



CITY OF RICHARDSON, TEXAS

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Prepared By:

DEPARTMENT OF FINANCE

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**City of Richardson, Texas
Annual Comprehensive Financial Report
For the Year Ended September 30, 2021**

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INTRODUCTORY SECTION



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February 24, 2022

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

The Annual Comprehensive Financial Report of the City of Richardson (the City), for the fiscal year ended September 30, 2021, 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. Staff utilizes a third-party publishing software in preparation of this report that rounds each statement and schedule independently. This may cause some minor rounding differences between various statements and schedules.

The City Council selected the firm of Crowe LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2021, and the auditor's report is located at the front of the financial section of the Annual Comprehensive 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.

City Council

Mayor
Paul Voelker

Mayor Pro Tem
Place 3
Janet DePuy

Place 1
Bob Dubey
Place 2
Jennifer Justice
Place 4
Joe Corcoran
Place 5
Ken Hutchenrider
Place 6
Arefin Shamsul

City Manager
Dan Johnson

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Richardson, TX
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CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2021

Profile of the Government

The City, located in North Central Texas, was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made in November 2015. The City currently has a land area of 28.5 square miles and an estimated population of 119,469. The City is a home rule city and operates under the Council-Manager form of government. Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing each of the City's four districts. Terms of office for all Council positions are for two consecutive years.

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

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

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

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

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Impacts of COVID-19

In March 2020, the Governor of the State of Texas and Richardson's Mayor declared a State of Disaster due to the COVID-19 pandemic. The City made numerous service and policy modifications such as suspending water and solid waste cut offs due to nonpayment and the waiver of various City fees, penalties and interest to help businesses and residents impacted by the virus. Numerous special events were also canceled throughout the year such as Cottonwood Arts Festival, Wildflower! Art and Music Festival, Annual Family 4th of July Celebration, and Corporate Challenge to name a few. Furthermore, the City made several logistical changes to provide citizens a safe way to conduct business at city buildings and added new digital options to many services, such as virtual meetings for most citizen advisory boards, electronic comment cards for public hearing items and virtual court dockets.

Operationally, vacant positions were frozen across the organization and many maintenance initiatives and projects were put on hold. Programs for the City's performing arts center were canceled and many of the parks and recreation offerings were suspended. Management updated all revenue estimates and reduced discretionary expenses to match the lower revenue estimates without having to reduce full-time staffing. Ultimately, Richardson was not as severely impacted by the pandemic as initially projected. Sales tax remained strong throughout the remainder of Fiscal Year 2020, finishing \$6.4 million over year-end estimates and \$4.6 million over the original budget. Water and sewer sales were minimally impacted and the golf course experienced record revenue as patrons looked for safe ways to enjoy the outdoors.

During the summer of 2020, the Central Appraisal Districts responsible for setting property values in Richardson gave very conservative tax values that were used to levy property taxes due to difficulties in allowing property owners to protest values in person. Also, the City assumed that sales tax collections might drop off after Federal stimulus efforts ran out. Based on this, the City's Fiscal Year 2021 budget reflected a sustaining strategy, assuming that the full year impacts of COVID-19 would have a strong negative impact on the City's finances. The budget kept in place most of the service modifications and operational changes that had been introduced the prior year, while acknowledging that there might be opportunities for measured and careful restoration of some services.

Once again, sales tax performed stronger than expected and finished \$16.9 million over the original conservative budget and property tax finished \$4.2 million over the original budget as property owner protests were resolved. This strong revenue performance allowed the City to cautiously undo some of the changes that were made due to the pandemic's originally anticipated impacts. The City's General Fund was able to set aside \$18.75 million in funds to supplement the 2021 GO Bond Program and provide additional funding to the Hotel/Motel Tax Fund which is expected to take the longest to recover from the pandemic.

While Richardson has managed to avoid material financial challenges from COVID-19, we are mindful of the personal impacts to City staff caused by employees impacted by or lost to the

CITY OF RICHARDSON, TEXAS

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pandemic. Given the ongoing challenges of the pandemic, Richardson is proud to report the continued strong commercial investment and financial highlights that took place during the year which are detailed out in the remainder of this letter.

Richardson's Place in the Local Economy

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

Richardson is one of the most conveniently located communities in DFW, with access to points in all directions via both major roadways and the Dallas Area Rapid Transit ("DART") rail system. Central Expressway (U.S. 75), one of the main northbound and southbound arteries of the region, runs through the heart of the community. LBJ Freeway (IH-635) is to the immediate south of the City and the President George Bush Turnpike spans the northern border, giving Richardson residents easy access to the Dallas-Fort Worth International Airport. Richardson residents and businesses also benefit from the DART Light Rail line which parallels Central Expressway and has four existing stations in the City: Spring Valley, Arapaho Center, Galatyn Park and CityLine/Bush. The DART Silver Line is currently under construction with revenue service expected to begin by Fiscal Year 2024. The Silver Line follows the Cotton Belt Regional Rail Corridor, which runs through the northwest portion of the City, running from Plano in the east, through Richardson, and connecting on to DFW Airport where it will connect to the TEXRail Line which runs to downtown Fort Worth. The Silver line will include two stations in Richardson, one at the University of Texas at Dallas and another at CityLine next to the existing Light Rail station and will also feature a hike and bike trail running the entire length of the line.

To take full advantage of these transportation assets for development and redevelopment purposes, the City has implemented three Tax Increment Financing (TIF) Districts. TIF District #1 was established in November 2006, encompassing both sides of the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and then extending west from U.S. 75 along Spring Valley Road to Coit Road. The district also includes an approximately 1,200-acre area east of U.S. 75 known as the Richardson Innovation Quarter which is more fully described below. TIF District #2, established in November 2011, is bounded by President George Bush Turnpike on the north, Wyndham Lane on the east, Renner Road on the south, and the DART Light Rail line on the west. TIF District #3, established in November 2011, is bounded by President George Bush Turnpike on the north, the DART Light Rail line on the east, Renner Road on the South and has its western boundary between Alma Road and U.S. 75. Dallas County participates financially in TIF District #1 and Collin County participates financially in TIF District #2 and TIF District #3.

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TIF District #2 and TIF District #3 collectively include 241 acres that are better known as CityLine. The combined developments now include corporate office buildings anchored by State Farm and Raytheon, over 2,500 apartment and town home units, hotels, a wellness office building and fitness center anchored by Texas Health Resources and Children's Medical Center, 150,000 square feet of restaurants and retail space, DART Light Rail and Silver Line stations and two City parks with connectivity to regional trails and nature preserves. This unique lifestyle destination balances spaces to live, work and play while the compact layout offers easy access to all its amenities. CityLine is not fully built out, with additional acreage available for the development of more corporate office buildings. Currently, Dallas builder Centre Living Homes is building 58 additional urban-style homes within TIF #3.

TIF District #1 includes numerous developments as well as the City's CORE District and the Richardson Innovation Quarter. The CORE District encompasses the area around U.S. 75 starting just west of Belt Line Road and continuing east as Belt Line Road transitions to Main Street, ending just east of Richardson's historic downtown. The CORE District includes five distinct destination areas that include Chinatown, Downtown, Heights, Interurban and Lockwood. This area is home to a diverse mix of retail businesses including Lockwood Distilling Company, Greenville Avenue Pizza Company, Monkey King Noodle Company and the first Alamo Drafthouse in the DFW region. Currently under construction, Belt + Main is a mixed-use multi-family development in the Downtown district that will add 430 apartment and townhome units, a parking garage with public spaces, retail and commercial space. The CORE District is also home to the City's Police Headquarters and Fire Station #1. The Richardson Innovation Quarter ("The IQ®") is a 1,200-acre urban hub with a rich heritage of innovation and entrepreneurship generally bounded by U.S. 75, Campbell Road, Plano Road and Apollo Road. With over 1,000 businesses and 19,000 workers, The IQ® is home to technology-related start-ups, manufacturers, nonprofit organizations, corporate research and development, restaurants, multi-family developments and more. Some notable companies with a presence in The IQ® include Digital Realty, Ericsson, Honeywell, Raytheon, and the Texas Blockchain Council.

Outside of the City's TIF Districts, Richardson's highlights include Texas Instruments' 1.1 million square foot semiconductor manufacturing facility on Renner Road that produces 300-mm analog wafer chips. A new 870,000 square foot manufacturing facility is under construction on the Texas Instruments site to boost the company's capacity to produce chips used in automobiles, smartphones and industrial machinery. Richardson is home to the University of Texas at Dallas, with nearly 30,000 students enrolled in 146 academic programs including top-ranked programs in STEM, management, liberal arts and social sciences majors. The university's STEM programs are a major draw and labor source for the City's high-tech companies. The university continually upgrades its infrastructure through campus reinvestment, ensuring a state-of-the-art experience for students. The university also includes Northside, a public-private partnership that resulted in the development of multi-family housing and retail that added approximately 2,600 beds adjacent to the DART Silver Line rail station. Richardson is also home to the Methodist Richardson Medical Center ("MRMC"). This full-service medical center offers enhanced health care services to residents of Richardson and

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surrounding communities. MRMC includes two campuses, the primary campus on Renner Road at President George Bush Turnpike and a secondary campus on West Campbell Road near U.S. 75. Combined, the two facilities have nearly 400 beds and employ over 400 physicians. MRMC recently announced an 80,000 square foot expansion of the emergency department on its primary campus which is expected to start construction in 2022.

Other Recent Developments

Ovation at Galatyn Park: Bridge Investment Group and Legacy Partners are constructing a 351-unit apartment community near the City's Eisemann Center performing arts venue and DART's Galatyn Park Light Rail station. Through a public-private partnership, the apartment community will include one level of a parking garage that will be used exclusively by the City for additional parking needs at the Eisemann Center.

West Coast University: West Coast University, a California-based vocational college, moved their Dallas campus to a location on U.S. 75 in Richardson. The college offers campus and online-based degree programs in healthcare such as nursing, dental hygiene, health administration and more.

Amazon Distribution Center: Developer Seefried Properties recently completed construction on an approximately 141,000 square foot Amazon distribution and fulfillment center and have space for 695 delivery vans, including 560 electric vehicle vans. The development is located on a 33-acre parcel at the corner of Shiloh Road and Breckinridge Boulevard.

Lennar Family Communities: Lennar Family Communities won approval of zoning for 16.4 acres of undeveloped industrial space to allow for the future construction of a 590-unit mixed-residential community. The first of its kind in Richardson, the development would incorporate townhomes, live-work units, age-restricted independent living facilities and apartments at North Glenville Drive and East Lookout Drive.

Sherman Lofts: The City Council approved zoning for Sherman Lofts, located within TIF #1 on Spring Valley Road, across the street from DART's Spring Valley Light Rail station. The proposed four-story apartment development will include 299 traditional apartment units, three live-work apartments and a 932 square foot coworking space open to the public.

Richardson Restaurant Park: Richardson Restaurant Park, located within TIF #1 on U.S. 75 south of Belt Line Road, received favorable zoning to add a new location within the development for local company Eiland Coffee Roasters as well as a new site for a Dave's Hot Chicken. Additionally, the zoning will include a 16,000 square foot outdoor dining and entertainment plaza.

Tax Abatements and Economic Incentives

Many of the developments mentioned in the previous section were made possible by economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax or enhance the property tax base and

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economic vitality of the City. More details on these programs are available in Note 14 of this document and at www.cor.net/transparency. At any time, the City has numerous active incentive agreements. The only material agreement under the City's incentive program is the tax abatement and related Chapter 380 agreement with Texas Instruments. This agreement resulted in the abatement of \$2,213,246 in taxes and the reduction of water and sewer charges of \$7,123,076. In Fiscal Year 2004, the year prior to construction of the Texas Instruments facility, the City received \$75 in property taxes on the undeveloped land. Net of the abatement, the City received \$2,039,831 in property taxes and \$10,733,104 in water and sewer revenues in Fiscal Year 2021. Texas Instruments was the number one water user in the City. Additionally, Texas Instruments chose to increase its Richardson presence by the current expansion of their manufacturing facility. None of this investment would have been possible without economic incentives.

Long-term Financial Planning

The \$38,813,972 unassigned fund balance in the General Fund is the equivalent of 90.21 days of expenditures and transfers on a budgetary basis. Additionally, the City was able to transfer almost \$27.5 million in resources from the General Fund to the Capital Fund for future capital needs and cash funded maintenance initiatives. During Fiscal Year 2015, the City Council expressed a desire to strategically increase the year-end fund balance of the General Fund. At that time, fund balance stood at 60.5 days, slightly in excess of the formal policy requirement of 60 days. Since that time, through the strategic utilization of year-end savings, one-time revenues from major construction permits and greater than budgeted sales tax payments, the City has been able to increase to the current level. During the Fiscal Year 2022 budget adoption, the City Council formally increased the fund balance requirement for the General Fund to 90 days.

On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens. As part of these evaluations, the City now budgets a portion of property tax receipts for recurring transfers for street and alley rehabilitation (\$5.3 million), neighborhood park maintenance (\$0.4 million), information technology and traffic legacy software replacement (\$1.85 million), economic development (\$0.8 million) and general vehicle and equipment replacement (\$2.9 million). All in, these recurring transfers provided \$11.3 million for funding community needs.

Major Initiatives

In November 2015, citizens approved a \$115 million, six-year General Obligation bond program. The 2015 program included \$67 million for public buildings, including a new Fire Station #3 and a new Public Safety Complex, \$38.6 million for various street improvements, \$2.2 million for various sidewalk replacements, and \$7.2 million for various park improvements, including renovations to the Senior Center and an expansion of trails at the Spring Creek Nature Area. During Fiscal Year 2021, the City completed the issuance of all the bonds without requiring a property tax increase to repay the debt.

Acknowledging the need for continuous reinvestment in City infrastructure, the City Council called a \$190 million, five-year General Obligation bond program which was approved by the voters in

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November 2021. This program includes \$102 million for various street and alley improvements, \$64 million for renovations of public buildings including the Library and City Hall, \$8.5 million for sidewalks, \$8 million for drainage improvements, and \$7.5 million for various park improvements including the activation of two undeveloped properties. The Bond Program will start with issuances in Fiscal Year 2022.

Some of the key initiatives during Fiscal Year 2021 included:

- American Rescue Plan funding: The United States Congress passed the American Rescue Plan Act (“ARP”) in early 2021. The City has been allocated \$18.29 million from this program. Approximately \$8.5 million of these funds are being used to replace revenues and have been assigned to the reconstruction of Custer Road between Campbell Road and Arapaho Road. The remainder of the ARP funds will be utilized to enhance the City’s water system.
- A new Northside water tower was completed. The steel bowl is emblazoned with logos of both the University of Texas at Dallas and the City and sits atop a 100-foot-tall concrete pedestal. Located near the Northside development, just northeast of the intersection of Floyd Road and Synergy Park Boulevard, the 1-million-gallon tank helps to meet water demand in the growing university campus area and surrounding neighborhoods.
- As part of the 2015 GO Bond Program, voters approved \$4,895,000 for renovation and enhancements of the Senior Center located at 820 W. Arapaho Road. The project also included site improvements to parking and landscaping. Construction was completed during the fiscal year.
- Richardson Innovation Quarter – During Fiscal Year 2021, the City expanded TIF #1 to capture the entire boundaries of the district within the TIF. This expansion nearly doubled the size of the TIF and will support future investment in The IQ® by leveraging TIF dollars for infrastructure and economic development. Additionally, the City began a renovation of a 27,000 square foot city-owned facility at 1302 East Collins Boulevard which will ultimately serve as the headquarters of The IQ® as well as house the City’s new Office of Innovation & Placemaking Initiatives. The headquarters will be shared with the University of Texas at Dallas, who will house five new research centers at the site, along with an extension of the university’s Venture Development Center. The renovations are expected to be completed during 2022.

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the forty-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 organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive 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 Annual Comprehensive 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 long hours and contributions made in the preparation of this report. In addition, we would like to thank Don Magner, Deputy City Manager for providing support and guidance.

Special thanks are extended to all members of the City Council for their leadership and support of sound fiscal management. And a special thanks to Dan Johnson, City Manager, who is retiring at the end of February 2022 after over 25 years of service to the City of Richardson and 45 years of service in municipal government.

Sincerely,

Dan Johnson
City Manager

Kent Pfeil
Chief Financial Officer

Keith Dagen, CPA
Director of Finance

Yesenia Lopez, CPA
Controller



**CITY OF RICHARDSON, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2021**

CITY COUNCIL

PAUL VOELKER, MAYOR
JANET DePUY, MAYOR PRO TEM
BOB DUBEY
JENNIFER JUSTICE
JOE CORCORAN
KEN HUTCHENRIDER
AREFIN SHAMSUL

CITY MANAGER

DAN JOHNSON

DEPUTY CITY MANAGER

DON MAGNER

CHIEF FINANCIAL OFFICER

KENT PFEIL

DIRECTOR OF FINANCE

KEITH DAGEN



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

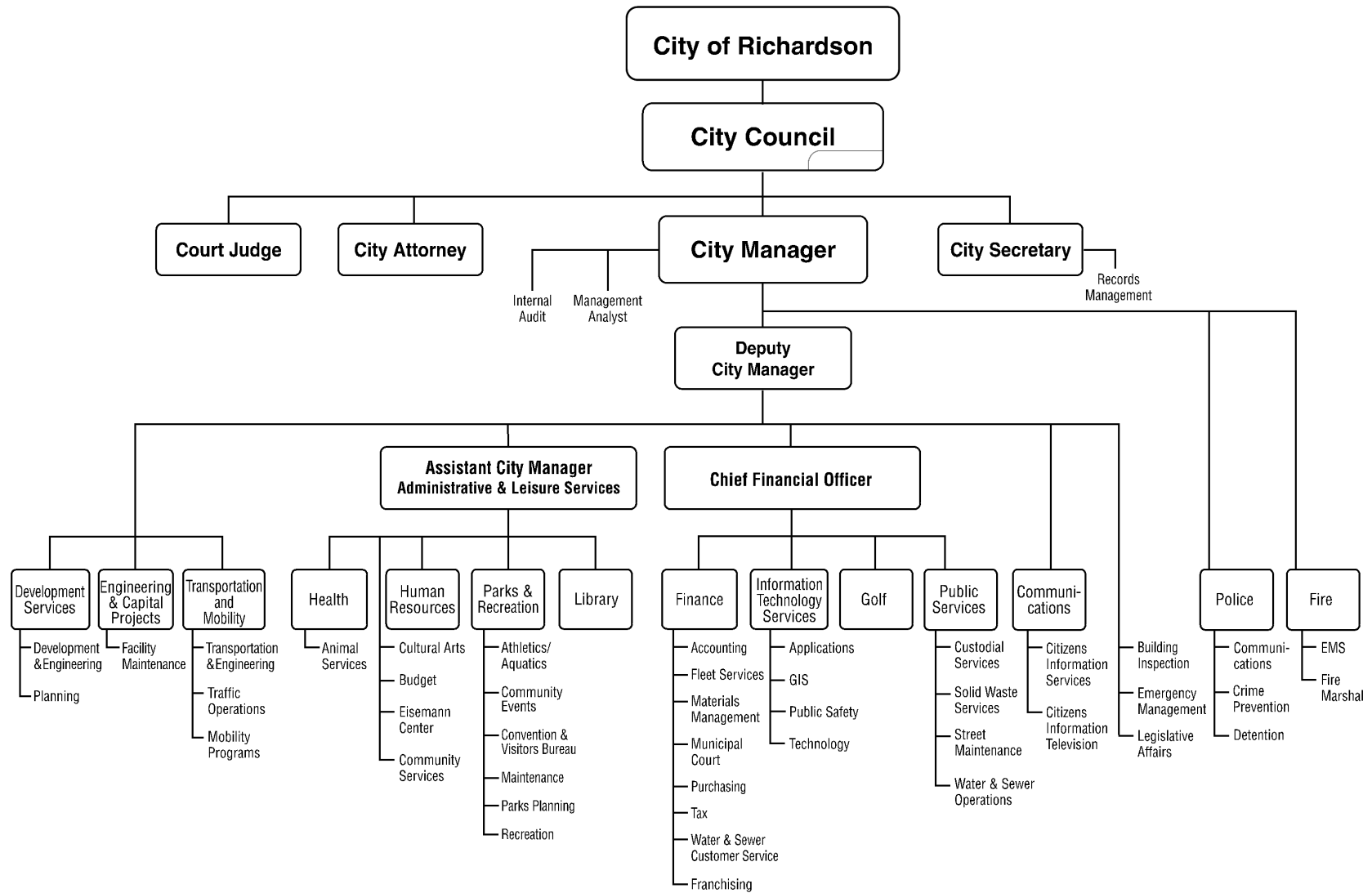
**City of Richardson
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO





FINANCIAL SECTION



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AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Federal Grant Funds, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Changes in Net Pension Liability and Related Ratios*, on pages 15 – 24, 74, 75, 76, 77 and 78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

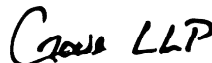
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, the introductory section and statistical section are presented for purposes of additional analysis and are not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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Crowe LLP

Dallas, Texas
February 24, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS



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CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2021

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, 2021. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2021, by \$299,500,832 (net position).
- The City's total net position increased \$37,344,069. The reasons for this increase can be found on pages 20-23 of this report.
- At September 30, 2021, the City's governmental funds reported combined ending fund balances of \$171,643,228. The \$38,813,972 unassigned fund balance in the General Fund represents 25% of total General Fund expenditures and transfers out.
- Principal balances of the City's total long-term debt increased by \$17,972,000 (4.5%) during the current fiscal year (see Table 4). Additional information on the City's long-term debt can be found in Note 9 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The City reports 21 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, the Capital Fund, and the Federal Grant Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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OVERVIEW OF THE FINANCIAL STATEMENTS

Internal service funds accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its warehouse, mail and records management operations, for its employee health insurance program and for replacement of legacy IT systems. 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 and solid waste collection and disposal. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. Total assets of the City at September 30, 2021 were \$898,569,578, deferred outflows of resources were \$17,345,139, total liabilities were \$595,627,571 and deferred inflows of resources were \$20,786,314 resulting in a net position balance of \$299,500,832 a 14.2% increase over the previous year (see Table 1).

The largest portion of the City's net position, \$272,063,414 (91%), reflects its investment in capital assets (land and improvements, public art, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$44,370,952 (14%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of (\$16,933,534) (-5%) reflects commitments made as part of its post-employment benefits programs that will be funded in future years. More details about these benefits can be found in Notes 17 and 18 of the financial statements.

The government's overall net position increased \$37,344,069 over the prior fiscal year. The reasons for the overall increase is discussed in the following sections for governmental activities and business-type activities.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2021

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

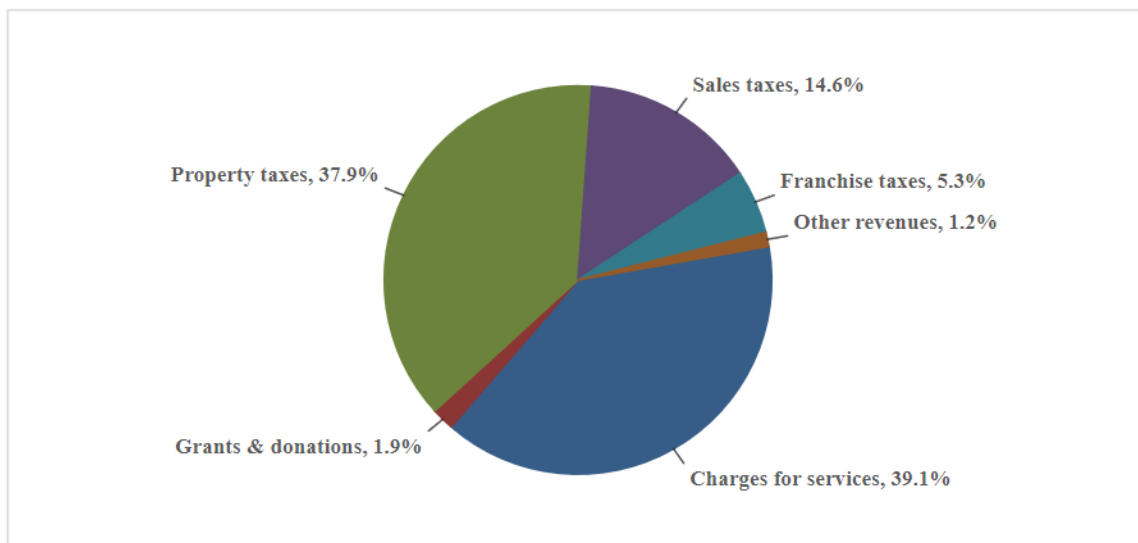
Table 1
City of Richardson
Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 211,974	\$ 174,234	\$ 71,726	\$ 62,967	\$ 283,700	\$ 237,201	19.6 %
Capital assets	506,340	496,583	108,530	105,216	614,870	601,799	2.2 %
Total assets	718,314	670,817	180,256	168,183	898,570	839,000	7.1 %
Total deferred outflows of resources	14,516	12,995	2,829	2,610	17,345	15,605	11.2 %
Other liabilities	78,370	60,220	16,915	16,807	95,285	77,027	23.7 %
Long term liabilities	423,763	426,068	76,580	68,675	500,343	494,743	1.1 %
Total liabilities	502,133	486,288	93,495	85,482	595,628	571,770	4.2 %
Total deferred inflows of resources	18,080	18,034	2,706	2,643	20,786	20,677	0.5 %
Net Position:							
Net investment in capital assets	215,347	179,372	56,716	57,032	272,063	236,404	15.1 %
Restricted	20,174	16,090	24,197	17,005	44,371	33,095	34.1 %
Unrestricted	(22,904)	(15,973)	5,971	8,630	(16,933)	(7,343)	130.6 %
Total net position	\$ 212,617	\$ 179,489	\$ 86,884	\$ 82,667	\$ 299,501	\$ 262,156	14.2 %

Changes in net position. The City's total revenues increased by 0.2% to \$313,445,439 (see Table 2). The State of Texas only provides limited support to municipalities, so the majority of the City's revenues are generated through local taxes and fees. Approximately 52.5% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up 39.1% of revenue collected (see Figure 1).

The total cost of all programs and services increased 3.6% to \$276,101,370 (see Table 2). The City's functional expenses cover a range of services with over a third attributed to public utilities and 23% attributed to public safety (see Figure 2).

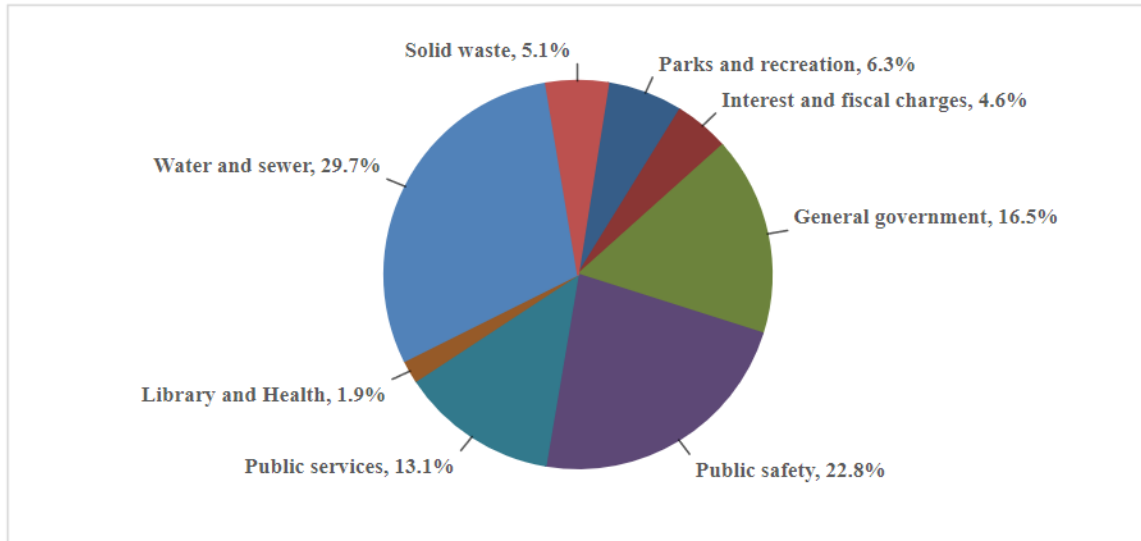
Figure 1 - Sources of Revenue for FY 2021



CITY OF RICHARDSON, TEXAS
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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Figure 2 - Functional Expenses for FY 2021



Governmental Activities. Net position increased \$33,127,215. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of \$8,549,902, and sales tax revenue of \$4,275,048 due to a year-over-year increase in the assessed value of taxable property from \$16.3B to \$16.6B, favorable outcomes of prior year property tax values in dispute and steady sales tax collections despite the impact of the COVID-19 pandemic.
- General government expenses increased approximately \$8,691,000, over last year due to the accrual of a large workers' compensation claim and facility enhancements to address the COVID-19 pandemic.

Business-Type Activities. Business type activities increased net position by \$4,216,854.

Key elements to the change in net position are as follows:

- Water sales were \$2.7 million below the prior year's actual. In FY2021, the City received 47.9" of rainfall compared to the 46" received in the previous year and the five-year average rainfall of 49.31". However, a significant portion of the rain came in May and June, dampening watering needs during key watering months.
- Total Water and Sewer charges for services of \$84,392,373 are \$2,421,939 below the prior year's actual. Total expenses of \$82,101,279 ended the year \$1,196,349 below the prior year's actual. Personal Services expenses ended the year \$1.1 million below the prior year due to personnel savings across many departments.
- Solid waste charges for services finished the year \$230,915 over the prior year's actual. Total expenses ended the year \$287,261 below the prior year's actual primarily due to personnel savings. Actual disposal costs of \$37.46 per ton were (\$0.79) lower than original estimates.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 22,986	\$ 20,776	\$ 99,649	\$ 101,840	\$ 122,635	\$ 122,616	- %
Operating grants and contributions	4,562	10,897	-	-	4,562	10,897	(58.1)%
Capital grants and contributions	735	2,912	613	603	1,348	3,515	(61.7)%
General revenues:							
Property taxes	118,829	110,279	-	-	118,829	110,279	7.8 %
Sales taxes	45,810	41,535	-	-	45,810	41,535	10.3 %
Franchise taxes	16,601	17,184	-	-	16,601	17,184	(3.4)%
Mixed beverage tax	607	545	-	-	607	545	11.4 %
Hotel/motel taxes	2,296	2,453	-	-	2,296	2,453	(6.4)%
Unrestricted interest earnings	305	2,769	68	683	373	3,452	(89.2)%
Total revenues	212,731	209,350	100,330	103,126	313,061	312,476	0.2 %
Expenses:							
General government	45,672	36,981	-	-	45,672	36,981	23.5 %
Public safety	62,940	61,902	-	-	62,940	61,902	1.7 %
Public services	36,151	33,526	-	-	36,151	33,526	7.8 %
Library	3,590	4,473	-	-	3,590	4,473	(19.7)%
Parks and recreation	17,450	17,379	-	-	17,450	17,379	0.4 %
Public health	1,645	2,043	-	-	1,645	2,043	(19.5)%
Interest and fiscal charges	12,319	12,386	-	-	12,319	12,386	(0.5)%
Water and sewer	-	-	82,101	83,298	82,101	83,298	(1.4)%
Solid waste	-	-	14,233	14,521	14,233	14,521	(2.0)%
Total expenses	179,767	168,690	96,334	97,819	276,101	266,509	3.6 %
Increase (decrease) in net position before transfers, contributions and gains	32,964	40,660	3,996	5,307	36,960	45,967	19.6 %
Contributions to permanent fund principal	1	1	-	-	1	1	- %
Gain on sale of assets	160	33	222	225	382	258	48.1 %
Transfers	-	(206)	-	206	-	-	- %
Increase (decrease) in net position	33,125	40,488	4,218	5,738	37,343	46,226	19.2 %
Net position - beginning	179,490	139,001	82,667	76,928	262,157	215,929	21.4 %
Net position - ending	\$ 212,615	\$ 179,489	\$ 86,885	\$ 82,666	\$ 299,500	\$ 262,155	14.2 %

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$171,643,228. Approximately 22.5%, or \$38,677,540, constitutes unassigned fund balance, which is reported in the General Fund and the Non Major Governmental Funds. The remainder of fund balance, \$132,965,688 or 77.5% is not available for general spending.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 24.9% of total General Fund expenditures and transfers out, while total fund balance represents 25.9% of total General Fund expenditures and transfers out.

The General Fund's fund balance decreased \$(4,688,555) this fiscal year due to facility enhancements to address the COVID-19 pandemic. Total nonspendable fund balance totals \$696,806. Assigned fund balance totals \$847,167 and total unassigned fund balance represents \$38,813,972. Property tax and sales tax revenues increased \$4,252,600 and \$4,275,048, respectively, from the previous year's collections due to an increase in the assessed value of taxable property, favorable outcomes of prior year property tax values in dispute and steady sales tax collections despite the impact of the COVID-19 pandemic. At the same time, public safety expenditures increased \$1,000,513 and general government expenditures increased \$3,546,961 due to the expenditures incurred as part of the City's response the COVID-19 pandemic.

The Debt Service Fund has a fund balance of \$6,281,217, 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 \$97,340,576. Restricted fund balance of \$60,283,797 is for future capital equipment purchases and construction projects. The fund balance increased \$27,953,270 due to transfers from the general fund of \$27.5 million to pay for community needs and future special maintenance initiatives.

The Federal Grants Fund ended has a fund balance of \$85,624. Restricted fund balance of \$221,151 is for use on federally funded public safety, infrastructure, and operational grants.

The Other Governmental Funds had a fund balance increase of \$3,223,939. The major items related to this increase were collection of TIF revenues that were not spent in the current year and a \$1.0 million transfer from the General Fund to the Hotel/Motel Fund to support operations during the pandemic.

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

Unrestricted net position in the Water and Sewer Fund and the Solid Waste Fund at the end of the year amounted to \$6,406,356 and \$(2,501,531) respectively. A negative unrestricted net position in the Solid Waste Fund is due to the cost of recording the full value of post-employment benefits that will be funded in future years. Total net position increased \$2,956,257 in the Water and Sewer Fund and the Solid Waste Fund increased \$1,175,583.

General Fund Budgetary Highlights: General Government revenues finished the year \$310,581 or .2% above year-end estimate. Below are the General Government revenue highlights:

- Property Tax revenue was \$0.7 million or 1.0% over year end estimates and 6.7% above the original budget. This was due to the original budget being set based on a Certified Estimate from the Appraisal Districts rather than the traditional Certified Roll.
- Sales and other business tax revenue finished the year \$2.7 million over the year-end estimate of \$44.2 million on a budgetary basis which was an increase of \$16.8 million from the original budget.
- Franchise fee revenue ended the year approximately \$9,000 over the year-end estimate due to consistent sales of water and sewer services.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

- Personal services expenditures ended the year (\$1.8 million) below year end estimates due to personnel savings across many departments which included position vacancies and strategically frozen positions.
- Professional services expenditures ended the year with \$31,000 below estimates of \$10.7 million.
- Contracts came in \$0.7 million below its estimated position of \$8.8 million.
- Maintenance expenditures were \$0.6 million below the year end estimate of \$4 million due to savings in computer hardware, software, and irrigation repairs. \$0.2 million of this savings has been encumbered for service delivery in next fiscal year.

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, 2021, amounts to \$614,870,160 (net of accumulated depreciation) as shown in Table 3. This investment in capital assets includes land, public art, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$13,070,861 (2.1%) .

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

- Equipment and vehicle assets acquired totaled \$6.9 million.
- The City completed numerous streets, bridge, sidewalk, alley, drainage, traffic and trail projects totaling over \$43 million.
- The Water and Sewer Fund completed \$4.4 million in projects, which extended and improved the City's Water and Sewer system.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 93,765	\$ 92,494	\$ 424	\$ 424	\$ 94,189	\$ 92,918
Public Art	4,233	3,480	-	-	4,233	3,480
Buildings	131,314	131,172	3,526	3,680	134,840	134,852
Improvements other than buildings	49,326	40,147	1,520	1,605	50,846	41,752
Infrastructure	196,988	183,795	82,988	83,407	279,976	267,202
Vehicles, machinery and equipment	21,037	21,538	7,877	7,689	28,914	29,227
Construction in progress	9,677	23,957	12,195	8,411	21,872	32,368
Total capital assets, net	<u>\$ 506,340</u>	<u>\$ 496,583</u>	<u>\$ 108,530</u>	<u>\$ 105,216</u>	<u>\$ 614,870</u>	<u>\$ 601,799</u>

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

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
September 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$314,510,000 as shown in Table 4. Of this amount, \$251,190,000 represents tax-supported bonds and \$63,320,000 represents self-supported bonds. The other obligations of \$102,700,216 in the governmental activities relates to notes payable for a police training facility, TIF economic development grants, a tax note, and other contractual obligations.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 152,665	\$ 156,265	\$ 15,720	\$ 16,900	\$ 168,385	\$ 173,165
Certificates of obligation	80,635	68,615	47,600	38,130	128,235	106,745
General obligation bonds from direct borrowings	15,015	15,015	-	-	15,015	15,015
Certificates of obligation from direct borrowings	2,875	8,885	-	-	2,875	8,885
Total bonds payable	251,190	248,780	63,320	55,030	314,510	303,810
TIF obligations	94,839	92,983	-	-	94,839	92,983
Other obligations	7,861	2,445	-	-	7,861	2,445
Total outstanding debt	\$ 353,890	\$ 344,208	\$ 63,320	\$ 55,030	\$ 417,210	\$ 399,238

In February 2021, the City issued a total of \$53.105 million in debt and tax notes to facilitate its ongoing capital program and refund existing debt at a lower interest rate. In addition, the City recognized TIF obligations during the year of \$7 million. Details of these transactions, including the purposes of each issue, can be found in Notes 9 and 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The city's budget presentation for the upcoming fiscal year was informally themed “Our Dawning Restoration: A Measured Response.” The budget was developed with a focus on measured restoration, evolving impacts of public health policies, strained supply chain impacts, go/no-go points for community activities, fractional starts for services that were minimized and a position of patience and flexibility.
- **General Fund:** The General Fund budget included a one-penny tax rate reduction to \$0.61516 per \$100 of valuation. Total taxable values increased 3.54% from the prior year and adjusting for TIF values, resulted in a 3.97% increase for General Fund and Debt Service needs. Total property tax revenues are expected to increase \$2.3 million to \$67.9 million. Sales tax was budgeted at \$38.9 million, which is \$5.4 million below the Fiscal Year 2021 estimates to factor in economic recovery and the impact of state rules on sourcing of internet-based transactions. The General Fund budget includes transfers of \$14.3 million for cash-based capital initiatives and \$149.0 million in total expenditures and transfers.
- **Water & Sewer Fund:** The North Texas Municipal Water District (NTMWD) wholesale water rate was unchanged at \$2.99 per 1,000 gallons and wastewater treatment rates increased from the City’s service providers. The City’s total cost for wholesale water is \$32.5 million and the total cost for wastewater treatment is \$22.4 million. Combined these elements make up 61.6% of the total budgeted expenditures of the Water and Sewer Fund. A retail rate increase of 2.5% on water and sewer charges was implemented due to increasing capital needs. Total revenues of the fund are budgeted at \$90.0 million and total expenses are budgeted at \$89.2 million.
- **Solid Waste Fund:** The Solid Waste Fund budget includes \$15.9 million in revenues and \$15.8 million of expenditures. Total revenues are increasing 4.2% due to market driven commercial rate increases while no residential rate change was proposed. Landfill expenses account for 24.1% of the total expenditures.

The above indicators were taken into consideration when adopting the FY2021-2022 budgets.

CITY OF RICHARDSON, TEXAS
Management's Discussion and Analysis (Unaudited)
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property tax revenue for the General Fund is expected to increase 2.4%, or \$1.6M in FY 21-22, due to an estimated assessed valuation increase of \$1,677,825.

The FY 2021-2022 Water and Sewer Fund budget was determined based on a minor reduction to the City's "minimum purchase" and no change in the wholesale water rate from the NTMWD. The wholesale cost of water and sewer treatment services accounts for \$55 million or 61.6% of the total expenses in the fund. Water and Sewer revenues reflect no retail rates changes for FY 2021-2022.

The FY 2021-2022 Solid Waste Fund budget includes a 3.7% increase in expenditures over year-end estimates. Revenues include a 4.2% increase over year-end estimates.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS



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CITY OF RICHARDSON, TEXAS

Statement of Net Position

September 30, 2021

	Governmental Activities	Business-type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 110,872,608	\$ 20,621,546	\$ 131,494,154
Investments	84,286,075	-	84,286,075
Receivables (net of allowances)	11,695,747	11,610,075	23,305,822
Inventories	619,911	1,381,030	2,000,941
Prepaid items	308,853	2,038	310,891
Deposits	117,500	-	117,500
Property held for redevelopment and resale	274,020	-	274,020
Restricted assets:			
Cash and cash equivalents	-	36,044,934	36,044,934
Escrow deposits	5,865,000	-	5,865,000
Receivables (net of allowances)	-	75	75
Internal balances	(2,065,819)	2,065,819	-
Capital assets:			
Nondepreciable	107,675,860	12,618,972	120,294,832
Depreciable (net)	398,664,097	95,911,231	494,575,328
Total assets	<u>718,313,852</u>	<u>180,255,726</u>	<u>898,569,578</u>
Deferred outflows of resources			
Pension contributions, investment experience and assumptions	7,966,390	1,395,634	9,362,024
Deferred charge on refundings	523,735	359,881	883,616
OPEB contributions, investment experience and assumptions	6,026,039	1,073,460	7,099,499
Total deferred outflows of resources	<u>14,516,164</u>	<u>2,828,975</u>	<u>17,345,139</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable	\$ 4,507,457	\$ 2,005,172	\$ 6,512,629
Retainage payable	4,617,008	-	4,617,008
Accrued liabilities	4,829,815	1,523,661	6,353,476
Accrued interest	9,877,683	405,165	10,282,848
Payable from restricted assets:			
Accounts payable	-	1,525,076	1,525,076
Retainage payable	-	624,917	624,917
Customer deposits	-	3,807,668	3,807,668
Unearned revenue	9,827,998	-	9,827,998
Money held in escrow	233,211	-	233,211
Non-current liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	38,814,363	6,714,712	45,529,075
Compensated absences	1,331,032	100,409	1,431,441
Workers' compensation	3,324,010	207,736	3,531,746
Unpaid claims liability	1,007,097	-	1,007,097
Due in more than one year:			
Bonds, leases, and contractual obligations	335,911,996	63,277,193	399,189,188
Total OPEB liability	50,031,731	8,357,003	58,388,734
Net pension liability	23,280,247	4,042,583	27,322,830
Workers' compensation	2,559,665	-	2,559,665
Compensated absences	11,979,281	903,683	12,882,964
Total liabilities	<u>502,132,592</u>	<u>93,494,979</u>	<u>595,627,571</u>
Deferred inflows of resources			
Deferred charges on refundings	3,112,414	66,721	3,179,136
Pension actuarial experience	14,370,651	2,533,423	16,904,074
OPEB assumptions	597,388	105,716	703,104
	<u>18,080,453</u>	<u>2,705,861</u>	<u>20,786,314</u>
Total deferred inflows of resources			
Net position:			
Net investment in capital assets	215,347,390	56,716,024	272,063,414
Restricted for:			
Capital projects	4,532,287	23,927,413	28,459,700
Debt service	-	269,780	269,780
General government	14,225,322	-	14,225,322
Public safety	1,179,796	-	1,179,796
Endowment			
Expendable	34,604	-	34,604
Nonexpendable	201,750	-	201,750
Unrestricted	(22,904,178)	5,970,644	(16,933,534)
Total net position	<u>\$ 212,616,971</u>	<u>\$ 86,883,861</u>	<u>\$ 299,500,832</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Activities
Year ended September 30, 2021

	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net position</u>			
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Function/programs:							
Governmental activities:							
General government	\$ 45,671,700	\$ 1,911,031	\$ 3,048,731	\$ 38,510	\$ (40,673,428)	\$ -	\$ (40,673,428)
Public safety	62,940,276	9,438,041	441,747	-	(53,060,488)	-	(53,060,488)
Public services	36,150,564	5,974,684	953,369	439,726	(28,782,785)	-	(28,782,785)
Library	3,590,497	41,705	13,930	-	(3,534,862)	-	(3,534,862)
Parks and recreation	17,449,603	4,899,952	104,632	256,628	(12,188,391)	-	(12,188,391)
Public health	1,644,908	720,796	-	-	(924,112)	-	(924,112)
Interest and fiscal charges	12,319,064	-	-	-	(12,319,064)	-	(12,319,064)
Total governmental activities	<u>179,766,612</u>	<u>22,986,209</u>	<u>4,562,409</u>	<u>734,864</u>	<u>(151,483,130)</u>	<u>-</u>	<u>(151,483,130)</u>
Business-type activities:							
Water and sewer	82,101,279	84,392,373	-	612,720	-	2,903,814	2,903,814
Solid waste	14,233,479	15,256,957	-	-	-	1,023,478	1,023,478
Total business-type activities	<u>96,334,758</u>	<u>99,649,330</u>	<u>-</u>	<u>612,720</u>	<u>-</u>	<u>3,927,292</u>	<u>3,927,292</u>
Total primary government	<u>\$ 276,101,370</u>	<u>\$ 122,635,539</u>	<u>\$ 4,562,409</u>	<u>\$ 1,347,584</u>	<u>(151,483,130)</u>	<u>3,927,292</u>	<u>(147,555,838)</u>
General Revenues:							
Property tax					118,829,290	-	118,829,290
Sales tax					45,810,345	-	45,810,345
Franchise tax					16,601,300	-	16,601,300
Mixed beverage and bingo tax					606,898	-	606,898
Hotel/motel tax					2,296,285	-	2,296,285
Unrestricted interest earnings					304,610	67,727	372,337
Gain on sale of assets					160,367	221,835	382,202
Contributions to permanent fund principal					1,250	-	1,250
Total revenues					<u>184,610,345</u>	<u>289,562</u>	<u>184,899,907</u>
Change in net position					33,127,215	4,216,854	37,344,069
Net position - beginning					<u>179,489,756</u>	<u>82,667,007</u>	<u>262,156,763</u>
Net position - ending					<u>\$ 212,616,971</u>	<u>\$ 86,883,861</u>	<u>\$ 299,500,832</u>

See accompanying notes to basic financial statements

CITY OF RICHARDSON, TEXAS
Balance Sheet - Governmental Funds
September 30, 2021

	General Fund	Debt Service Fund	Capital Project Funds	Federal Grants	Other Governmental Funds	Total
Assets:						
Cash & Cash Equivalents	\$ 1,831,522	\$ 6,281,217	\$ 49,760,710	\$ 8,183,868	\$ 28,258,968	\$ 94,316,285
Investments	58,287,343	-	25,998,732	-	-	84,286,075
Receivables (net of allowances)	8,814,835	508,903	50,881	1,678,226	628,757	11,681,602
Due from other funds	49,792	-	23,500,000	-	-	23,549,792
Inventories	363,711	-	-	-	-	363,711
Prepaid items	215,595	-	-	-	8,800	224,395
Escrow deposits	-	-	5,865,000	-	-	5,865,000
Deposits	117,500	-	-	-	-	117,500
Property held for redevelopment and resale	-	-	274,020	-	-	274,020
Total assets	<u>\$ 69,680,298</u>	<u>\$ 6,790,120</u>	<u>\$ 105,449,343</u>	<u>\$ 9,862,094</u>	<u>\$ 28,896,525</u>	<u>\$ 220,678,380</u>
Liabilities:						
Accounts payable	\$ 1,442,543	\$ -	\$ 1,669,396	\$ 5,195	\$ 463,748	\$ 3,580,882
Retainage payable	5,370	-	4,464,519	60,862	86,257	4,617,008
Accrued liabilities	2,737,334	-	1,740,725	-	346,996	4,825,055
Due to other funds	23,500,000	-	-	-	49,792	23,549,792
Unearned revenue	-	-	-	9,710,413	105,120	9,815,533
Money held in escrow	-	-	233,211	-	-	233,211
Total liabilities	<u>27,685,247</u>	<u>-</u>	<u>8,107,851</u>	<u>9,776,470</u>	<u>1,051,913</u>	<u>46,621,481</u>
Deferred inflows of resources:						
Unavailable revenue	1,637,106	508,903	916	-	266,746	2,413,671
Total deferred inflows of resources	<u>1,637,106</u>	<u>508,903</u>	<u>916</u>	<u>-</u>	<u>266,746</u>	<u>2,413,671</u>
Fund balances:						
Nonspendable:						
Inventory	363,711	-	-	-	-	363,711
Deposits	117,500	-	-	-	-	117,500
Prepaid items	215,595	-	-	-	8,800	224,395
Permanent fund principal	-	-	-	-	201,750	201,750
Restricted for:						
Debt service	-	6,281,217	-	-	-	6,281,217
Library	-	-	1,034,667	-	-	1,034,667
Parks and recreation projects	-	-	1,883,446	-	-	1,883,446
Public services	-	-	38,999,513	-	-	38,999,513
General government	-	-	13,797,093	-	13,554,320	27,351,413
Public safety	-	-	4,569,078	221,151	958,645	5,748,874
Committed for:						
General government	-	-	-	-	4,178,805	4,178,805
Public services	-	-	-	-	3,897,603	3,897,603
Parks and recreation	-	-	905,735	-	531,479	1,437,214
Assigned for:						
General government	233,835	-	2,570,163	-	4,201,418	7,005,416
Public services	92,951	-	22,999,505	-	-	23,092,456
Public safety	218,188	-	1,719,294	-	-	1,937,482
Parks and recreation	297,459	-	4,310,861	-	45,951	4,654,271
Health	904	-	-	-	-	904
Library	3,830	-	397,974	-	-	401,804
Other capital projects	-	-	4,153,247	-	-	4,153,247
Unassigned	38,813,972	-	-	(135,527)	(905)	38,677,540
Total fund balances	<u>40,357,945</u>	<u>6,281,217</u>	<u>97,340,576</u>	<u>85,624</u>	<u>27,577,866</u>	<u>171,643,228</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,680,298</u>	<u>\$ 6,790,120</u>	<u>\$ 105,449,343</u>	<u>\$ 9,862,094</u>	<u>\$ 28,896,525</u>	<u>\$ 220,678,380</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 September 30, 2021

Total fund balances - governmental funds balance sheet	\$ 171,643,228
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	506,209,320
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	16,261,056
Some amounts will not be recognized as revenue until future periods and therefore are deferred in the funds.	(14,842,572)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	12,367,519
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (Note 2(a))	<u>(479,021,580)</u>
Net position of governmental activities	<u><u>\$ 212,616,971</u></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, 2021

	General Fund	Debt Service Fund	Capital Project Funds	Federal Grants	Other Governmental Funds	Total
Revenues:						
Property taxes	\$ 64,444,682	\$ 42,387,235	\$ -	\$ -	\$ 11,589,137	\$ 118,421,054
Franchise taxes	16,406,687	-	-	-	194,612	16,601,299
Sales tax	45,810,345	-	-	-	-	45,810,345
Mixed beverage and bingo tax	606,898	-	-	-	-	606,898
Hotel/motel taxes	-	-	-	-	2,296,285	2,296,285
Drainage fees	-	-	-	-	2,891,077	2,891,077
911 revenue	681,855	-	-	-	634,682	1,316,537
Intergovernmental revenue	1,895,927	-	256,628	1,803,523	2,838,096	6,794,174
Licenses and permits	3,165,909	-	-	-	-	3,165,909
Fines and forfeitures	3,231,341	-	-	-	340,075	3,571,416
Interest revenue	85,197	4,989	139,939	1,890	41,270	273,285
Eisemann center revenue	-	-	62,760	-	442,869	505,629
Recreation and leisure	1,979,215	-	-	-	2,848,193	4,827,408
Public safety	2,743,739	-	-	-	-	2,743,739
Contributions	19,402	-	43,510	-	2,016	64,928
Participation	-	-	422,536	-	10,000	432,536
Other	742,073	8,081	25,011	-	139,104	914,269
General administration	8,404,015	-	-	-	-	8,404,015
Total revenues	150,217,285	42,400,305	950,384	1,805,413	24,267,416	219,640,803
Expenditures:						
General government	34,806,225	-	540,644	-	13,028,993	48,375,862
Public safety	56,164,274	-	254,022	155,896	153,458	56,727,650
Public services	18,381,525	-	7,279,816	-	1,160,769	26,822,110
Library	3,080,978	-	371,926	13,930	-	3,466,834
Parks and recreation	11,183,022	-	1,243,339	-	2,195,751	14,622,112
Public health	1,754,565	-	-	-	-	1,754,565
General administration	-	-	-	-	1,110,695	1,110,695
Capital outlay	1,034,549	-	30,404,020	1,156,426	2,682,471	35,277,466
Debt service:						
Principal retirement	-	28,830,000	-	-	-	28,830,000
Interest and fiscal charges	-	10,299,412	-	-	3,620,820	13,920,232
Payments for other obligations	113,351	325,261	-	-	5,144,597	5,583,209
Issuance costs	-	-	371,636	-	-	371,636
Total expenditures	126,518,489	39,454,673	40,465,403	1,326,252	29,097,554	236,862,371
Excess (deficiency) of revenues over (under) expenditures	23,698,796	2,945,632	(39,515,019)	479,161	(4,830,138)	(17,221,568)
Other financing sources (uses):						
Transfers in	700,000	7,284	27,930,592	-	2,234,077	30,871,953
Transfers out	(29,275,752)	-	(7,284)	(408,917)	(1,180,000)	(30,871,953)
Issuance of certificates of obligation	-	-	18,610,000	-	-	18,610,000
Issuance of general obligation bonds	-	-	12,630,000	-	-	12,630,000
Issuance of other obligations	-	-	5,855,000	-	7,000,000	12,855,000
Premium/discount on bonds	-	-	2,181,411	-	-	2,181,411
Insurance and other recoveries	85,460	-	145,052	-	-	230,512
Proceeds from sale of capital assets	102,941	-	123,518	-	-	226,459
Total other financing sources (uses)	(28,387,351)	7,284	67,468,289	(408,917)	8,054,077	46,733,382
Net change in fund balances	(4,688,555)	2,952,916	27,953,270	70,244	3,223,939	29,511,814
Fund balances - October 1	45,046,500	3,328,301	69,387,306	15,380	24,353,927	142,131,414
Fund balances - September 30	\$ 40,357,945	\$ 6,281,217	\$ 97,340,576	\$ 85,624	\$ 27,577,866	\$ 171,643,228

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, 2021

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

Net change in fund balances - total governmental funds	\$ 29,511,814
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))	9,124,520
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,190,408
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2(b))	(11,863,204)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Note 2(b))	4,669,772
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>493,905</u>
Change in net position of governmental activities	<u><u>\$ 33,127,215</u></u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2021

	<u>Business-type activities-enterprise funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Assets				
Current assets:				
Cash and cash equivalents	\$ 18,639,516	\$ 1,982,030	\$ 20,621,546	\$ 16,556,323
Receivables (net of allowances)	9,617,525	1,992,550	11,610,075	14,145
Inventories	1,287,912	93,118	1,381,030	256,200
Prepaid items	604	1,434	2,038	84,458
Restricted assets:				
Restricted Cash	31,875,831	4,169,103	36,044,934	-
Other receivables	75	-	75	-
Total current assets:	<u>61,421,463</u>	<u>8,238,235</u>	<u>69,659,698</u>	<u>16,911,126</u>
Noncurrent assets:				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	2,291,281	298,351	2,589,632	23,023
Buildings	9,480,126	405,247	9,885,373	259,990
Water and sewer system	227,054,030	-	227,054,030	-
Vehicles, machinery and equipment	18,963,914	17,608,769	36,572,683	372,761
Construction in progress	12,195,462	-	12,195,462	-
Less accumulated depreciation	<u>(167,570,025)</u>	<u>(12,620,462)</u>	<u>(180,190,487)</u>	<u>(581,147)</u>
Total noncurrent assets	<u>102,772,738</u>	<u>5,757,465</u>	<u>108,530,203</u>	<u>130,638</u>
Total assets	<u>164,194,201</u>	<u>13,995,700</u>	<u>178,189,901</u>	<u>17,041,764</u>
Deferred outflows of resources				
Pension contributions investment experience and assumptions	706,150	689,484	1,395,634	90,879
Deferred charge on refunding	359,881	-	359,881	-
OPEB contributions, investment experience and assumptions	<u>584,657</u>	<u>488,803</u>	<u>1,073,460</u>	<u>41,699</u>
Total deferred outflows of resources	<u>1,650,688</u>	<u>1,178,287</u>	<u>2,828,975</u>	<u>132,578</u>

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2021

	<u>Business-type activities-enterprise funds</u>			Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 1,702,074	\$ 303,098	\$ 2,005,172	\$ 926,575
Accrued liabilities	1,428,506	95,155	1,523,661	4,760
Accrued interest	366,904	38,261	405,165	-
Unpaid claims liabilities	-	-	-	1,007,097
Current maturities of bonds, leases and contractual obligations	5,453,263	1,261,449	6,714,712	-
Compensated absences	56,280	44,129	100,409	6,991
Workers' compensation liability	16,284	191,452	207,736	-
Current liabilities payable from restricted assets:				
Accounts payable	1,525,072	-	1,525,072	-
Retainage payable	624,917	-	624,917	-
Deposits	3,807,668	-	3,807,668	-
Total current liabilities	<u>14,980,972</u>	<u>1,933,544</u>	<u>16,914,512</u>	<u>1,945,423</u>
Noncurrent liabilities:				
Bonds, leases and contractual obligations	58,456,435	4,820,758	63,277,193	-
Total OPEB liability	4,602,570	3,754,433	8,357,003	352,258
Net pension liability	2,085,220	1,957,363	4,042,583	254,941
Compensated absences	506,518	397,165	903,683	62,915
Total noncurrent liabilities	<u>65,650,743</u>	<u>10,929,719</u>	<u>76,580,462</u>	<u>670,114</u>
Total liabilities	<u>80,631,711</u>	<u>12,863,263</u>	<u>93,494,974</u>	<u>2,615,537</u>
Deferred inflows of resources				
Pension actuarial experience	1,384,362	1,149,061	2,533,423	120,459
OPEB assumptions	58,264	47,452	105,716	5,008
Deferred inflows - Gain on Refunding	52,892	13,829	66,721	-
Total deferred inflows of resources	<u>1,495,518</u>	<u>1,210,342</u>	<u>2,705,860</u>	<u>125,467</u>
Net position (deficit):				
Net investment in capital assets	56,476,832	239,192	56,716,024	130,639
Restricted for:				
Capital projects	20,639,330	3,288,083	23,927,413	-
Debt service	195,142	74,638	269,780	-
Unrestricted	6,406,356	(2,501,531)	3,904,825	14,302,699
Total net position	<u>\$ 83,717,660</u>	<u>\$ 1,100,382</u>	<u>84,818,042</u>	<u>\$ 14,433,338</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>2,065,819</u>	
Net position of business-type activities			<u>\$ 86,883,861</u>	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds
Year Ended September 30, 2021

	<u>Business-type activities-enterprise funds</u>			Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Operating revenues:				
Water sales	\$ 50,169,899	\$ -	\$ 50,169,899	\$ -
Sewer service	32,994,841	-	32,994,841	-
Service fees (other)	27,283	-	27,283	-
Antenna rentals	440,207	-	440,207	-
Meter fees	41,100	-	41,100	-
Solid waste fees	-	14,647,818	14,647,818	-
Charges for services	-	-	-	2,592,201
City and employee contributions	46,608	43,695	90,303	14,801,384
Miscellaneous	672,438	565,441	1,237,879	539,440
Total operating revenues	<u>84,392,376</u>	<u>15,256,954</u>	<u>99,649,330</u>	<u>17,933,025</u>
Operating expenses:				
Personal services	5,642,719	5,142,414	10,785,133	986,954
Premiums	-	-	-	1,066,798
Professional and technical services	2,310,477	245,626	2,556,103	750,130
Property services	1,598,345	50,932	1,649,277	1,309,460
Other purchases services	1,590,357	511,666	2,102,023	20,932
Insurance claims	-	-	-	12,748,910
Purchase of water	31,632,235	-	31,632,235	-
Purchase of sewage treatment	20,217,548	-	20,217,548	-
Solid waste charges	-	3,862,203	3,862,203	-
General administration	4,953,287	2,394,656	7,347,943	-
Franchise fees	4,283,222	732,391	5,015,613	-
Supplies	2,596,453	177,961	2,774,414	487,676
Depreciation	5,615,568	1,034,947	6,650,515	9,572
Total operating expenses	<u>80,440,211</u>	<u>14,152,796</u>	<u>94,593,007</u>	<u>17,380,432</u>
Operating income (loss)	<u>3,952,165</u>	<u>1,104,158</u>	<u>5,056,323</u>	<u>552,593</u>
Nonoperating revenues (expenses):				
Interest revenue	58,305	9,422	67,727	26,326
Interest expense and fiscal charges	(1,533,883)	(106,789)	(1,640,672)	-
Issuance costs	(159,264)	-	(159,264)	-
Other non-operating charges	(14,491)	(12,338)	(26,829)	-
Proceeds from sale of capital assets	40,705	181,130	221,835	-
Total nonoperating revenues (expenses)	<u>(1,608,628)</u>	<u>71,425</u>	<u>(1,537,203)</u>	<u>26,326</u>
Income (loss) before contributions and transfers	2,343,537	1,175,583	3,519,120	578,919
Capital contributions	612,720	-	612,720	-
Change in net position	2,956,257	1,175,583	4,131,840	578,919
Total net position - October 1	80,761,403	(75,201)		13,854,419
Total net position - September 30	<u>\$ 83,717,660</u>	<u>\$ 1,100,382</u>		<u>\$ 14,433,338</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			<u>85,014</u>	
Change in net position of business-type activities			<u>\$ 4,216,854</u>	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Cash flows from operating activities:				
Cash received from customers	\$ 83,579,142	\$ 14,283,468	\$97,862,610	\$ -
Cash received from service users	-	-	-	2,592,198
Cash received from City, employee, and other contributions	46,608	43,695	90,303	15,344,988
Cash payments to employees	(6,223,061)	(5,505,237)	(11,728,298)	(2,089,044)
Cash payments for claims	-	-	-	(12,532,166)
Cash payments for goods and services	(70,097,006)	(7,807,813)	(77,904,819)	(2,204,881)
Cash received from miscellaneous revenue	699,049	565,441	1,264,490	1,391
Net cash provided by (used in) operating activities	<u>8,004,732</u>	<u>1,579,554</u>	<u>9,584,286</u>	<u>1,112,486</u>
Cash from noncapital financing activities:				
Bond proceeds and accrued interest	14,102,359	1,205,151	15,307,510	-
Increase in retainage payable	240,740	-	240,740	-
Principal paid on debt	(4,445,000)	(1,100,000)	(5,545,000)	-
Interest paid on debt	(2,231,959)	(245,875)	(2,477,834)	-
Fiscal charges and bond escrow payments	(14,491)	(1,151)	(15,642)	-
Net cash provided by (used in) noncapital and related financing activities	<u>7,651,649</u>	<u>(141,875)</u>	<u>7,509,774</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,712,860)	(1,638,888)	(9,351,748)	-
Net proceeds from sale of capital assets	40,705	181,130	221,835	-
Net cash provided by (used in) capital and related financing activities	<u>(7,672,155)</u>	<u>(1,457,758)</u>	<u>(9,129,913)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investment securities	3,000,000	2,250,000	5,250,000	13,000,000
Interest received on investments	58,305	9,422	67,727	26,326
Net cash provided by (used in) investing activities	<u>3,058,305</u>	<u>2,259,422</u>	<u>5,317,727</u>	<u>13,026,326</u>
Net increase in cash, restricted cash, and cash equivalents	11,042,531	2,239,343	13,281,874	14,138,812
Cash, restricted cash, and cash equivalents, October 1	<u>39,472,816</u>	<u>3,911,790</u>	<u>43,384,606</u>	<u>2,417,511</u>
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 50,515,347</u>	<u>\$ 6,151,133</u>	<u>\$56,666,480</u>	<u>\$ 16,556,323</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income and loss	\$ 3,952,165	\$ 1,104,158	\$ 5,056,323	\$ 552,593
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,615,567	1,034,947	6,650,514	9,572
Changes in assets and liabilities:				
(Increase)Decrease in accounts receivable	(67,573)	(364,353)	(431,926)	75,825
(Increase)Decrease in inventory of supplies	(175,326)	(34,638)	(209,964)	(10,389)
(Increase)Decrease in prepaid items	679	(408)	271	(48,058)
Increase in deposits payable from restricted assets	127,634	-	127,634	-
Increase(Decrease) in accounts payable	(1,426,289)	244,034	(1,182,255)	418,537
Increase in unpaid claims liabilities	-	-	-	216,744
Increase(Decrease) in unearned revenue	-	-	-	(70,270)
Increase(Decrease) in compensated absences	(23,715)	(42,045)	(65,760)	(8,439)
Increase(Decrease) in workers compensation	(43,365)	102,966	59,601	-
Increase(Decrease) in post-employment benefits	523,012	431,789	954,801	27,367
Increase(Decrease) in pension liabilities	(921,538)	(760,804)	(1,682,342)	(48,220)
Increase(Decrease) in accrued liabilities	558,221	(41,363)	516,858	3,227
Increase(Decrease) in deferred inflows/outflows	(114,740)	(94,729)	(209,469)	(6,003)
Total adjustments	<u>4,052,567</u>	<u>475,396</u>	<u>4,527,963</u>	<u>559,893</u>
Net cash provided by (used in) operating activities	<u>\$ 8,004,732</u>	<u>\$ 1,579,554</u>	<u>\$ 9,584,286</u>	<u>\$ 1,112,486</u>
Noncash investing capital and financing activities:				
Contributions of capital assets from public	\$ 612,720	\$ -	\$ 612,720	\$ -
Noncash-interest	698,076	139,086	837,162	-
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:				
Total unrestricted cash and investments per the statement of net position	18,639,516	1,982,030	20,621,546	16,556,323
Total restricted cash and investments per the statement of net position	<u>31,875,831</u>	<u>4,169,103</u>	<u>36,044,934</u>	<u>-</u>
Cash, restricted cash and cash equivalents as of September 30,2021	<u>\$ 50,515,347</u>	<u>\$ 6,151,133</u>	<u>\$ 56,666,480</u>	<u>\$ 16,556,323</u>

See accompanying notes to basic financial statements.



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CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

1 Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Implementation of New Accounting Statements

For fiscal year 2020-21, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

The objective of Statement No. 84, *Fiduciary Activities*, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The implementation of the statement was not material to the financial statements.

C. Basis of Presentation

Government-Wide Statements

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

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

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

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

General Fund. The General Fund is the main operating fund of the City. The fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

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

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

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.

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

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

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

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.

Additionally, the City reports the following fund types:

Internal Service Funds. The Internal Service Funds are used to account for warehouse, mail services, and records management operations provided to City departments, and health insurance provided to employees, dependents and retirees. Internal Service Funds are also used to account for cost of replacing technology related to legacy ERP and Traffic systems.

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

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.

Statement of Cash Flows

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

D. Measurement Focus/Basis of Accounting

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

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

(revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, sewer, and solid waste collection services. Expenses are recognized at the time the liability is incurred.

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

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

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

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

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

Deposits and Investments

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

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

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

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

For fiscal year 2021, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Texas Daily, Federated Money Market Funds, Prosperity Money Market Funds and BTH CDARS-Certificates of Deposit. The City records all interest revenue related to investment activities in the respective funds.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

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

TexPool and TexSTAR were created to conform to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fair value of positions in TexPool or TexSTAR is the same as the value of the pool shares. Texas Daily was created in 2000 to allow Texas local governments and school districts to pool their funds for investment.

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

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

Escrow Deposits

During FY 2021, the City placed \$5,865,000 in escrow for the benefit of a developer to secure the third-party construction of additional parking for the City's performing arts center. The funds will be released to the developer as construction on the garage progresses. Interest accrues on the balance but is not payable to the City until the escrow account is closed and the interest has been classified as unavailable revenue to the Capital Fund. As of September 30, 2021, no funds had been drawn from the account.

Receivables and Payables

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

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

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the year ended September 30, 2021, the City's tax rate was \$0.62516 per \$100 assessed valuation.

Inventories and Prepaid Items

Inventories

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

Prepaid Items

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Property held for Redevelopment

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

Capital Assets

Property, plant, equipment and public domain (infrastructure) capital assets such as roads, bridges, curbs, gutters, streets and sidewalks, drainage systems, and water and sewer systems are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

Assets are capitalized that have an original cost of \$5,000 or more and an estimated useful life of more than two years.

Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition and one-half year in the final year of life or upon disposal which ever event occurs first.

Estimated useful lives are as follows:

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

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperating Revenues in the Enterprise Funds. For the year ended September 30, 2021, the City received \$323,012 in insurance recoveries.

Compensated Absences

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City's pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note 18.

Long-Term Obligations

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

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

Classifications of Fund Balance

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

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

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has five items that qualify for reporting in this category. First, the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, the City's contributions to its pension and OPEB plans made from the measurement date of the respective plans to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Third, the difference between projected and actual earnings on the pension and OPEB plan investments are deferred and recognized in the respective plans as an expense over a closed five-year period. The fourth item is the difference in the change of assumptions for the pension plan. The amount is deferred and recognized as pension plan expense over a period of years based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan determined by the plan (active and inactive employees) for the City determined as of the beginning of the measurement date. The fifth item is the difference between projected and actual experience and changes in assumptions for the OPEB plan. That amount is deferred and recognized as OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB Plan (active and inactive employees).

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

Minimum Fund Balance Policy

It is the desire of the City to maintain adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum fund balance of 90 days of budgeted expenditures in the General Fund.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, plus any unspent debt proceeds. The government-wide statement of net position reports \$44,370,952 of restricted net position. These resources are limited in their use by external parties such as bondholders and granting agencies. Unrestricted net position may be used for any lawful purpose. General Government net position is negative due to the estimated value of post-employment liabilities and the outstanding balances of long-term debt. Resources will be levied in future years to satisfy these commitments.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

2 Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of the \$479,021,580 are as follows:

Bonds payable	\$ 251,190,000
Notes payable and other contractual obligations	102,700,215
Less issuance discount (to be amortized as interest expense)	(13,918)
Add issuance premium (to be amortized as interest expense)	20,850,061
Less deferred charges on refunding, net (to be amortized as interest expense)	2,588,679
Accrued interest payable	9,877,683
TMRS pension liability	23,025,306
Postemployment liability	49,679,473
Compensated absences	13,240,406
Workers' compensation liability	<u>5,883,675</u>
Net adjustment to reduce fund balances - total governmental	<u>\$ 479,021,580</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$9,124,520 difference are as follows:

Capital Outlay	\$ 35,277,466
Governmental Depreciation Expense	<u>(26,152,946)</u>
Net adjustment to increase fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 9,124,520</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

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

The details of the \$11,863,204 are as follows:

Debt issued or incurred:

General obligations, certificates of obligation, and refunding bonds	\$ (31,240,000)
Notes payable and other contractual obligations	(12,855,000)
Add premium and discount	(2,181,412)

Principal repayments:

General obligation bonds	16,230,000
Certificates of obligation	12,600,000
Notes payable and other contractual obligations	<u>5,583,208</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (11,863,204)</u>

Another element of the reconciliation states, “Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$4,669,772 are as follows:

Amortization of bond premium	\$ 2,511,504
Amortization of bond discount	(1,091)
Amortization of deferred charge on refunded bonds	316,790
Accrued interest	(1,032,724)
Pension expenses	9,252,877
Other postemployment benefits	(5,251,403)
Compensated absences	452,309
Workers compensation	(2,730,557)
Change in deferred inflows	(398,450)
Change in deferred outflows	<u>1,550,517</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,669,772</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

3 Deposits and Investments

	<u>Bank balance</u>	<u>Book balance</u>
Financial Institution:		
Bank of America - City	\$ 4,457,801	\$ 2,867,352
Bank of America - RIC	56,236	56,236
Frost - City	102,894	102,894
Petty Cash - City	-	10,480
Total	<u>\$ 4,616,931</u>	<u>\$ 3,036,962</u>

Fair Value Measurements

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

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

The City has the following recurring fair value measurements as of September 30, 2021:

	9/30/2021	Inputs			Weighted average maturity (days) (1)
		(Level 1)	(Level 2)	(Level 3)	
Investments by fair value level					
Debt securities					
Federal Home Loan Bank	\$ 5,787,820	\$ -	\$ 5,787,820	\$ -	57
Federal Farm Credit Bank	13,915,414	-	13,915,414	-	228
Total debt securities	<u>19,703,234</u>	<u>-</u>	<u>19,703,234</u>	<u>-</u>	<u>-</u>
U.S. Treasuries	64,582,840	-	64,582,840	-	-
Total investment by fair value level	<u>84,286,074</u>	<u>\$ -</u>	<u>\$ 84,286,074</u>	<u>\$ -</u>	<u>104</u>
Investments measured at net asset value (NAV)					
Federated Money Market Fund	<u>515,501</u>				<u>29</u>
Total investments measured at net asset value (NAV)	<u>515,501</u>				<u>29</u>
Investments measured at amortized cost					
Texas Daily LGIP	56,909,769				48
TexStar LGIP	54,699,173				39
TexPool LGIP	<u>52,377,684</u>				<u>37</u>
Total investments at amortized cost	<u>163,986,626</u>				<u>-</u>
Total investments	<u>\$ 248,788,201</u>				
Portfolio weighted average maturity					<u>42</u>

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

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

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

Debt securities classified as Level 2 of the fair value hierarchy are valued by SVC, a subsidiary of SS&C Technologies. SVC uses a number of sources for their pricing data, with most government securities pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service which is the largest provider of fixed income pricing. Security values are determined through matrix pricing, which values securities based on their relationship to benchmark quoted prices.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

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 and Federal Farm Credit Bank, as AAA as of September 30, 2021. Standard & Poor’s has rated investments in TexPool, TexSTAR, Texas Daily, and Federated Money Market Funds as AAA-m as of September 30, 2021.

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

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

Concentration of Credit Risk – Investments. The City’s investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 25% in an individual investment pool or money market mutual fund. At September 30, 2021, the City’s direct investments are in the U.S. Treasury Notes, Federal Home Loan Bank, and Federal Farm Credit Bank. These investments are 26%, 2% and 6% respectively, of the City’s total investments.

4 Receivables

Receivables at September 30, 2021, for the government’s individual major governmental funds, nonmajor funds, and internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consist of the following:

	Governmental Receivables					
	General Fund	Debt Service Fund	Capital Project Funds	Federal Grants	Other Governmental Funds	Total Governmental Funds
Receivables:						
Taxes - property	\$ 1,079,090	\$ 716,748	\$ -	\$ -	\$ -	\$ 1,795,838
Taxes - sales	3,725,944	-	-	-	-	3,725,944
Trade accounts	4,611,373	-	-	-	567,839	5,179,212
Interest	362,319	-	916	-	-	363,235
Intergovernmental	333,023	-	49,965	1,678,226	65,972	2,127,186
Gross receivable	10,111,749	716,748	50,881	1,678,226	633,811	13,191,415
Less allowance for uncollectibles	(1,296,914)	(207,845)	-	-	(5,054)	(1,509,813)
Net receivables	<u>\$ 8,814,835</u>	<u>\$ 508,903</u>	<u>\$ 50,881</u>	<u>\$ 1,678,226</u>	<u>\$ 628,757</u>	<u>\$ 11,681,602</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Business-Type Receivables

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total Business- Type Activities</u>	<u>Internal Service Funds</u>
Receivables:				
Trade accounts	\$ 9,382,418	\$ 1,622,127	\$ 11,004,545	\$ -
Other receivables	<u>642,185</u>	<u>519,926</u>	<u>1,162,111</u>	<u>14,145</u>
Gross receivable	10,024,603	2,142,053	12,166,656	14,145
Less allowance for uncollectibles	<u>(407,003)</u>	<u>(149,503)</u>	<u>(556,506)</u>	<u>-</u>
Net receivables	<u>\$ 9,617,600</u>	<u>\$ 1,992,550</u>	<u>\$ 11,610,150</u>	<u>\$ 14,145</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2021.

5 Restricted Assets

Enterprise Funds

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Debt service - Sinking Fund	\$ 562,046	\$ 112,899	\$ 674,945
Customer Deposits	397,874	-	397,874
Rate stabilization	3,015,863	-	3,015,863
Capital Project and Equipment Funds	<u>27,900,123</u>	<u>4,056,204</u>	<u>31,956,327</u>
Total Restricted Assets	<u>\$ 31,875,906</u>	<u>\$ 4,169,103</u>	<u>\$ 36,045,009</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

6 Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning balance October 1, 2020	Increases	Decreases	Ending balance September 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 92,494,495	\$ 1,270,915	\$ -	\$ 93,765,410
Public Art	3,479,515	753,912	-	4,233,427
Construction in Progress	23,957,119	33,314,816	(47,594,912)	9,677,023
Total capital assets, not being depreciated:	<u>119,931,129</u>	<u>35,339,643</u>	<u>(47,594,912)</u>	<u>107,675,860</u>
Capital assets, being depreciated:				
Buildings	207,976,734	5,169,998	-	213,146,732
Improvements other than Buildings	104,263,157	12,311,670	(1,334,694)	115,240,133
Vehicles, Machinery and Equipment	67,312,449	5,106,345	(7,483,195)	64,935,599
Infrastructure	536,150,763	25,637,628	-	561,788,391
Total capital assets, being depreciated:	<u>915,703,103</u>	<u>48,225,641</u>	<u>(8,817,889)</u>	<u>955,110,855</u>
Less accumulated depreciation for:				
Buildings	76,805,190	5,027,765	-	81,832,955
Improvements other than buildings	64,116,127	3,132,649	(1,334,694)	65,914,082
Vehicles, Machinery and Equipment	45,774,215	5,556,915	(7,432,250)	43,898,880
Infrastructure	352,355,652	12,445,189	-	364,800,841
Total accumulated depreciation	<u>539,051,184</u>	<u>26,162,518</u>	<u>(8,766,944)</u>	<u>556,446,758</u>
Total capital assets being depreciated, net	<u>376,651,919</u>	<u>22,063,123</u>	<u>(50,945)</u>	<u>398,664,097</u>
Governmental activities capital assets, net	<u>\$ 496,583,048</u>	<u>\$ 57,402,766</u>	<u>\$ (47,645,857)</u>	<u>\$ 506,339,957</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

	Beginning balance October 1, 2020	Increases	Decreases	Ending balance September 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 423,510	\$ -	\$ -	\$ 423,510
Construction in progress	8,411,339	9,351,748	(5,567,625)	12,195,462
Total capital assets, not being depreciated:	<u>8,834,849</u>	<u>9,351,748</u>	<u>(5,567,625)</u>	<u>12,618,972</u>
Capital assets, being depreciated:				
Buildings	9,885,373	-	-	9,885,373
Improvements other than buildings	2,589,632	-	-	2,589,632
Vehicles, machinery and equipment	35,747,003	1,778,914	(953,234)	36,572,683
Infrastructure	222,652,600	4,401,430	-	227,054,030
Total capital assets, being depreciated:	<u>270,874,608</u>	<u>6,180,344</u>	<u>(953,234)</u>	<u>276,101,718</u>
Less accumulated depreciation for:				
Buildings	6,204,304	154,576	-	6,358,880
Improvements other than buildings	985,012	84,131	-	1,069,143
Vehicles, machinery and equipment	28,058,333	1,590,880	(953,234)	28,695,979
Infrastructure	139,245,557	4,820,928	-	144,066,485
Total accumulated depreciation	<u>174,493,206</u>	<u>6,650,515</u>	<u>(953,234)</u>	<u>180,190,487</u>
Total capital assets being depreciated, net	<u>96,381,402</u>	<u>(470,171)</u>	<u>-</u>	<u>95,911,231</u>
Business-type activities capital assets, net	<u>\$ 105,216,251</u>	<u>\$ 8,881,577</u>	<u>\$ (5,567,625)</u>	<u>\$ 108,530,203</u>

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

Governmental activities:	
General government	\$ 6,129,444
Public safety	5,351,240
Public service	10,864,753
Library	300,490
Parks and recreation	3,455,269
Health	51,750
Total governmental funds	<u>26,152,946</u>
Internal service fund - Central Services Fund	9,572
Depreciation expense - governmental activities	<u>\$ 26,162,518</u>
Business-type activities:	
Water and sewer	\$ 5,615,568
Solid waste	1,034,947
Depreciation expense - business activities	<u>\$ 6,650,515</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

7 Construction Commitments

Outstanding commitments at September 30, 2021, under authorized construction contracts for the Capital Fund, and Water and Sewer Fund, and Solid Waste Funds, were \$23,617,870, \$9,291,237, and \$434,836, respectively. These outstanding commitments will be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers and operating revenues dedicated to street maintenance.

8 Interfund Receivables, Payables and Transfers

There were two interfund balances at September 30, 2021. The first interfund balance is between the the General Fund and Capital Projects Fund for \$23,500,000, and from General Fund to Other Governmental Funds for \$49,792 due to the timing of cash transactions and advance grant spending. Individual fund transfers for fiscal year 2020-2021 were as follows:

	Transfers Out				Total
	Governmental Funds				
	General Fund	Capital Projects Fund	Federal Grants	Other Governmental Funds	
Transfers in:					
General	\$ -	\$ -	\$ -	\$ 700,000	\$ 700,000
Debt Service	-	7,284	-	-	7,284
Capital	27,450,592	-	-	480,000	27,930,592
Other Governmental	1,825,160	-	408,917	-	2,234,077
Total	<u>\$ 29,275,752</u>	<u>\$ 7,284</u>	<u>\$ 408,917</u>	<u>\$ 1,180,000</u>	<u>\$ 30,871,953</u>

General Fund Transfers Out:

- \$27,450,592 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- \$1,000,000 to the Hotel/Motel Fund for the support of operations.
- \$825,160 to the Economic Development Fund for funding of economic development projects.

Capital Projects Funds Transfers Out:

- \$7,284 to the Debt Service Fund from the Capital Projects Fund to transfer residual balances from closed funds.

Federal Grants Funds Transfers Out:

- \$408,917 to the Hotel/Motel Fund for reimbursements of allowable federal expenditures.

Other Governmental Funds Transfers Out:

- \$50,000 to the General Fund from the Child Safety Fund to support the school crossing guard program.
- \$650,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center.
- \$480,000 to the Golf Special Projects Fund from the Golf Fund for future capital improvements.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

9 Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2021:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	\$ 156,265,000	\$ 12,630,000	\$ (16,230,000)	\$ 152,665,000	\$ 13,765,000
Certificates of obligation	68,615,000	18,610,000	(6,590,000)	80,635,000	8,355,000
General obligation bonds from direct borrowings	15,015,000	-	-	15,015,000	10,570,000
Certificates of obligation from direct borrowings	8,885,000	-	(6,010,000)	2,875,000	2,875,000
Bond discounts/premiums (1)	21,165,144	2,181,412	(2,510,413)	20,836,143	2,588,212
Total bonds payable	<u>269,945,144</u>	<u>33,421,412</u>	<u>(31,340,413)</u>	<u>272,026,143</u>	<u>38,153,212</u>
TIF obligation	92,983,493	7,000,000	(5,144,596)	94,838,897	-
Tax anticipation notes from direct borrowings	-	5,855,000	-	5,855,000	250,000
Other Contractual Obligations	2,444,931	-	(438,612)	2,006,319	411,151
TMRS - pension liability	32,581,344	14,688,931	(23,990,028)	23,280,247	-
Other postemployment benefits	44,752,961	6,844,235	(1,565,465)	50,031,731	-
Compensated absences	13,771,061	1,206,828	(1,667,576)	13,310,313	1,331,032
Workers' compensation	3,153,118	3,374,232	(643,675)	5,883,675	3,324,010
Unpaid claims liability	790,353	12,965,654	(12,748,910)	1,007,097	1,007,097
Total governmental-type long-term liabilities	<u>\$460,422,405</u>	<u>\$ 85,356,292</u>	<u>\$(77,539,275)</u>	<u>\$468,239,422</u>	<u>\$ 44,476,502</u>
Business-type activities:					
General obligation refunding bonds	\$ 16,900,000	\$ 1,935,000	\$ (3,115,000)	\$ 15,720,000	\$ 3,060,000
Certificates of obligation	38,130,000	14,075,000	(4,605,000)	47,600,000	2,935,000
Bond discount/premiums	5,709,171	1,623,498	(660,764)	6,671,905	719,712
Total bonds payable	<u>60,739,171</u>	<u>17,633,498</u>	<u>(8,380,764)</u>	<u>69,991,905</u>	<u>6,714,712</u>
Other postemployment benefits	7,402,202	1,237,955	(283,154)	8,357,003	-
TMRS - pension liability	5,724,925	2,656,868	(4,339,210)	4,042,583	-
Compensated absences	1,069,852	147,276	(213,036)	1,004,092	100,409
Workers' compensation	148,134	254,105	(194,503)	207,736	207,736
Total business-type long-term liabilities	<u>\$ 75,084,284</u>	<u>\$ 21,929,702</u>	<u>\$(13,410,667)</u>	<u>\$ 83,603,319</u>	<u>\$ 7,022,857</u>

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Governmental Activities

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

	<u>Interest Rate</u> %	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>@ 9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds						
2021 Refunding	2.00-4.00	5/26/2021	2/15/2041	\$ 12,630,000	\$ 12,630,000	\$ 430,000
2020 Refunding	5.00	2/26/2020	2/15/2030	40,425,000	35,910,000	3,555,000
2019 General Obligation	2.62 - 4.00	4/25/2019	2/15/2039	16,790,000	15,750,000	630,000
2018 General Obligation	3.00 - 5.00	4/25/2018	2/15/2038	38,525,000	35,070,000	1,420,000
2017 General Obligation	3.00 - 4.00	5/04/2017	2/15/2037	19,725,000	17,610,000	805,000
2016A Ref. & Imp.	2.00 - 5.00	4/15/2016	2/15/2036	16,815,000	7,735,000	1,095,000
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	39,185,000	15,465,000	2,975,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	7,205,000	1,830,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2023	6,270,000	<u>820,000</u>	<u>790,000</u>
Total general obligation bonds - tax exempt					<u>148,195,000</u>	<u>13,530,000</u>
General Obligations - direct borrowings						
2020A General Obligation	Adjustable	2/26/2020	6/15/2029	15,015,000	<u>15,015,000</u>	<u>10,570,000</u>
Total general obligation bonds - direct borrowings					<u>15,015,000</u>	<u>10,570,000</u>
Taxable General Obligation Bonds						
2016B Taxable	3.00 - 3.77	4/15/2016	2/15/2036	5,470,000	<u>4,470,000</u>	<u>235,000</u>
Total general obligation bonds - taxable					<u>4,470,000</u>	<u>10,805,000</u>
Total governmental-type general obligation, taxable and tax exempt bonds					<u>\$ 167,680,000</u>	<u>\$ 24,335,000</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

	<u>Interest Rate</u> <u>%</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>@ 9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Certificates of Obligations						
2021 Certificates	2.00 - 4.00	5/26/2021	2/15/2041	14,565,000	\$ 14,565,000	\$ 820,000
2020 Certificates	4.00-5.00	2/26/2020	2/15/2040	6,055,000	5,620,000	565,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	20,990,000	15,260,000	3,100,000
2018 Certificates	3.13 - 5.00	4/25/2018	2/15/2038	26,290,000	20,600,000	2,235,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	20,930,000	15,820,000	850,000
2016A Certificates	2.00 - 4.00	4/15/2016	2/15/2024	4,045,000	535,000	170,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	520,000	85,000
2014 Certificates	.75 - 2.00	4/01/2014	2/15/2022	6,900,000	110,000	110,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	505,000	35,000
2012B Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	<u>1,375,000</u>	<u>110,000</u>
Total certificates of obligation- tax exempt					<u>74,910,000</u>	<u>8,080,000</u>
Certificates of Obligation - direct borrowings						
2014B Certificates	Adjustable	12/22/2014	6/15/2029	11,425,000	<u>2,875,000</u>	<u>2,875,000</u>
Total certificates of obligation - direct borrowings					<u>2,875,000</u>	<u>2,875,000</u>
Taxable Certificates of Obligation						
2021A Certificates	Adjustable	5/26/2021	2/15/2041	4,045,000	4,045,000	150,000
2015B Certificates	0.90-4.00	3/15/2015	2/15/2035	2,150,000	1,650,000	95,000
2012A Certificates	1.63 - 3.00	3/15/2012	2/15/2022	275,000	<u>30,000</u>	<u>30,000</u>
Total certificates - taxable					<u>5,725,000</u>	<u>275,000</u>
Total governmental-type certificates of obligation, taxable and tax exempt bonds					<u>83,510,000</u>	<u>11,230,000</u>
Add: unamortized premium					20,850,061	2,589,339
Less: unamortized discount					<u>(13,918)</u>	<u>(1,127)</u>
Total general government bonds and certificates of obligation					<u>\$ 272,026,143</u>	<u>\$ 38,153,212</u>

Business-Type Activities

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

	<u>Interest Rate</u> %	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>@ 9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Water and Sewer:						
General Obligation Bonds:						
2021 Refunding	2.00-4.00	5/26/2021	2/15/2041	\$ 1,935,000	\$ 1,935,000	\$ 155,000
2020 Refunding	5.00	2/26/2020	2/15/2030	5,880,000	4,960,000	580,000
2016A Refunding	3.00 - 5.00	4/15/2016	2/15/2028	6,185,000	4,305,000	605,000
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	1,325,000	255,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	1,025,000	305,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	1,530,000	1,015,000
Total water and sewer general obligation bonds					<u>15,080,000</u>	<u>2,915,000</u>
Certificates of Obligations:						
2021 Certificates	2.00-4.00	5/26/2021	2/15/2041	13,015,000	13,015,000	445,000
2020 Certificates	4.00-5.00	2/26/2020	2/15/2040	7,920,000	7,755,000	330,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	8,240,000	7,685,000	335,000
2018 Certificates	3.125 - 5.00	4/25/2018	2/15/2038	5,940,000	5,255,000	275,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	4,440,000	3,725,000	210,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,475,000	100,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	1,805,000	100,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,015,000	145,000
2011 Certificates	2.00 - 4.625	4/01/2011	2/15/2031	3,500,000	-	-
Total waster and sewer certificates of obligation					<u>42,730,000</u>	<u>1,940,000</u>
Total water and sewer general obligation refunding bonds and certificates of obligation					<u>57,810,000</u>	<u>4,855,000</u>
Solid Waste						
General Obligation Refunding Bonds:						
2020 Refunding	5.00	2/26/2020	2/15/2025	765,000	640,000	145,000
Certificates of Obligations:						
2021 Certificates	2.00-4.00	5/26/2021	2/15/2041	1,060,000	1,060,000	110,000
2020 Certificates	4.00-5.00	2/26/2020	2/15/2028	720,000	660,000	80,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	1,335,000	1,045,000	160,000
2018 Certificates	4.00 - 5.00	4/25/2018	2/15/2026	1,240,000	840,000	150,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2025	875,000	475,000	110,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	420,000	135,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	235,000	115,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	135,000	135,000
Total solid waste certificates of obligation					<u>4,870,000</u>	<u>995,000</u>
Total solid waste general obligation refunding bonds and certificates of obligation					<u>5,510,000</u>	<u>1,140,000</u>
Add unamortized premium					6,684,018	720,726
Less: unamortized discount					<u>(12,113)</u>	<u>(1,014)</u>
Total business-type general obligation refunding bonds and certificates of obligation					<u>\$ 69,991,905</u>	<u>\$ 6,714,712</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Debt Service Requirements

Debt service requirements at September 30, 2021 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental Activities				Business-type Activities	
	Bonds		Bonds Direct Borrowing		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending September 30:						
2022	\$ 22,120,000	\$ 8,791,498	\$ 13,445,000	\$ 210,577	\$ 5,995,000	\$ 2,400,915
2023	20,905,000	7,710,613	485,000	166,688	5,485,000	2,072,100
2024	18,870,000	6,842,729	505,000	148,500	5,300,000	1,846,878
2025	18,490,000	5,998,582	525,000	129,563	5,195,000	1,612,532
2026	16,200,000	5,197,767	545,000	109,875	4,620,000	1,386,704
2027-2031	61,425,000	17,084,325	2,385,000	227,626	18,245,000	4,302,648
2032-2036	50,060,000	7,615,871	-	-	12,495,000	1,657,795
2037-2041	25,230,000	1,081,070	-	-	5,985,000	320,250
Totals	\$ 233,300,000	\$ 60,322,455	\$ 17,890,000	\$ 992,829	\$ 63,320,000	\$ 15,599,822

General Obligation Bonds

General Obligation bonds are secured by ad valorem taxes levied by the City. As part of the City's debt management practices, the City defeases certain debt issues and places the proceeds in an irrevocable trust for all future debt service payments on the previously issued bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2021 there were no defeased bonds outstanding.

On May 26, 2021, the City issued \$14,565,000 of General Obligation Refunding & Improvement Bonds, Series 2021 with a true interest cost of 1.582%. The bond proceeds were used to refund \$2,175,000 of Water/Sewer Certificates of Obligation and provide \$12,390,000 in new proceeds for the Capital Projects Fund, which will be used for (1) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land, (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, and (3) constructing, improving, extending, and repairing sidewalks and related improvements. The refunding resulted in cash flow savings of \$413,097 with a net present value benefit of \$392,236. The City recorded a deferred outflow of \$16,193 as part of the transaction, which will be amortized over the life of the new debt.

Certificates of Obligation

Certificates of Obligation are secured by ad valorem taxes levied by the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System. On May 26, 2021, the City issued \$28,640,000 of Combination Tax and Revenue Certificates of Obligation, Series 2021 with a true interest cost of 1.552%. The Water/Sewer Fund issued \$13,015,000 in Certificates, the Solid Waste Fund issued \$1,060,000 in Certificates and \$14,565,000 in Certificates were issued for the benefit of the Capital Projects Fund. Proceeds from the sale of the Certificates will be used for (1) constructing, improving, renovating, expanding and equipping parks and recreation facilities, and municipal public buildings, and the acquisition of land (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks, within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (3) constructing, improving, extending, and repairing sidewalks and related improvements, (4) acquiring equipment and vehicles for solid waste, transportation and mobility, information technology, and fire departments, and (5) improving and extending the City's water and sewer system.

On May 26, 2021, the City issued \$4,045,000 of Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A with a true interest cost of 2.039% for the benefit of the Capital Fund. Proceeds of the sale will be used for improving, renovating and equipping an existing municipal public building for the Office of Strategic Management.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

General Obligations and Certificates of Obligation - Direct Borrowings

The City's outstanding General Obligation Bonds and Certificates of Obligation from direct borrowings related to governmental activities of \$17,890,000 are balloon instruments with the entire principal due on the final maturity date. They are subject to optional redemption in whole or in part, at the City's discretion, on any date at the redemption price of par plus accrued interest to the date of redemption. Amortization shown in the preceding table is based on the City's current debt issuance plan and all payments made.

The City has no unused lines of credit.

Ratings

Standard and Poor's Ratings Services assigned its 'AAA' rating with a stable outlook, to the City's Combination Tax and Revenue Certificates of Obligation Series 2021, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A City's General Obligation Bonds Series 2021. Moody's Investors Service (Moody's) also assigned it 'Aaa' rating, with a stable outlook to each of these issues.

Bondholder Remedies

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

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

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

10. Other Contractual Obligations and Tax Anticipation Notes

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2021:

	<u>Governmental-type Activities</u>			<u>Total</u>
	<u>Police Academy</u>	<u>Stryker</u>	<u>Texas Comptroller of Public Accounts</u>	
Balance at October 1, 2020	\$ 308,605	\$ 1,502,065	\$ 634,261	\$ 2,444,931
Payments	(101,277)	(223,984)	(113,351)	(438,612)
Balance at September 30, 2021	<u>\$ 207,328</u>	<u>\$ 1,278,081</u>	<u>\$ 520,910</u>	<u>\$ 2,006,319</u>

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Tax Anticipation Note - Direct Borrowing

On May 26, 2021 the City issued a \$5,855,000 Tax Anticipation Note (Taxable) with a true interest cost of 1.15%. The Note was issued for the benefit of the Capital Fund to provide proceeds for constructing and equipping a parking facility for the City's performing arts center. The Note matures on February 15, 2028 and has stated maturities over the life of the note, with the majority of the principal due at final maturity. Similar to the City's direct borrowings, the Note is subject to redemption prior to maturity, at the option of the City, in whole or in part, on February 15, 2023, or any day thereafter at the redemption price of par plus accrued interest to the date of redemption. The Note is not callable by the lender. Since the Note cannot be redeemed earlier than February 15, 2023 and has annual maturities unless redeemed early, the City accounts for it as a long-term obligation

The following is a schedule of future debt maturities relating to the tax anticipation note as of September 30, 2021

	Principal	Interest	Total
Fiscal year ending September 30:			
2022	\$ 250,000	\$ 80,671	\$ 330,671
2023	265,000	62,934	327,934
2024	270,000	59,858	329,858
2025	270,000	56,753	326,753
2026	275,000	53,619	328,619
2027-2031	4,525,000	74,837	4,599,837
Totals	\$ 5,855,000	\$ 388,672	\$ 6,243,672

Capital Lease

The City entered into a lease agreement with Stryker in July 2020 for equipment for the fire department. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the minimum lease payments as of the date of inception. Leased equipment that meets the City's capitalization threshold of \$5,000 has been included in the capital assets at September 30, 2021. The details of the capital assets are:

	Governmental activities
Total cost	\$ 1,110,646
Less accumulated depreciation	(208,246)
Book value	\$ 902,400

The following is a schedule of the lease payments required under the capital lease at September 30, 2021:

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Fiscal year ending, September 30	Governmental activities
2022	\$ 244,352
2023	244,352
2024	244,352
2025	244,352
2026	244,352
2027	244,353
Total minimum lease payments	1,466,113
Less amount representing interest	(188,032)
Present value of minimum lease payments	\$ 1,278,081

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, 2021:

	Principal	Interest	Total
Fiscal year ending September 30:			
2022	\$ 105,979	\$ 9,119	\$ 115,098
2023	71,071	4,423	75,494
2024	14,815	1,403	16,218
2025	15,463	773	16,236
Totals	\$ 207,328	\$ 15,718	\$ 223,046

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Other Obligations

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of \$2,143,331 was recorded as a liability and a reduction of sales tax revenue. The Comptroller’s office had set up a 20-year payout arrangement, but the life of the obligation has been reduced by additional payments and adjusted due to the Comptroller suspending payments from April 2020 through January 2021 to help Texas cities deal with the COVID-19 pandemic and potential negative impacts on the economy. Payments of \$113,351 were made during the fiscal year, and the balance at September 30, 2021 was \$520,910.

11 TIF - Economic Grants

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

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

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

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

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of \$3,299,865 and a construction reimbursement grant of \$5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. A principal payment of \$655,997 and an interest payment of \$111,634 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of \$76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of \$57,084,738 to date. Funding is contingent upon the availability of tax revenues in TIF District #2. Interest payments of \$2,300,483 and a principal payment of \$2,879,151 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and BC Station Partners L.P. in March 2015. This agreement provides for approximately \$49,158,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of \$33,880,733 to date. Funding is contingent upon the availability of tax revenues in TIF District #3. An interest payment of \$995,177 was made during the fiscal year.

An economic development agreement was entered into with the City and AGF Greenville II, Ltd. in April 2015. This agreement provides for a maximum grant amount of \$5,500,000 plus 4% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4. An interest payment of \$189,360 and a principal payment of \$233,985 was made during the fiscal year.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

An economic development agreement was entered into with the City and SAF 100 N. Central Ltd in March 2017. The Agreement was subsequently assigned to Richardson Gateway, LLC. This agreement provides for a maximum grant amount of \$7,000,000 plus 5.25% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in TIF District #1 from Sub Area No. 1A and Sub No. 1B. An interest payment of \$24,164 and a principal payment of \$1,375,463 was made during the fiscal year.

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

	TIF DISTRICT 1			TIF DISTRICT 2	TIF DISTRICT 3	Total
	Centennial Park	AGF Greenville II, Ltd.	Richardson Gateway LLC	BCS TIF Zone 2	BCP TIF LLC Zone 3	
Balance at October 1, 2020	\$ 7,577,129	\$ 4,747,013	\$ -	\$ 46,778,618	\$ 33,880,733	\$ 92,983,493
Additions/adjustments	-	-	7,000,000	-	-	7,000,000
Payments	(655,997)	(233,985)	(1,375,463)	(2,879,151)	-	(5,144,596)
Balance at September 30, 2021	<u>\$ 6,921,132</u>	<u>\$ 4,513,028</u>	<u>\$ 5,624,537</u>	<u>\$ 43,899,467</u>	<u>\$ 33,880,733</u>	<u>\$ 94,838,897</u>

Other Information

12 Risk Management

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management as the third party administrator for this program. During fiscal year 2020-2021, a total of \$143,025 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of \$643,675 and \$191,854 have been recorded as expenditures/expenses in the Governmental Funds and Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of \$350,000 for each employee in a plan year. In fiscal year 2020-2021, the City received refunds from the commercial insurance carrier in the amount of \$323,012.

All funds with full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be \$1,007,097 for unpaid claims and claim adjustment expenses at September 30, 2021. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Reconciliation of Unpaid Claims Liabilities

	2021	2020
Incurring claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 790,353	\$ 800,448
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	13,251,850	12,120,495
Increase (decrease) in prior year provision	(286,196)	(10,095)
Total incurred claims and claim adjustment expenses	13,756,007	12,910,848
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	12,244,753	11,330,142
Claims and claim adjustment expenses attributable to insured events of prior years	504,157	790,353
Total payments	12,748,910	12,120,495
Total unpaid claims and claim adjustment expenses at end of year	\$ 1,007,097	\$ 790,353

13 Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2021, the City allocated \$8,404,015 for such services.

14 Tax Abatement and Economic Incentives

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

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least \$20,000 in improvements to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided \$1,190,290 in incentive payments under this program in fiscal year 2021.
- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$2,213,246 in fiscal year 2021.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

- **General Economic Development** – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2021, the City rebated \$2,985,793 in taxes, reduced fees by \$7,524,907 and made incentive payments of \$2,272,878 under these agreements.
- **Tax Increment Financing** – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 11. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made \$8,765,415 in payments for TIF obligations, \$1,457,005 in TIF incentives, and \$402,818 in property tax rebates from general TIF resources.

15 Contingent Liabilities

Litigation

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

Grant Audit

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

16 Financial Impact of Covid-19

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020. The act provides economic grants to offset some additional expenses and forgone revenue as a response to COVID-19. The City received pass-through grants from Collin and Dallas counties of \$7.17 million in fiscal year 2020 and \$1.46 million in fiscal year 2021. Congress passed the American Rescue Plan Act in 2021, which will allow the City to receive \$18.29 million for expenses in response to COVID-19, forgone revenue, and infrastructure support. Half of this amount has been received to date and is recorded as Unearned Revenue in the Federal Grant fund.

While the City has experienced no material financial effects of COVID-19 to date, the full financial impact of the COVID-19 pandemic and the scope of any adverse impact cannot be fully determined at this time. The pandemic continues to adversely affect travel, the global supply chain, and financial markets globally and is expected to adversely affect economic output worldwide and in Texas, including the North Texas region. The potential impacts cannot currently be predicted but could be material for future fiscal years.

17 Other Postemployment Benefits (OPEB)

Retiree Health Benefits

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2021 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Employees covered by benefit terms

At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	299
Active employees	942
	<u>1,241</u>

Contributions

Effective January 1, 2014, the City provides a \$200 per month, post-65 subsidy to retirees with 20 or more years of City service. This amount is capped at that level by council action. Sample contribution rates under the City's high deductible health plan for retirees under age 65 and their dependents are based on the length of service of the retiree and are shown below.

	<u>Under 15</u>	<u>15 - 19</u>	<u>20+</u>
Years of service:			
Retiree only	\$ 901	\$ 632	\$ 364
Retiree/spouse	1,806	1,263	721
Surviving spouse	903	680	456
Retiree/family	2,513	1,674	835

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2020 and the measurement date of December 31, 2020.

Actuarial assumptions

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

The actuarial assumptions used to value the liabilities are summarized below:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00% as of December 31, 2020
Inflation	2.50%
Salary Increases	3.50% - 11.50%
Health Care Trend Rate	7.00%

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Participation rate assumptions for retirees who choose to receive health care benefits is based on years of City service. Election rates for retirees with less than 15 years of service the election rate is 0%, from 15 to 19 years of service the election rate is 15%. For retirees with 20 years or greater of service, the election rate is 45% if retiring before age 50 and 70% at age 50 or above.

Demographic assumptions are based on the experience study conducted by TMRS for the four-year period ending December 31, 2018. Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2020. For the purpose of this valuation, the municipal bond rate is 2.00% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. The discount rate was 2.75% as of December 31, 2019, the prior measurement date.

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

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (1%) and 1-percentage-point-higher (3%).

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

	Current Single Rate Assumption	
1% Decrease	2.00%	1% Increase
1.00%	2.00%	3.00%
\$ 64,992,580	\$ 58,388,734	\$ 52,609,117

The following table presents the sensitivity of the Total OPEB Liability to changes in the health care trend rate when calculating it at 1-percentage-point-lower (6.00%) and 1-percentage-point-higher (8.00%).

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

	Current Single Rate Assumption	
1% Decrease	7.00%	1% Increase
6.00%	7.00%	8.00%
\$ 53,306,118	\$ 58,388,734	\$ 64,447,429

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Schedule of Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balances	\$ 52,155,163
Changes for the year:	
Service cost	2,513,572
Interest on the Total OPEB Liability	1,445,329
Differences between expected and actual experience	(139,592)
Changes in assumptions	4,123,289
Benefit payments	<u>(1,709,027)</u>
Net changes	<u>6,233,571</u>
Ending balance	<u>\$ 58,388,734</u>

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2021 the City recognized \$4,953,778 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,209,570	\$ (174,314)
Changes of assumptions	4,779,939	(528,790)
Contributions subsequent to the measurement date	<u>1,109,990</u>	<u>-</u>
Total	<u>\$ 7,099,499</u>	<u>\$ (703,104)</u>

Of the \$7,099,499 total for deferred outflows of resources, \$1,109,990 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending 9/30/2022. The remainder of the total net deferred outflows/inflows of resources, \$5,286,405 will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred outflows (inflows) of resources</u>
2022	\$ 994,880
2023	994,879
2024	994,879
2025	992,552
2026	614,877
Thereafter	<u>694,338</u>
Total	<u>\$ 5,286,405</u>

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There were five participants in the program as of September 30, 2021.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

18 Pension Benefits

Plan Description

The City of Richardson participates as one of 895 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

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

Additional information related to the TMRS Plan is located in the TMRS ACFR https://www.tmr.com/down/pubs/ACFR_2020/ACFR_2020.pdf.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	810
Inactive employees entitled to but not yet receiving benefits	490
Active employees	<u>976</u>
Total	2,276

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Contributions

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

Employees for the City of Richardson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Richardson were 14.72% and 14.80% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$11,490,448 which exceeded the required contributions by \$125,629.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following assumptions:

Inflation	2.50% per year
Overall payroll growth	3.5% to 11.5% including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Other actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Assumptions are reviewed annually.

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

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)*
International Equity	30.00 %	5.30
Core Fixed Income	10.00	1.25
Non-Core Fixed Income	20.00	4.14
Real Return	10.00	3.85
Real Estate	10.00	4.00
Absolute Return	10.00	3.48
Private Equity	10.00	7.75
Total	100.00 %	

*Net of the inflation assumption.

Discount Rate

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

Sensitivity of Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$102,745,871	\$27,322,830	\$(35,293,688)

Pension Plan Fiduciary Net Position

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

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

	Increase (Decrease)
Total pension liability:	
Service Cost	\$ 11,321,609
Interest (on the Total Pension Liability)	37,728,817
Difference between expected and actual experience	(2,342,984)
Benefit payments, including refunds of employee contributions	(27,247,853)
Net Change in Total Pension Liability	19,459,589
Total Pension Liability - Beginning	566,908,565
Total Pension Liability - Ending (A)	586,368,154
Plan Fiduciary Net Position:	
Contributions - Employer	12,568,995
Contributions - Employee	5,291,206
Net Investment Income	40,100,443
Benefit payments, including refunds of employee contributions	(27,247,853)
Administrative expense	(259,633)
Other	(10,130)
Net Change in Plan Fiduciary Net Position	30,443,028
Plan Fiduciary Net Position - Beginning	528,602,296
Plan Fiduciary Net Position - Ending (B)	559,045,324
Net Pension Liability - Ending (A-B)	\$ 27,322,830
Plan Fiduciary Net Position as Percentage of Total Pension Liability	95.34 %
Covered Payroll	75,578,149
Net Pension Liability as a Percentage of Covered Payroll	36.15 %

*FNP may be off a dollar due to rounding

The net pension liability and the total pension liability were calculated by Gabriel, Roeder, Smith & Company ("GRS"). The measurement date and the actuarial valuation date was December 31, 2020.

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2021

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

For the year ended September 30, 2021 the City recognized pension expense of \$2,533,013. Deferred outflows of resources and deferred inflows of resources related to pensions are from the below sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 808,900	\$ 1,855,971
Net difference between projected and actual earnings on pension plan investments	-	15,048,103
Difference in assumptions	31,708	-
Employers's Contributions to the pension plan subsequent to the measurement date	8,521,416	-
Total	\$ 9,362,024	\$ 16,904,074

Of the \$9,362,024 total for deferred outflows of resources, \$8,521,416 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending 9/30/2022. The remainder of the total net deferred outflows/inflows of resources, \$(16,063,466), related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2022	\$ (5,923,815)
2023	320,561
2024	(9,407,736)
2025	(1,052,476)
Total	\$ (16,063,466)



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHARDSON, TEXAS
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
Year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual GAAP</u>	<u>Adjustments</u>	<u>Actual Budget</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Budget Basis</u>	<u>Basis</u>	<u>Final Budget- Positive (Negative)</u>
Revenues						
Property taxes	\$ 62,079,885	\$ 65,570,943	\$ 64,444,682	\$ 1,812,687	\$ 66,257,369	\$ 686,426
Franchise fees	16,958,248	16,397,438	16,406,687	-	16,406,687	9,249
Sales tax	30,114,146	44,273,269	45,810,345	1,059,755	46,870,100	2,596,831
Mixed beverage and bingo tax	558,107	474,478	606,898	-	606,898	132,420
911 revenue	746,880	715,676	681,855	-	681,855	(33,821)
Intergovernmental revenue	46,100	1,875,560	1,895,927	-	1,895,927	20,367
Licenses and permits	2,056,104	3,126,075	3,165,909	-	3,165,909	39,834
Fines and forfeitures	1,831,326	2,970,798	3,231,341	(44,925)	3,186,416	215,618
Interest revenue	689,972	115,099	85,197	-	85,197	(29,902)
Civic center use	139,000	(15,055)	-	-	-	15,055
Recreation and leisure	2,384,821	1,771,054	1,979,215	-	1,979,215	208,161
Public safety	2,834,181	2,166,871	2,743,739	-	2,743,739	576,868
Other	155,577	1,175,874	742,073	-	742,073	(433,801)
General administration	8,412,302	8,421,645	8,404,015	-	8,404,015	(17,630)
Contributions	80,000	36,636	19,402	-	19,402	(17,234)
Total revenues	<u>129,086,649</u>	<u>149,076,361</u>	<u>150,217,285</u>	<u>2,827,517</u>	<u>153,044,802</u>	<u>3,968,441</u>
Expenditures						
Current:						
General government	31,030,964	37,271,689	34,806,226	2,257,276	37,063,502	208,187
Public safety	55,349,189	57,683,117	56,164,274	(231,903)	55,932,371	1,750,746
Public services	19,434,543	19,313,023	18,381,525	(564,757)	17,816,768	1,496,255
Library	3,204,750	3,255,846	3,080,978	3,690	3,084,668	171,178
Parks and recreation	11,679,302	11,684,310	11,183,022	57,328	11,240,350	443,960
Public health	1,879,402	1,893,790	1,754,565	(6,469)	1,748,096	145,694
Capital outlay	-	-	1,034,549	-	1,034,549	(1,034,549)
Debt service	-	-	-	-	-	-
Payments for other obligations	-	-	113,351	(113,351)	-	-
Total expenditures	<u>122,578,150</u>	<u>131,101,775</u>	<u>126,518,489</u>	<u>1,401,814</u>	<u>127,920,304</u>	<u>3,181,471</u>
Excess of revenues over expenditures	<u>6,508,499</u>	<u>17,974,586</u>	<u>23,698,796</u>	<u>1,425,703</u>	<u>25,124,498</u>	<u>7,149,912</u>
Other financing sources (uses)						
Transfers in	600,000	700,000	700,000	-	700,000	-
Transfers out	(11,375,751)	(24,775,751)	(29,275,752)	1,850,000	(27,425,752)	(2,650,001)
Proceeds from sale of capital assets	750,000	127,208	102,941	-	102,941	(24,267)
Insurance and other recoveries	135,000	3,135	85,460	-	85,460	82,325
Total other financing sources (uses)	<u>(9,890,751)</u>	<u>(23,945,408)</u>	<u>(28,387,351)</u>	<u>1,850,000</u>	<u>(26,537,351)</u>	<u>(2,591,943)</u>
Net change in fund balance	(3,382,252)	(5,970,822)	(4,688,555)	3,275,703	(1,412,853)	9,741,855
Fund balances, October 1	<u>31,805,177</u>	<u>44,590,409</u>	<u>45,046,500</u>	<u>4,259,884</u>	<u>49,306,384</u>	<u>4,715,975</u>
Fund balances, September 30	<u>\$ 28,422,925</u>	<u>\$ 38,619,587</u>	<u>\$ 40,357,945</u>	<u>\$ 7,535,587</u>	<u>\$ 47,893,531</u>	<u>\$ 9,273,944</u>

CITY OF RICHARDSON, TEXAS
 Budgetary Comparison Schedule - Federal Grants Fund
 Year ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue	\$ -	\$ 1,392,810	\$ 1,803,523	\$ 410,713
Fines and forfeitures	-	76,166	-	(76,166)
Interest revenue	-	503	1,890	1,387
Total revenues	<u>-</u>	<u>1,469,479</u>	<u>1,805,413</u>	<u>335,934</u>
Expenditures:				
Public safety	-	126,140	155,896	29,756
Library	-	-	13,930	13,930
Capital outlay	-	1,299,977	1,156,426	(143,551)
Total expenditures	<u>-</u>	<u>1,426,117</u>	<u>1,326,252</u>	<u>(99,863)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>43,362</u>	<u>479,161</u>	<u>435,797</u>
Other financing sources (uses):				
Transfers out	-	-	(408,917)	(408,917)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(408,917)</u>	<u>(408,917)</u>
Net change in fund balance	-	43,362	70,244	26,882
Fund balances, October 1	<u>200,077</u>	<u>15,380</u>	<u>15,380</u>	<u>-</u>
Fund balances, September 30	<u>\$ 200,077</u>	<u>\$ 58,742</u>	<u>\$ 85,624</u>	<u>\$ 26,880</u>

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Year ended September 30, 2021

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 2,513,572	\$ 1,979,670	\$ 1,981,275	\$ 1,656,080
Interest (on the total OPEB liability)	1,445,329	1,871,002	1,568,415	1,640,160
Differences between expected and actual experience	(139,592)	(72,942)	1,906,943	105,618
Change of Assumptions	4,123,289	(173,959)	(660,122)	2,443,407
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,709,027)</u>	<u>(1,780,176)</u>	<u>(1,716,882)</u>	<u>(1,628,228)</u>
Net change in total OPEB liability	<u>6,233,571</u>	<u>1,823,595</u>	<u>3,079,629</u>	<u>4,217,037</u>
Total OPEB liability - beginning	<u>52,155,163</u>	<u>50,331,568</u>	<u>47,251,939</u>	<u>43,034,902</u>
Total OPEB liability - ending	<u>\$ 58,388,734</u>	<u>\$ 52,155,163</u>	<u>\$ 50,331,568</u>	<u>\$ 47,251,939</u>
Covered employee payroll	75,577,640	76,353,079	73,564,399	70,946,642
Total OPEB liability as a percentage of covered employee payroll	77.26 %	68.31 %	68.42 %	66.60 %

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate in each period. The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

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

As of September 30, 2021 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Year ended September 30, 2021

Schedule of Pension Contributions
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 11,364,819	\$ 11,036,813	\$ 10,981,704	\$ 10,828,353	\$ 10,000,938	\$ 8,960,805	\$ 9,092,062
Contributions in relation to the actuarially determined contribution	(11,490,448)	(12,704,395)	(11,146,767)	(10,828,353)	(10,000,938)	(8,960,805)	(9,092,062)
Contribution deficiency (excess)	<u>\$ (125,629)</u>	<u>\$ (1,667,582)</u>	<u>\$ (165,063)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 76,858,905	\$ 75,768,381	\$ 75,570,212	\$ 72,840,621	\$ 70,066,638	\$ 67,329,906	\$ 65,295,964
Contributions as a percentage of covered payroll	14.79 %	14.57 %	14.53 %	14.87 %	14.27 %	13.31 %	13.92 %

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Notes

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percentage of Payroll, Closed
 Remaining Amortization Period 25 years
 Asset Valuation Method 10 Year smoothed market, 12% soft corridor
 Inflation 2.50%
 Salary Increases 3.50% to 11.5% including inflation
 Investment Rate of Return 6.75%
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables.
 The rates are projected on a fully generational basis with scale UMP.
 Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

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

CITY OF RICHARDSON, TEXAS
 Required Supplementary Information
 Year ended September 30, 2021

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 11,321,609	\$ 11,430,056	\$ 11,005,234	\$ 10,613,618	\$ 10,202,479	\$ 9,282,442	\$ 8,595,083
Interest (on the Total Pension Liability)	37,728,817	36,261,004	34,850,859	33,439,920	31,995,989	31,310,006	30,001,418
Differences between expected and actual experience	(2,342,984)	1,280,146	243,478	(313,905)	648,556	(1,241,285)	(142,357)
Change of assumptions	-	56,972	-	-	-	7,343,227	-
Benefit payments, including refunds of employee contributions	<u>(27,247,853)</u>	<u>(27,209,284)</u>	<u>(23,632,610)</u>	<u>(22,432,659)</u>	<u>(20,889,414)</u>	<u>(19,961,687)</u>	<u>(20,245,744)</u>
Net change in Total Pension Liability	19,459,589	21,818,894	22,466,961	21,306,974	21,957,610	26,732,703	18,208,400
Total Pension Liability - Beginning	<u>566,908,565</u>	<u>545,089,671</u>	<u>522,622,710</u>	<u>501,315,736</u>	<u>479,358,126</u>	<u>452,625,423</u>	<u>434,417,023</u>
Total Pension Liability - Ending (A)	<u>\$ 586,368,154</u>	<u>\$ 566,908,565</u>	<u>\$ 545,089,671</u>	<u>\$ 522,622,710</u>	<u>\$ 501,315,736</u>	<u>\$ 479,358,126</u>	<u>\$ 452,625,423</u>
Plan fiduciary Net Position							
Contributions - Employer	\$ 12,568,995	\$ 11,399,536	\$ 10,887,470	\$ 10,342,735	\$ 9,073,163	\$ 9,067,267	\$ 9,312,812
Contributions - Employee	5,291,206	5,479,173	5,149,508	4,967,489	4,767,618	4,599,369	4,541,066
Net Investment Income	40,100,443	72,190,327	(14,664,558)	60,507,332	28,105,129	622,684	23,194,326
Benefit payments, including refunds of employee contributions	(27,247,853)	(27,209,284)	(23,632,610)	(22,432,659)	(20,889,414)	(19,961,687)	(20,245,744)
Administrative expense	(259,633)	(408,090)	(283,512)	(313,643)	(317,470)	(379,292)	(242,173)
Other	<u>(10,130)</u>	<u>(12,259)</u>	<u>(14,812)</u>	<u>(15,895)</u>	<u>(17,105)</u>	<u>(18,735)</u>	<u>(19,911)</u>
Net change in plan fiduciary net position	30,443,028	61,439,403	(22,558,514)	53,055,359	20,721,921	(6,070,394)	(16,540,376)
Plan Fiduciary Net Position - Beginning	<u>528,602,296</u>	<u>467,162,893</u>	<u>489,721,409</u>	<u>436,666,048</u>	<u>415,944,127</u>	<u>422,014,521</u>	<u>(405,474,145)</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 559,045,324</u>	<u>\$ 528,602,296</u>	<u>\$ 467,162,895</u>	<u>\$ 489,721,407</u>	<u>\$ 436,666,048</u>	<u>\$ 415,944,127</u>	<u>\$(422,014,521)</u>
Net Pension Liability - Ending (A-B)	<u>\$ 27,322,830</u>	<u>\$ 38,306,269</u>	<u>\$ 77,926,776</u>	<u>\$ 32,901,303</u>	<u>\$ 64,649,688</u>	<u>\$ 63,413,999</u>	<u>\$ 30,610,902</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.34 %	93.24 %	85.70 %	93.70 %	87.10 %	86.77 %	93.24 %
Covered payroll	\$ 75,578,149	\$ 76,353,079	\$ 73,564,399	\$ 70,946,642	\$ 68,061,898	\$ 65,693,151	\$ 64,872,361
Net Pension Liability as a Percentage of Covered Payroll	36.15 %	50.17 %	105.93 %	46.37 %	94.99 %	96.53 %	47.19 %

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

This schedule is based on the actuarial dates of TMRS.

CITY OF RICHARDSON, TEXAS
Notes to the Required Supplementary Information
Year Ended September 30, 2021

(A) Budgetary Information

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

	<u>Original Budget</u>	<u>Amended Budget</u>
General	\$ 111,202,399	\$ 106,326,024
Debt Service	39,456,367	39,456,367
Water and Sewer	86,078,834	85,607,190
Solid Waste Services	15,517,956	15,279,425
Golf	2,308,866	2,815,370
Internal Service (Combined)	18,132,361	17,452,635
Special Police	100,000	144,122
State Grants	-	33,566
Federal Grants	-	1,426,117
Municipal Court Security	65,141	43,069
Wireless 911	560,000	657,000
Judicial Efficiency	27,390	11,090
Hotel/Motel Tax	2,905,583	2,904,213
Technology	90,535	54,210
Tax Increment Financing #1	5,126,311	8,990,582
Tax Increment Financing #2	6,775,284	7,385,673
Tax Increment Financing #3	1,299,836	1,318,085
Richardson Improvement Corp.	9,260	9,260
Franchise Peg Fund	137,500	137,500
Drainage Fee Fund	4,153,861	4,129,434
Juvenile Case Manager Fund	-	23,474

CITY OF RICHARDSON, TEXAS
Notes to the Required Supplementary Information
Year Ended September 30, 2021

(A) Budgetary Information

Excess of Expenditures over Appropriations

For the year ended September 30, 2021 expenditures (including transfers) exceeded appropriations in the Federal Fund totaling \$1,892,894 due to an increase in federal project expenditures, capital expenditures, and increase personal service costs exceeding budget. Expenditures were covered by greater than anticipated revenues, proceeds of debt issuance or available fund balances.

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

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$ (4,688,555)
Beginning of year adjustment for encumbrances not recognized as expenditures	4,167,796
End of year adjustment for encumbrances not recognized as expenditures	(847,167)
Increase in fines and forfeitures recognized for GAAP basis	<u>(44,925)</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u>\$ (1,412,851)</u>



COMBINING FINANCIAL STATEMENTS



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CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds
September 30, 2021

Special Revenue Funds

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

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

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

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

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

Jury Fund - This fund is used by the City to fund juror reimbursements and otherwise finance jury services.

Juvenile Case Manager Fund - This fund is used to finance the salary, benefits, training, travel, office supplies, and other necessary expenses relating to the position of Juvenile Case Manager.

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

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

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

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

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.

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.

CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds
September 30, 2021

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

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

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

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

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

Permanent Fund

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



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CITY OF RICHARDSON, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021

	<u>State Grants</u>	<u>Municipal Court Funds(1)</u>	<u>Tax Increment Financing Funds(1)</u>	<u>Special Police Funds</u>	<u>Wireless 911 Fund</u>
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ -	\$ 574,674	\$ 12,359,752	\$ 442,289	\$ 539,898
Receivables (net of allowances)	48,007	-	-	17,965	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 48,007</u>	<u>\$ 574,674</u>	<u>\$ 12,359,752</u>	<u>\$ 460,254</u>	<u>\$ 539,898</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 73,475	\$ 41,507	\$ -
Retainage payable	2,527	-	18,052	-	-
Accrued liabilities	-	586	38,069	-	-
Due to other funds	48,007	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>50,534</u>	<u>586</u>	<u>129,596</u>	<u>41,507</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
General government	(1,622)	574,088	12,230,156	-	-
Public safety	-	-	-	418,747	539,898
Committed for:					
General government	-	-	-	-	-
Public services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Assigned for:					
General government	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	(905)	-	-	-	-
Total fund balances	<u>(2,527)</u>	<u>574,088</u>	<u>12,230,156</u>	<u>418,747</u>	<u>539,898</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,007</u>	<u>\$ 574,674</u>	<u>\$ 12,359,752</u>	<u>\$ 460,254</u>	<u>\$ 539,898</u>

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

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2021

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds	
Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation Fund	Economic Development Fund	Golf Fund	Special Revenue Funds Subtotal	Ann & Charles Eisemann Edge	Total
\$ 4,353,948	\$ 725,399	\$ 4,201,407	\$ 56,236	\$ 4,200,405	\$ 568,606	\$ 28,022,614	\$ 236,354	\$ 28,258,968
259,607	-	266,746	-	-	36,432	628,757	-	628,757
-	-	-	-	-	8,800	8,800	-	8,800
<u>\$ 4,613,555</u>	<u>\$ 725,399</u>	<u>\$ 4,468,153</u>	<u>\$ 56,236</u>	<u>\$ 4,200,405</u>	<u>\$ 613,838</u>	<u>\$ 28,660,171</u>	<u>\$ 236,354</u>	<u>\$ 28,896,525</u>
\$ 58,801	\$ 8,305	\$ 225,219	\$ -	\$ 21,600	\$ 34,841	\$ 463,748	\$ -	\$ 463,748
-	-	65,678	-	-	-	86,257	-	86,257
248,216	-	12,907	8,500	-	38,718	346,996	-	346,996
-	-	-	1,785	-	-	49,792	-	49,792
105,120	-	-	-	-	-	105,120	-	105,120
<u>412,137</u>	<u>8,305</u>	<u>303,804</u>	<u>10,285</u>	<u>21,600</u>	<u>73,559</u>	<u>1,051,913</u>	<u>-</u>	<u>1,051,913</u>
-	-	266,746	-	-	-	266,746	-	266,746
-	-	266,746	-	-	-	266,746	-	266,746
-	-	-	-	-	8,800	8,800	-	8,800
-	-	-	-	-	-	-	201,750	201,750
-	717,094	-	-	-	-	13,519,716	34,604	13,554,320
-	-	-	-	-	-	958,645	-	958,645
-	-	-	-	4,178,805	-	4,178,805	-	4,178,805
-	-	3,897,603	-	-	-	3,897,603	-	3,897,603
-	-	-	-	-	531,479	531,479	-	531,479
4,201,418	-	-	-	-	-	4,201,418	-	4,201,418
-	-	-	45,951	-	-	45,951	-	45,951
-	-	-	-	-	-	(905)	-	(905)
<u>4,201,418</u>	<u>717,094</u>	<u>3,897,603</u>	<u>45,951</u>	<u>4,178,805</u>	<u>540,279</u>	<u>27,341,512</u>	<u>236,354</u>	<u>27,577,866</u>
<u>\$ 4,613,555</u>	<u>\$ 725,399</u>	<u>\$ 4,468,153</u>	<u>\$ 56,236</u>	<u>\$ 4,200,405</u>	<u>\$ 613,838</u>	<u>\$ 28,660,171</u>	<u>\$ 236,354</u>	<u>\$ 28,896,525</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2021

	<u>State Grants</u>	<u>Municipal Court Funds(1)</u>	<u>Tax Increment Financing Funds(1)</u>	<u>Special Police Funds</u>	<u>Wireless 911 Fund</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ 11,589,137	\$ -	\$ -
Franchise taxes	-	-	-	-	-
Hotel/motel taxes	-	-	-	-	-
Drainage fees	-	-	-	-	-
911 revenue	-	-	-	-	634,682
Intergovernmental revenue	29,136	-	2,620,411	188,549	-
Fines and forfeitures	-	314,351	-	25,724	-
Interest revenue	-	682	18,483	552	849
Eisemann center revenue	-	-	-	-	-
Golf course revenue	-	-	-	-	-
Golf course restaurant	-	-	-	-	-
Contributions	-	-	-	-	-
Participation	-	-	-	-	-
Other	-	-	-	23,841	-
Total revenues	<u>29,136</u>	<u>315,033</u>	<u>14,228,031</u>	<u>238,666</u>	<u>635,531</u>
Expenditures:					
General government	-	74,278	8,833,227	-	-
Public safety	11,946	45,433	-	92,231	3,848
Public services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
General administration	-	-	175,000	-	-
Capital outlay	18,095	-	1,431,297	-	-
Debt service:					
Interest and fiscal charges	-	-	3,620,820	-	-
Payments for other obligations	-	-	5,144,597	-	-
Total expenditures	<u>30,041</u>	<u>119,711</u>	<u>19,204,941</u>	<u>92,231</u>	<u>3,848</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(905)</u>	<u>195,322</u>	<u>(4,976,910)</u>	<u>146,435</u>	<u>631,683</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(50,000)	(650,000)
Issuance of other obligations	-	-	7,000,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,000,000</u>	<u>(50,000)</u>	<u>(650,000)</u>
Net change in fund balances	(905)	195,322	2,023,090	96,435	(18,317)
Fund balances, October 1	(1,622)	378,766	10,207,066	322,312	558,215
Fund balances, September 30	<u>\$ (2,527)</u>	<u>\$ 574,088</u>	<u>\$ 12,230,156</u>	<u>\$ 418,747</u>	<u>\$ 539,898</u>

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

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
Year ended September 30, 2021

Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
Hotel/Motel Tax Fund	PEG Fund	Drainage Fund	Richardson Improvement Corporation Fund	Economic Development Fund	Golf Fund	Special Revenue Funds Subtotal	Ann & Charles Eisemann Edge	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,589,137	\$ -	\$ 11,589,137
-	194,612	-	-	-	-	194,612	-	194,612
2,296,285	-	-	-	-	-	2,296,285	-	2,296,285
-	-	2,891,077	-	-	-	2,891,077	-	2,891,077
-	-	-	-	-	-	634,682	-	634,682
-	-	-	-	-	-	2,838,096	-	2,838,096
-	-	-	-	-	-	340,075	-	340,075
4,277	985	6,948	2	7,146	983	40,907	363	41,270
442,869	-	-	-	-	-	442,869	-	442,869
-	-	-	-	-	2,798,818	2,798,818	-	2,798,818
-	-	-	-	-	49,375	49,375	-	49,375
766	-	-	-	-	-	766	1,250	2,016
-	-	10,000	-	-	-	10,000	-	10,000
45,159	-	-	-	-	70,104	139,104	-	139,104
<u>2,789,356</u>	<u>195,597</u>	<u>2,908,025</u>	<u>2</u>	<u>7,146</u>	<u>2,919,280</u>	<u>24,265,803</u>	<u>1,613</u>	<u>24,267,416</u>
3,054,037	43,973	-	-	1,023,478	-	13,028,993	-	13,028,993
-	-	-	-	-	-	153,458	-	153,458
-	-	1,160,769	-	-	-	1,160,769	-	1,160,769
-	-	-	11,556	-	2,184,195	2,195,751	-	2,195,751
-	-	828,861	-	-	106,834	1,110,695	-	1,110,695
-	25,848	1,149,147	-	-	58,084	2,682,471	-	2,682,471
-	-	-	-	-	-	3,620,820	-	3,620,820
-	-	-	-	-	-	5,144,597	-	5,144,597
<u>3,054,037</u>	<u>69,821</u>	<u>3,138,777</u>	<u>11,556</u>	<u>1,023,478</u>	<u>2,349,113</u>	<u>29,097,554</u>	<u>-</u>	<u>29,097,554</u>
<u>(264,681)</u>	<u>125,776</u>	<u>(230,752)</u>	<u>(11,554)</u>	<u>(1,016,332)</u>	<u>570,167</u>	<u>(4,831,751)</u>	<u>1,613</u>	<u>(4,830,138)</u>
1,408,917	-	-	-	825,160	-	2,234,077	-	2,234,077
-	-	-	-	-	(480,000)	(1,180,000)	-	(1,180,000)
-	-	-	-	-	-	7,000,000	-	7,000,000
<u>1,408,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,160</u>	<u>(480,000)</u>	<u>8,054,077</u>	<u>-</u>	<u>8,054,077</u>
1,144,236	125,776	(230,752)	(11,554)	(191,172)	90,167	3,222,326	1,613	3,223,939
3,057,182	591,318	4,128,355	57,505	4,369,977	450,112	24,119,186	234,741	24,353,927
<u>\$ 4,201,418</u>	<u>\$ 717,094</u>	<u>\$ 3,897,603</u>	<u>\$ 45,951</u>	<u>\$ 4,178,805</u>	<u>\$ 540,279</u>	<u>\$ 27,341,512</u>	<u>\$ 236,354</u>	<u>\$ 27,577,866</u>

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet - Nonmajor Governmental Funds - Municipal Court Funds
 September 30, 2021

	Special Revenue Funds					Total
	Building Security	Technology	Judicial Efficiency	Municipal Jury Fund	Juvenile Case Manager	
Assets:						
Cash, cash equivalents, and investments	\$ 111,440	\$ 263,002	\$ 72,425	\$ 2,351	\$ 125,456	\$ 574,674
Total assets	<u>\$ 111,440</u>	<u>\$ 263,002</u>	<u>\$ 72,425</u>	<u>\$ 2,351</u>	<u>\$ 125,456</u>	<u>\$ 574,674</u>
Liabilities:						
Accrued liabilities	\$ 437	\$ -	\$ -	\$ -	\$ 149	\$ 586
Total liabilities	<u>437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149</u>	<u>586</u>
Fund balances:						
Restricted for:						
General government	111,003	263,002	72,425	2,351	125,307	574,088
Total fund balances	<u>111,003</u>	<u>263,002</u>	<u>72,425</u>	<u>2,351</u>	<u>125,307</u>	<u>574,088</u>
Total liabilities and fund balances	<u>\$ 111,440</u>	<u>\$ 263,002</u>	<u>\$ 72,425</u>	<u>\$ 2,351</u>	<u>\$ 125,456</u>	<u>\$ 574,674</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Nonmajor Governmental Funds - Municipal Court Funds
 Year ended September 30, 2021

	Special Revenue Funds					Total
	Building Security	Technology	Judicial Efficiency	Municipal Jury Fund	Juvenile Case Manager	
Revenues:						
Fines and forfeitures	\$ 94,632	\$ 78,603	\$ 45,518	\$ 1,876	\$ 93,722	\$ 314,351
Interest revenue	121	372	64	2	123	682
Total revenues	<u>94,753</u>	<u>78,975</u>	<u>45,582</u>	<u>1,878</u>	<u>93,845</u>	<u>315,033</u>
Expenditures:						
General government	-	45,861	4,904	613	22,900	74,278
Public safety	45,433	-	-	-	-	45,433
Total expenditures	<u>45,433</u>	<u>45,861</u>	<u>4,904</u>	<u>613</u>	<u>22,900</u>	<u>119,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,320</u>	<u>33,114</u>	<u>40,678</u>	<u>1,265</u>	<u>70,945</u>	<u>195,322</u>
Net change in fund balances	49,320	33,114	40,678	1,265	70,945	195,322
Fund balances, October 1	61,683	229,888	31,747	1,086	54,362	378,766
Fund balances, September 30	<u>\$ 111,003</u>	<u>\$ 263,002</u>	<u>\$ 72,425</u>	<u>\$ 2,351</u>	<u>\$ 125,307</u>	<u>\$ 574,088</u>

CITY OF RICHARDSON, TEXAS
 Combining Balance Sheet - Nonmajor Governmental Funds - Tax Increment Financing Funds
 September 30, 2021

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Assets:				
Cash, cash equivalents, and investments	\$ 10,132,415	\$ 1,886,497	\$ 340,840	\$ 12,359,752
Total assets	<u>\$ 10,132,415</u>	<u>\$ 1,886,497</u>	<u>\$ 340,840</u>	<u>\$ 12,359,752</u>
Liabilities:				
Accounts payable	\$ 73,475	\$ -	\$ -	\$ 73,475
Retainage payable	18,052	-	-	18,052
Accrued liabilities	38,069	-	-	38,069
Total liabilities	<u>129,596</u>	<u>-</u>	<u>-</u>	<u>129,596</u>
Fund balances:				
Restricted for:				
General government	10,002,819	1,886,497	340,840	12,230,156
Total fund balances	<u>10,002,819</u>	<u>1,886,497</u>	<u>340,840</u>	<u>12,230,156</u>
Total liabilities and fund balances	<u>\$ 10,132,415</u>	<u>\$ 1,886,497</u>	<u>\$ 340,840</u>	<u>\$ 12,359,752</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds - Tax Increment Financing Funds
Year ended September 30, 2021

	Special Revenue Funds			Total
	Tax Increment Financing #1	Tax Increment Financing #2	Tax Increment Financing #3	
Revenues:				
General property taxes	\$ 5,601,359	\$ 5,065,519	\$ 922,259	\$ 11,589,137
Intergovernmental revenue	1,291,098	1,124,352	204,961	2,620,411
Interest revenue	15,123	2,785	575	18,483
Total revenues	<u>6,907,580</u>	<u>6,192,656</u>	<u>1,127,795</u>	<u>14,228,031</u>
Expenditures:				
General government	8,833,227	-	-	8,833,227
General administration	150,000	25,000	-	175,000
Capital outlay	1,431,297	-	-	1,431,297
Debt service:				
Payments for other obligations	2,265,446	2,879,151	-	5,144,597
Interest and fiscal charges	325,160	2,300,483	995,177	3,620,820
Total expenditures	<u>13,005,130</u>	<u>5,204,634</u>	<u>995,177</u>	<u>19,204,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,097,550)</u>	<u>988,022</u>	<u>132,618</u>	<u>(4,976,910)</u>
Other financing sources (uses):				
Issuance of other obligations	<u>7,000,000</u>	-	-	<u>7,000,000</u>
Total other financing sources (uses)	<u>7,000,000</u>	-	-	<u>7,000,000</u>
Net change in fund balances	902,450	988,022	132,618	2,023,090
Fund balances, October 1	9,100,369	898,475	208,222	10,207,066
Fund balances, September 30	<u>\$ 10,002,819</u>	<u>\$ 1,886,497</u>	<u>\$ 340,840</u>	<u>\$ 12,230,156</u>



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CITY OF RICHARDSON, TEXAS
Nonmajor Governmental Funds - Internal Service Funds
September 30, 2021

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 three 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.

Technology Replacement Fund - This fund is used to account for costs of replacing information technology hardware and software related to legacy ERP and Traffic systems.

CITY OF RICHARDSON, TEXAS
Combining Statement of Net Position - All Internal Service Funds
September 30, 2021

	Central Services Fund	Insurance Fund	Technology Replacement Fund	Total
Assets:				
Current assets:				
Cash, cash equivalents, and investments	\$ 329,626	\$ 13,968,204	\$ 2,258,493	\$ 16,556,323
Accounts receivable	-	14,145	-	14,145
Inventories	256,200	-	-	256,200
Prepaid items	-	84,458	-	84,458
Total current assets	<u>585,826</u>	<u>14,066,807</u>	<u>2,258,493</u>	<u>16,911,126</u>
Capital assets:				
Land	56,011	-	-	56,011
Buildings	259,990	-	-	259,990
Improvements	23,023	-	-	23,023
Vehicles, machinery and equipment	372,761	-	-	372,761
Total capital assets	<u>711,785</u>	<u>-</u>	<u>-</u>	<u>711,785</u>
Less accumulated depreciation	<u>(581,147)</u>	<u>-</u>	<u>-</u>	<u>(581,147)</u>
Total capital assets, net of accumulated depreciation	<u>130,638</u>	<u>-</u>	<u>-</u>	<u>130,638</u>
Total assets	<u>716,464</u>	<u>14,066,807</u>	<u>2,258,493</u>	<u>17,041,764</u>
Deferred outflows of resources:				
Pension contributions investment experience and assumptions	52,802	38,077	-	90,879
OPEB contributions, investment experience and assumptions	24,485	17,214	-	41,699
Total deferred outflows of resources	<u>77,287</u>	<u>55,291</u>	<u>-</u>	<u>132,578</u>
Liabilities:				
Current liabilities:				
Accounts payable	13,246	399,759	513,570	926,575
Compensated absences	3,473	3,518	-	6,991
Accrued liabilities	2,702	2,058	-	4,760
Unpaid claims liabilities	-	1,007,097	-	1,007,097
Total current liabilities	<u>19,421</u>	<u>1,412,432</u>	<u>513,570</u>	<u>1,945,423</u>
Noncurrent liabilities:				
Compensated absences	31,257	31,658	-	62,915
Net pension liability	170,038	84,903	-	254,941
Total OPEB liability	<u>185,743</u>	<u>166,515</u>	<u>-</u>	<u>352,258</u>
Total noncurrent liabilities	<u>387,038</u>	<u>283,076</u>	<u>-</u>	<u>670,114</u>
Total liabilities	<u>406,459</u>	<u>1,695,508</u>	<u>513,570</u>	<u>2,615,537</u>
Deferred inflows of resources:				
Pension actuarial experience	79,508	40,951	-	120,459
OPEB assumptions	3,337	1,671	-	5,008
Total deferred inflows of resources	<u>82,845</u>	<u>42,622</u>	<u>-</u>	<u>125,467</u>
Net position:				
Net investment in capital assets	130,639	-	-	130,639
Unrestricted	<u>173,808</u>	<u>12,383,969</u>	<u>1,744,922</u>	<u>14,302,699</u>
Total net position	<u>\$ 304,447</u>	<u>\$ 12,383,969</u>	<u>\$ 1,744,922</u>	<u>\$ 14,433,338</u>

CITY OF RICHARDSON, TEXAS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - All Internal Service Funds
Year ended September 30, 2021

	Central Services Fund	Insurance Fund	Technology Replacement Fund	Total
Operating revenues:				
Charges for services	\$ 542,200	\$ -	\$ 2,050,000	\$ 2,592,200
City and employee contributions	5,826	14,795,558	-	14,801,384
Miscellaneous	1,391	538,049	-	539,440
Total operating revenues	<u>549,417</u>	<u>15,333,607</u>	<u>2,050,000</u>	<u>17,933,024</u>
Operating expenses:				
Personal services	384,475	602,478	-	986,953
Premiums	412	1,066,386	-	1,066,798
Professional and technical services	4,840	745,290	-	750,130
Property services	74,551	-	1,234,909	1,309,460
Other purchased services	-	20,932	-	20,932
Insurance claims	12,405	12,736,505	-	12,748,910
Supplies	56,593	983	430,100	487,676
Depreciation	9,572	-	-	9,572
Total operating expenses	<u>542,848</u>	<u>15,172,574</u>	<u>1,665,009</u>	<u>17,380,431</u>
Operating income (loss)	<u>6,569</u>	<u>161,033</u>	<u>384,991</u>	<u>552,593</u>
Nonoperating revenues:				
Interest revenue	773	21,482	4,071	26,326
Total nonoperating revenues	<u>773</u>	<u>21,482</u>	<u>4,071</u>	<u>26,326</u>
Change in net position	7,342	182,515	389,062	578,919
Net position, October 1	297,105	12,201,454	1,355,860	13,854,419
Net position, September 30	<u>\$ 304,447</u>	<u>\$ 12,383,969</u>	<u>\$ 1,744,922</u>	<u>\$ 14,433,338</u>

CITY OF RICHARDSON, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
Year ended September 30, 2021

	Central Services Fund	Insurance Fund	Technology Replacement Fund	Total
Cash flows from operating activities:				
Cash received from service users	\$ 542,197	\$ -	\$ 2,050,000	\$ 2,592,197
Cash received from City, employee, and other contributions	5,826	15,339,162	-	15,344,988
Cash payments to employees	(391,158)	(1,697,886)	-	(2,089,044)
Cash payments for claims	(12,405)	(12,519,761)	-	(12,532,166)
Cash payments for goods and services	(141,541)	(828,640)	(1,234,700)	(2,204,881)
Cash received from miscellaneous revenue	1,391	-	-	1,391
Net cash provided by (used in) operating activities	<u>4,310</u>	<u>292,875</u>	<u>815,300</u>	<u>1,112,485</u>
Cash from noncapital financing activities				
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash from capital and related financing activities:				
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activity:				
Purchase of investment securities	-	13,000,000	-	13,000,000
Interest received on investments	773	21,482	4,071	26,326
Net cash provided by (used in) investing activities	<u>773</u>	<u>13,021,482</u>	<u>4,071</u>	<u>13,026,326</u>
Net increase (decrease) in cash and cash equivalents	5,083	13,314,357	819,372	14,138,811
Cash and cash equivalents, October 1	<u>324,543</u>	<u>653,847</u>	<u>1,439,121</u>	<u>2,417,511</u>
Cash and cash equivalents, September 30	<u>\$ 329,626</u>	<u>\$ 13,968,204</u>	<u>\$ 2,258,493</u>	<u>\$ 16,556,323</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 6,569	\$ 161,033	\$ 384,991	\$ 552,593
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	9,572	-	-	9,572
Changes in assets and liabilities:				
(Increase)Decrease in accounts receivable	-	75,825	-	75,825
(Increase)Decrease in inventory of supplies	(10,389)	-	-	(10,389)
(Increase)Decrease in prepaid items	-	(48,058)	-	(48,058)
Increase(Decrease) in accounts payable	10,276	(10,048)	418,309	418,537
Increase in unpaid claims liabilities	-	216,744	-	216,744
Increase(Decrease) in unearned revenue	-	(70,270)	-	(70,270)
Increase(Decrease) in compensated absences	5,662	(14,101)	-	(8,439)
Increase(Decrease) in post-employment benefits	12,163	15,204	-	27,367
Increase(Decrease) in pension liabilities	(21,431)	(26,789)	-	(48,220)
Increase (decrease) in accrued liabilities	(5,444)	(3,329)	12,000	3,227
Increase(Decrease) in deferred inflows/outflows	(2,668)	(3,335)	-	(6,003)
Total adjustments	<u>(2,259)</u>	<u>131,843</u>	<u>430,309</u>	<u>559,893</u>
Net cash provided by (used in) operating activities:	<u>\$ 4,310</u>	<u>\$ 292,876</u>	<u>\$ 815,300</u>	<u>\$ 1,112,486</u>
Reconciliation of cash and cash equivalents to the statement of net position:				
Total cash and investments per the statement of net position	<u>\$ 329,626</u>	<u>\$ 13,968,204</u>	<u>\$ 2,258,493</u>	<u>\$ 16,556,323</u>
Less investments not meeting the definition of cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at September 30, 2021	<u>\$ 329,626</u>	<u>\$ 13,968,204</u>	<u>\$ 2,258,493</u>	<u>\$ 16,556,323</u>



STATISTICAL SECTION

CITY OF RICHARDSON, TEXAS
Statistical Section
September 30, 2021

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.	96
<i>Revenue Capacity</i> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	102 - 105
<i>Debt Capacity</i> - These schedules present information to help the reader assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	106 - 110
<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.	111 - 112
<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.	113 - 115
<i>Pension Information</i> - This schedule contains information regarding pension benefits funding progress.	116

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

Table 1

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets	\$ 108,527	\$ 113,992	\$ 129,095	\$ 134,199	\$ 130,402	\$ 110,728	\$ 150,625	\$ 156,267	\$ 179,372	\$ 215,347
Restricted	10,744	7,103	7,072	10,511	10,682	26,607	9,692	-	13,653	20,174
Unrestricted	<u>(8,303)</u>	<u>(6,582)</u>	<u>(19,188)</u>	<u>(23,943)</u>	<u>(19,160)</u>	<u>(23,077)</u>	<u>(31,515)</u>	<u>(30,919)</u>	<u>(15,973)</u>	<u>(22,904)</u>
Total governmental activities net position	<u>\$ 110,968</u>	<u>\$ 114,513</u>	<u>\$ 116,979</u>	<u>\$ 120,767</u>	<u>\$ 121,924</u>	<u>\$ 114,258</u>	<u>\$ 128,802</u>	<u>\$ 125,348</u>	<u>\$ 193,142</u>	<u>\$ 212,617</u>
Business-type activities:										
Net investment in capital assets	\$ 50,558	\$ 55,251	\$ 50,634	\$ 51,770	\$ 55,464	\$ 56,619	\$ 57,169	\$ 57,513	\$ 57,032	\$ 56,716
Restricted	6,338	6,700	4,068	5,464	3,262	3,016	3,071	5,172	17,006	24,197
Unrestricted	<u>11,604</u>	<u>11,399</u>	<u>8,983</u>	<u>10,694</u>	<u>12,427</u>	<u>12,823</u>	<u>15,512</u>	<u>14,243</u>	<u>8,630</u>	<u>5,971</u>
Total business-type activities net position	<u>\$ 68,500</u>	<u>\$ 73,350</u>	<u>\$ 63,685</u>	<u>\$ 67,928</u>	<u>\$ 71,153</u>	<u>\$ 72,458</u>	<u>\$ 75,752</u>	<u>\$ 76,928</u>	<u>\$ 82,668</u>	<u>\$ 86,884</u>
Primary government:										
Net investment in capital assets	\$ 159,085	\$ 169,243	\$ 179,729	\$ 185,969	\$ 185,866	\$ 167,347	\$ 207,794	\$ 213,780	\$ 236,404	\$ 272,063
Restricted	17,082	13,803	11,140	15,975	13,944	29,623	12,763	5,172	30,659	44,371
Unrestricted	<u>3,301</u>	<u>4,817</u>	<u>(10,205)</u>	<u>(13,249)</u>	<u>(6,733)</u>	<u>(10,254)</u>	<u>(16,003)</u>	<u>(16,676)</u>	<u>(7,343)</u>	<u>(16,933)</u>
Total primary government net position	<u>\$ 179,468</u>	<u>\$ 187,863</u>	<u>\$ 180,664</u>	<u>\$ 188,695</u>	<u>\$ 193,077</u>	<u>\$ 186,716</u>	<u>\$ 204,554</u>	<u>\$ 202,276</u>	<u>\$ 259,720</u>	<u>\$ 299,501</u>

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

Table 2

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses:										
Governmental activities:										
General government	\$ 30,018	\$ 29,705	\$ 36,311	\$ 36,761	\$ 45,754	\$ 60,771	\$ 36,545	\$ 50,472	\$ 36,981	\$ 45,672
Public safety	45,224	45,616	47,533	48,745	54,796	56,883	56,951	61,285	61,902	62,940
Public services	26,776	27,044	28,931	30,588	34,955	32,108	30,921	37,633	33,526	36,151
Library	4,027	3,963	3,989	4,161	4,311	4,339	4,217	4,433	4,473	3,590
Parks and recreation	14,786	15,078	15,282	18,310	18,987	19,813	19,259	20,114	17,379	17,450
Public health	1,548	1,606	1,714	1,807	2,054	2,185	2,173	2,228	2,043	1,645
Interest and fiscal charges	10,930	11,134	10,757	9,884	9,524	11,136	12,984	14,417	12,386	12,319
Total governmental activities expenses	<u>133,309</u>	<u>134,146</u>	<u>144,517</u>	<u>150,256</u>	<u>170,381</u>	<u>187,235</u>	<u>163,050</u>	<u>190,582</u>	<u>168,690</u>	<u>179,767</u>
Business-type activities:										
Water and sewer	51,667	54,341	55,648	59,159	63,836	71,437	76,642	81,682	83,298	82,101
Solid waste	13,057	12,574	12,441	13,725	14,418	14,509	14,369	15,003	14,521	14,233
Golf	2,376	2,544	2,558	-	-	-	-	-	-	-
Total business-type activities expenses	<u>67,100</u>	<u>69,459</u>	<u>70,647</u>	<u>72,884</u>	<u>78,254</u>	<u>85,946</u>	<u>91,011</u>	<u>96,685</u>	<u>97,819</u>	<u>96,334</u>
Total primary government expenses	<u>\$ 200,409</u>	<u>\$ 203,605</u>	<u>\$ 215,164</u>	<u>\$ 223,140</u>	<u>\$ 248,635</u>	<u>\$ 273,181</u>	<u>\$ 254,061</u>	<u>\$ 287,267</u>	<u>\$ 266,509</u>	<u>\$ 276,101</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 3,423	\$ 3,875	\$ 3,327	\$ 3,398	\$ 6,027	\$ 6,025	\$ 4,736	\$ 6,266	\$ 2,207	\$ 1,911
Public safety	9,480	9,506	9,252	9,691	9,421	7,867	7,977	8,872	8,154	9,438
Public services	4,278	6,583	6,163	6,152	10,200	6,940	5,947	5,887	5,610	5,975
Library	155	6	5	-	-	-	-	-	31	41
Parks and recreation	3,262	3,756	4,103	5,328	6,110	6,367	6,281	6,138	4,389	4,900
Public health	264	293	291	340	346	369	615	429	385	721
Operating grants and contributions	1,777	522	788	967	3,689	1,821	7,241	2,564	7,242	4,562
Capital grants and contributions	2,028	8,363	15,022	8,168	1,819	4,468	429	424	428	735
Total governmental activities program revenues	<u>24,667</u>	<u>32,904</u>	<u>38,951</u>	<u>34,044</u>	<u>37,612</u>	<u>33,857</u>	<u>33,226</u>	<u>30,580</u>	<u>34,585</u>	<u>28,283</u>
Business-type activities:										
Charges for services:										
Water and sewer	46,075	54,257	51,271	60,310	63,914	68,876	78,920	80,911	86,814	84,392
Solid waste	12,303	12,375	12,555	13,047	13,345	14,679	14,614	14,832	15,026	15,257
Golf	2,011	2,231	1,919	-	-	-	-	-	-	-
Operating grants and contributions	12	-	-	-	-	-	6	-	-	-
Capital grants and contributions	956	908	1,551	1,549	4,032	3,457	1,974	1,046	1,045	613
Total business-type activities program revenues	<u>61,357</u>	<u>69,771</u>	<u>67,296</u>	<u>74,906</u>	<u>81,291</u>	<u>87,012</u>	<u>95,514</u>	<u>96,789</u>	<u>96,788</u>	<u>100,262</u>
Total primary government program revenues	<u>\$ 86,024</u>	<u>\$ 102,675</u>	<u>\$ 106,247</u>	<u>\$ 108,950</u>	<u>\$ 118,903</u>	<u>\$ 120,869</u>	<u>\$ 128,740</u>	<u>\$ 127,369</u>	<u>\$ 131,373</u>	<u>\$ 128,545</u>

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

(Continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net (expense) revenue:										
Governmental activities	\$ (108,642)	\$ (101,242)	\$ (105,566)	\$ (116,212)	\$ (132,769)	\$ (153,378)	\$ (129,824)	\$ (160,002)	\$ (134,105)	\$ (151,484)
Business-type activities	(5,743)	312	(3,351)	2,022	3,037	1,066	4,503	104	(1,031)	3,928
Total primary government net expense	<u>\$ (114,385)</u>	<u>\$ (100,930)</u>	<u>\$ (108,917)</u>	<u>\$ (114,190)</u>	<u>\$ (129,732)</u>	<u>\$ (152,312)</u>	<u>\$ (125,321)</u>	<u>\$ (159,898)</u>	<u>\$ (135,136)</u>	<u>\$ (147,556)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property	\$ 63,810	\$ 64,602	\$ 68,368	\$ 70,677	\$ 78,761	\$ 87,312	\$ 96,107	\$ 103,685	\$ 110,279	\$ 118,829
Sales	25,246	26,600	29,805	31,065	33,660	36,044	35,357	40,164	41,535	45,810
Other taxes	3,351	3,673	4,129	4,460	4,979	4,863	4,861	4,896	2,998	2,903
Franchise	13,561	14,289	15,039	15,647	16,058	16,446	17,415	17,331	17,184	16,601
Unrestricted interest earnings	156	94	92	137	399	724	2,324	4,025	2,769	305
Transfers	(259)	(4,506)	4,058	(2,064)	-	-	(250)	(196)	(206)	-
Gain on sale of assets	8	35	40	78	69	323	727	97	33	160
Contributions to permanent fund principal	-	-	-	-	-	-	-	200	1	1
Total governmental activities	<u>105,873</u>	<u>104,787</u>	<u>121,531</u>	<u>120,000</u>	<u>133,926</u>	<u>145,712</u>	<u>156,541</u>	<u>170,202</u>	<u>174,593</u>	<u>184,609</u>
Business-type activities:										
Unrestricted interest earnings	31	29	23	47	109	164	458	774	683	68
Transfers	259	4,506	(4,058)	2,064	-	-	250	196	206	-
Gain on sale of assets	352	3	181	109	80	74	241	103	225	222
Total business-type activities	<u>642</u>	<u>4,538</u>	<u>(3,854)</u>	<u>2,220</u>	<u>189</u>	<u>238</u>	<u>949</u>	<u>1,073</u>	<u>1,114</u>	<u>290</u>
Total primary government	<u>\$ 106,515</u>	<u>\$ 109,325</u>	<u>\$ 117,677</u>	<u>\$ 122,220</u>	<u>\$ 134,115</u>	<u>\$ 145,950</u>	<u>\$ 157,490</u>	<u>\$ 171,275</u>	<u>\$ 175,707</u>	<u>\$ 184,899</u>
Change in net position:										
Governmental activities	\$ (2,769)	\$ 3,545	\$ 15,965	\$ 3,788	\$ 1,157	\$ (7,666)	\$ 26,717	\$ 10,200	\$ 40,488	\$ 33,127
Business-type activities	(5,101)	4,850	(7,205)	4,242	3,226	1,304	5,452	1,177	83	4,216
Total primary government	<u>\$ (7,870)</u>	<u>\$ 8,395</u>	<u>\$ 8,760</u>	<u>\$ 8,030</u>	<u>\$ 4,383</u>	<u>\$ (6,362)</u>	<u>\$ 32,169</u>	<u>\$ 11,377</u>	<u>\$ 40,571</u>	<u>\$ 37,344</u>



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Table 3

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund:										
Nonspendable	\$ 559	\$ 1,027	\$ 882	\$ 933	\$ 720	\$ 666	\$ 595	\$ 552	\$ 515	\$ 697
Assigned for	327	337	665	800	634	598	532	4,541	13,696	847
Unassigned	16,274	16,513	17,789	18,007	19,788	21,612	23,858	27,856	30,836	38,814
Total general fund	<u>\$ 17,160</u>	<u>\$ 17,877</u>	<u>\$ 19,336</u>	<u>\$ 19,740</u>	<u>\$ 21,142</u>	<u>\$ 22,876</u>	<u>\$ 24,985</u>	<u>\$ 32,949</u>	<u>\$ 45,047</u>	<u>\$ 40,358</u>
All other governmental funds:										
Reserved for:										
Unreserved, reported in:										
Non spendable:										
Property held for redevelopment and resale	\$ 2,495	\$ 2,495	\$ 2,495	\$ 274	\$ 274	\$ 274	\$ -	\$ -	\$ -	\$ -
Prepaid items	64	98	77	120	65	62	83	61	2	9
Permanent fund principal	-	-	-	-	-	-	-	200	201	202
Restricted for:										
Debt service	2,247	2,324	2,328	2,381	2,653	2,794	3,083	3,192	3,328	6,281
Library	-	63	7	26	89	-	172	-	-	1,035
Parks and recreation projects	18,341	3,831	4,101	1,156	471	836	5,371	-	2,668	1,883
Public services	26,548	16,283	8,692	5,544	4,800	18,978	27,683	16,359	15,631	39,000
Neighborhood vitality projects	6,434	5,325	2,509	1,745	-	-	-	-	-	-
Municipal public buildings	5,098	341	37	27	-	-	-	-	-	-
Capital projects	2,196	129	118	1,608	1,226	1,379	1,955	-	1,481	-
General government	-	1,223	2,561	4,415	4,178	4,432	6,164	8,380	12,021	27,351
Health/shelter	-	-	229	40	68	-	26	-	-	-
Public safety	-	1,917	1,906	2,147	3,468	26,187	44,232	49,119	32,704	5,749
Other purposes	2,716	-	-	-	-	-	-	-	-	-
Committed for:										
General government	-	-	-	-	1,211	1,873	2,734	3,716	4,370	4,179
Public services	570	1,921	2,743	2,841	2,557	3,208	4,357	4,027	4,128	3,898
Parks and recreation	-	-	-	-	107	195	164	219	448	1,437
Assigned for:										
Public services	808	1,474	1,507	90	2,457	1,553	1,255	1,255	5,534	22,999
Other purpose	2,422	-	-	-	-	-	-	-	-	-
Public safety	-	-	2	44	3	-	-	-	367	1,719
Library	-	-	-	-	-	-	-	-	-	398
Parks and recreation	-	23	65	225	767	83	77	67	2,500	4,357
Neighborhood Vitality Projects	-	-	65	-	-	-	-	-	-	-
Capital projects	-	4,896	-	2,578	7,630	6,011	9,359	9,465	6,927	4,153
General government	-	1,081	5,405	2,120	3,179	3,026	3,770	3,625	4,776	6,771
Unassigned	-	-	-	-	-	-	-	-	(2)	(136)
Total all other governmental funds	<u>\$ 69,939</u>	<u>\$ 43,424</u>	<u>\$ 34,847</u>	<u>\$ 27,381</u>	<u>\$ 35,203</u>	<u>\$ 70,891</u>	<u>\$ 110,485</u>	<u>\$ 99,685</u>	<u>\$ 97,084</u>	<u>\$ 131,285</u>

Table 4

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:										
Property taxes	\$ 63,753	\$ 64,565	\$ 68,362	\$ 70,744	\$ 78,762	\$ 87,317	\$ 95,825	\$ 103,706	\$ 110,508	\$ 118,421
Franchise taxes	13,561	14,289	15,038	15,647	16,058	16,446	17,416	17,331	17,184	16,601
Sales tax	25,246	26,600	29,805	31,065	33,660	36,044	35,357	40,164	41,535	45,810
Mixed beverage and bingo tax	338	352	464	523	543	587	616	651	545	607
Hotel/motel taxes	3,013	3,322	3,665	3,937	4,436	4,276	4,245	4,245	2,453	2,296
Drainage fees	1,781	2,705	2,582	2,702	2,755	2,754	2,765	2,817	2,842	2,891
911 revenue	1,676	1,724	1,723	1,731	1,727	1,727	1,656	1,655	1,361	1,317
Intergovernmental revenue	2,437	7,732	9,261	4,866	4,927	4,034	3,905	3,761	13,513	6,794
Licenses and permits	2,405	4,000	3,310	3,380	4,638	4,253	2,890	3,168	2,766	3,166
Fines and forfeitures	5,765	6,339	5,482	5,461	5,042	3,461	3,493	3,560	3,102	3,572
Interest revenue	154	92	90	134	375	685	2,200	3,774	2,543	273
Civic center use	331	328	295	300	315	268	249	355	121	-
Eisemann center revenue	2,396	2,026	2,177	2,143	2,232	2,543	2,324	2,423	1,125	506
Recreation and leisure	3,207	3,743	4,091	5,302	6,064	6,336	6,227	6,094	4,341	4,827
Public safety	2,396	2,236	2,095	2,434	2,602	2,636	2,631	3,468	3,565	2,744
Contributions	99	64	615	256	261	194	431	565	171	65
Participation	140	316	272	2,257	405	-	52	38	365	433
Other	745	813	1,184	1,129	1,644	1,399	1,282	821	865	914
General administration	8,496	8,235	7,652	8,128	8,054	7,955	8,010	8,309	8,300	8,404
Total revenues	<u>\$ 137,939</u>	<u>\$ 149,481</u>	<u>\$ 158,163</u>	<u>\$ 162,139</u>	<u>\$ 174,500</u>	<u>\$ 182,915</u>	<u>\$ 191,574</u>	<u>\$ 206,905</u>	<u>\$ 217,205</u>	<u>\$ 219,641</u>
Expenditures:										
General government	29,772	30,454	37,522	37,401	45,649	60,986	37,209	50,860	37,940	48,376
Public safety	40,035	41,881	43,163	44,415	47,917	49,976	51,800	54,259	56,362	56,728
Public services	18,780	19,704	20,920	22,142	25,288	22,136	21,119	26,627	23,680	26,822
Library	3,354	3,513	3,478	3,543	3,640	3,754	3,836	3,872	4,067	3,467
Parks and recreation	11,530	11,891	11,790	14,339	14,349	15,443	15,179	15,166	13,744	14,622
Public health	1,422	1,535	1,629	1,673	1,863	1,982	2,030	2,015	1,878	1,754
General administration	2,690	2,130	1,565	2,028	2,013	1,058	1,082	1,106	1,108	1,111
Capital outlay	21,397	50,941	40,698	38,419	28,386	29,967	48,420	62,652	44,637	35,277
Debt service:										
Principal retirement	15,738	16,421	17,901	19,300	19,860	24,614	26,685	27,490	29,525	28,830
Interest and fiscal charges	11,095	10,772	10,608	10,344	11,316	10,950	12,478	14,911	14,413	13,920
Payments for other obligations	859	1,052	1,215	902	2,584	2,954	4,838	5,258	4,812	5,583
Issuance costs	195	272	119	541	342	509	564	394	493	372
Total expenditures	<u>\$ 156,867</u>	<u>\$ 190,566</u>	<u>\$ 190,608</u>	<u>\$ 195,047</u>	<u>\$ 203,207</u>	<u>\$ 224,329</u>	<u>\$ 225,240</u>	<u>\$ 264,610</u>	<u>\$ 232,659</u>	<u>\$ 236,862</u>
Deficiency of revenues under expenditures	<u>(18,928)</u>	<u>(41,085)</u>	<u>(32,445)</u>	<u>(32,908)</u>	<u>(28,707)</u>	<u>(41,414)</u>	<u>(33,666)</u>	<u>(57,705)</u>	<u>(15,454)</u>	<u>(17,221)</u>

(Continued)

Table 4

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Other financing sources (uses):										
Transfers in	\$ 4,121	\$ 5,650	\$ 4,594	\$ 6,503	\$ 10,011	\$ 9,610	\$ 9,961	\$ 10,476	\$ 14,857	\$ 30,872
Transfers out	(6,330)	(6,202)	(5,652)	(9,531)	(10,011)	(9,610)	(9,961)	(10,476)	(14,857)	(30,872)
Issuance of certificates of obligation	6,050	4,290	12,500	17,270	4,045	30,930	26,290	20,990	6,055	18,610
Issuance of general obligation bonds	-	-	-	-	8,265	19,725	38,525	16,790	15,015	12,630
Issuance of refunding bonds	6,270	18,000	-	45,741	14,020	-	-	-	40,425	-
Issuance of other obligations	192	10,909	13,789	10,654	22,252	26,042	5,667	14,498	2,076	12,855
Premium/discount on bonds	760	2,811	34	277	2,720	1,659	3,946	1,866	9,137	2,181
Payment to refunded bond escrow agent	(6,779)	(20,417)	-	(45,341)	(15,904)	-	-	-	(48,241)	-
Insurance and other recoveries	107	170	10	190	2,459	137	182	598	310	231
Proceeds from sale of capital assets	531	77	51	84	74	342	758	127	174	226
Total other financing sources	<u>4,922</u>	<u>15,288</u>	<u>25,326</u>	<u>25,847</u>	<u>37,931</u>	<u>78,835</u>	<u>75,368</u>	<u>54,869</u>	<u>24,951</u>	<u>46,733</u>
Net change in fund balances	<u>\$ (14,006)</u>	<u>\$ (25,797)</u>	<u>\$ (7,119)</u>	<u>\$ (7,061)</u>	<u>\$ 9,224</u>	<u>\$ 37,421</u>	<u>\$ 41,702</u>	<u>\$ (2,836)</u>	<u>\$ 9,497</u>	<u>\$ 29,512</u>
Debt service as a percentage of non-capital expenditures	19.81 %	19.48 %	19.02 %	18.93 %	17.83 %	18.30 %	22.15 %	20.99 %	23.37 %	21.21 %

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
2012	\$ 5,093,892,359	\$ 5,941,833,474	\$ 696,387,354	\$ 2,051,284,896	\$ 9,680,828,291	0.63516
2013	5,064,251,846	6,019,687,573	812,199,657	1,937,327,183	9,958,811,893	0.63516
2014	5,120,141,991	6,555,445,029	864,733,351	2,098,603,635	10,441,716,736	0.63516
2015	5,361,295,791	6,859,193,040	909,835,399	2,322,046,075	10,808,278,155	0.63516
2016	5,742,269,842	8,281,055,896	748,742,290	3,231,115,761	11,540,952,267	0.63516
2017	6,565,413,521	9,497,512,380	754,632,663	3,818,620,376	12,998,938,188	0.62516
2018	7,194,755,916	10,509,751,876	790,424,823	4,410,302,957	14,084,629,658	0.62516
2019	8,097,909,289	11,047,973,089	906,275,735	4,878,398,254	15,173,759,859	0.62516
2020	8,480,364,539	12,298,386,470	860,767,880	5,363,499,560	16,276,019,329	0.62516
2021	8,601,187,678	12,826,442,876	555,893,645	5,366,562,279	16,616,961,920	0.62516

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

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

Table 6

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

Fiscal year	City direct rates			Overlapping rates								
	Operations and maintenance rate	Interest and sinking rate	Total	Richardson ISD	Collin County	Collin County Community College	Plano ISD	Garland ISD	Dallas County	Dallas County Hospital	Dallas County Community College	Dallas County School Equalization Fund
2012	\$ 0.362810	\$ 0.272350	\$ 0.635160	\$ 1.340050	\$ 0.240000	\$ 0.086300	\$ 1.373400	\$ 1.253300	\$ 0.243100	\$ 0.271000	\$ 0.099670	\$ 0.010000
2013	0.362810	0.272350	0.635160	1.340050	0.240000	0.086299	1.373400	1.253300	0.243100	0.271000	0.119375	0.009937
2014	0.365310	0.269850	0.635160	1.340050	0.237500	0.083643	1.453000	1.253300	0.243100	0.276000	0.124700	0.010000
2015	0.370310	0.264850	0.635160	1.340050	0.235000	0.081960	1.448000	1.253300	0.243100	0.286000	0.124775	0.010000
2016	0.380310	0.254850	0.635160	1.340050	0.225000	0.081960	1.439000	1.353300	0.243100	0.286000	0.123650	0.010000
2017	0.370310	0.254850	0.625160	1.390050	0.208395	0.081222	1.439000	1.460000	0.243100	0.279400	0.122933	0.009271
2018	0.370310	0.254850	0.625160	1.390050	0.192246	0.079810	1.439000	1.460000	0.243100	0.279400	0.124238	0.010000
2019	0.374130	0.251030	0.625160	1.520000	0.180785	0.081222	1.439000	1.460000	0.243100	0.279400	0.124000	0.010000
2020	0.381240	0.243920	0.625160	1.418350	0.174951	0.081222	1.337350	1.390000	0.243100	0.269500	0.124000	0.010000
2021	0.381240	0.243920	0.625160	1.404700	0.172531	0.081222	1.323750	1.256300	0.239740	0.266100	0.124000	0.010000

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

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

Table 7

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

Name of Taxpayer	2021			2012		
	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (b)	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value (c)
Corporate Properties Trust	\$ 725,887,092	1	3.90 %	\$ -	-	- %
Collins Technology Park Partners	478,575,930	2	2.57	-	-	-
Bank of America	401,430,405	3	2.16	163,098,524	3	1.67
Health Care Service Corporation	356,027,883	4	1.91	-	-	-
Texas Instruments	341,060,813	5	1.83	100,465,287	6	1.03
Qorvo	318,614,280	6	1.71	-	-	-
Verizon	234,729,170	7	1.26	132,836,500	4	1.36
Cisco Systems	230,829,315	8	1.24	196,789,462	1	2.02
Linkedin	184,274,320	9	0.99	-	-	-
Galatyn Parent LP	126,684,501	10	0.68	-	-	-
AT&T	-	-	-	164,239,373	2	1.69
EMC Corporation	-	-	-	104,452,637	5	1.07
Fujitsu	-	-	-	94,203,170	7	0.97
IBM	-	-	-	79,799,744	8	0.82
Oncor	-	-	-	53,504,285	9	0.55
Equastone	-	-	-	52,377,407	10	0.54
Total	\$ 3,398,113,709		18.25 %	\$ 1,141,766,389		11.72 %

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

Note:

- (a) Includes TIF values
- (b) Total Taxable Value October 1, 2020= \$18,597,570,819
- (c) Total Taxable Value October 1, 2011 = \$9,746,482,430

Table 8

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

Fiscal year ended September 30	Taxes Levied for the Fiscal Year (1)	Subsequent Adjustments & Subsequent Collections	Total Adjusted Levy at 9/30/21	Collected within the fiscal year of the levy		Total collections to date		
				Amount	Percentage of Taxes Levied for the Fiscal Year	Collections in subsequent years	Amount	Percentage of Adjusted Levy
2012	\$ 62,836,249	\$ 38,024	\$ 62,874,273	\$ 62,496,395	99.46 %	\$ 332,257	\$ 62,828,652	99.93 %
2013	64,374,498	(203,722)	64,170,776	63,980,358	99.39	140,656	64,121,014	99.92
2014	68,105,024	(90,006)	68,015,018	67,862,416	99.64	91,626	67,954,042	99.91
2015	70,561,704	(37,657)	70,524,047	70,275,798	99.59	177,681	70,453,479	99.90
2016	78,509,994	(208,470)	78,301,524	78,176,975	99.58	23,012	78,199,987	99.87
2017	87,404,711	(112,990)	87,291,721	87,087,236	99.64	74,216	87,161,452	99.85
2018	97,013,107	(650,560)	96,362,547	96,535,083	99.51	(337,328)	96,197,755	99.83
2019	106,052,791	(608,528)	105,444,263	105,475,738	99.46	(249,762)	105,225,976	99.79
2020	113,980,138	(718,951)	113,261,187	113,752,271	99.80	(797,847)	112,954,424	99.73
2021	121,211,637	-	121,211,637	120,738,397	99.61	-	120,738,397	99.61

(1) Taxes levied for the fiscal year include the certified roll plus any adjustments that occur in the fiscal year that the taxes are due.

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

Table 9

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
GOVERNMENTAL ACTIVITIES										
General obligation bonds	\$ 203,891,472	\$ 195,175,450	\$ 181,449,602	\$ 162,669,259	\$ 154,949,412	\$ 159,740,000	\$ 181,910,000	\$ 181,100,000	\$ 156,265,000	\$ 152,665,000
General obligation bonds from direct borrowings	-	-	-	-	-	-	-	-	15,015,000	15,015,000
Certificates of obligation (2)	19,145,000	18,825,000	21,550,000	21,535,000	19,710,000	36,510,000	55,915,000	71,610,000	68,615,000	80,635,000
Certificates of obligation from direct borrowings (2)	-	-	5,600,000	17,025,000	17,025,000	21,475,000	18,030,000	13,435,000	8,885,000	2,875,000
Unamortized premium/(discount)	11,742,983	13,044,030	12,131,942	15,950,679	16,398,001	16,341,255	18,389,067	18,212,785	21,165,144	20,836,143
Total general obligation bonds and general obligation bonds from direct borrowings	<u>234,779,455</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>	<u>234,066,255</u>	<u>274,244,067</u>	<u>284,357,785</u>	<u>269,945,144</u>	<u>272,026,143</u>
TIF obligation (3)	8,239,481	18,175,159	31,964,048	41,506,816	62,451,680	86,132,860	87,571,447	97,049,085	92,983,493	94,838,897
Tax Notes	-	-	-	-	-	-	-	-	-	5,855,000
Other obligations	4,921,832	4,842,740	3,622,492	3,832,124	2,554,995	1,962,228	1,352,943	1,115,324	2,444,931	2,006,319
Total TIF and other obligations	<u>13,161,313</u>	<u>23,017,899</u>	<u>35,586,540</u>	<u>45,338,940</u>	<u>65,006,675</u>	<u>88,095,088</u>	<u>88,924,390</u>	<u>98,164,409</u>	<u>95,428,424</u>	<u>102,700,216</u>
Total governmental activities	<u>\$ 247,940,768</u>	<u>\$ 258,838,663</u>	<u>\$ 265,116,079</u>	<u>\$ 258,838,663</u>	<u>\$ 256,318,084</u>	<u>\$ 262,518,878</u>	<u>\$ 273,089,088</u>	<u>\$ 322,161,343</u>	<u>\$ 363,168,457</u>	<u>\$ 382,522,194</u>

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

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

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

(3) Tax increment financing (TIF) is used to finance public improvements within defined areas for economic development. The developer incurs the costs to install the necessary public infrastructure and other public improvements. The City reimburses the developer based on the increased tax increments within the TIF boundaries over the contracted period. The City's liability to the developer lasts until paid in full or expiration of TIF zone contract.

(4) See Table 13 for personal income and population data.

Table 9 (continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>BUSINESS-TYPE ACTIVITIES</u>										
General obligation refunding bonds (2)	\$ 21,155,000	\$ 18,415,000	\$ 16,805,000	\$ 17,410,000	\$ 21,495,000	\$ 19,095,000	\$ 16,480,000	\$ 13,490,000	\$ 16,900,000	\$ 15,720,000
General obligation bonds from direct borrowings (2)	423,528	419,550	360,398	215,741	70,588	-	-	-	-	-
Certificates of obligation	38,930,000	37,110,000	35,075,000	32,570,000	25,680,000	28,275,000	32,860,000	39,835,000	38,130,000	47,600,000
Unamortized premium/(discount)	1,916,392	1,878,147	1,694,323	2,080,380	3,261,227	3,189,744	3,414,645	3,616,732	5,709,171	6,671,905
Total general obligation bonds and general obligation bonds from direct borrowings	<u>\$ 62,424,920</u>	<u>\$ 57,822,697</u>	<u>\$ 53,934,721</u>	<u>\$ 52,276,121</u>	<u>\$ 50,506,815</u>	<u>\$ 50,559,744</u>	<u>\$ 52,754,645</u>	<u>\$ 56,941,732</u>	<u>\$ 60,739,171</u>	<u>\$ 69,991,905</u>
Other Obligations	22,834	1,792	-	-	-	-	-	-	-	-
Total other obligations	22,834	1,792	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ 62,447,754</u>	<u>\$ 57,824,489</u>	<u>\$ 53,934,721</u>	<u>\$ 52,276,121</u>	<u>\$ 50,506,815</u>	<u>\$ 50,559,744</u>	<u>\$ 52,754,645</u>	<u>\$ 56,941,732</u>	<u>\$ 60,739,171</u>	<u>\$ 69,991,905</u>
Total primary government	<u>\$ 310,388,522</u>	<u>\$ 307,886,868</u>	<u>\$ 310,252,805</u>	<u>\$ 314,794,999</u>	<u>\$ 323,595,903</u>	<u>\$ 372,721,087</u>	<u>\$ 415,923,102</u>	<u>\$ 439,463,926</u>	<u>\$ 426,112,739</u>	<u>\$ 444,718,264</u>
% of personal income (4)	9.4 %	9.3 %	9.2 %	8.9 %	9.0 %	10.0 %	10.9 %	10.9 %	9.4 %	10.9 %
Per capita (4)	\$ 3,090	\$ 3,053	\$ 3,047	\$ 3,073	\$ 3,103	\$ 3,470	\$ 3,776	\$ 3,865	\$ 3,685	\$ 3,722

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

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

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

(3) Tax increment financing (TIF) is used to finance public improvements within defined areas for economic development. The developer incurs the costs to install the necessary public infrastructure and other public improvements. The City reimburses the developer based on the increased tax increments within the TIF boundaries over the contracted period. The City's liability to the developer lasts until paid in full or expiration of TIF zone contract.

(4) See Table 13 for personal income and population data.

Table 10

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>GOVERNMENTAL ACTIVITIES</u>										
General obligation bonds	\$ 203,891,472	\$ 195,175,450	\$ 181,449,602	\$ 162,669,259	\$ 154,949,412	\$ 159,740,000	\$ 181,910,000	\$ 181,100,000	\$ 156,265,000	\$ 152,665,000
General obligation bonds from direct borrowings	-	-	-	-	-	-	-	-	15,015,000	15,015,000
Certificates of obligation (3)	19,145,000	18,825,000	21,550,000	21,535,000	19,710,000	36,510,000	55,915,000	71,610,000	68,615,000	80,635,000
Certificates of obligation from direct borrowings (3)	-	-	5,600,000	17,025,000	17,025,000	21,475,000	18,030,000	13,435,000	8,885,000	2,875,000
Unamortized premium/(discount)	11,742,982	13,044,030	12,131,942	15,950,679	16,398,001	16,341,255	18,389,067	18,212,785	21,165,144	20,836,143
Total general obligation bonds and general obligation bonds from direct borrowings	<u>234,779,454</u>	<u>227,044,480</u>	<u>220,731,544</u>	<u>217,179,938</u>	<u>208,082,413</u>	<u>234,066,255</u>	<u>274,244,067</u>	<u>284,357,785</u>	<u>269,945,144</u>	<u>272,026,143</u>
<u>BUSINESS-TYPE ACTIVITIES</u>										
General obligation refunding bonds (3)	21,155,000	18,415,000	16,805,000	17,410,000	21,495,000	19,095,000	16,480,000	13,490,000	16,900,000	15,720,000
General obligations bonds from direct borrowings (3)	423,528	419,550	360,398	215,741	70,588	-	-	-	-	-
Certificates of obligation	38,930,000	37,110,000	35,075,000	32,570,000	25,680,000	28,275,000	32,680,000	39,835,000	38,130,000	47,600,000
Unamortized premium/(discount)	1,916,392	1,878,147	1,694,323	2,080,380	3,261,227	3,189,744	3,414,645	3,616,732	5,709,171	6,671,905
Total general obligation bonds and certificates of obligation (3)	<u>62,424,920</u>	<u>57,822,697</u>	<u>53,934,721</u>	<u>52,276,121</u>	<u>50,506,815</u>	<u>50,559,744</u>	<u>52,574,645</u>	<u>56,941,732</u>	<u>60,739,171</u>	<u>69,991,905</u>
Total primary government	<u>\$ 297,204,374</u>	<u>\$ 284,867,177</u>	<u>\$ 274,666,265</u>	<u>\$ 269,456,059</u>	<u>\$ 258,589,228</u>	<u>\$ 284,625,999</u>	<u>\$ 326,818,712</u>	<u>\$ 341,299,517</u>	<u>\$ 330,684,315</u>	<u>\$ 342,018,048</u>
% of actual taxable value of property (2)	3.1 %	2.9 %	2.6 %	2.5 %	2.2 %	2.1 %	2.3 %	2.2 %	2.0 %	2.1 %
Per capita	\$ 2,959	\$ 2,825	\$ 2,698	\$ 2,631	\$ 2,479	\$ 2,650	\$ 2,967	\$ 3,001	\$ 2,860	\$ 2,863

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

- (1) In FY 2014, this table was restated to include the unamortized premium and discount for all years presented. These components are generated as part of debt issuance, and are amortized as non-cash interest expense over the life of the debt.
- (2) See table 5 for property value data.
- (3) In FY 2019, this table was restated to separate out direct borrowings from debt in accordance with GASB 88. There was no change in the total outstanding debt amounts

Table 11

CITY OF RICHARDSON, TEXAS
 Direct and Overlapping Governmental Activities Debt
 September 30, 2021
 (unaudited)

<u>Government unit</u>	<u>Debt outstanding</u>	<u>Estimated percentage applicable (1)</u>	<u>Estimated share of overlapping debt</u>
Debt repaid with property taxes:			
Richardson Independent School District	\$ 689,695,000	37.29 %	\$ 257,187,266
Plano Independent School District	625,625,000	14.44	90,340,250
Dallas County	116,665,000	3.95	4,608,268
Dallas County Schools	16,679,652	3.95	658,846
Dallas County Hospital District	575,530,000	3.95	22,733,435
Dallas County Community College District	166,750,000	3.95	6,586,625
Garland Independent School District	464,615,000	0.04	185,846
Collin County	526,975,000	5.24	27,613,490
Collin County Community College District	514,470,000	5.24	26,958,228
Subtotal, overlapping debt			<u>436,872,254</u>
City direct debt			<u>374,726,359</u> (2)
Total direct and overlapping bonded debt			<u><u>\$ 811,598,613</u></u>

- (1) Estimated percentage applicable to the City is calculated by taking each entity's taxable values within the City and dividing by the total taxable value for that entity.
- (2) Includes unamortized premium and discounts of \$20,86,143 and TIF, tax notes, and other obligations of \$102,700,216. Amounts for other governmental units only include the value of bonded debt outstanding.

Source: Hilltop Securities Inc.

Table 12

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

<u>Year</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit (1)</u>	<u>Legal Debt Margin</u>	<u>Estimated share of overlapping debt</u>
2012	\$ 1,475,676,577	\$ 244,561,083	\$ 1,231,115,494	16.57%
2013	1,451,488,433	233,279,620	1,218,208,813	16.07
2014	1,452,124,244	223,036,472	1,229,087,772	15.36
2015	1,493,821,784	214,000,450	1,279,821,334	14.33
2016 (2)	1,566,257,510	208,599,602	1,357,657,908	13.32
2017	1,621,241,723	201,229,259	1,420,012,464	12.41
2018	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A
2020	N/A	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A

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

Table 13

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

<u>Calendar Year</u>	<u>Estimated Population (1)</u>	<u>Personal income (thousands of dollars)</u>	<u>Per capita personal income (2)</u>	<u>Median age (2)</u>	<u>School enrollment</u>		<u>Unemployment rate (%) (5)</u>
					<u>R.I.S.D.(3)</u>	<u>P.I.S.D.(4)</u>	
2012	100,450	\$ 3,310,631	\$ 32,958	36.2	36,946	55,302	5.5 %
2013	100,850	3,323,814	32,958	36.2	38,043	55,302	5.6
2014	101,820	3,355,784	32,958	36.2	38,283	54,839	4.5
2015	102,430	3,547,868	34,637	37.6	38,618	54,818	3.5
2016	104,300	3,612,639	34,637	37.6	38,792	54,818	3.7
2017	107,400	3,720,014	34,637	37.6	39,272	53,952	3.0
2018	110,140	3,814,919	34,637	37.6	39,314	53,952	3.5
2019	113,710	4,046,256	35,584	37.6	39,103	53,085	3.2
2020	119,469	4,828,698	34,637	35.6	39,619	52,629	5.5
2021	119,469	4,828,698	34,637	35.6	38,787	50,405	3.8

Sources:

- (1) NCTCOG as of April for each year except 2020 from US Census Bureau. NCTCOG released their 2021 estimates before Census data was available so the 2020 Census is being used until they restate their 2021 estimates.
- (2) Information compiled from the Richardson Economic Development Partnership.
- (3) School Enrollment - Richardson Independent School District.
- (4) School Enrollment - Plano Independent School District.
- (5) Unemployment - Texas Workforce Commission Website.

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

Table 14

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

Employer	2021			2012		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
State Farm Insurance	9,000	1	6.15 %	-	-	- %
RISD (5)	5,961	2	2.38	2,500	6	1.92
University of Texas Dallas	3,911	3	-	2,830	4	2.18
Blue Cross & Blue Shield of Texas	3,100	4	2.38	3,100		2.38
Genpact	2,500	5	2.06	2,830		2.18
Geico	2,400	6	-	-	-	-
Raytheon	2,200	7	1.92	4,780		3.68
RealPage	2,100	8	1.62	-		-
Cisco Systems	2,000	9	1.54	1,200	10	1.00
Texas Instruments	1,800	10	1.46	-		-
At&t	-		-	4,300	1	-
Bank of America	-		-	3,300	2	1.15
Blue Cross and Blue Shield	-		-	3,100	3	-
University of Texas at Dallas	-		-	2,830	4	-
Ericsson, Inc	-		-	2,500	5	3.31
Richardson ISD	-	-	-	2,500	6	2.54
Verizon Business	-	-	-	2,250	7	1.73
Fujitsu	-	-	-	1,500	8	0.92
Fossil Inc	-	-	-	1,400	9	-
Total	34,972		19.51 %	40,920		22.99 %

Source:

- (1) Richardson Economic Development Partnership as of July 2021.
- (2) Richardson Economic Development Partnership total city employment totaled approximately 130,000 as of September, 2019.
- (3) Richardson Chamber of Commerce, 2010.
- (4) NCTCOG-2012 City Employment Projections - 120,456.
- (5) RISD Employment number is district-wide as of January 2022

Table 15

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

Function/program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	143	145	149	153	153	152	165	168	159	179
Public safety	395	396	397	411	419	428	432	432	433	432
Public services	157	159	156	154	156	156	141	148	163	165
Library	35	35	29	30	30	30	30	30	30	29
Parks and recreation (1)	81	81	77	94	95	95	101	101	95	100
Public health	17	17	17	17	18	18	18	18	18	19
Water	66	66	66	68	70	70	72	73	76	68
Wastewater	12	12	12	12	12	14	14	15	12	12
Solid waste	70	70	70	71	71	71	71	71	71	73
Golf (1)	16	16	14	-	-	-	-	-	-	-
Total	992	997	987	1,010	1,024	1,034	1,044	1,056	1,057	1,077

(1) In FY 2015, the Golf function was reclassified into the Parks and recreation function.
 Totals updated for year 2012 in FY 2013.
 Source: City Budget Office.

Table 16

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

Function/program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Police: Number of employees	246	246	245	253	258	263	267	267	268	241
Fire: Number of employees	150	150	152	158	161	165	166	165	165	169
Municipal court:										
Number of violations (citations)	46,357	48,249	43,144	39,042	32,313	31,338	36,269	37,242	27,272	26,985
Public services:										
Asphalt repairs (tons) (1)	1,184	978	572	600	662	775	718	897	548	900
Concrete replacement (yards) (1)	-	-	3,806	3,118	2,382	2,359	2,234	1,743	1,804	1,560
Parks and recreation: Acreage	865	865	865	870	873	900	900	900	900	900
Library: Volumes in collection	-	-	-	-	-	250,035	262,208	251,535	253,802	287,390
Water and sewer:										
Number of water consumers	32,409	32,685	32,895	33,046	33,249	33,427	33,424	33,549	33,532	33,617
Average daily water consumption (thousands of gallons) (2)	22,555	20,482	19,148	22,478	21,920	22,522	24,203	22,773	19,789	22,579
Number of sewer consumers	29,162	29,295	29,533	29,681	29,869	29,983	30,016	30,121	30,119	30,170
Solid waste:										
Refuse collected (tons/day) (4)	136	138	136	188	163	151	132	140	133	131
Bulky/brush pickups (tons/day) (4)	64	62	71	36	37	24	23	34	34	30
Recyclables collected (tons/day)	30	27	26	26	27	19	20	20	20	20
Golf: Number of rounds played (3)	92,681	87,003	71,488	47,893	68,823	74,355	72,451	74,577	95,689	93,352

- (1) Asphalt repairs were reduced in FY 2014 because in FY 2014 public services began a new program focusing on full concrete replacement rather than asphalt overlays.
- (2) In FY 2015, the average daily water consumption has increased because watering restrictions were lifted. In FY 2016 the City received higher than average rainfall.
- (3) Course 1 was closed from February 1, 2015 through October 16, 2015.
- (4) Beginning in FY 2015, refuse includes other bulky trash that is not composted.

Source: City Departments

Table 17

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

Function/program	2012	2013	2014(1)	2015(1)	2016(1)	2017(1)	2018(1)	2019(1)	2020(1)	2021(1)
Public safety:										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	46	48	50	46	43	43	45	48	48	48
Volunteer patrol units	3	2	3	3	3	3	3	3	3	3
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets - paved (miles)	406	409	411	587	590	590	591	591	592	592
Alleys - paved (miles)	222	222	222	222	223	223	223	223	223	223
Sidewalks (miles)	652	665	678	678	680	683	696	697	703	703
Streetlights	6,211	6,234	6,241	6,288	6,301	6,301	6,301	6,301	6,301	6,301
Parks and recreation:										
Parks	32	33	33	35	36	38	38	38	38	38
Playgrounds	29	30	30	31	31	33	33	33	33	33
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	32	32	32	32	32	32	32	32	32	32
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	571	574	581	581	585	585	585	585	545	578
Fire hydrants	4,187	4,258	4,359	4,419	4,522	4,609	4,630	4,666	4,688	4,778
Wastewater:										
Sanitary sewers (miles) (1)	500	503	503	503	503	503	503	503	417	425

(1) Starting in FY 2021, the wastewater sanitary sewer miles reported were restated to exclude abandoned lines.

Source: City Departments

Table 18

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

Actuarial valuation date	Fiscal Year	(a)	(b)	(c)	(d)	Equivalent Single Amortization period in years	(e)	UAAL as a percentage of covered payroll (%) (d)/(e) (2)
		Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio (%) (a)/(b)	Unfunded ALL (UAAL) (b)-(a)		Annual covered payroll (2)	
12/31/11	2012	\$ 169,208,373	\$ 262,453,428	64.47 %	\$ 93,245,055	30	\$ 54,789,624	170.19 %
12/31/12	2013	176,026,211	276,540,082	63.65	100,513,871	29	58,633,974	171.43
12/31/13 (3)	2014	313,084,736	359,151,109	87.17	46,066,373	27	58,251,916	79.08
12/31/14	2015	403,661,975	452,625,423	89.18	48,963,448	16	65,295,964	74.99
12/31/15	2016	424,808,953	479,358,126	88.62	54,549,173	16	67,329,906	81.02
12/31/16	2017	444,939,761	501,315,736	88.75	56,375,975	15	70,066,638	80.46
12/31/17	2018	469,640,036	522,622,710	89.86	52,982,674	14	72,840,621	72.74
12/31/18	2019	490,140,485	545,089,671	89.92	54,949,186	13	75,570,212	72.71
12/31/19	2020	513,963,111	566,908,565	90.66	52,945,454	13	75,768,381	69.88
12/31/20	2021	540,803,854	586,368,152	92.23	45,564,298	12	78,960,617	57.71

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