

**CITY OF RICHARDSON, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**Prepared By:**

**DEPARTMENT OF FINANCE**

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 For The Year Ended September 30, 2009  
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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

Bill Keffler  
City Manager

January 29, 2010

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, 2009, 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, 2009, and the auditor's report is located at the front of the financial section of the Comprehensive Annual Financial Report.

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

### **Profile of the Government**

The City is located in North Central Texas and was originally incorporated in 1925, with the first Charter being adopted in 1956 and the latest revision made on November 14, 2007. The City currently has a land area of 28.5 square miles and an estimated population of 99,700. 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.

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 intends to produce 300-mm analog wafer chips at the facility, with commercial production slated to begin by the end of 2010. The ramp-up will create an estimated 250 jobs. 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. Projects under construction include a new 76,000 square-foot Student Services building, a new 74,000 square-foot Math, Science and Engineering Teaching Learning Center (MSET), a renovation of the 161,000 square-foot Founders Building, and a Campus Landscape Enhancement which is adding new landscaping, entry and water features to the campus. UTD also stands to benefit from the passage of state legislation and a constitutional amendment this year 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.

Texas Capital Bank signed an 11-year lease for 80,000 square feet of office space on Lakeside Blvd. The bank opened an operations and information technology office in the space in June of 2009 which will employ about 200 jobs and provide space for future expansion as well. The lease was the largest new leased signed in a Class A building since MetroPCS moved to Richardson in 2007.

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 2009. 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:

- 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.
- Blue Cross Blue Shield of Texas announced in December 2006 that they would consolidate their 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 completed in November 2009. The \$265 million, 1.1 million square foot complex is expected to house up to 3,900 employees when it officially opens in early 2010. 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.
- 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.
- Digital Realty Trust, in partnership with Skyrise Properties, announced plans to redevelop 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, 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.
- 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, will be enhanced to not only accommodate storm water protection, but 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 and leasing of the residential units has begun.
- 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. The study is in process with an anticipated completion date of mid-2010 after community input meetings and review by the City Council.

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

The \$15,244,440 unreserved fund balance in the general fund is the equivalent of 60.43 days of expenditures and transfers. This falls within the financial policy guidelines set by Council (60 days of fund balance) for budgetary and planning purposes. 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 July of 2006, the City issued \$55 million in General Obligation Bonds which were overwhelmingly approved by voters. These bonds were designated for street and drainage improvements, improvements to sidewalks and bridges, parks and recreation improvements, and construction and improvements to public buildings. The City is working to complete and implement all of the projects identified in the 2006 bond election while continuing to assess infrastructure needs for future potential bond elections. In April of 2009, the City issued approximately \$11.8 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, 2008. This was the thirty-first year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,



Bill Keffler  
City Manager



Kent Pfeil  
Director of Finance



Patricia Loposer, CPA  
Controller

**CITY OF RICHARDSON, TEXAS**

**PRINCIPAL OFFICIALS**

**SEPTEMBER 30, 2009**

**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

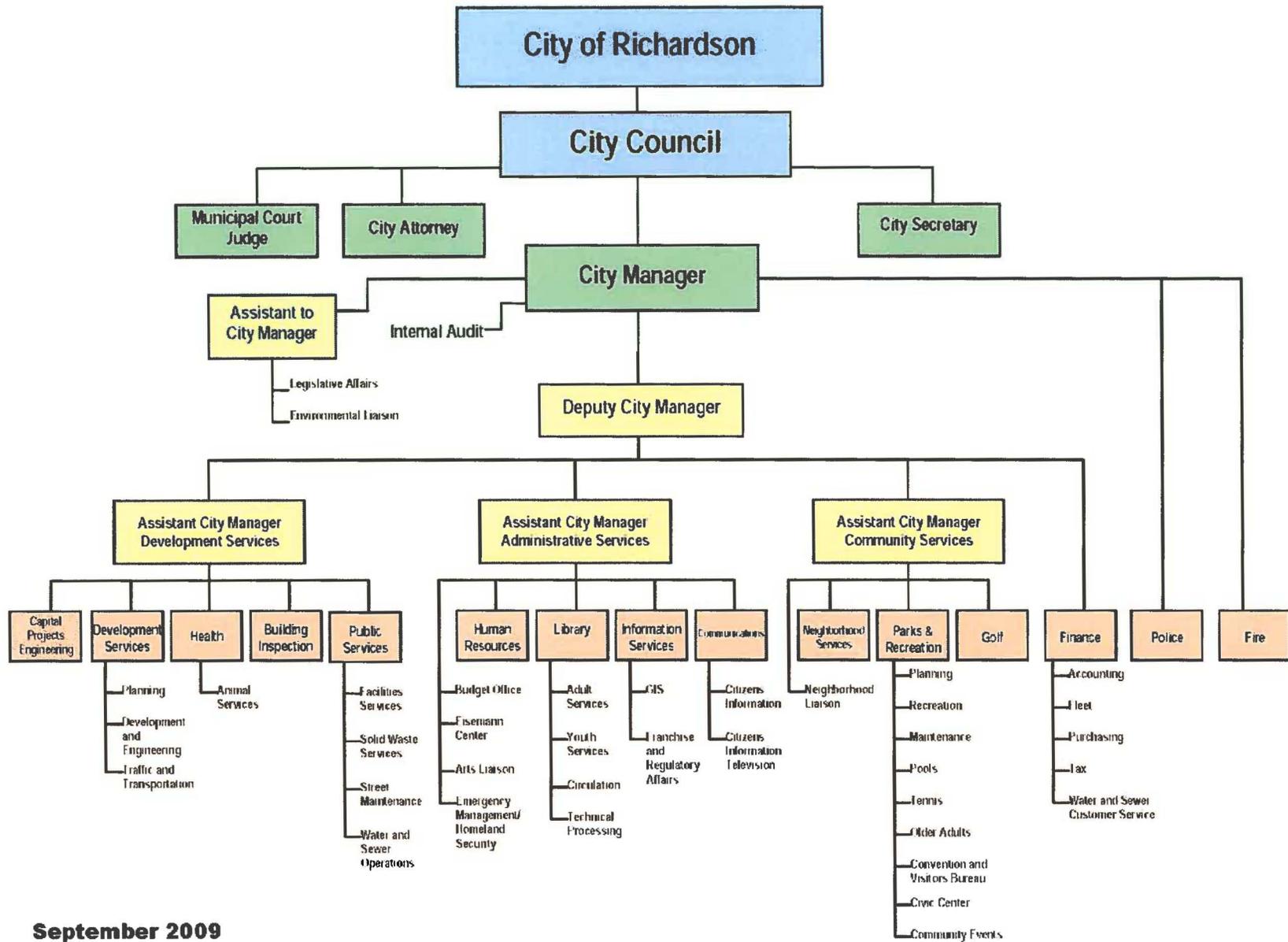
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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



8

September 2009



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

## Independent Auditors' 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, 2009, 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, 2009, 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 January 29, 2010 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 11 through 20 and page 68, 80 through 92, and page 69, 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 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

January 29, 2010

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2009

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, 2009. 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 5 of this report.

#### Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2009, by \$205,972,695 (net assets). Of this amount, \$18,528,498 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$4,876,964. The highlights of this decrease can be found on pages 14 and 15 of this report.
- At September 30, 2009, the City's governmental funds reported combined ending fund balances of \$58,773,808. Approximately 34.1% of this amount, \$20,052,537 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 \$15,244,440, or 16.6% of total General Fund expenditures and transfers.
- The City's total debt decreased by approximately \$3,184,000 (1.2%) during the current fiscal year. The highlights of this decrease can be found on pages 18 and 19 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, 2009

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, sales, 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.

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

September 30, 2009

*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 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, 2009 were \$505,943,249, while total liabilities were \$299,970,554, resulting in a net asset balance of \$205,972,695.

**CITY OF RICHARDSON, TEXAS**

Management's Discussion and Analysis

September 30, 2009

The largest portion of the City's net assets, \$160,707,402 (78%) reflects its investment in capital assets (land and improvements, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**

**Net Assets**

(In thousands)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 75,279	\$ 104,811	\$ 34,489	\$ 32,397	\$ 109,768	\$ 137,208
Capital assets	288,682	266,083	107,493	106,536	396,175	372,619
Total assets	<u>363,961</u>	<u>370,894</u>	<u>141,982</u>	<u>138,933</u>	<u>505,943</u>	<u>509,827</u>
Long-term liabilities outstanding	223,622	224,484	59,680	55,992	283,302	280,476
Other liabilities	10,919	13,248	5,750	5,254	16,669	18,502
Total liabilities	<u>234,541</u>	<u>237,732</u>	<u>65,430</u>	<u>61,246</u>	<u>299,971</u>	<u>298,978</u>
Net assets:						
Invested in capital assets, net of related debt	105,653	118,380	55,054	59,494	160,707	177,874
Restricted	22,864	6,295	3,873	3,627	26,737	9,922
Unrestricted	903	8,487	17,625	14,566	18,528	23,053
Total net assets	<u>\$ 129,420</u>	<u>\$ 133,162</u>	<u>\$ 76,552</u>	<u>\$ 77,687</u>	<u>\$ 205,972</u>	<u>\$ 210,849</u>

An additional portion of the City's net assets, \$26,736,795 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$18,528,498 (9%) 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, both for the government as a whole as well as for its separate governmental and business-type activities.

**Governmental Activities:** Governmental activities decreased the City's net assets by \$3,741,878. Key elements of this decrease are as follows:

- Total governmental revenues increased approximately \$2,825,000 over the prior year.
- Property tax revenues increased approximately \$2,310,000. Although the City's tax rate remained at \$0.57516, the taxable assessed value increased from \$9,482,491,123 for 2008 to \$9,826,714,511 for 2009.
- Actual sales tax revenue collections for fiscal year 2009 were comparable to fiscal year 2008. However, the Texas Comptroller notified the City of an error in the payment of tax payments made to the City over an eight year period resulting in a State audit adjustment and a reduction in sales tax revenue for the current year of approximately \$2,256,000.

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

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- Fines and forfeitures increased approximately \$1,007,000 over last year. This increase is the result of the installation of additional photo enforcement equipment at certain intersections in the City.
- Interest earnings declined by approximately \$2,606,000. The City's average yield on the total portfolio for fiscal year 2009 was 2.10% and 4.33% for fiscal year 2008.
- The City received approximately \$5,068,000 more Intergovernmental Revenue from capital grants and contributions in the current year as compared to the prior year. These revenues provided funding for several capital improvement projects including the construction of Routh Creek Parkway, a four-lane divided road from Renner Road to Glenville Road. In addition, the Eastside Sustainable Development project had capital improvements that included pedestrian improvements, sidewalk additions, landscaping and park trail connections.
- Total expenditures for fiscal year 2009 were comparable to fiscal year 2008.

**Business-Type Activities:** Business type activities decreased net assets by \$1,135,086. Key elements to the change in net assets are as follows:

- Water and sewer revenues increased by about \$2,700,000 from the prior year. A 9.5% rate increase in sewer service was implemented October 1, 2008. In addition, water and sewer rates were increased 15.5% June 1, 2008 and had a full-year impact on water revenues for fiscal year 2009.
- Solid waste revenues were up approximately \$1,145,000 for fiscal year 2009. The increase in revenue is related to the residential rate hike of \$1.85 per month (12.5%) at the beginning of the fiscal year.
- Revenues from the Golf Fund were down approximately \$95,000 compared to the prior year. Weekend "rack rate" rounds were down during the spring and fall months due to significant rains and storms.
- Total expenses for business-type activities increased approximately \$1,374,000 from the previous year. This increase is primarily due to an increase in the price of wholesale water purchases and sewer treatment services. Collectively, these operational costs make up 46% of operating expenses for the Water and Sewer Fund.

**CITY OF RICHARDSON, TEXAS**  
**Management's Discussion and Analysis**  
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**Table 2**  
**Changes in Net Assets**

(In thousands)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 17,342	\$ 15,941	\$ 57,423	\$ 53,812	\$ 74,765	\$ 69,753
Operating grants and contributions	369	1,061	—	—	369	1,061
Capital grants and contributions	10,059	4,991	872	701	10,931	5,692
General revenues:						
Property taxes	57,574	55,264	—	—	57,574	55,264
Sales taxes	20,814	23,286	—	—	20,814	23,286
Franchise fees	12,206	11,871	—	—	12,206	11,871
Mixed bev. & bingo tax	401	406	—	—	401	406
Hotel/motel taxes	2,585	3,313	—	—	2,585	3,313
Interest earnings	2,298	4,904	294	868	2,592	5,772
Transfers in/(out)	(19)	(117)	19	117	—	—
Gain on sale of assets	134	18	730	117	864	135
<b>Total revenues</b>	<b>123,763</b>	<b>120,938</b>	<b>59,338</b>	<b>55,615</b>	<b>183,101</b>	<b>176,553</b>
<b>Expenses:</b>						
General government	27,784	30,689	—	—	27,784	30,689
Public safety	43,610	41,630	—	—	43,610	41,630
Public services	27,070	24,701	—	—	27,070	24,701
Library	4,224	4,145	—	—	4,224	4,145
Parks and recreation	13,658	13,814	—	—	13,658	13,814
Public health	1,582	1,483	—	—	1,582	1,483
Interest and fiscal charges	9,577	11,094	—	—	9,577	11,094
Water and sewer	—	—	45,745	44,718	45,745	44,718
Solid waste	—	—	12,326	12,049	12,326	12,049
Golf	—	—	2,402	2,332	2,402	2,332
<b>Total expenses</b>	<b>127,505</b>	<b>127,556</b>	<b>60,473</b>	<b>59,099</b>	<b>187,978</b>	<b>186,655</b>
Decrease in net assets	(3,742)	(6,618)	(1,135)	(3,484)	(4,877)	(10,102)
Net assets – October 1	133,162	139,780	77,687	81,171	210,849	220,951
Net assets – September 30	\$ 129,420	\$ 133,162	\$ 76,552	\$ 77,687	\$ 205,972	\$ 210,849

**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.

## CITY OF RICHARDSON, TEXAS

### Management's Discussion and Analysis

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As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$58,773,808. Approximately 34.1%, or \$20,052,537, 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 encumbrances (\$17,398,045), debt service (\$1,947,347), and for capital equipment purchases and capital improvements (\$19,375,879).

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 \$15,244,440. 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 16.6% of total General Fund expenditures and transfers out, while total fund balance represents 17.2% of total General Fund expenditures and transfers out. The General Funds' fund balance decreased by \$401,320 during the current fiscal year.

The Debt Service Fund has a fund balance of \$1,947,347, 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 \$37,171,611, of which \$19,375,879 is reserved for future capital equipment purchases and construction projects, \$16,766,220 is reserved for construction commitments, and \$1,029,512 is unreserved. The fund balance decreased by \$28,194,494 for costs related to the City's ongoing capital improvement program. The Other Governmental Funds fund balance increased by \$450,378.

**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 \$14,556,309, \$2,802,434, and (\$41,513) respectively. Total net assets in the Water and Sewer Fund decreased \$800,513, total net assets in the Solid Waste Fund decreased by \$58,309, and total net assets in the Golf Fund decreased by \$341,007.

#### **General Fund Budgetary Highlights**

Total revenues of the General Fund were projected to be \$94 million or 3.2% higher than estimated year-end revenues for fiscal year 2008. Property tax and sales tax revenues make up 64.4% of General Fund revenues. Based on the increase in assessed property values, property tax revenue for fiscal year 2009 was budgeted 3.9% higher than the previous year. This marked the fourth year of positive tax base growth for the City. Sales tax revenues were originally budgeted to be 4.5% lower for 2009. Actual sales tax collections were approximately \$215,500 less than fiscal year 2008. Total expenditures and transfers for the 2008-2009 budget year totaled \$94 million. This is an increase of 2.6% over last year. This increase is primarily attributable to the 2.0% compensation adjustment, increased retirement funding, movement within pay ranges for eligible employees, street maintenance initiatives, and increases in fuel and natural gas costs. Budgeted revenues for fiscal year 2009 were revised from \$93,981,664 to \$91,826,110, a reduction of \$2,155,554. Total budgeted expenditures and transfers were revised from \$93,981,391 to \$91,811,937, a decrease of \$2,169,454.

**CITY OF RICHARDSON, TEXAS**

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**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, 2009 amounts to \$396,174,395 (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 6.3%, with governmental activities increasing 8.6% and business-type activities increasing 0.9%.

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

- The City completed numerous street and paving projects, sidewalk and alley repairs, in addition to neighborhood vitality projects totaling over \$34 million.
- The City completed the construction of Fire Station No. 2 at a cost of \$2.6 million.
- The City added a number of fleet vehicles including two heavy duty quint aerial fire trucks, police pursuit units, a police command vehicle, a concrete mixer, solid waste service trucks, and dump trucks at an approximate cost of \$4 million.
- The Water and Sewer Fund completed \$4.5 million in projects which extended and improved the City's Water and Sewer system.

Table 3

**Capital Assets, net of Accumulated Depreciation**

(In thousands)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 44,209	\$ 43,115	\$ 543	\$ 543	\$ 44,752	\$ 43,658
Buildings	63,456	64,460	3,641	3,842	67,097	68,302
Improvements other than buildings	17,630	17,035	5,809	6,186	23,439	23,221
Infrastructure	126,903	101,224	87,326	88,229	214,229	189,453
Vehicles, machinery and equipment	11,431	10,590	5,562	4,938	16,993	15,528
Construction in progress	25,052	29,659	4,612	2,798	29,664	32,457
Total	<u>\$ 288,681</u>	<u>\$ 266,083</u>	<u>\$ 107,493</u>	<u>\$ 106,536</u>	<u>\$ 396,174</u>	<u>\$ 372,619</u>

Additional information on the City's capital assets can be found in note 3(d). on pages 48 through 50 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of \$246,585,000. Of this amount, \$189,733,857 represents tax-supported bonds, \$56,851,143 represents self-supported bonds. The other obligations of \$12,177,802 in the governmental activities relates to notes payable for computer equipment, a police training facility, infrastructure improvement reimbursements, and other contractual obligations. The other obligations of \$123,281 in the business-type activities relates to the financing and purchase of computer equipment.

**CITY OF RICHARDSON, TEXAS**  
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**Table 4**  
**Outstanding Debt**

(In thousands)

	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General obligation bonds	\$ 154,899	\$ 160,411	\$ 7,011	\$ 964	\$ 161,910	\$ 161,375
Revenue bonds	—	—	—	855	—	855
Certificates of obligation	34,835	36,770	49,840	52,115	84,675	88,885
Other obligations	12,178	10,872	123	83	12,301	10,955
	<u>\$ 201,912</u>	<u>\$ 208,053</u>	<u>\$ 56,974</u>	<u>\$ 54,017</u>	<u>\$ 258,886</u>	<u>\$ 262,070</u>

During 2009, the City issued \$20,625,000 General Obligation Refunding Bonds, used to refund 21,650,000 in outstanding debt and issued \$11,800,000 Combination Tax and Revenue Certificates of Obligation, of which \$5,370,000 is tax-supported and \$6,430,000 is self-supported by the Water and Sewer and Solid Waste funds. The City entered into a note payable in the amount of \$162,729 for the purchase of computer equipment, a \$1,674,528 reimbursement agreement for the paving and drainage improvements to Routh Creek Parkway, and a \$2,256,143 20 year reimbursement agreement with the Texas Comptroller for sales tax payments made to the City in error by the State. The City made principal payments of approximately \$18,052,000. The City's total long-term obligations resulted in an overall decrease of approximately \$3,184,000.

Standard & Poor's Ratings Services have assigned its 'AAA' rating, with a stable outlook, to the City's Series 2009 General Obligation Refunding Bonds and Series 2009 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 'Aa1' rating for the City's Series 2009 General Obligation Refunding Bonds and Series 2009 Certificates of Obligation. In conjunction with this assignment, Moody's has affirmed the 'Aa1' 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 1.93%.

Additional information on the City's long-term debt can be found in notes 3(h) and 3(i) on pages 52 through 61 of this report.

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

General Fund revenues and transfers-in for the 2009-2010 budget are expected to increase by 0.93% compared to the fiscal year 2008-2009 revised budget. Certified property tax values decreased 0.3% from the preceding year and the tax rate was left unchanged at 57.516 cents per \$100 of assessed valuation. Revenues from sales and other business taxes make up 24.4% of the fiscal year 2009-2010 budget, a decrease of 1.9% from the fiscal year 2008-2009 revised budget. Expenditures and transfers for the General Fund are budgeted 0.94% higher than expenditures and transfers-out in the fiscal year 2008-2009 revised budget. The majority of this increase is reflected in personal services. Overall, the General Fund is expected to end fiscal year 2009-2010 in compliance with the City's financial policy by maintaining a fund balance equal to 62.22 days of operating expenditures.

## **CITY OF RICHARDSON, TEXAS**

### **Management's Discussion and Analysis**

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Key highlights of the 2009-2010 budget include no property tax rate increase, a decrease in sales tax revenue, no compensation adjustments for City employees, and reductions in travel and training costs. In addition, reductions to many supplies, services, and other professional service expenditures have been made to meet a reduced revenue outlook.

Water and Sewer Fund revenues are budgeted to increase 3.1% in fiscal year 2009-2010 compared to the fiscal year 2008-2009 revised budget. Revenue from water sales is projected to increase 3.8% and is based on an average consumption year. Sewer revenue is budgeted for a 2.1% increase from the previous year using the same assumptions as water sales. Expenditures and transfers out are budgeted for an increase of 4.3% compared to the fiscal year 2009 revised estimates. Approximately 70.0% of this increase is attributable to the purchase of wholesale water and wastewater treatment costs. Personal service costs are budgeted for a 4.5% increase which includes the full year funding of pay initiatives begun last year.

The fiscal year 2009-2010 budgeted revenues for the Solid Waste Fund are projected to increase 1.3% over revised budgeted revenues in fiscal year 2008-2009. Commercial fees are expected to increase 2.0% and residential fees are expected to increase 0.5%. These revenue increases are based on very conservative growth. Total expenses and transfers out are estimated to increase 3.0% compared to the revised estimate for fiscal year 2009. The personal services increase of 8.0% over the year-end estimate is attributable to the full year funding of pay increases begun last year. The maintenance category is projected to increase 1.4% over the year-end estimate due to anticipated growth in tonnage and in the solid waste disposal fees.

The fiscal year 2009-2010 budgeted revenues for the Golf Fund are expected to increase 3.7% from revenues in the fiscal year 2008-2009 revised budget. This increase in revenue is based on 100,000 rounds of play. Total expenses and transfers out are expected to increase 2.9% compared to the previous year revised estimate. Personal services will increase 3.2% and includes full year funding of pay initiatives begun last year. Contract expenses are estimated to increase 27.0% and are due primarily to higher property and liability insurance costs.

#### **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, 2009

	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 62,486,794	\$ 9,590,350	\$ 72,077,144
Receivables (net of allowances for uncollectibles)	10,481,117	6,457,849	16,938,966
Inventory of supplies, at cost	480,051	122,397	602,448
Prepaid items	127,390	978	128,368
Deposits	117,500	—	117,500
<b>Restricted assets:</b>			
Cash and investments	—	17,432,002	17,432,002
Receivables (net of allowances for uncollectibles)	—	3,832	3,832
Internal balances	(308,064)	308,064	—
<b>Capital assets:</b>			
Nondepreciable	69,261,640	5,154,918	74,416,558
Depreciable (net)	219,419,814	102,338,023	321,757,837
Deferred charges	1,894,989	573,605	2,468,594
<b>Total assets</b>	<b>363,961,231</b>	<b>141,982,018</b>	<b>505,943,249</b>
<b>Liabilities:</b>			
Accounts payable	5,560,786	1,720,170	7,280,956
Retainage payable	1,397,130	—	1,397,130
Accrued liabilities	1,589,336	360,689	1,950,025
Accrued interest	1,587,295	373,283	1,960,578
<b>Payable from restricted assets:</b>			
Accounts payable	—	736,574	736,574
Retainage payable	—	199,456	199,456
Customer deposits	—	2,353,074	2,353,074
Accrued liabilities	—	6,589	6,589
Unearned revenue	393,403	—	393,403
Money held in escrow	391,006	—	391,006
<b>Noncurrent liabilities:</b>			
<b>Due within one year:</b>			
Bonds, leases, and contractual obligations	13,536,812	3,320,751	16,857,563
Compensated absences	768,379	114,216	882,595
Workers' compensation	294,627	21,663	316,290
Unpaid claims liability	700,000	—	700,000
<b>Due in more than one year:</b>			
Bonds, leases, and contractual obligations	191,138,527	53,744,478	244,883,005
Arbitrage rebate liability	987,451	26,791	1,014,242
Post employment benefits	8,426,989	1,297,054	9,724,043
Compensated absences	7,769,173	1,154,852	8,924,025
<b>Total liabilities</b>	<b>234,540,914</b>	<b>65,429,640</b>	<b>299,970,554</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	105,653,097	55,054,305	160,707,402
<b>Restricted for:</b>			
Capital projects	18,688,310	3,361,506	22,049,816
Debt service	379,064	511,273	890,337
Public safety	1,366,662	—	1,366,662
Special purposes	2,429,980	—	2,429,980
Unrestricted	903,204	17,625,294	18,528,498
<b>Total net assets</b>	<b>\$ 129,420,317</b>	<b>\$ 76,552,378</b>	<b>\$ 205,972,695</b>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**

Statement of Activities

Year ended September 30, 2009

	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
Functions/programs:							
Governmental activities:							
General government	\$ 27,783,687	\$ 3,723,730	\$ 199,475	\$ —	\$ (23,860,482)	\$ —	\$ (23,860,482)
Public safety	43,610,475	8,903,004	80,431	336,000	(34,291,040)	—	(34,291,040)
Public services	27,069,530	1,378,929	—	9,663,180	(16,027,421)	—	(16,027,421)
Library	4,223,858	189,775	45,997	—	(3,988,086)	—	(3,988,086)
Parks and recreation	13,658,464	2,890,920	2,500	59,687	(10,705,357)	—	(10,705,357)
Public health	1,582,097	255,402	40,194	—	(1,286,501)	—	(1,286,501)
Interest and fiscal charges	9,577,274	—	—	—	(9,577,274)	—	(9,577,274)
Total governmental activities	<u>127,505,385</u>	<u>17,341,760</u>	<u>368,597</u>	<u>10,058,867</u>	<u>(99,736,161)</u>	<u>—</u>	<u>(99,736,161)</u>
Business-type activities:							
Water and Sewer	45,745,346	43,116,209	—	871,821	—	(1,757,316)	(1,757,316)
Solid Waste	12,326,200	12,262,273	—	—	—	(63,927)	(63,927)
Golf	2,402,359	2,044,667	—	—	—	(357,692)	(357,692)
Total business-type activities	<u>60,473,905</u>	<u>57,423,149</u>	<u>—</u>	<u>871,821</u>	<u>—</u>	<u>(2,178,935)</u>	<u>(2,178,935)</u>
Total	<u>\$ 187,979,290</u>	<u>\$ 74,764,909</u>	<u>\$ 368,597</u>	<u>\$ 10,930,688</u>	<u>(99,736,161)</u>	<u>(2,178,935)</u>	<u>(101,915,096)</u>
General revenues:							
Property taxes					57,574,197	—	57,574,197
Sales taxes					20,814,526	—	20,814,526
Franchise fees					12,206,018	—	12,206,018
Mixed beverage and bingo tax					401,071	—	401,071
Hotel/motel taxes					2,584,784	—	2,584,784
Unrestricted interest earnings					2,298,433	294,566	2,592,999
Transfers in (out)					(19,202)	19,202	—
Gain on sale of assets					134,456	730,081	864,537
Total general revenues					<u>95,994,283</u>	<u>1,043,849</u>	<u>97,038,132</u>
Changes in net assets					<u>(3,741,878)</u>	<u>(1,135,086)</u>	<u>(4,876,964)</u>
Net assets-beginning					<u>133,162,195</u>	<u>77,687,464</u>	<u>210,849,659</u>
Net assets-ending					<u>\$ 129,420,317</u>	<u>\$ 76,552,378</u>	<u>\$ 205,972,695</u>

See accompanying notes to basic financial statements.

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**CITY OF RICHARDSON, TEXAS**

Balance Sheet – Governmental Funds

September 30, 2009

	<u>General</u>	<u>Debt service</u>	<u>Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>					
Cash and investments	\$ 14,615,230	\$ 1,965,875	\$ 37,996,734	\$ 4,464,626	\$ 59,042,465
Receivables (net of allowances for uncollectibles of \$2,484,949)					
Taxes-Ad Valorem	1,009,777	—	—	—	1,009,777
Taxes-sales	1,708,247	—	—	—	1,708,247
Taxes-hotel/motel	—	—	—	374,128	374,128
Trade accounts	2,509,069	—	—	762,609	3,271,678
Interest	37,283	484	46,137	—	83,904
Intergovernmental	99,501	—	3,875,429	12,001	3,986,931
Other	—	—	2,548	—	2,548
Inventory of supplies, at cost	310,527	—	—	—	310,527
Prepaid items	70,956	—	4,490	25,614	101,060
Deposits	117,500	—	—	—	117,500
<b>Total assets</b>	<b>\$ 20,478,090</b>	<b>\$ 1,966,359</b>	<b>\$ 41,925,338</b>	<b>\$ 5,638,978</b>	<b>\$ 70,008,765</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,534,903	\$ —	\$ 3,034,679	\$ 717,054	\$ 5,286,636
Developer's participation payable	—	—	28,529	—	28,529
Retainage payable	—	—	1,397,130	—	1,397,130
Accrued liabilities	1,487,159	—	—	97,888	1,585,047
Accrued interest	—	19,012	—	—	19,012
Deferred revenue	1,551,576	—	—	976,021	2,527,597
Money held in escrow	60,647	—	293,389	36,970	391,006
<b>Total liabilities</b>	<b>4,634,285</b>	<b>19,012</b>	<b>4,753,727</b>	<b>1,827,933</b>	<b>11,234,957</b>
<b>Fund balances:</b>					
Reserved for inventory	310,527	—	—	—	310,527
Reserved for prepaid items	70,956	—	4,490	25,614	101,060
Reserved for encumbrances	217,882	—	16,761,730	6,846	16,986,458
Reserved for debt service	—	1,947,347	—	—	1,947,347
Reserved for capital projects	—	—	19,375,879	—	19,375,879
Unreserved, reported in General fund	15,244,440	—	—	—	15,244,440
Special revenue funds	—	—	—	3,778,585	3,778,585
Capital fund	—	—	1,029,512	—	1,029,512
<b>Total fund balances</b>	<b>15,843,805</b>	<b>1,947,347</b>	<b>37,171,611</b>	<b>3,811,045</b>	<b>58,773,808</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,478,090</b>	<b>\$ 1,966,359</b>	<b>\$ 41,925,338</b>	<b>\$ 5,638,978</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.					288,622,328
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					2,134,194
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.					2,318,650
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))					(222,428,663)
<b>Net assets of governmental activities</b>					<b>\$ 129,420,317</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, 2009

	<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	\$ 36,228,176	\$ 21,083,614	\$ —	\$ 502,425	\$ 57,814,215
Franchise fees	12,206,018	—	—	—	12,206,018
Sales tax	23,070,669	—	—	—	23,070,669
Mixed beverage and bingo tax	401,071	—	—	—	401,071
Hotel/motel taxes	—	—	—	2,584,784	2,584,784
911 revenue	957,447	—	—	419,961	1,377,408
Intergovernmental revenue	93,957	—	8,017,545	255,053	8,366,555
Licenses and permits	1,375,464	—	—	—	1,375,464
Fines and forfeitures	3,625,611	—	—	1,923,898	5,549,509
Interest revenue	339,321	51,637	1,856,404	30,588	2,277,950
Civic center use	333,775	—	—	—	333,775
Eisemann center revenue	—	—	—	2,451,862	2,451,862
Recreation and leisure	2,890,920	—	—	—	2,890,920
Rents	78,652	—	—	—	78,652
Public safety	1,758,617	—	—	—	1,758,617
Contributions	21,182	—	95,957	21,030	138,169
Participation	—	—	55,659	—	55,659
Other revenue	689,426	—	147,019	27,058	863,503
General administration	6,932,019	—	—	—	6,932,019
<b>Total revenues</b>	<b>91,002,325</b>	<b>21,135,251</b>	<b>10,172,584</b>	<b>8,216,659</b>	<b>130,526,819</b>
<b>Expenditures:</b>					
General government	22,469,522	—	2,262,232	4,528,477	29,260,231
Public safety	37,294,113	—	261,857	1,304,413	38,860,383
Public services	14,391,351	—	5,150,748	—	19,542,099
Library	3,124,251	—	436,329	79,050	3,639,630
Parks and recreation	10,556,163	—	366,713	126,206	11,049,082
Public health	1,311,459	—	69,226	20,102	1,400,787
General administration	—	—	—	480,000	480,000
Capital outlay	176,602	—	36,916,447	31,740	37,124,789
<b>Debt service:</b>					
Principal retirement	—	12,307,568	—	—	12,307,568
Interest and fiscal charges	44,888	9,564,783	—	10,407	9,620,078
Payments for other obligations	461,338	252,093	1,976,441	—	2,689,872
Issuance costs	—	147,693	71,730	—	219,423
<b>Total expenditures</b>	<b>89,829,687</b>	<b>22,272,137</b>	<b>47,511,723</b>	<b>6,580,395</b>	<b>166,193,942</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,172,638</b>	<b>(1,136,886)</b>	<b>(37,339,139)</b>	<b>1,636,264</b>	<b>(35,667,123)</b>
<b>Other financing sources (uses):</b>					
Transfers in	520,588	1,136,000	2,244,019	129,397	4,030,004
Transfers out	(2,244,019)	—	(484,599)	(1,320,588)	(4,049,206)
Issuance of certificates of obligation	—	—	5,370,000	—	5,370,000
Issuance of refunding bonds	—	14,460,000	—	—	14,460,000
Issuance of other obligations	—	—	1,739,620	—	1,739,620
Premium/discount on bonds	—	695,467	76,861	—	772,328
Payment to refunded bond escrow agent	—	(14,992,538)	—	—	(14,992,538)
Insurance recoveries	54,312	—	73,110	—	127,422
Proceeds from sale of capital assets	95,161	—	125,634	5,305	226,100
<b>Total other financing sources (uses)</b>	<b>(1,573,958)</b>	<b>1,298,929</b>	<b>9,144,645</b>	<b>(1,185,886)</b>	<b>7,683,730</b>
<b>Net change in fund balances</b>	<b>(401,320)</b>	<b>162,043</b>	<b>(28,194,494)</b>	<b>450,378</b>	<b>(27,983,393)</b>
Fund balances – October 1	16,245,125	1,785,304	65,366,105	3,360,667	86,757,201
Fund balances – September 30	\$ 15,843,805	\$ 1,947,347	\$ 37,171,611	\$ 3,811,045	\$ 58,773,808

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, 2009

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

Net change in fund balances – total governmental funds	\$ (27,983,393)
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)).	20,718,593
The net effect of the sales of capital assets decreased net assets.	(84,108)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	2,161,691
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is originally issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (note 2(b))	5,878,828
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (note 2(b))	(4,803,269)
Internal service funds are used by management to charge the costs of central services and insurance to individual funds. The net expense of certain activities of the Internal Service Funds is reported with governmental activities.	<u>369,780</u>
Change in net assets of governmental activities	<u>\$ (3,741,878)</u>

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
**Statement of Net Assets – Proprietary Funds**  
September 30, 2009

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	\$ 7,733,714	\$ 1,572,762	\$ 283,874	\$ 9,590,350	\$ 3,444,329
Receivables (net of allowances):					
Trade accounts	4,615,043	1,076,737	59,331	5,751,111	—
Other	208,370	468,962	—	677,332	43,005
Interest	12,562	16,844	—	29,406	899
Inventory of supplies, at cost	100,706	21,691	—	122,397	169,524
Prepaid items	271	707	—	978	26,330
Restricted assets:					
Cash and investments	15,214,501	2,164,349	53,152	17,432,002	—
Interest receivable	3,286	—	—	3,286	—
Other receivable	546	—	—	546	—
Total current assets	<u>27,888,999</u>	<u>5,322,052</u>	<u>396,357</u>	<u>33,607,408</u>	<u>3,684,087</u>
Capital assets:					
Land	357,950	65,560	119,329	542,839	56,011
Improvements	—	37,371	8,927,839	8,965,210	23,023
Buildings	7,685,671	—	791,641	8,477,312	259,990
Water and Sewer System	172,306,279	—	—	172,306,279	—
Vehicles, machinery and equipment	14,962,073	8,544,686	995,383	24,502,142	268,859
Total capital assets	195,311,973	8,647,617	10,834,192	214,793,782	607,883
Less accumulated depreciation	(101,756,436)	(5,485,593)	(4,670,891)	(111,912,920)	(548,757)
Construction in progress	4,592,877	—	19,202	4,612,079	—
Net capital assets	98,148,414	3,162,024	6,182,503	107,492,941	59,126
Deferred charges	532,224	37,742	3,639	573,605	—
Total noncurrent assets	<u>98,680,638</u>	<u>3,199,766</u>	<u>6,186,142</u>	<u>108,066,546</u>	<u>59,126</u>
Total assets	<u>\$ 126,569,637</u>	<u>\$ 8,521,818</u>	<u>\$ 6,582,499</u>	<u>\$ 141,673,954</u>	<u>\$ 3,743,213</u>

**CITY OF RICHARDSON, TEXAS**  
Statement of Net Assets – Proprietary Funds  
September 30, 2009

Liabilities and Net Assets	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Fund</u>	<u>Total</u>	
Current liabilities:					
Accounts payable	\$ 1,660,337	\$ 36,833	\$ 23,000	\$ 1,720,170	\$ 240,702
Accrued liabilities	230,598	113,161	16,930	360,689	9,208
Accrued interest	310,179	28,413	34,691	373,283	—
Unpaid claims liabilities	—	—	—	—	700,000
Current maturities of bonds, leases and contractual obligations	2,466,756	512,857	341,138	3,320,751	—
Compensated absences	71,873	33,394	8,949	114,216	5,391
Workers' compensation liability	723	20,940	—	21,663	—
Current liabilities payable from restricted assets:					
Accounts payable	736,574	—	—	736,574	—
Retainage payable	199,456	—	—	199,456	—
Deposits	2,353,074	—	—	2,353,074	—
Accrued liabilities	6,589	—	—	6,589	—
Total current liabilities	<u>8,036,159</u>	<u>745,598</u>	<u>424,708</u>	<u>9,206,465</u>	<u>955,301</u>
Noncurrent liabilities:					
Bonds, leases and contractual obligations	45,169,702	3,370,991	5,203,785	53,744,478	—
Arbitrage rebate liability	26,791	—	—	26,791	—
Post-employment benefits	735,130	347,617	214,307	1,297,054	106,686
Compensated absences	726,719	337,653	90,480	1,154,852	54,512
Total noncurrent liabilities	<u>46,658,342</u>	<u>4,056,261</u>	<u>5,508,572</u>	<u>56,223,175</u>	<u>161,198</u>
Total liabilities	<u>54,694,501</u>	<u>4,801,859</u>	<u>5,933,280</u>	<u>65,429,640</u>	<u>1,116,499</u>
Net assets:					
Invested in capital assets, net of related debt	55,135,342	(718,617)	637,580	55,054,305	59,126
Restricted for:					
Capital projects	1,793,000	1,568,506	—	3,361,506	—
Debt service	390,485	67,636	53,152	511,273	—
Unrestricted	14,556,309	2,802,434	(41,513)	17,317,230	2,567,588
Total net assets	<u>\$ 71,875,136</u>	<u>\$ 3,719,959</u>	<u>\$ 649,219</u>	<u>76,244,314</u>	<u>\$ 2,626,714</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				308,064	
Net assets of business-type activities				<u>\$ 76,552,378</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, 2009

	<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>	
Operating revenues:					
Water sales	\$ 26,436,314	\$ —	\$ —	\$ 26,436,314	\$ —
Sewer service	15,654,502	—	—	15,654,502	—
Penalties	444,408	—	—	444,408	—
Service fees (other)	52,424	—	—	52,424	—
Antenna rentals	235,358	—	—	235,358	—
Meter fees	49,046	—	—	49,046	—
Solid waste fees	—	11,596,793	—	11,596,793	—
Golf course fees	—	—	1,992,513	1,992,513	—
Golf course restaurant	—	—	46,977	46,977	—
Charges for services	—	—	—	—	266,710
City and employee contributions	80,297	49,909	4,440	134,646	10,756,324
Intergovernmental revenue	6,980	7,648	737	15,365	77,366
Miscellaneous	156,880	607,923	—	764,803	6,005
Total operating revenue	<u>43,116,209</u>	<u>12,262,273</u>	<u>2,044,667</u>	<u>57,423,149</u>	<u>11,106,405</u>
Operating expenses:					
Personal services	6,096,920	4,273,049	1,045,401	11,415,370	513,598
Premiums	—	—	—	—	357,321
Professional and technical services	1,101,796	13,442	40,427	1,155,665	604,996
Property services	2,621,955	107,166	89,690	2,818,811	96,542
Other purchased services	1,326,346	251,756	59,567	1,637,669	60,808
Insurance claims	—	—	—	—	9,038,159
Purchase of water	11,538,592	—	—	11,538,592	—
Purchase of sewage treatment	8,947,575	—	—	8,947,575	—
Solid waste charges	—	3,553,112	—	3,553,112	—
General administration	3,729,359	2,080,723	91,937	5,902,019	—
Franchise fees	2,104,541	579,840	—	2,684,381	—
BABIC program	466,666	—	—	466,666	—
Supplies	1,184,549	431,046	353,103	1,968,698	17,004
Depreciation	5,418,826	946,041	447,072	6,811,939	3,938
Total operating expenses	<u>44,537,125</u>	<u>12,236,175</u>	<u>2,127,197</u>	<u>58,900,497</u>	<u>10,692,366</u>
Operating income (loss)	<u>(1,420,916)</u>	<u>26,098</u>	<u>(82,530)</u>	<u>(1,477,348)</u>	<u>414,039</u>
Nonoperating revenues (expenses):					
Interest revenue	271,225	19,619	3,722	294,566	20,483
Interest expense and fiscal charges	(1,239,423)	(117,327)	(281,401)	(1,638,151)	—
Transfers in	—	—	19,202	19,202	—
Gain from disposal of capital assets	716,780	13,301	—	730,081	—
Total nonoperating revenues (expenses)	<u>(251,418)</u>	<u>(84,407)</u>	<u>(258,477)</u>	<u>(594,302)</u>	<u>20,483</u>
Income (loss) before contributions	<u>(1,672,334)</u>	<u>(58,309)</u>	<u>(341,007)</u>	<u>(2,071,650)</u>	<u>434,522</u>
Capital contributions	871,821	—	—	871,821	—
Change in net assets	<u>(800,513)</u>	<u>(58,309)</u>	<u>(341,007)</u>	<u>(1,199,829)</u>	<u>434,522</u>
Total net assets – October 1	<u>72,675,649</u>	<u>3,778,268</u>	<u>990,226</u>		<u>2,192,192</u>
Total net assets – September 30	\$ <u>71,875,136</u>	\$ <u>3,719,959</u>	\$ <u>649,219</u>		\$ <u>2,626,714</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				64,743	
Change in net assets of business type activities				\$ <u>(1,135,086)</u>	

See accompanying notes to basic financial statements.

**CITY OF RICHARDSON, TEXAS**  
Statement of Cash Flows – Proprietary Funds  
Year ended September 30, 2009

	<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	\$ 43,320,979	\$ 12,203,733	\$ 2,001,099	\$ 57,525,811	\$ —
Cash received from service users	—	—	—	—	291,845
Cash received from city, employee and other contributions	—	—	—	—	10,814,693
Cash payments for goods and services	(32,194,628)	(7,064,938)	(631,953)	(39,891,519)	—
Cash payments to employees	(5,685,743)	(4,114,523)	(942,933)	(10,743,199)	(470,388)
Cash payments for premiums and other operating expenses	—	—	—	—	(973,817)
Cash payments for claims	—	—	—	—	(8,953,730)
Cash received from miscellaneous revenues	416,880	—	—	416,880	—
Net cash provided by operating activities	<u>5,857,488</u>	<u>1,024,272</u>	<u>426,213</u>	<u>7,307,973</u>	<u>708,603</u>
Cash flows from noncapital financing activities:					
Transfers from other funds	—	—	19,202	19,202	—
Net cash provided by noncapital financing activities	<u>—</u>	<u>—</u>	<u>19,202</u>	<u>19,202</u>	<u>—</u>
Cash flows from financing activities:					
Proceeds from sale of capital assets	1,487,826	15,812	—	1,503,638	—
Bond proceeds, other obligations, and accrued interest	5,092,649	1,407,045	—	6,499,694	—
Acquisition and construction of capital assets	(5,682,259)	(1,377,729)	(28,441)	(7,088,429)	—
Increase in retainage payable	66,865	—	—	66,865	—
Principal paid on debt	(2,129,523)	(600,000)	(325,000)	(3,054,523)	—
Interest paid on debt	(1,927,676)	(122,557)	(283,963)	(2,334,196)	—
Fiscal charges and bond escrow payments	(424,611)	(10,271)	(100)	(434,982)	—
Net cash used for capital and related	<u>(3,516,729)</u>	<u>(687,700)</u>	<u>(637,504)</u>	<u>(4,841,933)</u>	<u>—</u>
Cash flows from investing activities:					
Purchase of investment securities	(7,168,200)	(1,526,641)	—	(8,694,841)	—
Proceeds from sale and maturities of investments	9,292,484	100,000	—	9,392,484	—
Interest received on investments	345,836	8,735	3,722	358,293	19,585
Net cash provided by (used for) investing activities	<u>2,470,120</u>	<u>(1,417,906)</u>	<u>3,722</u>	<u>1,055,936</u>	<u>19,585</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	4,810,879	(1,081,334)	(188,367)	3,541,178	728,188
Cash, restricted cash, and cash equivalents, October 1	12,887,502	3,297,746	525,393	16,710,641	2,716,141
Cash, restricted cash, and cash equivalents, September 30	<u>\$ 17,698,381</u>	<u>\$ 2,216,412</u>	<u>\$ 337,026</u>	<u>\$ 20,251,819</u>	<u>\$ 3,444,329</u>



**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**(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 2008-2009, the City has implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board.

Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Statement No. 56, *Codification of Accounting and Financial Reporting on Auditing Standards*

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. Implementation of this statement has no effect on the City's net assets.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2009

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The statement addresses related party transactions, going concern considerations, and subsequent events. Implementation of this Statement has no effect on the City's net assets.

(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

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**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

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#### **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 AIM 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 year availability period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, other 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

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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 2009, the City invested in U.S. Agencies, TexPool, TexSTAR, Federated and AIM Money Market Funds, Certificates of Deposit, and a flexible repurchase agreement. 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

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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, 2009, 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, 2009

**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 2009, \$582,278 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	20 years
Water and Sewer System	25 – 40 years
Buildings	40 years
Other improvements	10 – 30 years
Infrastructure	5 – 30 years
Vehicles, machinery and equipment	3 – 20 years

## **CITY OF RICHARDSON, TEXAS**

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

September 30, 2009

#### **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, 2009, the City received \$127,422 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, 2009

**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 \$22,864,016 of restricted net assets for governmental activities, of which \$3,713,299 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 \$222,428,663 difference are as follows:

Bonds payable	\$ 189,733,857
Notes payable and other contractual obligations	12,177,802
Less issuance discount (to be amortized as interest expense)	(67,884)
Add issuance premium (to be amortized as interest expense)	5,636,629
Less loss on refunding (to be amortized as interest expense)	(2,805,065)
Less deferred charges for issuance cost (to be amortized as fiscal charges)	(1,894,989)
Accrued interest payable	1,568,283
Post-employment liability	8,320,303
Compensated absences	8,477,649
Workers' compensation liability	294,627
Arbitrage rebate liability	987,451
	<hr/>
Net adjustment to reduce the fund balances – total governmental funds to arrive at net assets – governmental activities	\$ 222,428,663
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**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**(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 \$20,718,593 difference are as follows:

Capital outlay	\$	37,124,789
Depreciation expense		<u>(16,406,196)</u>
Net adjustment to decrease net change in fund balances – total governmental funds to arrive at changes in net assets of governmental activities		<u>\$ 20,718,593</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 \$5,878,828 difference are as follows:

Debt issued or incurred:		
General obligations, certificates of obligations, and refunding bonds	\$	19,830,000
Notes payable and other contractual obligations		3,995,763
Add premium		785,295
Less:		
Discount		(12,967)
Issue costs		(219,423)
Payment to escrow agent for refunding		(267,518)
Principal repayments:		
General obligation bonds		(7,407,568)
Refunded general obligation bonds		(14,992,538)
Certificates of obligation		(4,900,000)
Notes payable		<u>(2,689,872)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities		<u>\$ (5,878,828)</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

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 \$4,803,269 difference are as follows:

Amortization of bond premium	\$	332,790
Amortization on bond discount		(4,016)
Amortization of issuance costs		(154,713)
Amortization of loss on refunded bonds		(191,225)
Accrued interest		(94,997)
Post-employment benefits		(3,791,439)
Compensated absences		(701,252)
Workers' compensation expense		(85,863)
Arbitrage rebate		<u>(112,554)</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>(4,803,269)</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:		
Comerica – City	\$ 547,237	\$ 804,600
Comerica – RIC	27,524	26,269
Petty cash	N/A	13,550
Legacy Bank – CD	19,530,317	19,530,317
Cathay Bank – CD	3,002,292	3,002,292
U.S. Bank	<u>299</u>	<u>299</u>
Total	\$ <u><u>23,107,669</u></u>	\$ <u><u>23,377,327</u></u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**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	\$ 11,998,827	0.05
Federal National Mortgage Assoc. – Bonds	3,031,641	—
Federal Farm Credit – Bonds	3,041,399	—
Federal Home Loan Mortgage Corp. – Discount Note	2,994,767	0.02
TexPool	16,385,115	0.03
TexSTAR	15,888,666	0.03
AIM Treasury Money Market Fund	384,616	—
AIM Government Agency Money Market Fund	5,518,211	0.01
Federated Treasury Money Market Fund	649,602	—
Federated Government Agency Money Market Fund	6,169,579	0.01
U.S. Bank	69,396	—
Total fair value	\$ 66,131,819	
Portfolio weighted average maturity		0.15

**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, 2009. Standard & Poor’s has rated investments in TexPool, TexSTAR, AIM Money Market Funds, and Federated Money Market Funds as AAA-m as of September 30, 2009.

**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, 2009

**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, 2009, 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 18.1%, 4.5%, 4.6%, and 4.6%, respectively, of the City’s total investments.

**(b) Receivables**

Receivables at September 30, 2009, 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	\$ 1,486,849	\$ —	\$ —	\$ —	\$ 1,486,849
Taxes-sales	1,708,247	—	—	—	1,708,247
Taxes-hotel/motel	—	—	—	374,128	374,128
Trade accounts	3,781,639	—	—	—	3,781,639
Other	—	—	2,548	1,497,916	1,500,464
Interest	37,283	484	46,137	—	83,904
Intergovernmental	99,501	—	3,875,429	12,001	3,986,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	7,113,519	484	3,924,114	1,884,045	12,922,162
Less allowance for uncollectibles	<u>(1,749,642)</u>	<u>—</u>	<u>—</u>	<u>(735,307)</u>	<u>(2,484,949)</u>
Net receivables	<u>\$ 5,363,877</u>	<u>\$ 484</u>	<u>\$ 3,924,114</u>	<u>\$ 1,148,738</u>	<u>\$ 10,437,213</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

	<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	\$ 4,744,622	\$ 1,110,004	\$ 59,331	\$ 5,913,957	\$ —
Other	208,370	468,962	—	677,332	43,005
Interest	<u>12,562</u>	<u>16,844</u>	<u>—</u>	<u>29,406</u>	<u>899</u>
Gross receivables	4,965,554	1,595,810	59,331	6,620,695	43,904
Less allowance for uncollectibles	<u>(129,579)</u>	<u>(33,267)</u>	<u>—</u>	<u>(162,846)</u>	<u>—</u>
Net receivables	<u>\$ 4,835,975</u>	<u>\$ 1,562,543</u>	<u>\$ 59,331</u>	<u>\$ 6,457,849</u>	<u>\$ 43,904</u>

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered at September 30, 2009.

**(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	\$ 390,485	\$ 67,636	\$ 53,152	\$ 511,273
Customers' deposits	2,353,074	—	—	2,353,074
Rate stabilization	1,883,476	—	—	1,883,476
Capital Project and Equipment Funds	<u>10,591,298</u>	<u>2,096,713</u>	<u>—</u>	<u>12,688,011</u>
Total	<u>\$ 15,218,333</u>	<u>\$ 2,164,349</u>	<u>\$ 53,152</u>	<u>\$ 17,435,834</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**(d) Capital Assets**

Capital asset activity for the year ended September 30, 2009 was as follows:

	<b>Beginning balance October 1, 2008</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance September 30, 2009</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 43,115,080	\$ 1,164,320	\$ (69,854)	\$ 44,209,546
Construction in progress	<u>29,659,043</u>	<u>34,072,580</u>	<u>(38,679,529)</u>	<u>25,052,094</u>
Total capital assets, not being depreciated	<u>72,774,123</u>	<u>35,236,900</u>	<u>(38,749,383)</u>	<u>69,261,640</u>
Capital assets, being depreciated:				
Buildings	100,800,433	2,668,284	(329,450)	103,139,267
Improvements other than buildings	40,922,880	1,883,214	(18,326)	42,787,768
Vehicles, machinery, and equipment	36,285,269	3,808,396	(1,399,467)	38,694,198
Infrastructure	<u>331,185,087</u>	<u>34,174,937</u>	<u>—</u>	<u>365,360,024</u>
Total capital assets, being depreciated	<u>509,193,669</u>	<u>42,534,831</u>	<u>(1,747,243)</u>	<u>549,981,257</u>
Less accumulated depreciation, for:				
Buildings	36,340,373	3,342,682	—	39,683,055
Improvements other than buildings	23,887,530	1,618,622	(347,776)	25,158,376
Vehicles, machinery, and equipment	25,695,593	2,952,199	(1,385,212)	27,262,580
Infrastructure	<u>229,960,801</u>	<u>8,496,631</u>	<u>—</u>	<u>238,457,432</u>
Total accumulated depreciation	<u>315,884,297</u>	<u>16,410,134</u>	<u>(1,732,988)</u>	<u>330,561,443</u>
Total capital assets being depreciated, net	<u>193,309,372</u>	<u>26,124,697</u>	<u>(14,255)</u>	<u>219,419,814</u>
Governmental activities capital assets, net	<u>\$ 266,083,495</u>	<u>\$ 61,361,597</u>	<u>\$ (38,763,638)</u>	<u>\$ 288,681,454</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

	<u>Beginning balance October 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance September 30, 2009</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 542,839	\$ —	\$ —	\$ 542,839
Construction in progress	<u>2,798,105</u>	<u>5,775,829</u>	<u>(3,961,855)</u>	<u>4,612,079</u>
Total capital assets, not being depreciated	<u>3,340,944</u>	<u>5,775,829</u>	<u>(3,961,855)</u>	<u>5,154,918</u>
Capital assets, being depreciated:				
Buildings	8,468,073	9,239	—	8,477,312
Improvements other than buildings	8,965,210	—	—	8,965,210
Vehicles, machinery, and equipment	22,536,979	2,187,798	(222,635)	24,502,142
Infrastructure	<u>168,781,089</u>	<u>4,531,517</u>	<u>(1,006,327)</u>	<u>172,306,279</u>
Total capital assets, being depreciated	<u>208,751,351</u>	<u>6,728,554</u>	<u>(1,228,962)</u>	<u>214,250,943</u>
Less accumulated depreciation, for:				
Buildings	4,626,216	209,977	—	4,836,193
Improvements other than buildings	2,779,268	376,939	—	3,156,207
Vehicles, machinery, and equipment	17,599,545	1,560,585	(220,126)	18,940,004
Infrastructure	<u>80,551,360</u>	<u>4,664,438</u>	<u>(235,282)</u>	<u>84,980,516</u>
Total accumulated depreciation	<u>105,556,389</u>	<u>6,811,939</u>	<u>(455,408)</u>	<u>111,912,920</u>
Total capital assets being depreciated, net	<u>103,194,962</u>	<u>(83,385)</u>	<u>(773,554)</u>	<u>102,338,023</u>
Business-type activities capital assets, net	<u>\$ 106,535,906</u>	<u>\$ 5,692,444</u>	<u>\$ (4,735,409)</u>	<u>\$ 107,492,941</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

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

Governmental activities:	
General government	\$ 4,504,599
Public safety	2,066,772
Public services	7,344,807
Library	468,705
Parks and recreation	2,011,309
Health	10,004
Capital assets held by the government's internal service funds and charged to the various functions based on their usage of the assets	<u>3,938</u>
Total depreciation expense – governmental activities	\$ <u>16,410,134</u>
Business-type activities:	
Water and Sewer	\$ 5,418,826
Solid Waste	946,041
Golf	<u>447,072</u>
Total depreciation expense – business-type activities	\$ <u>6,811,939</u>

**(e) Construction Commitments**

Outstanding commitments at September 30, 2009, under authorized construction contracts for the Capital Fund, were \$16,761,730. 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 2008-2009, 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	\$ —	\$ —	\$ 520,588	\$ 520,588
Debt Service Fund	—	336,000	800,000	1,136,000
Capital Fund	2,244,019	—	—	2,244,019
Golf	—	19,202	—	19,202
Other Governmental Funds	—	129,397	—	129,397
	<u>\$ 2,244,019</u>	<u>\$ 484,599</u>	<u>\$ 1,320,588</u>	<u>\$ 4,049,206</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

Transfers from the General Fund to the Capital Fund are used to fund future capital improvements and street rehabilitation. The transfer from the Capital Fund to the Debt Service Fund was for the payment of principal and interest on outstanding debt. 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!. Transfers from the Hotel/Motel Fund to the Debt Service Fund are used for the payment of principal and interest on outstanding debt obligations.

**(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, 2009:

	<b>Governmental activities</b>
Land	\$ 493,823
Buildings	2,546,558
Less depreciation	<u>(636,640)</u>
Book value	<u>\$ 2,403,741</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 \$63,393 on these leases during the current fiscal year, and has received cumulative payments of \$129,425 over the life of these leases.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**(h) Long-Term Obligations**

The following is a summary of financial obligations for the fiscal year ended September 30, 2009:

	<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	\$ 160,411,425	\$ 14,460,000	\$ (19,972,568)	\$ 154,898,857	\$ 5,672,776
Certificates of obligation	36,770,000	5,370,000	(7,305,000)	34,835,000	6,875,000
Other obligations	10,871,911	3,995,763	(2,689,872)	12,177,802	825,117
Deferred amounts:					
For bond discounts/ premiums/losses	2,418,958	980,534	(635,812)	2,763,680	163,919
Post-employment benefits	4,587,632	4,921,761	(1,082,404)	8,426,989	—
Compensated absences	7,841,094	1,295,782	(599,324)	8,537,552	768,379
Workers' compensation	208,764	497,371	(411,508)	294,627	294,627
Unpaid claims liability	500,000	200,000	—	700,000	700,000
Arbitrage rebate liability	874,897	112,554	—	987,451	—
	<u>\$ 224,484,681</u>	<u>\$ 31,833,765</u>	<u>\$ (32,696,488)</u>	<u>\$ 223,621,958</u>	<u>\$ 15,299,818</u>
Governmental-type activity long-term debt					
Business-type activities:					
Water and Sewer revenue bonds	\$ 855,000	\$ —	\$ (855,000)	\$ —	\$ —
General obligation refunding bonds	963,575	6,165,000	(117,432)	7,011,143	397,225
Certificates of obligation	52,115,000	6,430,000	(8,705,000)	49,840,000	2,855,000
Other obligations	82,734	97,637	(57,090)	123,281	60,794
Deferred amounts:					
For bond discounts/ premiums/losses	(54,094)	468,153	(323,254)	90,805	7,732
Post-employment benefits	789,564	787,008	(279,518)	1,297,054	—
Compensated absences	1,085,503	199,137	(15,572)	1,269,068	114,216
Workers' compensation	52,588	49,883	(80,808)	21,663	21,663
Arbitrage rebate liability	102,274	—	(75,483)	26,791	—
	<u>\$ 55,992,144</u>	<u>\$ 14,196,818</u>	<u>\$ (10,509,157)</u>	<u>\$ 59,679,805</u>	<u>\$ 3,456,630</u>
Business-type activity long-term debt					

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

Bonds payable at September 30, 2009, are comprised of the following:

**General Government**

General Obligation Bonds:

\$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 2.0% to 5.00%.	\$ 14,460,000
\$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%.	73,950,000
\$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%.	8,218,857
\$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%.	11,915,000
\$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%.	8,255,000
\$8,125,000 General Obligation Bonds, Series 2000 due in annual principal payments ranging from \$30,000 to \$685,000 through February 15, 2010. Interest rate is variable from 5.20% to 6.70%.	385,000
Total General Obligation Bonds	<u>154,898,857</u>
Taxable Certificates of Obligation:	
\$8,600,000 Taxable Series 2000B due in annual principal payments ranging from \$210,000 to \$835,000 through February 15, 2020. Interest rate is variable from 7.18% to 8.0%	<u>6,385,000</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

Tax-Exempt Certificates of Obligations:

\$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%	\$ 5,370,000
\$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%	3,760,000
\$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%	1,900,000
\$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%	980,000
\$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%	2,635,000
\$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%.	1,725,000
\$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%.	3,865,000
\$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%.	6,925,000
\$29,640,000 Series 2000A (Hotel Occupancy Tax) due in annual principal installments ranging from \$860,000 to \$2,400,000 through February 15, 2010. Interest rate is variable from 3.75% to 5.00%	<u>1,290,000</u>
Total Tax-Exempt Certificates of Obligation	<u>28,450,000</u>
Add unamortized premium	5,636,630
Less:	
Unamortized discount	(67,884)
Unamortized loss on refunding	<u>(2,805,066)</u>
Total Bonds and Certificates of Obligation Payable at September 30, 2000	\$ <u><u>192,497,537</u></u>

As of September 30, 2009, \$1,947,347 of fund balance is reserved to service Bonds and Certificates of Obligation Payable.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**Business-Type Activities**

General Obligation Refunding Bonds and Certificates of Obligation payable at September 30, 2009, for the Water and Sewer, Solid Waste, and Golf Funds are comprised of the following:

Water and Sewer:

General Obligation Refunding Bonds:

\$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%	\$ 5,685,000
\$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>661,143</u>
Total General Obligation Refunding Bonds – Water and Sewer Fund	<u>6,346,143</u>

Certificates of Obligation:

\$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%,	5,030,000
\$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%,	4,915,000
\$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%.	4,750,000
\$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%.	4,530,000
\$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%.	3,685,000
\$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%.	3,085,000
\$3,750,000 Series 2003 due in annual principal installments ranging from \$80,000 to \$275,000 through February 15, 2023. Interest rate is variable from 2.00% to 4.65%.	2,935,000
\$9,600,000 Series 2002 due in annual principal installments ranging from \$345,000 to \$695,000 through February 15, 2022. Interest rate is variable from 3.00% to 4.85%.	7,000,000

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

\$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%.	\$ 5,015,000
\$3,600,000 Series 2000 due in annual principal installments ranging from \$115,000 to \$300,000 through February 2020. Interest rate is variable from 4.50% to 6.0%.	<u>170,000</u>
Total Certificates of Obligation – Water and Sewer Fund	<u>41,115,000</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>480,000</u>
Certificates of Obligation:	
\$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%	1,400,000
\$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%	1,070,000
\$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%	875,000
\$750,000 Series 2000 due in annual principal installments ranging from \$5,000 to \$65,000 through February 15, 2020. Interest rate is variable from 4.50% to 6.00%	<u>35,000</u>
Total Certificates of Obligation – Solid Waste Fund	<u>3,380,000</u>
Golf:	
General Obligation Refunding and Improvement Bonds:	
\$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%.	185,000
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%.	<u>5,345,000</u>
Total Bonds and Certificates of Obligation – Golf Fund	<u>5,530,000</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

Add unamortized premiums	\$ 503,141
Less:	
Deferred losses on refundings	(252,782)
Unamortized discounts	<u>(159,554)</u>
<b>Total business-type General Obligation Refunding Bonds and Certificates of Obligation</b>	<b>\$ <u>56,941,948</u></b>

**Debt Service Requirements**

Debt service requirements at September 30, 2009 for General Obligation Bonds and Certificates of Obligation are as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending September 30:				
2010	\$ 12,547,776	\$ 8,830,845	\$ 3,252,225	\$ 2,380,815
2011	12,274,122	8,343,520	3,445,878	2,180,495
2012	12,132,481	7,830,062	3,642,519	2,045,069
2013	12,146,247	7,331,353	3,913,753	1,911,255
2014	12,235,228	6,766,190	3,984,772	1,763,542
2015 – 2019	69,813,003	23,922,179	19,461,996	6,424,038
2020 – 2024	46,770,000	8,093,998	13,975,000	2,467,651
2025 – 2029	11,815,000	538,425	5,175,000	430,691
<b>Totals</b>	<b>\$ <u>189,733,857</u></b>	<b>\$ <u>71,656,572</u></b>	<b>\$ <u>56,851,143</u></b>	<b>\$ <u>19,603,556</u></b>

**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, 2009, there was \$33,450,000 of defeased bonds outstanding.

On April 15, 2009, the City issued \$20,625,000 of General Obligation Refunding Bonds, Series 2009 with a net interest cost of 2.74%. The bond proceeds were used to refund \$12,565,000 General Obligation Bonds, \$8,230,000 Certificates of Obligation, and \$855,000 Waterworks and Sewer System Revenue Bonds. The refunded debt resulted in cash flow savings of \$2,775,696 with a net present value benefit of \$2,158,779. The City realized a \$539,810 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.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**Certificates of Obligation**

On April 15, 2009 the City issued \$11,800,000 of Combination Tax and Revenue Certificates of Obligation, Series 2009 with a net interest cost of 3.58%. The Water and Sewer fund issued \$5,030,000 in Certificates, the Solid Waste fund issued \$1,400,000 in Certificates, and \$5,370,000 in Certificates were issued for the benefit of the Capital Fund. Proceeds from the sale of the Certificates, net of issuance costs of approximately \$152,000, will be used for the purchase of vehicles and equipment for various departments, acquisition and construction of fiber optic facilities and improving and extending the water and sewer system.

**Compensated Absences, Workers' Compensation, Other 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 and 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.

**(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, 2009:

	<u>Computer hardware</u>	<u>Police academy</u>	<u>Loan STAR</u>	<u>Routh Creek Pkwy</u>	<u>RISD Fiber optic</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, 2008	\$ 1,229,710	\$ 1,730,065	\$ 342,033	\$ 2,293,797	\$ 1,976,441	\$ 3,299,865	\$ —	\$ 10,871,911	\$ 82,734
Additions/adjustments	65,092	—	—	1,674,528	—	—	2,256,143	3,995,763	97,637
Payments	(499,398)	(158,691)	(55,342)	—	(1,976,441)	—	—	(2,689,872)	(57,090)
Balance at September 30, 2009	<u>\$ 795,404</u>	<u>\$ 1,571,374</u>	<u>\$ 286,691</u>	<u>\$ 3,968,325</u>	<u>\$ —</u>	<u>\$ 3,299,865</u>	<u>\$ 2,256,143</u>	<u>\$ 12,177,802</u>	<u>\$ 123,281</u>

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**Notes Payable**

At September 30, 2009, the City's outstanding notes payable, which were used to finance computer hardware, consisted of the following:

\$812,632 Banc of America Public Capital Corp., three year note due in annual payments of \$291,221 through October 2009. Interest rate is 3.71%	\$	280,803
\$740,000 Chase Equipment Leasing, Inc., three year note due in annual payments of \$265,949 through October 2010. Interest rate is 3.86%		502,614
\$162,729 Frost Leasing, five year note due in monthly payments of \$2,996 through October 2013. Interest rate is 3.99%		135,268

The following is a schedule of future debt maturities related to the notes payable as of September 30, 2009:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Fiscal year ending					
September 30:					
2010	\$ 497,680	\$ 30,188	\$ 60,794	\$ 4,460	\$ 593,122
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>\$ 795,404</u>	<u>\$ 42,754</u>	<u>\$ 123,281</u>	<u>\$ 8,484</u>	<u>\$ 969,923</u>

**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.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2009:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2010	\$ 176,406	\$ 70,149	\$ 246,555
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 – 2019	586,071	169,228	755,299
2020 – 2024	409,194	47,060	456,254
2025	15,463	773	16,236
Totals	<u>\$ 1,571,374</u>	<u>\$ 503,014</u>	<u>\$ 2,074,388</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, 2009:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2010	\$ 57,021	\$ 7,963	\$ 64,984
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>\$ 286,691</u>	<u>\$ 21,983</u>	<u>\$ 308,674</u>

In December, 2006, the City entered into an interlocal agreement with Collin County (the County) for the paving and drainage improvements to Routh Creek Parkway. The County agreed to fund 100% of the total cost up to \$8,200,000. The City will reimburse the County 50% of the total project cost up to \$4,100,000 and will be responsible for all costs in excess of the \$8,200,000. The City is required to reimburse the County in full by January 1, 2013. Interest began accruing on the unpaid balance on January 1, 2008 at an annual rate of 4.1598%. The current outstanding principal balance is \$3,968,325. On January 5, 2010 Collin County signed an interlocal agreement with the City that superseded the December 2006 agreement. 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 classified as an Other Obligation. Because this agreement was entered into subsequent to September 30, 2009, this transaction will be recorded in the financial statements in fiscal year 2010.

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2009

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. An interest payment in the amount of \$10,407 was made in FY 2008-09. 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 has been recorded as a liability and a reduction of sales tax revenue. The Comptroller's office has set up a 20-year pay out arrangement and will deduct the first monthly payment of \$9,401 beginning December 2009 and continuing through October 2029. The final payment will be in November 2029 in an amount of \$9,304.

#### (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 2008-2009, a total of \$75,224 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 \$411,508 and \$80,808 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 2008-2009, the City received refunds from the commercial insurance carrier in the amount of \$159,639. There were no settlements exceeding insurance coverage in each of the last three years.

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, 2009. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**Reconciliation of Unpaid Claims Liabilities**

	<u>2009</u>	<u>2008</u>
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	\$ 500,000	\$ 500,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	8,353,000	8,089,000
Increase in prior year provision	<u>378,000</u>	<u>8,000</u>
Total incurred claims and claim adjustment expenses	<u>9,231,000</u>	<u>8,597,000</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	7,653,000	7,589,000
Claims and claim adjustment expenses attributable to insured events of prior years	<u>878,000</u>	<u>508,000</u>
Total payments	<u>8,531,000</u>	<u>8,097,000</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 700,000</u>	<u>\$ 500,000</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, 2009, the City allocated \$6,932,019 for such services.

**(c) Contingent Liabilities**

**Litigation**

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

**Grant Audit**

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

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

**(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 186 retirees and an additional 123 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 2008-2009, 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.

	Coverage for retiree under age 65			
	Under 10	10 – 14	15 – 19	20+
Years of service:				
Retiree only	\$ 1,363	\$ 1,022	\$ 682	\$ 341
Retiree/spouse	\$ 2,114	\$ 1,586	\$ 1,057	\$ 345
Surviving spouse	\$ 1,499	\$ 1,124	\$ 750	\$ 375

	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, 2009, the City contributed \$341,088 and plan participants contributed \$906,580 to the plan.

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

*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.

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

	<u>2009</u>	<u>2008</u>
Annual OPEB cost:		
Annual required contribution (ARC)	\$ 3,536,996	\$ 6,983,793
Interest on net OPEB obligation	—	—
Adjustment to the ARC	—	—
Annual OPEB cost	<u>3,536,996</u>	<u>6,983,793</u>
Claims paid	<u>(1,361,923)</u>	<u>(1,606,597)</u>
Net OPEB obligation	2,175,073	5,377,196
Net OPEB obligation, October 1	<u>5,377,196</u>	—
Net OPEB obligation, September 30	\$ <u><u>7,552,269</u></u>	\$ <u><u>5,377,196</u></u>
Percentage of annual OPEB cost contributed	38.5%	23.0%
Funding progress:		
Actuarial valuation date	October 1, 2008	October 1, 2007
Actuarial value of assets	\$ —	\$ —
Actuarial accrued liability (AAL)	\$ 47,029,210	\$ 80,705,746
Funded ratio	—%	—%
Unfunded AAL (UAAL)	\$ 47,029,210	\$ 80,705,746
Annual covered payroll	\$ 52,621,488	\$ 51,033,789
UAAL as a percentage of covered payroll	89.37%	158.14%

## CITY OF RICHARDSON, TEXAS

### Notes to Basic Financial Statements

September 30, 2009

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 for 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 current fiscal year.

#### **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 was 1 participant in the program as of September 30, 2009.

#### *(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), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 833 municipalities have an annual, individual actuarial valuation performed. All assumptions for the December 31, 2008, valuations are contained in the 2008 TMRS Comprehensive Annual Financial Report, a copy may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount, which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if (1) the current employee contribution rate and City matching percent had always been in existence, and (2) if the employee's salary had always been the average of his salary in the last

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

The contribution rate for each employee is 7% of his/her annual covered salary, and the City matching ratio is currently 2 to 1, as adopted by the City. Under the State law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percentage, which are the obligations of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's amortization period. The projected unit credit actuarial cost method is used for determining the City contribution 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 is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2008, valuation is effective for rates beginning January 2010).

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

At the end of 2007, the TMRS board approved actuarial changes which will provide 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 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.

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial cost method	Projected unit credit
Amortization method	Level percent of payroll
Remaining amortization period	29 years – closed period
Asset valuation method	Amortized cost
Investment rate of return	7.5%
Projected salary increases	Varies by age and service
Inflation rate	3.00%
Cost-of-living-adjustments	2.1% (3% CPI)

**CITY OF RICHARDSON, TEXAS**

Notes to Basic Financial Statements

September 30, 2009

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net pension obligation:			
Annual pension cost:			
Annual required contribution (ARC)	\$ 11,855,749	\$ 8,919,048	\$ 8,375,040
Interest on net pension obligation (NPO)	—	—	—
Adjustment to the ARC	—	—	—
Annual pension cost	11,855,749	8,919,048	8,375,040
Contributions made	<u>(9,683,975)</u>	<u>(8,919,048)</u>	<u>(8,375,040)</u>
Increase in NPO	2,171,774	—	—
Net pension obligation, October 1	—	—	—
Net pension obligation, September 30	\$ <u>2,171,774</u>	\$ <u>—</u>	\$ <u>—</u>
Percentage of APC contribution	82%	100%	100%

Funding progress:

Actuarial valuation date	December 31, 2008
Actuarial value of assets	\$ 176,026,211
Actuarial accrued liability (AAL)	\$ 276,540,082
Funded ratio	63.65%
Unfunded AAL (UAAL)	\$ 100,513,871
Annual covered payroll	\$ 58,633,974
UAAL as a percentage of covered payroll	171.43%

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



**CITY OF RICHARDSON, TEXAS**  
Required Supplementary Information  
Budgetary Comparison Schedule – General Fund  
Year ended September 30, 2009

	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	\$ 36,618,988	\$ 36,360,866	\$ 36,228,176	\$ —	\$ 36,228,176	\$ (132,690)
Franchise fees	12,305,740	12,384,554	12,206,018	—	12,206,018	(178,536)
Sales tax	23,491,942	22,611,903	23,070,669	—	23,070,669	458,766
Mixed beverage and bingo tax	417,876	405,296	401,071	—	401,071	(4,225)
911 revenue	965,056	967,526	957,447	—	957,447	(10,079)
Intergovernmental revenue	—	—	93,957	—	93,957	93,957
Licenses and permits	1,597,668	1,401,363	1,375,464	—	1,375,464	(25,899)
Fines and forfeitures	3,965,920	3,837,541	3,625,611	91,000	3,716,611	(120,930)
Interest revenue	501,884	304,766	339,321	—	339,321	34,555
Civic center use	295,000	332,354	333,775	—	333,775	1,421
Recreation and leisure	2,764,960	2,914,952	2,890,920	—	2,890,920	(24,032)
Rents	—	—	78,652	—	78,652	78,652
Public safety	1,660,529	1,639,087	1,758,617	—	1,758,617	119,530
Other revenue	1,511,770	1,223,883	689,426	—	689,426	(534,457)
General administration	7,884,331	7,442,019	6,932,019	—	6,932,019	(510,000)
Contributions	—	—	21,182	—	21,182	21,182
Total revenues	<u>93,981,664</u>	<u>91,826,110</u>	<u>91,002,325</u>	<u>91,000</u>	<u>91,093,325</u>	<u>(732,785)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	24,377,045	23,311,513	22,469,522	283,500	22,753,022	558,491
Public safety	37,608,582	37,336,264	37,294,113	(20,986)	37,273,127	63,137
Public services	15,170,628	14,779,731	14,391,351	(110,495)	14,280,856	498,875
Library	3,183,643	3,117,042	3,124,251	(450)	3,123,801	(6,759)
Parks and recreation	11,246,162	10,920,061	10,556,163	13,531	10,569,694	350,367
Public health	1,401,312	1,353,307	1,311,459	(20,135)	1,291,324	61,983
Capital outlay	—	—	176,602	105,067	281,669	(281,669)
<b>Debt service:</b>						
Interest and fiscal charges	—	—	44,888	(44,888)	—	—
Payments for other obligations	—	—	461,338	(461,338)	—	—
Total expenditures	<u>92,987,372</u>	<u>90,817,918</u>	<u>89,829,687</u>	<u>(256,194)</u>	<u>89,573,493</u>	<u>1,244,425</u>
Excess of revenues over expenditures	<u>994,292</u>	<u>1,008,192</u>	<u>1,172,638</u>	<u>347,194</u>	<u>1,519,832</u>	<u>511,640</u>
<b>Other financing sources (uses):</b>						
Transfers in	—	—	520,588	—	520,588	520,588
Transfers out	(994,019)	(994,019)	(2,244,019)	—	(2,244,019)	(1,250,000)
Insurance recoveries	—	—	54,312	—	54,312	54,312
Sale of capital assets	—	—	95,161	—	95,161	95,161
Total other financing sources (uses)	<u>(994,019)</u>	<u>(994,019)</u>	<u>(1,573,958)</u>	<u>—</u>	<u>(1,573,958)</u>	<u>(579,939)</u>
Net change in fund balance	273	14,173	(401,320)	347,194	(54,126)	(68,299)
Fund balances, October 1	15,463,364	15,785,119	16,245,125	(162,120)	16,083,005	297,886
Fund balances, September 30	<u>\$ 15,463,637</u>	<u>\$ 15,799,292</u>	<u>\$ 15,843,805</u>	<u>\$ 185,074</u>	<u>\$ 16,028,879</u>	<u>\$ 229,587</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Required Supplementary Information

Schedule of Post-Employment Health Care Benefits Funding Progress

Last Three Fiscal Years

	(a)	(b)		(c)	(d)	(e)	
Actuarial valuation date October 1,	Actuarial value of assets	Actuarial accrued liability (AAL)		Funded ratio (a)/(b)	Unfunded AAL (UAAL) (b)-(a)	Annual covered payroll (1)	UAAL as a percentage of covered payroll (d)/(e) (1)
2006	\$ 166,224,131	\$ 219,709,038		75.66%	\$ 53,484,907	\$ 52,078,971	102.70%
2007	\$ 169,208,373	\$ 262,453,428	(2)	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%

(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 2007 TMRS made changes to the actuarial methods and plan assumptions. See footnote IV. D, for complete details.

Schedule of Postemployment Health Care Benefits Funding Progress (1)

Current Fiscal Year

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

(1) OPEB valuations are based on the fiscal year.

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

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Notes to Required Supplementary Information

September 30, 2009

**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, non-operating income and certain non-operating 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.

<b>Fund</b>	<b>Original budget</b>	<b>Amended budget</b>
General	\$ 93,981,391	\$ 91,811,937
Debt Service	22,124,077	22,196,878
Water and Sewer	42,809,305	42,944,285
Solid Waste Services	12,329,419	11,993,767
Golf	2,233,602	2,189,166
Internal Service (Combined)	10,979,240	10,158,674
Special Police	284,820	233,030
State Grants	32,206	75,407
Federal Grants	—	99,967
Municipal Court Security	77,400	80,235
Library	—	47,080
Traffic Safety	289,999	1,154,332
Wireless 911	336,000	436,000
Judicial Efficiency	8,500	5,550
Hotel/Motel Tax	5,761,306	5,739,149
Technology	46,000	40,037
Tax Increment Financing	150,000	160,407
Richardson Improvement Corp.	129,397	129,397

**CITY OF RICHARDSON, TEXAS**  
Notes to Required Supplementary Information  
September 30, 2009

**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	\$ (401,320)
Beginning of year adjustment for encumbrances not recognized as expenditures	474,076
End of year adjustment for encumbrances not recognized as expenditures	(217,882)
Reduction of fines and forfeitures recognized for GAAP basis	<u>91,000</u>
Excess of revenues and other sources over expenditures and other uses-budget basis	<u><u>\$ (54,126)</u></u>

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## CITY OF RICHARDSON, TEXAS

### Nonmajor Governmental Funds

September 30, 2009

#### **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, 2009

**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, 2009

	<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	\$ 495,868	\$ 4,651	\$ (10,131)	\$ 77,101	\$ 86,836	\$ 1,120,285
Intergovernmental receivables	—	1,870	10,131	—	—	—
Hotel/motel tax receivable	—	—	—	—	—	—
Trade receivables	—	—	—	—	—	762,609
Prepaid items	—	—	—	—	—	—
Total assets	<u>\$ 495,868</u>	<u>\$ 6,521</u>	<u>\$ —</u>	<u>\$ 77,101</u>	<u>\$ 86,836</u>	<u>\$ 1,882,894</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 13,533	\$ 2,888	\$ —	\$ —	\$ 7,126	\$ 544,983
Accrued liabilities	—	—	—	136	—	309
Escrow	36,970	—	—	—	—	—
Deferred revenue	—	—	—	—	—	588,922
Total liabilities	<u>50,503</u>	<u>2,888</u>	<u>—</u>	<u>136</u>	<u>7,126</u>	<u>1,134,214</u>
<b>Fund balances:</b>						
Reserved for encumbrances	—	—	—	—	—	—
Reserved for prepaid items	—	—	—	—	—	—
Unreserved:						
Undesignated	445,365	3,633	—	76,965	79,710	748,680
Total fund balances	<u>445,365</u>	<u>3,633</u>	<u>—</u>	<u>76,965</u>	<u>79,710</u>	<u>748,680</u>
Total liabilities and fund balances	<u>\$ 495,868</u>	<u>\$ 6,521</u>	<u>\$ —</u>	<u>\$ 77,101</u>	<u>\$ 86,836</u>	<u>\$ 1,882,894</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Combining Balance Sheet – Nonmajor Governmental Funds  
 September 30, 2009

Special Revenue Funds						
Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ 186,989	\$ 64,618	\$ 841,479	\$ 939,040	\$ 631,621	\$ 26,269	\$ 4,464,626
—	—	—	—	—	—	12,001
—	—	374,128	—	—	—	374,128
—	—	—	—	—	—	762,609
—	—	22,825	—	—	2,789	25,614
<u>\$ 186,989</u>	<u>\$ 64,618</u>	<u>\$ 1,238,432</u>	<u>\$ 939,040</u>	<u>\$ 631,621</u>	<u>\$ 29,058</u>	<u>\$ 5,638,978</u>
\$ —	\$ 24	\$ 139,828	\$ —	\$ —	\$ 8,672	\$ 717,054
—	—	97,443	—	—	—	97,888
—	—	—	—	—	—	36,970
—	—	387,099	—	—	—	976,021
<u>—</u>	<u>24</u>	<u>624,370</u>	<u>—</u>	<u>—</u>	<u>8,672</u>	<u>1,827,933</u>
—	—	6,846	—	—	—	6,846
—	—	22,825	—	—	2,789	25,614
<u>186,989</u>	<u>64,594</u>	<u>584,391</u>	<u>939,040</u>	<u>631,621</u>	<u>17,597</u>	<u>3,778,585</u>
<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>\$ 186,989</u>	<u>\$ 64,618</u>	<u>\$ 1,238,432</u>	<u>\$ 939,040</u>	<u>\$ 631,621</u>	<u>\$ 29,058</u>	<u>\$ 5,638,978</u>

**CITY OF RICHARDSON, TEXAS**

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

Year ended September 30, 2009

	Special Revenue Funds					
	Special Police Funds	State Grant Funds	Federal Grant Funds	Municipal Ct. Bldg. Security Fund	Library Fund	Traffic Safety Fund
<b>Revenues:</b>						
General property taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Hotel/motel tax	—	—	—	—	—	—
Eisemann center revenue	—	—	—	—	—	—
911 revenue	—	—	—	—	—	—
Intergovernmental revenue	10,998	73,926	49,110	—	—	—
Fines and forfeitures	184,932	—	—	85,489	4,784	1,527,982
Interest revenue	3,566	180	—	529	728	3,730
Contributions	2,770	—	—	—	15,760	—
Other revenue	7,156	—	—	—	19,102	—
<b>Total revenues</b>	<b>209,422</b>	<b>74,106</b>	<b>49,110</b>	<b>86,018</b>	<b>40,374</b>	<b>1,531,712</b>
<b>Expenditures:</b>						
General government	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—
Public health	—	20,102	—	—	—	—
Public safety	93,457	4,959	42,060	69,408	—	1,074,122
Library	—	30,237	—	—	48,813	—
General administration	—	—	—	—	—	—
Capital outlay	16,020	8,670	7,050	—	—	—
Debt service:						
Interest and fiscal charges	—	—	—	—	—	—
<b>Total expenditures</b>	<b>109,477</b>	<b>63,968</b>	<b>49,110</b>	<b>69,408</b>	<b>48,813</b>	<b>1,074,122</b>
Excess (deficiency) of revenues over (under) expenditures	99,945	10,138	—	16,610	(8,439)	457,590
<b>Other financing sources (uses):</b>						
Transfers in	—	—	—	—	—	—
Transfers out	(110,000)	(8,088)	—	—	—	—
Proceeds from sale of capital assets	5,305	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>(104,695)</b>	<b>(8,088)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net change in fund balances</b>	<b>(4,750)</b>	<b>2,050</b>	<b>—</b>	<b>16,610</b>	<b>(8,439)</b>	<b>457,590</b>
Fund balance, October 1	450,115	1,583	—	60,355	88,149	291,090
Fund balance, September 30	\$ 445,365	\$ 3,633	\$ —	\$ 76,965	\$ 79,710	\$ 748,680

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, 2009

Special Revenue Funds						
Wireless 911 Fund	Judicial Efficiency Fund	Hotel/Motel Tax Fund	Technology Fund	Tax Increment Financing	Richardson Improvement Corporation	Total
\$ —	\$ —	\$ —	\$ —	\$ 502,425	\$ —	\$ 502,425
—	—	2,584,784	—	—	—	2,584,784
—	—	2,451,862	—	—	—	2,451,862
419,961	—	—	—	—	—	419,961
—	—	—	—	121,019	—	255,053
—	6,733	—	113,978	—	—	1,923,898
2,200	514	9,323	7,291	2,527	—	30,588
—	—	—	—	—	2,500	21,030
—	—	800	—	—	—	27,058
<u>422,161</u>	<u>7,247</u>	<u>5,046,769</u>	<u>121,269</u>	<u>625,971</u>	<u>2,500</u>	<u>8,216,659</u>
—	3,538	4,492,444	32,495	—	—	4,528,477
—	—	—	—	—	126,206	126,206
—	—	—	—	—	—	20,102
20,407	—	—	—	—	—	1,304,413
—	—	—	—	—	—	79,050
—	—	330,000	—	150,000	—	480,000
—	—	—	—	—	—	31,740
—	—	—	—	10,407	—	10,407
<u>20,407</u>	<u>3,538</u>	<u>4,822,444</u>	<u>32,495</u>	<u>160,407</u>	<u>126,206</u>	<u>6,580,395</u>
<u>401,754</u>	<u>3,709</u>	<u>224,325</u>	<u>88,774</u>	<u>465,564</u>	<u>(123,706)</u>	<u>1,636,264</u>
—	—	—	—	—	129,397	129,397
(400,000)	—	(800,000)	—	—	(2,500)	(1,320,588)
—	—	—	—	—	—	5,305
<u>(400,000)</u>	<u>—</u>	<u>(800,000)</u>	<u>—</u>	<u>—</u>	<u>126,897</u>	<u>(1,185,886)</u>
1,754	3,709	(575,675)	88,774	465,564	3,191	450,378
185,235	60,885	1,189,737	850,266	166,057	17,195	3,360,667
<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>

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Debt Service Fund

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
<b>Revenues:</b>				
General property taxes	\$ 21,108,001	\$ 20,875,813	\$ 21,083,614	\$ 207,801
Interest revenue	131,145	51,569	51,637	68
Other revenue	—	85,994	162,929	76,935
<b>Total revenues</b>	<b>21,239,146</b>	<b>21,013,376</b>	<b>21,298,180</b>	<b>284,804</b>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal retirement	12,521,601	12,789,120	12,307,568	481,552
Interest and fiscal charges	9,557,922	9,365,454	9,712,476	(347,022)
Payments for other obligations	44,554	42,304	252,093	(209,789)
<b>Total expenditures</b>	<b>22,124,077</b>	<b>22,196,878</b>	<b>22,272,137</b>	<b>(75,259)</b>
Excess of expenditures over revenues	(884,931)	(1,183,502)	(973,957)	209,545
<b>Other financing sources:</b>				
Transfers in	1,000,000	1,361,000	1,136,000	(225,000)
<b>Total other financing sources</b>	<b>1,000,000</b>	<b>1,361,000</b>	<b>1,136,000</b>	<b>(225,000)</b>
Net change in fund balance	115,069	177,498	162,043	(15,455)
Fund balances, October 1	1,701,788	1,806,740	1,785,304	(21,436)
Fund balances, September 30	\$ 1,816,857	\$ 1,984,238	\$ 1,947,347	\$ (36,891)

See accompanying notes independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Special Police Funds  
 Year ended September 30, 2009

	<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	\$ 175,000	\$ 91,596	\$ 184,932	\$ 93,336
Intergovernmental revenue	25,000	45,650	10,998	(34,652)
Contributions	5,000	2,500	2,770	270
Other revenue	20,000	4,500	7,156	2,656
Interest income	13,847	3,920	3,566	(354)
Total revenues	<u>238,847</u>	<u>148,166</u>	<u>209,422</u>	<u>61,256</u>
<b>Expenditures:</b>				
Public safety	103,820	98,686	93,457	5,229
Capital outlay	11,000	24,344	16,020	8,324
Total expenditures	<u>114,820</u>	<u>123,030</u>	<u>109,477</u>	<u>13,553</u>
Excess of revenues over expenditures	<u>124,027</u>	<u>25,136</u>	<u>99,945</u>	<u>74,809</u>
<b>Other financing sources (uses):</b>				
Transfers out	(170,000)	(110,000)	(110,000)	—
Proceeds from sale of capital assets	—	—	5,305	5,305
Total other financing sources (uses)	<u>(170,000)</u>	<u>(110,000)</u>	<u>(104,695)</u>	<u>5,305</u>
Net change in fund balance	<u>(45,973)</u>	<u>(84,864)</u>	<u>(4,750)</u>	<u>80,114</u>
Fund balances, October 1	<u>427,626</u>	<u>450,115</u>	<u>450,115</u>	<u>—</u>
Fund balances, September 30	<u>\$ 381,653</u>	<u>\$ 365,251</u>	<u>\$ 445,365</u>	<u>\$ 80,114</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – State Grant Funds

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ —	\$ 73,824	\$ 73,926	\$ 102
Interest income	—	—	180	180
<b>Total revenues</b>	<b>—</b>	<b>73,824</b>	<b>74,106</b>	<b>282</b>
<b>Expenditures:</b>				
Public health	32,206	33,662	20,102	13,560
Public safety	—	—	4,959	(4,959)
Library	—	—	30,237	(30,237)
Capital outlay	—	35,162	8,670	26,492
<b>Total expenditures</b>	<b>32,206</b>	<b>68,824</b>	<b>63,968</b>	<b>4,856</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(32,206)</b>	<b>5,000</b>	<b>10,138</b>	<b>5,138</b>
<b>Other financing sources (uses):</b>				
Transfers out	—	(6,583)	(8,088)	(1,505)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>(6,583)</b>	<b>(8,088)</b>	<b>(1,505)</b>
<b>Net change in fund balance</b>	<b>(32,206)</b>	<b>(1,583)</b>	<b>2,050</b>	<b>3,633</b>
Fund balances, October 1	32,206	1,583	1,583	—
Fund balances, September 30	\$ —	\$ —	\$ 3,633	\$ 3,633

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Municipal Court Security Fund  
 Year ended September 30, 2009

	<b>Budgeted amounts</b>		<b>Actual amounts</b>	<b>Variance with final budget-positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Fines and forfeitures	\$ 98,000	\$ 87,000	\$ 85,489	\$ (1,511)
Interest income	1,448	562	529	(33)
Total revenues	<u>99,448</u>	<u>87,562</u>	<u>86,018</u>	<u>(1,544)</u>
Expenditures:				
Public safety	<u>77,400</u>	<u>80,235</u>	<u>69,408</u>	<u>10,827</u>
Total expenditures	<u>77,400</u>	<u>80,235</u>	<u>69,408</u>	<u>10,827</u>
Excess of revenues over expenditures	<u>22,048</u>	<u>7,327</u>	<u>16,610</u>	<u>9,283</u>
Net change in fund balance	22,048	7,327	16,610	9,283
Fund balances, October 1	<u>57,900</u>	<u>60,355</u>	<u>60,355</u>	<u>—</u>
Fund balances, September 30	<u>\$ 79,948</u>	<u>\$ 67,682</u>	<u>\$ 76,965</u>	<u>\$ 9,283</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
**Budgetary Comparison Schedule – Library Fund**  
Year ended September 30, 2009

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget-positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions	\$ —	\$ 14,985	\$ 15,760	\$ 775
Fines and forfeitures	—	—	4,784	4,784
Other revenue	20,000	21,975	19,102	(2,873)
Interest income	2,849	792	728	(64)
Total revenues	<u>22,849</u>	<u>37,752</u>	<u>40,374</u>	<u>2,622</u>
Expenditures:				
Library	—	47,080	48,813	(1,733)
Total expenditures	<u>—</u>	<u>47,080</u>	<u>48,813</u>	<u>(1,733)</u>
Excess of revenues over expenditures	<u>22,849</u>	<u>(9,328)</u>	<u>(8,439)</u>	<u>889</u>
Net change in fund balance	22,849	(9,328)	(8,439)	889
Fund balances, October 1	<u>76,256</u>	<u>88,149</u>	<u>88,149</u>	<u>—</u>
Fund balances, September 30	<u>\$ 99,105</u>	<u>\$ 78,821</u>	<u>\$ 79,710</u>	<u>\$ 889</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Traffic Safety Fund

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines	\$ 285,000	\$ 1,186,557	\$ 1,527,982	\$ 341,425
Interest income	7,956	3,559	3,730	171
Total revenues	<u>292,956</u>	<u>1,190,116</u>	<u>1,531,712</u>	<u>341,596</u>
Expenditures:				
Public safety	289,999	1,089,332	1,074,122	15,210
Capital outlay	—	65,000	—	65,000
Total expenditures	<u>289,999</u>	<u>1,154,332</u>	<u>1,074,122</u>	<u>80,210</u>
Excess of revenues over expenditures	<u>2,957</u>	<u>35,784</u>	<u>457,590</u>	<u>421,806</u>
Net change in fund balance	2,957	35,784	457,590	421,806
Fund balances, October 1	<u>282,044</u>	<u>291,090</u>	<u>291,090</u>	<u>—</u>
Fund balances, September 30	<u>\$ 285,001</u>	<u>\$ 326,874</u>	<u>\$ 748,680</u>	<u>\$ 421,806</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Federal Grant Funds  
 Year ended September 30, 2009

	<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	\$ —	\$ 99,967	\$ 49,110	\$ (50,857)
Interest income	—	—	—	—
Total revenues	<u>—</u>	<u>99,967</u>	<u>49,110</u>	<u>(50,857)</u>
Expenditures:				
Public safety	—	99,967	42,060	57,907
Capital outlay	—	—	7,050	(7,050)
Total expenditures	<u>—</u>	<u>99,967</u>	<u>49,110</u>	<u>50,857</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	—	—	—	—
Fund balances, October 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, September 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Wireless 911  
 Year ended September 30, 2009

	<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>				
911 revenue	\$ 420,753	\$ 420,651	\$ 419,961	\$ (690)
Interest income	8,415	2,420	2,200	(220)
Total revenues	<u>429,168</u>	<u>423,071</u>	<u>422,161</u>	<u>(910)</u>
<b>Expenditures:</b>				
Public safety	<u>36,000</u>	<u>36,000</u>	<u>20,407</u>	<u>15,593</u>
Total expenditures	<u>36,000</u>	<u>36,000</u>	<u>20,407</u>	<u>15,593</u>
Excess of revenues over expenditures	<u>393,168</u>	<u>387,071</u>	<u>401,754</u>	<u>14,683</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(300,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>—</u>
Net change in fund balance	93,168	(12,929)	1,754	14,683
Fund balances, October 1	<u>167,325</u>	<u>185,235</u>	<u>185,235</u>	<u>—</u>
Fund balances, September 30	<u>\$ 260,493</u>	<u>\$ 172,306</u>	<u>\$ 186,989</u>	<u>\$ 14,683</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Judicial Efficiency Fund

Year ended September 30, 2009

	<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	\$ 7,200	\$ 6,800	\$ 6,733	\$ (67)
Interest income	1,678	547	514	(33)
Total revenues	<u>8,878</u>	<u>7,347</u>	<u>7,247</u>	<u>(100)</u>
<b>Expenditures:</b>				
General government	<u>8,500</u>	<u>5,550</u>	<u>3,538</u>	<u>2,012</u>
Total expenditures	<u>8,500</u>	<u>5,550</u>	<u>3,538</u>	<u>2,012</u>
Excess of revenues over expenditures	<u>378</u>	<u>1,797</u>	<u>3,709</u>	<u>1,912</u>
Net change in fund balance	378	1,797	3,709	1,912
Fund balances, October 1	<u>60,200</u>	<u>60,885</u>	<u>60,885</u>	<u>—</u>
Fund balances, September 30	<u>\$ 60,578</u>	<u>\$ 62,682</u>	<u>\$ 64,594</u>	<u>\$ 1,912</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**  
 Budgetary Comparison Schedule – Hotel-Motel Fund  
 Year ended September 30, 2009

	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	\$ 3,575,018	\$ 2,820,156	\$ 2,584,784	\$ 36,120	\$ 2,620,904	\$ (199,252)
Parking fees	180,000	176,317	176,154	—	176,154	(163)
Eisemann center revenues	1,978,417	2,270,082	2,275,708	—	2,275,708	5,626
Miscellaneous revenue	—	—	800	—	800	800
Interest income	28,196	14,950	9,323	—	9,323	(5,627)
<b>Total revenues</b>	<b>5,761,631</b>	<b>5,281,505</b>	<b>5,046,769</b>	<b>36,120</b>	<b>5,082,889</b>	<b>(198,616)</b>
<b>Expenditures:</b>						
<b>General government:</b>						
Arts	300,000	300,000	293,300	—	293,300	6,700
Miscellaneous	10,200	10,200	1,739	—	1,739	8,461
Auditorium – administrator	3,639,417	3,823,801	3,742,484	6,846	3,749,330	74,471
Parking garage	481,689	475,148	454,921	—	454,921	20,227
General administration	330,000	330,000	330,000	—	330,000	—
<b>Total expenditures</b>	<b>4,761,306</b>	<b>4,939,149</b>	<b>4,822,444</b>	<b>6,846</b>	<b>4,829,290</b>	<b>109,859</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,000,325</b>	<b>342,356</b>	<b>224,325</b>	<b>29,274</b>	<b>253,599</b>	<b>(88,757)</b>
<b>Other financing sources (uses):</b>						
Transfers out	(1,000,000)	(800,000)	(800,000)	—	(800,000)	—
<b>Total other financing sources (uses)</b>	<b>(1,000,000)</b>	<b>(800,000)</b>	<b>(800,000)</b>	<b>—</b>	<b>(800,000)</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>325</b>	<b>(457,644)</b>	<b>(575,675)</b>	<b>29,274</b>	<b>(546,401)</b>	<b>(88,757)</b>
Fund balances, October 1	753,060	922,078	1,189,737	(267,660)	922,077	(1)
<b>Fund balances, September 30</b>	<b>\$ 753,385</b>	<b>\$ 464,434</b>	<b>\$ 614,062</b>	<b>\$ (238,386)</b>	<b>\$ 375,676</b>	<b>\$ (88,758)</b>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Technology Fund

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 135,000	\$ 120,000	\$ 113,978	\$ (6,022)
Interest income	25,223	7,708	7,291	(417)
Total revenues	<u>160,223</u>	<u>127,708</u>	<u>121,269</u>	<u>(6,439)</u>
Expenditures:				
General government	46,000	40,037	32,495	7,542
Total expenditures	<u>46,000</u>	<u>40,037</u>	<u>32,495</u>	<u>7,542</u>
Excess of revenues over expenditures	<u>114,223</u>	<u>87,671</u>	<u>88,774</u>	<u>1,103</u>
Net change in fund balance	114,223	87,671	88,774	1,103
Fund balances, October 1	<u>855,760</u>	<u>850,266</u>	<u>850,266</u>	<u>—</u>
Fund balances, September 30	<u>\$ 969,983</u>	<u>\$ 937,937</u>	<u>\$ 939,040</u>	<u>\$ 1,103</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Tax Increment Financing

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
General property tax	\$ 506,907	\$ 506,907	\$ 502,425	\$ (4,482)
Intergovernmental revenue	119,953	121,019	121,019	—
Interest income	14,685	2,884	2,527	(357)
Total revenues	<u>641,545</u>	<u>630,810</u>	<u>625,971</u>	<u>(4,839)</u>
Expenditures:				
General administration	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>—</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>—</u>
Excess of revenues over expenditures	<u>491,545</u>	<u>480,810</u>	<u>475,971</u>	<u>(4,839)</u>
Debt service:				
Interest expense	<u>—</u>	<u>(10,407)</u>	<u>(10,407)</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>(10,407)</u>	<u>(10,407)</u>	<u>—</u>
Net change in fund balance	491,545	470,403	465,564	(4,839)
Fund balances, October 1	<u>164,474</u>	<u>166,057</u>	<u>166,057</u>	<u>—</u>
Fund balances, September 30	<u>\$ 656,019</u>	<u>\$ 636,460</u>	<u>\$ 631,621</u>	<u>\$ (4,839)</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Budgetary Comparison Schedule – Richardson Improvement Corporation

Year ended September 30, 2009

	Budgeted amounts		Actual amounts	Variance with final budget-positive (negative)
	Original	Final		
Revenues:				
Contributions	\$ —	\$ 2,500	\$ 2,500	\$ —
	<u>—</u>	<u>2,500</u>	<u>2,500</u>	<u>—</u>
Expenditures:				
Parks and recreation	129,397	129,397	126,206	3,191
Capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>129,397</u>	<u>129,397</u>	<u>126,206</u>	<u>3,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,397)</u>	<u>(126,897)</u>	<u>(123,706)</u>	<u>3,191</u>
Other financing sources:				
Transfers in	<u>129,397</u>	<u>129,397</u>	<u>126,897</u>	<u>(2,500)</u>
Total other financing sources	<u>129,397</u>	<u>129,397</u>	<u>126,897</u>	<u>(2,500)</u>
Net change in fund balance	<u>—</u>	<u>2,500</u>	<u>3,191</u>	<u>691</u>
Fund balances, October 1	<u>13,524</u>	<u>17,195</u>	<u>17,195</u>	<u>—</u>
Fund balances, September 30	<u>\$ 13,524</u>	<u>\$ 19,695</u>	<u>\$ 20,386</u>	<u>\$ 691</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Nonmajor Governmental Funds – Internal Service Funds

September 30, 2009

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, 2009

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 171,110	\$ 3,273,219	\$ 3,444,329
Interest receivable	—	899	899
Accounts receivable	—	43,005	43,005
Inventory of supplies, at cost	169,524	—	169,524
Prepaid items	—	26,330	26,330
Total current assets	<u>340,634</u>	<u>3,343,453</u>	<u>3,684,087</u>
Capital assets:			
Land	56,011	—	56,011
Buildings	259,990	—	259,990
Improvements	23,023	—	23,023
Vehicles, machinery, and equipment	268,859	—	268,859
Total capital assets	607,883	—	607,883
Less accumulated depreciation	<u>(548,757)</u>	<u>—</u>	<u>(548,757)</u>
Total capital assets, net of accumulated depreciation	<u>59,126</u>	<u>—</u>	<u>59,126</u>
Total assets	<u>399,760</u>	<u>3,343,453</u>	<u>3,743,213</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	22,200	218,502	240,702
Accrued liabilities	4,919	4,289	9,208
Compensated absences	3,277	2,114	5,391
Unpaid claims liabilities	—	700,000	700,000
Total current liabilities	<u>30,396</u>	<u>924,905</u>	<u>955,301</u>
Noncurrent liabilities:			
Compensated absences	33,133	21,379	54,512
Post employment benefits	77,202	29,484	106,686
Total concurrent liabilities	<u>110,335</u>	<u>50,863</u>	<u>161,198</u>
Total liabilities	<u>140,731</u>	<u>975,768</u>	<u>1,116,499</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	59,126	—	59,126
Unrestricted	199,903	2,367,685	2,567,588
Total net assets	<u>\$ 259,029</u>	<u>\$ 2,367,685</u>	<u>\$ 2,626,714</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, 2009

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 266,710	\$ —	\$ 266,710
City and employee contributions	25,000	10,731,324	10,756,324
Intergovernmental revenue	—	77,366	77,366
Miscellaneous	—	6,005	6,005
	<hr/>	<hr/>	<hr/>
Total operating revenues	291,710	10,814,695	11,106,405
Operating expenses:			
Personal services	293,616	219,982	513,598
Premiums	—	357,321	357,321
Professional and technical services	3,816	601,180	604,996
Property services	96,542	—	96,542
Other purchased services	253	60,555	60,808
Insurance claims	—	9,038,159	9,038,159
Supplies	14,991	2,013	17,004
Depreciation	3,938	—	3,938
	<hr/>	<hr/>	<hr/>
Total operating expenses	413,156	10,279,210	10,692,366
Operating income (loss)	<hr/> (121,446)	<hr/> 535,485	<hr/> 414,039
Nonoperating revenues:			
Interest revenue	3,053	17,430	20,483
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	3,053	17,430	20,483
Change in net assets	<hr/> (118,393)	<hr/> 552,915	<hr/> 434,522
Net assets, October 1	<hr/> 377,422	<hr/> 1,814,770	<hr/> 2,192,192
Net assets, September 30	\$ <hr/> 259,029	\$ <hr/> 2,367,685	\$ <hr/> 2,626,714

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Combining Statement of Cash Flows – All Internal Service Funds

Year ended September 30, 2009

	<u>Central Services Fund</u>	<u>Insurance and Flexible Spending Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from service users	\$ 291,845	\$ —	\$ 291,845
Cash received from city, employee, and other contributions	—	10,814,693	10,814,693
Cash payments for premiums and other operating expenses	(117,268)	(856,549)	(973,817)
Cash payments to employees	(266,467)	(203,921)	(470,388)
Cash payments for claims	—	(8,953,730)	(8,953,730)
Net cash provided by (used in) operating activities	<u>(91,890)</u>	<u>800,493</u>	<u>708,603</u>
Cash flows from investing activity:			
Interest received on investments	<u>3,051</u>	<u>16,534</u>	<u>19,585</u>
Net cash provided by investing activity	<u>3,051</u>	<u>16,534</u>	<u>19,585</u>
Net increase (decrease) in cash and cash equivalents	<u>(88,839)</u>	<u>817,027</u>	<u>728,188</u>
Cash and cash equivalents, October 1	<u>259,949</u>	<u>2,456,192</u>	<u>2,716,141</u>
Cash and cash equivalents, September 30	<u>\$ 171,110</u>	<u>\$ 3,273,219</u>	<u>\$ 3,444,329</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (121,446)	\$ 535,485	\$ 414,039
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,938	—	3,938
Changes in assets and liabilities:			
Decrease in inventory of supplies, at cost	166	—	166
Increase (decrease) in other receivables	133	(856)	(723)
Decrease in prepaid items	—	(19,585)	(19,585)
Increase (decrease) in accounts payable	(1,831)	184,103	182,272
Decrease in accrued liabilities	(189)	(114,439)	(114,628)
Increase in unpaid claims liabilities	—	200,000	200,000
Increase (decrease) in compensated absences	(5,787)	993	(4,794)
Increase in other post-employment benefits	33,126	14,792	47,918
Total adjustments	<u>29,556</u>	<u>265,008</u>	<u>294,564</u>
Net cash provided by (used for) operating activities	<u>\$ (91,890)</u>	<u>\$ 800,493</u>	<u>\$ 708,603</u>
Reconciliation of cash and cash equivalents to the statement of net assets:			
Total cash and investments per the statement of net assets	\$ 171,110	\$ 3,273,219	\$ 3,444,329
Cash and cash equivalents at September 30, 2009	<u>\$ 171,110</u>	<u>\$ 3,273,219</u>	<u>\$ 3,444,329</u>

See accompanying independent auditors' report.

**CITY OF RICHARDSON, TEXAS**

Statistical Section

September 30, 2009

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.

	<u>Pages</u>
<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.	99 – 104
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	105 – 108
<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.	109 – 113
<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.	114 – 115
<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.	116 – 118

**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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Table 1

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

	Fiscal year							
	2002	2003	2004	2005	2006	2007	2008	2009
<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
Restricted	9,829	5,629	4,575	7,033	5,720	12,504	6,295	22,864
Unrestricted	6,320	7,956	16,140	10,514	21,045	26,098	8,487	903
<b>Total governmental activities net assets</b>	<b>\$ 129,931</b>	<b>\$ 128,748</b>	<b>\$ 123,791</b>	<b>\$ 124,679</b>	<b>\$ 130,415</b>	<b>\$ 139,780</b>	<b>\$ 133,162</b>	<b>\$ 129,420</b>
<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
Restricted	13,571	10,275	1,921	2,312	5,013	2,990	3,627	3,873
Unrestricted	5,501	3,934	12,727	14,320	18,578	16,018	14,566	17,625
<b>Total business-type activities net assets</b>	<b>\$ 77,541</b>	<b>\$ 76,770</b>	<b>\$ 77,500</b>	<b>\$ 76,704</b>	<b>\$ 84,914</b>	<b>\$ 81,171</b>	<b>\$ 77,687</b>	<b>\$ 76,552</b>
<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
Restricted	23,400	15,904	6,496	9,345	10,733	15,494	9,922	26,737
Unrestricted	11,821	11,890	28,867	24,834	39,623	42,116	23,053	18,528
<b>Total primary government net assets</b>	<b>\$ 207,472</b>	<b>\$ 205,518</b>	<b>\$ 201,291</b>	<b>\$ 201,383</b>	<b>\$ 215,329</b>	<b>\$ 220,951</b>	<b>\$ 210,849</b>	<b>\$ 205,972</b>

Table 2

## CITY OF RICHARDSON, TEXAS

## Changes in Net Assets

Last eight fiscal years

(In thousands)

(Accrual basis of accounting)

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

(Continued)

Table 2

## CITY OF RICHARDSON, TEXAS

## Changes in Net Assets

Last eight fiscal years

(In thousands)

(Accrual basis of accounting)

	Fiscal year							
	2002	2003	2004	2005	2006	2007	2008	2009
Net (expense) revenue:								
Governmental activities	\$ (64,483)	\$ (76,547)	\$ (80,112)	\$ (83,386)	\$ (85,158)	\$ (90,422)	\$ (105,563)	\$ (99,736)
Business-type activities	2,113	(1,140)	470	(1,464)	7,062	(5,223)	(4,586)	(2,179)
Total primary government net expense	\$ (62,370)	\$ (77,687)	\$ (79,642)	\$ (84,850)	\$ (78,096)	\$ (95,645)	\$ (110,149)	\$ (101,915)
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
Sales taxes	18,956	19,337	20,170	21,046	21,923	23,646	23,286	20,815
Other taxes	2,588	2,554	2,925	2,832	3,302	3,540	3,719	2,986
Franchise fees	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206
Interest earnings	1,423	669	1,317	1,698	3,370	6,260	4,904	2,298
Insurance and other recoveries	—	—	—	2,500	—	173	—	—
Transfers in (out)	—	—	—	—	—	—	(117)	(19)
Gain on sale of assets	—	—	—	1,272	109	1,160	18	134
Total governmental activities	73,746	75,364	75,155	84,274	90,894	99,787	98,945	95,994
Business-type activities:								
Interest earnings	641	318	199	425	871	1,317	868	295
Insurance and other recoveries	—	—	—	194	—	30	—	—
Transfers in (out)	—	—	—	—	—	—	117	19
Gain on sale of assets	4	51	61	49	277	133	117	730
Total business-type activities	645	369	260	668	1,148	1,480	1,102	1,044
Total primary government	\$ 74,391	\$ 75,733	\$ 75,415	\$ 84,942	\$ 92,042	\$ 101,267	\$ 100,047	\$ 97,038
Change in net assets:								
Governmental activities	\$ 9,263	\$ (1,183)	\$ (4,957)	\$ 888	\$ 5,736	\$ 9,365	\$ (6,618)	\$ (3,742)
Business-type activities	2,758	(771)	730	(796)	8,210	(3,743)	(3,484)	(1,135)
Total primary government	\$ 12,021	\$ (1,954)	\$ (4,227)	\$ 92	\$ 13,946	\$ 5,622	\$ (10,102)	\$ (4,877)

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Table 3

## CITY OF RICHARDSON, TEXAS

## Fund Balances, Governmental Funds

Last ten fiscal years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
Reserved for other *	\$ 805	\$ 642	\$ 637	\$ 715	\$ 771	\$ 954	\$ 935	\$ 949	\$ 986	\$ 600
Unreserved	10,989	11,561	11,520	11,703	12,408	13,062	14,208	14,562	15,259	15,244
Total general fund	<u>\$ 11,794</u>	<u>\$ 12,203</u>	<u>\$ 12,157</u>	<u>\$ 12,418</u>	<u>\$ 13,179</u>	<u>\$ 14,016</u>	<u>\$ 15,143</u>	<u>\$ 15,511</u>	<u>\$ 16,245</u>	<u>\$ 15,844</u>
All other governmental funds:										
Reserved for:										
Capital projects	\$ 58,123	\$ —	\$ 4,025	\$ 5,323	\$ 4,187	\$ 26,233	\$ 72,217	\$ 55,910	\$ 36,223	\$ 19,375
Debt service	5,622	2,396	2,210	2,451	1,481	2,010	1,452	2,116	1,785	1,947
Other *	—	51	6,812	5,502	1,530	2,719	4,431	13,897	27,021	16,799
Unreserved, reported in:										
Special revenue funds	4,541	6,116	3,830	2,119	2,322	2,051	2,703	3,153	3,292	3,779
Capital funds	—	39,177	4,133	1,334	161	2,670	8,751	11,784	2,191	1,030
Total all other governmental funds	<u>\$ 68,286</u>	<u>\$ 47,740</u>	<u>\$ 21,010</u>	<u>\$ 16,729</u>	<u>\$ 9,681</u>	<u>\$ 35,683</u>	<u>\$ 89,554</u>	<u>\$ 86,860</u>	<u>\$ 70,512</u>	<u>\$ 42,930</u>

\* Includes prepaid items, inventory, and encumbrances

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

	Fiscal year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
General property taxes	\$ 32,873	\$ 35,683	\$ 39,625	\$ 40,858	\$ 41,694	\$ 44,615	\$ 46,493	\$ 53,631	\$ 55,101	\$ 57,814
Franchise fees	9,680	10,120	11,244	10,837	10,020	10,353	15,640	11,231	11,871	12,206
Sales tax	24,995	23,473	18,956	19,337	20,170	21,046	21,923	23,646	23,286	23,070
Mixed beverage and Bingo Tax	291	356	298	301	308	317	353	372	406	401
Hotel/motel taxes	2,778	2,844	2,290	2,254	2,617	2,515	2,949	3,168	3,314	2,585
911 Revenue	1,338	1,440	1,512	1,360	1,332	1,319	1,308	1,316	1,336	1,377
Intergovernmental revenue	4,191	621	5,371	1,962	1,664	1,458	1,664	4,071	3,312	8,366
Licenses and permits	1,545	1,612	1,403	1,613	1,426	1,563	1,161	1,865	1,506	1,375
Fines and forfeitures	3,524	3,706	4,565	4,321	4,546	4,100	4,208	4,587	5,008	5,550
Interest revenue	4,202	4,366	1,471	662	1,314	1,652	3,221	6,087	4,820	2,278
Civic center use	238	249	210	236	186	231	237	286	384	334
Eisemann center revenue (1)	—	—	348	933	1,207	1,520	1,571	1,422	1,936	2,452
Recreation and leisure	2,378	2,799	2,149	2,454	2,490	2,563	2,679	2,796	2,898	2,891
Rents (2)	—	—	921	1,039	12	16	26	12	59	79
Public safety (2)	—	—	997	1,311	1,334	1,263	1,480	1,549	1,672	1,759
Special assessments	355	—	—	—	—	—	—	—	—	—
Contributions	6,552	7,368	7,109	2,222	897	951	2,743	2,150	565	138
Participation	56	493	271	237	39	53	152	164	104	56
Other revenue	2,120	2,448	836	1,236	1,124	828	533	853	1,055	864
General administration	4,856	5,503	5,369	5,156	5,589	5,602	5,738	6,643	6,968	6,932
<b>Total revenues</b>	<b>101,972</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>Expenditures:</b>										
General government	18,921	20,079	19,919	24,012	23,957	24,248	26,006	27,960	32,311	29,260
Public safety	27,157	28,840	29,048	28,021	29,699	32,909	33,002	35,186	36,507	38,860
Public services	10,582	11,752	12,188	11,568	12,153	12,680	12,875	13,938	17,328	19,542
Library	2,309	2,397	2,511	2,690	2,487	2,533	2,568	3,393	3,407	3,640
Parks and recreation	8,569	8,988	8,879	9,178	9,202	9,749	10,343	10,756	11,026	11,049
Public health	1,000	1,032	1,043	1,100	1,156	1,202	1,245	1,311	1,315	1,401
General administration	150	545	458	415	430	230	255	291	427	480
Capital outlay	34,774	54,653	50,295	19,857	8,696	6,262	14,808	20,699	27,552	37,125
<b>Debt service:</b>										
Principal retirement	7,304	7,151	8,626	9,060	9,354	16,588	7,887	10,241	11,311	12,308
Interest and fiscal charges	7,156	11,470	11,150	8,150	7,841	7,094	7,849	10,489	10,183	9,620
Payments for other obligations	106	103	116	351	267	544	615	456	474	2,690
Issuance costs	1,173	75	311	220	197	527	1,054	29	33	219
<b>Total expenditures</b>	<b>119,201</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>Deficiency of revenues under expenditures</b>	<b>(17,229)</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>

Table 4

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

Last ten fiscal years

(In thousands)

	Fiscal year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses):										
Transfers in	\$ 2,500	1,607	5,180	5,066	3,089	20,840	7,958	6,740	4,916	4,030
Transfer out	(3,657)	(1,643)	(5,180)	(5,066)	(3,089)	(20,840)	(7,958)	(6,740)	(5,033)	(4,049)
Issuance of certificates of obligation	50,870	12,135	7,524	4,600	—	2,790	2,640	3,220	4,500	5,370
Issuance of general obligation bonds	8,125	11,335	5,000	3,000	—	22,925	53,775	—	5,933	—
Issuance of refunding bonds	—	—	10,762	9,443	11,910	10,050	25,665	—	—	14,460
Issuance of other obligations	—	260	19	4,531	666	197	61	1,592	—	1,740
Premium on bonds	—	—	—	50	—	2,604	3,016	—	—	772
Discount on bonds	—	—	—	(25)	(31)	—	—	—	—	—
Payment to refunded bond escrow agent	—	—	(10,622)	(9,384)	(11,682)	(10,620)	(26,397)	—	—	(14,992)
Lease payments	—	—	—	—	183	84	—	—	—	—
Insurance and other recoveries	—	—	—	—	—	2,500	—	173	218	127
Proceeds from sale of capital assets	335	176	140	58	139	8,910	667	1,589	125	226
<b>Total other financing sources</b>	<b>58,173</b>	<b>23,870</b>	<b>12,823</b>	<b>12,273</b>	<b>1,185</b>	<b>39,440</b>	<b>59,427</b>	<b>6,574</b>	<b>10,659</b>	<b>7,684</b>
<b>Net change in fund balances</b>	<b>\$ 40,944</b>	<b>\$ (20,134)</b>	<b>\$ (26,776)</b>	<b>\$ (4,020)</b>	<b>\$ (6,285)</b>	<b>\$ 26,839</b>	<b>\$ 54,999</b>	<b>\$ (2,326)</b>	<b>\$ (15,614)</b>	<b>\$ (27,983)</b>
Debt service as a percentage of noncapital expenditures	18.6%	20.3%	21.4%	18.8%	18.3%	22.9%	16.8%	18.6%	17.7%	19.2%

## 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

<b>Fiscal year ended September 30</b>	<b>Residential property</b>	<b>Commercial property</b>	<b>Industrial property</b>	<b>Less total exemptions/ reductions</b>	<b>Total taxable assessed value</b>	<b>Total direct tax rate</b>
2000	\$ 3,068,519,867	\$ 4,219,348,735	\$ 734,855,646	\$ 683,107,485	\$ 7,339,616,763	\$ 0.44385
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

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							
	Basic rate	General obligation debt service	Total direct	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
2000	\$ 0.249000	\$ 0.194850	\$ 0.443850	\$ 1.648600	\$ 0.250000	\$ 0.096723	\$ 1.579200	\$ 0.196000	\$ 0.196000	\$ 0.050000	\$ 0.005699
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

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	2009			2000		
	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	\$ 226,078,460	1	2.28%	\$ —		—%
Nortel Networks	150,988,174	2	1.52	211,364,760	3	2.88
Verizon	112,009,327	3	1.13	—		—
Bank of America	109,344,405	4	1.10	—		—
CISCO Systems	105,922,095	5	1.07	—		—
Texas Instruments	103,804,875	6	1.05	—		—
IBM	81,271,357	7	0.82	—		—
Equastone	71,428,140	8	0.72	—		—
Fujitsu	61,356,032	9	0.62	185,188,031	4	2.52
Oncor	56,044,980	10	0.57	—		—
Crescent Real Estate	—		—	84,586,694	7	1.15
TXU/Texas Utilities Electric	—		—	45,311,367	10	0.62
MCI	—		—	238,332,984	2	3.25
Alcatel	—		—	274,837,870	1	3.74
Southwestern Bell	—		—	141,075,823	5	1.92
Ericsson	—		—	93,571,300	6	1.27
Rockwell Collins	—		—	49,541,260	9	0.67
Trinet	—		—	60,078,660	8	0.82
Hewlett Packard	—		—	—		—
Cyrix Corporation	—		—	—		—
Total	\$ <u>1,078,247,845</u>		<u>10.88%</u>	\$ <u>1,383,888,749</u>		<u>18.84%</u>

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

Note:

(a) Total Taxable Value October 1, 2008 = \$9,914,847,711.

(b) Total Taxable Value October 1, 1999 = \$7,339,616,763.

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
2000	\$ 32,751,351	\$ 32,496,666	99.22%	\$ 211,159	\$ 32,707,825	99.87%
2001	35,658,943	35,157,349	98.59	391,705	35,549,054	99.69
2002	39,314,044	38,854,859	98.83	381,335	39,236,194	99.80
2003	41,759,918	40,275,196	96.44	1,347,990	41,623,186	99.67
2004	40,265,451	39,847,436	98.96	319,351	40,166,787	99.75
2005	44,019,499	43,626,251	99.11	305,691	43,931,942	99.80
2006	46,151,287	45,714,602	99.05	389,938	46,104,540	99.90
2007	53,459,507	52,971,881	99.09	423,985	53,395,866	99.88
2008	54,717,209	54,343,141	99.32	(19,755)	54,323,386	99.28
2009	57,082,055	56,660,641	99.26	—	56,660,641	99.26

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 obligation			
2000	\$ 78,535,897	\$ 63,293,467	\$ 643,254	\$ 3,040,000	\$ 1,477,381	\$ 11,916,814	\$ 1,418,723	\$ 160,325,536	6.68%	\$ 1,761
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

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		
2000	\$ 78,536	\$ 24,023	\$ 102,559	1.40%	\$ 1,126
2001	84,945	33,964	118,909	1.50	1,283
2002	84,554	67,784	152,338	1.73	1,612
2003	83,723	67,478	151,201	1.72	1,581
2004	89,280	54,009	143,289	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

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, 2009

Governmental unit	Debt outstanding	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes:			
Richardson Independent School District	\$ 426,809,988	37.63%	\$ 160,608,598
Plano Independent School District	963,117,453	9.34	89,955,170
Dallas County	138,531,552	3.45	4,779,339
Dallas County Hospital District	705,000,000	3.45	24,322,500
Dallas County Community College District	387,260,000	3.45	13,360,470
Collin County	409,395,000	4.60	18,832,170
Collin County Community College District	48,345,000	4.60	2,223,870
Subtotal, overlapping debt			314,082,117
City direct debt			189,733,857
Total direct and overlapping debt			\$ 503,815,974

Source: First Southwest Company.

Table 12

**CITY OF RICHARDSON, TEXAS**  
**Legal Debt Margin Information**  
 Last ten fiscal years

	<u>2000</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>
Debt limit	\$ 1,100,942,514	\$ 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
Total net debt applicable to limit	<u>141,829,364</u>	<u>158,179,351</u>	<u>161,967,670</u>	<u>160,566,025</u>	<u>152,368,572</u>	<u>161,563,490</u>	<u>211,013,454</u>	<u>203,992,386</u>	<u>197,181,425</u>	<u>189,733,857</u>
Legal debt margin	<u>\$ 959,113,150</u>	<u>\$ 1,031,835,602</u>	<u>\$ 1,159,220,795</u>	<u>\$ 1,161,613,826</u>	<u>\$ 1,116,399,531</u>	<u>\$ 1,088,236,039</u>	<u>\$ 1,094,596,535</u>	<u>\$ 1,182,702,977</u>	<u>\$ 1,225,192,243</u>	<u>\$ 1,284,273,320</u>
Total net debt applicable to the limit as a percentage of debt limit	12.88%	13.29%	12.26%	12.14%	12.01%	12.93%	16.16%	14.71%	13.86%	12.87%

CITY OF RICHARDSON, TEXAS

Pledged-Revenue Coverage

Last ten fiscal years

Fiscal year	Water Revenue Bonds						Coverage
	Utility service charge	Less operating expenses	Net available revenue	Debt service		Accreted value	
				Principal	Interest		
2000							
2001	31,930,164	25,723,469	6,206,695	815,000	221,813	—	5.88
2002	30,238,213	25,241,283	4,996,930	870,000	173,008	—	4.73
2003	30,938,820	26,919,553	4,019,267	920,000	120,057	—	3.80
2004	31,007,303	27,909,907	3,097,396	69,467	988,770	925,533	2.86
2005	32,935,195	28,465,878	4,469,317	64,989	994,124	935,011	2.24
2006	34,268,319	30,302,699	3,965,620	60,544	129,443	74,455	15.00
2007	44,670,913	32,241,222	12,429,691	65,000	50,937	—	107.21
2008	35,747,318	34,112,347	1,634,971	65,000	48,012	—	14.47
2009	41,071,623	37,662,979	3,408,644	70,000	45,088	—	29.62
	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)	
2000	91,050	\$ 2,399,680	\$ 26,356	37.0	35,218	46,115	2.3%
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

Sources:

- (1) NCTCOG as of January, 2009.
- (2) Information compiled from NCTCOG and the Texas Association of Counties.
- (3) Richardson Economic Development Partnership.
- (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	2009			2000		
	Employees (1)	Rank	Percentage of total city employment (2)	Employees (3)	Rank	Percentage of total city employment (4)
Richardson ISD	4,900	1	8.77%	3,810	3	7.44%
Nortel Networks	3,000	2	5.37	10,000	1	19.53
University of Texas at Dallas	2,830	3	5.07	1,879	8	3.67
Verizon Business/Worldcom	2,256	4	4.04	5,500	2	10.74
Blue Cross and Blue Shield of Texas	1,890	5	3.38	3,000	5	5.86
Bank of America Financial	1,774	6	3.18	—	—	—
Credit Solutions	1,400	7	2.51	—	—	—
AT&T (SBC in 2000)	1,300	8	2.33	3,400	4	6.64
Hewlett-Packard	1,200	9	2.15	—	—	—
American Pad and Paper	1,200	10	2.15	—	—	—
Fujitsu Network Communications	1,150	11	2.06	2,400	7	4.69
Bank of America Home Loans	1,127	12	2.02	—	—	—
Furmanite Corp	1,034	13	1.85	—	—	—
Lennox International Inc.	1,000	14	1.79	—	—	—
City of Richardson	986	15	1.76	—	—	—
Cisco Systems	—	—	—	1,000	9	1.95
Alcatel USA	—	—	—	1,000	10	1.95
Ericsson, Inc.	—	—	—	2,900	6	5.66
<b>Total</b>	<b>27,047</b>		<b>48.43%</b>	<b>34,889</b>		<b>68.13%</b>

Source:

- (1) NCTCOG
- (2) NCTCOG – Total Workforce 55,873 for 2009.
- (3) 2000 Official Statement, Bond Counsel; Richardson Chamber of Commerce.
- (4) NCTCOG – Total Workforce 51,213 for 2000.

Table 16

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

Function/program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	132	138	153	153	144	148	149	152	155	143
Public safety	412	419	410	391	392	390	393	398	398	397
Public services	149	155	157	143	139	141	142	146	153	156
Library	37	37	36	34	33	33	33	34	35	35
Parks and recreation	92	93	101	91	87	82	83	83	84	78
Public health	16	16	16	15	15	15	15	16	16	15
Water	61	62	62	59	61	58	56	58	61	64
Wastewater	10	10	11	11	11	11	11	11	12	12
Solid waste	58	59	58	57	57	57	57	61	61	70
Golf	17	17	18	17	16	16	16	16	16	16
Total	984	1,006	1,022	971	955	951	955	975	991	986

Source: City Budget Office.

Table 17

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety:										
Police:										
Number of employees	265	265	259	243	244	244	243	248	249	246
Number of violations (citations)	41,930	45,160	52,773	46,772	40,895	42,588	39,972	39,361	49,008	42,137
Fire:										
Number of employees	147	154	151	148	148	146	150	150	149	151
Public services:										
Street resurfacing (miles)	3	0	0	2	2	0	8	2	1	—
Asphalt repairs (tons)	4,463	2,734	5,281	1,665	4,217	2,374	1,252	1,403	7,683	1,322
Parks and recreation:										
Acreage	1,278	1,278	1,278	1,278	1,598	1,598	1,598	1,598	865	865
Library:										
Volumes in collection	187,864	196,188	205,858	221,636	227,328	236,479	247,059	250,035	262,208	251,535
Water and sewer:										
Number of water consumers	31,140	31,602	31,146	31,681	32,334	32,499	32,626	32,318	32,064	31,751
Average daily water consumption (thousands of gallons)	26,420	27,800	27,280	24,100	32,280	33,761	31,342	27,401	27,540	23,622
Number of sewer consumers	31,245	30,840	31,146	31,681	32,334	31,644	31,675	31,713	31,518	31,274
Solid waste:										
Refuse collected (tons/day)	125	128	133	136	133	175	165	162	162	149
Bulky/brush pickups (tons/day)	38	40	34	34	41	54	53	60	67	60
Recyclables collected (tons/day)	18	19	27	18	17	17	18	18	20	22
Golf:										
Number of rounds played	130,381	71,213	97,174	92,751	97,500	91,944	100,750	94,825	102,584	100,266

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Public safety:</b>										
Police stations	2	2	2	2	2	2	2	2	2	2
Police units	33	34	33	40	40	40	40	41	46	46
Fire stations	5	6	6	6	6	6	6	6	6	6
<b>Public works:</b>										
Streets- paved (miles)	402	407	415	414	400	400	401	402	402	405
Alleys – paved (miles)	212	214	215	220	218	221	221	222	223	223
Sidewalks (miles)	527	548	548	569	569	593	593	593	585	585
Streetlights	5,630	5,630	5,630	5,630	5,640	6,022	6,036	6,036	6,120	6,159
<b>Parks and recreation:</b>										
Parks	29	29	30	30	30	30	30	30	30	30
Playgrounds	26	26	26	26	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	435	509	517	531	554	551	555	559	563
Fire hydrants	3,128	3,128	3,287	3,385	3,685	3,839	3,893	3,963	4,062	4,056
<b>Wastewater:</b>										
Sanitary sewers (miles)	478	478	384	395	406	406	495	495	499	499

Source: City Departments

Notes:

Data for police units after 1999 are for patrol units only.  
 Data for sidewalks is updated every two years.

