increased \$120,434, total net assets in the Solid Waste Fund decreased by \$291,320, and total net assets in the Golf Fund decreased by \$56,544.

General Fund Budgetary Highlights

General Fund revenues were projected to be \$356,132 or 0.4% higher than estimated year-end revenues for fiscal year 2010. Property tax and sales and other business tax revenues make up 64.5% of total General Fund revenues. Based on the 1.8% reduction in property values for FY 2011, property tax revenues for operation and maintenance in the general fund were budgeted 2.6% lower than the previous year. A 3% increase in base sales tax was projected. Franchise fees were projected to increase 4.4% over the estimate for 2010. The majority of this increase is in the electric and water and sewer franchise fees. Total expenditures and transfers were projected at 0.3% above 2010 year-end estimates. Personal service expenditures were projected to increase 4.2% higher than 2010 estimates, which included funding step pay plan merit increases for eligible employees. The City continued funding the employee retirement program, but made plan changes in an effort to reduce the unfunded

CITY OF RICHARDSON, TEXAS

Management's Discussion and Analysis

September 30, 2011

liability while continuing to sustain these benefits for employees. The City continued its' commitment to the Street Rehabilitation Program by dedicating a full one-cent of the tax rate to street projects.

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, 2011 amounts to \$405,243,145 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1.12%.

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

- The City completed major road project enhancements involving turn lane reconfigurations at the intersections of Belt Line at Arapaho, Buckingham at Jupiter, and Arapaho at Plano for a cost of approximately \$4.9 million
- Numerous street and paving projects, sidewalk improvements, in addition to community enhancement projects totaling over \$10 million were completed this year.
- The City added a number of fleet vehicles including an ambulance and police pursuit automobiles at an approximate cost of \$1.1 million.
- Machinery and equipment purchases for fiscal year 2011 included computer aided dispatch and records management system for public safety as well as various mowers and tractors for the parks department.

The Water and Sewer Fund completed \$3.35 million in projects which extended and improved the City's Water and Sewer system and added over \$4 million in construction in progress. In addition, equipment and fleet vehicles were purchased for approximately \$683,000.

Table 3

Capital Assets, net of Accumulated Depreciation

(In thousands)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 45,103	\$ 44,932	\$ 543	\$ 543	\$ 45,646	\$ 45,475
Buildings	64,593	67,917	3,597	3,807	68,190	71,724
Improvements other than buildings	30,094	27,141	4,813	5,200	34,907	32,341
Infrastructure	129,989	128,313	86,467	88,144	216,456	216,457
Vehicles, machinery and equipment	13,161	12,778	4,900	5,521	18,061	18,299
Construction in progress	13,860	12,436	8,123	4,010	21,983	16,446
Total	\$ 296,800	\$ 293,517	\$ 108,443	\$ 107,225	\$ 405,243	\$ 400,742

Additional information on the City's capital assets can be found in note 3(d) on pages 48 through 49 of this report.

CITY OF RICHARDSON, TEXAS

Management’s Discussion and Analysis

September 30, 2011

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$297,980,000. Of this amount, \$233,279,620 represents tax-supported bonds, \$64,700,380 represents self-supported bonds. The other obligations of \$13,828,403 in the governmental activities relates to notes payable for computer and telephone equipment, a police training facility, economic grants, and other contractual obligations. The other obligations of \$43,056 in the business-type activities relates to the financing and purchase of computer equipment.

Table 4

Outstanding Debt

(In thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 212,490	\$ 221,126	\$ 14,480	\$ 15,059	\$ 226,970	\$ 236,185
Certificates of obligation	20,790	23,435	50,220	48,705	71,010	72,140
Other obligations	13,828	8,105	43	62	13,871	8,167
	<u>\$ 247,108</u>	<u>\$ 252,666</u>	<u>\$ 64,743</u>	<u>\$ 63,826</u>	<u>\$ 311,851</u>	<u>\$ 316,492</u>

In April 2011, the City issued Combination Tax and Revenue Certificates of Obligation in the amount of \$7,965,000 to pay for acquiring, constructing, improving, renovating, and equipping City facilities, the purchase of vehicles and equipment for various departments throughout the City, and to extend and improve the City’s water and sewer system. The City also issued \$6,660,000 Adjustable Rate General Obligation Refunding Bonds. The bond proceeds were used to refund \$6,595,000 Adjustable Rate General Obligation Bonds, Series 2003. The City entered into an agreement to finance computer equipment for City departments and a computer aided dispatch and records management system for public safety for \$797,065 and \$798,323, respectively. The City entered into an infrastructure reimbursement grant and development agreement in the amount of \$5 million. This grant award will be used to offset the cost of infrastructure for a corporate data center. The City made principal payments of approximately \$19,206,000. The City’s total long-term obligations resulted in an overall decrease of approximately \$4,641,000.

Standard & Poor’s Ratings Services assigned its ‘AAA’ rating, with a stable outlook, to the City’s Series 2011 Combination Tax and Revenue Certificates of Obligation. At the same time, Standard & Poor’s affirmed its ‘AAA’ long-term rating and underlying rating on the City’s existing General Obligation debt. Moody’s Investors Service (Moody’s) assigned an ‘Aaa’ rating for the City’s Series 2011 Combination Tax and Revenue Certificates of Obligation. In conjunction with this assignment, Moody’s has affirmed the ‘Aaa’ rating on outstanding general obligation debt. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 2.41%.

Additional information on the City’s long-term debt can be found in notes 3(h) and 3(i) on pages 52 through 62 of this report.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis
September 30, 2011

Economic Factors and Next Year's Budgets and Rates

General Fund revenues and transfers-in for the 2011 – 2012 budget are expected to increase by 2.3% compared to the fiscal year 2010 – 2011 revised budget. Expenditures and transfers for the General Fund are budgeted 2.2% higher than expenditures and transfers-out in the revised budget for fiscal year 2010 – 2011. The majority of this increase is reflected in personal services. Overall, the General Fund is expected to end fiscal year 2011 – 2012 in compliance with the City's financial policy by maintaining a fund balance equal to 60 days of operating expenditures.

Key Highlights of the 2011 – 2012 Budget Include:

- A 0.4% increase in the overall certified tax base and no change in the tax rate.
- A 3.2% decrease in base sales tax is projected.
- A mid-year adoption of a drainage utility fee.
- No residential rate change for water and sewer and solid waste. Commercial haul fees in the Solid Waste fund were increased by 5%.
- A rate adjustment for golf in a range from \$2 to \$4 per round.
- Funding was proposed for 5% step pay plan merit increases for eligible employees and a 2% merit increase for those employees who have been at the top step for more than a year.
- An increase in the City funding for the health insurance program was approved.
- Significant legislative changes in the City's retirement benefit program resulted in reductions in required contributions.
- Continuing the commitment of \$0.01 of the tax rate to the street rehabilitation program was approved.

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.

CITY OF RICHARDSON, TEXAS

Statement of Net Assets

September 30, 2011

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Assets:			
Cash and investments	\$ 105,586,483	\$ 11,063,975	\$ 116,650,458
Receivables (net of allowances for uncollectibles)	8,275,085	8,140,691	16,415,776
Inventory of supplies, at cost	521,665	131,684	653,349
Prepaid items	176,434	3,562	179,996
Deposits	222,981	—	222,981
Restricted assets:			
Cash and investments	—	23,794,480	23,794,480
Receivables (net of allowances for uncollectibles)	—	5,349	5,349
Internal balances	(115,279)	115,279	—
Capital assets:			
Nondepreciable	58,962,930	8,666,306	67,629,236
Depreciable (net)	237,837,426	99,776,483	337,613,909
Deferred charges	2,399,065	730,670	3,129,735
Total assets	413,866,790	152,428,479	566,295,269
Liabilities:			
Accounts payable	5,493,301	2,069,543	7,562,844
Retainage payable	360,520	—	360,520
Accrued liabilities	967,373	1,397,940	2,365,313
Accrued interest	2,449,276	377,055	2,826,331
Payable from restricted assets:			
Accounts payable	—	2,484,457	2,484,457
Retainage payable	—	87,317	87,317
Customer deposits	—	2,433,253	2,433,253
Unearned revenue	2,895,929	—	2,895,929
Money held in escrow	191,745	—	191,745
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	16,959,106	4,588,643	21,547,749
Compensated absences	1,194,818	162,155	1,356,973
Workers' compensation	192,111	59,995	252,106
Unpaid claims liability	700,000	—	700,000
Due in more than one year:			
Bonds, leases, and contractual obligations	238,688,386	60,820,813	299,509,199
Post employment benefits	18,873,831	3,156,807	22,030,638
Compensated absences	8,764,452	1,189,136	9,953,588
Total liabilities	297,730,848	78,827,114	376,557,962
Net assets:			
Invested in capital assets, net of related debt	108,707,253	51,690,136	160,397,389
Restricted for:			
Capital projects	9,964,174	8,664,021	18,628,195
Debt service	—	580,654	580,654
Public safety	978,324	—	978,324
Special purposes	4,264,965	—	4,264,965
Unrestricted	(7,778,774)	12,666,554	4,887,780
Total net assets	\$ 116,135,942	\$ 73,601,365	\$ 189,737,307

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Activities

Year ended September 30, 2011

	Program revenues			Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total
Functions/programs:						
Governmental activities:						
General government	\$ 34,351,436	\$ 3,576,408	\$ 99,408	\$ (30,494,222)	\$ —	\$ (30,494,222)
Public safety	45,826,495	9,170,019	241,154	(36,340,941)	—	(36,340,941)
Public services	26,818,686	2,199,779	106,015	(22,415,138)	—	(22,415,138)
Library	4,244,638	163,967	35,390	(4,045,281)	—	(4,045,281)
Parks and recreation	14,661,678	3,327,353	10,447	(9,804,134)	—	(9,804,134)
Public health	1,466,534	266,018	39,948	(1,158,568)	—	(1,158,568)
Interest and fiscal charges	10,976,305	—	—	(10,976,305)	—	(10,976,305)
Total governmental activities	138,345,772	18,703,544	532,362	(115,234,589)	—	(115,234,589)
Business-type activities:						
Water and Sewer	49,196,918	48,484,993	9,350	—	(55,427)	(55,427)
Solid Waste	12,726,227	12,275,230	5,142	—	(445,855)	(445,855)
Golf	2,447,078	1,872,663	468	—	(573,947)	(573,947)
Total business-type activities	64,370,223	62,632,886	14,960	—	(1,075,229)	(1,075,229)
Total	\$ 202,715,995	\$ 81,336,430	\$ 547,322	(115,234,589)	(1,075,229)	(116,309,818)
General revenues:						
Property taxes				61,115,308	—	61,115,308
Sales taxes				24,752,578	—	24,752,578
Franchise fees				13,533,488	—	13,533,488
Mixed beverage and bingo tax				408,285	—	408,285
Hotel/motel taxes				3,039,097	—	3,039,097
Unrestricted interest earnings				397,027	47,280	444,307
Gain on sale of assets				73,698	58,955	132,653
Transfers in (out)				(489,572)	489,572	—
Total general revenues				102,829,909	595,807	103,425,716
Changes in net assets				(12,404,680)	(479,422)	(12,884,102)
Net assets-beginning				128,540,622	74,080,787	202,621,409
Net assets-ending				\$ 116,135,942	\$ 73,601,365	\$ 189,737,307

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Balance Sheet – Governmental Funds

September 30, 2011

	<u>General</u>	<u>Debt service</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:					
Cash and investments	\$ 12,568,727	\$ 2,187,997	\$ 84,815,756	\$ 4,313,984	\$ 103,886,464
Receivables (net of allowances for uncollectibles of \$3,581,060):					
Taxes-Ad Valorem	805,697	—	—	—	805,697
Taxes-sales	2,093,304	—	—	—	2,093,304
Trade accounts	3,831,542	—	—	634,715	4,466,257
Interest	18,679	—	145,318	—	163,997
Intergovernmental	3,190	—	615,290	84,220	702,700
Other	—	—	301	—	301
Due from Other Funds	64,734	—	—	—	64,734
Inventory of supplies, at cost	303,917	—	—	—	303,917
Prepaid items	85,918	—	—	90,516	176,434
Deposits	117,500	—	105,481	—	222,981
Total assets	\$ 19,893,208	\$ 2,187,997	\$ 85,682,146	\$ 5,123,435	\$ 112,886,786
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 1,565,165	\$ 925	\$ 3,580,996	\$ 296,410	\$ 5,443,496
Retainage payable	—	—	360,520	—	360,520
Accrued liabilities	59,530	—	—	651,129	710,659
Accrued interest	—	6,939	—	—	6,939
Due to Other Funds	—	—	—	64,734	64,734
Deferred revenue	1,839,631	—	2,499,991	664,095	5,003,717
Money held in escrow	—	—	191,745	—	191,745
Total liabilities	3,464,326	7,864	6,633,252	1,676,368	11,781,810
Fund balances:					
Non Spendable:					
Inventory	303,917	—	—	—	303,917
Deposits	117,500	—	105,481	—	222,981
Prepaid	85,918	—	—	90,516	176,434
Restricted for:					
Debt Service	—	2,180,133	—	—	2,180,133
Parks and Recreational Facilities	—	—	22,816,800	—	22,816,800
Street Improvements	—	—	30,061,420	—	30,061,420
Neighborhood Vitality Projects	—	—	7,724,728	—	7,724,728
Municipal Public Buildings	—	—	9,871,180	—	9,871,180
Other Capital Projects	—	—	3,398,504	—	3,398,504
Other Purposes	—	—	1,899,618	2,280,662	4,180,280
Assigned for:					
Street Rehabilitation	—	—	707,131	—	707,131
Other Purposes	—	—	2,464,032	1,075,889	3,539,921
Encumbrances	114,235	—	—	—	114,235
Unassigned	15,807,312	—	—	—	15,807,312
Total fund balances	16,428,882	2,180,133	79,048,894	3,447,067	101,104,976
Total liabilities and fund balances	\$ 19,893,208	\$ 2,187,997	\$ 85,682,146	\$ 5,123,435	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	296,744,345
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,107,788
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	637,341
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the funds. (see note 2(a))	<u>(284,458,508)</u>
Net assets of governmental activities	\$ <u>116,135,942</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2011

	<u>General</u>	<u>Debt service</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:					
General property taxes	\$ 35,069,703	\$ 26,051,747	\$ —	\$ 217,464	\$ 61,338,914
Franchise fees	13,418,072	—	—	115,416	13,533,488
Sales tax	24,752,578	—	—	—	24,752,578
Mixed beverage and bingo tax	408,285	—	—	—	408,285
Hotel/motel taxes	—	—	—	3,039,097	3,039,097
911 revenue	1,070,084	—	—	509,318	1,579,402
Intergovernmental revenue	104,959	—	3,026,415	333,679	3,465,053
Licenses and permits	1,766,640	—	—	—	1,766,640
Fines and forfeitures	4,595,096	—	—	1,802,879	6,397,975
Interest revenue	51,797	9,522	325,969	5,328	392,616
Civic center use	298,693	—	—	—	298,693
Eisemann center revenue	—	—	—	2,411,004	2,411,004
Recreation and leisure	3,327,353	—	—	—	3,327,353
Rents	64,465	—	—	—	64,465
Public safety	1,591,416	—	—	—	1,591,416
Contributions	52,747	—	68,850	2,500	124,097
Participation	—	—	54,597	—	54,597
Other revenue	740,233	—	146,720	76,846	963,799
General administration	8,100,998	—	—	—	8,100,998
Total revenues	95,413,119	26,061,269	3,622,551	8,513,531	133,610,470
Expenditures:					
General government	24,732,479	—	234,130	9,851,601	34,818,210
Public safety	37,676,580	—	98,688	1,851,517	39,626,785
Public services	15,621,928	—	2,398,488	—	18,020,416
Library	3,053,491	—	361,252	33,415	3,448,158
Parks and recreation	10,473,255	—	547,607	125,014	11,145,876
Public health	1,300,601	—	4,311	17,460	1,322,372
General administration	—	—	1,200,000	804,000	2,004,000
Capital outlay	751,944	—	19,667,107	281,650	20,700,701
Debt service:					
Principal retirement	—	14,425,000	—	—	14,425,000
Interest and fiscal charges	21,637	11,116,731	1,942	—	11,140,310
Payments for other obligations	466,292	274,228	71,459	—	811,979
Issuance costs	—	57,316	26,624	—	83,940
Total expenditures	94,098,207	25,873,275	24,611,608	12,964,657	157,547,747
Excess (deficiency) of revenues over (under) expenditures	1,314,912	187,994	(20,989,057)	(4,451,126)	(23,937,277)
Other financing sources (uses):					
Transfers in	467,500	330,000	2,319,678	129,497	3,246,675
Transfers out	(2,529,678)	—	(739,069)	(467,500)	(3,736,247)
Issuance of certificates of obligation	—	—	3,085,000	—	3,085,000
Issuance of refunding bonds	—	6,039,620	—	—	6,039,620
Issuance of other obligations	798,323	—	797,065	4,939,616	6,535,004
Premium/discount on bonds	—	—	14,743	—	14,743
Payment to refunded bond escrow agent	—	(5,981,083)	—	—	(5,981,083)
Insurance recoveries	40,495	—	—	—	40,495
Proceeds from sale of capital assets	204,152	—	—	—	204,152
Total other financing sources (uses)	(1,019,208)	388,537	5,477,417	4,601,613	9,448,359
Net change in fund balances	295,704	576,531	(15,511,640)	150,487	(14,488,918)
Fund balances – October 1	16,133,178	1,603,602	94,560,534	3,296,580	115,593,894
Fund balances – September 30	\$ <u>16,428,882</u>	\$ <u>2,180,133</u>	\$ <u>79,048,894</u>	\$ <u>3,447,067</u>	\$ <u>101,104,976</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, 2011

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

Net change in fund balances – total governmental funds	\$ (14,488,918)
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)).	2,661,603
The net effect of the sales of capital assets decreased net assets.	(115,142)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	723,584
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (note 2(b))	5,635,111
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))	(5,091,578)
Internal service funds are used by management to charge the costs of central services and insurance to individual funds. The net expense of certain activities of the Internal Service Funds is reported with governmental activities.	<u>(1,729,340)</u>
Change in net assets of governmental activities	<u>\$ (12,404,680)</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Assets – Proprietary Funds
September 30, 2011

Assets	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Cash and investments	\$ 8,825,374	\$ 1,837,146	\$ 401,455	\$ 11,063,975	\$ 1,700,019
Receivables (net of allowances of \$125,175):					
Trade accounts	6,184,566	1,093,728	31,545	7,309,839	28,017
Other	223,227	576,992	—	800,219	—
Interest	15,821	14,812	—	30,633	14,812
Inventory of supplies, at cost	104,722	26,962	—	131,684	217,748
Prepaid items	2,453	1,109	—	3,562	—
Restricted assets:					
Cash and investments	19,040,216	4,696,485	57,779	23,794,480	—
Interest receivable	5,154	—	—	5,154	—
Other receivable	195	—	—	195	—
Total current assets	34,401,728	8,247,234	490,779	43,139,741	1,960,596
Capital assets:					
Land	357,950	65,560	119,329	542,839	56,011
Improvements	—	37,371	9,066,719	9,104,090	23,023
Buildings	7,698,646	—	791,641	8,490,287	259,990
Water and Sewer System	181,359,428	—	—	181,359,428	—
Vehicles, machinery and equipment	15,437,901	9,506,819	1,005,336	25,950,056	268,859
Total capital assets	204,853,925	9,609,750	10,983,025	225,446,700	607,883
Less accumulated depreciation	(112,756,751)	(6,927,171)	(5,443,456)	(125,127,378)	(551,872)
Construction in progress	5,723,963	2,399,504	—	8,123,467	—
Net capital assets	97,821,137	5,082,083	5,539,569	108,442,789	56,011
Deferred charges	619,264	71,265	40,141	730,670	—
Total noncurrent assets	98,440,401	5,153,348	5,579,710	109,173,459	56,011
Total assets	\$ 132,842,129	\$ 13,400,582	\$ 6,070,489	\$ 152,313,200	\$ 2,016,607

CITY OF RICHARDSON, TEXAS
Statement of Net Assets – Proprietary Funds
September 30, 2011

Liabilities and Net Assets	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Current liabilities:					
Accounts payable	\$ 1,961,369	\$ 73,845	\$ 34,329	\$ 2,069,543	\$ 49,806
Accrued liabilities	1,164,833	40,985	192,122	1,397,940	256,714
Accrued interest	311,742	40,458	24,855	377,055	—
Unpaid claims liabilities	—	—	—	—	700,000
Current maturities of bonds, leases and contractual obligations	3,228,509	980,242	379,892	4,588,643	—
Compensated absences	96,900	51,069	14,186	162,155	7,375
Workers' compensation liability	33,358	19,105	7,532	59,995	—
Current liabilities payable from restricted assets:					
Accounts payable	1,400,628	1,083,829	—	2,484,457	—
Retainage payable	87,317	—	—	87,317	—
Deposits	2,433,253	—	—	2,433,253	—
Total current liabilities	<u>10,717,909</u>	<u>2,289,533</u>	<u>652,916</u>	<u>13,660,358</u>	<u>1,013,895</u>
Noncurrent liabilities:					
Bonds, leases and contractual obligations	49,852,834	6,628,312	4,339,667	60,820,813	—
Post-employment benefits	1,626,081	1,081,510	449,216	3,156,807	193,550
Compensated absences	710,596	374,510	104,030	1,189,136	56,542
Total noncurrent liabilities	<u>52,189,511</u>	<u>8,084,332</u>	<u>4,892,913</u>	<u>65,166,756</u>	<u>250,092</u>
Total liabilities	<u>62,907,420</u>	<u>10,373,865</u>	<u>5,545,829</u>	<u>78,827,114</u>	<u>1,263,987</u>
Net assets:					
Invested in capital assets, net of related debt	51,833,570	(963,444)	820,010	51,690,136	56,011
Restricted for:					
Capital projects	6,306,781	2,357,240	—	8,664,021	—
Debt service	433,456	89,419	57,779	580,654	—
Unrestricted	11,360,902	1,543,502	(353,129)	12,551,275	696,609
Total net assets	<u>\$ 69,934,709</u>	<u>\$ 3,026,717</u>	<u>\$ 524,660</u>	<u>73,486,086</u>	<u>\$ 752,620</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				115,279	
Net assets of business-type activities				<u>\$ 73,601,365</u>	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2011

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Operating revenues:					
Water sales	\$ 30,825,678	\$ —	\$ —	\$ 30,825,678	\$ —
Sewer service	16,684,381	—	—	16,684,381	—
Penalties	418,278	—	—	418,278	—
Service fees (other)	65,287	—	—	65,287	—
Antenna rentals	318,727	—	—	318,727	—
Meter fees	28,731	—	—	28,731	—
Solid waste fees	—	11,426,137	—	11,426,137	—
Golf course fees	—	—	1,798,948	1,798,948	—
Golf course restaurant	—	—	42,425	42,425	—
Charges for services	—	—	—	—	360,670
City and employee contributions	82,442	48,156	4,440	135,038	8,937,986
Intergovernmental revenue	9,350	5,142	468	14,960	85,702
Miscellaneous	61,469	800,937	26,850	889,256	35,902
Total operating revenue	48,494,343	12,280,372	1,873,131	62,647,846	9,420,260
Operating expenses:					
Personal services	6,329,836	4,275,638	1,045,056	11,650,530	631,326
Premiums	—	—	—	—	401,145
Professional and technical services	1,518,892	113,771	28,822	1,661,485	563,905
Property services	1,506,887	315,819	113,818	1,936,524	112,233
Other purchased services	1,213,449	241,971	59,374	1,514,794	96,182
Insurance claims	—	—	—	—	9,569,817
Purchase of water	14,389,544	—	—	14,389,544	—
Purchase of sewage treatment	9,337,899	—	—	9,337,899	—
Solid waste charges	—	3,797,678	—	3,797,678	—
General administration	3,945,116	2,121,965	29,917	6,096,998	—
Franchise fees	2,375,638	569,611	—	2,945,249	—
BABIC program	466,666	—	—	466,666	—
Supplies	1,292,602	165,324	507,013	1,964,939	30,357
Depreciation	5,677,761	805,733	448,092	6,931,586	1,038
Total operating expenses	48,054,290	12,407,510	2,232,092	62,693,892	11,406,003
Operating income (loss)	440,053	(127,138)	(358,961)	(46,046)	(1,985,743)
Nonoperating revenues (expenses):					
Interest revenue	39,442	7,697	141	47,280	4,411
Interest expense and fiscal charges	(1,021,478)	(213,721)	(189,140)	(1,424,339)	—
Gain from disposal of capital assets	15,269	41,842	1,844	58,955	—
Total nonoperating revenues (expenses)	(966,767)	(164,182)	(187,155)	(1,318,104)	4,411
Loss before contributions and transfers	(526,714)	(291,320)	(546,116)	(1,364,150)	(1,981,332)
Capital contributions	647,148	—	—	647,148	—
Transfers In	—	—	489,572	489,572	—
Change in net assets	120,434	(291,320)	(56,544)	(227,430)	(1,981,332)
Total net assets – October 1	69,814,275	3,318,037	581,204	73,713,516	2,733,952
Total net assets – September 30	\$ 69,934,709	\$ 3,026,717	\$ 524,660		\$ 752,620
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				(251,992)	
Change in net assets of business type activities				\$ (479,422)	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2011

	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Fund	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 48,535,202	\$ 12,232,832	\$ 1,843,327	\$ 62,611,361	\$ —
Cash received from service users	—	—	—	—	394,364
Cash received from city, employee and other contributions	—	—	—	—	9,028,021
Cash payments for goods and services	(34,926,715)	(6,523,193)	(533,146)	(41,983,054)	—
Cash payments to employees	(5,901,065)	(3,907,262)	(946,909)	(10,755,236)	(563,136)
Cash payments for premiums and other operating expenses	—	—	—	—	(1,179,657)
Cash payments for claims	—	—	—	—	(9,257,238)
Cash received from miscellaneous revenues	72,819	9,142	27,318	109,279	—
Net cash provided by (used for) operating activities	<u>7,780,241</u>	<u>1,811,519</u>	<u>390,590</u>	<u>9,982,350</u>	<u>(1,577,646)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	—	—	489,572	489,572	—
Net cash provided by noncapital financing activities	<u>—</u>	<u>—</u>	<u>489,572</u>	<u>489,572</u>	<u>—</u>
Cash flows from financing activities:					
Net proceeds from sale of capital assets	15,269	41,842	1,844	58,955	—
Bond proceeds, other obligations, and accrued interest	3,530,786	1,390,266	—	4,921,052	—
Acquisition and construction of capital assets	(3,598,081)	(2,795,861)	(87,450)	(6,481,392)	—
Decrease in retainage payable	22,093	—	—	22,093	—
Principal paid on debt	(2,814,432)	(795,000)	(360,000)	(3,969,432)	—
Interest paid on debt	(2,089,167)	(220,913)	(238,328)	(2,548,408)	—
Fiscal charges and bond escrow payments	(37,971)	(13,791)	(2)	(51,764)	—
Net cash used for capital and related financing activities	<u>(4,971,503)</u>	<u>(2,393,457)</u>	<u>(683,936)</u>	<u>(8,048,896)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investment securities	(12,339,958)	(3,034,896)	—	(15,374,854)	(3,034,896)
Proceeds from sale and maturities of investments	11,966,157	1,501,085	—	13,467,242	1,501,085
Interest received on investments	212,513	9,654	141	222,308	6,368
Net cash provided by (used for) investing activities	<u>(161,288)</u>	<u>(1,524,157)</u>	<u>141</u>	<u>(1,685,304)</u>	<u>(1,527,443)</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	2,647,450	(2,106,095)	196,367	737,722	(3,105,089)
Cash, restricted cash, and cash equivalents, October 1	<u>19,026,684</u>	<u>7,122,685</u>	<u>262,867</u>	<u>26,412,236</u>	<u>3,288,067</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 21,674,134</u>	<u>\$ 5,016,590</u>	<u>\$ 459,234</u>	<u>\$ 27,149,958</u>	<u>\$ 182,978</u>

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows – Proprietary Funds
Year ended September 30, 2011

	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 440,053	\$ (127,138)	\$ (358,961)	\$ (46,046)	\$ (1,985,743)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,677,761	805,733	448,092	6,931,586	1,038
Provision for uncollectible accounts	(19,203)	4,041	—	(15,162)	—
Changes in assets and liabilities:					
(Increase) decrease in trade accounts receivable (gross)	(910,758)	(46,711)	(2,484)	(959,953)	229,760
Increase in other receivables	(140,630)	(237,502)	—	(378,132)	—
(Increase) decrease in inventory of supplies, at cost	(28,719)	3,494	—	(25,225)	(3,026)
(Increase) decrease in prepaid items	(2,335)	(757)	—	(3,092)	1,852
Increase in accounts payable	1,258,575	1,041,711	13,676	2,313,962	25,340
Increase in deposits payable from restricted assets	43,065	—	—	43,065	—
Increase (decrease) in compensated absences	(7,782)	68,369	9,101	69,688	33,043
Increase (decrease) in workers compensation	32,846	(51,293)	7,100	(11,347)	—
Increase in post-employment benefits	403,706	351,300	81,944	836,950	35,147
Increase in accrued liabilities	1,033,662	272	192,122	1,226,056	84,943
Total adjustments	<u>7,340,188</u>	<u>1,938,657</u>	<u>749,551</u>	<u>10,028,396</u>	<u>408,097</u>
Net cash provided by (used for) operating activities	<u>\$ 7,780,241</u>	<u>\$ 1,811,519</u>	<u>\$ 390,590</u>	<u>\$ 9,982,350</u>	<u>\$ (1,577,646)</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from public	\$ 647,148	\$ —	\$ —	\$ 647,148	\$ —
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	Governmental Activities- Internal Service Funds
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net assets:					
Total unrestricted cash and investments per the statement of net assets	\$ 8,825,374	\$ 1,837,146	\$ 401,455	\$ 11,063,975	\$ 1,700,019
Total restricted cash and investments per the statement of net assets	19,040,216	4,696,485	57,779	23,794,480	—
Total cash and investments per the statement of net assets	<u>27,865,590</u>	<u>6,533,631</u>	<u>459,234</u>	<u>34,858,455</u>	<u>1,700,019</u>
Less investments not meeting the definition of cash equivalents	<u>(6,191,456)</u>	<u>(1,517,041)</u>	<u>—</u>	<u>(7,708,497)</u>	<u>(1,517,041)</u>
Cash, restricted cash and cash equivalents at September 30, 2011	<u>\$ 21,674,134</u>	<u>\$ 5,016,590</u>	<u>\$ 459,234</u>	<u>\$ 27,149,958</u>	<u>\$ 182,978</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Richardson, Texas (the City) is a municipal corporation governed by an elected seven-member council and a mayor who is selected from among the council members by a vote of the council. As required by accounting principles generally accepted in the United States 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. Richardson Improvement Corporation (RIC) is a nonprofit corporation that serves the citizens of the City by improving municipal parks and recreational facilities through land acquisition and the development of parks. The City provides all financial support to RIC and all members of its governing board are appointed by City Council. Because the services that RIC provides exclusively benefits the City and the RIC operations are so intertwined with those of the City, RIC is in substance a department of the City and has been blended into the City's financial statements in the Other Governmental Funds category and reported as a Special Revenue Fund. 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 2010-2011, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

GASB Statement No. 54 establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into a hierarchy based primarily on the extent to which the government is bound to honor any constraints that control how specific amounts can be spent. The statement also clarifies definitions for governmental fund types. This statement changed the City's presentation of the governmental fund balances by classifying these as Nonspendable, Restricted, Committed, Assigned or Unassigned.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

The objective of GASB Statement No. 57 is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. This statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting. This has no impact on the City's financial statements as the City does not participate in an agent multiple-employer plan.

The objective of GASB Statement No. 60 is to improve financial reporting by addressing issues related to service concession arrangements (SCAs). The statement establishes guidance for accounting and financial reporting for SCAs. In this statement, an SCA is an arrangement between a government and an operator of services on behalf of the government. The City has no concession arrangements.

The objective of GASB Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

This statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The requirements in this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they are derived from a single source. This has no impact on the City's financial statements.

(c) ***Basis of Presentation***

Government-Wide Statements

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

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Fund Financial Statements

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

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

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Golf Fund. The Golf Fund is used to account for the operations and maintenance of the City's golf course. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for golf debt. Revenues are generated through fees charged to users. The Golf Fund did not meet the criteria for a major fund this year; however, because of its importance to the financial statements and consistency, the City continues to present it as a major fund.

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

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

Statement of Cash Flows

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

(d) Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30 day availability period is used for revenue recognition

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

for all governmental fund type revenues, except fines and forfeitures, which are accrued using a 45 day availability period, and for grants, which are accrued using a one year availability period. Expenditures are recorded when the related fund liability is incurred, except for outstanding principal and interest on general long-term debt which is recognized when due, and certain compensated absences, post-employment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

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

(e) ***Assets, Liabilities and Net Assets***

Deposits and Investments

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

The Legislature for the State of Texas has enacted and regularly amends the Public Funds Investment Act (Investment Act) that governs items such as investment strategies and policies, training for investment officers, quarterly reporting, and types of investments allowed. The City has developed an Investment Policy that is annually reviewed and approved through resolution by the City Council that is in compliance with the Investment Act. Accordingly, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) obligations of state agencies, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas, or the United States, or its instrumentalities; (4) Joint Investment Pools of political subdivisions in the State of Texas, which comply with the guidelines stated in the City’s investment policy; (5) Certificates of Deposit issued by state or national banks and credit unions domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations mentioned above; (6) fully collateralized direct repurchase agreements having a defined termination date; and (7) no-load money market mutual funds, regulated by the Securities and Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer, and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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

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

For fiscal year 2011, the City invested in U.S. Agencies, TexPool, TexSTAR, Federated Money Market Funds, Key Capital Money Market Funds and Invesco Money Market Funds. The City records all interest revenue related to investment activities in the respective funds.

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

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

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

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

Receivables and Payables

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. The City operates under a Home Rule Charter that also imposes a limit of \$2.50 per \$100 assessed valuation. For the year ended September 30, 2011, the City's tax rate was \$0.63516.

Inventories and Prepaid Items

Inventory of Supplies

Inventory consists primarily of supplies, valued at cost, which approximates market. Cost is determined using a weighted average method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Accordingly, fund balance is classified as non-spendable 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 with a corresponding amount and classified as a non-spendable fund balance.

Capital Assets

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, water and sewer systems, and lighting systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2011, \$1,021,041 in net interest costs were capitalized in the Water and Sewer Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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

Land improvements	10 – 20 years
Water and Sewer System	10 – 40 years
Buildings	10 – 50 years
Other improvements	5 – 50 years
Infrastructure	10 – 40 years
Vehicles, machinery and equipment	3 – 20 years

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperating Revenues in the Enterprise Funds. For the year ended September 30, 2011, the City received \$40,495 in insurance recoveries.

Compensated Absences

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

Post-Employment Benefits

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

Long-Term Obligations

General Obligation Bonds and other debt issued for the general government capital projects and acquisitions that are to be repaid from tax revenues of the City are recorded in the governmental activities column in the government-wide Statement of Net Assets. Debt issued to fund capital projects and acquisitions in the proprietary funds are recorded in the business-type activities column

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

in the government-wide Statement of Net Assets and in the proprietary fund Statement of Net Assets. Bond premiums and discounts as well as issuance costs and gains/losses on refunded debt obligations are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements and in the proprietary funds. Bonds payable are reported net of the applicable bond premium, discount, and deferred loss. Issuance costs are reported as deferred charges.

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

Classifications of Fund Balance

Fund balances in the governmental funds classified as restricted are amounts that 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 formal action of the City Council. 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.

The City considers an expenditure to be made from the most restrictive resources/funds when more than one classification is available.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, and net of any unspent debt proceeds. The government-wide statement of net assets reports \$15,207,463 of restricted net assets for governmental activities, of which \$5,243,289 is restricted by enabling legislation.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(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 Assets*

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$284,458,508 difference are as follows:

Bonds payable	\$ 233,279,620
Notes payable and other contractual obligations	13,828,403
Less issuance discount (to be amortized as interest expense)	(58,677)
Add issuance premium (to be amortized as interest expense)	11,789,317
Less loss on refunding (to be amortized as interest expense)	(3,191,171)
Less deferred charges for issuance cost (to be amortized as fiscal charges)	(2,399,065)
Accrued interest payable	2,442,336
Post-employment liability	18,680,281
Compensated absences	9,895,353
Workers’ compensation liability	192,111
	<hr/>
Net adjustment to reduce the fund balances – total governmental funds to arrive at net assets – governmental activities	\$ <u>284,458,508</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,661,603 difference are as follows:

Capital outlay	\$ 20,700,701
Depreciation expense	<u>(18,039,098)</u>
	<hr/>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>2,661,603</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$5,635,111 difference are as follows:

Debt issued or incurred:	
General obligations, certificates of obligation, and refunding bonds	\$ (9,124,620)
Notes payable and other contractual obligations	(6,535,004)
Add premium	(14,743)
Less:	
Issue costs	83,940
Loss on refunding	7,475
Principal repayments:	
General obligation bonds	8,695,000
Refunded general obligation bonds	5,981,083
Certificates of obligation	5,730,000
Notes payable	<u>811,980</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,635,111</u>

Another element of the reconciliation states, “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$5,091,578 difference are as follows:

Amortization of bond premium	\$ 738,358
Amortization on bond discount	(4,638)
Amortization of issuance costs	(227,541)
Amortization of loss on refunded bonds	(299,461)
Accrued interest	(292,696)
Post-employment benefits	(4,102,354)
Compensated absences	(1,164,421)
Workers’ compensation expense	18,669
Arbitrage rebate	<u>242,506</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,091,578)</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(3) Detailed Notes

(a) Deposits and Investments

Deposits – The City maintained the following deposit balances:

	<u>Bank balance</u>	<u>Book balance</u>
Financial institution:		
Frost – City	\$ 2,046,928	\$ 638,057
Frost – RIC	68,220	67,440
Petty cash	—	15,548
U.S. Bank	<u>324</u>	<u>324</u>
Total	<u>\$ 2,115,472</u>	<u>\$ 721,369</u>

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

	<u>Fair value</u>	<u>Weighted average maturity (years) (1)</u>
Investment type:		
TexSTAR	\$ 25,720,980	0.02
Federated Government Agency Money Market Fund	25,614,921	0.02
TexPool	22,245,906	0.01
Federal Home Loan Mortgage Assoc. – Bonds	18,290,140	0.02
Federal Home Loan Bank – Bonds	16,990,575	0.02
Federal National Mortgage Assoc. – Bonds	14,410,567	0.02
Federal Farm Credit – Bonds	9,035,996	0.00
Invesco Government Agency Money Market Fund	3,550,599	0.00
Federal National Mortgage Assoc. – Discount Note	3,001,471	0.01
Federated Treasury Money Market Fund	449,783	0.00
Invesco Treasury Money Market Fund	384,793	0.00
U. S. Bank	<u>27,838</u>	0.00
Total fair value	<u>\$ 139,723,569</u>	
Portfolio weighted average maturity		<u>0.12</u>

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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 Assoc., Federal Home Loan Mortgage Assoc. and Federal Farm Credit Bank as AAA as of September 30, 2011. Standard & Poor's has rated investments in TexPool, TexSTAR, Invesco Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2011.

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

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

Concentration of Credit Risk – Investments. The City's investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 20.0% in an individual investment pool or money market mutual fund. At September 30, 2011, the City's direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank. These investments are 12%, 13%, 12%, and 6%, respectively, of the City's total investments.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(b) Receivables

Receivables at September 30, 2011, for the government's individual major governmental funds, nonmajor funds, internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consists of the following:

	<u>General</u>	<u>Capital fund</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
Receivables:				
Taxes-Ad Valorem	\$ 1,173,718	\$ —	\$ —	\$ 1,173,718
Taxes-sales	2,093,304	—	—	2,093,304
Trade accounts	5,067,712	—	2,611,584	7,679,296
Other	—	301	—	301
Interest	18,679	145,318	—	163,997
Intergovernmental	<u>3,190</u>	<u>615,290</u>	<u>84,220</u>	<u>702,700</u>
Gross receivables	8,356,603	760,909	2,695,804	11,813,316
Less allowance for uncollectibles	<u>(1,604,191)</u>	<u>—</u>	<u>(1,976,869)</u>	<u>(3,581,060)</u>
Net receivables	<u>\$ 6,752,412</u>	<u>\$ 760,909</u>	<u>\$ 718,935</u>	<u>\$ 8,232,256</u>

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Total business-type activities</u>	<u>Internal service</u>
Receivables:					
Trade accounts	\$ 6,277,880	\$ 1,125,589	\$ 31,545	\$ 7,435,014	\$ 28,017
Other	223,227	576,992	—	800,219	—
Interest	<u>15,821</u>	<u>14,812</u>	<u>—</u>	<u>30,633</u>	<u>14,812</u>
Gross receivables	6,516,928	1,717,393	31,545	8,265,866	42,829
Less allowance for uncollectibles	<u>(93,314)</u>	<u>(31,861)</u>	<u>—</u>	<u>(125,175)</u>	<u>—</u>
Net receivables	<u>\$ 6,423,614</u>	<u>\$ 1,685,532</u>	<u>\$ 31,545</u>	<u>\$ 8,140,691</u>	<u>\$ 42,829</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered at September 30, 2011.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(c) *Restricted Assets*

Enterprise Funds

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Services Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Debt service – Sinking Fund	\$ 433,456	\$ 89,419	\$ 57,779	\$ 580,654
Customers’ deposits	2,433,253	—	—	2,433,253
Rate stabilization	3,792,579	—	—	3,792,579
Capital Project and Equipment Funds	<u>12,386,277</u>	<u>4,607,066</u>	<u>—</u>	<u>16,993,343</u>
	<u>\$ 19,045,565</u>	<u>\$ 4,696,485</u>	<u>\$ 57,779</u>	<u>\$ 23,799,829</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(d) Capital Assets

Capital asset activity for the year ended September 30, 2011 was as follows:

	Beginning balance October 1, 2010	Increases	Decreases	Ending balance September 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 44,931,603	\$ 171,160	\$ —	\$ 45,102,763
Construction in progress	12,436,250	10,432,021	(9,008,104)	13,860,167
Total capital assets, not being depreciated	<u>57,367,853</u>	<u>10,603,181</u>	<u>(9,008,104)</u>	<u>58,962,930</u>
Capital assets, being depreciated:				
Buildings	109,925,926	—	—	109,925,926
Improvements other than buildings	54,713,448	5,695,083	—	60,408,531
Vehicles, machinery, and equipment	41,616,786	3,395,952	(2,537,996)	42,474,742
Infrastructure	375,693,592	10,752,223	—	386,445,815
Total capital assets, being depreciated	<u>581,949,752</u>	<u>19,843,258</u>	<u>(2,537,996)</u>	<u>599,255,014</u>
Less accumulated depreciation, for:				
Buildings	42,008,623	3,323,955	—	45,332,578
Improvements other than buildings	27,572,118	2,742,530	—	30,314,648
Vehicles, machinery, and equipment	28,838,535	2,898,137	(2,422,854)	29,313,818
Infrastructure	247,381,030	9,075,514	—	256,456,544
Total accumulated depreciation	<u>345,800,306</u>	<u>18,040,136</u>	<u>(2,422,854)</u>	<u>361,417,588</u>
Total capital assets being depreciated, net	<u>236,149,446</u>	<u>1,803,122</u>	<u>(115,142)</u>	<u>237,837,426</u>
Governmental activities capital assets, net	<u>\$ 293,517,299</u>	<u>\$ 12,406,303</u>	<u>\$ (9,123,246)</u>	<u>\$ 296,800,356</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

	Beginning balance October 1, 2010	Increases	Decreases	Ending balance September 30, 2011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 542,839	\$ —	\$ —	\$ 542,839
Construction in progress	<u>4,009,590</u>	<u>6,761,223</u>	<u>(2,647,346)</u>	<u>8,123,467</u>
Total capital assets, not being depreciated	<u>4,552,429</u>	<u>6,761,223</u>	<u>(2,647,346)</u>	<u>8,666,306</u>
Capital assets, being depreciated:				
Buildings	8,490,287	—	—	8,490,287
Improvements other than buildings	9,104,090	—	—	9,104,090
Vehicles, machinery, and equipment	25,635,634	683,449	(369,027)	25,950,056
Infrastructure	<u>178,007,172</u>	<u>3,352,256</u>	<u>—</u>	<u>181,359,428</u>
Total capital assets, being depreciated	<u>221,237,183</u>	<u>4,035,705</u>	<u>(369,027)</u>	<u>224,903,861</u>
Less accumulated depreciation, for:				
Buildings	4,682,386	210,934	—	4,893,320
Improvements other than buildings	3,904,590	386,204		4,290,794
Vehicles, machinery, and equipment	20,125,008	1,295,118	(369,027)	21,051,099
Infrastructure	<u>89,852,835</u>	<u>5,039,330</u>		<u>94,892,165</u>
Total accumulated depreciation	<u>118,564,819</u>	<u>6,931,586</u>	<u>(369,027)</u>	<u>125,127,378</u>
Total capital assets being depreciated, net	<u>102,672,364</u>	<u>(2,895,881)</u>	<u>—</u>	<u>99,776,483</u>
Business-type activities capital assets, net	<u>\$ 107,224,793</u>	<u>\$ 3,865,342</u>	<u>\$ (2,647,346)</u>	<u>\$ 108,442,789</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

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

Governmental activities:			
General government		\$	4,650,958
Public safety			2,200,343
Public services			7,961,662
Library			356,121
Parks and recreation			2,851,209
Health			18,805
Capital assets held by the government's internal service funds and charged to the various functions based on their usage of the assets			1,038
Total depreciation expense – governmental activities		\$	<u>18,040,136</u>
Business-type activities:			
Water and Sewer		\$	5,677,761
Solid Waste			805,733
Golf			448,092
Total depreciation expense – business-type activities		\$	<u>6,931,586</u>

(e) **Construction Commitments**

Outstanding commitments at September 30, 2011, under authorized construction contracts for the Capital Fund, were \$9,267,121. These outstanding commitments are to be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers.

(f) **Interfund Receivables, Payables and Transfers**

Individual fund transfers for fiscal year 2010-2011, were as follows:

	Transfers out			Total
	General Fund	Capital Fund	Other Governmental Funds	
Transfer in:				
General Fund	\$ —	\$ —	\$ 467,500	\$ 467,500
Debt Service Fund	—	330,000	—	330,000
Capital Fund	2,319,678	—	—	2,319,678
Golf	210,000	279,572	—	489,572
Other Governmental Funds	—	129,497	—	129,497
	<u>\$ 2,529,678</u>	<u>\$ 739,069</u>	<u>\$ 467,500</u>	<u>\$ 3,736,247</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation projects. The transfer from the General Fund to the Golf Fund was to maintain the fund balance at 30 days as adopted by the City's financial policy. Transfers from the Capital Fund to the Golf Fund were for equipment purchases and other operating expenses in the amounts of \$87,450 and \$192,122, respectively. Transfers from the Wireless 911 Fund to the General Fund are used to support the expenses of the 911 Call Center. The transfer from RIC to the General Fund was a donation for Wildflower! and Corporate Challenge.

(g) Leasing Activities

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

The following property was leased under operating leases at September 30, 2011:

	Governmental activities
Land	\$ 493,823
Buildings	2,561,400
Less depreciation	<u>(808,636)</u>
Book value	<u>\$ 2,246,587</u>

Minimum lease payments under operating leases are based on certain performance measures and cannot be calculated for each year. The City received payments totaling \$54,465 on these leases during the current fiscal year, and has received cumulative payments of \$192,866 over the life of these leases.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

(h) Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2011:

	<u>Balance</u> <u>beginning of</u> <u>year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>end of year</u>	<u>Due within</u> <u>one year</u>
Governmental-type activities:					
General obligation bonds	\$ 221,126,083	\$ 6,039,620	\$ (14,676,083)	\$ 212,489,620	\$ 11,758,148
Certificates of obligation	23,435,000	3,085,000	(5,730,000)	20,790,000	3,980,000
Other obligations	8,105,378	6,535,004	(811,979)	13,828,403	809,288
Deferred amounts:					
For bond discounts/ premiums/losses	8,966,462	318,843	(745,836)	8,539,469	411,670
Post-employment benefits	14,736,330	5,693,364	(1,555,863)	18,873,831	—
Compensated absences	8,761,805	1,958,171	(760,706)	9,959,270	1,194,818
Workers' compensation	210,780	272,279	(290,948)	192,111	192,111
Unpaid claims liability	700,000	—	—	700,000	700,000
Arbitrage rebate liability	242,506	—	(242,506)	—	—
	<u>\$ 286,284,344</u>	<u>\$ 23,902,281</u>	<u>\$ (24,813,921)</u>	<u>\$ 285,372,704</u>	<u>\$ 19,046,035</u>
Business-type activities:					
General obligation refunding bonds	\$ 15,058,918	\$ 620,380	\$ (1,198,918)	\$ 14,480,380	\$ 1,476,852
Certificates of obligation	48,705,000	4,880,000	(3,365,000)	50,220,000	3,030,000
Other obligations	62,487	—	(19,431)	43,056	20,221
Deferred amounts:					
For bond discounts/ premiums/losses	698,798	90,393	(123,171)	666,020	61,570
Post-employment benefits	2,319,855	1,105,806	(268,854)	3,156,807	—
Compensated absences	1,281,602	242,346	(172,657)	1,351,291	162,155
Workers' compensation	71,342	71,502	(82,849)	59,995	59,995
Arbitrage rebate liability	26,792	—	(26,792)	—	—
	<u>\$ 68,224,794</u>	<u>\$ 7,010,427</u>	<u>\$ (5,257,672)</u>	<u>\$ 69,977,549</u>	<u>\$ 4,810,793</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Bonds payable at September 30, 2011, are comprised of the following:

General Government

General Obligation Bonds:

\$6,039,620 Adjustable Rate General Obligation Refunding Bonds, Series 2011. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2023. Interest rate is variable and is determined on June 15 of each year, currently 1.899%.	\$ 6,039,620
\$73,000,000 General Obligation Refunding and Improvement Bonds, Series 2010 due in annual principal payments ranging from \$155,000 to \$5,600,000 through February 15, 2030. Interest rate is variable from 2.00% to 5.00%.	72,845,000
\$14,460,000 General Obligation Refunding Bonds, Series 2009 due in annual principal payments ranging from \$975,000 to \$3,280,000 through February 15, 2019. Interest rate is variable from 2.00% to 5.00%.	9,990,000
\$79,440,000 General Obligation Refunding and Improvement Bonds, Series 2006 due in annual principal payments ranging from \$435,000 to \$6,880,000 through February 15, 2026. Interest rate is variable from 4.50% to 5.25%.	72,455,000
\$32,975,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$1,435,000 to \$2,840,000 through February 15, 2025. Interest rate is variable from 3.00% to 5.25%.	32,945,000
\$15,275,000 General Obligation Refunding and Improvement Bonds, Series 2002 due in annual principal payments ranging from \$255,000 to \$4,260,000 through February 15, 2022. Interest rate is variable from 2.50% to 4.875%.	<u>7,370,000</u>
Total General Obligation Bonds	<u>201,644,620</u>

Taxable General Obligation Bonds:

\$6,105,000 General Obligation Refunding Bonds, Taxable Series 2010A due in annual principal payments ranging from \$485,000 to \$790,000 through February 15, 2020. Interest rate is variable from 1.15% to 4.05%	6,105,000
\$11,910,000 General Obligation Refunding Bonds, Taxable Series 2004 due in annual principal payments ranging from \$100,000 to \$1,080,000 through February 15, 2020. Interest rate is variable from 1.50% to 5.40%.	<u>4,740,000</u>
Total Taxable General Obligation Bonds	<u>10,845,000</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Tax-Exempt Certificates of Obligations:

\$3,085,000 Series 2011 due in annual principal installments ranging from \$25,000 to \$815,000 through February 15, 2019. Interest rate is variable from 2.00% to 3.25%	\$ 3,085,000
\$7,520,000 Series 2010 due in annual principal installments ranging from \$935,000 to \$1,035,000 through February 15, 2025. Interest rate is variable from 2.00% to 4.00%	6,585,000
\$5,370,000 Series 2009 due in annual principal installments ranging from \$145,000 to \$805,000 through February 15, 2023. Interest rate is variable from 2.50% to 3.80%	3,700,000
\$4,500,000 Series 2008 due in annual principal installments ranging from \$260,000 to \$925,000 through February 15, 2016. Interest rate is 3.50%	2,035,000
\$3,220,000 Series 2007 due in annual principal installments ranging from \$95,000 to \$765,000 through February 15, 2015. Interest rate is variable from 4.00% to 4.50%	400,000
\$2,640,000 Series 2006 due in annual principal installments ranging from \$85,000 to \$620,000 through February 15, 2014. Interest rate is variable from 4.00% to 5.00%	275,000
\$4,600,000 Series 2003 due in annual principal installments ranging from \$155,000 to \$845,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%	1,385,000
\$7,500,000 Series 2002 due in annual principal installments ranging from \$275,000 to \$955,000 through February 15, 2022. Interest rate is variable from 3.00% to 4.85%	<u>3,325,000</u>
Total Tax-Exempt Certificates of Obligation	<u>20,790,000</u>
Add unamortized premium	11,789,317
Less:	
Unamortized discount	(58,677)
Unamortized loss on refunding	<u>(3,191,171)</u>
Total Bonds and Certificates of Obligation Payable at September 30, 2011	<u>\$ 241,819,089</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Business-Type Activities

General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2011, for the Water and Sewer, Solid Waste, and Golf Funds are comprised of the following:

Water and Sewer:

General Obligation Refunding Bonds:

\$620,380 Adjustable Rate General Obligation Refunding Bonds, Series 2011. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2023. Interest rate is variable and is determined on June 15 of each year, currently 1.899%.	\$ 620,380
\$4,080,000 General Obligation Refunding Bonds, Series 2010 due in annual principal installments ranging from \$335,000 to \$505,000 through February 15, 2021. Interest rate is variable from 4.00% to 5.00%	4,080,000
\$5,685,000 General Obligation Refunding Bonds, Series 2009 due in annual principal installments ranging from \$205,000 to \$645,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%	<u>4,835,000</u>
Total General Obligation Refunding Bonds – Water and Sewer Fund	<u>9,535,380</u>

Certificates of Obligation:

\$3,500,000 Series 2011 due in annual principal installments ranging from \$50,000 to \$265,000 through February 15, 2031, Interest rate is variable from 2.00% to 4.125%	3,500,000
\$7,210,000 Series 2010 due in annual principal installments ranging from \$265,000 to \$350,000 through February 15, 2030. Interest rate is variable from 2.50% to 4.1250%,	6,945,000
\$5,030,000 Series 2009 due in annual principal installments ranging from \$130,000 to \$355,000 through February 15, 2029. Interest rate is variable from 2.50% to 4.50%,	4,705,000
\$5,000,000 Series 2008 due in annual principal installments ranging from \$85,000 to \$380,000 through February 15, 2028. Interest rate is variable from 3.50% to 4.50%,	4,575,000
\$5,000,000 Series 2007 due in annual principal installments ranging from \$85,000 to \$375,000 through February 15, 2027. Interest rate is variable from 4.00% to 4.50%.	4,390,000
\$5,000,000 Series 2006 due in annual principal installments ranging from \$130,000 to \$375,000 through February 15, 2026. Interest rate is variable from 4.00% to 5.00%.	4,160,000
\$4,235,000 Series 2005 due in annual principal installments ranging from \$85,000 to \$315,000 through February 15, 2025. Interest rate is variable from 3.15% to 4.00%.	3,345,000

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

\$3,730,000 Series 2004 due in annual principal installments ranging from \$75,000 to \$270,000 through February 15, 2024. Interest rate is variable from 3.00% to 4.50%.	\$	2,770,000
\$3,750,000 Series 2003 due in annual principal installments ranging from \$80,000 to \$275,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.		2,610,000
\$9,600,000 Series 2002 due in annual principal installments ranging from \$345,000 to \$695,000 through February 2022. Interest rate is variable from 3.00% to 4.85%.		<u>6,145,000</u>
Total Certificates of Obligation – Water and Sewer Fund		<u>43,145,000</u>
Solid Waste:		
General Obligation Refunding Bonds:		
\$480,000 Series 2009 due in annual principal payments ranging from \$5,000 to \$60,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%.		435,000
Certificates of Obligation:		
\$1,380,000 Series 2011 due in annual principal installments ranging from \$125,000 to \$205,000 through February 2019. Interest rate is variable from 2.00% to 3.25%		1,380,000
\$3,575,000 Series 2010 due in annual principal installments ranging from \$150,000 to \$330,000 through February 2025. Interest rate is variable from 2.00% to 4.00%		3,315,000
\$1,400,000 Series 2009 due in annual principal installments ranging from \$150,000 to \$195,000 through February 2017. Interest rate is variable from 2.50% to 3.00%		1,085,000
\$1,200,000 Series 2008 due in annual principal installments ranging from \$130,000 to \$200,000 through February 2015. Interest rate is 3.50%		745,000
\$1,160,000 Series 2007 due in annual principal installments ranging from \$130,000 to \$190,000 through February 15, 2014. Interest rate is variable from 4.00% to 4.50%.		<u>550,000</u>
Total Bonds and Certificates of Obligation – Solid Waste Fund		<u>7,510,000</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Golf:

General Obligation Refunding and Improvement Bonds:

\$4,365,000 General Obligation Refunding and Improvement Bonds, Series 2010 due in annual principal payments ranging from \$340,000 to \$555,000 through February 15, 2021. Interest rate is variable from 3.00% to 5.00%.	\$ 4,365,000
\$225,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$20,000 to \$30,000 through February 15, 2017. Interest rate is variable from 3.00% to 5.25%.	<u>145,000</u>
Total General Obligation Bonds – Golf Fund	<u>4,510,000</u>
Add unamortized premium	1,404,523
Less:	
Unamortized loss on refunding	(578,145)
Unamortized discount	<u>(160,358)</u>
Total business-type General Obligation Refunding Bonds and Certificates of Obligation	\$ <u><u>65,366,400</u></u>

Debt Service Requirements

Debt service requirements at September 30, 2011 for General Obligation Bonds and Certificates of Obligation are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending September 30:				
2012	\$ 15,738,148	\$ 10,477,356	\$ 4,506,852	\$ 2,504,471
2013	15,314,172	9,980,638	4,750,828	2,310,148
2014	15,295,986	9,374,080	4,909,014	2,150,720
2015	14,506,314	8,732,217	4,748,688	1,986,256
2016	14,415,000	8,087,322	4,669,998	1,819,402
2017 – 2021	81,225,000	28,996,426	23,125,000	6,252,331
2022 – 2026	55,965,000	11,987,801	13,325,000	2,304,063
2027 – 2031	<u>20,820,000</u>	<u>2,147,000</u>	<u>4,665,000</u>	<u>362,835</u>
Totals	\$ <u><u>233,279,620</u></u>	\$ <u><u>89,782,840</u></u>	\$ <u><u>64,700,380</u></u>	\$ <u><u>19,690,226</u></u>

General Obligation Refunding Bonds

As part of the City’s debt management practices, the City defeased certain General Obligation Bonds and Certificates of Obligation by placing the proceeds of new bonds in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City’s financial statements. At September 30, 2011, there were \$3,600,000 of defeased bonds outstanding.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

On June 14, 2011, the City issued \$6,660,000 Adjustable Rate General Obligation Refunding Bonds. The bond proceeds were used to refund the outstanding Adjustable Rate General Obligation Bonds, Series 2003 in the amounts of \$5,981,083 in the General Government Fund, \$613,917 in the Water and Sewer Fund, and pay costs associated with issuing the new bonds. Because this is an adjustable interest rate bond issue with an interest rate that resets annually, there were no present value savings on this transaction. The City realized a \$7,475 accounting loss on the refunding, which will be amortized over the life of the new debt.

Certificates of Obligation

On April 1, 2011 the City issued \$7,965,000 Combination Tax and Revenue Certificates of Obligation, Series 2011 with a net interest cost of 3.62%. The Water and Sewer fund issued \$3,500,000 in Certificates, the Solid Waste fund issued \$1,380,000 in Certificates, and \$3,085,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$68,800 will be used for acquiring, constructing, improving, renovating and equipping City facilities, providing equipment and vehicles for various departments, extending and improving the City's water and sewer system and professional services rendered in connection therewith.

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

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

(i) Capital Leases and Other Contractual Obligations

The following is a summary of capital leases and other contractual obligation transactions of the City for the fiscal year ended September 30, 2011:

	<u>Computer Hardware</u>	<u>Police Academy</u>	<u>Loan STAR</u>	<u>CIS</u>	<u>Key Government Finance</u>	<u>Fossil</u>	<u>TIF Economic Grant</u>	<u>Texas Comptroller of Public Accounts</u>	<u>Total</u>	<u>Business- type activities Water and Sewer Computer hardware</u>
Balance at October 1, 2010	\$ 297,724	\$ 1,394,968	\$ 229,670	\$ —	\$ 586,538	\$ 143,882	\$ 3,299,865	\$ 2,152,731	\$ 8,105,378	\$ 62,487
Additions/ adjustments	797,065	—	—	798,323	—	—	4,939,616	—	6,535,004	—
Payments	<u>(269,020)</u>	<u>(83,198)</u>	<u>(58,751)</u>	<u>(97,415)</u>	<u>(119,325)</u>	<u>(71,458)</u>	<u>—</u>	<u>(112,812)</u>	<u>(811,979)</u>	<u>(19,431)</u>
Balance at September 30, 2011	<u>\$ 825,769</u>	<u>\$ 1,311,770</u>	<u>\$ 170,919</u>	<u>\$ 700,908</u>	<u>\$ 467,213</u>	<u>\$ 72,424</u>	<u>\$ 8,239,481</u>	<u>\$ 2,039,919</u>	<u>\$ 13,828,403</u>	<u>\$ 43,056</u>

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Capital Lease

The City has entered into a lease agreement with Dell Financial Services to finance the acquisition of computer equipment. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The leased equipment meets the City's capitalization threshold of \$5,000 and is included in the capital assets at September 30, 2011. The details of this lease are:

	Governmental activities	Total
Total cost	\$ 684,117	\$ 684,117
Less accumulated depreciation	(67,837)	(67,837)
Book value	\$ 616,280	\$ 616,280

The following is a schedule of the lease payments required under the capital lease at September 30, 2011:

Fiscal year ending September 30	Governmental activities
2012	\$ 293,039
2013	293,039
2014	293,039
Total minimum lease payments	879,117
Less amount representing interest (5%)	(82,052)
Present value of minimum lease payments	\$ 797,065

Notes Payable

At September 30, 2011, the City's outstanding notes payable, which were used to finance computer hardware, consisted of the following:

\$162,729 Frost Leasing, five year note due in monthly payments of \$2,996 through October 2013. Interest rate is 3.99%	\$ 71,760
--	-----------

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2011:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Fiscal year ending					
September 30:					
2012	\$ 13,481	\$ 900	\$ 20,221	\$ 1,350	\$ 35,952
2013	14,028	352	21,042	529	35,951
2014	1,195	3	1,793	5	2,996
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ 28,704	\$ 1,255	\$ 43,056	\$ 1,884	\$ 74,899

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, 2011:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2012	\$ 94,340	\$ 56,258	\$ 150,598
2013	98,226	52,216	150,442
2014	108,476	48,001	156,477
2015	107,815	43,608	151,423
2016	112,544	38,973	151,517
2017 – 2021	583,042	118,763	701,805
2022 – 2025	207,327	15,717	223,044
	<u> </u>	<u> </u>	<u> </u>
Totals	\$ 1,311,770	\$ 373,536	\$ 1,685,306

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

During fiscal year 2001-2002, the City entered into an agreement with the State of Texas Energy Conservation Office in which the City borrowed money from the State as part of its LoanSTAR Revolving Loan Program. Proceeds of the loan were used to make improvements to the energy use efficiency of several of the City’s public facilities. The projects were completed in fiscal year 2004 for a total cost of \$559,627. The following is a schedule of the payments required under the loan agreement as of September 30, 2011:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Fiscal year ending September 30:					
2012	\$ 60,533	\$	4,451	\$	64,984
2013	62,370		2,614		64,984
2014	48,016		722		48,738
Totals	<u>\$ 170,919</u>	\$	<u>7,787</u>	\$	<u>178,706</u>

TIF – Economic Grants

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for a maximum grant amount of \$3,299,865 plus 7% interest compounded annually until paid in full or termination of the agreement. The proceeds of the grant will be used to reimburse costs of land acquisition, site demolition, and utility relocation. Funding for this grant is contingent upon the availability of tax revenues in the TIF zone number 1 from Sub Area No. 2.

An infrastructure reimbursement grant and development agreement was entered into with the City and SAF Collins Technology Park, LLC in April 2010. This agreement provides for a maximum grant amount of \$5,000,000 plus 7% interest compounded annually until paid in full or termination of the agreement. An initial payment of \$60,384 was made in FY 2011. This grant award will be to offset the cost of infrastructure for a corporate data center and funding is contingent upon the availability of tax revenues in the TIF zone number 1 from Sub Area No. 3.

Other Obligations

The Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of \$2,256,143 was recorded as a liability and a reduction of sales tax revenue in FY 2008-2009. The Comptroller’s office has set up a 20-year payout arrangement and \$112,812 was paid in FY 2010-11.

The City financed \$1,618,924 with Key Government Finance for the purchase of a telephone system to be paid in annual installments of \$130,000 beginning October 15, 2010 and ending October 15, 2014.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

On October 15, 2009 the City entered into an agreement with Fossil, Inc. to purchase land and right-of-way for \$220,203 to be paid in three equal installments of \$73,401. The remaining installment is due October 15, 2011.

During fiscal year 2009-2010, the City entered into an agreement with Computer Information Systems, Inc. to purchase public safety records management software. The agreement requires annual installments of \$109,168 beginning October 1, 2010 and ending October 1, 2017.

(4) Other Information

(a) Risk Management

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management, as the third party administrator for this program. During fiscal year 2010-2011, a total of \$75,959 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund and Proprietary Funds. In addition, claims and benefits paid in the amounts of \$290,948 and \$82,849 have been recorded as expenditures/expenses in the General Fund and the Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "COR Plan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage at a maximum of \$200,000 per employee per year. The City purchases commercial insurance for claims in excess of the \$200,000 coverage mentioned above for each employee. In fiscal year 2010-2011, the City received refunds from the commercial insurance carrier in the amount of \$411,894.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be \$700,000 for unpaid claims and claim adjustment expenses at September 30, 2011. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Reconciliation of Unpaid Claims Liabilities

	<u>2011</u>	<u>2010</u>
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 700,000	\$ 700,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	9,472,000	8,614,000
Increase (decrease) in prior year provision	<u>449,000</u>	<u>(177,000)</u>
Total incurred claims and claim adjustment expenses	<u>10,621,000</u>	<u>9,137,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	8,772,000	7,914,000
Claims and claim adjustment expenses attributable to insured events of prior years	<u>1,149,000</u>	<u>523,000</u>
Total payments	<u>9,921,000</u>	<u>8,437,000</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 700,000</u>	<u>\$ 700,000</u>

(b) Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for construction and enterprise activities but are paid from the General Fund. During the year ended September 30, 2011, the City allocated \$8,100,998 for such services.

(c) Contingent Liabilities

Litigation

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

Grant Audit

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Schedule of Actuarial Liabilities and Funding Progress

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	30 years – open period	30 years – closed period	30 years – closed period
Asset valuation method	Amortized cost	Amortized cost	Amortized Cost
Investment rate of return	4.5%	4.0%	5.0%
Payroll growth	3.0%	4.0%	4.0%
Health care trends	9% initial, 4.5% ultimate	9% initial, 5% ultimate	9% initial, 5% ultimate

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Results for FY 2009 and FY 2010 used the same actuarial study. However, the continued low interest rate environment necessitated the use of a lower interest rate of return, and plan assumptions were reset in FY 2010. This is shown as a change in investment rate of return on the chart below. A new study was performed in FY 2011, and a 4.5% rate of return was adopted at the advice of the actuary.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual OPEB cost:			
Annual required contribution (ARC)	\$ 5,134,291	\$ 4,728,225	\$ 3,536,996
Interest on net OPEB obligation	534,754	129,620	—
Adjustment to the ARC	<u>(495,444)</u>	<u>(108,017)</u>	<u>—</u>
Annual OPEB cost	5,173,601	4,749,828	3,536,996
Contributions made	(1,007,702)	(1,484,120)	(1,361,923)
Change in investment rate of return	<u>—</u>	<u>1,065,439</u>	<u>—</u>
Net OPEB obligation	4,165,899	4,331,147	2,175,073
Net OPEB obligation, October 1	<u>11,883,416</u>	<u>7,552,269</u>	<u>5,377,196</u>
Net OPEB obligation, September 30	<u>\$ 16,049,315</u>	<u>\$ 11,883,416</u>	<u>\$ 7,552,269</u>
Percentage of annual OPEB cost contributed	19.5%	31.2%	38.5%
Funding progress:			
Actuarial valuation date	December 31, 2009	October 1, 2008	October 1, 2008
Actuarial value of assets	\$ —	\$ —	\$ —
Actuarial accrued liability (AAL)	60,087,217	60,896,447	47,029,210
Funded ratio	—	—	—
Unfunded AAL (UAAL)	\$ 60,087,217	\$ 60,896,447	\$ 47,029,210
Annual covered payroll	58,679,443	53,511,198	52,621,488
UAAL as a percentage of covered payroll	102.40%	113.80%	89.37%

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

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There was 1 participant in the program as of September 30, 2011.

(e) **Pension Benefits**

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined-benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

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

Valuation date	12/31/2010	12/31/2009	12/31/2008
Employee deposit rate	7%	7%	7%
City matching rate	2 to 1	2 to 1	2 to 1
Vesting period	5 Years	5 Years	5 Years
Retirement years (age/years of service)	60/5, Any/25	60/5, Any/25	60/5, any/25
Updated service credit	50%	50%	100%
Annuity increase (to retirees)	50% of CPI	50% of CPI	70% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for each city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, Updated Service Credits and Annuity Increases.

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

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

Change in Actuarial Values

The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. Prior to passage, TMRS accounted for three different pools of assets – one for cities, one for active employees, and one for retirees. Senate Bill 350 allowed TMRS to combine each of these pools into a single pool for each participating City: The Benefit Accumulation Fund. This new fund structure more closely resembles the structure of the vast majority of public pension systems, and helps protect cities against the downside risk of adverse investment returns while providing future contribution rate stability. These changes were incorporated into the TMRS 2010 Actuarial Valuation and amounts reported in the City's CAFR for FY 2011 now include the additional assets and liabilities of the former pool used to account for retirees, which had the net affect of increasing the City's funded ratio while at the same time reducing the contribution rate for FY 2012.

Schedule of Actuarial Liabilities and Funding Progress

Valuation date	12/31/2010	12/31/2009	12/31/2008
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	27 years – closed period	28 years – closed period	29 years – closed period
Asset valuation method	10-Yr Smoothed Market	10-Yr Smoothed Market	Amortized cost
Investment rate of return	7.0%	7.5%	7.5%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation rate	3.00%	3.00%	3.00%
Cost-of-living-adjustments	1.5% (3% CPI)	1.5% (3% CPI)	2.1% (3% CPI)

CITY OF RICHARDSON, TEXAS

Notes to Basic Financial Statements

September 30, 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net pension obligation:			
Annual pension cost:			
Annual required contribution (ARC)	\$ 11,989,514	\$ 13,429,874	\$ 11,855,749
Interest on net pension obligation (NPO)	362,094	162,883	—
Adjustment to the ARC	<u>(321,570)</u>	<u>(132,611)</u>	<u>—</u>
Annual pension cost	12,030,038	13,460,146	11,855,749
Contributions made	<u>(11,221,483)</u>	<u>(10,459,152)</u>	<u>(9,683,975)</u>
Increase in NPO	808,555	3,000,994	2,171,774
Net pension obligation, October 1	<u>5,172,768</u>	<u>2,171,774</u>	<u>—</u>
Net pension obligation, September 30	\$ <u>5,981,323</u>	\$ <u>5,172,768</u>	\$ <u>2,171,774</u>
Percentage of APC contribution	94%	78%	82%

Funding progress:

Actuarial valuation date	12/31/2010
Actuarial value of assets	\$ 313,084,736
Actuarial accrued liability (AAL)	359,151,109
Funded ratio	87.17%
Unfunded AAL (UAAL)	\$ 46,066,373
Annual covered payroll	58,251,916
UAAL as a percentage of covered payroll	79.09%

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

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 Year ended September 30, 2011

	Budgeted amounts		Actual GAAP basis	Adjustments budget basis	Actual budget basis	Variance with final budget-positive (negative)
	Original	Final				
Revenues:						
General property taxes	\$ 35,852,870	\$ 35,111,143	\$ 35,069,703	\$ —	\$ 35,069,703	\$ (41,440)
Franchise fees	12,614,167	12,702,875	13,418,072	—	13,418,072	715,197
Sales tax	24,539,694	24,083,153	24,752,578	(112,812)	24,639,766	556,613
Mixed beverage and bingo tax	404,257	415,296	408,285	—	408,285	(7,011)
911 revenue	1,087,556	1,062,351	1,070,084	—	1,070,084	7,733
Intergovernmental revenue	—	—	104,959	—	104,959	104,959
Licenses and permits	1,401,691	1,689,547	1,766,640	—	1,766,640	77,093
Fines and forfeitures	3,892,914	4,445,946	4,595,096	(152,000)	4,443,096	(2,850)
Interest revenue	50,229	50,143	51,797	—	51,797	1,654
Civic center use	327,766	328,717	298,693	—	298,693	(30,024)
Recreation and leisure	3,269,357	3,347,522	3,327,353	—	3,327,353	(20,169)
Rents	—	—	64,465	—	64,465	64,465
Public safety	1,698,898	1,692,328	1,591,416	—	1,591,416	(100,912)
Other revenue	1,151,980	1,399,656	740,233	—	740,233	(659,423)
General administration	7,952,998	8,550,998	8,100,998	—	8,100,998	(450,000)
Contributions	—	—	52,747	—	52,747	52,747
Total revenues	94,244,377	94,879,675	95,413,119	(264,812)	95,148,307	268,632
Expenditures:						
Current:						
General government	23,925,053	26,337,740	24,732,479	451,950	25,184,429	1,153,311
Public safety	37,606,304	37,674,599	37,676,580	(9,334)	37,667,246	7,353
Public services	16,047,874	14,205,472	15,621,928	(54,550)	15,567,378	(1,361,906)
Library	3,135,395	3,043,744	3,053,491	(36,371)	3,017,120	26,624
Parks and recreation	11,113,555	10,647,612	10,473,255	(62,632)	10,410,623	236,989
Public health	1,366,965	1,362,055	1,300,601	—	1,300,601	61,454
Capital outlay	15,178	136,715	751,944	—	751,944	(615,229)
Debt service:						
Interest and fiscal charges	—	—	21,637	(21,637)	—	—
Payments for other obligations	—	—	466,292	(466,292)	—	—
Total expenditures	93,210,324	93,407,937	94,098,207	(198,866)	93,899,341	(491,404)
Excess of revenues over expenditures	1,034,053	1,471,738	1,314,912	(65,946)	1,248,966	(222,772)
Other financing sources (uses):						
Transfers in	—	—	467,500	—	467,500	467,500
Transfers out	(969,678)	(1,464,678)	(2,529,678)	—	(2,529,678)	(1,065,000)
Issuance of Other Obligations	—	—	798,323	—	798,323	798,323
Insurance recoveries	—	—	40,495	—	40,495	40,495
Sale of capital assets	—	—	204,152	—	204,152	204,152
Total other financing sources (uses)	(969,678)	(1,464,678)	(1,019,208)	—	(1,019,208)	445,470
Net change in fund balance	64,375	7,060	295,704	(65,946)	229,758	222,698
Fund balances, October 1	15,489,779	15,854,175	16,133,178	76,444	16,209,622	355,447
Fund balances, September 30	\$ 15,554,154	\$ 15,861,235	\$ 16,428,882	\$ 10,498	\$ 16,439,380	\$ 578,145

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Schedule of Pension Benefits Funding Progress
 Last Four Fiscal Years

Actuarial valuation date	City Fiscal Year	(a)	(b)	(c)	(d)	(e)	UAAL as a percentage of covered payroll (d)/(e) (1)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual covered payroll (1)	
12/31/2007	2008	\$ 169,208,373	\$ 262,453,428	64.47%	\$ 93,245,055	\$ 54,789,624	170.19%
12/31/2008	2009	176,026,211	276,540,082	63.65%	100,513,871	58,633,974	171.43%
12/31/2009	2010	190,620,271	266,366,493	71.56	75,746,222	58,679,443	129.08
12/31/2010	2011	313,084,736	(2) 359,151,109	87.17	46,066,373	58,251,916	79.08

(1) Covered annual payroll and UAAL as a percentage of covered payroll are based on the fiscal year. The rest of the information is provided by TMRS on a calendar year basis.

(2) The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. Prior to passage, TMRS accounted for three different pools of assets – one for cities, one for active employees, and one for retirees. Senate Bill 350 allowed TMRS to combine each of these pools into a single pool for each participating City: The Benefit Accumulation Fund. This new fund structure more closely resembles the structure of the vast majority of public pension systems, and helps protect cities against the downside risk of adverse investment returns while providing future contribution rate stability. These changes were incorporated into the TMRS 2010 Actuarial Valuation and amounts reported in the City's CAFR for FY 2011 now include the additional assets and liabilities of the former pool used to account for retirees, which had the net affect of increasing the City's funded ratio while at the same time reducing the contribution rate for FY 2012.

Schedule of Postemployment Health Care Benefits Funding Progress
 Last Four Fiscal Years

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

Schedule of Employer Contributions – Postemployment Health Care Benefits

Last Four Fiscal Years		
Year ended September 30	Annual required contributions	Percentage contributed
2008	\$ 6,983,793	23%
2009	3,536,996	39
2010	4,749,828	31
2011	5,173,601	19

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Notes to Required Supplementary Information

September 30, 2011

Stewardship, Compliance, and Accountability

(A) Budgetary Information

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

	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 94,180,002	\$ 94,872,615
Debt Service	26,354,770	26,354,770
Water and Sewer	49,839,096	49,567,667
Solid Waste Services	13,883,009	13,439,455
Golf	2,744,616	2,711,359
Internal Service (Combined)	10,663,413	11,647,864
Special Police	113,555	109,402
State Grants	—	72,281
Federal Grants	—	134,333
Municipal Court Security	75,102	67,500
Traffic Safety	1,334,967	1,541,130
Wireless 911	386,000	475,325
Judicial Efficiency	19,700	18,600
Hotel/Motel Tax	5,341,692	5,526,183
Technology	14,337	334,996
Tax Increment Financing	358,180	338,271
Richardson Improvement Corp.	146,997	146,951
Franchise Peg Fund	—	5,000

CITY OF RICHARDSON, TEXAS

Notes to Required Supplementary Information

September 30, 2011

(B) Excess of Expenditures Over Appropriations

For the year ended September 30, 2011, General Fund expenditures exceeded appropriations by \$690,270. These excess expenditures were caused from recording the non-cash financing of capital purchases for the computer aided dispatch and records management system for public safety. These excess expenditures were funded by greater than anticipated revenues. Additional capital purchases were made in the Special Police Funds causing the expenditures to exceed appropriations by \$77,818. These expenditures were authorized and funded with existing fund balance. Expenditures for the Federal Grant Funds exceeded appropriations by \$77,713. These additional expenditures were funded with monies received from Federal Agencies for law enforcement purposes. The legal level of budgetary control is at the fund level for all City funds.

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

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$	295,704
Beginning of year adjustment for encumbrances not recognized as expenditures		313,101
End of year adjustment for encumbrances not recognized as expenditures		(114,235)
Reduction in sales tax recognized for GAAP basis		(112,812)
Increase in fines and forfeitures recognized for GAAP basis		<u>(152,000)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	\$	<u><u>229,758</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds

September 30, 2011

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds

September 30, 2011

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

Budget to Actual Comparisons

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

CITY OF RICHARDSON, TEXAS
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2011

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Traffic Safety Fund	Wireless 911 Fund
Assets:						
Cash and investments	\$ 383,435	\$ 4,804	\$ —	\$ 142,756	\$ 1,084,372	\$ 246,602
Intergovernmental receivables	—	1,050	83,170	—	—	—
Trade receivables	—	—	—	—	370,716	—
Prepaid items	—	—	—	—	—	—
Total assets	<u>\$ 383,435</u>	<u>\$ 5,854</u>	<u>\$ 83,170</u>	<u>\$ 142,756</u>	<u>\$ 1,455,088</u>	<u>\$ 246,602</u>
Liabilities and fund balances:						
Liabilities:						
Accounts payable	\$ 39,496	\$ 2,354	\$ 18,436	\$ —	\$ 96,648	\$ 4,276
Accrued liabilities	—	—	—	—	454,104	—
Due to other funds	—	—	64,734	—	—	—
Deferred revenue	—	3,500	—	—	269,951	—
Total liabilities	<u>39,496</u>	<u>5,854</u>	<u>83,170</u>	<u>—</u>	<u>820,703</u>	<u>4,276</u>
Fund balances:						
Non Spendable:						
Prepaid	—	—	—	—	—	—
Restricted for:						
Other purposes	343,939	—	—	142,756	634,385	242,326
Assigned for:						
Other purposes	—	—	—	—	—	—
Total fund balances	<u>343,939</u>	<u>—</u>	<u>—</u>	<u>142,756</u>	<u>634,385</u>	<u>242,326</u>
Total liabilities and fund balances	<u>\$ 383,435</u>	<u>\$ 5,854</u>	<u>\$ 83,170</u>	<u>\$ 142,756</u>	<u>\$ 1,455,088</u>	<u>\$ 246,602</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet – Nonmajor Governmental Funds
 September 30, 2011

Special Revenue Funds						
Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	PEG Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ 22,545	\$ 1,466,527	\$ 316,841	\$ 115,416	\$ 463,246	\$ 67,440	\$ 4,313,984
—	—	—	—	—	—	84,220
—	263,999	—	—	—	—	634,715
—	87,790	—	—	—	2,726	90,516
<u>\$ 22,545</u>	<u>\$ 1,818,316</u>	<u>\$ 316,841</u>	<u>\$ 115,416</u>	<u>\$ 463,246</u>	<u>\$ 70,166</u>	<u>\$ 5,123,435</u>
\$ 27	\$ 125,037	\$ 765	\$ —	\$ —	\$ 9,371	\$ 296,410
—	197,025	—	—	—	—	651,129
—	—	—	—	—	—	64,734
—	390,644	—	—	—	—	664,095
<u>27</u>	<u>712,706</u>	<u>765</u>	<u>—</u>	<u>—</u>	<u>9,371</u>	<u>1,676,368</u>
—	87,790	—	—	—	2,726	90,516
22,518	—	316,076	115,416	463,246	—	2,280,662
—	1,017,820	—	—	—	58,069	1,075,889
<u>22,518</u>	<u>1,105,610</u>	<u>316,076</u>	<u>115,416</u>	<u>463,246</u>	<u>60,795</u>	<u>3,447,067</u>
<u>\$ 22,545</u>	<u>\$ 1,818,316</u>	<u>\$ 316,841</u>	<u>\$ 115,416</u>	<u>\$ 463,246</u>	<u>\$ 70,166</u>	<u>\$ 5,123,435</u>

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2011

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Traffic Safety Fund	Wireless 911 Fund
Revenues:						
General property taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Hotel/motel tax	—	—	—	—	—	—
Eisemann center revenue	—	—	—	—	—	—
911 revenue	—	—	—	—	—	509,318
Intergovernmental revenue	11,389	59,460	212,046	—	—	—
Franchise Fees	—	—	—	—	—	—
Fines and forfeitures	138,463	—	—	105,987	1,479,874	—
Interest revenue	850	—	—	148	1,159	579
Contributions	—	—	—	—	—	—
Other revenue	—	—	—	—	—	—
Total revenues	<u>150,702</u>	<u>59,460</u>	<u>212,046</u>	<u>106,135</u>	<u>1,481,033</u>	<u>509,897</u>
Expenditures:						
General government	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—
Public health	—	17,460	—	—	—	—
Public safety	112,840	10,317	212,046	67,030	1,428,282	21,002
Library	—	33,415	—	—	—	—
General administration	—	—	—	—	—	—
Capital outlay	74,380	—	—	—	34,895	—
Total expenditures	<u>187,220</u>	<u>61,192</u>	<u>212,046</u>	<u>67,030</u>	<u>1,463,177</u>	<u>21,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,518)</u>	<u>(1,732)</u>	<u>—</u>	<u>39,105</u>	<u>17,856</u>	<u>488,895</u>
Other financing sources (uses):						
Transfers in	—	—	—	—	—	—
Transfers out	—	—	—	—	—	(450,000)
Issuance of Other Obligations	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(450,000)</u>
Net change in fund balances	<u>(36,518)</u>	<u>(1,732)</u>	<u>—</u>	<u>39,105</u>	<u>17,856</u>	<u>38,895</u>
Fund balance, October 1	<u>380,457</u>	<u>1,732</u>	<u>—</u>	<u>103,651</u>	<u>616,529</u>	<u>203,431</u>
Fund balance, September 30	<u>\$ 343,939</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 142,756</u>	<u>\$ 634,385</u>	<u>\$ 242,326</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2011

Special Revenue Funds						
Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	PEG Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ —	\$ —	\$ —	\$ —	\$ 217,464	\$ —	\$ 217,464
—	3,039,097	—	—	—	—	3,039,097
—	2,411,004	—	—	—	—	2,411,004
—	—	—	—	—	—	509,318
—	—	—	—	50,784	—	333,679
—	—	—	115,416	—	—	115,416
6,835	—	71,720	—	—	—	1,802,879
49	1,375	541	—	627	—	5,328
—	—	—	—	—	2,500	2,500
—	76,846	—	—	—	—	76,846
<u>6,884</u>	<u>5,528,322</u>	<u>72,261</u>	<u>115,416</u>	<u>268,875</u>	<u>2,500</u>	<u>8,513,531</u>
16,244	4,693,333	139,574	—	5,002,450	—	9,851,601
—	—	—	—	—	125,014	125,014
—	—	—	—	—	—	17,460
—	—	—	—	—	—	1,851,517
—	—	—	—	—	—	33,415
—	654,000	—	—	150,000	—	804,000
—	—	172,375	—	—	—	281,650
<u>16,244</u>	<u>5,347,333</u>	<u>311,949</u>	<u>—</u>	<u>5,152,450</u>	<u>125,014</u>	<u>12,964,657</u>
<u>(9,360)</u>	<u>180,989</u>	<u>(239,688)</u>	<u>115,416</u>	<u>(4,883,575)</u>	<u>(122,514)</u>	<u>(4,451,126)</u>
—	—	—	—	—	129,497	129,497
—	—	—	—	—	(17,500)	(467,500)
—	—	—	—	4,939,616	—	4,939,616
—	—	—	—	4,939,616	111,997	4,601,613
(9,360)	180,989	(239,688)	115,416	56,041	(10,517)	150,487
31,878	924,621	555,764	—	407,205	71,312	3,296,580
<u>\$ 22,518</u>	<u>\$ 1,105,610</u>	<u>\$ 316,076</u>	<u>\$ 115,416</u>	<u>\$ 463,246</u>	<u>\$ 60,795</u>	<u>\$ 3,447,067</u>

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2011

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget-positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 26,409,167	\$ 26,071,130	\$ 26,051,747	\$ (19,383)
Interest revenue	7,722	10,713	9,522	(1,191)
Interest received with bond proceeds	—	6,939	—	(6,939)
Total revenues	<u>26,416,889</u>	<u>26,088,782</u>	<u>26,061,269</u>	<u>(27,513)</u>
Expenditures:				
Debt service:				
Principal retirement	14,686,274	14,686,274	14,425,000	261,274
Interest and fiscal charges	11,654,115	11,654,115	11,174,047	480,068
Payments for other obligations	14,381	14,381	274,228	(259,847)
Total expenditures	<u>26,354,770</u>	<u>26,354,770</u>	<u>25,873,275</u>	<u>481,495</u>
Excess of expenditures over revenues	<u>62,119</u>	<u>(265,988)</u>	<u>187,994</u>	<u>453,982</u>
Other financing sources:				
Transfers in	—	330,000	330,000	—
Net proceeds from issuance/refunding bonds	—	—	58,537	58,537
Total other financing sources	<u>—</u>	<u>330,000</u>	<u>388,537</u>	<u>58,537</u>
Net change in fund balance	62,119	64,012	576,531	512,519
Fund balances, October 1	<u>2,111,305</u>	<u>2,111,305</u>	<u>1,603,602</u>	<u>(507,703)</u>
Fund balances, September 30	<u>\$ 2,173,424</u>	<u>\$ 2,175,317</u>	<u>\$ 2,180,133</u>	<u>\$ 4,816</u>

See accompanying notes independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Special Police Funds

Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 67,000	\$ 96,533	\$ 138,463	\$ 41,930
Intergovernmental revenue	35,000	34,528	11,389	(23,139)
Contributions	—	11,389	—	(11,389)
Other revenue	11,000	—	—	—
Interest income	723	531	850	319
Total revenues	<u>113,723</u>	<u>142,981</u>	<u>150,702</u>	<u>7,721</u>
Expenditures:				
Public safety	30,805	79,908	112,840	(32,932)
Capital outlay	82,750	29,494	74,380	(44,886)
Total expenditures	<u>113,555</u>	<u>109,402</u>	<u>187,220</u>	<u>(77,818)</u>
Excess of revenues over expenditures	<u>168</u>	<u>33,579</u>	<u>(36,518)</u>	<u>(70,097)</u>
Net change in fund balance	168	33,579	(36,518)	(70,097)
Fund balances, October 1	<u>370,906</u>	<u>380,457</u>	<u>380,457</u>	<u>—</u>
Fund balances, September 30	<u>\$ 371,074</u>	<u>\$ 414,036</u>	<u>\$ 343,939</u>	<u>\$ (70,097)</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – State Grant Funds
 Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget- positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ —	\$ 70,549	\$ 59,460	\$ (11,089)
Total revenues	<u>—</u>	<u>70,549</u>	<u>59,460</u>	<u>(11,089)</u>
Expenditures:				
Public health	—	28,548	17,460	11,088
Public safety	—	10,317	10,317	—
Library	—	33,416	33,415	1
Total expenditures	<u>—</u>	<u>72,281</u>	<u>61,192</u>	<u>11,089</u>
Excess of revenues over (under) expenditures	<u>—</u>	<u>(1,732)</u>	<u>(1,732)</u>	<u>—</u>
Net change in fund balance	—	(1,732)	(1,732)	—
Fund balances, October 1	<u>—</u>	<u>1,732</u>	<u>1,732</u>	<u>—</u>
Fund balances, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Federal Grant Funds
 Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget- positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ —	\$ 134,333	\$ 212,046	\$ 77,713
Total revenues	<u>—</u>	<u>134,333</u>	<u>212,046</u>	<u>77,713</u>
Expenditures:				
Public safety	<u>—</u>	<u>134,333</u>	<u>212,046</u>	<u>(77,713)</u>
Total expenditures	<u>—</u>	<u>134,333</u>	<u>212,046</u>	<u>(77,713)</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, October 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, September 30	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Municipal Court Security Fund

Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 85,000	\$ 95,500	\$ 105,987	\$ 10,487
Interest income	134	140	148	8
Total revenues	<u>85,134</u>	<u>95,640</u>	<u>106,135</u>	<u>10,495</u>
Expenditures:				
Public safety	<u>75,102</u>	<u>67,500</u>	<u>67,030</u>	<u>470</u>
Total expenditures	<u>75,102</u>	<u>67,500</u>	<u>67,030</u>	<u>470</u>
Excess of revenues over expenditures	<u>10,032</u>	<u>28,140</u>	<u>39,105</u>	<u>10,965</u>
Net change in fund balance	10,032	28,140	39,105	10,965
Fund balances, October 1	<u>87,402</u>	<u>103,651</u>	<u>103,651</u>	<u>—</u>
Fund balances, September 30	<u><u>\$ 97,434</u></u>	<u><u>\$ 131,791</u></u>	<u><u>\$ 142,756</u></u>	<u><u>\$ 10,965</u></u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines	\$ 1,080,000	\$ 1,505,846	\$ 1,479,874	\$ (25,972)
Interest income	1,968	1,051	1,159	108
Total revenues	<u>1,081,968</u>	<u>1,506,897</u>	<u>1,481,033</u>	<u>(25,864)</u>
Expenditures:				
Public safety	1,217,767	1,423,930	1,428,282	(4,352)
Capital outlay	117,200	117,200	34,895	82,305
Total expenditures	<u>1,334,967</u>	<u>1,541,130</u>	<u>1,463,177</u>	<u>77,953</u>
Excess of revenues over expenditures	<u>(252,999)</u>	<u>(34,233)</u>	<u>17,856</u>	<u>52,089</u>
Net change in fund balance	(252,999)	(34,233)	17,856	52,089
Fund balances, October 1	<u>655,852</u>	<u>616,529</u>	<u>616,529</u>	<u>—</u>
Fund balances, September 30	<u>\$ 402,853</u>	<u>\$ 582,296</u>	<u>\$ 634,385</u>	<u>\$ 52,089</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Wireless 911

Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
911 revenue	\$ 446,665	\$ 505,843	\$ 509,318	\$ 3,475
Interest income	499	498	579	81
Total revenues	<u>447,164</u>	<u>506,341</u>	<u>509,897</u>	<u>3,556</u>
Expenditures:				
Public safety	36,000	25,325	21,002	4,323
Total expenditures	<u>36,000</u>	<u>25,325</u>	<u>21,002</u>	<u>4,323</u>
Excess of revenues over expenditures	<u>411,164</u>	<u>481,016</u>	<u>488,895</u>	<u>7,879</u>
Other financing sources (uses):				
Transfers out	<u>(350,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>—</u>
Net change in fund balance	61,164	31,016	38,895	7,879
Fund balances, October 1	<u>194,505</u>	<u>203,431</u>	<u>203,431</u>	<u>—</u>
Fund balances, September 30	<u>\$ 255,669</u>	<u>\$ 234,447</u>	<u>\$ 242,326</u>	<u>\$ 7,879</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Judicial Efficiency Fund

Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 6,800	\$ 6,900	\$ 6,835	\$ (65)
Interest income	93	47	49	2
Total revenues	<u>6,893</u>	<u>6,947</u>	<u>6,884</u>	<u>(63)</u>
Expenditures:				
General government	<u>19,700</u>	<u>18,600</u>	<u>16,244</u>	<u>2,356</u>
Total expenditures	<u>19,700</u>	<u>18,600</u>	<u>16,244</u>	<u>2,356</u>
Excess of revenues over expenditures	<u>(12,807)</u>	<u>(11,653)</u>	<u>(9,360)</u>	<u>2,293</u>
Net change in fund balance	<u>(12,807)</u>	<u>(11,653)</u>	<u>(9,360)</u>	<u>2,293</u>
Fund balances, October 1	<u>24,114</u>	<u>31,878</u>	<u>31,878</u>	<u>—</u>
Fund balances, September 30	<u>\$ 11,307</u>	<u>\$ 20,225</u>	<u>\$ 22,518</u>	<u>\$ 2,293</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Hotel-Motel Fund
 Year ended September 30, 2011

	<u>Budgeted amounts</u>		<u>Actual GAAP basis</u>	<u>Adjustments budget basis</u>	<u>Actual budget basis</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>				
Revenues:						
Hotel/motel taxes	\$ 2,703,626	\$ 3,049,744	\$ 3,039,097	\$ (71,561)	\$ 2,967,536	\$ (82,208)
Parking fees	214,500	205,168	223,693	—	223,693	18,525
Eisemann center revenues	2,406,790	2,258,662	2,187,311	—	2,187,311	(71,351)
Miscellaneous revenue	—	—	76,846	—	76,846	76,846
Interest income	744	1,629	1,375	—	1,375	(254)
Total revenues	<u>5,325,660</u>	<u>5,515,203</u>	<u>5,528,322</u>	<u>(71,561)</u>	<u>5,456,761</u>	<u>(58,442)</u>
Expenditures:						
General government:						
Arts	300,000	300,000	300,000	—	300,000	—
Miscellaneous	10,200	400	294	—	294	106
Auditorium – administration	4,195,838	4,069,982	3,936,567	(6,094)	3,930,473	139,509
Parking garage	505,654	501,801	456,472	(291)	456,181	45,620
General administration	330,000	654,000	654,000	—	654,000	—
Total expenditures	<u>5,341,692</u>	<u>5,526,183</u>	<u>5,347,333</u>	<u>(6,385)</u>	<u>5,340,948</u>	<u>185,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,032)</u>	<u>(10,980)</u>	<u>180,989</u>	<u>(65,176)</u>	<u>115,813</u>	<u>126,793</u>
Net change in fund balance	<u>(16,032)</u>	<u>(10,980)</u>	<u>180,989</u>	<u>(65,176)</u>	<u>115,813</u>	<u>126,793</u>
Fund balances, October 1	<u>347,494</u>	<u>662,451</u>	<u>924,621</u>	<u>(275,401)</u>	<u>649,220</u>	<u>(13,231)</u>
Fund balances, September 30	<u>\$ 331,462</u>	<u>\$ 651,471</u>	<u>\$ 1,105,610</u>	<u>\$ (340,577)</u>	<u>\$ 765,033</u>	<u>\$ 113,562</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Technology Fund
 Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget- positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 72,000	\$ 71,000	\$ 71,720	\$ 720
Interest income	986	580	541	(39)
Total revenues	<u>72,986</u>	<u>71,580</u>	<u>72,261</u>	<u>681</u>
Expenditures:				
General government	14,337	293,052	139,574	153,478
Capital outlay	—	41,944	172,375	(130,431)
Total expenditures	<u>14,337</u>	<u>334,996</u>	<u>311,949</u>	<u>23,047</u>
Excess of revenues over expenditures	<u>58,649</u>	<u>(263,416)</u>	<u>(239,688)</u>	<u>23,728</u>
Net change in fund balance	58,649	(263,416)	(239,688)	23,728
Fund balances, October 1	<u>248,137</u>	<u>555,764</u>	<u>555,764</u>	<u>—</u>
Fund balances, September 30	<u>\$ 306,786</u>	<u>\$ 292,348</u>	<u>\$ 316,076</u>	<u>\$ 23,728</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Franchise PEG Fund
 Year ended September 30, 2011

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Franchise Fees	\$ —	\$ 173,000	\$ 115,416	\$ (57,584)
Interest income	—	11	—	(11)
Total revenues	<u>—</u>	<u>173,011</u>	<u>115,416</u>	<u>(57,595)</u>
Expenditures:				
Capital	—	5,000	—	5,000
Total expenditures	<u>—</u>	<u>5,000</u>	<u>—</u>	<u>5,000</u>
Excess of revenues over expenditures	<u>—</u>	<u>168,011</u>	<u>115,416</u>	<u>(52,595)</u>
Net change in fund balance	—	168,011	115,416	52,595
Fund balances, October 1	—	—	—	—
Fund balances, September 30	<u>\$ —</u>	<u>\$ 168,011</u>	<u>\$ 115,416</u>	<u>\$ (52,595)</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule – Tax Increment Financing
 Year ended September 30, 2011

	Budgeted amounts		Actual GAAP basis	Adjustments budget basis	Actual budget basis	Variance with final budget-positive (negative)
	Original	Final				
Revenues:						
General property tax	\$ 219,567	\$ 218,081	\$ 217,464	—	217,464	\$ (617)
Intergovernmental revenue	40,938	50,784	50,784	—	50,784	—
Interest income	1,041	580	627	—	627	47
Total revenues	<u>261,546</u>	<u>269,445</u>	<u>268,875</u>	<u>—</u>	<u>268,875</u>	<u>(570)</u>
Expenditures:						
General government	208,180	188,271	5,002,450	4,939,616	62,834	125,437
General administration	150,000	150,000	150,000	—	150,000	—
Total expenditures	<u>358,180</u>	<u>338,271</u>	<u>5,152,450</u>	<u>4,939,616</u>	<u>212,834</u>	<u>125,437</u>
Excess of revenues over expenditures	<u>(96,634)</u>	<u>(68,826)</u>	<u>(4,883,575)</u>	<u>(4,939,616)</u>	<u>56,041</u>	<u>124,867</u>
Other financing sources (uses):						
Issuance of Other Obligations	—	—	4,939,616	4,939,616	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>4,939,616</u>	<u>4,939,616</u>	<u>—</u>	<u>—</u>
Net change in fund balance	<u>(96,634)</u>	<u>(68,826)</u>	<u>56,041</u>	<u>—</u>	<u>56,041</u>	<u>124,867</u>
Fund balance, October 1	<u>400,160</u>	<u>407,205</u>	<u>407,205</u>	<u>—</u>	<u>407,205</u>	<u>—</u>
Fund balance, September 30	<u>\$ 303,526</u>	<u>\$ 338,379</u>	<u>\$ 463,246</u>	<u>—</u>	<u>\$ 463,246</u>	<u>\$ 124,867</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2011

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions	\$ 17,500	\$ 2,500	\$ 2,500	\$ —
	<u>17,500</u>	<u>2,500</u>	<u>2,500</u>	<u>—</u>
Expenditures:				
Parks and recreation	129,497	129,451	125,014	4,437
Total expenditures	<u>129,497</u>	<u>129,451</u>	<u>125,014</u>	<u>4,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,997)</u>	<u>(126,951)</u>	<u>(122,514)</u>	<u>4,437</u>
Other financing sources:				
Transfers in	129,497	129,497	129,497	—
Transfers out	<u>(17,500)</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>—</u>
Total other financing sources	<u>111,997</u>	<u>111,997</u>	<u>111,997</u>	<u>—</u>
Net change in fund balance	—	(14,954)	(10,517)	4,437
Fund balances, October 1	<u>20,402</u>	<u>71,312</u>	<u>71,312</u>	<u>—</u>
Fund balances, September 30	<u>\$ 20,402</u>	<u>\$ 56,358</u>	<u>\$ 60,795</u>	<u>\$ 4,437</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2011

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 Assets – All Internal Service Funds

September 30, 2011

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 151,618	\$ 1,548,401	\$ 1,700,019
Interest receivable	—	14,812	14,812
Accounts receivable	—	28,017	28,017
Inventory of supplies, at cost	217,748	—	217,748
Total current assets	<u>369,366</u>	<u>1,591,230</u>	<u>1,960,596</u>
Capital assets:			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	<u>607,883</u>	<u>—</u>	<u>607,883</u>
Less accumulated depreciation	<u>(551,872)</u>	<u>—</u>	<u>(551,872)</u>
Total capital assets, net of accumulated depreciation	<u>56,011</u>	<u>—</u>	<u>56,011</u>
Total assets	<u>425,377</u>	<u>1,591,230</u>	<u>2,016,607</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,529	47,277	49,806
Accrued liabilities	—	256,714	256,714
Compensated absences	4,131	3,244	7,375
Unpaid claims liabilities	—	700,000	700,000
Total current liabilities	<u>6,660</u>	<u>1,007,235</u>	<u>1,013,895</u>
Noncurrent liabilities:			
Compensated absences	30,297	26,245	56,542
Post employment benefits	127,890	65,660	193,550
Total noncurrent liabilities	<u>158,187</u>	<u>91,905</u>	<u>250,092</u>
Total liabilities	<u>164,847</u>	<u>1,099,140</u>	<u>1,263,987</u>
Net assets:			
Invested in capital assets, net of related debt	56,011	—	56,011
Unrestricted	204,519	492,090	696,609
Total net assets	<u>\$ 260,530</u>	<u>\$ 492,090</u>	<u>\$ 752,620</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenses, and Changes in
Fund Net Assets – All Internal Service Funds

Year ended September 30, 2011

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 360,670	\$ —	\$ 360,670
City and employee contributions	29,208	8,908,778	8,937,986
Intergovernmental revenue	2,805	82,897	85,702
Miscellaneous	1,680	34,222	35,902
	<u>394,363</u>	<u>9,025,897</u>	<u>9,420,260</u>
Total operating revenues			
Operating expenses:			
Personal services	405,888	225,438	631,326
Premiums	—	401,145	401,145
Professional and technical services	7,495	556,410	563,905
Property services	112,233	—	112,233
Other purchased services	305	95,877	96,182
Insurance claims	—	9,569,817	9,569,817
Supplies	29,025	1,332	30,357
Depreciation	1,038	—	1,038
	<u>555,984</u>	<u>10,850,019</u>	<u>11,406,003</u>
Total operating expenses			
Operating loss	<u>(161,621)</u>	<u>(1,824,122)</u>	<u>(1,985,743)</u>
Nonoperating revenues:			
Interest revenue	306	4,105	4,411
	<u>306</u>	<u>4,105</u>	<u>4,411</u>
Total nonoperating revenues			
Change in net assets	(161,315)	(1,820,017)	(1,981,332)
Net assets, October 1	<u>421,845</u>	<u>2,312,107</u>	<u>2,733,952</u>
Net assets, September 30	\$ <u>260,530</u>	\$ <u>492,090</u>	\$ <u>752,620</u>

See accompanying independent auditors' report.

CITY OF RICHARDSON, TEXAS

Combining Statement of Cash Flows – All Internal Service Funds

Year ended September 30, 2011

	<u>Central Services Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from service users	\$ 394,364	\$ —	\$ 394,364
Cash received from City, employee, and other contributions	—	9,028,021	9,028,021
Cash payments for premiums and other operating expenses	(157,412)	(1,022,245)	(1,179,657)
Cash payments to employees	(353,116)	(210,020)	(563,136)
Cash payments for claims	—	(9,257,238)	(9,257,238)
Net cash used for operating activities	<u>(116,164)</u>	<u>(1,461,482)</u>	<u>(1,577,646)</u>
Cash flows from investing activity:			
Purchase of Investment Securities	—	(3,034,896)	(3,034,896)
Proceeds from sale and maturities of investments	—	1,501,085	1,501,085
Interest received on investments	306	6,062	6,368
Net cash provided by (used for) investing activity	<u>306</u>	<u>(1,527,749)</u>	<u>(1,527,443)</u>
Net decrease in cash and cash equivalents	(115,858)	(2,989,231)	(3,105,089)
Cash and cash equivalents, October 1	<u>267,476</u>	<u>3,020,591</u>	<u>3,288,067</u>
Cash and cash equivalents, September 30	\$ <u>151,618</u>	\$ <u>31,360</u>	\$ <u>182,978</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (161,621)	\$ (1,824,122)	\$ (1,985,743)
Adjustments to reconcile operating loss to net cash used for operating activities			
Depreciation	1,038	—	1,038
Changes in assets and liabilities:			
Increase in inventory of supplies, at cost	(3,026)	—	(3,026)
Decrease in accounts receivables	—	229,760	229,760
Decrease in prepaid items	1,852	—	1,852
Increase (decrease) in accounts payable	(7,179)	32,519	25,340
Increase in accrued liabilities	—	84,943	84,943
Increase in compensated absences	30,500	2,543	33,043
Increase in post-employment benefits	22,272	12,875	35,147
Total adjustments	<u>45,457</u>	<u>362,640</u>	<u>408,097</u>
Net cash used for operating activities	\$ <u>(116,164)</u>	\$ <u>(1,461,482)</u>	\$ <u>(1,577,646)</u>
Reconciliation of cash and cash equivalents to the statement of net assets:			
Total cash and investments per the statement of net assets	\$ 151,618	\$ 1,548,401	\$ 1,700,019
Less investments not meeting the definition of cash equivalents	<u>—</u>	<u>(1,517,041)</u>	<u>(1,517,041)</u>
Cash and cash equivalents at September 30, 2011	\$ <u>151,618</u>	\$ <u>31,360</u>	\$ <u>182,978</u>

See accompanying independent auditors' report.

STATISTICAL SECTION

CITY OF RICHARDSON, TEXAS

Statistical Section

September 30, 2011

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

	Pages
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time	98 – 103
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	104 – 107
<i>Debt Capacity</i> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	108 – 112
<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.	113 – 114
<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.	115 – 117

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

Table 1

CITY OF RICHARDSON, TEXAS

Statement of Net Assets by Component

Last ten fiscal years

(In thousands)
(unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Invested in capital assets, net of related debt	\$ 113,782	\$ 115,163	\$ 103,076	\$ 107,132	\$ 103,650	\$ 101,178	\$ 118,380	\$ 105,653	\$ 112,015	\$ 108,707
Restricted	9,829	5,629	4,575	7,033	5,720	12,504	6,295	22,864	22,180	15,207
Unrestricted	6,320	7,956	16,140	10,514	21,045	26,098	8,487	903	(5,654)	(7,778)
Total governmental activities net assets	\$ 129,931	\$ 128,748	\$ 123,791	\$ 124,679	\$ 130,415	\$ 139,780	\$ 133,162	\$ 129,420	\$ 128,541	\$ 116,136
Business-type activities:										
Invested in capital assets, net of related debt	\$ 58,469	\$ 62,561	\$ 62,852	\$ 60,072	\$ 61,323	\$ 62,163	\$ 59,494	\$ 55,054	\$ 53,551	\$ 51,690
Restricted	13,571	10,275	1,921	2,312	5,013	2,990	3,627	3,873	2,338	9,245
Unrestricted	5,501	3,934	12,727	14,320	18,578	16,018	14,566	17,625	18,192	12,666
Total business-type activities net assets	\$ 77,541	\$ 76,770	\$ 77,500	\$ 76,704	\$ 84,914	\$ 81,171	\$ 77,687	\$ 76,552	\$ 74,081	\$ 73,601
Primary government:										
Invested in capital assets, net of related debt	\$ 172,251	\$ 177,724	\$ 165,928	\$ 167,204	\$ 164,973	\$ 163,341	\$ 177,874	\$ 160,707	\$ 165,566	\$ 160,397
Restricted	23,400	15,904	6,496	9,345	10,733	15,494	9,922	26,737	24,518	24,452
Unrestricted	11,821	11,890	28,867	24,834	39,623	42,116	23,053	18,528	12,538	4,888
Total primary government net assets	\$ 207,472	\$ 205,518	\$ 201,291	\$ 201,383	\$ 215,329	\$ 220,951	\$ 210,849	\$ 205,972	\$ 202,622	\$ 189,737

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Assets

Last ten fiscal years

(In thousands)

(Accrual basis of accounting)

(unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:										
Governmental activities:										
General government	\$ 16,195	\$ 22,976	\$ 22,253	\$ 22,787	\$ 24,339	\$ 25,381	\$ 30,689	\$ 27,784	\$ 27,767	\$ 34,351
Public safety	31,766	30,141	31,777	34,896	35,268	37,774	41,630	43,610	44,318	45,826
Public services	20,761	19,534	19,961	19,257	19,117	20,210	24,701	27,070	26,652	26,819
Library	2,909	3,105	3,050	3,060	3,097	3,988	4,145	4,224	4,099	4,245
Parks and recreation	9,501	10,377	10,412	10,936	11,765	12,576	13,814	13,658	14,507	14,662
Public health	1,066	1,139	1,168	1,215	1,310	1,344	1,483	1,582	1,460	1,467
Interest and fiscal charges	8,623	8,332	7,491	7,519	8,088	10,116	11,094	9,577	8,169	10,976
Total governmental activities expenses	90,821	95,604	96,112	99,670	102,984	111,389	127,556	127,505	126,972	138,346
Business-type activities:										
Water and sewer	31,616	32,849	33,643	35,487	37,820	40,918	44,718	45,746	46,168	49,197
Solid waste	9,309	9,012	9,565	9,950	10,387	11,193	12,049	12,326	12,712	12,726
Golf	2,187	2,256	2,328	2,456	2,554	2,143	2,332	2,402	2,294	2,447
Total business-type activities expenses	43,112	44,117	45,536	47,893	50,561	54,254	59,099	60,474	61,174	64,370
Total primary government expenses	\$ 133,933	\$ 139,721	\$ 141,648	\$ 147,563	\$ 153,545	\$ 165,643	\$ 186,655	\$ 187,979	\$ 188,146	\$ 202,716
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 3,098	\$ 3,290	\$ 2,294	\$ 2,231	\$ 2,039	\$ 2,138	\$ 3,144	\$ 3,724	\$ 3,111	\$ 3,577
Public safety	7,533	7,030	6,500	7,086	7,149	7,313	7,937	8,903	8,398	9,170
Public services	1,248	1,249	1,421	1,607	1,124	1,968	1,527	1,379	1,956	2,200
Library	131	137	128	145	149	170	186	190	184	164
Parks and recreation	2,174	2,454	2,498	2,563	2,679	2,796	2,898	2,891	3,291	3,327
Public health	190	178	197	186	189	196	249	255	264	266
Operating grants and contributions	28	99	519	1,221	731	576	1,061	368	642	532
Capital grants and contributions	11,936	4,620	2,443	1,245	3,766	5,810	4,991	10,059	10,144	3,875
Total governmental activities program revenues	26,338	19,057	16,000	16,284	17,826	20,967	21,993	27,769	27,990	23,111
Business-type activities:										
Charges for services:										
Water and sewer	30,359	30,720	32,982	33,921	43,938	34,645	40,338	43,116	42,807	48,485
Solid waste	8,855	9,195	10,116	10,255	10,687	10,989	11,330	12,262	12,274	12,275
Golf	2,151	2,090	2,028	1,952	2,163	2,022	2,144	2,045	1,536	1,873
Operating grants and contributions	—	—	—	—	—	—	—	—	—	15
Capital grants and contributions	3,860	972	880	301	835	1,375	701	872	1,228	647
Total business-type activities program revenues	45,225	42,977	46,006	46,429	57,623	49,031	54,513	58,295	57,845	63,295
Total primary government program revenues	\$ 71,563	\$ 62,034	\$ 62,006	\$ 62,713	\$ 75,449	\$ 69,998	\$ 76,506	\$ 86,064	\$ 85,835	\$ 86,406

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Assets
 Last ten fiscal years
 (In thousands)
 (Accrual basis of accounting)
 (unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense) revenue:										
Governmental activities	\$ (64,483)	\$ (76,547)	\$ (80,112)	\$ (83,386)	\$ (85,158)	\$ (90,422)	\$ (105,563)	\$ (99,736)	\$ (98,982)	\$ (115,235)
Business-type activities	2,113	(1,140)	470	(1,464)	7,062	(5,223)	(4,586)	(2,179)	(3,329)	(1,075)
Total primary government net expense	\$ (62,370)	\$ (77,687)	\$ (79,642)	\$ (84,850)	\$ (78,096)	\$ (95,645)	\$ (110,149)	\$ (101,915)	\$ (102,311)	\$ (116,310)
General revenues and other changes in net assets:										
Taxes:										
Property taxes	\$ 39,535	\$ 41,967	\$ 40,723	\$ 44,573	\$ 46,550	\$ 53,777	\$ 55,264	\$ 57,574	\$ 58,105	\$ 61,115
Sales taxes	18,956	19,337	20,170	21,046	21,923	23,646	23,286	20,815	24,967	24,753
Other taxes	2,588	2,554	2,925	2,832	3,302	3,540	3,719	2,986	3,105	3,447
Franchise fees	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206	12,275	13,533
Interest earnings	1,423	669	1,317	1,698	3,370	6,260	4,904	2,298	—	397
Insurance and other recoveries	—	—	—	2,500	—	173	—	—	—	—
Transfers in (out)	—	—	—	1,272	109	—	(117)	(19)	(695)	(489)
Gain on sale of assets	—	—	—	—	1,160	1,160	18	134	14	74
Total governmental activities	\$ 73,746	\$ 75,364	\$ 75,155	\$ 84,274	\$ 90,894	\$ 99,787	\$ 98,945	\$ 95,994	\$ 98,103	\$ 102,830
Business-type activities:										
Interest earnings	641	318	199	425	871	1,317	868	295	73	47
Insurance and other recoveries	—	—	—	194	—	30	—	—	—	—
Transfers in (out)	—	—	—	—	—	—	117	19	695	489
Gain on sale of assets	4	51	61	49	277	133	117	730	90	59
Total business-type activities	645	369	260	668	1,148	1,480	1,102	1,044	858	595
Total primary government	\$ 74,391	\$ 75,733	\$ 75,415	\$ 84,942	\$ 92,042	\$ 101,267	\$ 100,047	\$ 97,038	\$ 98,961	\$ 103,425
Change in net assets:										
Governmental activities	\$ 9,263	\$ (1,183)	\$ (4,957)	\$ 888	\$ 5,736	\$ 9,365	\$ (6,618)	\$ (3,742)	\$ (879)	\$ (12,405)
Business-type activities	2,758	(771)	730	(796)	8,210	(3,743)	(3,484)	(1,135)	(2,471)	(479)
Total primary government	\$ 12,021	\$ (1,954)	\$ (4,227)	\$ 92	\$ 13,946	\$ 5,622	\$ (10,102)	\$ (4,877)	\$ (3,350)	\$ (12,884)

Table 3

CITY OF RICHARDSON, TEXAS

Fund Balances, Governmental Funds

Last ten fiscal years

(unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Reserved for other	\$ 637	\$ 715	\$ 771	\$ 954	\$ 935	\$ 949	\$ 986	\$ 600	\$ 730	\$ —
Non spendable	—	—	—	—	—	—	—	—	—	507
Assigned to encumbrances	—	—	—	—	—	—	—	—	—	114
Unreserved	11,520	11,703	12,408	13,062	14,208	14,562	15,259	15,244	15,403	—
Unassigned	—	—	—	—	—	—	—	—	—	15,808
Total general fund	\$ 12,157	\$ 12,418	\$ 13,179	\$ 14,016	\$ 15,143	\$ 15,511	\$ 16,245	\$ 15,844	\$ 16,133	\$ 16,429
All other governmental funds:										
Reserved for:										
Capital projects	\$ 4,025	\$ 5,323	\$ 4,187	\$ 26,233	\$ 72,217	\$ 55,910	\$ 36,223	\$ 19,375	\$ 80,012	\$ —
Debt service	2,210	2,451	1,481	2,010	1,452	2,116	1,785	1,947	1,604	—
Other *	6,812	5,502	1,530	2,719	4,431	13,897	27,021	16,799	10,518	—
Unreserved, reported in:										
Special revenue funds	3,830	2,119	2,322	2,051	2,703	3,153	3,292	3,779	2,902	—
Capital funds	4,133	1,334	161	2,670	8,751	11,784	2,191	1,030	4,425	—
Non spendable:										
Prepaid	—	—	—	—	—	—	—	—	—	91
Deposits	—	—	—	—	—	—	—	—	—	105
Restricted for:										
Debt service	—	—	—	—	—	—	—	—	—	2,180
Parks and recreational facilities	—	—	—	—	—	—	—	—	—	22,817
Street improvements	—	—	—	—	—	—	—	—	—	30,061
Neighborhood vitality projects	—	—	—	—	—	—	—	—	—	7,725
Municipal public buildings	—	—	—	—	—	—	—	—	—	9,871
Other capital projects	—	—	—	—	—	—	—	—	—	3,399
Other purposes	—	—	—	—	—	—	—	—	—	4,180
Assigned for:										
Street rehabilitation	—	—	—	—	—	—	—	—	—	707
Other purposes	—	—	—	—	—	—	—	—	—	3,540
Encumbrances	—	—	—	—	—	—	—	—	—	—
Total all other governmental funds	\$ 21,010	\$ 16,729	\$ 9,681	\$ 35,683	\$ 89,554	\$ 86,860	\$ 70,512	\$ 42,930	\$ 99,461	\$ 84,676

* Includes prepaid items, inventory, and encumbrances

Note: The City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Table 4

CITY OF RICHARDSON, TEXAS
Changes in Fund Balances, Governmental Funds

Last ten fiscal years
(In thousands)
(unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
General property taxes	\$ 39,625	\$ 40,858	\$ 41,694	\$ 44,615	\$ 46,493	\$ 53,631	\$ 55,101	\$ 57,814	\$ 58,085	\$ 61,339
Franchise fees	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206	12,275	13,533
Sales tax	18,956	19,337	20,170	21,046	21,923	23,646	23,286	23,070	24,967	24,753
Mixed beverage and Bingo Tax	298	301	308	317	353	372	406	401	392	408
Hotel/motel taxes	2,290	2,254	2,617	2,515	2,949	3,168	3,314	2,585	2,713	3,039
911 Revenue	1,512	1,360	1,332	1,319	1,308	1,316	1,336	1,377	1,521	1,579
Intergovernmental revenue	5,371	1,962	1,664	1,458	1,664	4,071	3,312	8,566	4,946	3,465
Licenses and permits	1,403	1,613	1,426	1,563	1,161	1,865	1,506	1,375	1,466	1,767
Fines and forfeitures	4,565	4,321	4,546	4,100	4,208	4,587	5,008	5,550	5,583	6,398
Interest revenue	1,471	662	1,314	1,652	3,221	6,087	4,820	2,278	327	393
Civic center use	210	236	186	231	237	286	384	334	328	299
Eisemann center revenue	348	933	1,207	1,520	1,571	1,422	1,936	2,452	2,143	2,411
Recreation and leisure	2,149	2,454	2,490	2,563	2,679	2,796	2,898	2,891	3,275	3,327
Rents	921	1,039	12	16	26	12	59	79	21	64
Public safety	997	1,311	1,334	1,263	1,480	1,549	1,672	1,759	1,819	1,591
Contributions	7,109	2,222	897	951	2,743	2,150	565	138	293	124
Participation	271	237	39	53	152	164	104	56	171	55
Other revenue	836	1,236	1,124	828	533	853	1,055	864	886	964
General administration	5,369	5,156	5,589	5,602	5,738	6,643	6,968	6,932	6,745	8,101
Total revenues	104,945	98,329	97,969	101,965	114,079	125,849	125,601	130,527	127,956	133,610
Expenditures:										
General government	19,919	24,012	23,957	24,248	26,006	27,960	32,311	29,260	28,358	34,818
Public safety	29,048	28,021	29,699	32,909	33,002	35,186	36,507	38,860	38,193	39,627
Public services	12,188	11,568	12,153	12,680	12,875	13,938	17,328	19,542	18,613	18,020
Library	2,511	2,690	2,487	2,533	2,568	3,393	3,407	3,640	3,527	3,448
Parks and recreation	8,879	9,178	9,202	9,749	10,343	10,756	11,026	11,049	11,181	11,146
Public health	1,043	1,100	1,156	1,202	1,245	1,311	1,315	1,401	1,298	1,322
General administration	458	415	430	230	255	291	427	480	555	2,004
Capital outlay	50,295	19,857	8,696	6,262	14,808	20,699	27,552	37,125	20,934	20,701
Debt service:										
Principal retirement	8,626	9,060	9,354	16,588	7,887	10,241	11,311	12,308	12,548	14,425
Interest and fiscal charges	11,150	8,150	7,841	7,094	7,849	10,489	10,183	9,620	9,063	11,140
Payments for other obligations	116	351	267	544	615	456	474	2,690	1,228	812
Issuance costs	311	220	197	527	1,054	29	33	219	841	84
Total expenditures	144,544	114,622	105,439	114,566	118,507	134,749	151,874	166,194	146,339	157,547
Deficiency of revenues under expenditures	(39,599)	(16,293)	(7,470)	(12,601)	(4,428)	(8,900)	(26,273)	(35,667)	(18,383)	(23,937)

Table 4

CITY OF RICHARDSON, TEXAS

Changes in Fund Balances, Governmental Funds

Last ten fiscal years

(In thousands)
(unaudited)

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses):										
Transfers in	\$ 5,180	\$ 5,066	\$ 3,089	\$ 20,840	\$ 7,958	\$ 6,740	\$ 4,916	\$ 4,030	\$ 4,520	\$ 3,247
Transfer out	(5,180)	(5,066)	(3,089)	(20,840)	(7,958)	(6,740)	(5,033)	(4,049)	(5,215)	(3,736)
Issuance of certificates of obligation	7,524	4,600	—	2,790	2,640	3,220	4,500	5,370	7,520	3,085
Issuance of general obligation bonds	5,000	3,000	—	22,925	53,775	—	5,933	—	60,665	—
Issuance of refunding bonds	10,762	9,443	11,910	10,050	25,665	—	—	14,460	18,440	6,039
Issuance of other obligations	19	4,531	666	197	61	1,592	—	1,740	1,124	6,535
Premium on bonds	—	50	—	2,604	3,016	—	—	772	7,378	15
Discount on bonds	—	(25)	(31)	—	—	—	—	—	—	—
Payment to refunded bond escrow agent	(10,622)	(9,384)	(11,682)	(10,620)	(26,397)	—	—	(14,992)	(19,502)	(5,981)
Lease payments	—	—	183	84	—	—	—	—	—	—
Insurance and other recoveries	140	58	139	2,500	667	173	218	127	128	40
Proceeds from sale of capital assets	—	—	—	8,910	—	1,589	125	226	145	204
Total other financing sources	12,823	12,273	1,185	39,440	59,427	6,574	10,659	7,684	75,203	9,448
Net change in fund balances	<u>\$ (26,776)</u>	<u>\$ (4,020)</u>	<u>\$ (6,285)</u>	<u>\$ 26,839</u>	<u>\$ 54,999</u>	<u>\$ (2,326)</u>	<u>\$ (15,614)</u>	<u>\$ (27,983)</u>	<u>\$ 56,820</u>	<u>\$ (14,489)</u>
Debt service as a percentage of noncapital expenditures	21.11%	18.53%	18.05%	22.37%	15.77%	18.58%	17.67%	19.07%	18.21%	19.27%

Table 5

CITY OF RICHARDSON, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property

Last ten fiscal years

(unaudited)

Fiscal year ended September 30	Residential property	Commercial property	Industrial property	Less total exemptions/ reductions	Total taxable assessed value (1)	Total direct tax rate
2002	\$ 3,762,406,441	\$ 5,076,809,116	\$ 920,979,033	\$ 952,271,488	\$ 8,807,923,102	0.44385
2003	4,040,398,277	5,224,623,208	481,970,199	932,459,341	8,814,532,343	0.47785
2004	4,372,095,197	4,767,451,627	356,355,489	1,037,448,296	8,458,454,017	0.47785
2005	4,508,605,908	4,651,804,796	216,424,978	1,044,838,822	8,331,996,860	0.52516
2006	4,736,989,728	4,781,193,675	247,435,611	1,061,552,418	8,704,066,596	0.52516
2007	4,887,683,786	5,285,742,003	274,718,569	1,203,508,602	9,244,635,756	0.57516
2008	5,026,605,219	5,272,014,733	704,144,777	1,520,273,606	9,482,491,123	0.57516
2009	5,111,539,277	5,623,829,303	722,165,902	1,630,819,971	9,826,714,511	0.57516
2010	5,085,566,353	5,673,549,267	707,813,308	1,629,085,082	9,837,843,846	0.57516
2011	5,152,705,610	5,669,348,071	726,964,527	1,872,428,656	9,676,589,552	0.63516

Source: City Tax Department.

(1) Net of TIF values

Table 6

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Property Tax Rates

Last ten fiscal years

(Per \$100 of assessed value)

(unaudited)

Fiscal year	City direct rates			Overlapping rates							
	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund	
2002	\$ 0.258570	\$ 0.185280	\$ 0.443850	\$ 1.799300	\$ 0.250000	\$ 0.092843	\$ 1.628500	\$ 0.254000	\$ 0.060000	\$ 0.005525	
2003	0.304160	0.173690	0.477850	1.808100	0.250000	0.091946	1.703400	0.254000	0.060000	0.005500	
2004	0.303770	0.174080	0.477850	1.820000	0.250000	0.091932	1.733400	0.254000	0.077800	0.005460	
2005	0.349340	0.175820	0.525160	1.820000	0.250000	0.090646	1.733400	0.254000	0.080300	0.005460	
2006	0.358680	0.166480	0.525160	1.820000	0.250000	0.089422	1.733400	0.254000	0.081600	0.005300	
2007	0.358680	0.216480	0.575160	1.630050	0.245000	0.087683	1.578400	0.254000	0.081000	0.005304	
2008	0.362810	0.212350	0.575160	1.340050	0.245000	0.086984	1.268400	0.254000	0.080400	0.004714	
2009	0.362810	0.212350	0.575160	1.340050	0.242500	0.086493	1.303400	0.254000	0.089400	0.004928	
2010	0.362810	0.212350	0.575160	1.340050	0.242500	0.086300	1.328400	0.274000	0.094900	0.005212	
2011	0.362810	0.272350	0.635160	1.340050	0.240000	0.086300	1.353400	0.271000	0.099230	0.010000	

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

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

Table 7

CITY OF RICHARDSON, TEXAS

Principal Property Tax Payers
 Current year and ten years ago
 (unaudited)

	2011			2002		
	Taxable assessed value	Rank	Percentage of total city taxable assessed value (a)	Taxable assessed value	Rank	Percentage of total city taxable assessed value (b)
Cingular wireless taxpayer						
AT & T	\$ 171,182,863	1	1.76%			
Bank of America	166,761,305	2	1.72			
Verizon	144,078,816	3	1.48			
CISCO Systems	112,912,155	4	1.16			
IBM	106,293,260	5	1.09			
Texas Instruments	103,517,919	6	1.07			
Fujitsu	81,691,511	7	0.84	267,048,585	3	3.03%
Nortel Networks	65,602,960	8	0.68	274,348,998	2	3.11
Equastone	58,428,898	9	0.60			
Oncor	54,463,805	10	0.56			
Crescent Real Estate				86,462,005	7	0.98
TXU/Texas Utilities Electric				51,019,621	10	0.58
MCI				302,129,257	1	3.43
Alcatel				248,533,730	4	2.82
Southwestern Bell				192,757,205	5	2.19
Ericsson				89,591,340	6	1.02
Flextronics International				83,448,598	8	0.95
Trinet				61,372,320	9	0.70
Total	\$ 1,064,933,492		10.97%	\$ 1,656,711,659		18.81%

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

Note:

(a) Total Taxable Value October 1, 2010 = \$9,711,158,368

(b) Total Taxable Value October 1, 2001 = \$8,807,923,102

Table 8

CITY OF RICHARDSON, TEXAS

Property Tax Levies and Collections

Last ten fiscal years

(unaudited)

Fiscal year ended September 30	Taxes levied for the fiscal year September 30		Collected within the fiscal year of the levy		Collections and or adjustments in subsequent years	Total collections to date		
	\$		Amount	Percentage of levy		Amount	Percentage of levy	
2002	\$	39,314,044	\$	38,854,859	465,498	\$	39,320,357	100.02%
2003		41,759,918		40,275,196	1,416,785		41,691,981	99.84
2004		40,265,451		39,847,436	389,201		40,236,637	99.93
2005		44,019,499		43,626,251	353,592		43,979,843	99.91
2006		46,151,287		45,714,602	455,558		46,170,160	100.04
2007		53,459,507		52,971,881	524,921		53,496,802	100.07
2008		54,717,209		54,343,141	594,895		54,938,036	100.40
2009		57,082,055		56,660,641	413,278		57,073,919	99.99
2010		57,580,374		57,222,735	148,439		57,371,174	99.64
2011		61,618,620		61,256,376	—		61,256,376	99.41

Source: City Tax Department

Table 9

CITY OF RICHARDSON, TEXAS

Ratio of Outstanding Debt by Type

Last ten fiscal years

(unaudited)

Fiscal year	Governmental activities			Business-type activities				Total primary government	Percentage of personal income (1)	Per capita (1)
	General obligation bonds	Certificates of obligation	Other obligations	Water and sewer revenue bonds	General obligation refunding bonds	Certificates of obligation	Other obligations			
2002	\$ 84,553,891	\$ 77,413,779	\$ 599,044	\$ 1,250,000	\$ 1,181,110	\$ 34,121,222	\$ 744,146	\$ 199,863,192	7.17	\$ 2,114
2003	83,722,581	76,843,443	4,779,180	1,180,533	1,042,419	36,496,556	381,201	204,445,913	8.07	2,151
2004	89,279,810	63,088,762	5,178,049	1,115,544	910,190	38,731,238	150,296	198,453,889	7.58	2,067
2005	103,399,810	58,163,679	4,831,287	1,055,000	1,135,190	41,516,320	100,071	210,201,357	7.67	2,190
2006	174,629,810	36,383,644	4,277,408	990,000	1,135,190	44,826,355	48,503	262,290,910	8.58	2,718
2007	167,807,386	36,185,000	5,412,684	925,000	1,062,613	48,610,000	142,455	260,145,138	8.91	2,662
2008	160,411,425	36,770,000	10,871,911	855,000	963,575	52,115,000	82,734	262,069,645	8.40	2,689
2009	154,898,857	34,835,000	12,177,802	—	7,011,143	49,840,000	123,281	258,886,083	8.26	2,597
2010	221,126,083	23,435,000	8,105,379	—	15,058,917	48,705,000	62,487	316,492,866	9.75	3,190
2011	212,489,620	20,790,000	13,828,403	—	14,480,380	50,220,000	43,056	311,851,459	9.72	3,121

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

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

Table 10

CITY OF RICHARDSON, TEXAS

Ratio of General Bonded Debt Outstanding

Last ten fiscal years (dollars in thousands, except per capita)
(unaudited)

Fiscal year	General bonded debt outstanding			Percentage of actual taxable value of property (2)	Per capita (3)
	General obligation bonds	Certificates of obligation (1)	Total		
2002	\$ 84,554	\$ 67,784	\$ 152,338	1.73	\$ 1,612
2003	83,723	67,478	151,201	1.72	1,591
2004	89,280	54,009	143,289	1.69	1,493
2005	103,400	58,164	161,563	1.94	1,683
2006	174,630	36,384	211,013	2.42	2,187
2007	167,807	36,185	203,992	2.21	2,088
2008	160,411	36,770	197,181	2.08	2,023
2009	154,899	34,835	189,734	1.93	1,903
2010	221,126	23,435	244,561	2.49	2,465
2011	212,490	20,790	233,280	2.41	2,334

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

(1) The amounts for 2002-2004 do not include a portion of the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2000A which was considered self-supporting.

(2) See table 5 for property value data.

(3) See table 14 for population data.

Table 11

CITY OF RICHARDSON, TEXAS

Direct and Overlapping Governmental Activities Bonded Debt

September 30, 2011

(unaudited)

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes:			
Richardson Independent School District	\$ 420,444,988	38.69%	\$ 162,670,166
Plano Independent School District	976,599,804	10.06	98,245,940
Dallas County	143,932,642	3.51	5,052,036
Dallas County Hospital District	705,000,000	3.51	24,745,500
Dallas County Community College District	396,140,000	3.51	13,904,514
Collin County	387,580,000	5.09	19,727,822
Collin County Community College District	42,830,000	5.09	2,180,047
Subtotal, overlapping debt			326,526,025
City direct debt			233,279,620
Total direct and overlapping bonded debt			\$ 559,805,645

Source: First Southwest Company.

Table 12

CITY OF RICHARDSON, TEXAS

Legal Debt Margin Information

Last ten fiscal years
(unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 1,321,188,465	\$ 1,322,179,851	\$ 1,268,768,103	\$ 1,249,799,529	\$ 1,305,609,989	\$ 1,386,695,363	\$ 1,422,373,668	\$ 1,474,007,177	\$ 1,475,676,577	\$ 1,451,488,433
Total net debt applicable to limit	161,967,670	160,566,024	152,368,572	161,563,489	211,013,454	203,992,386	197,181,425	189,733,857	244,561,083	233,279,620
Legal debt margin	\$ 1,159,220,795	\$ 1,161,613,827	\$ 1,116,399,531	\$ 1,088,236,040	\$ 1,094,596,535	\$ 1,182,702,977	\$ 1,225,192,243	\$ 1,284,273,320	\$ 1,231,115,494	\$ 1,218,208,813
Total net debt applicable to the limit as a percentage of debt limit	12.26%	12.14%	12.01%	12.93%	16.16%	14.71%	13.86%	12.87%	16.57%	16.07%

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

(unaudited)

Fiscal year	Water Revenue Bonds							Coverage
	Utility service charge	Less operating expenses	Net available revenue	Debt service Principal	Debt service Interest	Accreted value		
2002	\$ 30,938,820	\$ 26,919,553	\$ 4,019,267	\$ 920,000	\$ 120,057	\$ —	\$ 3.80	
2003	31,007,303	27,909,907	3,097,396	69,467	988,770	925,533	2.86	
2004	32,935,195	28,465,878	4,469,317	64,989	994,124	935,011	2.24	
2005	34,268,319	30,302,699	3,965,620	60,544	129,443	74,455	15.00	
2006	44,670,913	32,241,222	12,429,691	65,000	50,937	—	107.21	
2007	35,747,318	34,112,347	1,634,971	65,000	48,012	—	14.47	
2008	41,071,623	37,662,979	3,408,644	70,000	45,088	—	29.62	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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

Water Revenue Bonds were refunded in FY2009.

Table 14

CITY OF RICHARDSON, TEXAS

Demographic and Economic Statistics

Last ten calendar years

(unaudited)

Year	Estimated population (1)	Personal income (thousands of dollars)	Per capita personal income (2)	Median age (2)	School enrollment		Unemployment rate (%) (5)
					R.I.S.D. (3)	P.I.S.D. (4)	
2002	94,529	\$ 2,786,431	\$ 29,477	35.9	35,275	50,632	5.4%
2003	95,050	2,532,797	26,647	37.6	35,245	51,800	5.5
2004	96,000	2,618,400	27,275	37.6	35,436	49,289	4.3
2005	96,000	2,740,704	28,549	35.0	34,441	53,203	4.9
2006	96,500	3,056,348	31,672	35.8	35,000	52,816	4.1
2007	97,720	2,920,264	29,884	39.6	35,000	54,478	3.8
2008	97,450	3,120,154	32,018	38.1	35,000	54,129	4.7
2009	99,700	3,134,169	31,436	37.2	34,878	54,864	7.3
2010	99,223	3,246,775	32,722	38.1	36,075	55,355	6.9
2011	99,930	3,207,553	32,098	38.1	35,997	54,989	7.5

Sources:

- (1) NCTCOG as of January, 2011.
- (2) Information compiled by Nielsen as of August 2010 for the Richardson Chamber of Commerce. New data will not be available until April, 2012.
- (3) School Enrollment – Richardson Independent School District.
- (4) School Enrollment – Plano Independent School District.
- (5) Unemployment – Texas Workforce Commission Website.

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

Table 15

CITY OF RICHARDSON, TEXAS

Principal Employers

Current year and ten years ago
(unaudited)

Employer	2011			2002		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
Richardson ISD	4,780	1	3.68%	3,810	3	4.01%
AT&T (SBC in 2002)	4,300	2	3.31	2,140	7	2.25
Bank of America	3,300	3	2.54			—
Blue Cross and Blue Shield of Texas	3,100	4	2.38	2,600	5	2.74
University of Texas at Dallas	2,830	5	2.18	2,800	4	2.95
Ericsson, Inc.	2,500	6	1.92	1,000	9	1.05
Verizon Business (Worldcom in 2002)	2,250	7	1.73	4,000	2	4.21
Fujitsu	1,500	8	1.15	2,250	6	2.37
Rockwell Collins	1,200	9	0.92			—
Cisco Systems	1,200	10	0.92	1,000	10	1.05
Nortel Networks				5,000	1	5.26
Cingular Wireless				1,500	8	1.58
Total	26,960		20.74%	26,100		27.48%

Source:

- (1) Richardson Chamber of Commerce
- (2) NCTCOG – City Employment as of October, 2010 totaled 130,000.
- (3) 2002 Official Statement, Bond Counsel; Richardson Chamber of Commerce.
- (4) NCTCOG – Projections for 2002 City Employment use the 2000 projection of 94,972. Projections are only available in 5 year increments.

Table 16

CITY OF RICHARDSON, TEXAS

Full-Time Equivalent City Government Employees by Function/Program

Last ten fiscal years
(unaudited)

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	153	153	144	148	149	152	155	143	145	145
Public safety	410	391	392	390	393	398	398	397	397	395
Public services	157	143	139	141	142	146	153	156	152	156
Library	36	34	33	33	33	34	35	35	35	35
Parks and recreation	101	91	87	82	83	83	84	78	80	81
Public health	16	15	15	15	15	16	16	15	16	16
Water	62	59	61	58	56	58	61	64	66	66
Wastewater	11	11	11	11	11	11	12	12	12	12
Solid waste	58	57	57	57	57	61	61	70	70	70
Golf	18	17	16	16	16	16	16	16	16	16
Total	1,022	971	955	951	955	975	991	986	989	992

Source: City Budget Office.

Table 17

CITY OF RICHARDSON, TEXAS

Operating Indicators by Function/Program

Last ten fiscal years
(unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police:										
Number of employees	259	243	244	244	243	248	249	246	229	242
Fire:										
Number of employees	151	148	148	146	150	150	149	151	150	153
Municipal court:										
Number of violations (citations)	52,773	46,772	40,895	42,588	39,972	39,361	49,008	42,137	46,077	54,113
Public services:										
Street resurfacing (miles)	0.20	2.30	1.90	0.30	8.40	2.00	1.20	—	—	—
Asphalt repairs (tons)	5,281	1,665	4,217	2,374	1,252	1,403	7,683	1,322	1,091	1,117
Parks and recreation:										
Acreage	1,278	1,278	1,598	1,598	1,598	1,598	865	865	865	867
Library:										
Volumes in collection	205,858	221,636	227,328	236,479	247,059	250,035	262,208	251,535	253,802	260,328
Water and sewer:										
Number of water consumers	31,146	31,681	32,334	32,499	32,626	32,318	32,064	31,751	31,711	32,407
Average daily water consumption (thousands of gallons)	27,280	24,100	32,280	33,761	31,342	27,401	27,540	23,622	26,703	26,033
Number of sewer consumers	31,146	31,681	32,334	31,644	31,675	31,713	31,518	31,274	31,245	29,192
Solid waste:										
Refuse collected (tons/day)	133	136	133	175	165	162	162	149	152	143
Bulky/brush pickups (tons/day)	34	34	41	54	53	60	67	60	65	59
Recyclables collected (tons/day)	27	18	17	17	18	18	20	22	28	28
Golf:										
Number of rounds played	97,174	92,751	97,500	91,944	100,750	94,825	102,584	100,266	75,630	92,999

Source: City Departments

Notes:

Park and Recreation Acreage – Prior to 2008 acreage was reported as all land that the Parks Department maintained (included ROW, medians, etc.) . Starting in 2008, reported totals are only acreage of park land.

Table 18

CITY OF RICHARDSON, TEXAS

Capital Asset Statistics by Function/Program

Last ten fiscal years
(unaudited)

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	33	40	40	40	40	41	44	43	42	43
Volunteer patrol units	—	—	—	—	—	—	2	3	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets- paved (miles)	415	414	400	400	401	402	402	405	404	404
Alleys – paved (miles)	215	220	218	221	221	222	223	223	221	221
Sidewalks (miles)	548	569	569	593	593	593	585	585	651	651
Streetlights	5,630	5,630	5,640	6,022	6,036	6,036	6,120	6,159	6,171	6,207
Parks and recreation:										
Parks	30	30	30	30	30	30	30	30	30	32
Playgrounds	26	26	28	28	28	28	28	28	28	29
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	32	32	32	32	32	32	32	32	32	32
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	509	517	531	554	551	555	559	563	567	569
Fire hydrants	3,287	3,385	3,685	3,839	3,893	3,963	4,062	4,056	4,110	4,156
Wastewater:										
Sanitary sewers (miles)	384	395	406	406	495	495	499	499	499	499

Source: City Departments

Notes:

Data for sidewalks is updated every two years.