

**CITY OF RICHARDSON, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**Prepared By:**

**DEPARTMENT OF FINANCE**

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**CITY OF RICHARDSON, TEXAS**  
 Comprehensive Annual Financial Report  
 Year ended September 30, 2010

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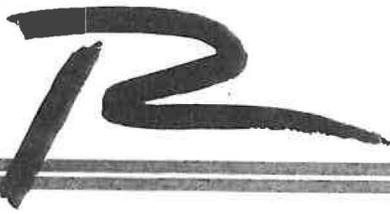
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City Council  
Gary A. Slagel  
Mayor  
Bob Townsend  
Mayor Pro Tem  
Mark Solomon  
John Murphy  
Bob Macy  
Steve Mitchell  
Amir Omar

February 3, 2011

Bill Keffler  
City Manager

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

The Comprehensive Annual Financial Report of the City of Richardson (the "City"), for the fiscal year ended September 30, 2010, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

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

The City Council selected the firm of KPMG LLP, Certified Public Accountants to audit these financial statements. The independent auditor has issued an unqualified ("clean") opinion on the City's financial statements for the year ended September 30, 2010, and the auditor's report is located at the front of the financial section of the Comprehensive Annual Financial Report.

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

### **Profile of the Government**

The City is located in North Central Texas and was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made on November 14, 2007. The City currently has a land area of 28.5 square miles and an estimated population of 101,200. The City is a home rule city and operates under the Council-Manager form of government. Every two years, Richardson voters simultaneously elect seven council members to represent them. All council members are elected at large, with four representing each of the City's four districts. The Mayor is selected from among the Council members by a vote of the Council. Terms of office for all Council positions are for two consecutive years.

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

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<http://www.cor.net>



## CITY OF RICHARDSON, TEXAS

Transmittal Letter

September 30, 2010

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

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

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

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. The commitments will be honored during the subsequent year. The City amends the budget at the end of each fiscal year to provide for additional expenditures or expenses and also to provide reductions in other expenditures or expenses, or supplemental revenues to fund such amendments.

### Local Economy

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

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

Texas Instruments announced plans to begin operations at its 1.1 million square foot semiconductor manufacturing facility, located at Renner Road and Alma Road in the northwest section of the City. The facility was completed in 2006 in anticipation of future semiconductor demand requiring additional manufacturing capacity. The company began production of 300-mm analog wafer chips at the facility in September, 2010. The facility will employ 1,000 jobs at full capacity. TI announced in the spring of 2010 that it would begin the second phase of adding

## CITY OF RICHARDSON, TEXAS

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manufacturing equipment within the facility, giving the company the ability to generate \$2 billion each year from the Richardson location and placing the plant at about 2/3 capacity.

The University of Texas at Dallas (“UTD”), located within the City of Richardson, is in the middle of a campus-wide facility renovation. A new 400-bed Residence Hall opened in August 2009, and a 28,000 square-foot Dining Hall and expansion of the existing Student Union building was dedicated in September 2009. A Campus Landscape Enhancement, which added new landscaping, entry, and water features, was dedicated in September 2010 and featured more than 5,000 trees and native plants. A new 76,000 square-foot Student Services building and a new 74,000 Science Learning Center were completed in the summer of 2010. UTD also stands to benefit from the passage of state legislation and a constitutional amendment which establishes more than \$680 million in funding for UTD and six other emerging research universities across the state of Texas. Funds will be made available to universities as they meet target criteria established by the legislation, and will be used to increase the number of Tier One universities in the state. Tier One status is one of UTD’s key strategic goals.

Richardson Regional Medical Center became Methodist Richardson Medical Center as the Richardson Hospital Authority, the governing board of Richardson Regional signed a 20-year operating lease agreement with the Methodist Health System. Methodist will operate the Richardson location and lease its facilities and equipment while the Hospital Authority will maintain ownership of the hospital. The partnership with the Methodist Health System is expected to accelerate the expansion of the Bush/Renner satellite campus, which is currently home to a medical office building, outpatient hospital and a cancer center. Methodist Richardson Medical Center was named a Best Place to Work in the Large Category by the *Dallas Business Journal* in 2009.

Richardson also benefits from the DART Light Rail line which parallels U.S. 75 and has four stations in the City. Complementing the rail line is an 896-acre Tax Increment Financing (TIF) District. The TIF District, established in 2006, encompasses the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and extends west from U.S. 75 to Coit Road along Spring Valley. Dallas County began financial participation in the TIF in Fiscal Year 2010. The TIF District and the DART Light Rail line are key strategic elements in the City’s redevelopment plans, and the City has begun to benefit from projects which are taking advantage of these assets:

- In 2009, Dallas-based Parliament Group purchased a 220-acre tract of land south of the President George Bush Turnpike which borders the DART line on the west and has convenient access to the Bush Turnpike DART station. The Parliament Group is in the process of examining plans and options to maximize opportunities for transit-oriented development at the site. The deal was named a finalist in the *Dallas Business Journal’s* Best Real Estate Deals of 2009. Work has begun on a planned development for the area in conjunction with neighboring undeveloped tracts of land.
- The Leland Consulting Group, which specializes in developing economic revitalization plans for cities, has been retained by the City to prepare a comprehensive investment strategy for the West Spring Valley corridor, a section of the TIF between U.S. 75 and Coit Road. The corridor is comprised of aging and underperforming multi-family and commercial establishments and was identified in Richardson’s recently adopted Comprehensive Plan as an area targeted for “Enhancement/Redevelopment.” The goal of this investment strategy will be to ensure that the future use of financial resources in this area yields desirable and sustainable redevelopment. Phase I of the study was recently completed and Phase II of the study is anticipated to be completed in mid-2011. To facilitate development, the City Council passed a 90-day moratorium on commercial development in December 2010 for the West Spring Valley corridor.
- Digital Realty Trust, in partnership with Skyrise Properties, announced plans for a \$488 million redevelopment on a 70-acre section of Collins Technology Park, located at the southeast corner of East Collins Boulevard and Alma Road. The former technology equipment manufacturing campus will be converted to a data center park,

## CITY OF RICHARDSON, TEXAS

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and the existing seven buildings will be upgraded to accommodate equipment for telecommunications and data processing. A key driver for the property is the onsite, privately-owned electric substation, which can provide large amounts of affordable electricity, needed for the computing equipment housed in data centers. Half of the first data center building is already leased and several Fortune 500 companies are evaluating the site for their data center needs. Texas Governor Rick Perry presided at the ribbon-cutting for Datacenter park on May 26, 2010. The deal was named a finalist in the *Dallas Business Journal's* Best Real Estate Deals of 2009.

- Champion Partners announced a multi-million dollar purchase of two buildings in the U.S. 75 corridor. The One Telecom Center and 2370 Performance Drive buildings, totaling more than half a million square feet of space, formerly housed telecom companies AT&T and Nortel Networks. Champion Partner Stephen Modory was quoted in a December 10, 2010 article in the Dallas Morning News entitled "Telecom Corridor's Revival" as saying "we believe that North Texas – and the Telecom Corridor – is going to benefit from the recovering economy."
- BlueCross BlueShield of Texas announced in December 2006 that they would consolidate their DFW Metroplex operations into a new headquarters campus in the Galatyn Park Urban Center. Groundbreaking occurred in October 2007 on the 34-acre campus just north of the Charles W. Eisemann Center for the Performing Arts and Corporate Presentations and the facility was occupied in March, 2010. The \$265 million, 1.1 million square foot complex is expected to house up to 3,900 employees at full capacity. The BlueCross facility is the largest office campus built in DFW since 1987. As part of the development, the City, in partnership with Collin County, built Routh Creek Parkway from Lookout Drive to Renner Road, which will enhance access to the new facility.
- Galatyn Park Corporation, Galatyn Properties Limited, and Legacy Partners built The Venue, a transit-oriented residential project in the heart of the Galatyn Park Urban Center with direct access to the Galatyn Park DART station. The Venue is a \$34 million development that includes 283 apartment units and approximately 7,000 square feet of retail space. The Venue began leasing operations in the spring of 2008, and the project was 95% leased as of August, 2010.
- In 2006, construction began on the Eastside development, a \$90-million mixed-use project situated at the southeast corner of U.S. 75 and Campbell Road, between the Arapaho Center and Galatyn Park transit stations. Eastside, led by Fobare Commercial, Skyrise Properties, Greenway Investments, and Post Properties, includes approximately 86,000 square feet of retail and restaurant space, 19,000 square feet of new office space (in addition to 191,000 square feet of existing office space), and 436 apartment units, built around a two-acre park. The development was completed in 2009, and features a vertically mixed-use design, shared multi-function open space, and pedestrian-friendly streetscapes. In August, 2010, multi-family units at Eastside were 95% leased.
- The City entered into an infrastructure, grant, and reimbursement agreement with Centennial Park, Ltd. in September 2007 for the construction of Brick Row, located on 30 acres adjacent to the DART Spring Valley transit station in the TIF District. The development replaces an aging 337-unit apartment complex and 18 single-family dwellings with a mix of 950 residential units (townhomes, apartments, and condominiums), 44,000 square feet of ground floor retail and a two-acre public park. The Floyd Branch drainage corridor, which bisects Centennial Park, has been enhanced to not only accommodate storm water protection, but to also serve as an amenity by incorporating trails that will connect with Richardson's city-wide trail network. Construction began in early 2009 on three mixed-use buildings, which includes 500 urban-style apartment family units and 16,764 square feet of retail space. The infrastructure for 127 townhomes has been completed, model units have been constructed, and several townhomes have been purchased by home owners.

TriQuint Semiconductor announced that it had increased its headcount in 2010 from 527 to over 700 at its 545,000 square foot Richardson fab located at 500 West Renner Road. In addition to adding over 170 employees, the

## CITY OF RICHARDSON, TEXAS

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company will invest \$100 million in new equipment at the plant over the next five years and add capacity to print chips on six-inch wafers in addition to the four-inch wafers currently in use.

Stream Data Centers completed a \$35 million data center on Essex Drive, northeast of Renner Road and Shiloh Road. The 20,000 square foot "spec" facility will target corporate users looking for robust, secure space for their servers and other equipment. The building includes dual power feeds from separate substations and has access to multiple fiber optic service providers.

Construction began in June on The Shire retail center's second phase at the southwest corner of the President George Bush Turnpike and the Shire Boulevard. The \$10 million, 32,000 square foot development, will include an Ebby Halliday Realtors office and a restaurant in addition to other retail.

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

The \$15,403,047 unreserved fund balance in the general fund is the equivalent of 59.64 days of expenditures and transfers. On an annual basis, the City studies a five-year plan for evaluating tax rates and utility rates as they relate to debt financing for capital needs and the operating costs of providing services to citizens.

### **Major Initiatives**

In June of 2010, the City issued \$66 million in General Obligation Bonds which were approved by voters in a May 2010 election. These bonds were designated for street improvements, parks and recreation improvements, construction and improvements to public buildings, and neighborhood vitality initiatives. Key features of the 2010 bond sale include a new recreation center and pool at Heights Park, a new Gymnastics Center, a new Fire Station #4 and a new Fire Training Center. Simultaneous to the General Obligation Bond sale, the City issued approximately \$18.3 million in Combination Tax and Revenue Certificates of Obligation to meet the City's capital equipment needs and make improvements to the water and sewer system.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2009. This was the thirty-second year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

**CITY OF RICHARDSON, TEXAS**

Transmittal Letter

September 30, 2010

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

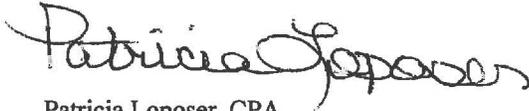
Sincerely,



Bill Keffler  
City Manager



Kent Pfeil  
Director of Finance



Patricia Lopusser, CPA  
Controller

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**CITY OF RICHARDSON, TEXAS**

**PRINCIPAL OFFICIALS**

**SEPTEMBER 30, 2010**

**CITY COUNCIL**

GARY A. SLAGEL, MAYOR

BOB TOWNSEND, MAYOR PRO TEM

BOB MACY

STEVE MITCHELL

JOHN MURPHY

AMIR OMAR

MARK SOLOMON

**CITY MANAGER**

BILL KEFFLER

**DEPUTY CITY MANAGER**

DAN JOHNSON

**DIRECTOR OF FINANCE**

KENT PFEIL

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Richardson  
Texas

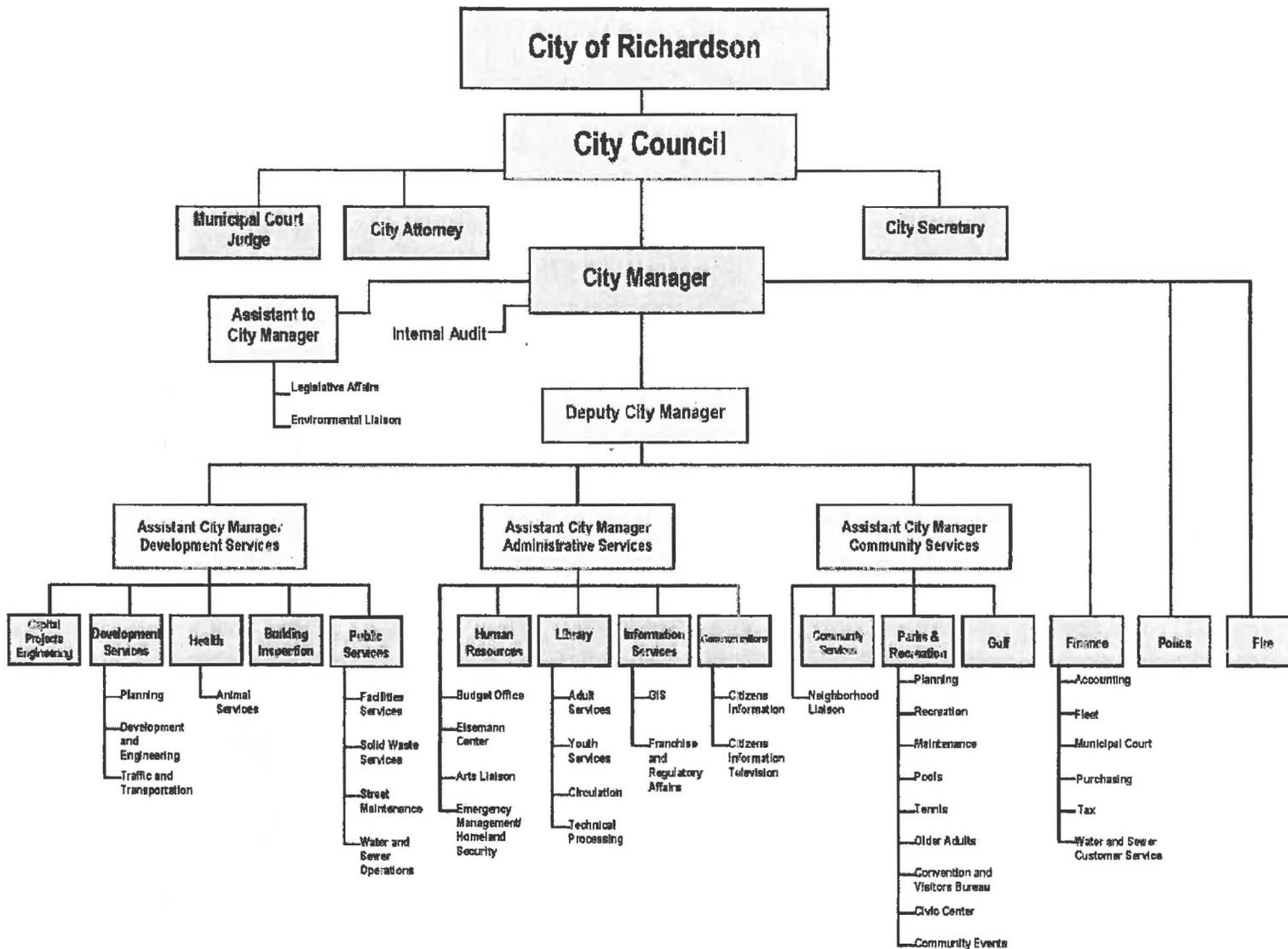
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

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



President

Executive Director





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

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson, Texas (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, and the budgetary information and schedules of funding progress on pages 12 through 21, pages 67, 77 through 89, and page 68, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

February 3, 2011

**CITY OF RICHARDSON, TEXAS**  
Management's Discussion and Analysis  
September 30, 2010

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, 2010. It is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages 1 through 6 of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities at September 30, 2010, by \$202,621,409 (net assets). Of this amount, \$12,538,247 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$3,351,286. The highlights of this decrease can be found on pages 15 and 16 of this report.
- At September 30, 2010, the City's governmental funds reported combined ending fund balances of \$115,593,894. Approximately 19.66% of this amount, \$22,730,053 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15,403,047, or 16.34% of total General Fund expenditures and transfers.
- The City's total debt increased by approximately \$57,606,000 (22.3%) during the current fiscal year. The highlights of this increase can be found on page 20 of this report.

**Overview of the Financial Statements**

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

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

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

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

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Government-Wide Financial Analysis**

Total assets of the City at September 30, 2010 were \$574,261,737, while total liabilities were \$371,640,328 resulting in a net asset balance of \$202,621,409.

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The largest portion of the City's net assets, \$165,565,815 (81.71%) reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1

Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
	(In thousands)					
Current and other assets	\$ 133,137	\$ 75,279	\$ 40,383	\$ 34,489	\$ 173,520	\$ 109,768
Capital assets	293,517	288,682	107,225	107,493	400,742	396,175
<b>Total assets</b>	<b>426,654</b>	<b>363,961</b>	<b>147,608</b>	<b>141,982</b>	<b>574,262</b>	<b>505,943</b>
Long-term liabilities outstanding	268,507	223,622	63,975	59,680	332,482	283,302
Other liabilities	29,606	10,919	9,552	5,750	39,158	16,669
<b>Total liabilities</b>	<b>298,113</b>	<b>234,541</b>	<b>73,527</b>	<b>65,430</b>	<b>371,640</b>	<b>299,971</b>
Net assets:						
Invested in capital assets, net of related debt	112,015	105,653	53,551	55,054	165,566	160,707
Restricted	22,180	22,864	2,338	3,873	24,518	26,737
Unrestricted	(5,654)	903	18,192	17,625	12,538	18,528
<b>Total net assets</b>	<b>\$ 128,541</b>	<b>\$ 129,420</b>	<b>\$ 74,081</b>	<b>\$ 76,552</b>	<b>\$ 202,622</b>	<b>\$ 205,972</b>

An additional portion of the City's net assets, \$24,517,347 (12.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$12,538,247 (6.19%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Governmental Activities:** Net assets decreased \$879,695 in fiscal year 2010. Key revenue and expense transactions for the year are as follows:

- Total governmental revenues increased approximately \$2,330,000 over the prior year.
- Property tax revenues increased approximately \$531,000. The City's tax rate remained at \$0.57516 and the taxable assessed value at year end had increased approximately 1.1% when compared to the prior year end.
- Actual sales tax revenue collections for fiscal year 2010 were approximately \$4,153,000 higher than fiscal year 2009. The majority of this increase is related to State Comptroller audit adjustment transactions that effected both fiscal year 2010 and 2009.

**CITY OF RICHARDSON, TEXAS**

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- Interest earnings declined by approximately \$1,965,000. The City's average yield on the total portfolio for fiscal year 2010 was 0.35% and 2.10% for fiscal year 2009.
- Total expenses for fiscal year 2010 decreased by approximately \$533,000 (0.42%) when compared to fiscal year 2009.

**Business-Type Activities:** Business type activities decreased net assets by \$2,471,591. Key elements to the change in net assets are as follows:

- Water and sewer revenues for the current fiscal year were slightly lower (0.72%) than last year. Current year expense for the purchase of water increased 7.6% compared to last year. Total operating expenses were higher by 1.3%.
- Solid waste revenues were flat compared to the previous year. Operating expenses for the current year were 2.9% higher than in 2009.
- Golf course revenue for the year was down approximately 25% compared to fiscal year 2009. Weather related conditions as well as course conditions impacted the number of rounds played this year which resulted in a significant loss in revenues. Operating expenses for the year were 1.4% higher than fiscal year 2009.

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**Table 2**

**Changes in Net Assets**

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	(In thousands)					
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 17,204	\$ 17,342	\$ 56,617	\$ 57,423	\$ 73,821	\$ 74,765
Operating grants and contributions	642	369	—	—	642	369
Capital grants and contributions	10,144	10,059	1,228	872	11,372	10,931
General revenues:						
Property taxes	58,105	57,574	—	—	58,105	57,574
Sales taxes	24,967	20,814	—	—	24,967	20,814
Franchise fees	12,275	12,206	—	—	12,275	12,206
Mixed bev. & bingo tax	392	401	—	—	392	401
Hotel/motel taxes	2,713	2,585	—	—	2,713	2,585
Interest earnings	333	2,298	73	294	406	2,592
Gain on sale of assets	13	134	90	730	103	864
Transfers in/(out)	(695)	(19)	695	19	—	—
<b>Total revenues</b>	<b>126,093</b>	<b>123,763</b>	<b>58,703</b>	<b>59,338</b>	<b>184,796</b>	<b>183,101</b>
<b>Expenses:</b>						
General government	27,767	27,784	—	—	27,767	27,784
Public safety	44,318	43,610	—	—	44,318	43,610
Public services	26,652	27,070	—	—	26,652	27,070
Library	4,099	4,224	—	—	4,099	4,224
Parks and recreation	14,507	13,658	—	—	14,507	13,658
Public health	1,460	1,582	—	—	1,460	1,582
Interest and fiscal charges	8,169	9,577	—	—	8,169	9,577
Water and sewer	—	—	46,168	45,745	46,168	45,745
Solid waste	—	—	12,712	12,326	12,712	12,326
Golf	—	—	2,294	2,402	2,294	2,402
<b>Total expenses</b>	<b>126,972</b>	<b>127,505</b>	<b>61,174</b>	<b>60,473</b>	<b>188,146</b>	<b>187,978</b>
<b>Decrease in net assets</b>	<b>(879)</b>	<b>(3,742)</b>	<b>(2,471)</b>	<b>(1,135)</b>	<b>(3,350)</b>	<b>(4,877)</b>
Net assets – October 1	129,420	133,162	76,552	77,687	205,972	210,849
Net assets – September 30	<u>\$ 128,541</u>	<u>\$ 129,420</u>	<u>\$ 74,081</u>	<u>\$ 76,552</u>	<u>\$ 202,622</u>	<u>\$ 205,972</u>

**Financial Analysis of the Government's Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$115,593,894. Approximately 19.66%, or \$22,730,053, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for inventory, prepaid items, and

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encumbrances \$11,247,827, debt service \$1,603,602, and for capital equipment purchases and capital improvements \$80,012,412.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,403,047. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 16.34% of total General Fund expenditures and transfers out, while total fund balance represents 17.11% of total General Fund expenditures and transfers out. The General Fund's fund balance increased \$289,373 this fiscal year.

The Debt Service Fund has a fund balance of \$1,603,602, all of which is reserved for the payment of debt. The City's financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund. The fund balance in the Capital Fund ended the year at \$94,560,534, of which \$80,012,412 is reserved for future capital equipment purchases and construction projects, \$10,122,931 is reserved for construction commitments, and \$4,425,191 is unreserved. The fund balance increased by \$57,388,923 primarily due to issuance of the 2010 General Obligation Bonds described below. The Other Governmental Funds fund balance decreased by \$514,465.

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

Unrestricted net assets in the Water and Sewer Fund, the Solid Waste Fund, and the Golf Fund at the end of the year amounted to \$13,972,852, \$4,128,098, and \$(276,214), respectively. Total net assets in the Water and Sewer Fund decreased \$2,060,861, total net assets in the Solid Waste Fund decreased by \$401,922, and total net assets in the Golf Fund decreased by \$68,015.

#### General Fund Budgetary Highlights

General Fund revenues were projected to be \$92,678,801 or 0.7% higher than estimated year-end revenues for fiscal year 2009. Property tax and sales and other business tax revenues make up 64.1% of General Fund revenues. Based on the increase in assessed property values, property tax revenue for fiscal year 2010 was budgeted 0.5% higher than the previous year. This marked the fifth year of positive tax base growth for the City. Sales and other business tax revenues were originally budgeted to be 5.6% lower for 2010. Actual sales tax collections were approximately \$4,153,000 more than fiscal year 2009. Total expenditures and transfers for the 2009-2010 budget year totaled \$92,678,801. This is a decrease of 1.4% over last year and is primarily attributable to the maintenance and supplies categories. Budgeted revenues for fiscal year 2010 were revised from \$92,678,801 to \$93,888,244, an increase of \$1,209,443 or 1.3%. Total budgeted expenditures and transfers were revised from \$92,678,801 to \$93,873,265, an increase of \$1,194,464.

#### 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, 2010 amounts to \$400,742,093 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1.15%, with governmental activities increasing 1.68% and business-type activities decreasing 0.25%.

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

- The City completed construction of the Huffhines Recreation Center for a cost of approximately \$7.4 million. In addition, other major park improvements were completed which included over \$8 million for ball field construction projects located at Huffhines and Breckinridge Parks.
- Numerous street and paving projects, sidewalk and alley repairs, in addition to neighborhood vitality projects totaling over \$10 million were completed this year.
- The City added a number of fleet vehicles including a heavy duty aerial quint fire truck, an ambulance, police pursuit automobiles, and three dump trucks at an approximate cost of \$1.7 million.
- Machinery and equipment purchases for fiscal year 2010 included a new telephone system, medical emergency response equipment, and various mowers and tractors.

The Water and Sewer Fund completed \$5.7 million in projects which extended and improved the City's Water and Sewer system. In addition, equipment and fleet vehicles were purchased for approximately \$490,000.

**Table 3**

**Capital Assets, net of Accumulated Depreciation**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
	(In thousands)					
Land	\$ 44,932	\$ 44,209	\$ 543	\$ 543	\$ 45,475	\$ 44,752
Buildings	67,917	63,456	3,807	3,641	71,724	67,097
Improvements other than buildings	27,141	17,630	5,200	5,809	32,341	23,439
Infrastructure	128,313	126,903	88,144	87,326	216,457	214,229
Vehicles, machinery and equipment	12,778	11,431	5,521	5,562	18,299	16,993
Construction in progress	12,436	25,052	4,010	4,612	16,446	29,664
Total	\$ 293,517	\$ 288,681	\$ 107,225	\$ 107,493	\$ 400,742	\$ 396,174

Additional information on the City's capital assets can be found in note 3(d). on pages 46 through 48 of this report.

**CITY OF RICHARDSON, TEXAS**

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**Long-Term Debt.** At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$308,325,000. Of this amount, \$244,561,083 represents tax-supported bonds, \$63,763,917 represents self-supported bonds. The other obligations of \$8,105,379 in the governmental activities relates to notes payable for computer and telephone equipment, a police training facility, economic grants, and other contractual obligations. The other obligations of \$62,487 in the business-type activities relates to the financing and purchase of computer equipment.

Table 4

**Outstanding Debt**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
	(In thousands)					
General obligation bonds	\$ 221,126	\$ 154,899	\$ 15,059	\$ 7,011	\$ 236,185	\$ 161,910
Certificates of obligation	23,435	34,835	48,705	49,840	72,140	84,675
Other obligations	8,105	12,178	62	123	8,167	12,301
	<u>\$ 252,666</u>	<u>\$ 201,912</u>	<u>\$ 63,826</u>	<u>\$ 56,974</u>	<u>\$ 316,492</u>	<u>\$ 258,886</u>

In June 2010, the City issued \$81,445,000 General Obligation Refunding and Improvement Bonds. Proceeds from the sale of the Bonds were used to pay for permanent public improvements based on an election held in the City on May 8, 2010 and refund \$22,310,000 in outstanding debt for debt service savings. In addition, the City was able to recognize debt service savings by issuing \$6,105,000 General Obligation Refunding Taxable Bonds and using the proceeds to refund \$6,005,000 of existing taxable bonds. Combination Tax and Revenue Certificates of Obligation were issued in the amount of \$18,305,000 to pay for the purchase of vehicles and equipment for various departments throughout the City, the purchase and installation of an emergency communications system, for acquiring, constructing, and improving municipal buildings and facilities, and for improving the City's water and sewer system. The City entered into an agreement to finance telephone equipment and software in the amount of \$979,828. In addition, the City entered into an agreement to purchase land and right-of-way at a cost of \$143,882. The City made principal payments of approximately \$16,592,000. The City's total long-term obligations resulted in an overall increase of approximately \$57,606,000.

Standard & Poor's Ratings Services assigned its 'AAA' rating, with a stable outlook, to the City's Series 2010 General Obligation Refunding and Improvement Bonds, Series 2010A Taxable General Obligation Refunding Bonds, and Series 2010 Combination Tax and Revenue Certificates of Obligation. At the same time, Standard & Poor's affirmed its 'AAA' long-term rating and underlying rating on the City's existing General Obligation debt. Moody's Investors Service (Moody's) assigned an 'Aaa' rating for the City's Series 2010 General Obligation Refunding and Improvement Bonds, Series 2010A Taxable General Obligation Refunding Bonds, and Series 2010 Combination Tax and Revenue Certificates of Obligation. In conjunction with this assignment, Moody's has affirmed the 'Aaa' rating on outstanding general obligation debt. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 2.49%.

Additional information on the City's long-term debt can be found in notes 3(h) and 3(i) on pages 50 through 59 of this report.

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**Economic Factors and Next Year's Budgets and Rates**

General Fund revenues and transfers-in for the 2010-2011 budget are expected to increase by 0.38% compared to the fiscal year 2009-2010 revised budget. Expenditures and transfers for the General Fund are budgeted 0.33% higher than expenditures and transfers-out in the revised budget for fiscal year 2009-2010. The majority of this increase is reflected in personal services. Overall, the General Fund is expected to end fiscal year 2010-2011 in compliance with the City's financial policy by maintaining a fund balance equal to 60.28 days of operating expenditures.

**Key Highlights of the 2010-2011 Budget Include:**

- A \$0.06 property tax rate increase to fund the \$66 million bond program approved by voters in May 2010 was authorized.
- A 1.8% reduction in overall property values has been factored in based on the 2010 certified tax roll.
- A 3% increase in base sales tax is projected.
- No increase in water and sewer rates was included.
- No increase in commercial or residential solid waste rates was included.
- No increase in golf rates was included.
- Revisions to the City's Texas Municipal Retirement System have been implemented to ensure the fiscal sustainability of this benefit.
- Funding for employee step pay plan merit increases has been included for 2011.
- Continuing the commitment of \$0.01 of the tax rate to the street rehabilitation program was approved.

**Requests for Information**

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

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**CITY OF RICHARDSON, TEXAS**

Statement of Net Assets

September 30, 2010

	<u>Governmental</u> activities	<u>Business-type</u> activities	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ 119,553,430	\$ 10,638,508	\$ 130,191,938
Receivables (net of allowances for uncollectibles)	10,565,080	6,746,681	17,311,761
Inventory of supplies, at cost	545,577	106,460	652,037
Prepaid items	179,506	469	179,975
Deposits	117,500	—	117,500
<b>Restricted assets:</b>			
Cash and investments	—	21,780,929	21,780,929
Receivables (net of allowances for uncollectibles)	—	14,821	14,821
Internal balances	(367,271)	367,271	—
<b>Capital assets:</b>			
Nondepreciable	57,367,853	4,552,429	61,920,282
Depreciable (net)	236,149,446	102,672,365	338,821,811
Deferred charges	2,542,666	728,017	3,270,683
Total assets	<u>426,653,787</u>	<u>147,607,950</u>	<u>574,261,737</u>
<b>Liabilities:</b>			
Accounts payable	4,339,008	1,820,612	6,159,620
Retainage payable	618,417	—	618,417
Accrued liabilities	178,789	156,996	335,785
Accrued interest	2,664,196	435,037	3,099,233
<b>Payable from restricted assets:</b>			
Accounts payable	—	419,425	419,425
Retainage payable	—	65,223	65,223
Customer deposits	—	2,390,188	2,390,188
Accrued liabilities	—	14,888	14,888
Unearned revenue	3,671,680	—	3,671,680
Money held in escrow	356,731	—	356,731
<b>Noncurrent liabilities:</b>			
Due within one year:			
Bonds, leases, and contractual obligations	15,572,559	4,024,994	19,597,553
Compensated absences	1,051,148	153,792	1,204,940
Arbitrage rebate liability	242,506	—	242,506
Workers' compensation	210,780	71,342	282,122
Unpaid claims liability	700,000	—	700,000
Due in more than one year:			
Bonds, leases, and contractual obligations	246,060,364	60,500,209	306,560,573
Arbitrage rebate liability	—	26,792	26,792
Post employment benefits	14,736,330	2,319,855	17,056,185
Compensated absences	7,710,657	1,127,810	8,838,467
Total liabilities	<u>298,113,165</u>	<u>73,527,163</u>	<u>371,640,328</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	112,014,795	53,551,020	165,565,815
<b>Restricted for:</b>			
Capital projects	18,883,007	1,803,245	20,686,252
Debt service	—	534,515	534,515
Public safety	1,335,947	—	1,335,947
Special purposes	1,960,633	—	1,960,633
Unrestricted	(5,653,760)	18,192,007	12,538,247
Total net assets	<u>\$ 128,540,622</u>	<u>\$ 74,080,787</u>	<u>\$ 202,621,409</u>

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Activities

Year ended September 30, 2010

	Program revenues			Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Functions/programs:</b>							
<b>Governmental activities:</b>							
General government	\$ 27,766,869	\$ 3,110,916	\$ 218,842	\$ 63,461	\$ (24,373,650)	\$ —	\$ (24,373,650)
Public safety	44,317,660	8,398,383	301,919	533,749	(35,083,609)	—	(35,083,609)
Public services	26,651,979	1,956,461	—	8,606,588	(16,088,930)	—	(16,088,930)
Library	4,099,175	183,636	37,081	20,852	(3,857,606)	—	(3,857,606)
Parks and recreation	14,507,394	3,290,850	47,500	918,902	(10,250,142)	—	(10,250,142)
Public health	1,460,038	263,624	37,066	—	(1,159,348)	—	(1,159,348)
Interest and fiscal charges	8,169,070	—	—	—	(8,169,070)	—	(8,169,070)
Total governmental activities	<u>126,972,185</u>	<u>17,203,870</u>	<u>642,408</u>	<u>10,143,552</u>	<u>(98,982,355)</u>	<u>—</u>	<u>(98,982,355)</u>
<b>Business-type activities:</b>							
Water and Sewer	46,168,370	42,807,084	—	1,228,131	—	(2,133,155)	(2,133,155)
Solid Waste	12,711,630	12,273,982	—	—	—	(437,648)	(437,648)
Golf	2,294,425	1,535,859	—	—	—	(758,566)	(758,566)
Total business-type activities	<u>61,174,425</u>	<u>56,616,925</u>	<u>—</u>	<u>1,228,131</u>	<u>—</u>	<u>(3,329,369)</u>	<u>(3,329,369)</u>
<b>Total</b>	<u>\$ 188,146,610</u>	<u>\$ 73,820,795</u>	<u>\$ 642,408</u>	<u>\$ 11,371,683</u>	<u>(98,982,355)</u>	<u>(3,329,369)</u>	<u>(102,311,724)</u>
<b>General revenues:</b>							
Property taxes					58,104,525	—	58,104,525
Sales taxes					24,967,161	—	24,967,161
Franchise fees					12,274,990	—	12,274,990
Mixed beverage and bingo tax					391,823	—	391,823
Hotel/motel taxes					2,712,966	—	2,712,966
Unrestricted interest earnings					332,401	73,343	405,744
Gain on sale of assets					13,471	89,758	103,229
Transfers in (out)					(694,677)	694,677	—
Total general revenues					<u>98,102,660</u>	<u>857,778</u>	<u>98,960,438</u>
Changes in net assets					<u>(879,695)</u>	<u>(2,471,591)</u>	<u>(3,351,286)</u>
Net assets-beginning					<u>129,420,317</u>	<u>76,552,378</u>	<u>205,972,695</u>
Net assets-ending					<u>\$ 128,540,622</u>	<u>\$ 74,080,787</u>	<u>\$ 202,621,409</u>

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS

Balance Sheet – Governmental Funds

September 30, 2010

	General	Debt service	Capital Fund	Other Governmental Funds	Total
<b>Assets:</b>					
Cash and investments	\$ 13,762,847	\$ 2,105,593	\$ 96,456,871	\$ 3,940,052	\$ 116,265,363
Receivables (net of allowances for uncollectibles of \$2,563,602):					
Taxes-Ad Valorem	1,029,303	—	—	—	1,029,303
Taxes-sales	1,764,762	—	—	—	1,764,762
Taxes-hotel/motel	—	—	—	411,758	411,758
Trade accounts	2,715,610	—	—	459,944	3,175,554
Interest	49,202	—	442,471	—	491,673
Intergovernmental	1,184	—	3,259,246	127,068	3,387,498
Other	—	12,564	34,191	—	46,755
Due from Other Funds	88,005	—	—	—	88,005
Inventory of supplies, at cost	330,854	—	—	—	330,854
Prepaid items	86,176	—	—	91,479	177,655
Deposits	117,500	—	—	—	117,500
<b>Total assets</b>	<b>\$ 19,945,443</b>	<b>\$ 2,118,157</b>	<b>\$ 100,192,779</b>	<b>\$ 5,030,301</b>	<b>\$ 127,286,680</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,920,358	\$ —	\$ 1,419,790	\$ 694,724	\$ 4,034,872
Developer's participation payable	—	—	107,898	—	107,898
Retainage payable	2,274	—	588,935	27,208	618,417
Accrued liabilities	106,596	—	—	72,193	178,789
Accrued interest	—	514,555	—	—	514,555
Due to Other Funds	—	—	—	88,005	88,005
Deferred revenue	1,783,037	—	3,221,633	788,849	5,793,519
Money held in escrow	—	—	293,989	62,742	356,731
<b>Total liabilities</b>	<b>3,812,265</b>	<b>514,555</b>	<b>5,632,245</b>	<b>1,733,721</b>	<b>11,692,786</b>
<b>Fund balances:</b>					
Reserved for inventory	330,854	—	—	—	330,854
Reserved for prepaid items	86,176	—	—	91,479	177,655
Reserved for encumbrances	313,101	—	10,122,931	303,286	10,739,318
Reserved for debt service	—	1,603,602	—	—	1,603,602
Reserved for capital projects	—	—	80,012,412	—	80,012,412
Unreserved, reported in General fund	15,403,047	—	—	—	15,403,047
Special revenue funds	—	—	—	2,901,815	2,901,815
Capital fund	—	—	4,425,191	—	4,425,191
<b>Total fund balances</b>	<b>16,133,178</b>	<b>1,603,602</b>	<b>94,560,534</b>	<b>3,296,580</b>	<b>115,593,894</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,945,443</b>	<b>\$ 2,118,157</b>	<b>\$ 100,192,779</b>	<b>\$ 5,030,301</b>	
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					293,460,250
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					2,121,839
Internal Service Funds are used by management to charge the costs of central services and insurance to individual funds.					—
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.					2,366,681
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the funds. (see note 2(a))					(285,002,042)
<b>Net assets of governmental activities</b>					<b>\$ 128,540,622</b>

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, 2010

	<u>General</u>	<u>Debt service</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>					
General property taxes	\$ 36,792,431	\$ 21,029,516	\$ —	\$ 263,052	\$ 58,084,999
Franchise fees	12,274,990	—	—	—	12,274,990
Sales tax	24,967,161	—	—	—	24,967,161
Mixed beverage and bingo tax	391,823	—	—	—	391,823
Hotel/motel taxes	—	—	—	2,712,966	2,712,966
911 revenue	1,079,142	—	—	442,342	1,521,484
Intergovernmental revenue	43,039	—	3,942,439	960,030	4,945,508
Licenses and permits	1,465,813	—	—	—	1,465,813
Fines and forfeitures	3,891,149	—	—	1,691,701	5,582,850
Interest revenue	109,356	10,093	197,500	10,044	326,993
Civic center use	328,504	—	—	—	328,504
Eisemann center revenue	—	—	—	2,142,769	2,142,769
Recreation and leisure	3,275,010	—	—	—	3,275,010
Rents	20,976	—	—	—	20,976
Public safety	1,818,803	—	—	—	1,818,803
Contributions	22,948	—	172,132	97,860	292,940
Participation	—	—	170,954	—	170,954
Other revenue	644,290	—	181,842	59,698	885,830
General administration	6,745,132	—	—	—	6,745,132
<b>Total revenues</b>	<b>93,870,567</b>	<b>21,039,609</b>	<b>4,664,867</b>	<b>8,380,462</b>	<b>127,955,505</b>
<b>Expenditures:</b>					
General government	23,625,923	—	248,371	4,484,092	28,358,386
Public safety	36,200,308	—	150,984	1,841,336	38,192,628
Public services	14,668,740	—	3,944,010	—	18,612,750
Library	3,155,563	—	282,646	89,247	3,527,456
Parks and recreation	10,330,345	—	727,589	123,371	11,181,305
Public health	1,271,740	—	3,566	22,740	1,298,046
General administration	—	—	75,000	480,000	555,000
Capital outlay	206,011	—	19,475,755	1,251,878	20,933,644
<b>Debt service:</b>					
Principal retirement	—	12,547,775	—	—	12,547,775
Interest and fiscal charges	27,214	9,029,376	6,710	—	9,063,300
Payments for other obligations	560,562	273,956	393,290	—	1,227,808
Issuance costs	—	195,307	645,238	—	840,545
<b>Total expenditures</b>	<b>90,046,406</b>	<b>22,046,414</b>	<b>25,953,159</b>	<b>8,292,664</b>	<b>146,338,643</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,824,161</b>	<b>(1,006,805)</b>	<b>(21,288,292)</b>	<b>87,798</b>	<b>(18,383,138)</b>
<b>Other financing sources (uses):</b>					
Transfers in	481,383	455,000	3,454,132	129,297	4,519,812
Transfers out	(4,221,361)	—	(248,974)	(744,154)	(5,214,489)
Issuance of certificates of obligation	—	—	7,520,000	—	7,520,000
Issuance of general obligation bonds	—	—	60,665,000	—	60,665,000
Issuance of refunding bonds	—	18,440,000	—	—	18,440,000
Issuance of other obligations	—	—	1,123,710	—	1,123,710
Premium/discount on bonds	—	1,269,620	6,108,231	—	7,377,851
Payment to refunded bond escrow agent	—	(19,501,560)	—	—	(19,501,560)
Insurance recoveries	72,609	—	55,116	—	127,725
Proceeds from sale of capital assets	132,581	—	—	12,594	145,175
<b>Total other financing sources (uses)</b>	<b>(3,534,788)</b>	<b>663,060</b>	<b>78,677,215</b>	<b>(602,263)</b>	<b>75,203,224</b>
<b>Net change in fund balances</b>	<b>289,373</b>	<b>(343,745)</b>	<b>57,388,923</b>	<b>(514,465)</b>	<b>56,820,086</b>
Fund balances – October 1	15,843,805	1,947,347	37,171,611	3,811,045	58,773,808
Fund balances – September 30	\$ 16,133,178	\$ 1,603,602	\$ 94,560,534	\$ 3,296,580	\$ 115,593,894

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, 2010

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

Net change in fund balances – total governmental funds	\$ 56,820,086
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)).	3,484,516
The net effect of the sales of capital assets decreased net assets.	(120,816)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,430,192
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (note 2(b))	(60,345,081)
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))	(6,196,623)
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.	48,031
Change in net assets of governmental activities	\$ <u><u>(879,695)</u></u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Assets – Proprietary Funds  
September 30, 2010

Assets	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Fund</b>	<b>Total</b>	
Cash and investments	\$ 8,172,940	\$ 2,256,750	\$ 208,818	\$ 10,638,508	\$ 3,288,067
Receivables (net of allowances):					
Trade accounts	5,252,352	1,051,058	27,004	6,330,414	—
Other	74,226	332,441	—	406,667	257,777
Intergovernmental Receivable	2,000	4,000	—	6,000	—
Interest	3,600	—	—	3,600	—
Inventory of supplies, at cost	76,003	30,457	—	106,460	214,723
Prepaid items	117	352	—	469	1,851
Restricted assets:					
Cash and investments	16,860,945	4,865,935	54,049	21,780,929	—
Interest receivable	900	—	—	900	—
Other receivable	8,819	3,048	2,054	13,921	—
Total current assets	<u>30,451,902</u>	<u>8,544,041</u>	<u>291,925</u>	<u>39,287,868</u>	<u>3,762,418</u>
Capital assets:					
Land	357,950	65,560	119,329	542,839	56,011
Improvements	—	37,371	9,066,719	9,104,090	23,023
Buildings	7,698,645	—	791,641	8,490,286	259,990
Water and Sewer System	177,996,579	—	—	177,996,579	—
Vehicles, machinery and equipment	15,369,327	9,246,563	1,030,338	25,646,228	268,859
Total capital assets	<u>201,422,501</u>	<u>9,349,494</u>	<u>11,008,027</u>	<u>221,780,022</u>	<u>607,883</u>
Less accumulated depreciation	(107,180,395)	(6,276,607)	(5,107,816)	(118,564,818)	(550,834)
Construction in progress	3,990,522	19,068	—	4,009,590	—
Net capital assets	<u>98,232,628</u>	<u>3,091,955</u>	<u>5,900,211</u>	<u>107,224,794</u>	<u>57,049</u>
Deferred charges	616,644	67,366	44,007	728,017	—
Total noncurrent assets	<u>98,849,272</u>	<u>3,159,321</u>	<u>5,944,218</u>	<u>107,952,811</u>	<u>57,049</u>
Total assets	<u>\$ 129,301,174</u>	<u>\$ 11,703,362</u>	<u>\$ 6,236,143</u>	<u>\$ 147,240,679</u>	<u>\$ 3,819,467</u>

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Assets – Proprietary Funds  
September 30, 2010

Liabilities and Net Assets	<u>Business-Type Activities-Enterprise Funds</u>				<b>Governmental Activities- Internal Service Funds</b>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Current liabilities:					
Accounts payable	\$ 1,748,308	\$ 51,652	\$ 20,652	\$ 1,820,612	\$ 196,238
Accrued liabilities	116,282	40,714	—	156,996	—
Accrued interest	332,057	44,406	58,574	435,037	—
Unpaid claims liabilities	—	—	—	—	700,000
Current maturities of bonds, leases and contractual obligations	2,841,449	804,208	379,337	4,024,994	—
Compensated absences	97,833	42,865	13,094	153,792	3,435
Workers' compensation liability	512	70,398	432	71,342	—
Current liabilities payable from restricted assets:					
Accounts payable	355,114	64,311	—	419,425	—
Retainage payable	65,223	—	—	65,223	—
Deposits	2,390,188	—	—	2,390,188	—
Accrued liabilities	14,888	—	—	14,888	—
Total current liabilities	<u>7,961,854</u>	<u>1,118,554</u>	<u>472,089</u>	<u>9,552,497</u>	<u>899,673</u>
Noncurrent liabilities:					
Bonds, leases and contractual obligations	49,558,434	6,222,216	4,719,559	60,500,209	—
Arbitrage rebate liability	26,792	—	—	26,792	—
Post-employment benefits	1,222,374	730,210	367,271	2,319,855	158,403
Compensated absences	717,445	314,345	96,020	1,127,810	27,439
Total noncurrent liabilities	<u>51,525,045</u>	<u>7,266,771</u>	<u>5,182,850</u>	<u>63,974,666</u>	<u>185,842</u>
Total liabilities	<u>59,486,899</u>	<u>8,385,325</u>	<u>5,654,939</u>	<u>73,527,163</u>	<u>1,085,515</u>
Net assets:					
Invested in capital assets, net of related debt	53,634,438	(884,733)	801,315	53,551,020	57,049
Restricted for:					
Capital projects	1,802,365	880	—	1,803,245	—
Debt service	404,620	73,792	56,103	534,515	—
Unrestricted	13,972,852	4,128,098	(276,214)	17,824,736	2,676,903
Total net assets	<u>\$ 69,814,275</u>	<u>\$ 3,318,037</u>	<u>\$ 581,204</u>	<u>73,713,516</u>	<u>\$ 2,733,952</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				<u>367,271</u>	
Net assets of business-type activities				<u>\$ 74,080,787</u>	

See accompanying notes to basic financial statements.

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**CITY OF RICHARDSON, TEXAS**

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

Year ended September 30, 2010

	<b>Business-Type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Fund</b>	<b>Total</b>	
Operating revenues:					
Water sales	\$ 26,490,906	\$ —	\$ —	\$ 26,490,906	\$ —
Sewer service	15,389,382	—	—	15,389,382	—
Penalties	401,644	—	—	401,644	—
Service fees (other)	47,989	—	—	47,989	—
Antenna rentals	321,210	—	—	321,210	—
Meter fees	24,777	—	—	24,777	—
Solid waste fees	—	11,502,349	—	11,502,349	—
Golf course fees	—	—	1,494,288	1,494,288	—
Golf course restaurant	—	—	36,346	36,346	—
Charges for services	—	—	—	—	557,388
City and employee contributions	80,594	47,784	4,440	132,818	9,442,177
Intergovernmental revenue	9,253	10,656	514	20,423	75,674
Miscellaneous	41,329	713,193	271	754,793	17
<b>Total operating revenue</b>	<b>42,807,084</b>	<b>12,273,982</b>	<b>1,535,859</b>	<b>56,616,925</b>	<b>10,075,256</b>
Operating expenses:					
Personal services	6,286,402	4,477,947	1,078,072	11,842,421	541,026
Premiums	—	—	—	—	357,727
Professional and technical services	607,973	39,711	50,325	698,009	549,668
Property services	2,652,834	93,119	85,499	2,831,452	93,405
Other purchased services	716,804	271,069	79,531	1,067,404	64,354
Insurance claims	—	—	—	—	8,349,927
Purchase of water	12,418,507	—	—	12,418,507	—
Purchase of sewage treatment	9,160,410	—	—	9,160,410	—
Solid waste charges	—	3,760,319	—	3,760,319	—
General administration	3,996,523	2,102,373	91,236	6,190,132	—
Franchise fees	2,094,014	575,117	—	2,669,131	—
BABIC program	466,666	—	—	466,666	—
Supplies	1,162,334	361,637	324,017	1,847,988	15,225
Depreciation	5,557,010	912,555	447,918	6,917,483	2,077
<b>Total operating expenses</b>	<b>45,119,477</b>	<b>12,593,847</b>	<b>2,156,598</b>	<b>59,869,922</b>	<b>9,973,409</b>
<b>Operating income (loss)</b>	<b>(2,312,393)</b>	<b>(319,865)</b>	<b>(620,739)</b>	<b>(3,252,997)</b>	<b>101,847</b>
Nonoperating revenues (expenses):					
Interest revenue	66,629	6,420	294	73,343	5,391
Interest expense and fiscal charges	(1,077,774)	(142,334)	(143,602)	(1,363,710)	—
Transfers in	—	—	694,677	694,677	—
Gain from disposal of capital assets	34,546	53,857	1,355	89,758	—
<b>Total nonoperating revenues (expenses)</b>	<b>(976,599)</b>	<b>(82,057)</b>	<b>552,724</b>	<b>(505,932)</b>	<b>5,391</b>
<b>Income (loss) before contributions</b>	<b>(3,288,992)</b>	<b>(401,922)</b>	<b>(68,015)</b>	<b>(3,758,929)</b>	<b>107,238</b>
Capital contributions	1,228,131	—	—	1,228,131	—
<b>Change in net assets</b>	<b>(2,060,861)</b>	<b>(401,922)</b>	<b>(68,015)</b>	<b>(2,530,798)</b>	<b>107,238</b>
<b>Total net assets – October 1</b>	<b>71,875,136</b>	<b>3,719,959</b>	<b>649,219</b>	<b>76,244,314</b>	<b>2,626,714</b>
<b>Total net assets – September 30</b>	<b>\$ 69,814,275</b>	<b>\$ 3,318,037</b>	<b>\$ 581,204</b>	<b>\$ 73,713,516</b>	<b>\$ 2,733,952</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				59,207	
<b>Change in net assets of business type activities</b>				<b>\$ (2,471,591)</b>	

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
**Statement of Cash Flows – Proprietary Funds**  
Year ended September 30, 2010

	<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>Golf Fund</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 42,146,188	\$ 12,300,130	\$ 1,567,914	\$ 56,014,232	\$ —
Cash received from service users	—	—	—	—	585,761
Cash received from city, employee and other contributions	—	—	—	—	9,488,433
Cash payments for goods and services	(33,385,628)	(7,000,105)	(632,956)	(41,018,689)	—
Cash payments to employees	(5,903,408)	(4,132,649)	(931,921)	(10,967,978)	(527,545)
Cash payments for premiums and other operating expenses	—	—	—	—	(1,191,555)
Cash payments for claims	—	—	—	—	(8,517,646)
Cash received from miscellaneous revenues	48,582	—	271	48,853	—
Net cash provided by (used for) operating activities	<u>2,905,734</u>	<u>1,167,376</u>	<u>3,308</u>	<u>4,076,418</u>	<u>(162,552)</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	—	—	694,677	694,677	—
Net cash provided by noncapital financing activities	<u>—</u>	<u>—</u>	<u>694,677</u>	<u>694,677</u>	<u>—</u>
Cash flows from financing activities:					
Net proceeds from sale of capital assets	35,520	53,857	1,355	90,732	—
Bond proceeds, other obligations, and accrued interest	7,626,022	3,953,478	25,378	11,604,878	—
Acquisition and construction of capital assets	(3,617,882)	(842,486)	(165,626)	(4,625,994)	—
Decrease in retainage payable	(134,232)	—	—	(134,232)	—
Principal paid on debt	(2,782,567)	(829,548)	(340,000)	(3,952,115)	—
Interest paid on debt	(1,880,799)	(138,187)	(150,567)	(2,169,553)	—
Fiscal charges and bond escrow payments	(144,101)	(2,180)	(142,978)	(289,259)	—
Net cash provided by (used for) capital and related financing activities	<u>(898,039)</u>	<u>2,194,934</u>	<u>(772,438)</u>	<u>524,457</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investment securities	(6,007,310)	—	—	(6,007,310)	—
Proceeds from sale and maturities of investments	5,251,564	1,512,075	—	6,763,639	—
Interest received on investments	76,354	31,888	294	108,536	6,290
Net cash provided by (used for) investing activities	<u>(679,392)</u>	<u>1,543,963</u>	<u>294</u>	<u>864,865</u>	<u>6,290</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	<u>1,328,303</u>	<u>4,906,273</u>	<u>(74,159)</u>	<u>6,160,417</u>	<u>(156,262)</u>
Cash, restricted cash, and cash equivalents, October 1	17,698,381	2,216,412	337,026	20,251,819	3,444,329
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 19,026,684</u>	<u>\$ 7,122,685</u>	<u>\$ 262,867</u>	<u>\$ 26,412,236</u>	<u>\$ 3,288,067</u>

**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows – Proprietary Funds  
Year ended September 30, 2010

	<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>Golf Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (2,312,393)	\$ (319,865)	\$ (620,739)	\$ (3,252,997)	\$ 101,847
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,557,010	912,555	447,918	6,917,483	2,077
Provision for uncollectible accounts	(17,062)	(5,447)	—	(22,509)	—
Changes in assets and liabilities:					
(Increase) decrease in trade accounts receivable (gross)	(622,149)	31,127	32,326	(558,696)	—
(Increase) decrease in other receivables	134,144	132,520	—	266,664	(214,772)
(Increase) decrease in inventory of supplies, at cost	24,703	(8,766)	—	15,937	(45,199)
Decrease in prepaid items	154	356	—	510	24,479
Increase (decrease) in accounts payable	(293,489)	79,129	(2,348)	(216,708)	(44,464)
Increase in deposits payable from restricted assets	37,114	—	—	37,114	—
Increase in unpaid claims liabilities	—	—	—	—	—
Increase (decrease) in compensated absences	16,686	(13,837)	9,685	12,534	(29,029)
Increase (decrease) in workers compensation	(211)	49,458	432	49,679	—
Increase in post-employment benefits	487,244	382,593	152,964	1,022,801	51,717
Decrease in accrued liabilities	(106,017)	(72,447)	(16,930)	(195,394)	(9,208)
Total adjustments	5,218,127	1,487,241	624,047	7,329,415	(264,399)
Net cash provided by (used for) operating activities	<u>\$ 2,905,734</u>	<u>\$ 1,167,376</u>	<u>\$ 3,308</u>	<u>\$ 4,076,418</u>	<u>\$ (162,552)</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from public	\$ 1,228,131	\$ —	\$ —	\$ 1,228,131	\$ —
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net assets:					
Total unrestricted cash and investments per the statement of net assets	\$ 8,172,940	\$ 2,256,750	\$ 208,818	\$ 10,638,508	\$ 3,288,067
Total restricted cash and investments per the statement of net assets	16,860,945	4,865,935	54,049	21,780,929	—
Total cash and investments per the statement of net assets	25,033,885	7,122,685	262,867	32,419,437	3,288,067
Less investments not meeting the definition of cash equivalents	(6,007,201)	—	—	(6,007,201)	—
Cash, restricted cash and cash equivalents at September 30, 2010	<u>\$ 19,026,684</u>	<u>\$ 7,122,685</u>	<u>\$ 262,867</u>	<u>\$ 26,412,236</u>	<u>\$ 3,288,067</u>

See accompanying notes to basic financial statements.

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**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America and applicable to state and local governments. These include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants as published in *Audits of State and Local Governments*. In addition, the City has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 to its enterprise fund activities, as allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.

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

**(b) Implementation of New Accounting Principles**

For fiscal year 2009-2010, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. The implementation of this statement has no effect on the City's financial statements at this time.

GASB Statement No. 53 addresses the recognition, measurement and disclosure of information regarding derivative instruments. The City does not have any instruments that qualify as derivative instruments. Therefore this statement has no effect on the City's financial statements at this time.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Implementation of this statement has no effect on the City's financial statements.

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

**Government-Wide Statements**

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

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

**Fund Financial Statements**

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

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

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

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

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

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

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

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

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

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

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

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.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

#### Statement of Cash Flows

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

*(d) Measurement Focus/Basis of Accounting*

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available." "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period. The City considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 30 day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures, which are accrued using a 45 day availability period, and for grants, which are accrued using a one year availability period. Expenditures are recorded when the related fund liability is incurred, except for outstanding principal and interest on general long-term debt which is recognized when due, and certain compensated absences, post-employment benefits, and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

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

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

**Deposits and Investments**

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

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

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

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

For fiscal year 2010, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Federated, Invesco Money Market Funds, and Certificates of Deposits. The City records all interest revenue related to investment activities in the respective funds.

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

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

exchanged in a current transaction between willing parties. Investments with a remaining maturity at time of purchase of one year or less are recorded at amortized cost. For these investments, amortized cost approximates fair value.

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

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

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

#### **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. The City bills and collects its own property taxes. City property tax revenues are recognized in the period for which they are collected. An allowance is established for delinquent taxes to the extent that their collectibility is improbable.

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. The City operates under a Home Rule Charter that also imposes a limit of \$2.50 per \$100 assessed valuation. For the year ended September 30, 2010, the City had a tax margin of \$1.92484 per \$100 assessed valuation based upon the maximum rates described above.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**Inventories and Prepaid Items**

*Inventory of Supplies*

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

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are offset by a reservation of fund balance.

**Restricted Assets**

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

**Capital Assets**

Capital assets, including public domain assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, water and sewer systems, and lighting systems, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary funds. All assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The City capitalizes net interest costs as part of the cost of constructing various water and sewer projects when material. In fiscal year 2010, \$796,185 in net interest costs were capitalized in the Water and Sewer Fund. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized, but are recorded as expenditures/expenses as incurred.

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

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

## **CITY OF RICHARDSON, TEXAS**

### **Notes to Basic Financial Statements**

September 30, 2010

#### **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, 2010, the City received \$127,725 in insurance recoveries.

#### **Compensated Absences**

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

#### **Post-Employment Benefits**

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

#### **Long-Term Obligations**

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

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, and net of any unspent debt proceeds. The government-wide statement of net assets reports \$22,179,587 of restricted net assets for governmental activities, of which \$3,296,580 is restricted by enabling legislation.

**(2) Reconciliation of Government-Wide and Fund Financial Statements**

**(a) *Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets***

The governmental funds Balance Sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$285,002,042 difference are as follows:

Bonds payable	\$ 244,561,083
Notes payable and other contractual obligations	8,105,379
Less issuance discount (to be amortized as interest expense)	(63,314)
Add issuance premium (to be amortized as interest expense)	12,512,931
Less loss on refunding (to be amortized as interest expense)	(3,483,156)
Less deferred charges for issuance cost (to be amortized as fiscal charges)	(2,542,666)
Accrued interest payable	2,149,641
Post-employment liability	14,577,927
Compensated absences	8,730,931
Workers' compensation liability	210,780
Arbitrage rebate liability	242,506
	<hr/>
Net adjustment to reduce the fund balances – total governmental funds to arrive at net assets – governmental activities	\$ <u>285,002,042</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,484,516 difference are as follows:

Capital outlay	\$ 20,933,644
Depreciation expense	<u>(17,449,128)</u>
Net adjustment to decrease net change in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,484,516</u>

Another element of the reconciliation states “the issuance of long-term debt (e.g., bonds, leases, and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$60,345,081 difference are as follows:

Debt issued or incurred:	
General obligations, certificates of obligations, and refunding bonds	\$ 86,625,000
Notes payable and other contractual obligations	1,123,710
Add premium	7,377,851
Less:	
Issue costs	(840,545)
Payment to escrow agent for refunding	(663,792)
Principal repayments:	
General obligation bonds	(5,672,775)
Refunded general obligation bonds	(19,501,560)
Certificates of obligation	(6,875,000)
Notes payable	<u>(1,227,808)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 60,345,081</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

Another element of the reconciliation states, "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$6,196,623 difference are as follows:

Amortization of bond premium	\$ 501,549
Amortization on bond discount	(4,568)
Amortization of issuance costs	(192,869)
Amortization of loss on refunded bonds	(237,262)
Accrued interest	(581,358)
Post-employment benefits	(6,257,624)
Compensated absences	(253,283)
Workers' compensation expense	83,847
Arbitrage rebate	<u>744,945</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u><u>(6,196,623)</u></u>

**(3) Detailed Notes**

**(a) Deposits and Investments**

**Deposits** – The City maintained the following deposit balances:

	<u>Bank balance</u>		<u>Book balance</u>
Financial institution:			
Frost – City	\$ 2,097,843	\$	567,950
Frost – RIC	78,107		77,432
Petty cash	—		13,090
U.S. Bank	561		561
	<u>2,176,511</u>		<u>659,033</u>
Total	\$ <u><u>2,176,511</u></u>	\$	\$ <u><u>659,033</u></u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

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

	<b>Fair value</b>	<b>Weighted average maturity (years)</b>
Investment type:		
Federal Home Loan Bank – Bonds	\$ 32,057,376	0.07
TexPool	27,283,817	0.02
TexSTAR	24,986,606	0.02
Federal National Mortgage Assoc. – Bonds	24,627,959	0.05
Federal Home Loan Mortgage Assoc. - Bonds	16,829,696	0.03
Federal Farm Credit – Bonds	6,013,422	—
Federal Home Loan Mortgage Assoc. - Discount Note	5,998,054	—
Federated Government Agency Money Market Fund	5,769,222	—
Invesco Government Agency Money Market Fund	3,549,881	—
Federal National Mortgage Assoc. – Discount Note	3,004,157	—
Federated Treasury Money Market Fund	649,705	—
Invesco Treasury Money Market Fund	384,713	—
Victory Federal Money Market Fund	109,847	—
U. S. Bank	49,379	—
Total fair value	\$ 151,313,834	
Portfolio weighted average maturity		0.19

**Credit Risk – Investments.** The City’s investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating agency, and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City’s investment policy has no other restrictions relating to credit ratings that would limit its investment options. Standard & Poor’s has rated investments in Federal Home Loan Bank, Federal National Mortgage Assoc., Federal Home Loan Mortgage Assoc. and Federal Farm Credit Bank as AAA as of September 30, 2010. Standard & Poor’s has rated investments in TexPool, TexSTAR, Invesco Money Market Funds, Federated Money Market Funds and Victory Money Market Fund as AAA-m as of September 30, 2010.

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

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

**Concentration of Credit Risk – Investments.** The City’s investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 20.0% in an individual investment pool or money market mutual fund. At September 30, 2010, the City’s direct investments are in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank. These investments are 21.2%, 15.1%, 18.26%, and 4.0%, respectively, of the City’s total investments.

**(b) Receivables**

Receivables at September 30, 2010, for the government’s individual major governmental funds, nonmajor funds, internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consists of the following:

	<u>General</u>	<u>Debt service</u>	<u>Capital fund</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
Receivables:					
Taxes-Ad Valorem	\$ 1,503,226	\$ —	\$ —	\$ —	\$ 1,503,226
Taxes-sales	1,764,762	—	—	—	1,764,762
Taxes-hotel/motel	—	—	—	411,758	411,758
Trade accounts	3,400,033	—	—	1,865,200	5,265,233
Other	—	12,564	34,191	—	46,755
Interest	49,202	—	442,471	—	491,673
Intergovernmental	1,184	—	3,259,246	127,068	3,387,498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	6,718,407	12,564	3,735,908	2,404,026	12,870,905
Less allowance for uncollectibles	(1,158,346)	—	—	(1,405,256)	(2,563,602)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net receivables	\$ 5,560,061	\$ 12,564	\$ 3,735,908	\$ 998,770	\$ 10,307,303

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Total business-type activities</u>	<u>Internal service</u>
Receivables:					
Trade accounts	\$ 5,364,869	\$ 1,078,878	\$ 27,004	\$ 6,470,751	\$ —
Other	83,045	335,489	2,054	420,588	257,777
Interest	4,500	—	—	4,500	—
Intergovernmental	<u>2,000</u>	<u>4,000</u>	<u>—</u>	<u>6,000</u>	<u>—</u>
Gross receivables	5,454,414	1,418,367	29,058	6,901,839	257,777
Less allowance for uncollectibles	<u>(112,517)</u>	<u>(27,820)</u>	<u>—</u>	<u>(140,337)</u>	<u>—</u>
Net receivables	<u>\$ 5,341,897</u>	<u>\$ 1,390,547</u>	<u>\$ 29,058</u>	<u>\$ 6,761,502</u>	<u>\$ 257,777</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered at September 30, 2010.

**(c) Restricted Assets**

**Enterprise Funds**

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

	<u>Water and Sewer Fund</u>	<u>Solid Waste Services Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Debt service – Sinking Fund	\$ 404,620	\$ 73,792	\$ 56,103	\$ 534,515
Customers' deposits	2,390,188	—	—	2,390,188
Rate stabilization	1,889,393	—	—	1,889,393
Capital Project and Equipment Funds	<u>12,186,463</u>	<u>4,795,191</u>	<u>—</u>	<u>16,981,654</u>
	<u>\$ 16,870,664</u>	<u>\$ 4,868,983</u>	<u>\$ 56,103</u>	<u>\$ 21,795,750</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**(d) Capital Assets**

Capital asset activity for the year ended September 30, 2010 was as follows:

	<b>Beginning balance October 1, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance September 30, 2010</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 44,209,546	\$ 722,057	\$ —	\$ 44,931,603
Construction in progress	<u>25,052,094</u>	<u>8,377,866</u>	<u>(20,993,710)</u>	<u>12,436,250</u>
Total capital assets, not being depreciated	<u>69,261,640</u>	<u>9,099,923</u>	<u>(20,993,710)</u>	<u>57,367,853</u>
Capital assets, being depreciated:				
Buildings	103,139,267	7,533,910	(747,251)	109,925,926
Improvements other than buildings	42,787,768	12,045,912	(120,232)	54,713,448
Vehicles, machinery, and equipment	38,694,198	4,388,264	(1,465,676)	41,616,786
Infrastructure	<u>365,360,024</u>	<u>10,333,568</u>	<u>—</u>	<u>375,693,592</u>
Total capital assets, being depreciated	<u>549,981,257</u>	<u>34,301,654</u>	<u>(2,333,159)</u>	<u>581,949,752</u>
Less accumulated depreciation, for:				
Buildings	39,380,288	3,359,997	(731,662)	42,008,623
Improvements other than buildings	25,545,073	2,147,277	(120,232)	27,572,118
Vehicles, machinery, and equipment	27,282,778	2,916,205	(1,360,448)	28,838,535
Infrastructure	<u>238,353,304</u>	<u>9,027,726</u>	<u>—</u>	<u>247,381,030</u>
Total accumulated depreciation	<u>330,561,443</u>	<u>17,451,205</u>	<u>(2,212,342)</u>	<u>345,800,306</u>
Total capital assets being depreciated, net	<u>219,419,814</u>	<u>16,850,449</u>	<u>(120,817)</u>	<u>236,149,446</u>
Governmental activities capital assets, net	<u>\$ 288,681,454</u>	<u>\$ 25,950,372</u>	<u>\$ (21,114,527)</u>	<u>\$ 293,517,299</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

	<u>Beginning balance October 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance September 30, 2010</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 542,839	\$ —	\$ —	\$ 542,839
Construction in progress	4,612,080	4,536,894	(5,139,384)	4,009,590
Total capital assets, not being depreciated	<u>5,154,919</u>	<u>4,536,894</u>	<u>(5,139,384)</u>	<u>4,552,429</u>
Capital assets, being depreciated:				
Buildings	8,477,312	12,974	—	8,490,286
Improvements other than buildings	8,965,210	138,880	—	9,104,090
Vehicles, machinery, and equipment	24,502,142	1,410,646	(266,560)	25,646,228
Infrastructure	172,306,279	5,690,300	—	177,996,579
Total capital assets, being depreciated	<u>214,250,943</u>	<u>7,252,800</u>	<u>(266,560)</u>	<u>221,237,183</u>
Less accumulated depreciation, for:				
Buildings	4,475,513	206,873	—	4,682,386
Improvements other than buildings	3,518,753	385,837	—	3,904,590
Vehicles, machinery, and equipment	18,927,542	1,463,050	(265,585)	20,125,007
Infrastructure	84,991,112	4,861,723	—	89,852,835
Total accumulated depreciation	<u>111,912,920</u>	<u>6,917,483</u>	<u>(265,585)</u>	<u>118,564,818</u>
Total capital assets being depreciated, net	<u>102,338,023</u>	<u>335,317</u>	<u>(975)</u>	<u>102,672,365</u>
Business-type activities capital assets, net	<u>\$ 107,492,942</u>	<u>\$ 4,872,211</u>	<u>\$ (5,140,359)</u>	<u>\$ 107,224,794</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

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

Governmental activities:	
General government	\$ 4,569,989
Public safety	2,182,236
Public services	7,731,269
Library	414,019
Parks and recreation	2,538,894
Health	12,721
Capital assets held by the government's internal service funds and charged to the various functions based on their usage of the assets	— 2,077
Total depreciation expense – governmental activities	<u>\$ 17,451,205</u>
Business-type activities:	
Water and Sewer	\$ 5,557,010
Solid Waste	912,555
Golf	447,918
Total depreciation expense – business-type activities	<u>\$ 6,917,483</u>

**(e) Construction Commitments**

Outstanding commitments at September 30, 2010, under authorized construction contracts for the Capital Fund, were \$10,122,931. These outstanding commitments are to be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers.

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

Individual fund transfers for fiscal year 2009-2010, were as follows:

	<u>Transfers out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	
Transfer in:				
General Fund	\$ —	\$ —	\$ 481,383	\$ 481,383
Debt Service Fund	455,000	—	—	455,000
Capital Fund	3,191,361	—	262,771	3,454,132
Golf	575,000	119,677	—	694,677
Other Governmental Funds	—	129,297	—	129,297
	<u>\$ 4,221,361</u>	<u>\$ 248,974</u>	<u>\$ 744,154</u>	<u>\$ 5,214,489</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation. The transfer from the General Fund to the Golf Fund was to maintain the fund balance at 30 days building toward 60 days as adopted by the City's financial policy. Transfers from the Wireless 911 Fund to the General Fund are used to support the expenses of the 911 Call Center. Transfers from the Child Safety Fund are used to support the expenses for the school crossing guard program. The transfer from the Capital Fund to the Golf Fund was for capital construction and will not be reimbursed by the Golf fund. The transfer from RIC to the General Fund was a donation for Wildflower! and the transfer from RIC to the Capital Fund was for a parks construction project. Transfers from the Hotel/Motel Fund to the Debt Service Fund are used for the payment of principal and interest on outstanding debt obligations. Transfers from the Library, Community Service, and the Police Safety Education funds to the General Fund were to close out these funds.

**(g) Leasing Activities**

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

The following property was leased under operating leases at September 30, 2010:

	<b>Governmental activities</b>
Land	\$ 493,823
Buildings	2,561,400
Less depreciation	<u>(702,267)</u>
Book value	<u>\$ 2,352,956</u>

Minimum lease payments under operating leases are based on certain performance measures and cannot be calculated for each year. The City received payments totaling \$8,976 on these leases during the current fiscal year, and has received cumulative payments of \$138,401 over the life of these leases.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**(h) Long-Term Obligations**

The following is a summary of financial obligations for the fiscal year ended September 30, 2010:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>	<u>Due within one year</u>
Governmental-type activities:					
General obligation bonds	\$ 154,898,857	\$ 79,105,000	\$ (12,877,774)	\$ 221,126,083	\$ 8,695,000
Certificates of obligation	34,835,000	7,520,000	(18,920,000)	23,435,000	5,730,000
Other obligations	12,177,802	1,123,710	(5,196,133)	8,105,379	714,565
Deferred amounts:					
For bond discounts/ premiums/losses	2,763,680	7,619,682	(1,416,901)	8,966,461	432,994
Post-employment benefits	8,426,989	7,715,794	(1,406,453)	14,736,330	—
Compensated absences	8,537,552	1,137,661	(913,408)	8,761,805	1,051,148
Workers' compensation	294,627	155,722	(239,569)	210,780	210,780
Unpaid claims liability	700,000	—	—	700,000	700,000
Arbitrage rebate liability	987,451	—	(744,945)	242,506	242,506
Governmental- type activity long-term debt	<u>\$ 223,621,958</u>	<u>\$ 104,377,569</u>	<u>\$ (41,715,183)</u>	<u>\$ 286,284,344</u>	<u>\$ 17,776,993</u>
Business-type activities:					
General obligation refunding bonds	\$ 7,011,143	\$ 8,445,000	\$ (397,225)	\$ 15,058,918	\$ 585,000
Certificates of obligation	49,840,000	10,785,000	(11,920,000)	48,705,000	3,365,000
Other obligations	123,281	639,096	(699,890)	62,487	19,432
Deferred amounts:					
For bond discounts/ premiums/losses	90,805	1,136,198	(528,205)	698,798	55,562
Post-employment benefits	1,297,054	1,341,094	(318,293)	2,319,855	—
Compensated absences	1,269,068	98,470	(85,936)	1,281,602	153,792
Workers' compensation	21,663	101,776	(52,097)	71,342	71,342
Arbitrage rebate liability	26,792	—	—	26,792	—
Business-type activity long-term debt	<u>\$ 59,679,806</u>	<u>\$ 22,546,634</u>	<u>\$ (14,001,646)</u>	<u>\$ 68,224,794</u>	<u>\$ 4,250,128</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

Bonds payable at September 30, 2010, are comprised of the following:

**General Government**

General Obligation Bonds:

\$73,000,000 General Obligation Refunding and Improvement Bonds, Series 2010 due in annual principal payments ranging from \$155,000 to \$5,600,000 through February 15, 2030. Interest rate is variable from 2.00% to 5.00%.	\$ 73,000,000
\$14,460,000 General Obligation Refunding Bonds, Series 2009 due in annual principal payments ranging from \$975,000 to \$3,280,000 through February 15, 2019. Interest rate is variable from 2.00% to 5.00%.	11,180,000
\$79,440,000 General Obligation Refunding and Improvement Bonds, Series 2006 due in annual principal payments ranging from \$435,000 to \$6,880,000 through February 15, 2026. Interest rate is variable from 4.50% to 5.25%.	73,515,000
\$32,975,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$1,435,000 to \$2,840,000 through February 15, 2025. Interest rate is variable from 3.00% to 5.25%.	32,975,000
\$11,910,000 General Obligation Refunding Bonds, Taxable Series 2004 due in annual principal payments ranging from \$100,000 to \$1,080,000 through February 15, 2020. Interest rate is variable from 1.50% to 5.40%.	4,740,000
\$12,442,581 Adjustable Rate General Obligation Refunding and Improvement Bonds, Series 2003. The annual principal payment is determined each year in June with final payment scheduled for June 15, 2013. Interest rate is variable and is determined on June 16 of each year, currently 2.0%.	7,691,083
\$15,275,000 General Obligation Refunding and Improvement Bonds, Series 2002 due in annual principal payments ranging from \$255,000 to \$4,260,000 through February 15, 2022. Interest rate is variable from 2.50% to 4.875%.	11,380,000
\$11,335,000 General Obligation Bonds, Series 2001 due in annual principal payments ranging from \$130,000 to \$905,000 through February 15, 2021. Interest rate is variable from 4.75% to 5.25%.	<u>540,000</u>
Total General Obligation Bonds	<u>215,021,083</u>

Taxable General Obligation Bonds:

\$6,105,000 General Obligation Refunding Bonds, Taxable Series 2010A due in annual principal payments ranging from \$485,000 to \$790,000 through February 15, 2020. Interest rate is variable from 1.15% to 4.05%	<u>6,105,000</u>
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**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

Tax-Exempt Certificates of Obligations:

\$7,520,000 Series 2010 due in annual principal installments ranging from \$935,000 to \$1,035,000 through February 15, 2025. Interest rate is variable from 2.00% to 4.00%	\$ 7,520,000
\$5,370,000 Series 2009 due in annual principal installments ranging from \$145,000 to \$805,000 through February 15, 2023. Interest rate is variable from 2.50% to 3.80%	4,565,000
\$4,500,000 Series 2008 due in annual principal installments ranging from \$260,000 to \$925,000 through February 15, 2016. Interest rate is 3.50%	2,915,000
\$3,220,000 Series 2007 due in annual principal installments ranging from \$95,000 to \$765,000 through February 15, 2015. Interest rate is variable from 4.00% to 4.50%	1,165,000
\$2,640,000 Series 2006 due in annual principal installments ranging from \$85,000 to \$620,000 through February 15, 2014. Interest rate is variable from 4.00% to 5.00%	360,000
\$2,790,000 Series 2005 due in annual principal installments ranging from \$155,000 to \$1,335,000 through February 15, 2011. Interest rate is variable from 3.15% to 4.00%	1,335,000
\$4,600,000 Series 2003 due in annual principal installments ranging from \$155,000 to \$845,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.	1,560,000
\$7,500,000 Series 2002 due in annual principal installments ranging from \$275,000 to \$955,000 through February 15, 2022. Interest rate is variable from 3.00% to 4.85%.	3,560,000
\$12,100,000 Series 2001 due in annual principal installments ranging from \$410,000 to \$1,110,000 through February 15, 2021. Interest rate is variable from 4.25% to 5.00%.	455,000
Total Tax-Exempt Certificates of Obligation	<u>23,435,000</u>
Add unamortized premium	12,512,931
Less:	
Unamortized discount	(63,314)
Unamortized loss on refunding	<u>(3,483,156)</u>
Total Bonds and Certificates of Obligation Payable at September 30, 2010	<u>\$ 253,527,544</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**Business-Type Activities**

General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2010, for the Water and Sewer, Solid Waste, and Golf Funds are comprised of the following:

**Water and Sewer:**

General Obligation Refunding Bonds:

\$4,080,000 General Obligation Refunding Bonds, Series 2010 due in annual principal installments ranging from \$335,000 \$505,000 through February 15, 2021. Interest rate is variable from 4.00% to 5.00%	\$ 4,080,000
\$5,685,000 General Obligation Refunding Bonds, Series 2009 due in annual principal installments ranging from \$205,000 to \$645,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%	5,360,000
\$1,042,419 Adjustable Rate General Obligation Refunding and Improvement Bonds, Series 2003 due in annual principal installments ranging from \$44,739 to \$311,185 through June 15, 2016. Interest rate is variable and resets on June 16 of each year, currently 2.5%	<u>613,918</u>
Total General Obligation Refunding Bonds – Water and Sewer Fund	<u>10,053,918</u>

**Certificates of Obligation:**

\$7,210,000 Series 2010 due in annual principal installments ranging from \$265,000 to \$350,000 through February 15, 2030. Interest rate is variable from 2.50% to 4.1250%,	7,210,000
\$5,030,000 Series 2009 due in annual principal installments ranging from \$130,000 to \$355,000 through February 15, 2029. Interest rate is variable from 2.50% to 4.50%,	4,900,000
\$5,000,000 Series 2008 due in annual principal installments ranging from \$85,000 to \$380,000 through February 15, 2028. Interest rate is variable from 3.50% to 4.50%,	4,750,000
\$5,000,000 Series 2007 due in annual principal installments ranging from \$85,000 to \$375,000 through February 15, 2027. Interest rate is variable from 4.00% to 4.50%.	4,575,000
\$5,000,000 Series 2006 due in annual principal installments ranging from \$130,000 to \$375,000 through February 15, 2026. Interest rate is variable from 4.00% to 5.00%.	4,350,000
\$4,235,000 Series 2005 due in annual principal installments ranging from \$85,000 to \$315,000 through February 15, 2025. Interest rate is variable from 3.15% to 4.00%.	3,520,000
\$3,730,000 Series 2004 due in annual principal installments ranging from \$75,000 to \$270,000 through February 15, 2024. Interest rate is variable from 3.00% to 4.50%.	2,930,000

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

\$3,750,000 Series 2003 due in annual principal installments ranging from \$80,000 to \$275,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.	\$ 2,775,000
\$9,600,000 Series 2002 due in annual principal installments ranging from \$345,000 to \$695,000 through February 2022. Interest rate is variable from 3.00% to 4.85%.	6,580,000
\$6,885,000 Series 2001 due in annual principal installments ranging from \$80,000 to \$550,000 through February 2021. Interest rate is variable from 4.25% to 5.0%.	<u>325,000</u>
Total Certificates of Obligation – Water and Sewer Fund	<u>41,915,000</u>
Solid Waste:	
General Obligation Refunding Bonds:	
\$480,000 Series 2009 due in annual principal payments ranging from \$5,000 to \$60,000 through February 15, 2020. Interest rate is variable from 2.00% to 5.00%.	<u>475,000</u>
Certificates of Obligation:	
\$3,575,000 Series 2010 due in annual principal installments ranging from \$150,000 to \$330,000 through February 2025. Interest rate is variable from 2.00% to 4.00%	3,575,000
\$1,400,000 Series 2009 due in annual principal installments ranging from \$150,000 to \$195,000 through February 2017. Interest rate is variable from 2.50% to 3.00%	1,250,000
\$1,200,000 Series 2008 due in annual principal installments ranging from \$130,000 to \$200,000 through February 2015. Interest rate is 3.50%	910,000
\$1,160,000 Series 2007 due in annual principal installments ranging from \$130,000 to \$190,000 through February 15, 2014. Interest rate is variable from 4.00% to 4.50%	<u>715,000</u>
Total Bonds and Certificates of Obligation – Solid Waste Fund	<u>6,450,000</u>
Golf:	
General Obligation Refunding and Improvement Bonds:	
\$4,365,000 General Obligation Refunding and Improvement Bonds, Series 2010 due in annual principal payments ranging from \$340,000 to \$555,000 through February 15, 2021. Interest rate is variable from 3.00% to 5.00%.	4,365,000
\$225,000 General Obligation Refunding and Improvement Bonds, Series 2005 due in annual principal payments ranging from \$20,000 to \$30,000 through February 15, 2017. Interest rate is variable from 3.00% to 5.25%.	165,000

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

Certificates of Obligation:

\$6,300,000 Series 2001 due in annual principal installments ranging from \$35,000 to \$605,000 through February 2021. Interest rate is variable from 4.25% to 5.0%.

\$ 340,000

Total Bonds and Certificates of Obligation – Golf Fund

4,870,000

Add unamortized premiums

1,504,372

Less:

Deferred losses on refundings

(636,859)

Unamortized discounts

(168,715)

Total business-type General Obligation Refunding Bonds  
and Certificates of Obligation

\$ 64,462,716

**Debt Service Requirements**

Debt service requirements at September 30, 2010 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
Year ending September 30:				
2011	\$ 14,425,000	\$ 11,542,514	\$ 3,950,000	\$ 2,546,269
2012	14,687,390	10,507,439	4,287,610	2,298,462
2013	14,574,172	9,951,420	4,480,828	2,158,194
2014	14,840,692	9,360,013	4,654,308	2,004,365
2015	13,713,829	8,722,060	4,451,172	1,844,478
2016 – 2020	80,190,000	32,864,614	21,980,000	6,610,860
2021 – 2025	61,850,000	14,922,958	14,815,000	2,526,687
2026 – 2030	30,280,000	3,424,500	5,145,000	407,011
Totals	<u>\$ 244,561,083</u>	<u>\$ 101,295,518</u>	<u>\$ 63,763,918</u>	<u>\$ 20,396,326</u>

**General Obligation Refunding Bonds**

As part of the City's debt management practices, the City defeased certain General Obligation Bonds and Certificates of Obligation by placing the proceeds of new bonds in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2010, there was \$26,690,000 of defeased bonds outstanding.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

On June 15, 2010, the City issued \$81,445,000 General Obligation Refunding and Improvement Bonds, Series 2010 with a net interest cost of 4.05%. The bond proceeds were used to refund \$7,205,000 General Obligation Bonds, \$15,105,000 Certificates of Obligation, pay costs associated with issuing the bonds and provide \$60,665,000 for improvements to the City's streets, drainage systems, sidewalks and bridges, parks and public buildings. The refunded debt resulted in cash flow savings of \$2,650,683 with a net present value benefit of \$2,246,677. The City realized a \$1,069,879 accounting loss on the refunding, which will be amortized over the life of the new debt.

On June 15, 2010 the City issued \$6,105,000 General Obligation Refunding Bonds, Taxable Series 2010A with a net interest cost of 3.49%. The bond proceeds were used to refund \$6,005,000 Certificates of Obligation Taxable Series 2000B and to pay the costs associated with the issuance of the bonds. The refunded debt resulted in cash flow savings of \$1,354,143 with a net present value benefit of \$1,223,395. The City realized a \$265,484 accounting loss on the refunding which will be amortized over the life of the new debt.

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

#### **Certificates of Obligation**

On June 15, 2010 the City issued \$18,305,000 Combination Tax and Revenue Certificates of Obligation, Series 2010 with a net interest cost of 3.43%. The Water and Sewer fund issued \$7,210,000 in Certificates, the Solid Waste fund issued \$3,575,000 in Certificates, and \$7,520,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$194,000 will be used for improving, renovating, and constructing City facilities, the purchasing of an emergency communications system for the police and fire departments, the purchasing of vehicles and equipment for various departments, and extending and improving the City's water and sewer system.

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

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**(i) Capital Leases and Other Contractual Obligations**

The following is a summary of capital leases and other contractual obligation transactions of the City for the fiscal year ended September 30, 2010:

	<u>Computer Hardware</u>	<u>Police Academy</u>	<u>Loan STAR</u>	<u>Routh Creek Pkwy</u>	<u>Key Government Finance</u>	<u>Fossil</u>	<u>TIF Economic Grant</u>	<u>Texas Comptroller of Public Accounts</u>	<u>Total</u>	<u>Business-type activities Water and Sewer Computer hardware</u>
Balance at October 1, 2009	\$ 795,404	\$ 1,571,374	\$ 286,691	\$ 3,968,325	\$ —	\$ —	\$ 3,299,865	\$ 2,256,143	\$ 12,177,802	\$ 123,281
Additions/adjustments	—	—	—	—	979,828	143,882	—	—	1,123,710	639,096
Payments	(497,680)	(176,406)	(57,021)	(3,968,325)	(393,290)	—	—	(103,411)	(5,196,133)	(699,890)
Balance at September 30, 2010	<u>\$ 297,724</u>	<u>\$ 1,394,968</u>	<u>\$ 229,670</u>	<u>\$ —</u>	<u>\$ 586,538</u>	<u>\$ 143,882</u>	<u>\$ 3,299,865</u>	<u>\$ 2,152,732</u>	<u>\$ 8,105,379</u>	<u>\$ 62,487</u>

**Notes Payable**

At September 30, 2010, the City's outstanding notes payable, which were used to finance computer hardware, consisted of the following:

\$740,000 Chase Equipment Leasing, Inc., three year note due in annual payments of \$265,949 through October 2010. Interest rate is 3.86%	\$ 256,066
\$162,729 Frost Leasing, five year note due in monthly payments of \$2,996 through October 2013. Interest rate is 3.99%	104,145

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2010:

Fiscal year ending September 30:	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 269,021	\$ 11,310	\$ 19,432	\$ 2,139	\$ 301,902
2012	13,481	900	20,221	1,350	35,952
2013	14,028	352	21,042	529	35,951
2014	1,194	4	1,792	6	2,996
Totals	<u>\$ 297,724</u>	<u>\$ 12,566</u>	<u>\$ 62,487</u>	<u>\$ 4,024</u>	<u>\$ 376,801</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**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, 2010:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Fiscal year ending September 30:					
2011	\$ 83,198		\$ 59,329		\$ 142,527
2012	94,340		56,258		150,598
2013	98,226		52,216		150,442
2014	108,476		48,001		156,477
2015	107,815		43,608		151,423
2016 – 2020	594,309		144,139		738,448
2021 – 2025	308,604		29,313		337,917
Totals	\$ <u>1,394,968</u>		\$ <u>432,864</u>		\$ <u>1,827,832</u>

During fiscal year 2001-2002, the City entered into an agreement with the State of Texas Energy Conservation Office in which the City borrowed money from the State as part of its LoanSTAR Revolving Loan Program. Proceeds of the loan were used to make improvements to the energy use efficiency of several of the City's public facilities. The projects were completed in fiscal year 2004 for a total cost of \$559,627. The following is a schedule of the payments required under the loan agreement as of September 30, 2010:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Fiscal year ending September 30:					
2011	\$ 58,751		\$ 6,233		\$ 64,984
2012	60,533		4,451		64,984
2013	62,370		2,614		64,984
2014	48,016		722		48,738
Totals	\$ <u>229,670</u>		\$ <u>14,020</u>		\$ <u>243,690</u>

On January 5, 2010 Collin County signed an interlocal agreement with the City that superseded the December 2006 agreement for their participation in the Routh Creek Parkway project. Under the new agreement, the County will assume \$8,032,120 of the costs for this project and the City will no longer be obligated to repay the \$3,968,325. This amount was reclassified from a liability to Intergovernmental Revenue in the Capital Fund this fiscal year.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2010

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

The Texas Comptroller of Public accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of \$2,256,143 was recorded as a liability and a reduction of sales tax revenue in FY 2008-2009. The Comptroller's office has set up a 20-year pay out arrangement and \$103,411 was paid in FY 2009-10.

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

On October 15, 2009 the City entered into an agreement with Fossil, Inc. to purchase land and right-of-way for \$220,203 to be paid in three equal installments of \$73,401. The remaining installments are due October 15, 2010 and 2011.

#### **(4) Other Information**

##### **(a) Risk Management**

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management, as the third party administrator for this program. During fiscal year 2009-2010, a total of \$74,939 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund and Proprietary Funds. In addition, claims and benefits paid in the amounts of \$239,569 and \$52,097 have been recorded as expenditures/expenses in the General Fund and the Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides employee health benefit coverage up to a maximum of \$1,000,000 per employee in their lifetime and a maximum of \$150,000 per employee per year. The City purchases commercial insurance for claims in excess of the \$150,000 coverage mentioned above for each employee. In fiscal year 2009-2010, the City received refunds from the commercial insurance carrier in the amount of \$304,255. There were no settlements exceeding the lifetime maximum coverage in each of the last three years.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be \$700,000 for unpaid claims and claim adjustment expenses at September 30, 2010. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

**Reconciliation of Unpaid Claims Liabilities**

	<u>2010</u>	<u>2009</u>
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 700,000	\$ 500,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	8,614,000	8,353,000
Increase (decrease) in prior year provision	<u>(177,000)</u>	<u>378,000</u>
Total incurred claims and claim adjustment expenses	<u>9,137,000</u>	<u>9,231,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	7,914,000	7,653,000
Claims and claim adjustment expenses attributable to insured events of prior years	<u>523,000</u>	<u>878,000</u>
Total payments	<u>8,437,000</u>	<u>8,531,000</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 700,000</u>	<u>\$ 700,000</u>

**(b) Interfund Charges**

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for construction and enterprise activities but are paid from the General Fund. During the year ended September 30, 2010, the City allocated \$6,745,132 for such services.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

**(c) Contingent Liabilities**

**Litigation**

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

**Grant Audit**

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

**(d) Post-Employment Benefits**

**Retiree Health Benefits**

**Plan Description**

In addition to the pension benefits described in note 4(e), the City provides post employment health care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. At September 30, the City had 194 retirees and an additional 133 active employees that are eligible to retire. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan and is accounted for in the City's Insurance and Flexible Spending fund as well as the Water and Sewer, Solid Waste, Golf, and Central Services funds. A separate financial statement is not issued for the plan.

**Contributions**

In fiscal year 2009-2010, the City contributed \$152 each month to the plan on behalf of each retiree. This amount is subject to review during the annual budget process. Sample contribution rates for retirees and their dependents are based on the length of service of the retiree and are shown below.

	<u>Under 10</u>		<u>10 – 14</u>		<u>15 – 19</u>		<u>20+</u>
Years of service:							
Retiree only	\$ 1,363	\$	1,022	\$	682	\$	341
Retiree/spouse	2,114		1,586		1,057		529
Surviving spouse	1,499		1,124		750		375

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

	Coverage for retiree age 65 or older			
	Under 10	10 – 14	15 – 19	20+
Years of service:				
Retiree only	\$ 954	\$ 716	\$ 477	\$ 239
Retiree/spouse	1,480	1,110	470	370
Surviving spouse	1,050	787	525	262

Contributions to the plan are designed to fund the plan on a pay-as-you-go basis. The City may choose to fund additional amounts to increase the reserves of the Insurance and Flexible Spending fund. These amounts would not reduce the actuarial liability of the plan, but would offset a portion of the OPEB liability in the fund financial statements. For the year ended September 30, 2010, the City contributed \$347,472 and plan participants contributed \$872,467 to the plan.

***Schedule of Actuarial Liabilities and Funding Progress***

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

	2010	2009
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll
Remaining amortization period	30 years – closed period	30 years – closed period
Asset valuation method	Amortized cost	Amortized cost
Investment rate of return	4%	5%
Payroll growth	4%	4%
Health care trends	9% initial, 5% ultimate	9% initial, 5% ultimate

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

	<u>2010</u> <sup>(1)</sup>	<u>2009</u>	<u>2008</u>
Annual OPEB cost:			
Annual required contribution (ARC)	\$ 4,728,225	\$ 3,536,996	\$ 6,983,793
Interest on net OPEB obligation	129,620	—	—
Adjustment to the ARC	<u>(108,017)</u>	<u>—</u>	<u>—</u>
Annual OPEB cost	4,749,828	3,536,996	6,983,793
Contributions made	(1,484,120)	(1,361,923)	(1,606,597)
Change in investment rate of return	<u>1,065,439</u>	<u>—</u>	<u>—</u>
Net OPEB obligation	4,331,147	2,175,073	5,377,196
Net OPEB obligation, October 1	<u>7,552,269</u>	<u>5,377,196</u>	<u>—</u>
Net OPEB obligation, September 30	\$ <u><u>11,883,416</u></u>	\$ <u><u>7,552,269</u></u>	\$ <u><u>5,377,196</u></u>
Percentage of annual OPEB cost contributed	31.2%	38.5%	23.0%
Funding progress:			
Actuarial valuation date	October 1, 2009	October 1, 2008	October 1, 2007
Actuarial value of assets	\$ —	\$ —	\$ —
Actuarial accrued liability (AAL)	60,896,447	47,029,210	80,705,746
Funded ratio	—%	—%	—%
Unfunded AAL (UAAL)	\$ 60,896,447	\$ 47,029,210	\$ 80,705,746
Annual covered payroll	53,511,198	52,621,488	51,033,789
UAAL as a percentage of covered payroll	113.80%	89.37%	158.14%

<sup>(1)</sup> See Actuarial Changes below

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

***Plan Changes***

For Fiscal Year 2008-2009, the City Council approved significant changes to the retiree healthcare program. City funding for the program was substantially reduced and premiums paid by retirees were increased. A new actuarial study was performed incorporating these changes, and the actuarial accrued liability was reduced by approximately 42%. In calculating the current year and future year's annual required contributions, the actuary reduced these amounts by amounts expensed in the prior years under the old plan. This resulted in no adjustment to the annual required contribution in the Fiscal Year 2008-2009. No plan changes were made in Fiscal Year 2009-2010.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

***Actuarial Changes***

The actuarial study performed in Fiscal Year 2008-2009 included investment return estimates of 5% and 4%. The 5% return was used in Fiscal Year 2008-2009. In light of the continued low interest rate environment, a 4% investment return for Fiscal Year 2009-2010 was used in order to be more conservative. The change in interest rate increased the Actuarial Accrued Liability by \$13,867,237. The additional \$1,065,439 cost was treated as a program expense in the current fiscal year and is reported as an adjustment to the Net OPEB obligation in the chart above. The interest rate assumption will be reevaluated for the actuarial study performed in Fiscal Year 2010-2011.

**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 4 participants in the program as of September 30, 2010.

**(e) Pension Benefits**

**Plan Description**

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

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

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

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

The City Council reduced the Updated Service Credit and Annuity Increase benefits as part of the Fiscal Year 2010-2011 budget process. Due to the delay between the actuarial valuation and the required contributions as explained below, this change has been incorporated into the actuarial results reported for the 2009 valuation.

**Contributions**

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

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

**Change in Actuarial Method and Phase-in Period**

At the end of 2007, the TMRS board approved actuarial changes which provided pre-funding of certain benefits which had been funded on a pay-as-you-go basis in the past. The board also approved an 8-year phase-in of these additional costs, effective January 1, 2009. The City has chosen to contribute the phase-in rate for Fiscal Year 2009 and Fiscal Year 2010 rather than the full rate. This results in a net pension obligation being recognized on the statement of net assets at the government-wide level for governmental activities, and at the fund level for enterprise funds. As part of the plan changes approved during the FY 2010-11 budget process, the City will begin contributing the full rate in calendar year 2011.

**Schedule of Actuarial Liabilities and Funding Progress**

Valuation date	12/31/2009	12/31/2008	12/31/2007
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period	28 years – closed period	29 years – closed period	30 years – closed period
Asset valuation method	10-Yr Smoothed Market	Amortized cost	Amortized cost
Investment rate of return	7.5%	7.5%	7.0%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation rate	3.00%	3.00%	3.00%
Cost-of-living-adjustments	1.5% (3% CPI)	2.1% (3% CPI)	2.1% (3% CPI)

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2010

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net pension obligation:			
Annual pension cost:			
Annual required contribution (ARC)	\$ 13,429,874	\$ 11,855,749	\$ 8,919,048
Interest on net pension obligation (NPO)	162,883	—	—
Adjustment to the ARC	(132,611)	—	—
Annual pension cost	<u>13,460,146</u>	<u>11,855,749</u>	<u>8,919,048</u>
Contributions made	<u>(10,459,152)</u>	<u>(9,683,975)</u>	<u>(8,919,048)</u>
Increase in NPO	3,000,994	2,171,774	—
Net pension obligation, October 1	<u>2,171,774</u>	—	—
Net pension obligation, September 30	<u>\$ 5,172,768</u>	<u>\$ 2,171,774</u>	<u>\$ —</u>
Percentage of APC contribution	78%	82%	100%

Funding progress:

Actuarial valuation date	12/31/2009
Actuarial value of assets	\$ 190,620,271
Actuarial accrued liability (AAL)	266,366,493
Funded ratio	71.56%
Unfunded AAL (UAAL)	\$ 75,746,222
Annual covered payroll	58,679,443
UAAL as a percentage of covered payroll	129.08%

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

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**CITY OF RICHARDSON, TEXAS**  
Required Supplementary Information  
Budgetary Comparison Schedule – General Fund  
Year ended September 30, 2010

	Budgeted amounts		Actual GAAP basis	Adjustments budget basis	Actual budget basis	Variance with final budget-positive (negative)
	Original	Final				
<b>Revenues:</b>						
General property taxes	\$ 36,812,814	\$ 36,768,485	\$ 36,792,431	\$ —	\$ 36,792,431	\$ 23,946
Franchise fees	12,570,315	12,081,681	12,274,990	—	12,274,990	193,309
Sales tax	22,159,664	24,762,930	24,967,161	(103,411)	24,863,750	100,820
Mixed beverage and bingo tax	409,349	392,483	391,823	—	391,823	(660)
911 revenue	991,714	1,076,788	1,079,142	—	1,079,142	2,354
Intergovernmental revenue	—	—	43,039	—	43,039	43,039
Licenses and permits	1,584,518	1,362,557	1,465,813	—	1,465,813	103,256
Fines and forfeitures	3,935,916	3,779,086	3,891,149	90,000	3,981,149	202,063
Interest revenue	298,083	110,113	109,356	—	109,356	(757)
Civic center use	345,678	321,339	328,504	—	328,504	7,165
Recreation and leisure	3,204,808	3,204,934	3,275,010	—	3,275,010	70,076
Rents	—	—	20,976	—	20,976	20,976
Public safety	1,741,563	1,671,744	1,818,803	—	1,818,803	147,059
Other revenue	1,254,247	1,110,457	644,290	—	644,290	(466,167)
General administration	7,370,132	7,245,647	6,745,132	—	6,745,132	(500,515)
Contributions	—	—	22,948	—	22,948	22,948
<b>Total revenues</b>	<b>92,678,801</b>	<b>93,888,244</b>	<b>93,870,567</b>	<b>(13,411)</b>	<b>93,857,156</b>	<b>(31,088)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	23,497,023	24,194,925	23,625,923	521,204	24,147,127	47,798
Public safety	37,645,215	36,997,727	36,200,308	(20,287)	36,180,021	817,706
Public services	14,956,502	14,985,723	14,668,740	(1,953)	14,666,787	318,936
Library	3,231,381	3,246,180	3,155,563	36,717	3,192,280	53,900
Parks and recreation	11,102,985	10,715,528	10,330,345	43,903	10,374,248	341,280
Public health	1,254,334	1,301,821	1,271,740	—	1,271,740	30,081
Capital outlay	—	—	206,011	—	206,011	(206,011)
<b>Debt service:</b>						
Interest and fiscal charges	—	—	27,214	(27,214)	—	—
Payments for other obligations	—	—	560,562	(457,151)	103,411	(103,411)
<b>Total expenditures</b>	<b>91,687,440</b>	<b>91,441,904</b>	<b>90,046,406</b>	<b>95,219</b>	<b>90,141,625</b>	<b>1,300,279</b>
<b>Excess of revenues over expenditures</b>	<b>991,361</b>	<b>2,446,340</b>	<b>3,824,161</b>	<b>(108,630)</b>	<b>3,715,531</b>	<b>1,269,191</b>
<b>Other financing sources (uses):</b>						
Transfers in	—	—	481,383	—	481,383	481,383
Transfers out	(991,361)	(2,431,361)	(4,221,361)	—	(4,221,361)	(1,790,000)
Insurance recoveries	—	—	72,609	—	72,609	72,609
Sale of capital assets	—	—	132,581	—	132,581	132,581
<b>Total other financing sources (uses)</b>	<b>(991,361)</b>	<b>(2,431,361)</b>	<b>(3,534,788)</b>	<b>—</b>	<b>(3,534,788)</b>	<b>(1,103,427)</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>14,979</b>	<b>289,373</b>	<b>(108,630)</b>	<b>180,743</b>	<b>165,764</b>
Fund balances, October 1	15,799,292	15,474,800	15,843,805	185,074	16,028,879	554,079
Fund balances, September 30	\$ 15,799,292	\$ 15,489,779	\$ 16,133,178	\$ 76,444	\$ 16,209,622	\$ 719,843

See accompanying independent auditors' report.

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

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

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

(2) In 2010 the City Council approved changes to the retiree pension program. See footnote 4(e), for complete details.

Schedule of Postemployment Health Care Benefits Funding Progress (1)

Current Fiscal Year

Actuarial valuation date October 1,	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)	(c) Funded ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b)-(a)	(e) Annual covered payroll (1)	UAAL as a percentage of covered payroll (d)/(e)
2007 (FY 2008)	\$ —	\$ 80,705,746	—	\$ 80,705,746	\$ 51,033,789	158.14%
2008 (FY 2009)	—	47,029,210	(2) —	47,029,210	52,621,488	89.37%
2008 (FY 2010)	—	60,896,447	(3) —	60,896,447	53,511,198	113.80%

(1) Post-employment health care benefit valuations are performed every second year. Annual covered payroll is for the fiscal year indicated.

(2) In 2009 the City Council approved significant changes to the retiree healthcare program. See footnote 4(d), for complete details.

(3) In 2010 the City used a lower investment rate of return for calculating the AAL. See footnote 4(d), for complete details.

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

September 30, 2010

**Stewardship, Compliance, and Accountability**

**(A) Budgetary Information**

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

	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 92,678,801	\$ 93,873,265
Debt Service	21,773,501	21,869,593
Water and Sewer	44,791,169	42,538,657
Solid Waste Services	12,356,272	12,018,100
Golf	2,252,355	2,201,187
Internal Service (Combined)	11,127,703	9,476,894
Special Police	186,940	184,553
State Grants	—	76,264
Federal Grants	—	511,206
Municipal Court Security	84,100	73,726
Library	37,300	116,880
Traffic Safety	856,131	1,489,814
Wireless 911	436,000	426,886
Judicial Efficiency	29,200	47,300
Hotel/Motel Tax	5,147,143	4,828,780
Technology	212,658	763,800
Tax Increment Financing	300,000	563,516
Richardson Improvement Corp.	129,297	137,781

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

September 30, 2010

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

Excess of revenues and other sources over expenditures and other uses-GAAP basis	\$	289,373
Beginning of year adjustment for encumbrances not recognized as expenditures		217,882
End of year adjustment for encumbrances not recognized as expenditures		(313,101)
Reduction in sales tax recognized for GAAP basis		(103,411)
Increase in fines and forfeitures recognized for GAAP basis		90,000
		<hr/>
Excess of revenues and other sources over expenditures and other uses-budget basis	\$	<u>180,743</u>

## CITY OF RICHARDSON, TEXAS

### Nonmajor Governmental Funds

September 30, 2010

#### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF RICHARDSON, TEXAS**

Nonmajor Governmental Funds

September 30, 2010

**Budget to Actual Comparisons**

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

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**CITY OF RICHARDSON, TEXAS**  
Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2010

	<b>Special Revenue Funds</b>					
	<b>Special Police Funds</b>	<b>State Grant Funds</b>	<b>Federal Grant Funds</b>	<b>Municipal Ct. Bldg. Security Fund</b>	<b>Library Fund</b>	<b>Traffic Safety Fund</b>
<b>Assets:</b>						
Cash and investments	\$ 456,764	\$ 1,732	\$ —	\$ 103,651	\$ 2,543	\$ 986,702
Intergovernmental receivables	—	1,580	125,488	—	—	—
Hotel/motel tax receivable	—	—	—	—	—	—
Trade receivables	—	—	—	—	—	452,646
Prepaid items	—	—	—	—	—	—
Total assets	<u>\$ 456,764</u>	<u>\$ 3,312</u>	<u>\$ 125,488</u>	<u>\$ 103,651</u>	<u>\$ 2,543</u>	<u>\$ 1,439,348</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 13,565	\$ 1,580	\$ —	\$ —	\$ 2,543	\$ 483,147
Retainage payable	—	—	27,208	—	—	—
Accrued liabilities	—	—	—	—	—	—
Escrow	62,742	—	—	—	—	—
Due to other funds	—	—	88,005	—	—	—
Deferred revenue	—	—	10,275	—	—	339,672
Total liabilities	<u>76,307</u>	<u>1,580</u>	<u>125,488</u>	<u>—</u>	<u>2,543</u>	<u>822,819</u>
<b>Fund balances:</b>						
Reserved for encumbrances	23,918	—	—	—	—	4,268
Reserved for prepaid items	—	—	—	—	—	—
<b>Unreserved:</b>						
Undesignated	356,539	1,732	—	103,651	—	612,261
Total fund balances	<u>380,457</u>	<u>1,732</u>	<u>—</u>	<u>103,651</u>	<u>—</u>	<u>616,529</u>
Total liabilities and fund balances	<u>\$ 456,764</u>	<u>\$ 3,312</u>	<u>\$ 125,488</u>	<u>\$ 103,651</u>	<u>\$ 2,543</u>	<u>\$ 1,439,348</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Combining Balance Sheet – Nonmajor Governmental Funds  
 September 30, 2010

Special Revenue Funds						
Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ 203,431	\$ 62,618	\$ 1,053,770	\$ 584,204	\$ 407,205	\$ 77,432	\$ 3,940,052
—	—	—	—	—	—	127,068
—	—	411,758	—	—	—	411,758
—	—	7,256	—	—	42	459,944
—	—	88,750	—	—	2,729	91,479
<u>\$ 203,431</u>	<u>\$ 62,618</u>	<u>\$ 1,561,534</u>	<u>\$ 584,204</u>	<u>\$ 407,205</u>	<u>\$ 80,203</u>	<u>\$ 5,030,301</u>
\$ —	\$ 30,740	\$ 125,818	\$ 28,440	\$ —	\$ 8,891	\$ 694,724
—	—	—	—	—	—	27,208
—	—	72,193	—	—	—	72,193
—	—	—	—	—	—	62,742
—	—	—	—	—	—	88,005
—	—	438,902	—	—	—	788,849
—	30,740	636,913	28,440	—	8,891	1,733,721
—	—	13,231	256,655	5,214	—	303,286
—	—	88,750	—	—	2,729	91,479
203,431	31,878	822,640	299,109	401,991	68,583	2,901,815
203,431	31,878	924,621	555,764	407,205	71,312	3,296,580
<u>\$ 203,431</u>	<u>\$ 62,618</u>	<u>\$ 1,561,534</u>	<u>\$ 584,204</u>	<u>\$ 407,205</u>	<u>\$ 80,203</u>	<u>\$ 5,030,301</u>

**CITY OF RICHARDSON, TEXAS**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Nonmajor Governmental Funds  
Year ended September 30, 2010

	<b>Special Revenue Funds</b>					
	<b>Special Police Funds</b>	<b>State Grant Funds</b>	<b>Federal Grant Funds</b>	<b>Municipal Ct. Bldg. Security Fund</b>	<b>Library Fund</b>	<b>Traffic Safety Fund</b>
<b>Revenues:</b>						
General property taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Hotel/motel tax	—	—	—	—	—	—
Eisemann center revenue	—	—	—	—	—	—
911 revenue	—	—	—	—	—	—
Intergovernmental revenue	10,714	76,007	806,297	—	—	—
Fines and forfeitures	89,617	—	—	93,480	—	1,432,735
Interest revenue	866	—	—	169	160	2,712
Contributions	18,657	—	—	—	18,992	—
Other revenue	3,709	—	—	—	19,669	—
Total revenues	<u>123,563</u>	<u>76,007</u>	<u>806,297</u>	<u>93,649</u>	<u>38,821</u>	<u>1,435,447</u>
<b>Expenditures:</b>						
General government	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—
Public health	—	22,740	—	—	—	—
Public safety	165,025	7,356	214,688	66,963	—	1,360,626
Library	—	30,890	—	—	58,357	—
General administration	—	—	—	—	—	—
Capital outlay	20,124	8,027	591,609	—	6,102	206,972
Total expenditures	<u>185,149</u>	<u>69,013</u>	<u>806,297</u>	<u>66,963</u>	<u>64,459</u>	<u>1,567,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,586)</u>	<u>6,994</u>	<u>—</u>	<u>26,686</u>	<u>(25,638)</u>	<u>(132,151)</u>
<b>Other financing sources (uses):</b>						
Transfers in	—	—	—	—	—	—
Transfers out	(15,916)	(8,895)	—	—	(54,072)	—
Proceeds from sale of capital assets	12,594	—	—	—	—	—
Total other financing sources (uses)	<u>(3,322)</u>	<u>(8,895)</u>	<u>—</u>	<u>—</u>	<u>(54,072)</u>	<u>—</u>
Net change in fund balances	<u>(64,908)</u>	<u>(1,901)</u>	<u>—</u>	<u>26,686</u>	<u>(79,710)</u>	<u>(132,151)</u>
Fund balance, October 1	445,365	3,633	—	76,965	79,710	748,680
Fund balance, September 30	<u>\$ 380,457</u>	<u>\$ 1,732</u>	<u>\$ —</u>	<u>\$ 103,651</u>	<u>\$ —</u>	<u>\$ 616,529</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

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

Year ended September 30, 2010

Special Revenue Funds						
Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ —	\$ —	\$ —	\$ —	\$ 263,052	\$ —	\$ 263,052
—	—	2,712,966	—	—	—	2,712,966
—	—	2,142,769	—	—	—	2,142,769
442,342	—	—	—	—	—	442,342
—	—	—	—	67,012	—	960,030
—	6,249	—	69,620	—	—	1,691,701
778	125	1,805	2,069	1,360	—	10,044
—	—	—	6,711	—	53,500	97,860
—	—	36,320	—	—	—	59,698
<u>443,120</u>	<u>6,374</u>	<u>4,893,860</u>	<u>78,400</u>	<u>331,424</u>	<u>53,500</u>	<u>8,380,462</u>
—	5,765	4,253,301	69,247	155,779	—	4,484,092
—	—	—	—	—	123,371	123,371
—	—	—	—	—	—	22,740
26,678	—	—	—	—	—	1,841,336
—	—	—	—	—	—	89,247
—	—	330,000	—	150,000	—	480,000
—	33,325	—	385,719	—	—	1,251,878
<u>26,678</u>	<u>39,090</u>	<u>4,583,301</u>	<u>454,966</u>	<u>305,779</u>	<u>123,371</u>	<u>8,292,664</u>
<u>416,442</u>	<u>(32,716)</u>	<u>310,559</u>	<u>(376,566)</u>	<u>25,645</u>	<u>(69,871)</u>	<u>87,798</u>
—	—	—	—	—	129,297	129,297
(400,000)	—	—	(6,710)	(250,061)	(8,500)	(744,154)
—	—	—	—	—	—	12,594
<u>(400,000)</u>	<u>—</u>	<u>—</u>	<u>(6,710)</u>	<u>(250,061)</u>	<u>120,797</u>	<u>(602,263)</u>
16,442	(32,716)	310,559	(383,276)	(224,416)	50,926	(514,465)
<u>186,989</u>	<u>64,594</u>	<u>614,062</u>	<u>939,040</u>	<u>631,621</u>	<u>20,386</u>	<u>3,811,045</u>
<u>\$ 203,431</u>	<u>\$ 31,878</u>	<u>\$ 924,621</u>	<u>\$ 555,764</u>	<u>\$ 407,205</u>	<u>\$ 71,312</u>	<u>\$ 3,296,580</u>

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
General property taxes	\$ 21,221,430	\$ 21,089,857	\$ 21,029,516	\$ (60,341)
Interest revenue	35,746	10,128	10,093	(35)
Interest received with bond proceeds	—	514,554	—	(514,554)
Total revenues	<u>21,257,176</u>	<u>21,614,539</u>	<u>21,039,609</u>	<u>(574,930)</u>
Expenditures:				
Debt service:				
Principal retirement	12,781,203	12,781,203	12,547,775	233,428
Interest and fiscal charges	8,948,795	9,044,887	9,224,683	(179,796)
Payments for other obligations	43,503	43,503	273,956	(230,453)
Total expenditures	<u>21,773,501</u>	<u>21,869,593</u>	<u>22,046,414</u>	<u>(176,821)</u>
Excess of expenditures over revenues	<u>(516,325)</u>	<u>(255,054)</u>	<u>(1,006,805)</u>	<u>(751,751)</u>
Other financing sources:				
Transfers in	350,000	400,000	455,000	55,000
Net proceeds from issuance/refunding bonds	—	—	208,060	208,060
Total other financing sources	<u>350,000</u>	<u>400,000</u>	<u>663,060</u>	<u>263,060</u>
Net change in fund balance	<u>(166,325)</u>	<u>144,946</u>	<u>(343,745)</u>	<u>(488,691)</u>
Fund balances, October 1	<u>1,984,238</u>	<u>1,966,359</u>	<u>1,947,347</u>	<u>(19,012)</u>
Fund balances, September 30	<u>\$ 1,817,913</u>	<u>\$ 2,111,305</u>	<u>\$ 1,603,602</u>	<u>\$ (507,703)</u>

See accompanying notes independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Special Police Funds  
 Year ended September 30, 2010

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 93,000	\$ 40,917	\$ 89,617	\$ 48,700
Intergovernmental revenue	46,500	37,451	10,714	(26,737)
Contributions	4,000	15,007	18,657	3,650
Other revenue	5,000	15,730	3,709	(12,021)
Interest income	2,969	989	866	(123)
Total revenues	<u>151,469</u>	<u>110,094</u>	<u>123,563</u>	<u>13,469</u>
<b>Expenditures:</b>				
Public safety	22,940	52,432	165,025	(112,593)
Capital outlay	164,000	117,286	20,124	97,162
Total expenditures	<u>186,940</u>	<u>169,718</u>	<u>185,149</u>	<u>(15,431)</u>
Excess of revenues over expenditures	<u>(35,471)</u>	<u>(59,624)</u>	<u>(61,586)</u>	<u>(1,962)</u>
<b>Other financing sources (uses):</b>				
Transfers out	—	(14,835)	(15,916)	(1,081)
Proceeds from sale of capital assets	—	—	12,594	12,594
Total other financing sources (uses)	<u>—</u>	<u>(14,835)</u>	<u>(3,322)</u>	<u>11,513</u>
Net change in fund balance	<u>(35,471)</u>	<u>(74,459)</u>	<u>(64,908)</u>	<u>9,551</u>
Fund balances, October 1	<u>365,251</u>	<u>445,365</u>	<u>445,365</u>	<u>—</u>
Fund balances, September 30	<u>\$ 329,780</u>	<u>\$ 370,906</u>	<u>\$ 380,457</u>	<u>\$ 9,551</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – State Grant Funds

Year ended September 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ —	\$ 72,631	\$ 76,007	\$ 3,376
Interest income	—	—	—	—
Total revenues	—	72,631	76,007	3,376
Expenditures:				
Public health	—	37,323	22,740	14,583
Public safety	—	—	7,356	(7,356)
Library	—	38,941	38,917	24
Capital outlay	—	—	—	—
Total expenditures	—	76,264	69,013	7,251
Excess of revenues over (under) expenditures	—	(3,633)	6,994	10,627
Other financing sources (uses):				
Transfers out	—	—	(8,895)	(8,895)
Total other financing sources (uses)	—	—	(8,895)	(8,895)
Net change in fund balance	—	(3,633)	(1,901)	1,732
Fund balances, October 1	—	3,633	3,633	—
Fund balances, September 30	\$ —	\$ —	\$ 1,732	\$ 1,732

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Municipal Court Security Fund

Year ended September 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 89,000	\$ 84,000	\$ 93,480	\$ 9,480
Interest income	487	163	169	6
Total revenues	<u>89,487</u>	<u>84,163</u>	<u>93,649</u>	<u>9,486</u>
Expenditures:				
Public safety	<u>84,100</u>	<u>73,726</u>	<u>66,963</u>	<u>6,763</u>
Total expenditures	<u>84,100</u>	<u>73,726</u>	<u>66,963</u>	<u>6,763</u>
Excess of revenues over expenditures	<u>5,387</u>	<u>10,437</u>	<u>26,686</u>	<u>16,249</u>
Net change in fund balance	5,387	10,437	26,686	16,249
Fund balances, October 1	<u>67,682</u>	<u>76,965</u>	<u>76,965</u>	<u>—</u>
Fund balances, September 30	<u>\$ 73,069</u>	<u>\$ 87,402</u>	<u>\$ 103,651</u>	<u>\$ 16,249</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Library Fund  
 Year ended September 30, 2010

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget-positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions	\$ 15,000	\$ 16,000	\$ 18,992	\$ 2,992
Fines and forfeitures	—	—	—	—
Other revenue	22,500	21,000	19,669	(1,331)
Interest income	630	170	160	(10)
Total revenues	<u>38,130</u>	<u>37,170</u>	<u>38,821</u>	<u>1,651</u>
Expenditures:				
Library	32,300	23,600	58,357	(34,757)
Capital outlay	5,000	7,600	6,102	1,498
Total expenditures	<u>37,300</u>	<u>31,200</u>	<u>64,459</u>	<u>(33,259)</u>
Excess of revenues over expenditures	<u>830</u>	<u>5,970</u>	<u>(25,638)</u>	<u>(31,608)</u>
Other financing sources (uses):				
Transfers out	—	(85,680)	(54,072)	31,608
Total other financing sources (uses)	<u>—</u>	<u>(85,680)</u>	<u>(54,072)</u>	<u>31,608</u>
Net change in fund balance	830	(79,710)	(79,710)	—
Fund balances, October 1	<u>78,821</u>	<u>79,710</u>	<u>79,710</u>	<u>—</u>
Fund balances, September 30	<u>\$ 79,651</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Traffic Safety Fund  
 Year ended September 30, 2010

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Fines	\$ 711,934	\$ 1,394,172	\$ 1,432,735	\$ 38,563
Interest income	1,918	2,814	2,712	(102)
Total revenues	<u>713,852</u>	<u>1,396,986</u>	<u>1,435,447</u>	<u>38,461</u>
Expenditures:				
Public safety	822,926	1,344,426	1,360,626	(16,200)
Capital outlay	33,205	145,388	206,972	(61,584)
Total expenditures	<u>856,131</u>	<u>1,489,814</u>	<u>1,567,598</u>	<u>(77,784)</u>
Excess of revenues over expenditures	<u>(142,279)</u>	<u>(92,828)</u>	<u>(132,151)</u>	<u>(39,323)</u>
Net change in fund balance	<u>(142,279)</u>	<u>(92,828)</u>	<u>(132,151)</u>	<u>(39,323)</u>
Fund balances, October 1	<u>326,874</u>	<u>748,680</u>	<u>748,680</u>	<u>—</u>
Fund balances, September 30	<u>\$ 184,595</u>	<u>\$ 655,852</u>	<u>\$ 616,529</u>	<u>\$ (39,323)</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Federal Grant Funds  
 Year ended September 30, 2010

	<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	\$ —	\$ 511,206	\$ 806,297	\$ 295,091
Interest income	—	—	—	—
Total revenues	<u>—</u>	<u>511,206</u>	<u>806,297</u>	<u>295,091</u>
Expenditures:				
Public safety	—	199,597	214,688	(15,091)
Capital outlay	—	311,609	591,609	(280,000)
Total expenditures	<u>—</u>	<u>511,206</u>	<u>806,297</u>	<u>(295,091)</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	—	—	—	—
Fund balances, October 1	—	—	—	—
Fund balances, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
**Budgetary Comparison Schedule – Wireless 911**  
Year ended September 30, 2010

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget-positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
911 revenue	\$ 433,376	\$ 433,655	\$ 442,342	\$ 8,687
Interest income	1,854	747	778	31
Total revenues	<u>435,230</u>	<u>434,402</u>	<u>443,120</u>	<u>8,718</u>
Expenditures:				
Public safety	36,000	26,886	26,678	208
Total expenditures	<u>36,000</u>	<u>26,886</u>	<u>26,678</u>	<u>208</u>
Excess of revenues over expenditures	<u>399,230</u>	<u>407,516</u>	<u>416,442</u>	<u>8,926</u>
Other financing sources (uses):				
Transfers out	(400,000)	(400,000)	(400,000)	—
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>—</u>
Net change in fund balance	(770)	7,516	16,442	8,926
Fund balances, October 1	<u>172,306</u>	<u>186,989</u>	<u>186,989</u>	<u>—</u>
Fund balances, September 30	<u>\$ 171,536</u>	<u>\$ 194,505</u>	<u>\$ 203,431</u>	<u>\$ 8,926</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Judicial Efficiency Fund  
 Year ended September 30, 2010

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 7,000	\$ 6,700	\$ 6,249	\$ (451)
Interest income	365	120	125	5
Total revenues	<u>7,365</u>	<u>6,820</u>	<u>6,374</u>	<u>(446)</u>
<b>Expenditures:</b>				
General government	9,200	15,000	5,765	9,235
Capital outlay	20,000	32,300	33,325	(1,025)
Total expenditures	<u>29,200</u>	<u>47,300</u>	<u>39,090</u>	<u>8,210</u>
Excess of revenues over expenditures	<u>(21,835)</u>	<u>(40,480)</u>	<u>(32,716)</u>	<u>7,764</u>
Net change in fund balance	<u>(21,835)</u>	<u>(40,480)</u>	<u>(32,716)</u>	<u>7,764</u>
Fund balances, October 1	<u>62,682</u>	<u>64,594</u>	<u>64,594</u>	<u>—</u>
Fund balances, September 30	<u>\$ 40,847</u>	<u>\$ 24,114</u>	<u>\$ 31,878</u>	<u>\$ 7,764</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Hotel-Motel Fund  
 Year ended September 30, 2010

	Budgeted amounts		Actual GAAP basis	Adjustments budget basis	Actual budget basis	Variance with final budget-positive (negative)
	Original	Final				
<b>Revenues:</b>						
Hotel/motel taxes	\$ 2,848,356	\$ 2,585,873	\$ 2,712,966	\$ (30,630)	\$ 2,682,336	\$ 96,463
Parking fees	179,843	186,843	178,774	—	178,774	(8,069)
Eisemann center revenues	1,952,350	2,019,480	1,963,995	—	1,963,995	(55,485)
Miscellaneous revenue	—	—	36,320	—	36,320	36,320
Interest income	15,013	1,556	1,805	—	1,805	249
<b>Total revenues</b>	<b>4,995,562</b>	<b>4,793,752</b>	<b>4,893,860</b>	<b>(30,630)</b>	<b>4,863,230</b>	<b>69,478</b>
<b>Expenditures:</b>						
General government:						
Arts	300,000	300,000	295,000	—	295,000	5,000
Miscellaneous	10,200	19,200	305	—	305	18,895
Auditorium – administration	3,657,789	3,703,873	3,520,503	6,094	3,526,597	177,276
Parking garage	499,154	475,707	437,493	291	437,784	37,923
General administration	330,000	330,000	330,000	—	330,000	—
<b>Total expenditures</b>	<b>4,797,143</b>	<b>4,828,780</b>	<b>4,583,301</b>	<b>6,385</b>	<b>4,589,686</b>	<b>239,094</b>
Excess (deficiency) of revenues over (under) expenditures	198,419	(35,028)	310,559	(37,015)	273,544	308,572
<b>Other financing sources (uses):</b>						
Transfers out	(350,000)	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>(350,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net change in fund balance	(151,581)	(35,028)	310,559	(37,015)	273,544	308,572
Fund balances, October 1	464,434	382,522	614,062	(238,386)	375,676	(6,846)
Fund balances, September 30	\$ 312,853	\$ 347,494	\$ 924,621	\$ (275,401)	\$ 649,220	\$ 301,726

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Technology Fund  
 Year ended September 30, 2010

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 60,000	\$ 71,000	\$ 69,620	\$ (1,380)
Interest income	6,204	1,897	2,069	172
Contributions	—	—	6,711	6,711
Total revenues	<u>66,204</u>	<u>72,897</u>	<u>78,400</u>	<u>5,503</u>
<b>Expenditures:</b>				
General government	22,658	48,800	69,247	(20,447)
Capital outlay	190,000	715,000	385,719	329,281
Total expenditures	<u>212,658</u>	<u>763,800</u>	<u>454,966</u>	<u>308,834</u>
Excess of revenues over expenditures	<u>(146,454)</u>	<u>(690,903)</u>	<u>(376,566)</u>	<u>314,337</u>
<b>Other financing sources (uses):</b>				
Transfers out	—	—	(6,710)	(6,710)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(6,710)</u>	<u>(6,710)</u>
Net change in fund balance	(146,454)	(690,903)	(383,276)	307,627
Fund balances, October 1	<u>937,937</u>	<u>939,040</u>	<u>939,040</u>	<u>—</u>
Fund balances, September 30	<u><u>\$ 791,483</u></u>	<u><u>\$ 248,137</u></u>	<u><u>\$ 555,764</u></u>	<u><u>\$ 307,627</u></u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Tax Increment Financing

Year ended September 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
<b>Revenues:</b>				
General property tax	\$ 266,036	\$ 263,695	\$ 263,052	\$ (643)
Intergovernmental revenue	58,237	67,012	67,012	—
Interest income	2,750	1,347	1,360	13
<b>Total revenues</b>	<b>327,023</b>	<b>332,054</b>	<b>331,424</b>	<b>(630)</b>
<b>Expenditures:</b>				
General government	150,000	163,455	155,779	7,676
General administration	150,000	150,000	150,000	—
<b>Total expenditures</b>	<b>300,000</b>	<b>313,455</b>	<b>305,779</b>	<b>7,676</b>
<b>Excess of revenues over expenditures</b>	<b>27,023</b>	<b>18,599</b>	<b>25,645</b>	<b>7,046</b>
<b>Other financing sources (uses):</b>				
Transfers out	—	(250,061)	(250,061)	—
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>(250,061)</b>	<b>(250,061)</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>27,023</b>	<b>(231,462)</b>	<b>(224,416)</b>	<b>7,046</b>
Fund balances, October 1	636,460	631,621	631,621	—
Fund balances, September 30	\$ <u>663,483</u>	\$ <u>400,159</u>	\$ <u>407,205</u>	\$ <u>7,046</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2010

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Contributions	\$ —	\$ 8,500	\$ 53,500	\$ 45,000
	—	8,500	53,500	45,000
Expenditures:				
Parks and recreation	129,297	129,281	123,371	5,910
Capital outlay	—	—	—	—
Total expenditures	129,297	129,281	123,371	5,910
Excess (deficiency) of revenues over (under) expenditures	(129,297)	(120,781)	(69,871)	50,910
Other financing sources:				
Transfers in	129,297	129,297	129,297	—
Transfers out	—	(8,500)	(8,500)	—
Total other financing sources	129,297	120,797	120,797	—
Net change in fund balance	—	16	50,926	50,910
Fund balances, October 1	19,695	20,386	20,386	—
Fund balances, September 30	\$ 19,695	\$ 20,402	\$ 71,312	\$ 50,910

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

**Nonmajor Governmental Funds – Internal Service Funds**

**September 30, 2010**

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

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

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

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Net Assets – All Internal Service Funds

September 30, 2010

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 267,476	\$ 3,020,591	\$ 3,288,067
Accounts receivable	—	257,777	257,777
Inventory of supplies, at cost	214,723	—	214,723
Prepaid items	1,851	—	1,851
Total current assets	<u>484,050</u>	<u>3,278,368</u>	<u>3,762,418</u>
<b>Capital assets:</b>			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	<u>607,883</u>	<u>—</u>	<u>607,883</u>
Less accumulated depreciation	<u>(550,834)</u>	<u>—</u>	<u>(550,834)</u>
Total capital assets, net of accumulated depreciation	<u>57,049</u>	<u>—</u>	<u>57,049</u>
Total assets	<u>541,099</u>	<u>3,278,368</u>	<u>3,819,467</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	9,708	186,530	196,238
Compensated absences	471	2,964	3,435
Unpaid claims liabilities	—	700,000	700,000
Total current liabilities	<u>10,179</u>	<u>889,494</u>	<u>899,673</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	3,457	23,982	27,439
Post employment benefits	105,618	52,785	158,403
Total concurrent liabilities	<u>109,075</u>	<u>76,767</u>	<u>185,842</u>
Total liabilities	<u>119,254</u>	<u>966,261</u>	<u>1,085,515</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	57,049	—	57,049
Unrestricted	364,796	2,312,107	2,676,903
Total net assets	<u>\$ 421,845</u>	<u>\$ 2,312,107</u>	<u>\$ 2,733,952</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

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

Year ended September 30, 2010

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 557,388	\$ —	\$ 557,388
City and employee contributions	28,345	9,413,832	9,442,177
Intergovernmental revenue	11	75,663	75,674
Miscellaneous	17	—	17
	<hr/>	<hr/>	<hr/>
Total operating revenues	585,761	9,489,495	10,075,256
Operating expenses:			
Personal services	307,331	233,695	541,026
Premiums	—	357,727	357,727
Professional and technical services	7,073	542,595	549,668
Property services	93,405	—	93,405
Other purchased services	450	63,904	64,354
Insurance claims	—	8,349,927	8,349,927
Supplies	12,767	2,458	15,225
Depreciation	2,077	—	2,077
	<hr/>	<hr/>	<hr/>
Total operating expenses	423,103	9,550,306	9,973,409
Operating income (loss)	<hr/>	<hr/>	<hr/>
	162,658	(60,811)	101,847
Nonoperating revenues:			
Interest revenue	158	5,233	5,391
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	158	5,233	5,391
Change in net assets	162,816	(55,578)	107,238
Net assets, October 1	259,029	2,367,685	2,626,714
Net assets, September 30	\$ 421,845	\$ 2,312,107	\$ 2,733,952

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
Combining Statement of Cash Flows – All Internal Service Funds  
Year ended September 30, 2010

	<b>Central Services Fund</b>	<b>Insurance and Flexible Spending Fund</b>	<b>Total</b>
Cash flows from operating activities:			
Cash received from service users	\$ 585,761	\$ —	\$ 585,761
Cash received from City, employee, and other contributions	—	9,488,433	9,488,433
Cash payments for premiums and other operating expenses	(173,237)	(1,018,318)	(1,191,555)
Cash payments to employees	(316,316)	(211,229)	(527,545)
Cash payments for claims	—	(8,517,646)	(8,517,646)
Net cash provided by (used for) operating activities	96,208	(258,760)	(162,552)
Cash flows from investing activity:			
Interest received on investments	158	6,132	6,290
Net cash provided by investing activity	158	6,132	6,290
Net increase (decrease) in cash and cash equivalents	96,366	(252,628)	(156,262)
Cash and cash equivalents, October 1	171,110	3,273,219	3,444,329
Cash and cash equivalents, September 30	\$ 267,476	\$ 3,020,591	\$ 3,288,067
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 162,658	\$ (60,811)	\$ 101,847
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,077	—	2,077
Changes in assets and liabilities:			
Increase in inventory of supplies, at cost	(45,199)	—	(45,199)
Increase in accounts receivables	—	(214,772)	(214,772)
(Increase) Decrease in prepaid items	(1,851)	26,330	24,479
Decrease in accounts payable	(12,492)	(31,972)	(44,464)
Increase (decrease) in accrued liabilities	(4,919)	(4,289)	(9,208)
Increase (decrease) in compensated absences	(32,482)	3,453	(29,029)
Increase in post-employment benefits	28,416	23,301	51,717
Total adjustments	(66,450)	(197,949)	(264,399)
Net cash provided by (used for) operating activities	\$ 96,208	\$ (258,760)	\$ (162,552)
Reconciliation of cash and cash equivalents to the statement of net assets:			
Total cash and investments per the statement of net assets	\$ 267,476	\$ 3,020,591	\$ 3,288,067
Cash and cash equivalents at September 30, 2010	\$ 267,476	\$ 3,020,591	\$ 3,288,067

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Statistical Section

September 30, 2010

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	95 – 100
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	101 – 104
<i>Debt Capacity</i> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	105 – 109
<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.	110 – 111
<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.	112 – 114

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

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**CITY OF RICHARDSON, TEXAS**  
**Statement of Net Assets by Component**  
**Last nine fiscal years**  
(In thousands)

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

Table 2

CITY OF RICHARDSON, TEXAS

Changes in Net Assets

Last nine fiscal years

(In thousands)

(Accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>									
<b>Governmental activities:</b>									
General government	\$ 16,195	\$ 22,976	\$ 22,253	\$ 22,787	\$ 24,339	\$ 25,381	\$ 30,689	\$ 27,784	\$ 27,767
Public safety	31,766	30,141	31,777	34,896	35,268	37,774	41,630	43,610	44,318
Public services	20,761	19,534	19,961	19,257	19,117	20,210	24,701	27,070	26,652
Library	2,909	3,105	3,050	3,060	3,097	3,988	4,145	4,224	4,099
Parks and recreation	9,501	10,377	10,412	10,936	11,765	12,576	13,814	13,658	14,507
Public health	1,066	1,139	1,168	1,215	1,310	1,344	1,483	1,582	1,460
Interest and fiscal charges	8,623	8,332	7,491	7,519	8,088	10,116	11,094	9,577	8,169
Total governmental activities expenses	90,821	95,604	96,112	99,670	102,984	111,389	127,556	127,505	126,972
<b>Business-type activities:</b>									
Water and sewer	31,616	32,849	33,643	35,487	37,820	40,918	44,718	45,746	46,168
Solid waste	9,309	9,012	9,565	9,950	10,387	11,193	12,049	12,326	12,712
Golf	2,187	2,256	2,328	2,456	2,354	2,143	2,332	2,402	2,294
Total business-type activities expenses	43,112	44,117	45,536	47,893	50,561	54,254	59,099	60,474	61,174
Total primary government expenses	\$ 133,933	\$ 139,721	\$ 141,648	\$ 147,563	\$ 153,545	\$ 165,643	\$ 186,655	\$ 187,979	\$ 188,146
<b>Program revenues:</b>									
<b>Governmental activities:</b>									
<b>Charges for services:</b>									
General government	\$ 3,098	\$ 3,290	\$ 2,294	\$ 2,231	\$ 2,039	\$ 2,138	\$ 3,144	\$ 3,724	\$ 3,111
Public safety	7,533	7,030	6,500	7,086	7,149	7,313	7,937	8,903	8,398
Public services	1,248	1,249	1,421	1,607	1,124	1,968	1,527	1,379	1,956
Library	131	137	128	145	149	170	186	190	184
Parks and recreation	2,174	2,454	2,498	2,563	2,679	2,796	2,898	2,891	3,291
Public health	190	178	197	186	189	196	249	255	264
Operating grants and contributions	28	99	519	1,221	731	576	1,061	368	642
Capital grants and contributions	11,936	4,620	2,443	1,245	3,766	5,810	4,991	10,059	10,144
Total governmental activities program revenues	26,338	19,057	16,000	16,284	17,826	20,967	21,993	27,769	27,990
<b>Business-type activities:</b>									
<b>Charges for services:</b>									
Water and sewer	30,359	30,720	32,982	33,921	43,938	34,645	40,338	43,116	42,807
Solid waste	8,855	9,195	10,116	10,255	10,687	10,989	11,330	12,262	12,274
Golf	2,151	2,090	2,028	1,952	2,163	2,022	2,144	2,045	1,536
Capital grants and contributions	3,860	972	880	301	835	1,375	701	872	1,228
Total business-type activities program revenues	45,225	42,977	46,006	46,429	57,623	49,031	54,513	58,295	57,845
Total primary government program revenues	\$ 71,563	\$ 62,034	\$ 62,006	\$ 62,713	\$ 75,449	\$ 69,998	\$ 76,506	\$ 86,064	\$ 85,835

Table 2

## CITY OF RICHARDSON, TEXAS

## Changes in Net Assets

Last nine fiscal years

(In thousands)

(Accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense) revenue:									
Governmental activities	\$ (64,483)	\$ (76,547)	\$ (80,112)	\$ (83,386)	\$ (85,158)	\$ (90,422)	\$ (105,563)	\$ (99,736)	\$ (98,982)
Business-type activities	2,113	(1,140)	470	(1,464)	7,062	(5,223)	(4,586)	(2,179)	(3,329)
Total primary government net expense	\$ (62,370)	\$ (77,687)	\$ (79,642)	\$ (84,850)	\$ (78,096)	\$ (95,645)	\$ (110,149)	\$ (101,915)	\$ (102,311)
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	\$ 39,535	\$ 41,967	\$ 40,723	\$ 44,573	\$ 46,550	\$ 53,777	\$ 55,264	\$ 57,574	\$ 58,105
Sales taxes	18,956	19,337	20,170	21,046	21,923	23,646	23,286	20,815	24,967
Other taxes	2,588	2,554	2,925	2,832	3,302	3,540	3,719	2,986	3,105
Franchise fees	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206	12,275
Interest earnings	1,423	669	1,317	1,698	3,370	6,260	4,904	2,298	332
Insurance and other recoveries	—	—	—	2,500	—	173	—	—	—
Transfers in (out)	—	—	—	—	—	—	(117)	(19)	(695)
Gain on sale of assets	—	—	—	1,272	199	1,160	18	134	14
Total governmental activities	73,746	75,364	75,155	84,274	90,894	99,787	98,945	95,994	98,103
Business-type activities:									
Interest earnings	641	318	199	425	871	1,317	868	295	73
Insurance and other recoveries	—	—	—	194	—	30	—	—	—
Transfers in (out)	—	—	—	—	—	—	117	19	695
Gain on sale of assets	4	51	61	49	277	133	117	730	90
Total business-type activities	645	369	260	668	1,148	1,480	1,102	1,044	858
Total primary government	\$ 74,391	\$ 75,733	\$ 75,415	\$ 84,942	\$ 92,042	\$ 101,267	\$ 100,047	\$ 97,038	\$ 98,961
Change in net assets:									
Governmental activities	\$ 9,263	\$ (1,183)	\$ (4,957)	\$ 888	\$ 5,736	\$ 9,365	\$ (6,618)	\$ (3,742)	\$ (879)
Business-type activities	2,758	(771)	730	(796)	8,210	(3,743)	(3,484)	(1,135)	(2,471)
Total primary government	\$ 12,021	\$ (1,954)	\$ (4,227)	\$ 92	\$ 13,946	\$ 5,622	\$ (10,102)	\$ (4,877)	\$ (3,350)

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Table 3

## CITY OF RICHARDSON, TEXAS

## Fund Balances, Governmental Funds

Last ten fiscal years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund:</b>										
Reserved for other *	\$ 642	\$ 637	\$ 715	\$ 771	\$ 954	\$ 935	\$ 949	\$ 986	\$ 600	\$ 730
Unreserved	11,561	11,520	11,703	12,408	13,062	14,208	14,562	15,259	15,244	15,403
<b>Total general fund</b>	<b>\$ 12,203</b>	<b>\$ 12,157</b>	<b>\$ 12,418</b>	<b>\$ 13,179</b>	<b>\$ 14,016</b>	<b>\$ 15,143</b>	<b>\$ 15,511</b>	<b>\$ 16,245</b>	<b>\$ 15,844</b>	<b>\$ 16,133</b>
<b>All other governmental funds:</b>										
Reserved for:										
Capital projects	\$ —	\$ 4,025	\$ 5,323	\$ 4,187	\$ 26,233	\$ 72,217	\$ 55,910	\$ 36,223	\$ 19,375	\$ 80,012
Debt service	2,396	2,210	2,451	1,481	2,010	1,452	2,116	1,785	1,947	1,604
Other *	51	6,812	5,502	1,530	2,719	4,431	13,897	27,021	16,799	10,518
Unreserved, reported in:										
Special revenue funds	6,116	3,830	2,119	2,322	2,051	2,703	3,153	3,292	3,779	2,902
Capital funds	39,177	4,133	1,334	161	2,670	8,751	11,784	2,191	1,030	4,425
<b>Total all other governmental funds</b>	<b>\$ 47,740</b>	<b>\$ 21,010</b>	<b>\$ 16,729</b>	<b>\$ 9,681</b>	<b>\$ 35,683</b>	<b>\$ 89,554</b>	<b>\$ 86,860</b>	<b>\$ 70,512</b>	<b>\$ 42,930</b>	<b>\$ 99,461</b>

\* Includes prepaid items, inventory, and encumbrances

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

	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
General property taxes	\$ 35,683	\$ 39,625	\$ 40,858	\$ 41,694	\$ 44,615	\$ 46,493	\$ 53,631	\$ 55,101	\$ 57,814	\$ 58,085
Franchise fees	10,120	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206	12,275
Sales tax	23,473	18,956	19,337	20,170	21,046	21,923	23,646	23,286	23,070	24,967
Mixed beverage and Bingo Tax	356	298	301	308	317	353	372	406	401	392
Hotel/motel taxes	2,844	2,290	2,254	2,617	2,515	2,949	3,168	3,314	2,585	2,713
911 Revenue	1,440	1,512	1,360	1,332	1,319	1,308	1,316	1,336	1,377	1,521
Intergovernmental revenue	621	5,371	1,962	1,664	1,458	1,664	4,071	3,312	8,366	4,946
Licenses and permits	1,612	1,403	1,613	1,426	1,563	1,161	1,865	1,506	1,375	1,466
Fines and forfeitures	3,706	4,565	4,321	4,546	4,100	4,208	4,587	5,008	5,550	5,583
Interest revenue	4,366	1,471	662	1,314	1,652	3,221	6,087	4,820	2,278	327
Civic center use	249	210	236	186	231	237	286	384	334	328
Eisemann center revenue (1)	—	348	933	1,207	1,520	1,571	1,422	1,936	2,452	2,143
Recreation and leisure	2,799	2,149	2,454	2,490	2,563	2,679	2,796	2,898	2,891	3,275
Rents (2)	—	921	1,039	12	16	26	12	59	79	21
Public safety (2)	—	997	1,311	1,334	1,263	1,480	1,549	1,672	1,759	1,819
Contributions	7,368	7,109	2,222	897	951	2,743	2,150	565	138	293
Participation	493	271	237	39	53	152	164	104	56	171
Other revenue	2,448	836	1,236	1,124	828	533	853	1,055	864	886
General administration	5,503	5,369	5,156	5,589	5,602	5,738	6,643	6,968	6,932	6,745
<b>Total revenues</b>	<b>103,081</b>	<b>104,945</b>	<b>98,329</b>	<b>97,969</b>	<b>101,965</b>	<b>114,079</b>	<b>125,849</b>	<b>125,601</b>	<b>130,527</b>	<b>127,956</b>
<b>Expenditures:</b>										
General government	20,079	19,919	24,012	23,957	24,248	26,006	27,960	32,311	29,260	28,358
Public safety	28,840	29,048	28,021	29,699	32,909	33,002	35,186	36,507	38,860	38,193
Public services	11,752	12,188	11,568	12,153	12,680	12,875	13,938	17,328	19,542	18,613
Library	2,397	2,511	2,690	2,487	2,533	2,568	3,393	3,407	3,640	3,527
Parks and recreation	8,988	8,879	9,178	9,202	9,749	10,343	10,756	11,026	11,049	11,181
Public health	1,032	1,043	1,100	1,156	1,202	1,245	1,311	1,315	1,401	1,298
General administration	545	458	415	430	230	255	291	427	480	555
Capital outlay	54,653	50,295	19,857	8,696	6,262	14,808	20,699	27,552	37,125	20,934
Debt service:										
Principal retirement	7,151	8,626	9,060	9,354	16,588	7,887	10,241	11,311	12,308	12,548
Interest and fiscal charges	11,470	11,150	8,150	7,841	7,094	7,849	10,489	10,183	9,620	9,063
Payments for other obligations	103	116	351	267	544	615	456	474	2,690	1,228
Issuance costs:	75	311	220	197	527	1,054	29	33	219	841
<b>Total expenditures</b>	<b>147,085</b>	<b>144,544</b>	<b>114,622</b>	<b>105,439</b>	<b>114,566</b>	<b>118,507</b>	<b>134,749</b>	<b>151,874</b>	<b>166,194</b>	<b>146,339</b>
<b>Deficiency of revenues under expenditures</b>	<b>(44,004)</b>	<b>(39,599)</b>	<b>(16,293)</b>	<b>(7,470)</b>	<b>(12,601)</b>	<b>(4,428)</b>	<b>(8,900)</b>	<b>(26,273)</b>	<b>(35,667)</b>	<b>(18,383)</b>

Table 4

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

	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other financing sources (uses):</b>										
Transfers in	\$ 1,607	\$ 5,180	\$ 5,066	\$ 3,089	\$ 20,840	\$ 7,958	\$ 6,740	\$ 4,916	\$ 4,030	\$ 4,520
Transfer out	(1,643)	(5,180)	(5,066)	(3,089)	(20,840)	(7,958)	(6,740)	(5,033)	(4,049)	(5,215)
Issuance of certificates of obligation	12,135	7,524	4,600	—	2,790	2,640	3,220	4,500	5,370	7,520
Issuance of general obligation bonds	11,335	5,000	3,000	—	22,925	53,775	—	5,933	—	60,665
Issuance of refunding bonds	—	10,762	9,443	11,910	10,050	25,665	—	—	14,460	18,440
Issuance of other obligations	260	19	4,531	666	197	61	1,592	—	1,740	1,124
Premium on bonds	—	—	50	—	2,604	3,016	—	—	772	7,378
Discount on bonds	—	—	(25)	(31)	—	—	—	—	—	—
Payment to refunded bond escrow agent	—	(10,622)	(9,384)	(11,682)	(10,620)	(26,397)	—	—	(14,992)	(19,502)
Lease payments	—	—	—	183	84	—	—	—	—	—
Insurance and other recoveries	—	—	—	—	2,500	—	173	218	127	128
Proceeds from sale of capital assets	176	140	58	139	8,910	667	1,589	125	226	145
Total other financing sources	23,870	12,823	12,273	1,185	39,440	59,427	6,574	10,659	7,684	75,203
Net change in fund balances	\$ (20,134)	\$ (26,776)	\$ (4,020)	\$ (6,285)	\$ 26,839	\$ 54,999	\$ (2,326)	\$ (15,614)	\$ (27,983)	\$ 56,820
<b>Debt service as a percentage of noncapital expenditures</b>	20.3%	21.4%	18.8%	18.3%	22.9%	16.8%	18.6%	17.7%	19.2%	18.9%

## Notes:

- (1) The Eisemann Center began operations in fiscal year 2002.  
 (2) Beginning in fiscal year 2002, rental and public safety revenues were subdivided from fines and forfeitures and other revenues.

Table 5

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

Fiscal year ended September 30	Residential property	Commercial property	Industrial property	Less total exemptions/ reductions	Total taxable assessed value	Total direct tax rate
2001	\$ 3,448,955,671	\$ 4,536,408,166	\$ 733,732,355	\$ 785,663,173	\$ 7,933,433,019	\$ 0.44385
2002	3,762,406,441	5,076,809,116	920,979,033	952,271,488	8,807,923,102	0.44385
2003	4,040,398,277	5,224,623,208	481,970,199	932,459,341	8,814,532,343	0.47785
2004	4,372,095,197	4,767,451,627	356,355,489	1,037,448,296	8,458,454,017	0.47785
2005	4,508,605,908	4,651,804,796	216,424,978	1,044,838,822	8,331,996,860	0.52516
2006	4,736,989,728	4,781,193,675	247,435,611	1,061,552,418	8,704,066,596	0.52516
2007	4,887,683,786	5,285,742,003	274,718,569	1,203,508,602	9,244,635,756	0.57516
2008	5,026,605,219	5,272,014,733	704,144,777	1,520,273,606	9,482,491,123	0.57516
2009	5,111,539,277	5,623,829,303	722,165,902	1,630,819,971	9,826,714,511	0.57516
2010	5,085,566,353	5,673,549,267	707,813,308	1,629,085,082	9,837,843,846	0.57516

Source: City Tax Department.

Table 6

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

Fiscal year	City direct rates			Overlapping rates							
	Operations and maintenance rate	Interest and sinking rate	Total	Richardson School District	Collin County	Collin County Community College District	Plano Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
2001	\$ 0.256530	\$ 0.187320	\$ 0.443850	\$ 1.668300	\$ 0.250000	\$ 0.094049	\$ 1.553100	\$ 0.196000	\$ 0.254000	\$ 0.050000	\$ 0.005667
2002	0.258570	0.185280	0.443850	1.799300	0.250000	0.092843	1.628500	0.196000	0.254000	0.060000	0.005525
2003	0.304160	0.173690	0.477850	1.808100	0.250000	0.091946	1.703400	0.196000	0.254000	0.060000	0.005500
2004	0.303770	0.174080	0.477850	1.820000	0.250000	0.091932	1.733400	0.203900	0.254000	0.077800	0.005460
2005	0.349340	0.175820	0.525160	1.820000	0.250000	0.090646	1.733400	0.203900	0.254000	0.080300	0.005460
2006	0.358680	0.166480	0.525160	1.820000	0.250000	0.089422	1.733400	0.213900	0.254000	0.081600	0.005300
2007	0.358680	0.216480	0.575160	1.630050	0.245000	0.087683	1.578400	0.213900	0.254000	0.081000	0.005304
2008	0.362810	0.212350	0.575160	1.340050	0.245000	0.086984	1.268400	0.228100	0.254000	0.080400	0.004714
2009	0.362810	0.212350	0.575160	1.340050	0.242500	0.086493	1.303400	0.228100	0.254000	0.089400	0.004928
2010	0.362810	0.212350	0.575160	1.340050	0.242500	0.086300	1.328400	0.228100	0.274000	0.094900	0.005212

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

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

Table 7

## CITY OF RICHARDSON, TEXAS

Principal Property Tax Payers

Current year and ten years ago

Cingular wireless taxpayer	2010			2001		
	Taxable assessed value	Rank	Percentage of total city taxable assessed value (a)	Taxable assessed value	Rank	Percentage of total city taxable assessed value (b)
AT & T	\$ 218,034,238	1	2.22%	\$ 224,176,685	3	2.83%
Nortel Networks	147,084,114	2	1.50			
Bank of America	128,856,152	3	1.31			
Verizon	120,969,799	4	1.23			
CISCO Systems	120,770,594	5	1.23			
Texas Instruments	103,529,363	6	1.05			
KDC-Galatyn Investments I LP	103,053,949	7	1.05			
IBM	102,386,818	8	1.04			
Equastone	65,067,940	9	0.66			
Oncor	55,903,145	10	0.57			
Fujitsu				189,529,846	4	2.39
Crescent Real Estate				84,583,634	7	1.07
TXU/Texas Utilities Electric				47,789,312	9	0.60
MCI				278,732,918	1	3.51
Alcatel				239,554,070	2	3.02
Southwestern Bell				142,131,068	5	1.79
Ericsson				93,033,000	6	1.17
AOC Land Investment				52,588,650	8	0.66
Trinet				45,923,122	10	0.58
Total	<u>\$ 1,165,656,112</u>		<u>11.85%</u>	<u>\$ 1,398,042,305</u>		<u>17.62%</u>

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

Note:

(a) Total Taxable Value October 1, 2009 = \$9,837,843,846\*

(b) Total Taxable Value October 1, 2000 = \$7,933,433,019

\* This is the Total Taxable Value after adjustment for Incremental Taxable Assessed Value of Real Property within Reinvestment Zone #1.

Table 8

**CITY OF RICHARDSON, TEXAS**  
**Property Tax Levies and Collections**  
 Last ten fiscal years

Fiscal year ended September 30	Taxes levied for the fiscal year September 30	Collected within the fiscal year of the levy		Collections and or adjustments in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2001	\$ 35,658,943	\$ 35,157,349	98.59%	\$ 393,122	\$ 35,550,471	99.70%
2002	39,314,044	38,854,859	98.83	382,954	39,237,813	99.81
2003	41,759,918	40,275,196	96.44	1,350,032	41,625,228	99.68
2004	40,265,451	39,847,436	98.96	321,893	40,169,329	99.76
2005	44,019,499	43,626,251	99.11	312,824	43,939,075	99.82
2006	46,151,287	45,714,602	99.05	420,109	46,134,711	99.96
2007	53,459,507	52,971,881	99.09	486,273	53,458,154	100.00
2008	54,717,209	54,343,141	99.32	572,175	54,915,316	100.36
2009	57,082,055	56,660,641	99.26	354,644	57,015,285	99.88
2010	57,580,374	57,222,735	99.38	—	57,222,735	99.38

Source: City Tax Department

Table 9

## CITY OF RICHARDSON, TEXAS

## Ratio of Outstanding Debt by Type

Last ten fiscal years

Fiscal year	Governmental activities			Business-type activities				Total primary government	Percentage of personal income (1)	Per capita (1)
	General obligation bonds	Certificates of obligation	Other obligations	Water and sewer revenue bonds	General obligation refunding bonds	Certificates of obligation	Other obligations			
2001	\$ 84,944,908	\$ 73,234,442	\$ 735,280	\$ 2,170,000	\$ 1,328,252	\$ 25,165,558	\$ 1,089,709	\$ 188,668,149	8.19%	\$ 2,035
2002	84,553,891	77,413,779	599,044	1,250,000	1,181,110	34,121,222	744,146	199,863,192	7.17	2,114
2003	83,722,581	76,843,443	4,779,180	1,180,533	1,042,419	36,496,556	381,201	204,445,913	8.07	2,137
2004	89,279,810	63,088,762	5,178,049	1,115,544	910,190	38,731,238	150,296	198,453,889	7.58	2,067
2005	103,399,810	58,163,679	4,831,287	1,055,000	1,135,190	41,516,320	100,071	210,201,357	7.67	2,190
2006	174,629,810	36,383,644	4,277,408	990,000	1,135,190	44,826,355	48,503	262,290,910	8.58	2,718
2007	167,807,386	36,185,000	5,412,684	925,000	1,062,613	48,610,000	142,455	260,145,138	8.91	2,662
2008	160,411,425	36,770,000	10,871,911	855,000	963,575	52,115,000	82,734	262,069,645	8.40	2,689
2009	154,898,857	34,835,000	12,177,802	—	7,011,143	49,840,000	123,281	258,886,083	8.26	2,597
2010	221,126,083	23,435,000	8,105,379	—	15,058,917	48,705,000	62,487	316,492,866	9.75	3,127

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

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

**Table 10**

**CITY OF RICHARDSON, TEXAS**  
 Ratio of General Bonded Debt Outstanding  
 Last ten fiscal years (dollars in thousands, except per capita)

Fiscal year	General bonded debt outstanding			Percentage of actual taxable value of property (1)	Per capita (2)
	General obligation bonds	Certificates of obligation	Total		
2001	\$ 84,945	\$ 73,234	\$ 158,179	1.50%	\$ 1,283
2002	84,554	77,414	161,968	1.73	1,612
2003	83,723	76,843	160,566	1.72	1,581
2004	89,280	63,089	152,369	1.69	1,493
2005	103,400	58,164	161,564	1.94	1,683
2006	174,630	36,384	211,014	2.42	2,187
2007	167,807	36,185	203,992	2.21	2,088
2008	160,411	36,770	197,181	2.08	2,023
2009	154,899	34,835	189,734	1.93	1,903
2010	221,126	23,435	244,561	2.49	2,417

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

(1) See table 5 for property value data.

(2) See table 14 for population data.

Table 11

**CITY OF RICHARDSON, TEXAS**

Direct and Overlapping Governmental Activities Debt

September 30, 2010

	<b>Governmental unit</b>	<b>Debt outstanding</b>	<b>Estimated percentage applicable</b>	<b>Estimated share of overlapping debt</b>
Debt repaid with property taxes:				
	Richardson Independent School District	\$ 411,499,988	35.18%	\$ 144,765,696
	Plano Independent School District	1,042,987,382	11.01%	114,832,911
	Dallas County	121,176,552	3.48%	4,216,944
	Dallas County Hospital District	705,000,000	3.48%	24,534,000
	Dallas County Community College District	370,325,000	3.48%	12,887,310
	Collin County	383,805,000	4.65%	17,846,933
	Collin County Community College District	45,980,000	4.65%	2,138,070
	Subtotal, overlapping debt			321,221,863
	City direct debt			244,561,083
	Total direct and overlapping debt			\$ 565,782,946

Source: First Southwest Company.

Table 12

## CITY OF RICHARDSON, TEXAS

## Legal Debt Margin Information

Last ten fiscal years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 1,190,014,953	\$ 1,321,188,465	\$ 1,322,179,851	\$ 1,268,768,103	\$ 1,249,799,529	\$ 1,305,609,989	\$ 1,386,695,363	\$ 1,422,373,668	\$ 1,474,007,177	\$ 1,475,676,577
Total net debt applicable to limit	158,179,351	161,967,670	160,566,025	152,368,572	161,563,490	211,013,454	203,992,386	197,181,425	189,733,857	244,561,083
Legal debt margin	\$ 1,031,835,602	\$ 1,159,220,795	\$ 1,161,613,826	\$ 1,116,399,531	\$ 1,088,236,039	\$ 1,094,596,535	\$ 1,182,702,977	\$ 1,225,192,243	\$ 1,284,273,320	\$ 1,231,115,494
Total net debt applicable to the limit as a percentage of debt limit	13.29%	12.26%	12.14%	12.01%	12.93%	16.16%	14.71%	13.86%	12.87%	16.57%

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

Fiscal year	Water Revenue Bonds							
	Utility service charge	Less operating expenses	Net available revenue	Debt service		Accreted value	Coverage	
				Principal	Interest			
2001	\$ 30,238,213	\$ 25,241,283	\$ 4,996,930	\$ 870,000	\$ 173,008	\$ —	\$ 4.73	
2002	30,938,820	26,919,553	4,019,267	920,000	120,057	—	3.80	
2003	31,007,303	27,909,907	3,097,396	69,467	988,770	925,533	2.86	
2004	32,935,195	28,465,878	4,469,317	64,989	994,124	935,011	2.24	
2005	34,268,319	30,302,699	3,965,620	60,544	129,443	74,455	15.00	
2006	44,670,913	32,241,222	12,429,691	65,000	50,937	—	107.21	
2007	35,747,318	34,112,347	1,634,971	65,000	48,012	—	14.47	
2008	41,071,623	37,662,979	3,408,644	70,000	45,088	—	29.62	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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

Water Revenue Bonds were refunded in FY2009.

Table 14

**CITY OF RICHARDSON, TEXAS**  
 Demographic and Economic Statistics  
 Last ten calendar years

Year	Estimated population (1)	Personal income (2) (thousands of dollars)	Per capita personal income	Median age (3)	School enrollment		Unemployment rate (%) (6)
					R.I.S.D. (4)	P.I.S.D. (5)	
2001	92,697	\$ 2,303,180	\$ 24,846	35.8	35,500	48,977	5.4%
2002	94,529	2,786,423	29,477	35.9	35,275	50,632	5.4
2003	95,650	2,532,853	26,480	37.6	35,245	51,800	5.5
2004	96,000	2,618,353	27,275	37.6	35,436	49,289	4.3
2005	96,000	2,740,710	28,549	35.0	34,441	53,203	4.9
2006	96,500	3,056,396	31,672	35.8	35,000	52,816	4.1
2007	97,720	2,920,264	29,884	39.6	35,000	54,478	3.8
2008	97,450	3,120,154	32,018	38.1	35,000	54,129	4.7
2009	99,700	3,134,169	31,436	37.2	34,878	54,864	7.3
2010	101,200	3,246,751	32,083	38.1	36,075	55,355	6.9

Sources:

- (1) NCTCOG as of January, 2010.
- (2) Information compiled by Nielsen for the Richardson Chamber of Commerce.
- (3) Information compiled by Nielsen for the Richardson Chamber of Commerce.
- (4) School Enrollment – Richardson Independent School District – Estimate.
- (5) School Enrollment – Plano Independent School District.
- (6) Unemployment – Texas Workforce Commission Website.

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

Table 15

## CITY OF RICHARDSON, TEXAS

Principal Employers,

Current year and ten years ago

Employer	2010			2001		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
AT&T (SBC in 2000)	6,000	1	4.98%			
Richardson ISD	4,780	2	3.97	3,810	3	4.01%
Blue Cross and Blue Shield of Texas	3,100	3	2.57	3,000	5	3.16
Bank of America Home Loans	3,000	4	2.49			
University of Texas at Dallas	2,830	5	2.35	1,879	8	1.98
Verizon Business/Worldcom	2,250	6	1.87	5,500	2	5.79
Fujitsu Network Communications	1,500	7	1.25	2,400	7	2.53
Rockwell Collins	1,200	8	1.00			
Cisco Systems	1,200	9	1.00	1,000	9	1.05
Elcan Optical Systems	1,100	10	0.91			
United Health Care	1,100	11	0.91			
Ericsson, Inc.	1,000	12	0.83	2,900	6	3.05
City of Richardson	985	13	0.82			
Nortel Networks				10,000	1	10.53
SBC Communications				3,400	4	3.58
Alcatel USA				1,000	10	1.05
Total	30,045		24.95%	34,889		36.73%

Source:

(1) Richardson Chamber of Commerce

(2) NCTCOG – Projections for 2010 City Employment of 120,456.

(3) 2001 Official Statement, Bond Counsel; Richardson Chamber of Commerce.

(4) NCTCOG – Projections for 2001 City Employment use the 2000 projection of 94,972. Projections are only available in 5 year increments.

Table 16

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

<u>Function/program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	138	153	153	144	148	149	152	155	143	145
Public safety	419	410	391	392	390	393	398	398	397	397
Public services	155	157	143	139	141	142	146	153	156	152
Library	37	36	34	33	33	33	34	35	35	35
Parks and recreation	93	101	91	87	82	83	83	84	78	80
Public health	16	16	15	15	15	15	16	16	15	16
Water	62	62	59	61	58	56	58	61	64	66
Wastewater	10	11	11	11	11	11	11	12	12	12
Solid waste	59	58	57	57	57	57	61	61	70	70
Golf	17	18	17	16	16	16	16	16	16	16
<b>Total</b>	<b>1,006</b>	<b>1,022</b>	<b>971</b>	<b>955</b>	<b>951</b>	<b>955</b>	<b>975</b>	<b>991</b>	<b>986</b>	<b>989</b>

Source: City Budget Office.

Table 17

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public safety:</b>										
<b>Police:</b>										
Number of employees	265	259	243	244	244	243	248	249	246	229
Number of violations (citations)	45,160	52,773	46,772	40,895	42,588	39,972	39,361	49,008	42,137	46,077
<b>Fire:</b>										
Number of employees	154	151	148	148	146	150	150	149	151	150
<b>Public services:</b>										
Street resurfacing (miles)	0.30	0.20	2.30	1.90	0.30	8.40	2.00	1.20	—	—
Asphalt repairs (tons)	2,734	5,281	1,665	4,217	2,374	1,252	1,403	7,683	1,322	1,091
<b>Parks and recreation:</b>										
Acreage	1,278	1,278	1,278	1,598	1,598	1,598	1,598	865	865	865
<b>Library:</b>										
Volumes in collection	196,188	205,858	221,636	227,328	236,479	247,059	250,035	262,208	251,535	253,802
<b>Water and sewer:</b>										
Number of water consumers	31,602	31,146	31,681	32,334	32,499	32,626	32,318	32,064	31,751	31,711
Average daily water consumption (thousands of gallons)	27,800	27,280	24,100	32,280	33,761	31,342	27,401	27,540	23,622	26,703
Number of sewer consumers	30,840	31,146	31,681	32,334	31,644	31,675	31,713	31,518	31,274	31,245
<b>Solid waste:</b>										
Refuse collected (tons/day)	128	133	136	133	175	165	162	162	149	152
Bulky/brush pickups (tons/day)	40	34	34	41	54	53	60	67	60	65
Recyclables collected (tons/day)	19	27	18	17	17	18	18	20	22	28
<b>Golf:</b>										
Number of rounds played	71,213	97,174	92,751	97,500	91,944	100,750	94,825	102,584	100,256	75,630

Source: City Departments

## Notes:

Golf – Course renovated in 2001.

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

Table 18

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

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public safety:</b>										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	34	33	40	40	40	40	41	46	46	42
Fire stations	6	6	6	6	6	6	6	6	6	6
<b>Public works:</b>										
Streets- paved (miles)	407	415	414	400	400	401	402	402	405	404
Alleys – paved (miles)	214	215	220	218	221	221	222	223	223	221
Sidewalks (miles)	548	548	569	569	593	593	593	585	585	651
Streetlights	5,630	5,630	5,630	5,640	6,022	6,036	6,036	6,120	6,159	6,171
<b>Parks and recreation:</b>										
Parks	29	30	30	30	30	30	30	30	30	30
Playgrounds	26	26	26	28	28	28	28	28	28	28
Swimming pools	5	5	5	5	5	5	5	5	5	5
Tennis courts	32	32	32	32	32	32	32	32	32	32
Recreation centers	2	2	2	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	435	509	517	531	554	551	555	559	563	567
Fire hydrants	3,128	3,287	3,385	3,685	3,839	3,893	3,963	4,062	4,056	4,110
<b>Wastewater:</b>										
Sanitary sewers (miles)	478	384	395	406	406	495	495	499	499	499

Source: City Departments

Notes:

Data for sidewalks is updated every two years.

