This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

HTS Continuing Disclosure Services
A Division of Hilltop Securities.

Dated: April 11, 2024

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

$67,530,000*
CITY OF RICHARDSON, TEXAS
(Dallas and Collin Counties)
GENERAL OBLIGATION BONDS, SERIES 2024

Dated Date: Date of Delivery — **Due: February 15, as shown on page 2**
Interest to Accrue from Date of Delivery

PAYMENT TERMS. . . Interest on the $67,530,000* City of Richardson, Texas, General Obligation Bonds, Series 2024 (the "Bonds", and together with the $20,955,000* City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024 [the "Certificates"] being offered herein, collectively known as the "Obligations") will accrue from the Date of Delivery (as defined herein), will be payable February 15 and August 15 of each year commencing February 15, 2025, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE OBLIGATIONS – Book -Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE OBLIGATIONS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Bonds are issued by the City of Richardson, Texas (the "City") pursuant to the Texas Constitution, the City's Home Rule Charter and general laws of the State of Texas (the "State"), including particularly Texas Government Code, as amended, Chapters 1331 and 1371, and elections held on November 2, 2021 and May 6, 2023, and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance"). In the Bond Ordinance scheduled to be adopted on April 22, 2024, the City Council will delegate to an officer of the City, pursuant to certain provisions of Texas Government Code, as amended, Chapter 1371, authority to effect the sale of the Bonds and to establish certain terms related to the issuance and sale of the Bonds. The terms of the sale of the Bonds will be included in a "Bonds Pricing Certificate" which will complete the sale of the Bonds (the ordinance authorizing the issuance of the Bonds and the Bonds Pricing Certificate are collectively referred to as the "Ordinance") (see "THE OBLIGATIONS – Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Bonds will be used for (i) acquiring, constructing, improving and maintaining streets, thoroughfares and alleyways within the City, traffic signalization and signage and traffic management equipment; (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor, to-wit: City Hall and the Richardson Public Library; (iii) constructing, improving, extending, and repairing sidewalks and related improvements, (iv) planning, designing, constructing, improving, renovating, repairing, replacing, and expanding flood protection and storm drainage facilities and improvements, erosion control, including necessary and appropriate relocation of utilities and the acquisition of land related thereto, (v) designing, acquiring, constructing, renovating, improving, and equipping the City parks (including passive parks and open space improvements), and acquiring lands, interests in lands, and rights-of-way related thereto, and (vi) paying the costs of issuance in connection with issuing the Bonds.

CUSIP PREFIX: 763227 - MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

SEPARATE ISSUES. . . The Obligations are being offered concurrently by the City under a common Preliminary Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on May 22, 2024 (the "Date of Delivery").

STIFEL

BOK FINANCIAL SECURITIES, INC. — **RAYMOND JAMES**

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP [(1)] Prefix: 763227

$67,530,000* GENERAL OBLIGATION BONDS, SERIES 2024

Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]	Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]
$ 11,095,000	2025				$ 2,890,000	2035			
1,970,000	2026				3,015,000	2036			
2,060,000	2027				3,150,000	2037			
2,150,000	2028				3,285,000	2038			
2,240,000	2029				3,425,000	2039			
2,340,000	2030				3,575,000	2040			
2,440,000	2031				3,730,000	2041			
2,545,000	2032				3,895,000	2042			
2,655,000	2033				4,060,000	2043			
2,770,000	2034				4,240,000	2044			

(Interest to accrue from the Date of Delivery)

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OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds maturing on and after February 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – Optional Redemption”).

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* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

Dated: April 11, 2024

Ratings:
Moody's: "Aaa"
S&P: "AAA"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

$20,955,000*
CITY OF RICHARDSON, TEXAS
(Dallas and Collin Counties)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: Date of Delivery **Due: February 15, as shown on page 4**
Interest to Accrue from Date of Delivery

PAYMENT TERMS. . . Interest on the $20,955,000* City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates," and together with the $67,530,000* City of Richardson, Texas, General Obligation Bonds, Series 2024 [the "Bonds"] being offered herein, collectively known as the "Obligations") will accrue from the Date of Delivery (as defined herein), will be payable February 15 and August 15 of each year commencing February 15, 2025, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE OBLIGATIONS – Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE OBLIGATIONS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Certificates are issued by the City of Richardson, Texas (the "City") pursuant to the Texas Constitution, the City's Home Rule Charter, and the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Texas Government Code, as amended, Chapter 1371 ("Chapter 1371") and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge of the net revenues of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance"). In the Certificate Ordinance scheduled to be adopted on April 22, 2024, the City Council will delegate to an officer of the City, pursuant to certain provisions of Chapter 1371, authority to effect the sale of the Certificates and to establish certain terms related to the issuance and sale of the Certificates. The terms of the sale of the Certificates will be included in a "Certificates Pricing Certificate" which will complete the sale of the Certificates (the Certificate Ordinance and the Certificates Pricing Certificate are collectively referred to as the "CO Ordinance") (see "THE OBLIGATIONS – Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping the existing municipal library; (ii) acquiring vehicles and equipment for the solid waste and fire departments; (iii) improving and extending the City's water and sewer system; and (iv) professional services rendered in connection therewith.

CUSIP PREFIX: 763227 - MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 4

SEPARATE ISSUES. . . The Obligations are being offered concurrently by the City under a common Preliminary Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on May 22, 2024 (the "Date of Delivery").

STIFEL

BOK FINANCIAL SECURITIES, INC. **RAYMOND JAMES**

* Preliminary, subject to change.

MATURITY SCHEDULE*

CUSIP[1] Prefix: 763227

$20,955,000* COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [1]	Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [1]
$ 755,000	2025				$ 915,000	2035			
990,000	2026				955,000	2036			
1,035,000	2027				1,000,000	2037			
1,075,000	2028				1,045,000	2038			
1,125,000	2029				1,085,000	2039			
1,175,000	2030				1,020,000	2040			
1,225,000	2031				1,065,000	2041			
1,280,000	2032				1,115,000	2042			
845,000	2033				1,160,000	2043			
880,000	2034				1,210,000	2044			

(Interest to accrue from the Date of Delivery)

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OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption").

* Preliminary, subject to change.

USE OF INFORMATION IN THE PRELIMINARY OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an official statement with respect to the Obligations that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Preliminary Official Statement, which includes the cover pages and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN OR UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The agreements of the City and others related to the Obligations are contained solely in the contracts described herein. Neither this Preliminary Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the Underwriters of the Obligations. INVESTORS SHOULD READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION. NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE UNDERWRITERS MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY ("DTC") FOR USE IN THIS PRELIMINARY OFFICIAL STATEMENT.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

The cover pages hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Preliminary Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE CITY .... The City of Richardson, Texas (the "City"), is a political subdivision and municipal corporation of the State, located in Dallas and Collin Counties operating under the laws of the State and its Home-Rule Charter, which was last amended and approved by the voters in 2015. The City operates under the Council/Manager form of government in which seven councilmembers, including the Mayor, are elected for concurrent two-year terms with elections held in May of odd-numbered years. Policy making and supervisory functions are the responsibility of, and are vested in, the City Council. The Council delegates the responsibility of daily operations of the City to the City Manager, who is the chief administrative officer of the City. See "INTRODUCTION - Description of the City".

THE OBLIGATIONS .... The $67,530,000* General Obligation Bonds, Series 2024 are issued as serial bonds maturing February 15 in the years 2025 through 2044. The $20,955,000* Combination Tax and Revenue Certificates of Obligation, Series 2024 are issued as serial certificates maturing February 15 in the years 2025 through 2044. See "THE OBLIGATIONS – Description of the Obligations".

PAYMENT OF INTEREST .... Interest on the Obligations accrues from the Date of Delivery, and is payable February 15, 2025, and each August 15 and February 15 thereafter until maturity or prior redemption. See "THE OBLIGATIONS – Description of the Obligations" and "THE OBLIGATIONS – Optional Redemption".

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Texas Constitution, the general laws of the State, including particularly Texas Government Code, as amended, Chapters 1331 and 1371, elections held on November 2, 2021 and May 6, 2023, the City's Home Rule Charter, the Bond Ordinance scheduled to be passed by the City Council on April 22, 2024, and the Bonds Pricing Certificate which will include the terms of the sale of the Bonds. See "THE OBLIGATIONS – Authority for Issuance".

The Certificates are authorized and issued pursuant to the Texas Constitution, the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Texas Government Code, as amended, Chapter 1371, the City's Home Rule Charter, the Certificate Ordinance scheduled to be passed by the City Council on April 22, 2024, and the Certificates Pricing Certificate which will include the terms of the sale of the Certificates. See "THE OBLIGATIONS – Authority for Issuance".

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "THE OBLIGATIONS – Security and Source of Payment").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of the net revenues of the City's Waterworks and Sewer System, as provided in the Certificate Ordinance (see "THE OBLIGATIONS – Security and Source of Payment").

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS .... The Obligations ***will not*** be designated as "Qualified Tax-Exempt Obligations" for financial institutions.

* Preliminary, subject to change.

REDEMPTION OF OBLIGATIONS... The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – Optional Redemption").

TAX MATTERS............................ In the opinion of Bond Counsel, the interest on the Bonds and the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein.

USE OF PROCEEDS FOR THE BONDS .... Proceeds from the sale of the Bonds will be used to (i) acquiring, constructing, improving and maintaining streets, thoroughfares and alleyways within the City, traffic signalization and signage and traffic management equipment; (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor, to-wit: City Hall and the Richardson Public Library; (iii) constructing, improving, extending, repairing sidewalks and related improvements, (iv) planning, designing, constructing, improving, renovating, repairing, replacing, and expanding flood protection and storm drainage facilities and improvements, erosion control, including necessary and appropriate relocation of utilities and the acquisition of land related thereto, (v) designing, acquiring, constructing, renovating, improving, and equipping the City parks (including passive parks and open space improvements), and acquiring lands, interests in lands, and rights-of-way related thereto, and (vi) paying the costs of issuance in connection with issuing the Bonds.

USE OF PROCEEDS FOR THE CERTIFICATES........................... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping the existing municipal library; (ii) acquiring vehicles and equipment for the solid waste and fire departments; (iii) improving and extending the City's water and sewer system; and (iv) professional services rendered in connection therewith.

RATINGS .... The Obligations and the presently outstanding general obligation debt of the City are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS – Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted in payment of its ad valorem tax or revenue debt.

Selected Financial Information

Fiscal Year Ended 9-30	Estimated City Population [1]	Certified Taxable Assessed Valuation [2]	Per Capita Taxable Assessed Valuation	Tax Supported Debt at end of Fiscal Year [3]	Per Capita Tax Supported Debt	Ratio Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections [5]
2020	119,469	$ 16,276,019,329	$ 136,236	$ 248,780,000	$ 2,082	1.53%	99.80%
2021	120,640	16,616,961,920	137,740	257,140,000	2,131	1.55%	99.79%
2022	122,570	17,693,194,088	144,352	240,270,000	1,960	1.36%	99.61%
2023	122,570	19,791,015,351	161,467	294,085,000	2,399	1.49%	99.54%
2024	122,615	21,597,458,901	176,140	331,205,000 [4]	2,701 [4]	1.53% [4]	87.11% [6]

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(1) Source: estimates provided by the North Central Texas Council of Governments.
(2) As certified by the Dallas Central Appraisal District and Collin Central Appraisal District; subject to change during the ensuing year. The values are net of the City's applicable tax increment financing zone increments (see "TAX INFORMATION – Tax Increment Financing Zones").
(3) Excludes self-supporting debt. See Table 10 herein for further information on the City's self-supporting debt.
(4) See Table 13 herein for further information on projected debt issuance by the City. Includes the Obligations. Preliminary, subject to change.
(5) Supplemental levy at year end is used to calculate percent of total tax collections.
(6) Partial year collections through January 31, 2024, based on supplemental levy.

General Fund Consolidated Statement Summary

	Fiscal Year Ended September 30,				
	2023	2022	2021	2020	2019
Beginning Balance	$ 41,336,395	$ 40,357,945	$ 45,046,500	$ 32,948,501	$ 24,984,526
Total Revenue	173,451,719	159,027,431	150,217,285	148,058,925	138,796,741
Total Expenditures	143,182,458	131,519,591	126,518,489	123,218,907	121,704,290
Other Financing Sources (Uses)	(27,257,220)	(26,529,390)	(28,387,351)	(12,742,019)	(9,128,476)
Ending Balance	$ 44,348,436	$ 41,336,395	$ 40,357,945	$ 45,046,500	$ 32,948,501

For additional information regarding the City, please contact:

Anita Cothran		George Williford		Nick Bulaich
Director of Finance		Managing Director		Managing Director
City of Richardson	or	Hilltop Securities Inc.	or	Hilltop Securities Inc.
2100 East Campbell Road		717 North Harwood, Suite 3400		777 Main Street, Suite 1525
Richardson, Texas 75081		Dallas, Texas 75201		Fort Worth, Texas 76102
(972) 744-4144		(214) 953-4000		(817) 332-9710

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Council Member Since	Term Expires	Occupation
Bob Dubey Mayor	May, 2017	May 2025	Retired from Richardson ISD
Arefin Shamsul Mayor Pro Tem, Place 6	May, 2021	May 2025	Civil Engineer
Curtis Dorian Councilmember, Place 1	May, 2023	May 2025	President, Dorian Bahr Company
Jennifer Justice Councilmember, Place 2	May, 2021	May 2025	Attorney
Dan Barrios Councilmember, Place 3	May, 2023	May 2025	Teacher
Joe Corcoran Councilmember, Place 4	May, 2021	May 2025	Corporate Compliance
Ken Hutchenrider Councilmember, Place 5	May, 2019	May 2025	President, Methodist Richardson Medical Center

SELECTED ADMINISTRATIVE STAFF

Name	Position	Year of Employment	Time in Position
Don Magner	City Manager	1996	2.00 Years
Michaela Dollar	Assistant City Manager	2022	2.00 Years
Charles Goff	Assistant City Manager	2022	2.00 Years
Kent Pfeil	Chief Financial Officer	1998	8.50 Years
Anita Cothran	Director of Finance	2023	0.50 Years
Aimee Nemer	City Secretary	2012	11.50 Years

CONSULTANTS AND ADVISORS

Auditors .... Crowe LLP
Dallas, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Dallas and Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF RICHARDSON, TEXAS

$67,530,000* GENERAL OBLIGATION BONDS, SERIES 2024	$20,955,000* COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTION

This Preliminary Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $67,530,000* City of Richardson, Texas, General Obligation Bonds, Series 2024 (the "Bonds"), the $20,955,000* City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates"). The Bonds and Certificates are collectively referred to herein as the "Obligations". Capitalized terms used in this Preliminary Official Statement have the same meanings assigned to such terms in the respective ordinances scheduled to be adopted on April 24, 2024 which will delegate to an officer of the City of Richardson, Texas (the "City") pursuant to certain provisions of the ordinances the authority to effect the sale of the respective Obligations which will complete the sale of the Obligations. The ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), and the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance") are sometimes herein referred to jointly as the "Authorizing Ordinances".

There follows in this Preliminary Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

SEPARATE ISSUES. . . The Obligations are being offered concurrently by the City under a common Preliminary Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common Preliminary Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1925, and it last amended and approved its present Home Rule Charter in November 2015. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with six Council members representing each of the City's six districts. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture, recreation, public transportation, public improvements, planning and zoning, and general administrative services. The City's 2020 Census population was 119,469. The estimated population for 2024 is 122,615, as provided by the North Central Texas Council of Governments. The City covers approximately 28.5 square miles and has approximately 1,079 full-time equivalent employees. For more information regarding the City, see "APPENDIX A – General Information Regarding the City."

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS. . . The Obligations are dated as of the Date of Delivery, and are scheduled to mature on February 15 in each of the years and in the amounts shown on page 2 hereof with regard to the Bonds and page 4 hereof with regard to the Certificates. Interest will accrue from the Date of Delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each February 15 and August 15 until maturity or prior redemption, commencing February 15, 2025. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

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* Preliminary, subject to change.

PURPOSE. . . Proceeds from the sale of the Bonds will be used (i) acquiring, constructing, improving and maintaining streets, thoroughfares and alleyways within the City, traffic signalization and signage and traffic management equipment; (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor, to-wit: City Hall and the Richardson Public Library; (iii) constructing, improving, extending, repairing sidewalks and related improvements, (iv) planning, designing, constructing, improving, renovating, repairing, replacing, and expanding flood protection and storm drainage facilities and improvements, erosion control, including necessary and appropriate relocation of utilities and the acquisition of land related thereto, (v) designing, acquiring, constructing, renovating, improving, and equipping the City parks (including passive parks and open space improvements), and acquiring lands, interests in lands, and rights-of-way related thereto, and (vi) to pay the costs of issuance in connection with issuing the Bonds.

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping the existing municipal library; (ii) acquiring vehicles and equipment for the solid waste and fire departments; (iii) improving and extending the City's water and sewer system; and (iv) professional services rendered in connection therewith.

AUTHORITY FOR ISSUANCE… The Bonds are being authorized and issued pursuant to the Texas Constitution, the City's Home Rule Charter, the general laws of the State of Texas, particularly Texas Government Code, as amended, Chapters 1331 and 1371,elections held on November 2, 2021 and May 6, 2023, the Bond Ordinance, and the Bonds Pricing Certificate. In the Bond Ordinance, the City Council will delegate to an officer of the City pursuant to certain provisions of Chapter 1371, authority to effect the sale of the Bonds and to establish certain terms related to the issuance and sale of the Bonds. The terms of the sale of the Bonds will be included in the "Bonds Pricing Certificate", which will complete the sale of the Bonds.

The Certificates are being issued pursuant to the Texas Constitution, the City's Home Rule Charter, the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Texas Government Code, as amended, Chapter 1371, the Certificate Ordinance, and the Certificates Pricing Certificate. In the Certificate Ordinance, the City Council will delegate to an officer of the City pursuant to certain provisions of Chapter 1371, authority to effect the sale of the Certificates and to establish certain terms related to the issuance and sale of the Certificates. The terms of the sale of the Certificates will be included in the "Certificates Pricing Certificate" which will complete the sale of the Certificates.

SECURITY AND SOURCE OF PAYMENT … The Obligations are direct obligations of the City payable from a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, on all taxable property within the City, as provided in the authorizing Ordinances. In addition, the Certificates are payable from and secured by a limited pledge of the net revenues of the City's Waterworks and Sewer System (the "System"), as provided in the Certificate Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligations debt service, as calculated at the time of issuance based on a 90% collection factor. See Table 11 for further information on the City's Home Rule Charter provisions regarding bonded indebtedness.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of such Obligations to be redeemed, in whole or in part, at the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATIONS OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATIONS OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Obligations, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

DEFEASANCE. . . The Authorizing Ordinances provide for the defeasance of each series of the Obligations when the payment of the principal of and premium, if any, on such series of Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The Authorizing Ordinances provide that "Government Securities" means securities and obligations that are: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon making such deposit in the manner described, such Obligations shall no longer be deemed outstanding obligations payable from ad valorem taxes levied by the City, but will be payable only from the funds and Government Securities deposited in escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose. Provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Obligations, to call for redemption, at an earlier date, those Obligations which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS. . . The City, may, without the consent of or notice to any Holders of the Obligations, from time to time and at any time, amend the Authorizing Ordinances in any manner not detrimental to the interests of the Holders of the Obligations, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of the Obligations holding a majority in aggregate principal amount of the Obligations then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the applicable Authorizing Ordinances provided that, without the consent of all Holders of the respective Outstanding Obligations, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the respective Obligations, reduce the principal amount thereof, the redemption price, if applicable, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on such Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of the respective Obligations required to be held by Holders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM. . . This section describes how ownership of the Obligations are to be transferred and how the principal of, premium, if any, interest, and redemption payments on the Obligations are to be paid to and credited by DTC while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Preliminary Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this

Preliminary Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each stated maturity of the Obligations in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a "AA+" rating from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system described herein is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices, as applicable, shall be sent to DTC. If less than all of the Obligations eligible for redemption within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the City or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Obligations are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, securities certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Preliminary Official Statement. In reading this Preliminary Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Preliminary Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is Regions Bank, Houston, Texas. In the Authorizing Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or its designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the last business day of the month next preceding each interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the

Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

OBLIGATIONHOLDERS' REMEDIES. . . The Authorizing Ordinances do not specify events of default with respect to the Obligations. If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Obligations when due, or if it fails to make payments into any fund or funds created in the Authorizing Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Authorizing Ordinances, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the Authorizing Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Authorizing Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Authorizing Ordinances, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex.2006) that a waiver of sovereign immunity in the contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, including the Obligations, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Obligations, the City has not waived sovereign immunity, as permitted by Chapter 1371. As a result, bondholders and certificateholders may not be able to bring such a suit against the City for breach of the Obligations or the covenants in the Authorizing Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Authorizing Ordinances, the related Pricing Certificates, and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

SOURCES AND USES OF PROCEEDS . . The proceeds from the sale of the Obligations are expected to be expended as follows:

	Bonds	Certificates
Sources of Funds		
Par Amount		
Reoffering Premium/Net Original Issue Discount		
Total Sources of Funds	$ -	$ -
Uses of Funds		
Deposit to Construction Fund		
Costs of Issuance		
Total Uses of Funds	$ -	$ -

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the collective responsibility of the Dallas Central Appraisal District and Collin Central Appraisal District (the "Appraisal Districts"). Except as generally described below, the Appraisal Districts are required to appraise all property within the Appraisal Districts on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal Districts are required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal Districts considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal Districts are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years for a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code" herein.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal Districts by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal Districts to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $57,216,456 for the 2023 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption of $130,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled for fiscal year 2024. For fiscal year 2025, City Council increased the exemption to $145,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

The City has not established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled.

The City does not tax nonbusiness personal property.

The City does not permit split payments, and discounts are not allowed except as required by state law.

The City does tax freeport property and goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy as described below.

TAX ABATEMENT POLICY . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must be evaluated based on several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 25% for a period of 10 years but the City may consider and approve a tax abatement for values different than generally granted based upon the City's evaluation of current economic development factors.

As of January 1, 2024, the City has one active abatement agreement. See "Table 1 – Valuation, Exemptions and General Obligation Debt" below for the abated taxable assessed value from the outstanding abatement agreements.

TAX INCREMENT FINANCING ZONES . . . The City has created three Tax Increment Financing Zones (the "Zones"). Ad valorem taxes on incremental growth in real property values (levied at the tax rates of each taxing unit assessing real property in the respective Zone) are used to contribute to each Zone. The tax funds can be used only for public improvements in the Zones, economic development incentives, or for payment of debt service on bonds issued to provide funds for public improvements. Zone Number One was created in 2006 and encompasses 1,777 acres (as amended) along the U.S. 75 corridor from Campbell Road south to Spring Valley Road, extending west from U.S. 75 to Coit Road along Spring Valley Road and extending east along Apollo Road to Plano Road. Zone Number Two was created in 2011 and encompasses 270 acres between the President George Bush Turnpike and Renner Road, bound on the east by Wyndham Lane on the west by the DART Light Rail Red Line. Zone Number Three was created in 2011 and encompasses 130 acres between the President George Bush Turnpike and Renner Road, bound on the east by the DART Light Rail Red Line and terminating between Alma Road and U.S. 75 on the west. Each of the Zones terminate 25 years after creation, or at an earlier time designated by subsequent ordinance of the City Council, or at such time, subsequent to the issuance of any tax increment bonds, if any, that all project costs, tax increment bonds, notes or other obligations of the respective Zones, and the interest thereon, if any, have been paid in full. Tax funds derived from incremental values in the Zones are being used for public improvements and the Zones have no debt. (See "Table 14 – Outstanding Obligations – TIF – Economic Grants" herein.)

A detail of the City's participation in each Zone is shown below:

Zone	City Participation	Year Established	Base Taxable Value	2023/2024 Taxable Value	Participating Increment[1]
One	100%	2006	$ 1,007,762,773	$ 2,420,041,187	$ 1,412,278,414
Two	66.67%	2011	37,485	1,454,236,342	969,514,378
Three	66.67%	2011	10,589,481	320,566,330	206,661,565
Total Incremental Value					$ 2,588,454,357

(1) The Participating Increment is included in the 2023/2024 Market Valuation shown in Table 1 but is deducted from the Net Taxable Assessed Valuation.

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TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2023/24 Market Valuation Established by the Dallas and Collin County Central Appraisal Districts		$ 30,321,882,038
Less Exemptions/Reductions at 100% Market Value:		
Residential Exemptions, Over 65, Disabled and Homestead Cap	$ 2,214,557,189	
Disabled Veterans Exemptions	44,125,350	
Pollution Control Exemptions, Solar	5,804,770	
Agricultural Land Use Reductions	40,186,861	
Totally Exempt Property	2,379,923,105	
(includes HB 366 Exemption, Charitable Organizations and Lease Vehicles)	4,452,102	
Abatements	1,446,919,403	$ 6,135,968,780
2023/24 Taxable Assessed Valuation		$ 24,185,913,258
2023/24 Incremental Taxable Assessed Value of Real Property within Reinvestment Zones		$ 2,588,454,357
2023/24 Net Taxable Assessed Valuation available for General Fund Obligations and Debt to City[(1)]		$ 21,597,458,901
Bonded Debt Payable from Ad Valorem Taxes (as of April 1, 2024)		
General Obligation Debt Outstanding	$ 333,030,000	
The Bonds [(2)]	67,530,000	
The Certificates [(2)]	20,955,000	
Total Bonded Debt Payable from Ad Valorem Taxes (as of April 1, 2024)[(2)]		$ 421,515,000
Less Par Value of Self-Supporting Debt [(3)]		90,310,000
Net Bonded Debt Payable from Ad Valorem Taxes (as of April 1, 2024) [(2)]		$ 331,205,000
Interest and Sinking Fund (as of March 1, 2024) [(4)]		$ 8,115,520
Ratio Net Bonded Debt to Taxable Assessed Valuation		1.53%

2024 Estimated Population - 122,615 [(5)]
Per Capita Net Taxable Assessed Valuation - $176,140 [(6)]
Per Capita Total Funded Debt - $3,438
Per Capita Net Funded Debt - $2,701

(1) Does not include $230,098,359 of values in dispute.
(2) Preliminary, subject to change.
(3) See Table 10 for a discussion of the City's self-supporting debt. Includes a portion of the Certificates which will be self-supported.
(4) See Table 9 herein for more information on the City's Interest and Sinking Fund balance for the fiscal year ending September 30, 2023.
(5) Source: Estimate provided by the North Central Texas Council of Governments.
(6) Calculation is based on Net Taxable Assessed Valuation of $21,597,458,901.

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TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Certified Taxable Appraised Value for Fiscal Year Ended Sept. 30,					
	2024		2023		2022	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 11,537,722,796	38.05%	$ 10,345,765,255	38.91%	$ 9,048,103,417	39.34%
Real, Residential, Multi-Family	612,314,689	2.02%	538,458,103	2.03%	2,640,208,062	11.48%
Real, Vacant Lots/Tracts	352,682	0.00%	325,250	0.00%	264,227,204	1.15%
Real, Acreage (Land Only)	1,516,502,510	5.00%	1,384,253,822	5.21%	26,374,027	0.11%
Real, Farm and Ranch Improvements	30,813,072	0.10%	30,174,676	0.11%	-	0.00%
Real, Commercial	10,442,157,936	34.44%	10,095,479,238	37.97%	5,953,300,432	25.88%
Real, Industrial	1,128,590,873	3.72%	307,085,784	1.16%	322,274,901	1.40%
Real and Tangible Personal, Utilities	380,238,322	1.25%	365,800,261	1.38%	353,342,993	1.54%
Tangible Personal, Commercial	4,197,961,284	13.84%	3,203,243,548	12.05%	4,174,860,306	18.15%
Tangible Personal, Industrial	394,678,674	1.30%	233,398,156	0.88%	217,006,972	0.94%
Residential Property - Inventory	2,008,800	0.01%	4,176,000	0.02%	-	0.00%
Special Inventory	78,540,400	0.26%	77,492,310	0.29%	-	0.00%
Total Appraised Value Before Exemptions	$ 30,321,882,038	100.00%	$ 26,585,652,403	100.00%	$ 22,999,698,314	100.00%
Less: Total Exemptions/Reductions	(8,724,423,137) (1)		(6,794,637,052) (2)		(5,306,504,226) (3)	
Net Value	$ 21,597,458,901		$ 19,791,015,351		$ 17,693,194,088	

	Certified Taxable Appraised Value for Fiscal Year Ended Sept. 30,			
	2021		2020	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 8,601,187,678	39.13%	$ 8,480,364,539	39.19%
Real, Residential, Multi-Family	2,465,182,341	11.21%	2,126,054,883	9.82%
Real, Vacant Lots/Tracts	174,438,386	0.79%	182,995,006	0.85%
Real, Acreage (Land Only)	89,814,480	0.41%	75,110,513	0.35%
Real, Farm and Ranch Improvements	-	0.00%	-	0.00%
Real, Commercial	5,584,868,530	25.40%	5,573,103,848	25.75%
Real, Industrial	329,132,355	1.50%	606,552,304	2.80%
Real and Tangible Personal, Utilities	349,476,845	1.59%	273,028,788	1.26%
Tangible Personal, Commercial	4,162,662,294	18.94%	4,068,093,432	18.80%
Tangible Personal, Industrial	226,761,290	1.03%	254,215,576	1.17%
Residential Property - Inventory	-	0.00%	-	0.00%
Special Inventory	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 21,983,524,199	100.00%	$ 21,639,518,889	100.00%
Less: Total Exemptions/Reductions	(5,366,562,279) (4)		(5,363,499,560) (5)	
Net Value	$ 16,616,961,920		$ 16,276,019,329	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

(1) Includes the incremental value of $2,588,454,357 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(2) Includes the incremental value of $2,278,114,870 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(3) Includes the incremental value of $1,976,362,619 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(4) Includes the incremental value of $1,980,608,899 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(5) Includes the incremental value of $1,839,066,377 allocated within Reinvestment Zones Nos. 1, 2, and 3.

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TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated City Population	Certified Taxable Assessed Valuation [3]	Per Capita Taxable Assessed Valuation	Tax Supported Debt At End of Fiscal Year [4]	Ratio Tax Debt to Taxable Assessed Valuation	Per Capita Tax Supported Debt
2020	119,469 [1]	$ 16,276,019,329 [5]	$ 136,236	$ 248,780,000	1.53%	$ 2,082
2021	120,640 [2]	16,616,961,920 [6]	137,740	257,140,000	1.55%	2,131
2022	122,570 [2]	17,693,194,088 [7]	144,352	240,270,000	1.36%	1,960
2023	122,570 [2]	19,791,015,351 [8]	161,467	294,085,000	1.49%	2,399
2024	122,615 [2]	21,597,458,901 [9]	176,140	331,205,000 [10]	1.53% [10]	2,701 [10]

(1) Source: U.S. Census.
(2) Source: estimates provided by the North Central Texas Council of Governments.
(3) As certified by the Appraisal Districts; subject to change during the ensuing year.
(4) Excludes self-supporting debt. See Table 10 herein for further information on the City's self-supporting debt.
(5) Excludes the incremental value of $1,839,066,377 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(6) Excludes the incremental value of $1,980,608,899 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(7) Excludes the incremental value of $1,976,362,619 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(8) Excludes the incremental value of $2,278,114,870 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(9) Excludes the incremental value of $2,588,454,357 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(10) Projected. Includes the Obligations. Also excludes that portion of the Certificates which are anticipated to be self-supporting. See Table 10 for a discussion of the City's self-supporting debt. See Table 13 herein for further information on projected debt issuance by the City. Preliminary, subject to change.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Supplemental Tax Levy at Year End	% Current Collections	% Total Collections
2020	$ 0.62516	$ 0.38124	$ 0.24392	$ 113,980,138	99.80%	99.80%
2021	0.62516	0.38124	0.24392	121,211,637	99.61%	99.80%
2022	0.61516	0.37721	0.23795	122,716,964	99.61%	99.76%
2023	0.56095	0.34316	0.21779	127,160,708	99.54%	99.54%
2024	0.56095	0.34316	0.21779	121,150,946	97.24% [1]	87.61% [1]

(1) Partial year collections through January 31, 2024, based on supplemental tax levy.

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TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Type of Business	2023/24 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation [(1)]
Texas Instruments Inc.	Electronics Manufacturer	$ 745,233,804	3.08%
Corporate Properties Trust	Real Estate Investment	722,623,725	2.99%
Collins Technology Park Partners	Data Center Host	578,938,140	2.39%
Bank of America	Financial Services	501,590,713	2.07%
Health Care Service Corporation	Health Insurance	349,887,425	1.45%
Qorvo	Electronics Manufacturer	347,397,108	1.44%
LinkedIn Corp	Social Media	327,143,160	1.35%
Verizon	Telecommunication Company	224,875,272	0.93%
Cisco Systems Sales & Service	Electronics Manufacturer	221,902,657	0.92%
Northside Campus Parners LP	Apartments	218,199,824	0.90%
		$ 4,237,791,828	17.52%

(1) Calculations are based on the City's taxable assessed valuation that includes the 2023/2024 incremental value of $2,588,454,357 allocated within Reinvestment Zone Nos. 1, 2, and 3.

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "THE OBLIGATIONS – Tax Rate Limitation"). See Table 11 herein for further information on the City's Home Rule Charter regarding limitation on bonded indebtedness.

TABLE 6 – TAX ADEQUACY[(1)]

2024 Principal and Interest Requirements [(2)(3)]	$ 44,062,684
$.20410 Tax Rate at 100% Collection Produces	$ 44,080,414
Average Annual Principal and Interest Requirements, 2024-2044[(3)]	$ 23,073,739
$.10690 Tax Rate at 100% Collection Produces	$ 23,087,684
Maximum Annual Principal and Interest Requirements, 2025 [(2)(3)]	$ 47,243,490
$.21880 Tax Rate at 100% Collection Produces	$ 47,255,240

(1) Calculations are based on the City's taxable assessed valuation that excludes the 2023/2024 incremental value of $2,588,454,357 allocated within Reinvestment Zone Nos. 1, 2 and 3. Preliminary, subject to change.
(2) See Table 9 – "Interest and Sinking Fund Budget Projection" for additional details.
(3) Excludes self-supporting debt. Includes the Obligations. See Table 10 for more information. Preliminary, subject to change.

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TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2023/24 Taxable Assessed Value	2023/24 Tax Rate	Total Funded Debt As of 2-15-24	Estimated % Applicable	City's Overlapping Funded Debt As of 2-15-24	Authorized But Unissued Debt as of As of 2-15-24
City of Richardson	$ 24,249,382,635	$ 0.561206	$ 421,515,000 [(1)]	100.00%	$ 421,515,000	$ 158,375,000
Collin County	225,503,440,075	0.149343	658,360,000	5.14%	33,839,704	702,000,000
Collin County Community College District	202,101,257,599	0.081200	480,350,000	5.14%	24,689,990	-
Dallas County	375,100,055,324	0.215718	217,675,000	3.28%	7,139,740	-
Dallas College	386,062,501,713	0.110028	318,675,000	3.28%	10,452,540	752,000,000
Dallas County Hospital District	376,054,417,901	0.219500	543,495,000	3.28%	17,826,636	-
Garland Independent School District	28,803,273,789	1.053200	1,111,765,000	0.07%	778,236	329,645,000
Plano Independent School District	63,139,997,794	1.077850	898,035,000	15.24%	136,860,534	696,301,000
Richardson Independent School District	32,558,708,273	1.143100	889,010,000	36.60%	325,377,660	150,000,000
Total Direct and Overlapping Funded Debt					$ 978,480,040	
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					4.04%	
Per Capita Overlapping Funded Debt					$7,980	

(1) Projected. Includes the Obligations. Excludes the City's debt which is considered self-supporting. See Table 13 herein for further information on projected debt issuance by the City. Preliminary, subject to change.

Source: Municipal Advisory Council – Texas Municipal Reports.

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DEBT INFORMATION

TABLE 8 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS[(1)]

Fiscal Year Ending 9/30	Outstanding Debt (2)			The Bonds (3)		The Certificates (4)		Total Outstanding Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Principal	Interest		
2024	$ 38,310,000	$ 15,484,792	$ 53,794,792	$ -	$ -	$ -	$ -	$ 53,794,792	8.33%
2025	28,905,000	12,879,505	41,784,505	11,095,000	3,295,956	755,000	1,079,874	58,010,335	
2026	26,275,000	11,606,698	37,881,698	1,970,000	2,356,625	990,000	837,463	44,035,785	
2027	22,585,000	10,473,569	33,058,569	2,060,000	2,270,988	1,035,000	794,431	39,218,988	
2028	23,430,000	9,438,946	32,868,946	2,150,000	2,181,525	1,075,000	749,594	39,025,065	
2029	22,740,000	8,417,822	31,157,822	2,240,000	2,088,238	1,125,000	702,844	37,313,903	40.61%
2030	23,210,000	7,428,622	30,638,622	2,340,000	1,990,913	1,175,000	653,969	36,798,504	
2031	18,320,000	6,596,727	24,916,727	2,440,000	1,889,338	1,225,000	602,969	31,074,033	
2032	18,050,000	5,933,501	23,983,501	2,545,000	1,783,406	1,280,000	549,738	30,141,645	
2033	18,460,000	5,287,373	23,747,373	2,655,000	1,672,906	845,000	504,581	29,424,861	
2034	18,625,000	4,633,670	23,258,670	2,770,000	1,557,625	880,000	467,925	28,934,220	65.58%
2035	19,135,000	3,965,105	23,100,105	2,890,000	1,437,350	915,000	429,781	28,772,236	
2036	19,210,000	3,276,843	22,486,843	3,015,000	1,311,869	955,000	390,044	28,158,756	
2037	18,955,000	2,578,305	21,533,305	3,150,000	1,180,863	1,000,000	348,500	27,212,667	
2038	16,185,000	1,923,392	18,108,392	3,285,000	1,044,119	1,045,000	305,044	23,787,555	
2039	10,495,000	1,422,434	11,917,434	3,425,000	901,531	1,085,000	259,781	17,588,746	88.36%
2040	8,695,000	1,054,609	9,749,609	3,575,000	752,781	1,020,000	215,050	15,312,440	
2041	8,440,000	715,870	9,155,870	3,730,000	597,550	1,065,000	170,744	14,719,164	
2042	6,420,000	397,419	6,817,419	3,895,000	435,519	1,115,000	124,419	12,387,356	
2043	4,895,000	123,263	5,018,263	4,060,000	266,475	1,160,000	76,075	10,580,813	
2044				4,240,000	90,100	1,210,000	25,713	5,565,813	100.00%
	$ 371,340,000	$ 113,638,465	$ 484,978,465	$ 67,530,000	$ 29,105,675	$ 20,955,000	$ 9,288,536	$ 611,857,676	

(1) Projected. Preliminary, subject to change.
(2) The City's Adjustable Rate General Obligation Bonds, Series 2020A bear interest at a variable rate that adjusts annually. For purposes of this table, the Series 2020A Bonds are calculated at 5.277%, as set on June 15, 2023 for Fiscal Year 2023; assumed rate of 5.25% thereafter. Excludes $3.15 million of Series 2021 Taxable Tax Notes that the City prepaid on February 15, 2024. Includes self-supporting debt.
(3) The average life of the Bonds is 10.141 years. Interest is calculated at the average interest rate of 4.25% for purposes of illustration. Preliminary, subject to change.
(4) The average life of the Certificates is 10.430 years. Interest is calculated at the average interest rate of 4.25% for purposes of illustration. Preliminary, subject to change.

TABLE 8-A – PRO-FORMA NET DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Combined Principal and Interest Requirements (1) Principal	Interest	Total	Less: Payments from Self-Supporting Funds (2)	Net Debt Service Requirements
2024	$ 38,310,000	$ 15,484,792	$ 53,794,792	$ 9,732,109	$ 44,062,684
2025	40,755,000	17,255,335	58,010,335	10,766,846	47,243,490
2026	29,235,000	14,800,785	44,035,785	9,951,698	34,084,088
2027	25,680,000	13,538,988	39,218,988	9,419,541	29,799,447
2028	26,655,000	12,370,065	39,025,065	8,830,600	30,194,465
2029	26,105,000	11,208,903	37,313,903	8,435,218	28,878,685
2030	26,725,000	10,073,504	36,798,504	7,932,673	28,865,831
2031	21,985,000	9,089,033	31,074,033	7,495,758	23,578,275
2032	21,875,000	8,266,645	30,141,645	6,877,459	23,264,186
2033	21,960,000	7,464,861	29,424,861	6,493,625	22,931,236
2034	22,275,000	6,659,220	28,934,220	5,992,844	22,941,376
2035	22,940,000	5,832,236	28,772,236	5,850,544	22,921,693
2036	23,180,000	4,978,756	28,158,756	5,362,697	22,796,059
2037	23,105,000	4,107,667	27,212,667	5,021,041	22,191,627
2038	20,515,000	3,272,555	23,787,555	4,325,159	19,462,396
2039	15,005,000	2,583,746	17,588,746	3,934,844	13,653,902
2040	13,290,000	2,022,440	15,312,440	3,371,394	11,941,046
2041	13,235,000	1,484,164	14,719,164	3,053,463	11,665,701
2042	11,430,000	957,356	12,387,356	2,438,338	9,949,019
2043	10,115,000	465,813	10,580,813	1,012,263	9,568,550
2044	5,450,000	115,813	5,565,813	1,011,038	4,554,775
	$ 459,825,000	$ 152,032,676	$ 611,857,676	$ 127,309,148	$ 484,548,528

(1) Projected. Includes the Obligations. Preliminary, subject to change.
(2) Includes payments projected to be received for that portion of the Certificates which are self-supporting. See Table 10 for a discussion of the City's self-supporting debt. See Table 13 herein for further information on projected debt issuance by the City. Preliminary, subject to change.

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TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Debt service requirements for bonded indebtedness for fiscal year ended 9/30/24	$ 53,794,792	
Less: Self supporting debt service paid from enterprise funds	(9,732,109)	
Plus: Other debt service paid by interest and sinking fund taxes (1)	281,287	
Plus: Budgeted fiscal fees	28,000	
Net debt service requirements for fiscal year ended 9/30/24		$ 44,371,971
Beginning interest and sinking fund balance as of 9/30/23	$ 3,898,927	
Budgeted Property taxes	47,538,237	
Budgeted Interest income (2)	156,791	
Total available funds		$ 51,593,955
Projected interest and sinking fund balance as of 9/30/24		$ 7,221,984

(1) See Table 14 herein for details on the City's other obligations.
(2) Estimated.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

The following table provides information regarding the self-sufficiency of certain City tax-supported debt which was issued for, and is currently being paid from revenues of, the following City enterprise funds.

	Waterworks and Sewer System (1)	Solid Waste (1)
Net System Revenue Available for Debt Service as of 9/30/23	$ 20,132,710	$ 1,671,059
Revenue Available for Other Purposes	$ 20,132,710	$ 1,671,059
Deduct: Apportioned System Tax Debt - 2024	$ 8,148,071	$ 1,584,038
Percentage of City Tax Debt Self Supporting	100.00%	100.00%

(1) While the City considers the System's tax debt described above to be self-supporting, the System revenues are not (except to the extent of certain limited pledges of such revenues in amounts of up to $2,500 in connection with prior certificate of obligation issues, which may or may not have been fully satisfied) pledged to the payment of such tax debt. The transfers of such revenues to make debt service payments on such tax debt is discretionary and may be discontinued by the City, in whole or in part, at any time. In the event, and to the extent the City elects to discontinue such revenue transfers, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in amounts sufficient to pay the debt service on such tax debt.

TABLE 11 – FUNDED DEBT LIMITATION

The City's Home Rule Charter (the "Charter") stipulates that the City may borrow money for permanent public improvements or any other legitimate municipal purpose as may be determined by the City Council, in accordance with the Constitution and the laws of the State of Texas. The Constitution places a limit on the ad valorem tax rate that may be levied for repayment of ad valorem tax debt, but there is no formal limit on the amount of ad valorem tax debt that may be borrowed. See "THE OBLIGATIONS – Tax Rate Limitation."

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TABLE 12 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Election Date	Purpose	Amount Authorized	Amount Previously Issued	Amount Being Issued[1]		Authorized But Unissued
12/6/1997	Streets & Drainage	$ 33,428,959	$ 33,425,000	$ -		$ 3,959
12/6/1997	Sidewalks & Bridges	7,445,209	7,445,000	-		209
12/6/1997	Parks & Recreation	17,948,716	14,910,000	-		3,038,716
12/6/1997	Public Buildings	19,176,435	19,175,000	-		1,435
11/2/2021	Streets	102,000,000	43,980,000	47,330,000		10,690,000
11/2/2021	Public Buildings	64,000,000	14,600,000	4,065,000	(2)	45,335,000
11/2/2021	Sidewalks	8,500,000	6,090,000	2,410,000		-
11/2/2021	Drainage	8,000,000	7,000,000	1,000,000		-
11/2/2021	Parks & Recreation	7,500,000	5,955,000	725,000		820,000
5/6/2023	City Hall	46,000,000	-	12,000,000		34,000,000
		$ 313,999,319	$ 152,580,000	$ 67,530,000		$ 93,889,319

(1) Includes premium, if any. Preliminary, subject to change.
(2) Of the amount expected to be allocated from the 2021 authorization for Public Buildings, approximately $1,000,000 will be used for Library renovations and approximately $3,065,000 will be used for City Hall improvements.

TABLE 13 – ANTICIPATED ISSUANCE OF TAX SUPPORTED DEBT

After the issuance of the Bonds, the City will have $93,889,319 of authorized but unissued general obligation bonds. In addition, the City may incur non-voted debts payable from or secured by its collection of ad valorem taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations, and leases for various purposes. The City anticipates the issuance of additional tax supported debt as follows:

Year	Short-Term Certificates of Obligation	Long-Term Certificates of Obligation	General Obligation Bonds
2025	$ 2,425,000	$ -	$ 63,670,000
2026	2,460,000	-	27,175,000
2027	2,605,000	-	-
2028	2,755,000	-	-

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023)

LONG-TERM OBLIGATIONS

The following is a summary of financial obligations for the fiscal year ended September 30, 2023:

Governmental-type activities:	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
General obligation bonds	$ 167,815,000	$ 43,885,000	$ (25,045,000)	$ 186,655,000	$ 25,260,000
Certificates of obligation	73,585,000	33,580,000	(7,360,000)	99,805,000	5,990,000
General Obligation bonds from direct borrowings	4,445,000	-	(2,160,000)	2,285,000	350,000
Bond discounts/premiums (1)	19,340,476	7,541,394	(2,686,998)	24,194,872	2,821,418
Total bonds payable	$ 265,185,476	$ 85,006,394	$ (37,251,998)	$ 312,939,872	$ 34,421,418
Tax anticipation notes from direct borrowing	$ 5,605,000	$ -	$ (265,000)	$ 5,340,000	$ 3,420,000
Financed Purchases and Other Contractual Obligations	1,934,383	-	(431,369)	1,503,014	385,352
Leases Obligations	2,041,850	5,081,020	(1,101,236)	6,021,634	2,232,375
SBITA obligations*	6,735,171	-	(687,073)	6,048,098	1,084,946
TIF obligations	90,625,573	-	(3,850,278)	86,775,295	-
Arbitrage liability	-	553,987	-	553,987	-
Other postemployment benefits	52,638,620	3,574,119	(13,912,915)	42,299,824	1,658,454
TMRS - pension liability	(4,697,833)	89,855,504	(14,867,796)	70,289,875	-
Compensated absences	13,149,389	5,732,878	(1,769,927)	17,112,340	1,882,358
Workers' compensation	5,653,581	119,463	(529,773)	5,243,271	589,142
Unpaid claims liability	930,186	13,271,883	(13,224,478)	977,591	977,591
Total governmental-type Long-term liabilities	$ 439,801,396	$ 203,195,248	$ (87,891,843)	$ 555,104,801	$ 46,651,636
Business-type activities					
General obligation refunding bonds	$ 12,660,000	$ -	$ (2,495,000)	$ 10,165,000	$ 2,315,000
Certificates of obligation	58,330,000	15,425,000	(3,515,000)	70,240,000	4,125,000
Bond discounts/premiums	6,694,430	1,914,524	(798,143)	7,810,811	806,753
Total bonds payable	$ 77,684,430	$ 17,339,524	$ (6,808,143)	$ 88,215,811	$ 7,246,753
Lease obligations	$ -	$ 181,236	$ (32,880)	$ 148,356	$ 88,659
Arbtrage liability	-	133,284	-	133,284	-
Other postemployment benefits	8,748,846	589,780	(2,358,556)	6,980,070	273,668
TMRS - pension liability	(162,717)	15,508,194	(2,679,171)	12,666,306	-
Compensated absences	935,273	933,019	(62,322)	1,805,970	198,657
Workers' compensation	232,941	20,921	(171,102)	82,760	82,760
Total business-type Long-term liabilities	$ 87,438,773	$ 34,705,958	$ (12,112,174)	$ 110,032,557	$ 7,890,497

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

COMPENSATED ABSENCES, WORKER'S COMPENSATION, POSTEMPLOYMENT BENEFITS, AND ARBITRAGE REBATE LIABILITY

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

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

DIRECT FINANCED PURCHASES AND OTHER CONTRACTUAL OBLIGATIONS

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2023:

	Stryker	Utility Vehicle	Gas Golf Carts	Police Academy	Texas Comptroller of Public Accounts	Total
Balance at October 1, 2022	$ 1,177,768	$ 43,863	$ 203,305	$ 101,349	$ 408,098	$ 1,934,383
Additions/adjustments						-
Payments	(217,156)	(10,121)	(20,209)	(71,071)	(112,812)	(431,369)
Balance at September 30, 2023	$ 960,612	$ 33,742	$ 183,096	$ 30,278	$ 295,286	$ 1,503,014

FINANCED PURCHASES

The City entered into the following financed purchases:

Agreement with Stryker in July 2020, amended in August 2022, for fire/EMT equipment. The final annual payment of $265,069 is scheduled to be made in October 2027. The cost of the asset is $1,110,646. Accumulated depreciation was $474,200 and the related book value is $636,446, at September 30, 2023.

Agreement with GM Financial in February 2022, for a utility vehicle. The final annual payment of $12,477 is scheduled to be made in February 2026. The cost of the asset is $56,339. Accumulated depreciation was $21,127 and the related book value is $35,212, at September 30, 2023.

Agreement with Yamaha in January 2022, for gas golf carts. Annual payments of $28,320 with a final balloon payment of $107,712. scheduled for March 2027. The cost of the asset is $214,719. Accumulated depreciation was $10,473 and the related book value is $204,282, at September 30, 2023.

The following is a schedule of the payments required under financed purchases at September 30, 2023:

Fiscal year ending September 30:	Stryker	Utility Vehicle	Golf Carts
2024	$ 265,069	$ 12,477	$ 28,320
2025	265,069	12,477	28,320
2026	265,069	12,477	28,320
2027	265,069	-	119,512
Total minimum lease payments	$ 1,060,276	$ 37,431	$ 204,472
Less amount representing interest	(99,664)	(3,689)	(21,376)
Present value of minimum lease payments	$ 960,612	$ 33,742	$ 183,096

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

POLICE

The City entered into an agreement with the City of Plano to develop a police academy to be used as a joint training facility. The City of Richardson and the City of Plano share the costs of improvements to the facilities.

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2023:

Fiscal year ending September 30:	Principal	Interest	Total
2024	$ 14,815	$ 1,403	$ 16,218
2025	15,463	773	16,236
TOTALS	$ 30,278	$ 2,176	$ 32,454

OTHER OBLIGATIONS

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of $2,143,331 was recorded as a liability and a reduction of sales tax revenue. The Comptroller's office had set up a 20-year payout arrangement, but the life of the obligation has been reduced by additional payments and adjusted due to the Comptroller suspending payments from April 2020 through January 2021 to help Texas cities deal with the COVID-19 pandemic and potential negative impacts on the economy. Payments of $112,812 were made during the 2022/2023 fiscal year, and the balance at September 30, 2023 was $295,286.

LEASE OBLIGATION

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use of buildings, land, vehicles, and equipment over the term of the lease. The City is required to make periodic principal and interest payments using either its incremental borrowing rate or the interest rate stated or implied within the leases. Effective October 1, 2021, the City implemented GASB Statement No. 87, Leases. At implementation of this statement and the commencement of leases beginning after October 1, 2021, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. The lease rate, term and ending lease liability are as follows (noted in thousands):

	Interest Rates	Beginning Balance	Lease Term in Months	Ending Balance
Govermental Activities:				
Vehicle	0.310%	$ 11,974	24	$ 2,998
Electric Golf Carts	0.298%	151,813	31	56,014
Computer Equipment	0.298%	13,221	41	-
Land	0.298%	1,791,986	41	897,326
Copiers	0.193%	4,386	16	-
Buildings	2.260%	-	44	4,847,361
Internal service Funds				
Postal Equipment	2.186%	35,717	60	28,500
Copiers	0.193-0.298%	32,753	16-18	189,435
Total Governmental Activities		$ 2,041,850		$ 6,021,634

	Interest Rates	Beginning Balance	Lease Term in Months	Ending Balance
Business Type Activities				
UTD Land	2.430%	$ -	24	$ 140,594
Computer Equipment	0.2980%	-	29	7,762
Total Business Like Activities		$ -		$ 148,356

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

The future principal and interest payments as of September 30, 2023 were as follows:

	Governmental Activities			Business-Type Activities		
Fiscal Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2024	$ 2,232,375	$ 105,782	$ 2,338,157	$ 88,659	$ 2,515	$ 91,174
2025	1,437,920	71,418	1,509,338	59,697	526	60,223
2026	1,509,900	38,031	1,547,931			-
2027	809,918	6,622	816,540			-
2028	31,521	420	31,941			-
TOTALS	$ 6,021,634	$ 222,273	$ 6,243,907	$ 148,356	$ 3,041	$ 151,397

SBITA

The City has entered into multiple Subscription-Based Information Technology (SBITA) agreements as lessee. The SBITAs allow the right-to-use of subscription-based software over the term of the lease. The City is required to make periodic principal and interest payments using either its incremental borrowing rate or the interest rate stated/implied within the SBITAs. Effective October 1, 2022, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. At implementation of this statement and the commencement of leases beginning after October 1, 2022, the City initially measured the SBITA liability at the present value of payments expected to be made during the remaining SBITA term. The SBITA rate, term and ending SBITA liability are as follows.

	Interest Rates	**Liability at Commencement**	**Ending Balance**
Governmental Activities			
Axon Enterprise	3.1213%	$ 1,089,968	$ 716,292
Internal Service Funds			
Tyler Technologies	3.1213%	5,645,202	5,331,806
TOTALS		$ 6,735,170	$ 6,048,098

The future principal and interest payments as of September 30, 2023, were as follows:

	Governmental Activities		
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 1,084,946	$ 185,171	$ 1,270,117
2025	1,166,364	154,916	1,321,280
2026	905,894	118,510	1,024,404
2027	934,170	90,234	1,024,404
2028	963,328	61,076	1,024,404
2029-2030	993,396	31,007	1,024,403
TOTALS	$ 6,048,098	$ 640,914	$ 6,689,012

TIF – OBLIGATIONS

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

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

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

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

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of $3,299,865 and a construction reimbursement grant of $5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. A principal payment of $322,072 and an interest payment of $463,257 were made during the fiscal year ended 2023.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of $76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $57,084,738 to date. Funding is contingent upon the availability of tax revenues in TIF District #2. Interest payments of $2,097,330 and a principal payment of $3,300,115 were made during the fiscal year ended 2023.

An infrastructure reimbursement grant and development agreement was entered into with the City and BC Station Partners L.P. in March 2015. This agreement provides for approximately $49,158,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $33,880,733 to date. Funding is contingent upon the availability of tax revenues in TIF District #3. An interest payment of $894,760 was made during the fiscal year ended 2023.

An economic development agreement was entered into with the City and AGF Greenville II, Ltd. in April 2015. This agreement provides for a maximum grant amount of $5,500,000 plus 4% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4. An interest payment of $176,601 and a principal payment of $227,953 was made during the fiscal year ended 2023. The agreement expires the earlier of the date of termination of the TIF Zone No.1 (December 31, 2031) or when the maximum grant amount plus interest is paid.

An economic development agreement was entered into with the City and SAF 100 N. Central Ltd in March 2017. The Agreement was subsequently assigned to Richardson Gateway, LLC. This agreement provides for a maximum grant amount of $7,000,000 plus 5.25% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in TIF District #1 from Sub Area No. 1A and Sub No. 1B. An interest payment of $293,771 and a principal payment of $138 was made during the fiscal year ended 2023. The agreement expires the earlier of the date of termination of the TIF Zone No.1 (December 31, 2031) or when the maximum grant amount plus interest is paid.

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

	TIF District 1			TIF District 2	TIF District 3	
	Centennial Park	AGF Greenville II, Ltd.	Richardson Gateway LLC	BCS TIF Zone 2	BCP TIF LLC Zone 3	Total
Balance at October 1, 2022	$ 6,234,371	$ 4,274,505	$ 5,624,537	$ 40,611,427	$ 33,880,733	$ 90,625,573
Payments	(322,072)	(227,953)	(138)	(3,300,115)	-	(3,850,278)
Balance at September 30, 2023	$ 5,912,299	$ 4,046,552	$ 5,624,399	$ 37,311,312	$ 33,880,733	$ 86,775,295

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

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 2022-2023, a total of $192,516 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of $529,773 and $171,102 have been recorded as expenditures/expenses in the Governmental Funds and Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of $350,000 for each employee in a plan year. In fiscal year 2022-2023, the City did not receive any refunds from the commercial insurance carrier.

All funds with full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be $977,591 for unpaid claims and claim adjustment expenses at September 30, 2023. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

RECONCILIATION OF UNPAID CLAIMS LIABILITIES

	2023	2022
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 930,186	$ 1,007,097
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current year	14,204,069	12,375,289
Increase (decrease) in prior year provision	(280,803)	(407,116)
Total incurred claims and claim adjustment expenses	14,853,452	12,975,270
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	13,226,478	11,445,103
Claims and claim adjustment expenses attributable to insured events of prior years	649,383	599,981
Total payments	13,875,861	12,045,084
Total unpaid claims and claim adjustment expenses at end of year	$ 977,591	$ 930,186

INTERFUND CHARGES

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2023, the City allocated $9,558,010 for such services.

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

TAX ABATEMENTS AND ECONOMIC INCENTIVES (1)

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

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least $20,000 in improvements to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided $1,484,650 in incentive payments under this program in fiscal year 2023.

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $1,718,404 in fiscal year 2023.

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2023, the City rebated $2,727,062 in taxes, reduced fees by $10,605,036 and made incentive payments of $907,496 under these agreements.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 13 of the City's Annual Financial Report. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. In 2023, the City made $7,775,996 in payments for TIF obligations, and $1,501,000 in TIF incentives, from general TIF resources.

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.

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH BENEFITS

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 20 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2023, there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	310
Active employees	949
	1,259

Contributions

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

	"Green Plan" - HDHP (w/HSA)		
	Under 15	15 – 19	20+
Years of service:			
Retiree only	$ 924	$ 648	$ 373
Retiree/spouse	1,851	1,295	739
Surviving spouse	926	697	467
Retiree/family	2,576	1,716	856

	"Red Plan" - Traditional PPO		
	Under 15	15 – 19	20+
Years of service:			
Retiree only	$ 1,109	$ 803	$ 465
Retiree/spouse	2,196	1,549	900
Surviving spouse	1,223	842	583
Retiree/family	3,053	2,048	1,041

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2021 and the measurement date of December 31, 2022.

Actuarial assumptions

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

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	3.50% - 11.50%
Health Care Trend Rate	7.00% declining to 4.25% after 15 years

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

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2022. For the purpose of this valuation, the municipal bond rate is 4.05% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. The discount rate was 1.84% as of December 31, 2021, the prior measurement date.

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

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (3.05%) and 1-percentage-point-higher (5.05%).

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

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
$ 54,351,943	$ 49,279,894	$ 44,797,091

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

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

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

1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
$ 45,192,152	$ 49,279,894	$ 54,113,441

	Total OPEB Liability
Beginning balances	$ 61,387,466
Changes for the year:	
Service cost	3,023,443
Interest on the Total OPEB Liability	1,140,456
Differences between expected and actual experience	(4,871,675)
Changes in assumptions	(9,563,999)
Benefit payments	(1,835,797)
Net changes	(12,107,572)
Ending balance	$ 49,279,894

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2023 the City recognized $3,325,610 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 683,052	$ (4,378,223)
Changes of assumptions	3,783,765	(8,573,344)
Contributions subsequent to the measurement date	1,965,386	-
Total	$ 6,432,203	$ (12,951,567)

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

Of the $6,432,203 total for deferred outflows of resources, $1,965,386 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending 9/30/2023. The remainder of the total net deferred outflows/inflows of resources, $(8,484,750) will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred outflows (inflows) of Resources
2024	$ (838,289)
2025	(840,616)
2026	(1,218,291)
2027	(1,308,605)
2028	(1,663,393)
Thereafter	(2,615,556)
Total	$ (8,484,750)

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There were no participants in the program as of September 30, 2023.

Pension Benefits

Plan Description

The City of Richardson participates as one of 919 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

Employee deposit rate	7% of Earnings
City matching rate	200%
Vesting period	5 Years
Retirement years (age/years of service)	60/5, Any/20
Updated service credit	50% (Repeating)
Annuity increase (to retirees)	50% of the change in CPI Repeating

Additional information related to the TMRS Plan is located in the TMRS ACFR.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	913
Inactive employees entitled to but not yet receiving benefits	582
Active employees	950
Total	2,445

Contributions

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

Employees for the City of Richardson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Richardson were 14.07% and 15.08% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $13,071,266 which exceeded the required contributions by $517,961 due to an additional voluntary contribution from the City.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Other actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Post-retirement mortality rates are based on the 2019 Municipal Retirees of Texas Mortality Tables and projected on a fully generational basis with scale UMP. These assumptions were first used in the December 31, 2013 valuation. Assumptions are reviewed annually.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic) *
Global Public Equity	35.00 %	7.70 %
Core Fixed Income	6.00	4.90
Non-Core Fixed Income	20.00	8.70
Public and Private Markets	12.00	8.10
Real Estate	12.00	5.80
Hedge Funds	5.00	6.90
Private Equity	10.00	11.80
Total	100.00 %	

* Net of inflation assumption.

Discount Rate

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

Sensitivity of Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 164,306,205	$82,956,081	$15,394,516

Pension Plan Fiduciary Net Position

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

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

	Increase (Decrease)
Total Pension Liability	
Service Cost	$ 11,995,305
Interest (on the Total Pension Liability)	40,825,471
Changes of benefit terms	2,679,847
Difference between expected and actual experience	4,412,563
Benefit payments, including refunds of employee contributions	(33,826,183)
Net Change in Total Pension Liability	26,087,003
Total Pension Liability - Beginning	613,057,391
Total Pension Lability - Ending (A)	$ 639,144,394
Plan Fiduciary Net Position	
Contributions - Employer	11,656,337
Contributions - Employee	5,424,864
Net Investment Income	(45,060,193)
Benefit payments, including refunds of employee contributions	(33,826,183)
Administrative expense	(390,319)
Other	465,766
Net Change in Plan Fiduciary Net Position	(61,729,728)
Plan Fiduciary Net Position* - Beginning	617,918,041
Plan Fiduciary Net Position* - Ending (B)	556,188,313
Net Pension Liability (A) - (B)	82,956,081
Plan Fiduciary Net Position as Percentage of Total Pension Liability	87.02%

* The Fiduciary Net Position may be off a dollar due to rounding.

The net pension liability and the total pension liability were calculated by Gabriel, Roeder, Smith & Company. The measurement date and the actuarial valuation date was December 31, 2022.

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

For the year ended September 30, 2023 the City recognized pension expense of $21,694,481. Deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,898,511	$ (712,136)
Net difference between projected and actual earnings on pension plan investments	38,456,673	-
Difference in assumptions	6,444	-
Employer's Contributions to the pension plan subsequent to the measurement date	10,111,491	-
Total	$ 55,473,119	$ (712,136)

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2023) (CONTINUED)

Of the $55,473,119 total for deferred outflows of resources, $10,111,491 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending 9/30/2024. The remainder of the total net deferred outflows/inflows of resources, $44,649,492, related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2024	$ 3,675,341
2025	12,030,601
2026	11,589,618
2027	17,353,932
Total	$ 44,649,492

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FINANCIAL INFORMATION

TABLE 15 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2023	2022	2021	2020	2019
General Property Taxes	$ 68,207,732	$ 66,178,453	$ 64,444,682	$ 60,192,082	$ 55,629,538
Franchise Taxes	19,122,638	17,793,504	16,406,687	16,969,727	17,110,594
Sales Tax	58,104,966	53,413,338	45,810,345	41,535,297	40,163,563
Mixed Beverage and Bingo Tax	788,481	728,925	606,898	545,439	650,715
911 Revenue	559,524	701,477	681,855	746,880	1,059,984
Intergovernmental Revenue	141,623	55,964	1,895,927	7,413,083	104,587
Licenses and Permits	3,111,881	2,629,755	3,165,909	2,766,147	3,168,574
Fines and Forfeitures	1,833,293	1,823,206	3,231,341	2,863,408	3,362,822
Interest Revenue	3,216,506	(218,476)	85,197	703,074	881,062
Civic Center Use	-	-	-	120,509	354,884
Recreation and Leisure	4,063,789	3,258,371	1,979,215	1,450,472	3,890,521
Public Safety	3,970,016	3,249,963	2,743,739	3,565,149	3,467,722
Contributions	67,899	68,394	19,402	168,502	32,985
Other Revenue	705,361	736,601	742,073	718,788	609,951
General Administration	9,558,010	8,607,956	8,404,015	8,300,368	8,309,239
Total Revenues	$ 173,451,719	$ 159,027,431	$ 150,217,285	$ 148,058,925	$ 138,796,741
Expenditures					
General Government	$ 37,001,486	$ 35,401,283	$ 34,806,225	$ 31,259,264	$ 29,369,087
Public Safety	62,581,152	58,880,806	56,164,274	55,163,761	53,254,092
Public Services	22,634,443	19,895,456	18,381,525	19,912,915	20,219,061
Library	3,653,206	3,348,539	3,080,978	3,363,686	3,511,349
Parks and Recreation	13,542,489	11,923,778	11,183,022	11,082,827	12,764,465
Public Health	2,120,485	1,844,498	1,754,565	1,878,152	1,992,662
Capital Outlay	1,159,003	74,538	1,034,549	90,385	70,265
Debt Service	490,194	150,693	113,351	467,917	523,309
Total Expenditures	$ 143,182,458	$ 131,519,591	$ 126,518,489	$ 123,218,907	$ 121,704,290
Excess of Revenues over Expenditures	$ 30,269,261	$ 27,507,840	$ 23,698,796	$ 24,840,018	$ 17,092,451
Other Financing Sources (Uses):					
Net Operating Transfers	(28,355,782)	(27,355,163)	(28,575,752)	(13,225,750)	(9,471,536)
Proceeds from Leases and Other Obligations	1,089,968	111,222			
Insurance Recoveries	6,844	700,000	85,460	309,872	216,025
Sale of Capital Assets	1,750	14,551	102,941	173,859	127,035
Total Other Financing Sources (Uses)	$ (27,257,220)	$ (26,529,390)	$ (28,387,351)	$ (12,742,019)	$ (9,128,476)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,012,041	978,450	(4,688,555)	12,097,999	7,963,975
Beginning Fund Balance - October 1	41,336,395	40,357,945	45,046,500	32,948,501	24,984,526
Ending Fund Balance - September 30	$ 44,348,436	$ 41,336,395	$ 40,357,945	$ 45,046,500	$ 32,948,501

Source: City's audited financial statements.

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TABLE 15-A – CHANGE IN NET POSITION HISTORY

	Fiscal Year Ended September 30,				
Revenues	2023	2022	2021	2020	2019
Program revenues:					
Charges for services	$ 24,821,076	$ 22,279,722	$ 22,986,209	$ 20,776,172	$ 27,591,575
Operating grants and contributions	16,049,303	3,876,753	4,562,409	10,896,870	2,564,025
Capital grants and contributions	111,871	4,176,557	734,864	2,912,058	423,969
General revenues:					
Property taxes	125,456,407	120,906,253	118,829,290	110,279,388	103,684,944
Sales taxes	58,104,966	53,413,338	45,810,345	41,535,297	40,163,563
Franchise taxes	19,287,165	17,975,152	16,601,300	17,184,334	17,330,740
Mixed beverage and bingo tax	788,481	728,925	606,898	545,439	650,715
Hotel/motel taxes	4,915,108	3,956,162	2,296,285	2,452,797	4,244,866
Interest earnings	12,484,365	140,824	304,610	2,768,763	4,025,343
Transfers In/Out	(524,919)	-	-	(206,158)	(195,660)
Contributions to permanent fund principal	7,784,321	13,987	1,250	500	200,000
Gain (Loss) on sale of assets	1,763	54,628	160,367	32,945	97,531
Total revenues	$ 269,279,907	$ 227,522,301	$ 212,893,827	$ 209,178,405	$ 200,781,611
Expenditures					
General Government	$ 55,626,292	$ 40,752,621	$ 45,671,700	$ 36,981,348	$ 50,472,454
Public Safety	73,275,926	58,295,163	62,940,276	61,902,233	61,285,186
Public Services	38,986,060	38,960,287	36,150,564	33,525,672	37,633,246
Library	4,648,517	3,626,678	3,590,497	4,472,688	4,432,722
Parks and Recreation	20,398,325	17,086,683	17,449,603	17,379,008	20,114,310
Public Health	2,392,075	1,582,825	1,644,908	2,043,170	2,228,182
Interest and fiscal charges	11,404,752	12,399,447	12,319,064	12,385,760	14,416,695
Total expenses	$ 206,731,947	$ 172,703,704	$ 179,766,612	$ 168,689,879	$ 190,582,795
Increase (Decrease) in net position	62,547,960	54,818,597	33,127,215	40,488,526	10,198,816
Net position-October 1	267,435,568	212,616,971	179,489,756	139,001,230	128,802,414
Net position-September 30	$ 329,983,528	$ 267,435,568	$ 212,616,971	$ 179,489,756	$ 139,001,230

Source: City's audited financial statements.

TABLE 16 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, as amended, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the City's General Fund. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Revenues from this source for the past five years are as follows:

Fiscal Year Ended	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita (1)
2020	$ 41,535,297	36.44%	$ 0.2552	$ 347.67
2021	45,810,345	37.79%	0.2757	379.73
2022	53,413,338	43.53%	0.3019	435.78
2023	58,104,966	45.69%	0.2936	474.06
2024	19,321,717 (2)	15.95%	0.0895	157.58

(1) Based on population estimates provided by North Central Texas Council of Governments.
(2) Collections through February 29, 2024.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%). In addition to the one percent (1%) local sales and use tax referred to above, a 1% sales and use tax is collected in the City for the Dallas Area Rapid Transit ("DART"). The local sales and use taxes are not pledged to the payment of the Obligations.

FINANCIAL POLICIES

Financial Information . . . 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.

As a recipient of federal and state awards, the City is also responsible for having an adequate internal control structure to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by the City's management and finance department staff.

In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general, debt service, water and sewer, golf, special revenue, and solid waste funds are included in the annual appropriated budget. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures/expenses must be approved by the City Council.

During the fiscal year, budgetary control is maintained by the review of purchase orders prior to their release to vendors. 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 at the end of the fiscal year lapse. Funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year-end are reported as assigned 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.

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

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

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 non-major funds are aggregated and presented in a single column.

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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

Additionally, the City reports the following fund types:

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

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

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

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 non-current) are included on the Statement of Net Position 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 thirty-day availability period is used for revenue recognition for all governmental fund type revenues, except fines and forfeitures which are accrued using a forty-five day 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 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 taxes, sales taxes, drainage fees, 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 unavailable revenue in its governmental funds. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, revenue is recognized.

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

CITY FINANCIAL GOALS AND POLICIES

General Fund Balance and Debt Service Fund Balance . . . The City will strive to accumulate and maintain an unassigned balance equal to 90 days operating expenses in the General Fund and 30 days of debt service expenditures in the Debt Service Fund.

Water and Sewer Fund Net Position . . . The City will strive to accumulate and maintain a fund balance equal to 90 days of operating expenses in the Water and Sewer Fund.

Solid Waste Fund Net Position . . . The City will strive to accumulate and maintain 60 days of operating expenses and build toward 90 days of expenses in the Solid Waste Fund fund balance.

Golf Fund Balance . . . The City will stive to accumulate and maintain 30 days of operating expenses and build toward 60 days of expenses in the Golf Fund.

Capital Projects Policies . . . Capital projects will only be authorized by the City Council through identification and commitment of revenue sources sufficient to fund such improvements.

Capital Improvements Planning and Programming shall include the following categories for funding for individual projects:

- Design costs
- Utility construction/adjustment costs
- Appropriate contingency funds
- Project administration services by City employees or outside forces
- Right-of-way costs
- Construction costs
- Furnishings and equipment

The General Fund may be reimbursed for costs associated with development, implementation and administration of debt-funded capital programs including "up-front" costs of planning and indirect costs of city employees and equipment dedicated to implementation and administration of the capital program.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the middle of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.

The City Council sets a public hearing not less than 15 days after the budget is filed with the City Secretary. Notice of the hearing is published in the newspaper not less than ten (10) nor more than thirty (30) days before the public hearing. After the public hearing, the City Council shall adopt the budget.

Fund Investments . . . The City's investment policy is in accordance with state law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government, and its agencies, certificates of deposit, authorized investment pools, government money market mutual funds, and fully collateralized direct repurchase agreements with a defined termination date.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council of the City. Both state law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the City is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, 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; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (15) for bond proceeds, guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 17 – CURRENT INVESTMENTS

As of January 31, 2024, the City's investable funds were invested in the following categories of investments.

Description	Percent	Book Value	Market Value
U.S. Agencies	25.1%	$ 123,968,630	$ 124,260,964
U.S. Treasuries	33.4%	165,321,485	165,601,668
State Pools	39.4%	194,935,484	194,935,484
Money Markets	2.1%	10,517,660	10,517,660
	100.0%	$ 494,743,259	$ 495,315,776

TAX MATTERS

TAX EXEMPTION . . .The delivery of the Obligations is subject to the opinions of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinions (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. Forms of Bond Counsel's opinions are reproduced in Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Bond Ordinance and the Certificate Ordinance subsequent to the issuance of the Obligations. The Bond Ordinance and the Certificate Ordinance contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed or re-financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Obligations.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN TAX-EXEMPT OBLIGATIONS . . . The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Obligations (the "Premium Obligations") paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Obligation, the yield based on a call date that results in the lowest yield on the Obligation).

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the registered and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Preliminary Official Statement under Tables numbered 1 through 6 and 8 through 17 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 17 within six months after the end of each fiscal year ending in and after 2024. The City will additionally provide audited financial statements within 12 months of the end of each fiscal year ending in and after 2024.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial and operating data by March 31 in each year and the audited financial statements for the preceding fiscal year must be provided by September 30 in each year (unless audited financial statements are not completed by the required time, in which case, the City will file unaudited financial statements by the required time and audited financial statements when and if prepared), unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICES OF CERTAIN EVENTS . . . The City will provide notice in a timely manner not in excess of ten business days after the occurrence of the event of any of the following events with respect to the Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

As used above in item (12), the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the existing City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. (Neither the Obligations nor the Ordinances make any provision for debt service reserves, liquidity enhancement or credit enhancement). The City intends the words used in the immediately preceding items (15) and (16) and the definition of a Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under

"Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Over the last five years, the City believes it has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule.

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax supported debt of the City are rated "Aaa" by Moody's and "AAA" by S&P (underlying ratings). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market prices of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that, if decided against the City, would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Texas, Government Code, Chapter 2256, as amended, requires that the obligations be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with a capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states. No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes.

LEGAL MATTERS

The City will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Obligations, including the approving legal opinion of the Attorney General of the State to the effect that the Obligations are a valid and binding obligation of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel to the effect that the Obligations issued in compliance with the provisions of the respective Authorizing Ordinances are valid and legally binding obligations of the City and the interest on the Bonds and the Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein. Forms of such opinions are attached hereto as Appendix C. Bond Counsel did not take part in the preparation of the Preliminary Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Preliminary Official Statement under the captions "INTRODUCTION," "THE OBLIGATIONS" (except for the subcaptions "Book-Entry-Only System" and "Obligationholders' Remedies"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings"), and under the subcaptions "Registration and Qualification of Obligations for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (except for the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION" and is of the opinion that the information relating to the Obligations and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the respective Ordinances. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations are contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington, & Sutcliffe LLP, Austin, Texas, and the legal fee of such firm is contingent on delivery of the Obligations.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Preliminary Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Preliminary Official Statement. The Financial Advisor has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering prices to the public, as shown on page 2 hereof, less an underwriting discount of $___________. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public, as shown on page 4 hereof, less an underwriting discount of $___________. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Obligations are not deposits of any bank, and are not insured by the Federal Deposit Insurance Corporation.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Preliminary Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Preliminary Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Preliminary Official Statement will prove to be accurate.

The Bonds Pricing Certificate, and the Certificates Pricing Certificate will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and will authorize its further use in the reoffering of the Obligations by the Underwriters.

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Pricing Officer
City of Richardson, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY . . . The City of Richardson (the "City" or "Richardson") is located in north central Texas in northern Dallas and southern Collin Counties. The City is approximately 15 miles north of downtown Dallas and is bound on the south and west by the City of Dallas, on the east by the City of Garland and on the north by the City of Plano. Approximately 63% of the City is in Dallas County. The City incorporates approximately 28.5 square miles and has approximately 1,079 (full-time equivalent) employees.

The City was incorporated in 1925 under the general laws of the State and became a home-rule city by vote of the electorate in 1955. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. Richardson voters simultaneously elect six Council members and a Mayor to represent them every two years. All Council members and the Mayor are elected at large, with four Council members representing each of the City's four districts and two Council members representing the City at-large. The City Manager is the chief administrative officer for the City.

Policy-making functions are the responsibility of, and are vested in, the City Council. The City Council is required by the charter to appoint a City Manager to serve as the chief administrative and executive officer of the City. The duties of the City Manager include the appointment of City department heads and the daily conduct of the City affairs.

The City's web address is: http://www.cor.net/

POPULATION . . . The City has grown rapidly since the mid-1950's when it was a small, rural farming community. A population explosion occurred during the 1960/1970 period when the City was one of the more sought-after suburban communities of the Dallas area.

Population history is as follows:

Year	Population	Source	Year	Population	Source
1990	75,596	(1)	2008	99,223	(2)
1991	74,840	(2)	2009	99,930	(2)
1992	75,451	(2)	2010	100,450	(1)
1993	76,700	(2)	2011	100,850	(2)
1994	78,000	(2)	2012	101,820	(2)
1995	78,000	(2)	2013	102,430	(2)
1996	79,800	(2)	2014	104,300	(2)
1997	83,150	(2)	2015	107,400	(2)
1998	86,700	(2)	2016	110,140	(2)
1999	89,200	(2)	2017	113,710	(2)
2000	91,050	(1)	2018	113,710	(2)
2001	92,697	(2)	2019	119,469	(2)
2002	94,529	(2)	2020	120,640	(1)
2003	95,650	(2)	2021	122,570	(2)
2004	96,000	(2)	2022	122,570	(2)
2005	96,000	(2)	2023	122,570	(2)
2006	96,000	(2)	2024	122,615	(2)
2007	96,500	(2)			

Source:
(1) U.S. Census Bureau.
(2) North Texas Council of Governments.

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

Richardson is one of the most conveniently located communities in DFW, with access to points in all directions via both major roadways and the Dallas Area Rapid Transit ("DART") rail system. Central Expressway (U.S. 75), one of the main northbound and southbound arteries of the region, runs through the heart of the community. LBJ Freeway (IH-635) is to the immediate south of the City and the President George Bush Turnpike spans the northern border, giving Richardson residents easy access to the

Dallas-Fort Worth International Airport. Richardson residents and businesses also benefit from the DART Light Rail line which parallels Central Expressway and has four existing stations in the City: Spring Valley, Arapaho Center, Galatyn Park and CityLine/Bush. The DART Silver Line is currently under construction with revenue service expected to begin by Fiscal Year 2026. The Silver Line follows the Cotton Belt Regional Rail Corridor, which runs through the northwest portion of the City, running from Plano in the east, through Richardson, and connecting on to DFW Airport where it will connect to the TEXRail Line which runs to downtown Fort Worth. The Silver Line will include two stations in Richardson, one at the University of Texas at Dallas and another at CityLine next to the existing Light Rail station and will also feature a hike and bike trail running the entire length of the line.

To take full advantage of these transportation assets for development and redevelopment purposes, the City has implemented three Tax Increment Financing (TIF) Districts. TIF District #1 was established in November 2006, encompassing 1,777 acres including both sides of the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and then extending west from U.S. 75 along Spring Valley Road to Coit Road. The district also includes an approximately 1,200-acre area east of U.S. 75 known as the Richardson IQ which more fully described below. TIF District #2, established in November 2011, is bounded by President George Bush Turnpike on the north, Wyndham Lane on the east, Renner Road on the south, and the DART Light Rail line on the west. TIF District #3, established in November 2011, is bounded by President George Bush Turnpike on the north, the DART Light Rail line on the east, Renner Road on the South and has its western boundary between Alma Road and U.S. 75. Dallas County participates financially in TIF District #1 and Collin County participates financially in TIF District #2 and TIF District #3.

RECENT DEVELOPMENTS

- Interurban Common: Construction of an approximately 2.5-acre linear urban park with plaza, seating, landscaping, and food truck space is underway along Interurban between Main Street and Jackson Street across from the Belt + Main development. The project is anticipated to be completed in late 2024.

- Allegro MicroSystems: The power and sensing semiconductor tech company opened a Richardson office in the Eastside development within the Richardson IQ®. The Richardson office will act as a sensor and power integrated circuit design center, and the company plans to grow its local workforce over the next few years with hiring in positions such as engineering, design, and product marketing.

- Infosys/Spirit AeroSystems: A global leader in next-generation digital services and consulting (Infosys) and the world's largest first-tier aerostructures manufacturer (Spirit AeroSystems) inaugurated the Center for Aerospace Engineering Excellence in Richardson to nurture local talent to meet growing aerospace and defense engineering needs. The Center will enable Infosys and Spirit AeroSystems to develop cross-functional solutions to pressing business challenges in the aircraft development lifecycle and facilitate training, upskilling, and reskilling of talent in digital engineering technologies.

- Austin Circuit Design ("ACD"): ACD, an advanced design and manufacturing firm, relocated its headquarters to the Richardson IQ®.

- Happy Hippie Brewing Company: Located in the Lockwood area of the CORE District after renovating an existing office building, the brewery and taproom opened in November 2023 with funding support from TIF #1.

- Beyond the Bar: The first alcohol-free bottle shop and tasting room in the DFW Metroplex opened in Richardson.

- Lookout Logistics Center: Richardson Logistics Center is a three-building industrial campus under construction at the corner of Lookout Drive and Plano Road. Two buildings are complete, totaling 118,893 square feet and 138,003 square feet. The third building totaling 102,273 square feet is expected to be completed in September 2024.

- Sherman Lofts: The City Council approved zoning for Sherman Lofts, located within TIF #1 on Spring Valley Road, across the street from DART's Spring Valley Light Rail station. The proposed five-story apartment development will include 373 traditional apartment units, three live-work apartments and a 932 square foot coworking space open to the public. Demolition of an existing structure on the development, located at 111 West Spring Valley Road, began in the summer of 2022 with the project anticipated to be completed by 2026.

- Partenope Ristorante: Partentope Ristorante opened in Richardson's CORE district in the fall of 2023. This is the first sit-down, full-service restaurant opened in Richardson's downtown area since major planning and redevelopment efforts were launched by the City. The downtown Richardson location is Partenope's second location, with the first in downtown Dallas widely known for its Southern Italian authentic experience, serving pizzas that have achieved the Vera Napoletana (VPN) certification, signifying it meets the true Neapolitan-style standard.

- The Caroline Eastside: Hunt Companies Inc. is developing a 384-unit apartment complex next to The Mallory Eastside, off of the Central Trail that runs along the DART rail line. The apartments will include a mix of one-, two-, and threebedroom units and studios along with a coworking space, clubhouse, two-story gym, dog park, rooftop lounge, spa pool, lounge area and game room. The first residents are expected to move in by early 2025.

- Alamo Draft House Richardson: Upon signing a 10-year lease extension, Alamo Draft House is investing over $1M in improvements to its Richardson location to include seat, technology, and cosmetic upgrades for customers.

- Celestica: Local contract manufacturer, Celestica, has redeveloped 30,000-square-feet of its Richardson facility in collaboration with a major U.S. technology company to produce the augmented reality goggles for the defense industry. The three-year contract will create an estimated 155 new employment positions.

- MCI Diagnostic Center: MCI Diagnostic Center expanded its Richardson operations in the Richardson IQ in 2023 by adding 75,000 square-feet of space to its National Clinical Diagnostic Laboratory. MCI provides laboratory testing services to governmental entities.

- McCarthy Building Cos. Inc.: McCarthy Building Cos. moved its Dallas office to Richardson's CityLine development in 2023. The office serves as the headquarters for McCarthy's parent company, Genuine McCarthy Enterprises, as well as McCarthy's new civil business unit focused on civil construction projects. The move enabled McCarthy to expand operations, with plans to hire an additional 150 employees to support the growing business.

EDUCATION . . . Education for the citizens of the City is provided by the Richardson Independent School District (the "District") and, for that area located in Collin County, by the Plano Independent School District.

The District covers 38.5 square miles and includes most of the city of Richardson, and portions of the cities of Dallas and Garland (60 percent of the District is in Dallas, with 35 percent in Richardson and 5 percent in Garland). The District is comprised of 56 campuses that serve over 37,000 students. School plant facilities include 41 elementary schools for grades Pre-K through sixth, one early education elementary school (ages 3 to 4), 8 junior high schools for grades seventh and eighth, 4 high schools for grades ninth through twelfth, one alternative education school - CMLC (K-12), and one alternative high school - MPA. Additional district facilities include two natatoriums, five athletic stadiums, one environmental studies center encompassing 23 acres, three general administration/instructional buildings, one operations center/warehouse, one transportation annex, and one Newcomer Center.

The District has a long-standing reputation for educational excellence, and is continually recognized at both the state and national levels. The District received a "B" rating from the Texas Education Agency in 2022 as part of its Accountability Ratings.

Plano Independent School District presently has four elementary schools in Richardson.

TRANSPORTATION . . . The major north/south artery is U.S. Highway 75, North Central Expressway, which bisects the City and is one of the most heavily traveled expressways in the State. The expressway has been widened from four to eight lanes and the frontage lanes increased to three in each direction. A managed HOV lane runs both north and south along U.S. Highway 75 connecting Loop 635 to the Cities of Richardson, Plano and Allen.

Loop 635 serves as an outer loop around the City of Dallas and runs east/west along the southern border of the City. A number of other east/west arterial streets are available within the City and increased mobility has been provided with the construction of State Highway 190, the President George Bush Turnpike, which runs along the northern border of the City. The President George Bush Turnpike provides a convenient connection to the Dallas-Fort Worth International Airport, as well as links to Interstate Highway 35E, State Highway 114, State Highway 183, and links to Interstate 30 on both the east and west sides of Dallas, as well as to Interstate 20 west of the City.

Interstate bus transportation is available from Greyhound Bus Lines. DART, a regional transportation entity, is presently providing daily public bus transportation within the City. Four DART light rail stations provide access to downtown Dallas. DART's Silver Line is under construction and will provide passenger rail service to DFW Airport via two stations in Richardson starting in 2025.

MEDICAL FACILITIES . . . Methodist Richardson Medical Center ("MRMC") has been offering a broad scope of medical services to the Richardson community for more than 40 years in Richardson. The Methodist Health System purchased all of the assets and operations of the Richardson Hospital Authority in 2011, after entering into a long-term partnership in 2009. Previously, MRMC has been operated as Richardson Regional Medical Center by the Richardson Hospital Authority, a local government unit and a political subdivision of the State of Texas. MRMC is committed to bringing advanced technology and quality health care to the Richardson community.

This full-service medical center offers enhanced health care services to residents of Richardson and surrounding communities. MRMC includes two campuses, the primary campus on Renner Road at President George Bush Turnpike and a secondary campus on West Campbell Road near U.S. 75. Combined, the two facilities have nearly 400 beds and employ over 400 physicians. In 2022, MRMC announced an 80,000 square foot expansion of the emergency department on its primary campus. The construction of this project is expected to be completed in August 2024.

BUILDING PERMIT INFORMATION . . . The following table sets forth information regarding building permits in the City for the five most recently completed fiscal years:

Fiscal	Commercial Construction (1)		Residential Construction (1)		
Year Ending	Number of Units (2)	Dollar Value	Number of Units (2)	Dollar Value	Total Value
2019	386	259,107,616	1,503	169,926,862	429,034,478
2020	385	965,439,351 (3)	1,572	145,837,194	1,111,276,545
2021	307	267,025,343	1,220	249,789,646	516,814,989
2022	321	206,640,000	1,576	106,240,000	312,880,000
2023	383	253,129,262	1,421	205,090,353	458,219,615

(1) Source: City's Building Inspection records.
(2) Number of units includes new construction, additions and alterations.
(3) Includes Texas Instruments RFAB2.

MAJOR EMPLOYERS . . . Major employers in the City of Richardson are:

Employer	Nature of Business	Estimated Number of Employees
State Farm Insurance	Insurance Provider	10,000
Richardson Independent School District	Public School District	5,961
University of Texas at Dallas	Public University	3,455
BlueCross BlueShield of Texas	Health Insurance Provider	3,100
GEICO	Insurance Provider	2,300
Raytheon	Aerospace/Defense Optical Lenses	2,200
RealPage	Software Provider (Real Estate Industry)	2,100
Cisco Systems	Telecom Equipment	2,000
Texas Instruments	Analog Semiconductor Wafer Fabrication	1,800
United Healthcare	Health Insurance Provider	1,700

Source: City of Richardson Economic Development Department.

APPENDIX B

EXCERPTS FROM THE

CITY OF RICHARDSON, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Richardson, Texas Annual Financial Report for the Year Ended September 30, 2023, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson (the “City”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, during the year ended September 30, 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The adoption resulted in recording a subscription payable and a right-of-use subscription asset. There was no impact to net position or fund balance as of October 1, 2022 as a result of adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Hotel-Motel Fund, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Pension Contributions,* and *Schedule of Changes in Net Pension Liability and Related Ratios* on pages 21 – 31, 91, 92, 93, 94, and 95, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The individual and combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
March 20, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Richardson (the City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2023. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes convinced with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained, not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and/or expenses/expenditures higher or lower than the previous year? Have net position (containing both short and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (starting on page 1 of this report) and the statistical section, as well as information on the Annual Budget and other community information found on the City's website at www.cor.net.

It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all the additional information from the website and other City sources are unaudited and have not been updated for events that may have occurred subsequent to the issuance of the respective report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2023, by $443,464,387 (net position). The majority of the City's net position are invested in capital assets ($309,999,407) or restricted for specific purposes ($89,380,630). The remaining ($44,084,350) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fiscal policies.

- The City’s total net position increased by $74,793,406. The primary reasons are an increase in water & sewer sales, investment earning, and sales tax collections. Additional details are provided in the "Financial Analysis of the City as a Whole."

- At September 30, 2023, the City’s governmental funds reported combined ending fund balances of $278,627,605. The unassigned fund balance of $42,700,823 in the General Fund represents 24.8% of total General Fund expenditures and transfers out.

- Principal balances of the City’s total long-term debt increased by 14.42%, having a net increase of about $63,916,000 during the current fiscal year (see Table 4). Additional information on the City’s long–term debt can be found in Notes 9-13 of the financial statements.

- The deferred outflows of the City increased by $40,632,180 or 186.9% during the fiscal year. This change is due to the change in the deferred outflows related to the pension liability.

- The deferred inflows of the City decreased by $26,733,405 or 42.2% during the fiscal year. This change is due to the net changes in the deferred inflows related to the pension and OPEB liabilities.

- The City implemented GASB Statement No. 96, Subscription Based Information Technology Agreements (SBITA). As part of implementing the standard, the City added $6,785,528 in SBITA assets and $6,735,171 in SBITA obligations on October 1, 2022.

- The total ad valorem rate for the City was $0.56095 for fiscal year 2023. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

- *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 reconciliation's explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

  The City reports 22 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, the Capital Fund, and the Federal Grant Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, the City adopts an annual appropriated budget for its General Fund, Hotel/Motel Tax Fund and Federal Grants Fund. A budgetary comparison schedule has been provided for each of these major funds to demonstrate compliance with this budget. This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and healthcare benefits to its employees and retirees. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and healthcare, along with related budgetary comparison schedules for the Debt Service Fund and the nonmajor governmental funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. Total assets at September 30, 2023 were $1,159.3M, deferred outflows of resources of $62.4M, total liabilities of $741.7M and deferred inflows of resources were approximately $36.5M resulting in a net position balance of $443.5M a 20.3% increase over the previous year (see Table 1).

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

An additional portion of net position represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of $44.1M (10%) reflects general resources that may be used for any lawful purpose. The government's overall net position increased approximately $74.8M over the prior fiscal year. The reasons for the overall increase is discussed in the following sections for governmental activities and business-type activities.

Table 1
City of Richardson
Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2022-2023**
Current and other assets	$ 346,554	$ 268,499	$ 120,564	$ 92,771	$ 467,118	$ 361,270	29.3 %
Capital assets	561,481	520,679	130,728	113,564	692,209	634,243	9.1 %
Total assets	908,035	789,178	251,292	206,335	1,159,327	995,513	16.5 %
Total deferred outflows of resources	52,553	18,382	9,811	3,349	62,364	21,731	187.0 %
Other liabilities	43,333	46,965	33,209	12,962	76,542	59,927	27.7 %
Long term liabilities	555,105	437,764	110,032	87,601	665,137	525,365	26.6 %
Total liabilities	598,438	484,729	143,241	100,563	741,679	585,292	26.7 %
Total deferred inflows of resources	32,166	55,395	4,380	7,885	36,546	63,280	(42.2)%
Net Position:							
Net investment in capital assets	258,618	237,511	51,381	54,163	309,999	291,674	6.3 %
Restricted	61,655	30,114	27,726	36,178	89,381	66,292	34.8 %
Unrestricted	9,711	(189)	34,374	10,894	44,085	10,705	311.8 %
Total net position	$ 329,984	$ 267,436	$ 113,481	$ 101,235	$ 443,465	$ 368,671	20.3 %

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in net position. The City's total revenues increased by 16.0% to approximately $394.9M (see Table 2). The State of Texas only provides limited support to municipalities, so the majority of the City's revenues are generated through local taxes and fees. Approximately 46.5% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up 37.0% of revenue collected (see Figure 1).

The total cost of all programs and services increased 17.7% to $319.7M (see Table 2). The City's functional expenses cover a range of services with over a third (35.2%) attributed to operations of the City's public utilities and 22.9% attributed to public safety (see Figure 2).

Figure 1 - Sources of Revenue for FY 2023

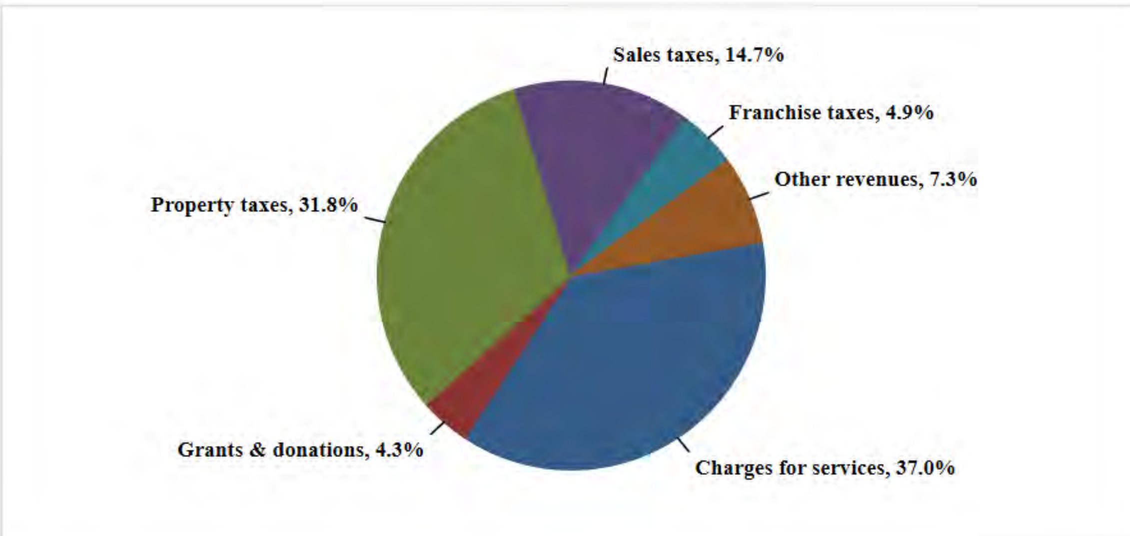
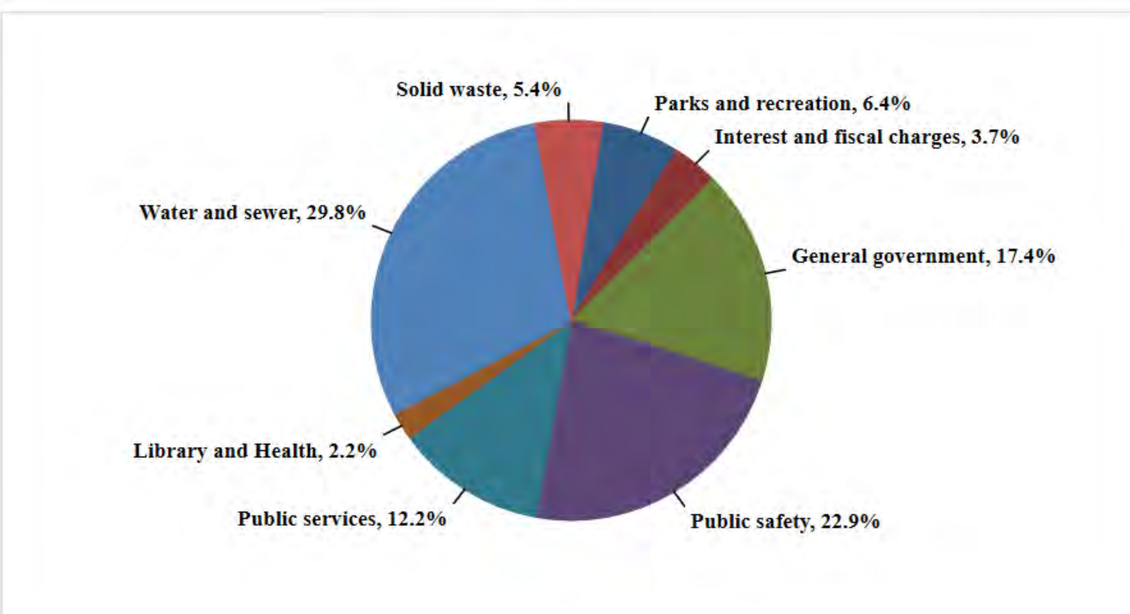


Figure 2 - Functional Expenses for FY 2023



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Governmental Activities. Net position increased approximately $62.5M. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of approximately $4.6M, and sales tax revenue of $4.7M due to a year-over-year increase in the assessed value of taxable property from $17.7B to $19.8B, favorable outcomes of prior year property tax values in dispute and steady sales tax collections.
- General government expenses increased approximately $14.9M, primarily due to increases in compensation and equipment purchases.

Business-Type Activities. Business type activities increased net position by approximately $12.2M.

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

- Water sales were $5.3M greater than the prior year. In FY2023, the area continued to see drought conditions during the summer months, leading to increased residential usage.
- Total operating revenues in the Water and Sewer Fund of $104.9M are $9.0M greater than prior year's actual, with Water Sales having the largest increase from the prior year as described above. Total operating expenses of about $93.6M ended the year $10.5M greater than prior year's actual, with personal services and purchase of water & sewer treatment showing the largest increases from the prior year.
- Total operating revenues in the the Solid Waste Fund finished the year approximately $1.1M greater than the prior year's actual. Total expenses ended the year $3.1M greater than the prior year's actual, with Personal services showing the largest increase.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
Revenues:							
Program revenues:							
Charges for services	$ 24,821	$ 22,280	$ 121,672	$ 112,146	$ 146,493	$ 134,426	9.0 %
Operating grants and contributions	16,049	3,877	-	-	16,049	3,877	314.0 %
Capital grants and contributions	112	4,177	627	967	739	5,144	(85.6)%
General revenues:							
Property taxes	125,456	120,906	-	-	125,456	120,906	3.8 %
Sales taxes	58,105	53,413	-	-	58,105	53,413	8.8 %
Franchise taxes	19,287	17,975	-	-	19,287	17,975	7.3 %
Mixed beverage tax	788	729	-	-	788	729	8.1 %
Hotel/motel taxes	4,915	3,956	-	-	4,915	3,956	24.2 %
Insurance and other recoveries	7,784	-	-	-	7,784	-	- %
Unrestricted interest earnings	12,484	141	2,804	(52)	15,288	89	17,077.5 %
Total revenues	269,801	227,454	125,103	113,061	394,904	340,515	16.0 %
Expenses:							
General government	55,626	40,753	-	-	55,626	40,753	36.5 %
Public safety	73,276	58,295	-	-	73,276	58,295	25.7 %
Public services	38,986	38,960	-	-	38,986	38,960	0.1 %
Library	4,649	3,627	-	-	4,649	3,627	28.2 %
Parks and recreation	20,398	17,087	-	-	20,398	17,087	19.4 %
Public health	2,392	1,583	-	-	2,392	1,583	51.1 %
Interest and fiscal charges	11,405	12,399	-	-	11,405	12,399	(8.0)%
Water and sewer	-	-	95,681	84,797	95,681	84,797	12.8 %
Solid waste	-	-	17,283	14,062	17,283	14,062	22.9 %
Total expenses	206,732	172,704	112,964	98,859	319,696	271,563	17.7 %
Increase in net position before transfers, contributions and gains	63,069	54,750	12,139	14,202	75,208	68,952	9.1 %
Contributions to permanent fund principal	2	14	-	-	2	14	(85.7)%
Gain on sale of assets	(525)	55	107	150	(418)	205	(303.9)%
Increase in net position	62,546	54,819	12,246	14,352	74,792	69,171	8.1 %
Net position - beginning	267,434	212,617	101,236	86,884	368,670	299,501	23.1 %
Net position - ending	$ 329,980	$ 267,436	$ 113,482	$ 101,236	$ 443,462	$ 368,672	20.3 %

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the end of the current fiscal year, the City’s governmental funds reported combined fund balances of approximately $278.6M. Approximately 15.3%, or $42.7M, constitutes unassigned fund balance, which is reported in the General Fund. The remainder of fund balance, $235.9M or 84.7% is not available for general spending.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The General Fund is the chief operating fund of the City. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 24.8% of total General Fund expenditures and transfers out, while total fund balance represents 25.7% of total General Fund expenditures and transfers out.

The General Fund’s fund balance had an increase of approximately $3.0M. Overall, revenues in the General Fund increased by about $14.4M, or 9.1%, with the largest increase being sales tax of approximately $4.7M or 8.8%. None of the respective expenditure categories had a significant fluctuation as total expenditures increased by approximately $11.7M or 8.9%. The City continued its emphasis on Public Safety initiatives with increased spending over the prior year of about $3.7M out of the $11.7M total increase.

The Debt Service Fund has a fund balance of approximately $3.9M, all of which is restricted for the payment of debt. The City’s financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund.

The fund balance in the Capital Fund ended the year with approximately $189.0M. Restricted fund balance of $115.2M is for future capital equipment purchases and construction projects. The fund balance increased $72.9M due to the timing of acquisition/construction of capital assets, the issuance of debt, and transferring $29.2M from the General Fund ($27.2M), Hotel/Motel Fund ($.9M) and Other Governmental Funds ($.6M) for budgeted cash-financed capital projects and additional community capital needs or future special maintenance initiatives.

The Hotel/Motel Fund has been consistent year to year. The Fund's ending fund balance of approximately $7.5M has been assigned by City Council to be used for the support of its performing arts center and related capital outlay needs. The primary funding source of this fund are taxes collected for lodging, which increased by approximately $959K to $4.9M.

The Other Governmental Funds had a fund balance increase of approximately $9.5M. The TIF ($6.0M increase) and Drainage ($1.2M increase) Funds are the largest contributors of the non-major funds.

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

Unrestricted net position in the Water and Sewer Fund and the Solid Waste Fund at the end of the year amounted to $33M and $(1.4)M respectively. A negative unrestricted net position in the Solid Waste Fund is primarily due to the cost of recording the full value of post-employment benefits that will be funded in future years. The total net position increase of approximately $11.7M in the Water and Sewer Fund is primarily related to strong water sales made possible by the amounts and timing of rainfall. The net position increase in the Solid Waste Fund of $0.4M is the result of an increase of solid waste fees related to a slight increase in commercial rates as well as the ability to keep expenses relatively flat year over year.

General Fund Budgetary Highlights: General Government revenues finished the year approximately $2.4M or 1.4% above year-end estimate. Below are the General Government revenue highlights:

- Property Taxes were consistent to the final budgets, only a $.719M variance of the final budget.
- Sales and other business tax revenue finished the year $2.3M over the year-end estimate of $57.6M on a budgetary basis which was an increase of $8.1M from the original budget due to ongoing strong collections and inflation.

General Government expenditures, including amounts encumbered prior to year-end but excluding transfers out, finished the year $4.7M below year-end estimates. The overall positive variance in General Government expenditures was due to the following:

- The largest savings came in public safety at $1.2M, followed by $.67M in public services and $0.3M in general government. The majority of these savings can be attributed to staffing challenges with various positions open throughout the fiscal year.

CAPITAL, INTANGIBLE RIGHT-TO-USE & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) ASSETS AND DEBT ADMINISTRATION

Capital, Intangible right-to-use and SBITA Assets: The City's investment in capital assets (net of depreciation when applicable) for its governmental and business-type activities as of September 30, 2023, is approximately $692.2M, as shown in Table 3. This investment in capital assets includes land, public art, buildings, improvements, vehicles, machinery and equipment, infrastructure, intangible right-to-use, SBITA and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was approximately $58.0M (9.1%) .

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

- Equipment and vehicle assets acquired totaled $2.2M and completed $2.5M in improvements other than buildings..
- The City entered into lease obligations for assets valued at approximately $8.4M, of which $8.2M is 3-4 year lease and related improvements for the temporary Library and City Hall.
- The City capitalized $6.9 in assets related to SBITA.
- The City completed numerous streets, bridge, sidewalk, alley, drainage, traffic and trail projects totaling approximately $1.1M.
- The Water and Sewer Fund completed approximately $1.5M in projects, which extended and improved the City's Water and Sewer system. The fund also completed over $23.4M of Construction in Progress, leaving an ending Construction in Progress of over $27.9M.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 93,645	$ 94,151	$ 424	$ 424	$ 94,069	$ 94,575
Public Art	4,237	4,237	-	-	4,237	4,237
Buildings	128,850	133,489	3,285	3,440	132,135	136,929
Improvements other than buildings	45,483	46,371	1,334	1,435	46,817	47,806
Infrastructure	182,105	192,938	90,604	94,594	272,709	287,532
Vehicles, machinery and equipment	15,989	20,378	6,976	7,563	22,965	27,941
Intangible right-to-use assets	9,287	2,157	148	-	9,435	2,157
SBITA	5,752	-	-	-	5,752	-
Construction in progress	76,133	26,958	27,957	6,108	104,090	33,066
Total capital assets, net	$ 561,481	$ 520,679	$ 130,728	$ 113,564	$ 692,209	$ 634,243

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

CAPITAL, INTANGIBLE RIGHT-TO-USE & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA) ASSETS AND DEBT ADMINISTRATION

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total debt outstanding of approximately $507.0M as shown in Table 4. Of this amount, approximately $199.1M represents tax-supported bonds, approximately $170.0M represents self-supported bonds and $32.0M represents discounts/premiums. The other obligations of $105.8M in the governmental activities relates to direct financed purchases (vehicle, golf carts, and EMS equipment), notes payable for a police training facility, TIF economic development grants, a tax note, lease, and SBITA obligations.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 186,655	$ 167,815	$ 10,165	$ 12,660	$ 196,820	$ 180,475
Certificates of obligation	99,805	73,585	70,240	58,330	170,045	131,915
General obligation bonds from direct borrowings	2,285	4,445	-	-	2,285	4,445
Bond discounts/premium	24,195	19,340	7,811	6,694	32,006	26,034
Total bonds payable	312,940	265,185	88,216	77,684	401,156	342,869
Tax anticipation notes from direct borrowing	5,340	5,605	-	-	5,340	5,605
Financed purchases & other contractual obligations	1,503	1,934	-	-	1,503	1,934
Lease obligations	6,022	2,042	148	-	6,170	2,042
SBITA obligations	6,048	-	-	-	6,048	-
TIF obligations	86,775	90,626	-	-	86,775	90,626
Total outstanding debt	$ 418,628	$ 365,392	$ 88,364	$ 77,684	$ 506,992	$ 443,076

In May 2023, the City issued $92.9M in total debt, including $47.9M in GO bonds, to facilitate its ongoing capital program. In addition, the City recognized SBITA obligations during the year of approximately $5.9M as part of the implementation of GASB 96. Details of these transactions, including the purposes of each issue, can be found in Notes 9-13 to the financial statements.

Table 5
City of Richardson
Authorized but Unissued Debt
September 30, 2023

Election Date	Purpose	Amount Authorized	Amount Previously Issued	Amount Issued 2023 (1)	Authorized But Unissued
November 2, 2021					
	Streets	$102,000,000	$ 14,760,000	$ 29,220,000	$ 58,020,000
	Public Facility	64,000,000	3,925,000	10,675,000	49,400,000
	Sidewalks	8,500,000	3,119,000	2,971,000	2,410,000
	Drainage	8,000,000	6,493,000	507,000	1,000,000
	Parks & Recreation	7,500,000	1,423,000	4,532,000	1,545,000
	Remaining	190,000,000	29,720,000	47,905,000	112,375,000
May 2, 2023					
	Public Buildings	46,000,000	-	-	46,000,000
	Total Remaining	$236,000,000	$ 29,720,000	$ 47,905,000	$158,375,000

(1) Includes premium.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following indictors were taken into consideration when adopting the FY2023-2024 budgets.

- The city's budget presentation for the 2023-2024 fiscal year budget was developed with a focus of continuing the implementation of key City Council tactics, expanded efforts for recruitment and retention, additional funding for public safety personnel and initiatives and continued focus on infrastructure reinvestment. The highlights for select funds are as follows:
- General Fund: The General Fund budget included no change to the City's tax rate of $0.56095 per $100 of valuation. A strong housing market has continued to lead to increased taxable values for both General Fund and Debt Service needs. The budget for property tax revenues has been increased $4.95M to $75.2M. Sales/other taxes was budgeted at $58.4 million, which is $5.9M greater than the FY23 budget. The General Fund budget for FY24 totals $178.1M, an increase of 9.1%, and includes transfer totaling $16.1M for cash-based capital initiatives. Key focus areas for the FY24 General Fund budget include employee recruitment and retention, enhanced public safety initiatives, and a focus on the City's infrastructure.
- Water & Sewer Fund: The North Texas Municipal Water District (NTMWD) wholesale water rate was increased from $3.39 to $3.69 (8.8% increase) per 1,000 gallons and wastewater treatment rates also increased from the City’s service providers. The City’s total cost for wholesale water was $35M million and the total cost for wastewater treatment was $24M for the fiscal year ended September 30, 2023. The budgeted costs for wholesale water are $40.0M and $27.8M for wastewater treatment in fiscal year 2023-2024, which makes up about 64% of the total budgeted expenses of the Water and Sewer Fund. A rate increase of 3% on water and sewer charges was implemented due to increasing maintenance and capital needs along with increased wholesale costs. Total revenues of the fund are budgeted at $106M and total expenses and transfers are budgeted at $105.06M.
- Solid Waste Fund: The Solid Waste Fund budget includes $18.43M in revenues and $18.21M of expenses. Total revenues are increasing about 3.8% due to a $1 a month increase on residential rates and a 3.0% across the board increase to commercial rates. Landfill expenses account for $2.5M (13.7%) of the total expenses.

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 Director of Finance, P. O. Box 830309, Richardson, Texas 75083-0309.

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BASIC FINANCIAL STATEMENTS

CITY OF RICHARDSON, TEXAS

Statement of Net Position

September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 28,796,260	$ 4,576,893	$ 33,373,153
Investments	287,541,875	30,000,000	317,541,875
Receivables (net of allowances)	13,183,877	14,982,568	28,166,445
Lease receivables	18,075,389	2,016,122	20,091,511
Inventories	811,423	1,446,815	2,258,238
Prepaid items	118,899	-	118,899
Deposits	167,500	-	167,500
Property held for redevelopment and resale	274,020	-	274,020
Restricted assets:			
Cash and cash equivalents	-	64,993,453	64,993,453
Escrow deposits	129,063	-	129,063
Receivables (net of allowances)	-	4,006	4,006
Internal balances	(2,544,037)	2,544,037	-
Nondepreciable and depreciable/amortizable:			
Nondepreciable	174,015,325	28,380,310	202,395,635
Depreciable/amortizable (net)	387,465,212	102,347,477	489,812,689
Total assets	908,034,806	251,291,681	1,159,326,487
Deferred outflows of resources			
Pension contributions, investment experience and assumptions	46,839,383	8,633,736	55,473,119
Deferred charge on refundings	261,846	196,139	457,985
OPEB contributions, investment experience and assumptions	5,451,483	980,720	6,432,203
Total deferred outflows of resources	52,552,712	9,810,595	62,363,307

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	$ 15,479,656	$ 6,273,398	$ 21,753,054
Retainage payable	2,168,324	-	2,168,324
Accrued liabilities	8,706,553	1,501,485	10,208,038
Accrued interest	13,462,706	590,185	14,052,891
Payable from restricted assets:			
Accounts payable	-	4,172,209	4,172,209
Retainage payable	-	1,258,077	1,258,077
Customer deposits	-	4,035,852	4,035,852
Unearned revenue	3,094,751	-	3,094,751
Money held in escrow	420,842	15,377,572	15,798,414
Non-current liabilities:			
Due within one year:			
Bonds, leases, SBITA, and contractual obligations	41,544,091	7,335,412	48,879,503
OPEB liability	1,658,454	273,668	1,932,122
Compensated absences	1,882,358	198,657	2,081,015
Workers' compensation	589,142	82,760	671,902
Unpaid claims liability	977,591	-	977,591
Due in more than one year:			
Bonds, leases, SBITA, and contractual obligations	377,083,822	81,028,755	458,112,577
OPEB liability	40,641,370	6,706,402	47,347,772
Net pension liability	70,289,875	12,666,206	82,956,081
Workers' compensation	4,654,129	-	4,654,129
Compensated absences	15,229,982	1,607,313	16,837,295
Arbitrage liability	553,987	133,284	687,271
Total liabilities	598,437,633	143,241,235	741,678,868
Deferred inflows of resources			
Deferred charges on refundings	3,015,114	46,798	3,061,912
Pension actuarial experience	302,889	409,247	712,136
OPEB assumptions	11,055,318	1,896,249	12,951,567
Deferred inflows related to leases	17,793,036	2,027,888	19,820,924
Total deferred inflows of resources	32,166,357	4,380,182	36,546,539
Net position:			
Net investment in capital assets	258,618,446	51,380,961	309,999,407
Restricted for:			
Capital projects	37,344,610	27,524,653	64,869,263
Debt service	-	201,419	201,419
General government	22,836,751	-	22,836,751
Public safety	1,234,516	-	1,234,516
Endowment			
Expendable	1,763	-	1,763
Nonexpendable	236,918	-	236,918
Unrestricted	9,710,524	34,373,826	44,084,350
Total net position	$ 329,983,528	$ 113,480,859	$ 443,464,387

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS

Statement of Activities

Year ended September 30, 2023

		Program revenues			Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Function/programs:							
Governmental activities:							
General government	$ 55,626,292	$ 3,058,043	$ 15,808,678	$ -	$ (36,759,571)	$ -	$ (36,759,571)
Public safety	73,275,926	7,327,076	240,625	-	(65,708,225)	-	(65,708,225)
Public services	38,986,060	6,714,657	-	3,063	(32,268,340)	-	(32,268,340)
Library	4,648,517	17,344	-	-	(4,631,173)	-	(4,631,173)
Parks and recreation	20,398,325	7,182,476	-	108,808	(13,107,041)	-	(13,107,041)
Public health	2,392,075	521,480	-	-	(1,870,595)	-	(1,870,595)
Interest	11,404,752	-	-	-	(11,404,752)	-	(11,404,752)
Total governmental activities	206,731,947	24,821,076	16,049,303	111,871	(165,749,697)	-	(165,749,697)
Business-type activities:							
Water and sewer	95,681,396	104,338,425	-	627,299	-	9,284,328	9,284,328
Solid waste	17,283,157	17,333,445	-	-	-	50,288	50,288
Total business-type activities	112,964,553	121,671,870	-	627,299	-	9,334,616	9,334,616
Total primary government	$ 319,696,500	$ 146,492,946	$ 16,049,303	$ 739,170	(165,749,697)	9,334,616	(156,415,081)

	Governmental activities	Business-type activities	Total
General Revenues:			
Property tax	125,456,407	-	125,456,407
Sales tax	58,104,966	-	58,104,966
Franchise tax	19,287,165	-	19,287,165
Mixed beverage and bingo tax	788,481	-	788,481
Hotel/motel tax	4,915,108	-	4,915,108
Unrestricted interest earnings	12,484,365	2,803,963	15,288,328
Gain/(loss) on sale of assets	(524,919)	106,867	(418,052)
Insurance and other recoveries	7,784,321	-	7,784,321
Contributions to permanent fund principal	1,763	-	1,763
Total revenues	228,297,657	2,910,830	231,208,487
Change in net position	62,547,960	12,245,446	74,793,406
Net position - beginning	267,435,568	101,235,413	368,670,981
Net position - ending	$ 329,983,528	$ 113,480,859	$ 443,464,387

See accompanying notes to basic financial statements

CITY OF RICHARDSON, TEXAS
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Debt Service Fund	Capital Project Funds	Hotel/Motel Tax Fund	Other Governmental Funds	Total
Assets:						
Cash & cash equivalents	$ 667,881	$ 3,898,627	$ 425,800	$ 340,542	$ 18,028,860	$ 23,361,710
Investments	44,311,845	-	198,130,030	7,600,000	22,500,000	272,541,875
Receivables (net of allowances)	10,261,183	608,414	1,296,576	479,960	537,744	13,183,877
Lease receivables	466,165	-	-	17,609,224	-	18,075,389
Due from other funds	44,041	-	-	-	-	44,041
Inventories	479,602	-	-	-	-	479,602
Prepaid items	3,636	-	-	59,900	9,105	72,641
Escrow deposits	-	-	129,063	-	-	129,063
Deposits	167,500	-	-	-	-	167,500
Property held for redevelopment	-	-	274,020	-	-	274,020
Total assets	$ 56,401,853	$ 4,507,041	$ 200,255,489	$ 26,089,626	$ 41,075,709	$ 328,329,718
Liabilities:						
Accounts payable	$ 2,334,627	$ -	$ 9,384,688	$ 166,047	$ 2,986,224	$ 14,871,586
Retainage payable	5,252	-	1,466,239	-	696,833	2,168,324
Accrued liabilities	7,616,046	-	3,532	742,224	331,310	8,693,112
Due to other funds	-	-	-	-	44,041	44,041
Unearned revenue	-	-	2,073	267,963	2,824,715	3,094,751
Money held in escrow	-	-	420,842	-	-	420,842
Total liabilities	9,955,925	-	11,277,374	1,176,234	6,883,123	29,292,656
Deferred inflows of resources:						
Unavailable revenue	1,707,334	608,114	-	-	300,973	2,616,421
Deferred inflows related to leases	390,158	-	-	17,402,878	-	17,793,036
Total deferred inflows of resources	2,097,492	608,114	-	17,402,878	300,973	20,409,457
Fund balances:						
Nonspendable:						
Inventory	479,602	-	-	-	-	479,602
Deposits	167,500	-	-	-	-	167,500
Prepaid items	3,636	-	-	59,900	9,105	72,641
Permanent fund principal	-	-	-	-	236,918	236,918
Restricted for:						
Debt service	-	3,898,927	-	-	-	3,898,927
Parks and recreation projects	-	-	11,330,264	-	-	11,330,264
Public services	-	-	34,248,344	-	-	34,248,344
Capital projects	-	-	52,835,204	-	421,392	53,256,596
General government	-	-	16,361,551	-	22,118,771	38,480,322
Public safety	-	-	460,270	-	1,234,516	1,694,786
Committed for:						
General government	-	-	-	-	5,495,646	5,495,646
Public services	-	-	-	-	3,240,334	3,240,334
Parks and recreation	-	-	-	-	1,103,752	1,103,752
Assigned for:						
General government	155,341	-	3,329,974	7,450,614	-	10,935,929
Public services	513,647	-	15,560,585	-	-	16,074,232
Public safety	119,746	-	817,198	-	-	936,944
Parks and recreation	182,682	-	1,725,257	-	31,179	1,939,118
Library	25,459	-	-	-	-	25,459
Other capital projects	-	-	52,309,468	-	-	52,309,468
Unassigned	42,700,823	-	-	-	-	42,700,823
Total fund balances	44,348,436	3,898,927	188,978,115	7,510,514	33,891,613	278,627,605
Total liabilities, deferred inflows of resources, and fund balances	$ 56,401,853	$ 4,507,041	$ 200,255,489	$ 26,089,626	$ 41,075,709	$ 328,329,718

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2023

Total fund balances - governmental funds balance sheet	$ 278,627,605
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, financed purchases, intangible right-to-use assets, and SBITA assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	556,094,208
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	54,326,266
Some amounts will not be recognized as revenue until future periods and therefore are deferred in the funds.	(11,211,835)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	15,799,014
Long-term liabilities, including bonds payable, leases, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (Note 2(a))	(563,651,730)
Net position of governmental activities	$ 329,983,528

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, 2023

	General Fund	Debt Service Fund	Capital Project Funds	Hotel/Motel Tax Fund	Other Governmental Funds	Total
Revenues:						
Property taxes	$ 68,207,732	$ 44,418,778	$ -	$ -	$ 12,608,611	$ 125,235,121
Franchise taxes	19,122,638	-	-	-	164,527	19,287,165
Sales tax	58,104,966	-	-	-	-	58,104,966
Mixed beverage and bingo tax	788,481	-	-	-	-	788,481
Hotel/motel taxes	-	-	-	4,915,108	-	4,915,108
Drainage fees	-	-	-	-	3,228,002	3,228,002
911 revenue	559,524	-	-	-	671,766	1,231,290
Intergovernmental revenue	141,623	-	472,500	-	16,015,748	16,629,871
Licenses and permits	3,111,881	-	-	-	-	3,111,881
Fines and forfeitures	1,833,293	-	-	-	182,562	2,015,855
Interest revenue	3,216,506	144,856	6,131,353	628,950	2,026,601	12,148,266
Eisemann center revenue	-	-	218,115	2,468,361	-	2,686,476
Recreation and leisure	4,063,789	-	-	-	3,095,291	7,159,080
Public safety	3,970,016	-	-	-	-	3,970,016
Contributions	67,899	-	3,063	506	1,763	73,231
Other	705,361	-	177,298	81,719	90,328	1,054,706
General administration charges	9,558,010	-	-	-	-	9,558,010
Total revenues	173,451,719	44,563,634	7,002,329	8,094,644	38,085,199	271,197,525
Expenditures:						
General government	37,001,486	-	6,148,701	6,279,412	2,912,274	52,341,873
Public safety	62,581,152	-	216,423	-	323,430	63,121,005
Public services	22,634,443	-	4,593,471	-	110,412	27,338,326
Library	3,653,206	-	372,982	-	-	4,026,188
Parks and recreation	13,542,489	-	61,492	-	2,482,381	16,086,362
Public health	2,120,485	-	-	-	-	2,120,485
General administration	-	-	-	-	1,317,585	1,317,585
Capital outlay	1,159,003	-	48,902,650	-	14,350,776	64,412,429
Debt service:						
Principal retirement	-	34,830,000	-	-	-	34,830,000
Interest and fiscal charges	3,706	9,364,075	9,162	-	3,934,151	13,311,094
Payments for other obligations	486,488	288,227	44,224	-	3,966,285	4,785,224
Issuance costs	-	-	682,333	-	-	682,333
Total expenditures	143,182,458	44,482,302	61,031,438	6,279,412	29,397,294	284,372,904
Excess (deficiency) of revenues over (under) expenditures	30,269,261	81,332	(54,029,109)	1,815,232	8,687,905	(13,175,379)
Other financing sources (uses):						
Transfers in	700,000	2,919	29,207,325	-	1,425,998	31,336,242
Transfers out	(29,055,782)	-	(32,919)	(900,000)	(1,347,541)	(31,336,242)
Issuance of certificates of obligation	-	-	33,580,000	-	-	33,580,000
Issuance of general obligation bonds	-	-	43,885,000	-	-	43,885,000
Issuance of other obligations	1,089,968	-	4,891,585	-	-	5,981,553
Premium/discount on bonds	-	-	7,541,394	-	-	7,541,394
Insurance and other recoveries	6,844	-	7,784,321	-	-	7,791,165
Proceeds from sale of capital assets	1,750	-	48,197	-	693,605	743,552
Total other financing sources (uses)	(27,257,220)	2,919	126,904,903	(900,000)	772,062	99,522,664
Net change in fund balances	3,012,041	84,251	72,875,794	915,232	9,459,967	86,347,285
Fund balances - October 1	41,336,395	3,814,676	116,102,321	6,595,282	24,431,646	192,280,320
Fund balances - September 30	$ 44,348,436	$ 3,898,927	$ 188,978,115	$ 7,510,514	$ 33,891,613	$ 278,627,605

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, 2023

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

Net change in fund balances - total governmental funds	$	86,347,285
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 or amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period. (Note 2(b))		36,923,053
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(1,783,725)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2(b))		(50,454,578)
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))		(10,260,398)
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.		1,776,323
Change in net position of governmental activities	$	62,547,960

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Net Position - Proprietary Funds

September 30, 2023

	Business-type activities-enterprise funds			
	Water and Sewer Fund	Solid Waste Fund	Total	Governmental Activities- Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 1,143,902	$ 3,432,991	$ 4,576,893	$ 5,434,550
Investments	30,000,000	-	30,000,000	15,000,000
Receivables (net of allowances)	13,124,195	1,858,373	14,982,568	-
Lease Receivable	2,016,122	-	2,016,122	-
Inventories	1,446,815	-	1,446,815	331,821
Prepaid items	-	-	-	46,258
Restricted assets:				
Restricted cash	58,821,499	6,171,954	64,993,453	-
Other receivables	4,006	-	4,006	-
Total current assets:	106,556,539	11,463,318	118,019,857	20,812,629
Noncurrent assets:				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	2,307,353	298,352	2,605,705	23,023
Buildings	9,553,590	405,247	9,958,837	259,990
Water and sewer system	245,430,137	-	245,430,137	-
Vehicles, machinery and equipment	18,934,602	18,734,005	37,668,607	406,987
Intangible right-to-use	181,236	-	181,236	227,136
SBITA assets	-	-	-	5,785,560
Construction in progress	27,956,800	-	27,956,800	-
Less: accumulated depreciation	(179,729,400)	(13,734,354)	(193,463,754)	(599,065)
Less: leases accumulated amortization	(33,291)	-	(33,291)	(8,421)
Less: SBITA accumulated amortization	-	-	-	(764,892)
Total noncurrent assets	124,958,977	5,768,810	130,727,787	5,386,329
Total assets	231,515,516	17,232,128	248,747,644	26,198,958
Deferred outflows of resources				
Pension contributions investment experience and assumptions	4,754,347	3,879,389	8,633,736	543,363
Deferred charge on refunding	196,139	-	196,139	-
OPEB contributions, investment experience and assumptions	535,586	445,134	980,720	37,658
Total deferred outflows of resources	5,486,072	4,324,523	9,810,595	581,021

CITY OF RICHARDSON, TEXAS

Statement of Net Position - Proprietary Funds
September 30, 2023

	Business-type activities-enterprise funds			
	Water and Sewer Fund	Solid Waste Fund	Total	Governmental Activities- Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	$ 6,151,593	$ 121,805	$ 6,273,398	$ 608,070
Accrued liabilities	1,210,214	291,271	1,501,485	13,441
Accrued interest	531,261	58,924	590,185	99
Unpaid claims liabilities	-	-	-	977,591
Current maturities of bonds, leases and contractual obligations	5,900,362	1,435,050	7,335,412	777,567
OPEB liability	150,743	122,925	273,668	10,739
Compensated absences	127,729	70,928	198,657	9,860
Workers' compensation liability	36,893	45,867	82,760	-
Current liabilities payable from restricted assets:				
Accounts payable	4,172,209	-	4,172,209	-
Retainage payable	1,258,077	-	1,258,077	-
Deposits	4,035,852	-	4,035,852	-
Money held in escrow	15,377,572	-	15,377,572	-
Total current liabilities	38,952,505	2,146,770	41,099,275	2,397,367
Noncurrent liabilities:				
Bonds, leases and contractual obligations	75,593,690	5,435,065	81,028,755	4,772,174
OPEB liability	3,694,045	3,012,357	6,706,402	263,180
Net pension liability	6,882,890	5,783,316	12,666,206	778,062
Compensated absences	1,033,442	573,871	1,607,313	79,773
Arbitrage payable	125,441	7,843	133,284	-
Total noncurrent liabilities	87,329,508	14,812,452	102,141,960	5,893,189
Total liabilities	126,282,013	16,959,222	143,241,235	8,290,556
Deferred inflows of resources				
Deferred inflows related to leases	2,027,888	-	2,027,888	-
Pension actuarial experience	293,596	115,651	409,247	48,764
OPEB assumptions	1,028,911	867,338	1,896,249	97,608
Deferred inflows - gain on refunding	40,808	5,990	46,798	-
Total deferred inflows of resources	3,391,203	988,979	4,380,182	146,372
Net position (deficit):				
Net investment in capital assets	49,029,644	2,421,776	51,451,420	158,314
Restricted for:				
Capital projects	25,019,986	2,504,667	27,524,653	-
Debt service	128,117	73,302	201,419	-
Unrestricted	33,150,625	(1,391,295)	31,759,330	18,184,737
Total net position	$ 107,328,372	$ 3,608,450	110,936,822	$ 18,343,051

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	2,544,037
Net position of business-type activities	$ 113,480,859

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS
Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds
Year Ended September 30, 2023

	Business-type activities-enterprise funds			
	Water and Sewer Fund	Solid Waste Fund	Total	Governmental Activities- Internal Service Funds
Operating revenues:				
Water sales	$ 63,853,538	$ -	$ 63,853,538	$ -
Sewer service	38,502,580	-	38,502,580	-
Service fees (other)	69,467	-	69,467	-
Antenna rentals	316,012	-	316,012	-
Meter fees	26,895	-	26,895	-
Solid waste fees	-	16,782,145	16,782,145	-
Charges for services	-	-	-	2,633,764
City and employee contributions - insurance fund	-	-	-	16,636,373
Miscellaneous	2,197,232	551,300	2,748,532	711,153
Total operating revenues	104,965,724	17,333,445	122,299,169	19,981,290
Operating expenses:				
Personal services	8,392,018	6,990,099	15,382,117	2,700,581
Professional and technical services	3,278,430	492,929	3,771,359	927,256
Property services	2,599,633	71,118	2,670,751	161,691
Other purchases services	1,756,471	651,531	2,408,002	87,391
Insurance claims	-	-	-	13,875,861
Purchase of water	35,326,744	-	35,326,744	-
Purchase of sewage treatment	24,088,301	-	24,088,301	-
Solid waste charges	-	3,816,533	3,816,533	-
General administration	4,947,103	2,864,291	7,811,394	-
Franchise fees	5,110,616	838,969	5,949,585	-
Supplies	1,828,039	353,405	2,181,444	270,901
Depreciation	6,270,069	1,157,176	7,427,245	9,928
Amortization	33,291	-	33,291	791,014
Total operating expenses	93,630,715	17,236,051	110,866,766	18,824,623
Operating income	11,335,009	97,394	11,432,403	1,156,667
Nonoperating revenues (expenses):				
Interest revenue	2,487,791	316,172	2,803,963	890,086
Interest expense and fiscal charges	(2,009,902)	(109,830)	(2,119,732)	(100,170)
Issuance costs	(126,043)	(13,660)	(139,703)	-
Other non-operating charges	(7,006)	(1,606)	(8,612)	-
Proceeds from sale of capital assets	6,550	100,317	106,867	-
Total nonoperating revenues	351,390	291,393	642,783	789,916
Income before contributions and transfers	11,686,399	388,787	12,075,186	1,946,583
Change in net position	11,686,399	388,787	12,075,186	1,946,583
Total net position - October 1	95,641,973	3,219,663		16,396,468
Total net position - September 30	$ 107,328,372	$ 3,608,450		$ 18,343,051
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			170,260	
Change in net position of business-type activities			$ 12,245,446	

CITY OF RICHARDSON, TEXAS

Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 101,919,345	$ 16,566,724	$ 118,486,069	$ -
Cash received from service users	-	-	-	2,633,764
Cash received from City, employee, and other contributions	-	-	-	17,755,725
Cash payments to employees	(7,046,745)	(6,271,596)	(13,318,341)	(2,630,188)
Cash payments for claims	-	-	-	(13,728,598)
Cash payments for goods and services	(74,945,198)	(9,217,578)	(84,162,776)	(2,140,111)
Cash received from miscellaneous revenue	1,014,180	744,509	1,758,689	-
Net cash provided by (used in) operating activities	20,941,582	1,822,059	22,763,641	1,890,592
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(22,657,631)	(1,015,774)	(23,673,405)	(5,960,486)
Net proceeds from sale of capital assets	6,550	100,317	106,867	-
Bond proceeds and accrued interest	15,269,829	2,111,229	17,381,058	5,834,638
Principal paid on debt	(4,862,880)	(1,180,000)	(6,042,880)	(353,368)
Interest paid on debt	(2,500,903)	(229,732)	(2,730,635)	(100,140)
Fiscal charges and bond escrow payments	(7,006)	(1,606)	(8,612)	-
Construction escrow	15,377,572	-	15,377,572	-
Net cash provided by (used in) capital and related financing activities	625,531	(215,566)	409,965	(579,356)
Cash flows from investing activities:				
Purchase of investment securities	(30,000,000)	-	(30,000,000)	(15,000,000)
Interest received on investments	2,606,585	324,015	2,930,600	890,086
Net cash provided by (used in) investing activities	(27,393,415)	324,015	(27,069,400)	(14,109,914)
Net increase in cash, restricted cash, and cash equivalents	(5,826,302)	1,930,508	(3,895,794)	(12,798,678)
Cash, restricted cash, and cash equivalents, October 1	65,791,703	7,674,437	73,466,140	18,233,228
Cash, restricted cash, and cash equivalents, September 30	$ 59,965,401	$ 9,604,945	$ 69,570,346	$ 5,434,550

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities - Internal Service Funds**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income and loss	$ 11,335,009	$ 97,394	$ 11,432,403	$ 1,156,667
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	6,303,360	1,157,176	7,460,536	800,942
Changes in assets and liabilities:				
(Increase)/Decrease in accounts receivable	(1,716,187)	(22,252)	(1,738,439)	408,199
(Increase)/Decrease in inventory of supplies	63,401	-	63,401	(15,813)
(Increase)/Decrease in prepaid items	-	-	-	39,800
Increase/(Decrease) in deposits payable from restricted assets	117,118	-	117,118	-
Increase/(Decrease) in accounts payable	3,648,071	(2,023)	3,646,048	45,077
Increase/(Decrease) in unpaid claims liabilities	-	-	-	47,405
Increase/(Decrease) in compensated absences	659,877	210,820	870,697	10,116
Increase/(Decrease) in workers compensation	(42,566)	(107,615)	(150,181)	(9,053)
Increase/(Decrease) in post-employment benefits	(958,561)	(810,215)	(1,768,776)	(91,293)
Increase/(Decrease) in pension liability (asset)	6,952,503	5,876,520	12,829,023	662,143
Increase/(Decrease) in accrued liabilities	161,549	(126,739)	34,810	(662,078)
Increase/(Decrease) in deferred inflows/outlows	(5,581,992)	(4,451,007)	(10,032,999)	(501,520)
Total adjustments	9,606,573	1,724,665	11,331,238	733,925
Net cash provided by (used in) operating activities	$ 20,941,582	$ 1,822,059	$ 22,763,641	$ 1,890,592
Noncash investing capital and financing activities:				
Noncash-interest	491,285	119,902	611,187	-
Reconciliation of cash, restricted cash, and cash equivalents to the statement of net position:				
Total unrestricted cash and investments per the statement of net position	$ 1,143,902	$ 3,432,991	$ 4,576,893	$ 5,434,550
Total restricted cash and investments per the statement of net position	58,821,499	6,171,954	64,993,453	-
Cash, restricted cash and cash equivalents as of September 30, 2023	$ 59,965,401	$ 9,604,945	$ 69,570,346	$ 5,434,550

See accompanying notes to basic financial statements.

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CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2023

1 Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Implementation of New Accounting Statement

For fiscal year 2022-23, the City has implemented the following new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

The objective of Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), is to improve accounting and financial reporting for SBITA by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities for SBITA that were previously classified as general operating expenses and is now recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of GASB No. 96 had no historical impact on the City's net position and no restatement of net position was made. The City has recognized SBITA that meet the criteria for inclusion in the financials statements, which are detailed in Notes 6, 9 and 12.

C. Basis of Presentation

Government-Wide Statements

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

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

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

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

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

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

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

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.

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

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

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

Additionally, the City reports the following fund types:

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

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

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

Statement of Cash Flows

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

D. Measurement Focus/Basis of Accounting

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

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

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

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

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

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

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

Deposits and Investments

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

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

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

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

For fiscal year 2023, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Texas Daily and Federated Money Market Funds. The City records all interest revenue related to investment activities in the respective funds.

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

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

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

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

Escrow Deposits

During FY 2021, the City placed $5,865,000 in escrow for the benefit of a developer to secure the third-party construction of additional parking for the City's performing arts center. The funds will be released to the developer as construction on the garage progresses. Interest accrues on the balance but is not payable to the City until the escrow account is closed and the interest has been classified as unavailable revenue to the Capital Fund. As of September 30, 2023, $5,735,937 has been released to the developer and $129,063 remains in the account.

Receivables and Payables

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

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

The Statutes of the State of Texas do not prescribe a legal debt limit; however, Article XI, Section 5 of the Texas Constitution applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the year ended September 30, 2023, the City's tax rate was $0.56095 per $100 assessed valuation.

Inventories and Prepaid Items

Inventories

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

Prepaid Items

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

Property Held for Redevelopment

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

Capital Assets

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

Assets are capitalized that have an original cost of $5,000 or more and an estimated useful life of more than two years. Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition and one-half year in the final year of life or upon disposal which ever event occurs first. Intangible right-to-use assets are discussed in further detail under the Leases section of this footnote.

Estimated useful lives are as follows:

Land improvements	10 - 50 years
Buildings	10 - 50 years
Other improvements	5 - 50 years
Infrastructure	30 years
Vehicles, machinery and equipment	3 - 20 years
Intangible right-to-use land and equipment	2 - 5 years
Subscription based information technology agreements	3 - 10 years

Leases

Lessee

The City recognizes a lease liability and an intangible right-to-use asset in the government-wide and proprietary fund statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the City initially measured the lease liaility at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease right-to-use asset was initially measured as the inital amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate if it has been provided. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of the fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measuremnt of its lease and will remeasure the lease aseet and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Intangible right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental, and proprietary funds financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the City initially measured the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts. The City uses the stated rate, implicit (estimated) rate, lessor incremental borrowing rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its estimated incremental borrowing rate as the discount rate. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstance that would require a re-measurement of its lease, and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of lease receivable.

Subscription Based Information Technology Agreements

The City recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide fund financial statements.

At implementation of GASB Statement No. 86 and the commencement of SBITA beginning after October 1, 2022, the City initially measured the lease liability at the present value of payments expected to be made during the remaining agreement term. Subsequently, the ABITA liability is reduced by the principal portion of payments made. The SBITA right-to-use asset was initially measured as the initial amount of the SBITA liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the SBITA right-to use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) agreement term and (3) agreement payments. The City uses the interest rate charged by the provider as the discount rate if it has been provided. When the interest rate charged by the providor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA. The agreement term includes the noncancellable period of the agreement. Agreement payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the Statement of Net Position

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, 2023, the City received $7,791,165 in insurance recoveries. There were no recoveries in the Enterprise Funds.

Money Held in Escrow

During FY 2023, the City received $15,716,125 from the North Texas Municipal Water District to be used for the construction of a 30 inch water line and metering station that is being built in conjunction with a City water project. The funds will be applied against construction costs as they are incurred. During FY2023 the City applied $338,553 against the escrow, leaving a remaining balance of $15,337,572.

The City also holds $420,842 in escrow deposits to be used for various projects throughout the city.

Compensated Absences

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

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City’s pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 20 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City’s plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note 18.

Long-Term Obligations

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

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

Classifications of Fund Balance

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until the appropriate time period. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. In addition to liabilities, the Statement of Net Position and Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

There are several financial statement transactions that qualify for reporting as a deferred outflow or inflow of resources. First, the City's contributions to its pension and OPEB plans made from the measurement date of the respective plans to the current fiscal year end are classified as deferred outflows and will be recognized in the subsequent fiscal year. Second, at the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are classified as deferred inflows and recognized as revenue in the period they become available to the City. Finally, the value of future lease payments due to the City is reported as a deferred inflow of resources and will be recognized as revenue in future periods as lease payments are received.

Several financial statement transactions may be reported as either a deferred outflows or inflows of resources. First, the deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, the actual versus projected investment earnings for the pension plan, the changes in assumptions for the pension and OPEB plans and difference between the actual versus projected actuarial experience for the pension and OPEB plans may qualilfy as a deferred outflow or inflow of resources. These amounts are deferred and recognized as pension or OPEB expense or reduction of expense as appropriate based over a closed five-year period (investment experience) or the estimated average remaining services lives of employees that are provided with the respective benefits, both active and inactive employees, as calculated by the respective plans (all other pension/OPEB deferrals).

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, plus any unspent debt proceeds. The government-wide statement of net position reports $89,380,630 of restricted net position. These resources are limited in their use by external parties such as bondholders and granting agencies. Unrestricted net position may be used for any lawful purpose. General Government net position is negative due to the estimated value of post-employment liabilities and the outstanding balances of long-term debt. Resources will be levied in future years to satisfy these commitments.

2 Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of the $563,651,730 are as follows:

Bonds payable	$ 288,745,000
Notes payable, leases and other contractual obligations	100,138,300
Less issuance discount (to be amortized as interest expense)	(63,361)
Add issuance premium (to be amortized as interest expense)	24,258,233
Less deferred charges on refunding, net (to be amortized as interest expense)	2,753,268
Accrued interest payable	13,462,607
TMRS pension liability/(asset)	69,511,813
Postemployment liability	42,025,905
Compensated absences	17,022,707
Workers' compensation liability	5,243,271
Arbitrage liability	553,987
Net adjustment to reduce fund balances - total governmental	$ 563,651,730

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the “Governmental funds report capital outlay and lease expenditure outlays as expenditures. However, in the Statement of Activities, the cost of those capital and intangible right-to-use assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.” The details of this $36,923,053 difference are as follows:

Capital Outlay	$ 63,322,462
SBITA Expenditure Outlay	1,089,967
Governmental Depreciation and Amortization Expense	(27,489,376)
Net adjustment to increase fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 36,923,053

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

The details of the $50,454,578 are as follows:

Debt issued or incurred:		
General obligations, certificates of obligation, and refunding bonds	$	(77,465,000)
Lease obligations		(4,891,585)
SBITA obligations		(1,089,968)
Add premium and discount		(7,541,394)
Principal repayments:		
General obligation bonds		27,205,000
Tax Anticipation Notes		265,000
Certificates of obligation		7,360,000
Notes payable and other contractual obligations		4,281,647
Lease obligations		1,048,045
SBITA obligations		373,677
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	(50,454,578)

Another element of the reconciliation states, "Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the $10,260,398 are as follows:

Amortization of bond premium	$	2,688,973
Amortization of bond discount		(1,975)
Amortization of deferred charge on refunded bonds		325,391
Accrued interest		(1,938,959)
Pension expenses		(74,325,565)
Other postemployment benefits		10,247,503
Compensated absences		(3,952,835)
Workers compensation		401,257
Change in deferred inflows		22,423,717
Change in deferred outflows		33,872,095
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	(10,260,398)

3 Deposits and Investments

	Bank balance	Book balance
Financial Institution:		
Bank of America - City	$ 9,298,723	$ 11,317,942
Bank of America - RIC	31,179	31,179
Frost - City	4,909	4,909
Petty Cash - City	-	10,428
Total	$ 9,334,811	$ 11,364,458

Fair Value Measurements

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.

Level 2 - Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.

Level 3 - Significant unobservable inputs for an asset, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs).

The City has the following recurring fair value measurements as of September 30, 2023:

		Inputs			Weighted average maturity
	9/30/2023	**(Level 1)**	**(Level 2)**	**(Level 3)**	**(days) (1)**
Investments by fair value level					
Debt securities					
Federal Home Loan Bank	$ 121,845,744	$ -	$ 121,845,744	$ -	68
Federal Farm Credit Bank	14,826,110	-	14,826,110	-	5
Federal National Mortgage Association-Bonds	26,943,060	-	26,943,060	-	27
Total debt securities	163,614,914	-	163,614,914	-	
U.S. Treasuries	153,926,961	-	153,926,961	-	130
Total investment by fair value level	317,541,875	$ -	$ 317,541,875	$ -	
Investments measured at net asset value					
Federated Money Market Fund	10,334,913				1
Total investments measured at net asset value	10,334,913				
Investments measured at amortized cost					
Texas Daily LGIP	46,046,523				3
TexStar LGIP	10,576,908				1
TexPool LGIP	20,043,803				1
Total investments at amortized cost	76,667,234				
Total investments	$ 404,544,022				
Portfolio weighted average maturity					236

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

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

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

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

Credit Risk – Investments. The City's investment policy requires that joint investment pools maintain a continuous rating no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating agency, and that obligations of states, agencies, cities, or other political subdivisions of any state be rated no less than A or an equivalent rating by at least one nationally recognized rating agency. The City's investment policy has no other restrictions relating to credit ratings that would limit its investment options. Moody's has rated investments in Federal Home Loan Bank and Federal Farm Credit Bank, as AAA as of September 30, 2023. Standard & Poor's has rated investments in TexPool, TexSTAR, Texas Daily, and Federated Money Market Funds as AAA-m as of September 30, 2023.

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

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

Concentration of Credit Risk – Investments. The City's investment policy does not place a limit on the amount the City may invest in a single issuer, except that the City may not invest more than 25% in an individual investment pool or money market mutual fund. At September 30, 2023, the City's direct investments are in the U.S. Treasuries, Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association. These investments are 38%, 30%, 4% and 7% respectively, of the City's total investments.

4 Restricted Assets

Enterprise Funds

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

	Water and Sewer Fund	Solid Waste Fund	Total
Debt service - Sinking Fund	$ 724,633	$ 137,145	$ 861,778
Customer Deposits	4,180,382	-	4,180,382
Rate stabilization	3,069,481	-	3,069,481
Capital Project and Equipment Funds	50,847,003	6,034,809	56,881,812
Total Restricted Assets	$ 58,821,499	$ 6,171,954	$ 64,993,453

5 Receivables

Amounts other than leases receivable at September 30, 2023, for the government's individual major governmental funds, nonmajor funds, and internal service funds in the aggregate, and for individual major business-type funds, including the applicable allowances for uncollectible accounts, consist of the following:

Governmental Receivables

	General Fund	Debt Service Fund	Capital Project Funds	Hotel/ Motel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:						
Taxes - property	$ 1,243,299	$ 820,935	$ -	$ -	$ -	$ 2,064,234
Taxes - sales	4,780,137	-	-	-	-	4,780,137
Trade accounts	4,911,273	300	-	454,691	463,338	5,829,602
Interest	635,247	-	1,296,576	25,269	-	1,957,092
Intergovernmental	6,900	-	-	-	95,420	102,320
Gross receivable	11,576,856	821,235	1,296,576	479,960	558,758	14,733,385
Less allowance for uncollectibles	(1,315,673)	(212,821)	-	-	(21,014)	(1,549,508)
Net receivables	$ 10,261,183	$ 608,414	$ 1,296,576	$ 479,960	$ 537,744	$ 13,183,877

Business-Type Receivables

	Water and Sewer Fund	Solid Waste Fund	Total Business-Type Activities
Receivables:			
Unrestricted			
Trade accounts	$ 13,154,455	$ 1,828,818	$ 14,983,273
Other receivables	651,507	242,646	894,153
Interest	13,969	-	13,969
Gross receivable	13,819,931	2,071,464	15,891,395
Less: allowance for uncollectibles	(695,736)	(213,091)	(908,827)
Net unrestricted receivables	13,124,195	1,858,373	14,982,568
Resctricted			
Other receivables	4,006	-	4,006
Total net receivables	$ 13,128,201	$ 1,858,373	$ 14,986,574

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2023.

Leases Receivable

The City has entered into multiple lease agreements for land and cell sites as lessor. Effective October 1, 2021, the City implemented GASB Statement No. 87, Leases. During the year ended September 30, 2023, $91,832 and $307,558 were received in principal and interest for governmental activities, and $324,142 and $17,065 were received in principal and interest for business-type activities. At implementation of this statement, the City initially measured the lease receivable at the present value of payments expected to be received during the remaining lease term. The lease rate, term and ending lease receivables are as follows:

	Interest Rates	Receivable at Commencement	Lease Term in Years	Ending Balance
Governmental Type				
Facility Lease (General Fund)	0.74%	$ 462,730	7	$ 466,165
Parking Structure (Hotel/Motel Fund)	1.72%	17,823,675	85	17,609,224
Total Governmental Type		$ 18,286,405		$ 18,075,389
Business Type				
Cell Sites (Water/Sewer Fund)	0.193% - 1.4%	$ 2,659,912	3 - 15	$ 2,016,122

The future principal and interest payments as of September 30, 2023, were as follows:

	Governmental Activity			Business-Type Activity		
Fiscal Year	Principal Payments	Interest Payments	Total Payment	Principal Payments	Interest Payments	Total Payment
2024	$ 93,460	$ 305,930	$ 399,390	$ 299,834	$ 15,378	$ 315,212
2025	105,117	304,273	409,390	275,554	13,739	289,293
2026	217,285	302,105	519,390	288,945	12,149	301,094
2027	219,894	299,496	519,390	297,042	10,478	307,520
2028	222,541	296,849	519,390	308,586	8,757	317,343
2029 - 2033	656,399	1,450,551	2,106,950	353,314	25,800	379,114
2034 - 2038	595,934	1,401,016	1,996,950	192,847	5,463	198,310
2039 - 2043	649,477	1,347,473	1,996,950	-	-	-
2044 - 2048	707,832	1,289,118	1,996,950	-	-	-
2049 - 2053	771,429	1,225,521	1,996,950	-	-	-
2054 - 2058	840,740	1,156,210	1,996,950	-	-	-
2059 - 2063	916,279	1,080,671	1,996,950	-	-	-
2064 - 2068	998,605	998,345	1,996,950	-	-	-
2069 - 2073	1,088,328	908,622	1,996,950	-	-	-
2074 - 2078	1,186,112	810,838	1,996,950	-	-	-
2079 - 2083	1,292,682	704,268	1,996,950	-	-	-
2084 - 2088	1,408,827	588,123	1,996,950	-	-	-
2089 - 2093	1,535,407	461,543	1,996,950	-	-	-
2094 - 2098	1,673,361	323,589	1,996,950	-	-	-
2099 - 2103	1,823,709	173,241	1,996,950	-	-	-
2104 - 2106	1,071,971	26,351	1,098,322	-	-	-
Total	$ 18,075,389	$ 15,454,133	$ 33,529,522	$ 2,016,122	$ 91,764	$ 2,107,886

6 Capital and Intangible Right-To-Use Assets

Capital and intangible right-to-use asset activity for the year ended September 30, 2023 was as follows:

	October 1, 2022	Increases	Decreases	September 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 94,150,618	$ -	$ (505,802)	$ 93,644,816
Public Art	4,237,208	-	-	4,237,208
Construction in Progress	26,958,336	63,322,462	(14,147,497)	76,133,301
Total capital assets, not being depreciated:	125,346,162	63,322,462	(14,653,299)	174,015,325
Capital assets, being depreciated:				
Buildings	219,857,299	203,581	(6,554,080)	213,506,800
Improvements other than buildings	115,782,790	2,457,056	(848,514)	117,391,332
Vehicles, machinery and equipment	69,996,576	2,163,590	(2,571,682)	69,588,484
Infrastructure	570,029,596	1,062,503	(13,954)	571,078,145
Total	975,666,261	5,886,730	(9,988,230)	971,564,761
Less accumulated depreciation for:				
Buildings	86,367,880	4,828,166	(6,539,625)	84,656,421
Improvements other than buildings	69,411,968	3,256,307	(759,654)	71,908,621
Vehicles, machinery, and equipment	49,619,256	5,906,147	(1,926,291)	53,599,112
Infrastructure	377,091,550	11,882,684	(697)	388,973,537
Total	582,490,654	25,873,304	(9,226,267)	599,137,691
Total assets being depreciated, net	393,175,607	(19,986,574)	(761,963)	372,427,070
Intangible right-to-use assets:				
Lease vehicle and equipment	404,125	189,435	(100,382)	493,178
Lease building	-	8,260,766	-	8,260,766
Lease land	2,688,559	-	-	2,688,559
Total	3,092,684	8,450,201	(100,382)	11,442,503
Less accumulated amortizarion for:				
Lease vehicles and equipment	151,168	133,615	(72,637)	212,146
Lease buildings	-	375,489	-	375,489
Lease land	784,344	784,344	-	1,568,688
Total:	935,512	1,293,448	(72,637)	2,156,323
Total intangible right-to-use assets, net	2,157,172	7,156,753	(27,745)	9,286,180
SBITA assets: *	6,875,528	-	-	6,875,528
Less accumulated amortization:	-	1,123,566	-	1,123,566
Total SBITA, net	6,875,528	1,123,566	-	5,751,962
Total capital assets being depreciated or amortized	402,208,307	(13,953,387)	(789,708)	387,465,212
Governmental capital assets, net	$ 527,554,469	$ 49,369,075	$ (15,443,007)	$ 561,480,537

* Assets added as part of GASB 96 implemantation are included as part of beginning balance.

	October 1, 2022	Increases	Decreases	September 30, 2023
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 423,510	$ -	$ -	$ 423,510
Construction in progress	6,107,892	23,426,867	(1,577,959)	27,956,800
Total capital assets, not being depreciated:	6,531,402	23,426,867	(1,577,959)	28,380,310
Capital assets, being depreciated:				
Buildings	9,958,837	-	-	9,958,837
Improvements other than buildings	2,605,705	-	-	2,605,705
Vehicles, machinery and equipment	37,556,820	1,055,880	(944,092)	37,668,608
Infrastructure	243,892,285	1,537,853	-	245,430,138
Total	294,013,647	2,593,733	(944,092)	295,663,288
Less accumulated depreciation for:				
Building	6,518,885	154,491	-	6,673,376
Improvements other than buildings	1,170,313	101,170	-	1,271,483
Vehicles, machinery and equipment	29,993,538	1,643,742	(944,092)	30,693,188
Infrastructure	149,297,866	5,527,843	-	154,825,709
Total	186,980,602	7,427,246	(944,092)	193,463,756
Total assets being depreciated, net:	107,033,045	(4,833,513)	-	102,199,532
Intangible right-to-use assets:				
Lease equipment	-	13,221	-	13,221
Lease land	-	168,015	-	168,015
Total	-	181,236	-	181,236
Less accumulated amortization for:				
Lease equipment	-	5,288	-	5,288
Lease land	-	28,003	-	28,003
Total	-	33,291	-	33,291
Total intangible right-to-use asset, net	-	147,945	-	147,945
Total capital assets being depreciated or amortized	107,033,045	(4,685,568)	-	102,347,477
Business-type activities capital assets, net	$ 113,564,447	$ 18,741,299	$ (1,577,959)	$ 130,727,787

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

Governmental activities:	
General government	$ 7,050,271
Public safety	5,723,940
Public service	10,893,231
Library	301,278
Parks and recreation	3,468,770
Health	51,886
Total governmental funds	27,489,376
Internal service fund	800,942
Depreciation/amortization expense - governmental activities	$ 28,290,318
Business-type activities:	
Water and sewer	$ 6,303,360
Solid waste	1,157,176
Depreciation expense - business activities	$ 7,460,536

7 Construction and Purchase Commitments

Outstanding commitments as of September 30, 2023, under authorized construction and purchase contracts as follows.

Governmental activities:	
Capital funds	$ 38,563,328
General fund	996,875
Hotel/motel tax fund	19,020
Other governmental funds	2,504,668
Total governmental activities	$ 42,083,891
Business-type activities:	
Water and sewer	$ 34,839,237
Internal service	183,890
Total business-type activities	$ 35,023,127

Outstanding commitments will be financed by proceeds from annual appropriations, bond issues, Federal grants, and from revenues such as participation revenue from other governments or developers and operating revenues dedicated to street maintenance.

8 Interfund Receivables, Payables and Transfers

There was one interfund balance at September 30, 2023, in which the Other Governmental Funds owed the General Fund $44,041 caused by the timing of grants that require out of pocket spending before being reimbursed.

Individual fund transfers for fiscal year 2022-2023 were as follows:

	Transfers Out				
	Governmental Funds				
	General Fund	Capital Projects	Hotel / Motel Tax	Other Governmental Funds	Total
Transfers in:					
General	$ -	$ -	$ -	$ 700,000	$ 700,000
Debt Service	-	2,919	-	-	2,919
Capital Project	27,659,784	-	900,000	647,541	29,207,325
Other Governmental	1,395,998	30,000	-	-	1,425,998
Total	$ 29,055,782	$ 32,919	$ 900,000	$ 1,347,541	$ 31,336,242

General Fund Transfers Out:

- $27,659,784 to the Capital Project Fund to be used for future capital improvements and street rehabilitation.
- $1,395,998 to the Economic Development Fund for funding of economic development projects.

Capital Projects Fund Transfers Out:

- $2,919 to the Debt Service Fund to account for unspent bond proceeds for project funding.
- $30,000 to Other Governmental Funds for reimbursements for construction costs as it relates to drainage.

Hotel / Motel Tax Fund Transfers Out:

- $900,000 to the Capital Projects Fund to be used for future capital improvements at the performing arts center.

Other Governmental Funds Transfers Out:

- $50,000 to the General Fund from the Child Safety und to support the school crossing guard program.
- $650,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center.
- $647,541to the Capital Project Fund from the Richardson Improvement Corporation Fund for future capital improvements.

9 Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2023:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	$ 167,815,000	$ 43,885,000	$ (25,045,000)	$ 186,655,000	$ 25,260,000
Certificates of obligation	73,585,000	33,580,000	(7,360,000)	99,805,000	5,990,000
General obligation bonds from direct borrowings	4,445,000	-	(2,160,000)	2,285,000	350,000
Bond discounts/premiums (1)	19,340,476	7,541,394	(2,686,998)	24,194,872	2,821,418
Total bonds payable	265,185,476	85,006,394	(37,251,998)	312,939,872	34,421,418
Tax anticipation notes from direct borrowings	5,605,000	-	(265,000)	5,340,000	3,420,000
Financed purchases and other contractual obligations	1,934,383	-	(431,369)	1,503,014	385,352
Lease obligations	2,041,850	5,081,020	(1,101,236)	6,021,634	2,232,375
SBITA obligations*	6,735,171	-	(687,073)	6,048,098	1,084,946
TIF obligations	90,625,573	-	(3,850,278)	86,775,295	-
Arbitrage liability	-	553,987	-	553,987	-
Other postemployment benefits	52,638,620	3,574,119	(13,912,915)	42,299,824	1,658,454
TMRS - pension liability	(4,697,833)	89,855,504	(14,867,796)	70,289,875	-
Compensated absences	13,149,389	5,732,878	(1,769,927)	17,112,340	1,882,358
Workers' compensation	5,653,581	119,463	(529,773)	5,243,271	589,142
Unpaid claims liability	930,186	13,271,883	(13,224,478)	977,591	977,591
Total governmental-type long-term liabilities	$439,801,396	$203,195,248	$ (87,891,843)	$555,104,801	$ 46,651,636
Business-type activities:					
General obligation refunding bonds	$ 12,660,000	$ -	$ (2,495,000)	$ 10,165,000	$ 2,315,000
Certificates of obligation	58,330,000	15,425,000	(3,515,000)	70,240,000	4,125,000
Bond discount/premiums	6,694,430	1,914,524	(798,143)	7,810,811	806,753
Total bonds payable	77,684,430	17,339,524	(6,808,143)	88,215,811	7,246,753
Lease obligations	-	181,236	(32,880)	148,356	88,659
Arbitrage liability	-	133,284	-	133,284	-
Other postemployment benefits	8,748,846	589,780	(2,358,556)	6,980,070	273,668
TMRS - pension liability	(162,817)	15,508,194	(2,679,171)	12,666,206	-
Compensated absences	935,273	933,019	(62,322)	1,805,970	198,657
Workers' compensation	232,941	20,921	(171,102)	82,760	82,760
Total business-type long-term liabilities	$ 87,438,673	$ 34,705,958	$ (12,112,174)	$110,032,457	$ 7,890,497

The City has no unused lines of credit.

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

* Obligations added as part of GASB 96 implemantation are included as part of beginning balance.

Governmental Activities

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

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/2023	Due Within One Year
General Obligation Bonds						
2023 General Obligation	5.00	5/24/2023	2/15/2043	$ 43,885,000	$ 43,885,000	$ 10,635,000
2022 General Obligation	3.25-5.00	5/25/2022	2/15/2042	28,915,000	17,550,000	595,000
2021 Refunding	2.00 - 4.00	5/26/2021	2/15/2041	12,630,000	11,695,000	515,000
2020 Refunding	5.00	2/26/2020	2/15/2030	40,425,000	28,625,000	3,740,000
2019 General Obligation	2.62 - 4.00	4/25/2019	2/15/2039	16,790,000	14,465,000	680,000
2018 General Obligation	3.00 - 5.00	4/25/2018	2/15/2038	38,525,000	32,165,000	1,560,000
2017 General Obligation	3.00 - 4.00	5/04/2017	2/15/2037	19,725,000	15,975,000	865,000
2016A Ref. & Imp.	2.00 - 5.00	4/15/2016	2/15/2036	16,815,000	5,495,000	1,205,000
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	39,185,000	9,365,000	3,275,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	3,440,000	1,940,000
Total general obligation bonds - tax exempt					182,660,000	25,010,000
General Obligations - direct borrowings						
2020A General Obligation	Adjustable	2/26/2020	6/15/2029	15,015,000	2,285,000	350,000
Total general obligation bonds - direct borrowings					2,285,000	350,000
Taxable General Obligation Bonds						
2016B Taxable	3.00 - 3.77	4/15/2016	2/15/2036	5,470,000	3,995,000	250,000
Total general obligation bonds - taxable					3,995,000	250,000
Total governmental-type general obligation, taxable and tax exempt bonds					188,940,000	25,610,000

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/2023	Due Within One Year
Certificates of Obligations						
2023 Certificates	5.00	5/24/2023	2/15/2043	24,450,000	$ 24,450,000	$ 810,000
2023 A Certificates	4.25-5.25	5/24/2023	2/15/2043	9,130,000	9,130,000	190,000
2022 Certificates	4.0	5/25/2022	2/15/2030	1,305,000	1,170,000	150,000
2021 Certificates	2.00 - 4.00	5/26/2021	2/15/2041	14,565,000	12,795,000	975,000
2020 Certificates	4.00 - 5.00	2/26/2020	2/15/2040	6,055,000	4,465,000	620,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	20,990,000	8,960,000	715,000
2018 Certificates	3.13 - 5.00	4/25/2018	2/15/2038	26,290,000	17,445,000	975,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	20,930,000	14,080,000	915,000
2016A Certificates	2.00 - 4.00	4/15/2016	2/15/2024	4,045,000	185,000	185,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	350,000	25,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	435,000	40,000
2012B Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	1,155,000	115,000
Total certificates of obligation- tax exempt					94,620,000	5,715,000
Taxable Certificates of Obligation						
2021A Certificates	Adjustable	5/26/2021	2/15/2041	4,045,000	3,725,000	175,000
2015B Certificates	0.90 - 4.00	3/15/2015	2/15/2035	2,150,000	1,460,000	100,000
Total certificates - taxable					5,185,000	275,000
Total governmental-type certificates of obligation, taxable and tax exempt bonds					99,805,000	5,990,000
Add: unamortized premium					24,258,233	2,824,603
Less: unamortized discount					(63,361)	(3,185)
Total general government bonds and certificates of obligation					$ 312,939,872	$ 34,421,418

Business-Type Activities

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

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/2023	Due Within One Year
Water and Sewer:						
General Obligation Bonds:						
2021 Refunding	2.00 - 4.00	5/26/2021	2/15/2041	$ 1,935,000	$ 1,605,000	$ 180,000
2020 Refunding	5.00	2/26/2020	2/15/2030	5,880,000	3,770,000	640,000
2016A Refunding	3.00 - 5.00	4/15/2016	2/15/2028	6,185,000	3,065,000	670,000
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	800,000	280,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	400,000	195,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	185,000	185,000
Total water and sewer general obligation bonds					9,825,000	2,150,000
Certificates of Obligations:						
2023 Certificates	5.00	5/24/2023	2/15/2043	13,495,000	13,495,000	290,000
2022 Certificates	4.00	5/25/2022	2/15/2042	12,490,000	12,085,000	535,000
2021 Certificates	2.00 - 4.00	5/26/2021	2/15/2041	13,015,000	12,035,000	555,000
2020 Certificates	4.00-5.00	2/26/2020	2/15/2040	7,920,000	7,005,000	355,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	8,240,000	7,080,000	365,000
2018 Certificates	3.125 - 5.00	4/25/2018	2/15/2038	5,940,000	4,690,000	300,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	4,440,000	3,295,000	230,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,270,000	105,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	1,605,000	105,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	1,725,000	150,000
Total water and sewer certificates of obligation					64,285,000	2,990,000
Total water and sewer general obligation refunding bonds and certificates of obligation					74,110,000	5,140,000
Solid Waste:						
General Obligation Refunding Bonds:						
2020 Refunding	5.00	2/26/2020	2/15/2025	765,000	340,000	165,000
Certificates of Obligations:						
2023 Certificates	5.00	5/24/2023	2/15/2043	1,930,000	1,930,000	180,000
2022 Certificates	4.00	5/25/2022	2/15/2042	1,175,000	1,055,000	135,000
2021 Certificates	2.00 - 4.00	5/26/2021	2/15/2041	1,060,000	830,000	125,000
2020 Certificates	4.00 - 5.00	2/26/2020	2/15/2028	720,000	495,000	90,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	1,335,000	720,000	165,000
2018 Certificates	4.00 - 5.00	4/25/2018	2/15/2026	1,240,000	530,000	170,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2025	875,000	250,000	125,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	145,000	145,000
Total solid waste certificates of obligation					5,955,000	1,135,000
Total solid waste general obligation refunding bonds and certificates of obligation					6,295,000	1,300,000
Add unamortized premium					7,820,868	807,825
Less: unamortized discount					(10,057)	(1,072)
Total business-type general obligation refunding bonds and certificates of obligation					$ 88,215,811	$ 7,246,753

Debt Service Requirements

Debt service requirements at September 30, 2023 for General Obligation Bonds and Certificates of Obligation are as follows:

	Governmental Activities				Business-type Activities	
	Bonds		Bonds Direct Borrowing		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending September 30:						
2024	$ 31,250,000	$ 12,030,355	$ 350,000	$ 120,584	$ 6,440,000	$ 3,292,109
2025	21,780,000	9,929,209	285,000	101,588	6,570,000	2,828,181
2026	19,655,000	8,963,350	295,000	86,625	6,050,000	2,539,329
2027	16,205,000	8,120,350	315,000	71,135	5,785,000	2,267,879
2028	16,550,000	7,362,131	330,000	54,600	5,455,000	2,015,919
2029-2033	76,440,000	26,589,813	710,000	56,438	23,630,000	7,017,795
2034-2038	74,440,000	13,106,218	-	-	17,670,000	3,271,097
2039-2043	30,140,000	2,942,993	-	-	8,805,000	770,600
Totals	$ 286,460,000	$ 89,044,419	$ 2,285,000	$ 490,970	$ 80,405,000	$ 24,002,909

General Obligation Bonds

General Obligation bonds are secured by ad valorem taxes levied by the City. As part of the City's debt management practices, the City defeases certain debt issues and places the proceeds in an irrevocable trust for all future debt service payments on the previously issued bonds. Accordingly, the related trust assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2023 there were no defeased bonds outstanding.

On May 24, 2023, the City issued $43,855,000 of General Obligation Bonds, Series 2023 with a true interest cost of 3.68%. The proceeds from the sale of the Bonds will be used for (i) acquiring, constructing, improving and maintaining streets, thoroughfares and alleyways within the City, traffic signalization and signage and traffic management equipment; (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor, to-wit: renovating City Hall, the Richardson Public Library, Fire Station 5 and the Richardson Animal Shelter; (iii) constructing, improving, extending, repairing sidewalks and related improvements, (iv) planning, designing, constructing, improving, renovating, repairing, replacing, and expanding flood protection and storm drainage facilities and improvements, erosion control, including necessary and appropriate relocation of utilities and the acquisition of land related thereto, (v) designing, acquiring, constructing, renovating, improving, and equipping the City parks (including passive parks and open space improvements), and acquiring lands, interests in lands, and rights-of-way related thereto, and (vi) paying the costs of issuance in connection with issuing the Bonds.

Certificates of Obligation

Certificates of Obligation are secured by ad valorem taxes levied by the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System. On May 24, 2023, the City issued Series 2023 and 2023A for a total of $49,005,000 of Combination Tax and Revenue Certificates of Obligation. Series 2023 for $39,875,000 with a true interest cost of 3.48% ($1,255,000 for fire equipment, $15,130,000 for a radio system, $8,065,000 for Library renovations, $13,495,000 for Water/Sewer, and $1,930,000 for Solid Waste). Proceeds from the sale of the Series 2023 Certificates will be used for (i) acquiring vehicles and equipment for the fire and solid waste departments, (ii) improving and extending the City's water and sewer system, and (iii) renovationg the Public Library. Series 2023A for $9,130,000 with a true interest cost of 5.04% for constructing, improving, renovation and equipping the City's municipal golf course.

General Obligations and Certificates of Obligation - Direct Borrowings

The City's outstanding General Obligation Bonds and Certificates of Obligation from direct borrowings related to governmental activities of $2,285,000 are balloon instruments with the entire principal due on the final maturity date. They are subject to optional redemption in whole or in part, at the City's discretion, on any date at the redemption price of par plus accrued interest to the date of redemption. Amortization shown in the preceding table is based on the City's current debt issuance plan and all payments made to date.

Tax Anticipation Note - Direct Borrowing

On May 26, 2021 the City issued a $5,855,000 Tax Anticipation Note (Taxable) with a true interest cost of 1.15%. The Note was issued for the benefit of the Capital Fund to provide proceeds for constructing and equipping a parking facility for the City's performing arts center. The Note matures on February 15, 2028 and has stated maturities over the life of the note, with the majority of the principal due at final maturity. Similar to the City's direct borrowings, the Note is subject to redemption prior to maturity, at the option of the City, in whole or in part, on February 15, 2023, or any day thereafter at the redemption price of par plus accrued interest to the date of redemption. The Note is not callable by the lender. Since the Note cannot be redeemed earlier than February 15, 2023 and has annual maturities unless redeemed early, the City accounts for it as a long-term obligation. The outstanding balance as September 30, 2023 is $5,340,000.

The following is a schedule of future debt maturities relating to the tax anticipation note as of September 30, 2023:

	Principal	Interest	Total
Fiscal year ending September 30:			
2024	$ 3,420,000	$ 41,745	$ 3,461,745
2025	270,000	20,528	290,528
2026	275,000	17,394	292,394
2027	280,000	14,203	294,203
2028	1,095,000	6,296	1,101,296
Totals	$ 5,340,000	$ 100,166	$ 5,440,166

Ratings

Standard and Poor’s Ratings Services assigned its ‘AAA” rating with a stable outlook, to the City’s Combination Tax and Revenue Certificates of Obligation Series 2023 and the City's General Obligation Bonds Series 2023. Moody's Investors Service (Moody's) also assigned it 'Aaa" rating, with a stable outlook to each of these issues.

Bondholder Remedies

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

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

10. Direct Financed Purchases and Other Contractual Obligations

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2023:

	Governmental-type Activities					
	Stryker	**Utility Vehicle**	**Gas Golf Carts**	**Police Academy**	**Texas Comptroller of Public Accounts**	**Total**
Balance at October 1, 2022	$ 1,177,768	$ 43,863	$ 203,305	$ 101,349	$ 408,098	$ 1,934,383
Payments	(217,156)	(10,121)	(20,209)	(71,071)	(112,812)	(431,369)
Balance at September 30, 2023	$ 960,612	$ 33,742	$ 183,096	$ 30,278	$ 295,286	$ 1,503,014

Financed Purchases

The City has entered into the following financed purchases:

Agreement with Stryker in July 2020, amended in August 2022, for fire/EMT equipment. The final annual payment of $265,069 is scheduled to be made in October 2027. The cost of the asset is $1,110,646. Accumulated depreciation was $474,200 and the related book value is $636,446 at September 30, 2023.

Agreement with GM Financial in February 2022, for a utility vehicle. The final annual payment of $12,477 is scheduled to be made in February 2026. The cost of the asset is $56,339. Accumulated depreciation was $21,127 and the related book value is $35,212 at September 30, 2023.

Agreement with Yamaha in January 2022, for gas golf carts. Annual payments of $28,320 with a final balloon payment of $107,712 scheduled for March 2027. The cost of the asset is $214,719 per agreement. Accumulated depreciation was $10,437 and the related book value is $204,282 at September 30, 2023.

The following is a schedule of the payments required under financed purchases at September 30, 2023:

Fiscal year ending, September 30	Stryker	Utility Vehicle	Gas Golf Carts
2024	$ 265,069	$ 12,477	$ 28,320
2025	265,069	12,477	28,320
2026	265,069	12,477	28,320
2027	265,069		119,512
Total minimum lease payments	1,060,276	37,431	204,472
Less amount representing interest	(99,664)	(3,689)	(21,376)
Present value of minimum lease payments	$ 960,612	$ 33,742	$ 183,096

Police

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 shared in the costs of improvements to the facilities.

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2023:

	Principal	Interest	Total
Fiscal year ending September 30:			
2024	$ 14,815	$ 1,403	$ 16,218
2025	15,463	773	16,236
Totals	$ 30,278	$ 2,176	$ 32,454

Other Obligations

During FY 2009 the Texas Comptroller of Public Accounts notified the City regarding an error in sales tax payments made to the City. This error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller from January 1998 through December 2005. The local sales tax overpayment to the City in the amount of $2,143,331 was recorded as a liability and a reduction of sales tax revenue. The Comptroller's office had set up a 20-year payout arrangement, but the life of the obligation has been reduced by additional payments and adjusted due to the Comptroller suspending payments from April 2020 through January 2021 to help Texas cities deal with the COVID-19 pandemic and potential negative impacts on the economy. Payments of $112,812 were made during the fiscal year, and the balance at September 30, 2023 was $295,286.

11 Lease Obligations

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use of buildings, land, vehicles, and equipment over the term of the lease. The City is required to make periodic principal and interest payments using either its incremental borrowing rate or the interest rate stated/implied within the leases. Effective October 1, 2021, the City implemented GASB Statement No. 87, Leases. At implementation of this statement and the commencement of leases beginning after October 1, 2021, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term. The lease rate, term and ending lease liability are as follows:

	Governmental Activities			
	Interest Rates	Beginning Balance	Lease Term in Months	Ending Balance
Governmental activities:				
Vehicle	0.31	$ 11,974	24	$ 2,998
Electric golf carts	0.298	151,813	31	56,014
Computer equipment	0.298	13,221	41	-
Land	0.298	1,791,986	41	897,326
Copiers	0.193	4,386	16	-
Buildings	2.26	-	44	4,847,361
Internal service funds:				
Postal equipment	2.186	35,717	60	28,500
Copiers	0.193-0.298	32,753	16-18	189,435
Total governmental activities		$ 2,041,850		$ 6,021,634

	Business Type Activities			
	Interest Rates	Beginning Balance	Lease Term in Months	Ending Balance
UTD Land	2.43	$ -	24	$ 140,594
Computer equipment	0.2980	-	29	7,762
Total busines type activities		$ -		$ 148,356

The future principal and interest payments as of September 30, 2023, were as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 2,232,375	$ 105,782	$ 2,338,157
2025	1,437,920	71,418	1,509,338
2026	1,509,900	38,031	1,547,931
2027	809,918	6,622	816,540
2028	31,521	420	31,941
Total	$ 6,021,634	$ 222,273	$ 6,243,907

	Business Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 88,659	$ 2,515	$ 91,174
2025	59,697	526	60,223
Total	$ 148,356	$ 3,041	$ 151,397

12 SBITA

The City has entered into multiple Subscription-Based Information Technology (SBITA) agreements as lessee. The SBITAs allow the right-to-use of subscription-based software over the term of the lease. The City is required to make periodic principal and interest payments using either its incremental borrowing rate or the interest rate stated/implied within the SBITAs. Effective October 1, 2022, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. At implementation of this statement and the commencement of leases beginning after October 1, 2022, the City initially measured the SBITA liability at the present value of payments expected to be made during the remaining SBITA term. The SBITA rate, term and ending SBITA liability are as follows:

	Interest Rates	Liability at Commencement	Ending Balance
Governmental Activities:			
Axon Enterprise	3.1213 %	$ 1,089,968	$ 716,292
Internal Service Funds:			
Tyler Technologies	3.1213	5,645,202	5,331,806
Total		$ 6,735,170	$ 6,048,098

The future principal and interest payments as of September 30, 2023, were as follows:

	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	$ 1,084,946	$ 185,171	$ 1,270,117
2025	1,166,364	154,916	1,321,280
2026	905,894	118,510	1,024,404
2027	934,170	90,234	1,024,404
2028	963,328	61,076	1,024,404
2029-2030	993,396	31,007	1,024,403
Total	$ 6,048,098	$ 640,914	$ 6,689,012

13 TIF Obligations

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

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

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

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

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of $3,299,865 and a construction reimbursement grant of $5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. During the fiscal year the City paid the economic development grant in full. Any remaining balance is related to the construction reimbursement grant. A principal payment of $322,072 and an interest payment of $463,257 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and Bush/75 Partners, LP in December 2012. The Agreement was subsequently assigned to BCS TIF Zone Two, LP, the ultimate developer for the project. The agreement provides for the reimbursement of infrastructure projects with an estimated value of $76,336,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $57,084,738 to date. Funding is contingent upon the availability of tax revenues in TIF District #2. Interest payments of $2,097,330 and a principal payment of $3,300,115 were made during the fiscal year.

An infrastructure reimbursement grant and development agreement was entered into with the City and BC Station Partners, L.P. in March 2015. This agreement provides for approximately $49,158,000 plus 5% interest annually until paid in full or termination of the agreement. The company has qualified for grants of $33,880,733 to date. Funding is contingent upon the availability of tax revenues in TIF District #3. An interest payment of $894,760 was made during the fiscal year.

An economic development agreement was entered into with the City and AGF Greenville II, Ltd. in April 2015. This agreement provides for a maximum grant amount of $5,500,000 plus 4% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 1B and Sub Area No. 4. An interest payment of $176,601 and a principal payment of $227,953 was made during the fiscal year.

An economic development agreement was entered into with the City and SAF 100 N. Central Ltd in March 2017. The Agreement was subsequently assigned to Richardson Gateway, LLC. This agreement provides for a maximum grant amount of $7,000,000 plus 5.25% interest annually until paid in full or termination of the agreement. The agreement provides for the reimbursement of eligible costs for the acquisition of the land and demolition of existing improvements on the land. The company has qualified for the full amount of the grant. Funding is contingent upon the availability of tax revenues in TIF District #1 from Sub Area No. 1A and Sub No. 1B. An interest payment of $293,771 and a principal payment of $138 was made during the fiscal year.

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

	TIF DISTRICT 1			TIF DISTRICT 2	TIF DISTRICT 3	
	Centennial Park	**AGF Greenville II, Ltd.**	**Richardson Gateway LLC**	**BCS TIF Zone 2**	**BC Station Partners, L.P.**	**Total**
Balance at October 1, 2022	$ 6,234,371	$ 4,274,505	$ 5,624,537	$ 40,611,427	$ 33,880,733	$ 90,625,573
Payments	(322,072)	(227,953)	(138)	(3,300,115)	-	(3,850,278)
Balance at September 30, 2023	$ 5,912,299	$ 4,046,552	$ 5,624,399	$ 37,311,312	$ 33,880,733	$ 86,775,295

14 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 2022-2023, a total of $192,516 was paid in administrative costs that were recorded as an expenditure/expense in the General Fund, Proprietary Funds and Central Services Fund. In addition, claims and benefits paid in the amounts of $529,773 and $171,102 have been recorded as expenditures/expenses in the Governmental Funds and Proprietary Funds, respectively.

The City also maintains a self-insured medical program known as "CORPlan" which is accounted for as an Internal Service Fund. This program provides participants with unlimited health benefit coverage. The City purchases commercial insurance for claims in excess of $350,000 for each employee in a plan year. In fiscal year 2022-2023, the City did not receive any refunds from the commercial insurance carrier.

All funds with full-time employees participate in the program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. Accounting standards require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The City's consultant estimated the liability to be $977,591 for unpaid claims and claim adjustment expenses at September 30, 2023. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The City currently does not discount its unpaid claims liabilities.

Reconciliation of Unpaid Claims Liabilities

	2023	2022
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 930,186	$ 1,007,097
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	14,204,069	12,375,289
Increase (decrease) in prior year provision	(280,803)	(407,116)
Total incurred claims and claim adjustment expenses	14,853,452	12,975,270
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	13,226,478	11,445,103
Claims and claim adjustment expenses attributable to insured events of prior years	649,383	599,981
Total payments	13,875,861	12,045,084
Total unpaid claims and claim adjustment expenses at end of year	$ 977,591	$ 930,186

15 Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2023, the City allocated $9,558,010 for such services.

16 Tax Abatement and Economic Incentives

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

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least $20,000 in improvements to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided $1,484,650 in incentive payments under this program in fiscal year 2023.
- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $1,718,404 in fiscal year 2023.

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2023, the City rebated $2,727,062 in taxes, reduced fees by $10,605,036 and made incentive payments of $907,496 under these agreements.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 13. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made $7,775,996 in payments for TIF obligations, and $1,501,000 in TIF incentives, from general TIF resources.

17 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.

18 Other Postemployment Benefits (OPEB)

Retiree Health Benefits

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 20 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2023 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	310
Active employees	949
	1,259

Contributions

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

	"Green Plan" - HDHP (w/HSA)		
	Under 15	**15 - 19**	**20+**
Years of service:			
Retiree only	$ 924	$ 648	$ 373
Retiree/spouse	1,851	1,295	739
Surviving spouse	926	697	467
Retiree/family	2,576	1,716	856

	"Red Plan" - Traditional PPO		
	Under 15	**15 - 19**	**20+**
Years of service:			
Retiree only	$ 1,109	$ 803	$ 465
Retiree/spouse	2,196	1,549	900
Surviving spouse	1,223	842	583
Retiree/family	3,053	2,048	1,041

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2022 and the measurement date of December 31, 2022.

Actuarial assumptions

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

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

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increases	3.50% - 11.50%
Health Care Trend Rate	7.00%, declining to 4.25% after 15 years

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

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate is equal to the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date of December 31, 2022. For the purpose of this valuation, the municipal bond rate is 4.05% based on the daily rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. The discount rate was 1.84% as of December 31, 2021, the prior measurement date.

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

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (3.05%) and 1-percentage-point-higher (5.05%).

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

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
$ 54,351,943	$ 49,279,894	$ 44,797,091

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

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

1% Decrease 6.00%	Current Single Rate Assumption 7.00%	1% Increase 8.00%
$ 45,192,152	$ 49,279,894	$ 54,113,441

Schedule of Changes in Total OPEB Liability

	Total OPEB Liability
Beginning balances	$ 61,387,466
Changes for the year:	
Service cost	3,023,443
Interest on the Total OPEB Liability	1,140,456
Differences between expected and actual experience	(4,871,675)
Changes in assumptions	(9,563,999)
Benefit payments	(1,835,797)
Net changes	(12,107,572)
Ending balance	$ 49,279,894

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2023 the City recognized $3,325,610 for OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB are from the below sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 683,052	$ (4,378,223)
Changes of assumptions	3,783,765	(8,573,344)
Contributions subsequent to the measurement date	1,965,386	-
Total	$ 6,432,203	$ (12,951,567)

Of the $6,432,203 total for deferred outflows of resources, $1,965,386 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending 9/30/2023. The remainder of the total net deferred outflows/inflows of resources, $(8,484,750) will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred outflows (inflows) of resources
2024	$ (838,289)
2025	(840,616)
2026	(1,218,291)
2027	(1,308,605)
2028	(1,663,393)
Thereafter	(2,615,556)
Total	$ (8,484,750)

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for 18 months after the employee's termination date. The City makes no contribution under this program. There were no participants in the program as of September 30, 2023.

19 Pension Benefits

Plan Description

The City of Richardson participates as one of 919 cities in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

Employee deposit rate	7% of Earnings
City matching rate	200%
Vesting period	5 Years
Retirement years (age/years of service)	60/5, Any/20
Updated service credit	50% (Repeating)
Annuity increase (to retirees)	50% of the change in CPI (Repeating)

Additional information related to the TMRS Plan is located in the TMRS ACFR https://www.tmrs.com/down/pubs/ACFR_2022/ACFR_2022.pdf.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	913
Inactive employees entitled to but not yet receiving benefits	582
Active employees	950
Total	2,445

Contributions

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

Employees for the City of Richardson were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Richardson were 14.07% and 15.08% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $13,071,266 which exceeded the required contributions by $517,961.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Other actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. Annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Post-retirement mortality rates are based on the 2019 Municipal Retirees of TExas Mortality Tables and projected on a fully generational basis with scale UMP. Assumptions are reviewed annually.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)*
Global Public Equity	35.00 %	7.70
Core Fixed Income	6.00	4.90
Non-Core Fixed Income	20.00	8.70
Public and Private Markets	12.00	8.10
Real Estate	12.00	5.80
Hedge Funds	5.00	6.90
Private Equity	10.00	11.80
Total	100.00 %	

Discount Rate

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

Sensitivity of Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$164,306,205	$82,956,081	$15,394,516

Pension Plan Fiduciary Net Position

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2023

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Current Period

	Increase (Decrease)
Total pension liability:	
Service Cost	$ 11,995,305
Interest (on the Total Pension Liability)	40,825,471
Changes of benefit terms	2,679,847
Difference between expected and actual experience	4,412,563
Benefit payments, including refunds of employee contributions	(33,826,183)
Net Change in Total Pension Liability	26,087,003
Total Pension Liability - Beginning	613,057,391
Total Pension Liability - Ending (A)	639,144,394
Plan Fiduciary Net Position:	
Contributions - Employer	11,656,337
Contributions - Employee	5,424,864
Net Investment Income	(45,060,193)
Benefit payments, including refunds of employee contributions	(33,826,183)
Administrative expense	(390,319)
Other	465,766
Net Change in Plan Fiduciary Net Position	(61,729,728)
Plan Fiduciary Net Position - Beginning	617,918,041
Plan Fiduciary Net Position - Ending (B)	556,188,313
Net Pension Liability (Asset) - Ending (A-B)	$ 82,956,081
Plan Fiduciary Net Position as Percentage of Total Pension Liability (Asset)	87.02 %

*FNP may be off a dollar due to rounding

The net pension liability (asset) and the total pension liability were calculated by Gabriel, Roeder, Smith & Company ("GRS"). The measurement date and the actuarial valuation date was December 31, 2022.

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

For the year ended September 30, 2023 the City recognized pension expense of $21,694,481. Deferred outflows of resources and deferred inflows of resources related to pensions are from the below sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,898,511	$ (712,136)
Net difference between projected and actual earnings on pension plan investments	38,456,673	-
Difference in assumptions	6,444	-
Employers' Contributions to the pension plan subsequent to the measurement date	10,111,491	-
Total	$ 55,473,119	$ (712,136)

Of the $55,473,119 total for deferred outflows of resources, $10,111,491 from City contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending 9/30/2024. The remainder of the total net deferred outflows/inflows of resources, $44,649,492, related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2024	$ 3,675,341
2025	12,030,601
2026	11,589,618
2027	17,353,932
Total	$ 44,649,492

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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NORTON ROSE FULBRIGHT

[Closing Date]

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IN REGARD to the authorization and issuance of the "City of Richardson, Texas, General Obligation Bonds, Series 2024," dated ___________, 2024, in the principal amount of $__________ (the "Bonds"), we have examined into their issuance by the City of Richardson, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 15 in each of the years specified in a pricing certificate executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (jointly, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

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2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

NORTON ROSE FULBRIGHT

[Closing Date]

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IN REGARD to the authorization and issuance of the "City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2024," dated __________, 2024, in the principal amount of $_______ (the "Certificates"), we have examined into their issuance by the City of Richardson, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in a pricing certificate executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (jointly, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or

other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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