OFFICIAL STATEMENT

Dated: April 26, 2021

HTS Continuing Disclosure Services
A Division of Hilltop Securities

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 – THE BONDS AND THE 2021 CERTIFICATES" herein.

$14,565,000
CITY OF RICHARDSON, TEXAS
(Dallas and Collin Counties)
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2021

Dated Date: as of the Date of Delivery
Interest to Accrue from Date of Delivery

Due: February 15, as shown on page 2

PAYMENT TERMS. . . Interest on the $14,565,000 City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2021 (the "Bonds", and together with the $28,640,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021 [the "2021 Certificates"] and the $4,045,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A [the "Taxable 2021A 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, 2022, 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, Chapter 1207 and 1331, as amended, and an election held on November 3, 2015, 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") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Bonds will be used for (i) to refund a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Obligations and their call dates); (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor; (iii) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor, (iv) constructing, improving, extending, repairing sidewalks and related improvements, and (v) 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 Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common 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 initial purchasers of the Bonds (as defined herein) 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").

DELIVERY. . . It is expected that the Bonds will be available for delivery through DTC on May 26, 2021 (the "Date of Delivery").

MATURITY SCHEDULE

$14,565,000 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2021

Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [1]	Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [1]
$ 585,000	2022	2.000%	0.070%	763227F83	$ 650,000	2032	2.000%	1.290%	763227H24
680,000	2023	2.000%	0.100%	763227F91	665,000	2033	2.000%	1.400%	763227H32
695,000	2024	2.000%	0.170%	763227G25	680,000	2034	2.000%	1.550%	763227H40
705,000	2025	2.000%	0.290%	763227G33	690,000	2035	2.000%	1.650%	763227H57
720,000	2026	2.000%	0.410%	763227G41	705,000	2036	2.000%	1.700%	763227H65
745,000	2027	4.000%	0.530%	763227G58	720,000	2037	2.000%	1.750%	763227H73
775,000	2028	4.000%	0.690%	763227G66	735,000	2038	2.000%	1.800%	763227H81
805,000	2029	4.000%	0.830%	763227G74	750,000	2039	2.000%	1.850%	763227H99
845,000	2030	4.000%	0.950%	763227G82	765,000	2040	2.000%	1.900%	763227J22
870,000	2031	2.000%	1.100%	763227G90	780,000	2041	2.000%	1.950%	763227J30

(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, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption”).

OFFICIAL STATEMENT

Dated: April 26, 2021

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 – THE BONDS AND THE 2021 CERTIFICATES" herein.

$28,640,000
CITY OF RICHARDSON, TEXAS
(Dallas and Collin Counties)
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

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

PAYMENT TERMS. . . Interest on the $28,640,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "2021 Certificates," and together with the $14,565,000 City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2021 [the "Bonds"] and the $4,045,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A [the "Taxable 2021A 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, 2022, 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 2021 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 2021 Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. No physical delivery of the 2021 Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the 2021 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 2021 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 2021 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 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 2021 Certificates (the "Certificate Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the 2021 Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping municipal public buildings, police and fire-fighting facilities, parks and recreation facilities and the acquisition of land therefor; (ii) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor; (iii) constructing, improving, extending, repairing sidewalks and related improvements; (iv) acquiring vehicles and equipment for solid waste, transportation and mobility, information technology and fire departments, (v) improving and extending the City's water and sewer system and (vi) professional services rendered in connection with issuing the Certificates.

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 Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common 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 2021 Certificates are offered for delivery when, as and if issued and received by the initial purchaser of the 2021 Certificates (as defined herein) 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").

DELIVERY. . . It is expected that the 2021 Certificates will be available for delivery through DTC on May 26, 2021 (the "Date of Delivery").

MATURITY SCHEDULE

$28,640,000 COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]	Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]
$ 1,375,000	2022	3.000%	0.100%	763227A88	$ 1,385,000	2032	2.000%	1.340%	763227C29
1,605,000	2023	3.000%	0.110%	763227A96	1,415,000	2033	2.000%	1.430%	763227C37
1,655,000	2024	4.000%	0.170%	763227B20	1,445,000	2034	2.000%	1.530%	763227C45
1,725,000	2025	4.000%	0.290%	763227B38	1,470,000	2035	2.000%	1.620%	763227C52
1,385,000	2026	4.000%	0.420%	763227B46	1,505,000	2036	2.000%	1.690%	763227C60
1,450,000	2027	4.000%	0.560%	763227B53	1,190,000	2037	2.000%	1.770%	763227C78
1,515,000	2028	4.000%	0.710%	763227B61	1,215,000	2038	2.000%	1.840%	763227C86
1,575,000	2029	4.000%	0.850%	763227B79	1,235,000	2039	2.000%	1.880%	763227C94
1,440,000	2030	4.000%	0.970%	763227B87	1,265,000	2040	2.000%	1.920%	763227D28
1,500,000	2031	4.000%	1.070%	763227B95	1,290,000	2041	2.000%	1.960%	763227D36

(Interest to accrue from the Date of Delivery)

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OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem 2021 Certificates having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption”).

OFFICIAL STATEMENT

Dated: April 26, 2021

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

NEW ISSUE - Book-Entry-Only

Interest on the Taxable 2021A Certificates is not excludable for federal tax purposes under existing law. See "TAX MATTERS – THE TAXABLE 2021A CERTIFICATES" herein.

$4,045,000
CITY OF RICHARDSON, TEXAS
(Dallas and Collin Counties)
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021A

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

PAYMENT TERMS. . . Interest on the $4,045,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A (the "Taxable 2021A Certificates," and together with the $14,565,000 City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2021 [the "Bonds"] and the $28,640,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021 [the "2021 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, 2022, 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 Taxable 2021A 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 Taxable 2021A Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Taxable 2021A Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Taxable 2021A 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 Taxable 2021A 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 Taxable 2021A 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 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 Taxable 2021A Certificates (the "Taxable 2021A Certificate Ordinance") (see "THE OBLIGATIONS - Authority for Issuance").

PURPOSE. . . Proceeds from the sale of the Taxable 2021A Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improving, renovating and equipping an existing municipal building for the development services department of the City and (ii) professional services rendered in connection with issuing the Taxable 2021A Certificates.

CUSIP PREFIX: 763227
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 6

SEPARATE ISSUES. . . The Obligations are being offered concurrently by the City under a common Official Statement. The 2021 Certificates, Taxable 2021A Certificates and the Bonds are separate and distinct securities offerings being issued and sold independently except for the common 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 Taxable 2021A Certificates are offered for delivery when, as and if issued and received by the initial purchaser of the Taxable 2021A Certificates (as defined herein) 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").

DELIVERY. . . It is expected that the Taxable 2021A Certificates will be available for delivery through DTC on May 26, 2021 (the "Date of Delivery").

MATURITY SCHEDULE

$4,045,000 COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021A

Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]	Principal Amount	Maturity (Feb. 15)	Interest Rate	Initial Yield	CUSIP [(1)]
$ 150,000	2022	2.000%	0.120%	763227D44	$ 200,000	2032	1.780%	1.780%	763227E68
170,000	2023	2.000%	0.200%	763227D51	205,000	2033	1.830%	1.830%	763227E76
175,000	2024	2.000%	0.400%	763227D69	210,000	2034	1.910%	1.910%	763227E84
180,000	2025	2.000%	0.670%	763227D77	215,000	2035	2.000%	2.000%	763227E92
185,000	2026	2.000%	0.930%	763227D85	220,000	2036	2.090%	2.090%	763227F26
185,000	2027	2.000%	1.160%	763227D93	225,000	2037	2.180%	2.180%	763227F34
190,000	2028	1.390%	1.390%	763227E27	230,000	2038	2.270%	2.270%	763227F42
190,000	2029	1.480%	1.480%	763227E35	235,000	2039	2.330%	2.330%	763227F59
195,000	2030	1.650%	1.650%	763227E43	240,000	2040	2.380%	2.380%	763227F67
200,000	2031	1.740%	1.740%	763227E50	245,000	2041	2.450%	2.450%	763227F75

(Interest to accrue from the Date of Delivery)

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OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Taxable 2021A Certificates having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption”).

USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this 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 Purchasers. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this 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 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 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 Purchasers of the Obligations. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION. NEITHER THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY ("DTC") FOR USE IN THIS 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.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Richardson, Texas (the "City"), is a political subdivision 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 $14,565,000 General Obligation Refunding and Improvement Bonds, Series 2021 are issued as serial bonds maturing February 15 in the years 2022 through 2041. The $28,640,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 are issued as serial certificates maturing February 15 in the years 2022 through 2041. The $4,045,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A are issued as serial certificates maturing February 15 in the years 2022 through 2041. 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, 2022, 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, Chapters 1207 and 1331, as amended, an election held on November 3, 2015, the City's Home Rule Charter and the Bond Ordinance passed by the City Council of the City on the date of sale of the Bonds. See "THE OBLIGATIONS - Authority for Issuance".

The 2021 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, the City's Home Rule Charter and the Certificate Ordinance passed by the City Council of the City on the date of sale of the 2021 Certificates. See "THE OBLIGATIONS – Authority for Issuance".

The Taxable 2021A 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, the City's Home Rule Charter and the Taxable 2021A Certificate Ordinance passed by the City Council of the City on the date of sale of the Taxable 2021A 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 2021 Certificates and Taxable 2021A 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 and the Taxable 2021A Certificate Ordinance (see "THE OBLIGATIONS – Security and Source of Payment").

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

REDEMPTION OF OBLIGATIONS... The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption").

TAX MATTERS – THE BONDS AND 2021 CERTIFICATES .... In the opinion of Bond Counsel, the interest on the Bonds and the 2021 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 – THE BONDS AND THE 2021 CERTIFICATES" herein.

TAX MATTERS – THE TAXABLE 2021A CERTIFICATES .... Interest on the Taxable 2021A Certificates is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS – THE TAXABLE 2021A CERTIFICATES" herein.

USE OF PROCEEDS FOR THE BONDS .... Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings (see "PLAN OF FINANCING"; also see Schedule I for a detailed listing of the Refunded Obligations and their call dates); (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor; (iii) acquiring, constructing, improving and maintaining streets, thoroughfares alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor, (iv) constructing, improving, extending, repairing sidewalks and related improvements, and (v) paying the costs of issuance in connection with issuing the Bonds.

USE OF PROCEEDS FOR THE 2021 CERTIFICATES................... Proceeds from the sale of the 2021 Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping municipal public buildings, police and fire-fighting facilities, parks and recreation facilities and the acquisition of land therefor; (i) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor; (iii) constructing, improving, extending, repairing sidewalks and related improvements; (iv) acquiring vehicles and equipment for solid waste, transportation and mobility, information technology and fire departments, (v) improving and extending the City's water and sewer system and (vi) professional services rendered in connection with issuing the 2021 Certificates.

USE OF PROCEEDS FOR THE TAXABLE 2021A CERTIFICATES .... Proceeds from the sale of the Taxable 2021A Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improving, renovating and equipping an existing municipal building for the development services department of the City and (ii) professional services rendered in connection with issuing the Taxable 2021A Certificates.

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)]
2017	107,400	$ 12,998,938,188	$ 121,033	$ 217,725,000	$ 2,027	1.67%	99.64%
2018	110,140	14,084,629,658	127,879	255,855,000	2,323	1.82%	99.51%
2019	113,710	15,173,759,859	133,443	266,145,000	2,341	1.75%	99.46%
2020	115,630	16,276,019,329	140,759	248,780,000	2,152	1.53%	99.76%
2021	115,630	16,616,961,920	143,708	257,045,000 [(4)]	2,223 [(4)]	1.55% [(4)]	96.86% [(6)]

(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. Excludes the Refunded Obligations.
(5) Supplemental levy at year end is used to calculate percent of total tax collections.
(6) Partial year collections through February 28, 2021, based on supplemental levy.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2020	2019	2018	2017	2016
Beginning Balance	$ 32,948,501	$ 24,984,526	$ 22,875,764	$ 21,142,377	$ 19,739,634
Total Revenue	148,058,925	138,796,741	128,504,982	125,836,752	120,631,433
Total Expenditures	123,218,907	121,704,290	118,486,813	116,188,390	110,899,596
Other Financing Sources (Uses)	(12,742,019)	(9,128,476)	(7,909,407)	(7,914,975)	(8,329,094)
Ending Balance	$ 45,046,500	$ 32,948,501	$ 24,984,526	$ 22,875,764	$ 21,142,377

For additional information regarding the City, please contact:

Keith Dagen, CPA
Director of Finance
City of Richardson
411 W. Arapaho Road, Room 101
Richardson, Texas 75080
(972) 744-4144

or

George Williford
Regional Managing Director
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4000

or

Nick Bulaich
Managing Director
Hilltop Securities Inc.
777 Main Street, Suite 1200
Fort Worth, Texas 76102
(817) 332-9710

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Council Member Since	Term Expires	Occupation
Paul Voelker Mayor	May, 2013	May, 2021	Telecommunications Professional
Janet DePuy Mayor Pro Tem, Place 3	June, 2019	May, 2021	Realtor
Bob Dubey Councilmember, Place 1	May, 2017	May, 2021	Retired from Richardson ISD
Mark Solomon Councilmember, Place 2	May, 2009	May, 2021	Company Owner
Kyle Kepner Councilmember, Place 4	May, 2019	May, 2021	Company Owner
Ken Hutchenrider Councilmember, Place 5	May, 2019	May, 2021	President, Methodist Richardson Medical Center
Steve Mitchell Councilmember, Place 6	May, 2005	May, 2021	Tax Software Project Manager

SELECTED ADMINISTRATIVE STAFF

Name	Position	Year of Employment	Time in Position
Dan Johnson	City Manager	1996	8.50 Years
Don Magner	Deputy City Manager	1996	2.00 Years
Shanna Sims-Bradish	Assistant City Manager-Administrative and Leisure Services	2012	8.00 Years
Kent Pfeil	Chief Financial Officer	1998	6.00 Years
Keith Dagen	Director of Finance	2003	5.50 Years
Aimee Nemer	City Secretary	2012	8.50 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

OFFICIAL STATEMENT

RELATING TO

CITY OF RICHARDSON, TEXAS

$14,565,000 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2021	$28,640,000 COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021	$4,045,000 COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2021A

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $14,565,000 City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2021 (the "Bonds"), the $28,640,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "2021 Certificates") and the $4,045,000 City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A (the "Taxable 2021A Certificates"). The Bonds, 2021 Certificates and Taxable 2021A Certificates are collectively referred to herein as the "Obligations". Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances adopted on the date of sale of the Obligations which authorized the issuance of the respective Obligations, except as otherwise indicated herein. The ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the 2021 Certificates (the "Certificate Ordinance"), and the ordinance authorizing the issuance of the Taxable 2021A Certificates (the "Taxable 2021A Certificate Ordinance") are sometimes herein referred to jointly as the "Ordinances".

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City of Richardson, Texas (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 Official Statement. The Obligations are separate and distinct securities offerings being issued and sold independently except for the common 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 2010 Census population was 99,223. The estimated population for 2021 is 115,630, as provided by the North Central Texas Council of Governments. The City covers approximately 28.5 square miles and has approximately 1,050 employees. For more information regarding the City, see "APPENDIX A – General Information Regarding the City."

INFECTIOUS DISEASE OUTBREAK (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed by the Governor. The Governor has renewed this declaration monthly, most recently on February 4, 2021. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 2, 2021 of Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the State-wide mask mandate, effective March 10, 2021. The Governor's order also maintains, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. . Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property and could reduce or negatively affect property values or homebuilding activity within the City and/or the collection of sales and other excise taxes, charges, and fees within the City as well as the assets of City pension funds. See "Retirement Plans." The Obligations are secured by an ad valorem tax within the limits prescribed by law, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Obligations as well as the City's share of operations and maintenance expenses payable from ad valorem taxes.

The City also collects a sales and use tax on all taxable transactions within the City's boundaries, and other fees that depend on business activity (see "Table 14-Municipal Sales Tax History "). Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes, sales revenues and other fees and charges may negatively impact the City's operating budget and overall financial condition.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the City. While the potential impact of COVID-19 on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the City's financial condition. See "FINANCIAL INFORMATION" for the City's current fund balances.

The City can make no representation or give any assurance regarding the short or long-term impact that the outbreak of COVID-19 may have on the City or its finances.

PLAN OF FINANCING

PURPOSE. . . Proceeds from the sale of the Bonds will be used (i) to refund a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings (see Schedule I for a detailed listing of the Refunded Obligations and their call dates); (ii) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land therefor; (iii) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor, (iv) constructing, improving, extending, repairing sidewalks and related improvements, and (v) to pay the costs of issuance in connection with issuing the Bonds.

Proceeds from the sale of the 2021 Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, renovating, expanding and equipping municipal public buildings, police and fire-fighting facilities, parks and recreation facilities and the acquisition of land therefor; (ii) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City, including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land therefor; (iii) constructing, improving, extending, repairing sidewalks and related improvements; (iv) acquiring vehicles and equipment for solid waste, transportation and mobility, information technology and fire departments, (v) improving and extending the City's water and sewer system and (vi) professional services rendered in connection with issuing the 2021 Certificates professional services rendered in connection with issuing the 2021 Certificates.

Proceeds from the sale of the Taxable 2021A Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improving, renovating and equipping an existing municipal building for the development services department of the City and (ii) professional services rendered in connection with issuing the Taxable 2021A Certificates.

REFUNDED OBLIGATIONS. . . A description and identification of the Refunded Obligations appears in Schedule I attached hereto. The Refunded Obligations are being called for redemption on May 28, 2021 (the "Redemption Date"). The principal and interest due on the Refunded Obligations are to be paid on the Redemption Date from funds to be deposited with the paying agent/registrar for the Refunded Obligations (the "Refunded Obligations Paying Agent"). The Bond Ordinance provides that, with respect to the Refunded Obligations, proceeds from the sale of the Bonds, will be irrevocably deposited with the Refunded Obligations Paying Agent in an amount sufficient to accomplish the discharge and final payment of such Refunded Obligations on the Redemption Date. The Refunded Obligations Paying Agent will provide a certification as to the sufficiency of the amounts initially deposited with the Refunded Obligations Paying Agent to pay the principal of and interest on the Refunded Obligations on the Redemption Date. Such funds will be held uninvested by the Refunded Obligations Paying Agent in a trust clearing account pending their disbursement to redeem the Refunded Obligations on the Redemption Date. By the deposit with the Refunded Obligations Paying Agent in such trust clearing account, the City will have effected the defeasance of all the Refunded Obligations in accordance with applicable law.

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

	Bonds	2021 Certificates	Certificates
Sources of Funds			
Par Amount	$ 14,565,000.00	$ 28,640,000.00	$ 4,045,000.00
Reoffering Premium	1,123,383.10	2,794,358.55	41,307.90
Transfer from Prior Issue Debt Service	45,498.13	-	-
Total Sources of Funds	$ 15,733,881.23	$ 31,434,358.55	$ 4,086,307.90
Uses of Funds			
Deposit to Construction Fund	$ 13,300,000.00	$ 31,080,000.00	$ 4,000,000.00
Deposit to Refunded Obligations Paying Agent	2,201,035.04	-	-
Underwriters' Discount	123,802.50	201,912.00	30,337.50
Costs of Issuance	109,043.69	152,446.55	55,970.40
Total Uses of Funds	$ 15,733,881.23	$ 31,434,358.55	$ 4,086,307.90

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, page 4 hereof with regard to the 2021 Certificates and page 6 with regard to the Taxable 2021A 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, 2022. 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.

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, Chapters 1207 and 1331, as amended, an election held on November 3, 2015, and the Bond Ordinance.

The 2021 Certificates and Taxable 2021A 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, the Certificate Ordinance and the Taxable 2021A Certificate Ordinance, as applicable.

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 respective Ordinances. In addition, the 2021 Certificates and Taxable 2021A 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 and Taxable 2021A 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, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030, 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 respective 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 respective 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 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 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 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 the 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 Official Statement. The City and the Purchasers believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City and the respective Purchasers 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 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 Official Statement. In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this 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 Purchasers.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is Regions Bank, Houston, Texas. In the 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 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 Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the 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 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 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 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. Cty 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. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the covenants in the 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 Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

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.

Beginning in the 2020 tax year, 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 is set at $50 million for the 2020 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 $100,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled.

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, 2020, 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	2020/2021 Taxable Value	Participating Increment[(1)]
One	100%	2006	$ 455,793,647	$ 1,397,898,493	$ 942,104,846
Two	66.67%	2011	37,485	1,302,112,409	868,093,352
Three	66.67%	2011	10,589,481	266,192,752	170,410,701
Total Incremental Value					$ 1,980,608,899

(1) The Participating Increment is included in the 2020/2021 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

2020/21 Market Valuation Established by the Dallas and Collin County Central Appraisal Districts		$ 21,983,524,199
Less Exemptions/Reductions at 100% Market Value:		
Residential Exemptions, Over 65, Disabled and Homestead Cap	$ 1,017,361,186	
Disabled Veterans Exemptions	27,555,226	
Pollution Control Exemptions, Solar	11,807,201	
Agricultural Land Use Reductions	40,174,172	
Totally Exempt Property	1,935,026,790	
(includes HB 366 Exemption, Charitable Organizations and Lease Vehicles)		
Abatements	354,028,805	$ 3,385,953,380
2020/21 Taxable Assessed Valuation		$ 18,597,570,819
2020/21 Incremental Taxable Assessed Value of Real Property within Reinvestment Zones		$ 1,980,608,899
2020/21 Net Taxable Assessed Valuation available for General Fund Obligations and Debt to City(1)		$ 16,616,961,920
Bonded Debt Payable from Ad Valorem Taxes (as of March 1, 2021)		
General Obligation Debt Outstanding (2)	$ 273,270,000	
The Bonds	14,565,000	
The Tax Notes(3)	5,855,000	
The 2021 Certificates	28,640,000	
The Taxable 2021A Certificates	4,045,000	
Total Bonded Debt Payable from Ad Valorem Taxes (as of March 1, 2021)		$ 326,375,000
Less Par Value of Self-Supporting Debt (4)		63,320,000
Net Bonded Debt Payable from Ad Valorem Taxes (as of March 1, 2021)		$ 263,055,000
Interest and Sinking Fund (as of March 1, 2021) (5)		$ 13,575,292
Ratio Net Bonded Debt to Taxable Assessed Valuation		1.58%

2021 Estimated Population - 115,630 (6)
Per Capita Taxable Assessed Valuation - $143,708
Per Capita Total Funded Debt - $2,823
Per Capita Net Funded Debt - $2,275

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(1) Does not include $680,685,053 of values in dispute.
(2) Excludes the Refunded Obligations.
(3) The City anticipates issuing $5.865 million in Tax Notes, Series 2021 (the "Tax Notes"), concurrently with the sale of the Obligations via private placement. See Table 12, footnote (1).
(4) See Table 10 for a discussion of the City's self-supporting debt. Includes a portion of the 2021 Certificates, the Taxable 2021A Certificates, and the Bonds which will be self-supported. Does not include the Refunded Obligations.
(5) See Table 9 herein for more information on the City's projected Interest and Sinking Fund balance for the fiscal year ending September 30, 2021.
(6) Source: Estimate provided by the North Central Texas Council of Governments.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Certified Taxable Appraised Value for Fiscal Year Ended Sept. 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 8,601,187,678	39.13%	$ 8,480,364,539	39.19%	$ 8,097,909,289	40.38%
Real, Residential, Multi-Family	2,465,182,341	11.21%	2,126,054,883	9.82%	1,894,135,206	9.45%
Real, Vacant Lots/Tracts	174,438,386	0.79%	182,995,006	0.85%	158,472,449	0.79%
Real, Acreage (Land Only)	89,814,480	0.41%	75,110,513	0.35%	69,478,963	0.35%
Real, Farm and Ranch Improvements	-	0.00%	-	0.00%	-	0.00%
Real, Commercial	5,584,868,530	25.40%	5,573,103,848	25.75%	5,186,178,590	25.86%
Real, Industrial	329,132,355	1.50%	606,552,304	2.80%	666,845,005	3.33%
Real and Tangible Personal, Utilities	349,476,845	1.59%	273,028,788	1.26%	221,326,677	1.10%
Tangible Personal, Commercial	4,162,662,294	18.94%	4,068,093,432	18.80%	3,518,381,204	17.55%
Tangible Personal, Industrial	226,761,290	1.03%	254,215,576	1.17%	239,430,730	1.19%
Total Appraised Value Before Exemptions	$ 21,983,524,199	100.00%	$ 21,639,518,889	100.00%	$ 20,052,158,113	100.00%
Less: Total Exemptions/Reductions	(5,366,562,279) (1)		(5,363,499,560) (2)		(4,878,398,254) (3)	
Net Value	$ 16,616,961,920		$ 16,276,019,329		$ 15,173,759,859	

	Certified Taxable Appraised Value for Fiscal Year Ended Sept. 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 7,194,755,916	38.90%	$ 6,565,413,521	39.04%
Real, Residential, Multi-Family	1,429,736,866	7.73%	1,151,520,550	6.85%
Real, Vacant Lots/Tracts	145,356,202	0.79%	139,424,515	0.83%
Real, Acreage (Land Only)	96,961,262	0.52%	88,538,159	0.53%
Real, Farm and Ranch Improvements	1,825,410	0.01%	-	0.00%
Real, Commercial	5,017,748,257	27.13%	4,381,717,130	26.05%
Real, Industrial	616,059,113	3.33%	583,601,483	3.47%
Real and Tangible Personal, Utilities	265,139,347	1.43%	271,123,907	1.61%
Tangible Personal, Commercial	3,552,984,532	19.21%	3,465,188,119	20.60%
Tangible Personal, Industrial	174,365,710	0.94%	171,031,180	1.02%
Total Appraised Value Before Exemptions	$ 18,494,932,615	100.00%	$ 16,817,558,564	100.00%
Less: Total Exemptions/Reductions	(4,410,302,957) (4)		(3,818,620,376) (5)	
Net Value	$ 14,084,629,658		$ 12,998,938,188	

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 $1,980,608,899 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(2) Includes the incremental value of $1,839,066,377 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(3) Includes the incremental value of $1,676,620,982 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(4) Includes the incremental value of $1,425,210,967 allocated within Reinvestment Zones Nos. 1, 2, and 3.
(5) Includes the incremental value of $991,583,258 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 [(1)]	Certified Taxable Assessed Valuation [(2)]	Per Capita Taxable Assessed Valuation	Tax Supported Debt At End of Fiscal Year [(3)]	Ratio Tax Debt to Taxable Assessed Valuation	Per Capita Tax Supported Debt
2017	107,400	$ 12,998,938,188 [(4)]	$ 121,033	$ 217,725,000	1.67%	$ 2,027
2018	110,140	14,084,629,658 [(5)]	127,879	255,855,000	1.82%	2,323
2019	113,710	15,173,759,859 [(6)]	133,443	266,145,000	1.75%	2,341
2020	115,630	16,276,019,329 [(7)]	140,759	248,780,000	1.53%	2,152
2021	115,630	16,616,961,920 [(8)]	143,708	257,045,000 [(9)]	1.55% [(9)]	2,223 [(9)]

(1) Source: estimates provided by the North Central Texas Council of Governments.
(2) As certified by the Appraisal Districts; subject to change during the ensuing year.
(3) Excludes self-supporting debt. See Table 10 herein for further information on the City's self-supporting debt.
(4) Excludes the incremental value of $991,583,258 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(5) Excludes the incremental value of $1,425,210,967 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(6) Excludes the incremental value of $1,676,620,982 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(7) Excludes the incremental value of $1,839,066,377 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(8) Excludes the incremental value of $1,980,608,899 allocated within Reinvestment Zones Nos. 1, 2 and 3.
(9) Excludes the Refunded Obligations. Includes the Obligations. Also excludes that portion of the 2021 Certificates and the Taxable 2021A 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.

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
2017	$ 0.62516	$ 0.37031	$ 0.25485	$ 87,404,711	99.64%	99.64%
2018	0.62516	0.37031	0.25485	97,013,107	99.51%	99.51%
2019	0.62516	0.37413	0.25103	106,052,791	99.31%	99.46%
2020	0.62516	0.38124	0.24392	113,980,138	99.80%	99.76%
2021	0.62516	0.38124	0.24392	121,570,810	97.63% [(1)]	96.86% [(1)]

(1) Partial year collections through February 28, 2021, based on supplemented tax levy.

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TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Type of Business	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation (1)
Corporate Properties Trust	Real Estate Investment	$ 725,887,092	3.90%
Collins Technology Park Partners	Data Center Host	478,575,930	2.57%
Bank of America	Financial Services	401,430,405	2.16%
Health Care Service Corporation	Health Insurance	356,027,883	1.91%
Texas Instruments	Electronics Manufacturer	341,060,813	1.83%
Qorvo	Electronics Manufacturer	318,614,280	1.71%
Verizon	Telecommunications Industry	234,729,170	1.26%
Cisco Systems	Electronics Manufacturer	230,829,315	1.24%
Linkedin	Social Media	184,274,320	0.99%
Galatyn Parent LP	Real Estate Investment	126,684,501	0.68%
		$ 3,398,113,709	18.27%

(1) Calculations are based on the City's taxable assessed valuation that includes the 2020/2021 incremental value of $1,980,608,899 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)

2021 Principal and Interest Requirements (2)(3)	$ 39,026,643
$.20990 Tax Rate at 100% Collection Produces	$ 39,036,301
Average Annual Principal and Interest Requirements, 2021-2041(3)	$ 17,033,477
$.09160 Tax Rate at 100% Collection Produces	$ 17,035,375
Maximum Annual Principal and Interest Requirements, 2022 (2)(3)	$ 43,153,044
$.23210 Tax Rate at 100% Collection Produces	$ 43,164,962

(1) Calculations are based on the City's taxable assessed valuation that excludes the 2020/2021 incremental value of $1,980,608,899 allocated within Reinvestment Zone Nos. 1, 2 and 3.
(2) See Table 9 - "Interest and Sinking Fund Budget Projection" for additional details.
(3) Excludes self-supporting debt. Includes the Obligations. Excludes the Refunded Obligations. See Table 10 for more information.

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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	2020/21 Taxable Assessed Value	2020/21 Tax Rate	Total Funded Debt As of 3-1-21	Estimated % Applicable	City's Overlapping Funded Debt As of 3-1-21	Authorized But Unissued Debt as of As of 3-1-21
City of Richardson	$ 16,616,961,920	$ 0.625160	$ 263,055,000 (1)	100.00%	$ 263,055,000	$ 3,044,319
Collin County	157,051,906,189	0.172500	487,405,000	5.16%	25,150,098	463,045,000
Collin County Community College District	160,037,947,366	0.081200	524,590,000	5.16%	27,068,844	-
Dallas County	263,171,536,372	0.239700	130,445,000	3.56%	4,643,842	-
Dallas County Community College District	271,168,476,338	0.124000	165,470,000	3.56%	5,890,732	1,102,000,000
Dallas County Hospital District	263,749,217,449	0.266100	622,000,000	3.56%	22,143,200	-
Dallas County Schools (2)	263,171,536,372	0.010000	27,204,352	3.56%	968,475	-
Garland Independent School District	21,911,968,874	1.346300	506,000,000	0.04%	202,400	-
Plano Independent School District	60,421,962,978	1.323700	751,225,000	13.65%	102,542,213	49,875,000
Richardson Independent School District	18,613,144,555	0.625200	308,360,000	38.29%	118,071,044	16,344,319
Total Direct and Overlapping Funded Debt					$ 569,735,847	
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					3.43%	
Per Capita Overlapping Funded Debt					$4,927	

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(1) Includes the Obligations. Includes the Tax Notes, Series 2021 which are in the process of issuance. Excludes the Refunded Obligations. Also excludes the City's debt which is considered self-supporting. See Table 13 herein for further information on projected debt issuance by the City.

(2) Entity abolished effective November 15, 2017; Dallas County will continue to collect the $0.01 per $100 assessed valuation property tax levied on Dallas county property until the outstanding tax supported obligations are paid in full.

Source: Municipal Advisory Council – Texas Municipal Reports.

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DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt (1)(2)			The Bonds (3)		The Tax Notes(4)		2021 Certificates (5)		Taxable 2021A Certificates (6)		Total Outstanding Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2021	$ 34,375,000	$ 12,674,477	$ 47,049,477	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 47,049,477	9.80%
2022	37,245,000	10,326,976	47,571,976	585,000	426,687	250,000	80,671	1,375,000	1,012,854	150,000	96,771	51,548,959	
2023	30,585,000	8,837,826	39,422,826	680,000	336,200	265,000	62,934	1,605,000	782,175	170,000	75,887	43,400,022	
2024	21,645,000	7,569,720	29,214,720	695,000	322,450	270,000	59,858	1,655,000	725,000	175,000	72,437	33,189,464	
2025	21,075,000	6,576,376	27,651,376	705,000	308,450	270,000	56,753	1,725,000	657,400	180,000	68,887	31,622,865	
2026	18,530,000	5,629,833	24,159,833	720,000	294,200	275,000	53,619	1,385,000	595,200	185,000	65,237	27,733,089	50.16%
2027	14,490,000	4,836,755	19,326,755	745,000	272,100	280,000	50,428	1,450,000	538,500	185,000	61,537	22,909,319	
2028	14,145,000	4,170,402	18,315,402	775,000	241,700	4,245,000	24,409	1,515,000	479,200	190,000	58,367	25,844,077	
2029	14,190,000	3,532,475	17,722,475	805,000	210,100			1,575,000	417,400	190,000	55,640	20,975,615	
2030	14,440,000	2,934,466	17,374,466	845,000	177,100			1,440,000	357,100	195,000	52,625	20,441,291	
2031	9,925,000	2,492,428	12,417,428	870,000	151,500			1,500,000	298,300	200,000	49,277	15,486,504	73.90%
2032	10,195,000	2,168,600	12,363,600	650,000	136,300			1,385,000	254,450	200,000	45,757	15,035,106	
2033	10,275,000	1,841,243	12,116,243	665,000	123,150			1,415,000	226,450	205,000	42,101	14,792,943	
2034	10,115,000	1,512,804	11,627,804	680,000	109,700			1,445,000	197,850	210,000	38,220	14,308,573	
2035	10,305,000	1,181,202	11,486,202	690,000	96,000			1,470,000	168,700	215,000	34,064	14,159,966	
2036	10,005,000	846,459	10,851,459	705,000	82,050			1,505,000	138,950	220,000	29,615	13,532,074	91.43%
2037	9,725,000	515,213	10,240,213	720,000	67,800			1,190,000	112,000	225,000	24,864	12,579,876	
2038	7,090,000	231,072	7,321,072	735,000	53,250			1,215,000	87,950	230,000	19,801	9,662,072	
2039	2,700,000	67,209	2,767,209	750,000	38,400			1,235,000	63,450	235,000	14,452	5,103,512	
2040	580,000	11,600	591,600	765,000	23,250			1,265,000	38,450	240,000	8,859	2,932,159	
2041		-	-	780,000	7,800			1,290,000	12,900	245,000	3,001	2,338,701	100.00%
	$ 301,635,000	$ 77,957,133	$ 379,592,133	$ 14,565,000	$ 3,478,187	$ 5,855,000	$ 388,669	$ 28,640,000	$ 7,164,279	$ 4,045,000	$ 917,396	$ 444,645,665	

(1) Excludes the Refunded Obligations.
(2) The City's Adjustable Rate Combination Tax and Revenue Certificates of Obligation Series 2014B and Adjustable Rate General Obligation Bonds, Series 2020A each bear interest at a variable rate that adjusts annually. For purposes of this table, the Series 2014B Certificates are calculated at 1.326%, and the Series 2020A Bonds are calculated at 1.311%, as set on June 15, 2020 for Fiscal Year 2021; assumed rate of 3.75% thereafter. Includes self-supporting debt.
(3) The average life of the Bonds is 10.358 years. The true interest cost is 1.582%.
(4) The City is issuing $5.855 million in Tax Notes, Series 2021, concurrently with the sale of the Obligations via private placement.
(5) The average life of the Certificates is 9.816 years. The true interest cost is 1.552%.
(6) The average life of the Taxable 2021A Certificates is 10.912 years. The true interest cost is 2.039%.

TABLE 8-A - 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
2021	$ 34,375,000	$ 12,674,477	$ 47,049,477	$ 8,022,834	$ 39,026,643
2022	39,605,000	11,943,959	51,548,959	8,395,915	43,153,044
2023	33,305,000	10,095,022	43,400,022	7,557,099	35,842,923
2024	24,440,000	8,749,464	33,189,464	7,146,878	26,042,586
2025	23,955,000	7,667,865	31,622,865	6,807,531	24,815,334
2026	21,095,000	6,638,089	27,733,089	6,006,704	21,726,385
2027	17,150,000	5,759,319	22,909,319	5,475,879	17,433,440
2028	20,870,000	4,974,077	25,844,077	4,887,644	20,956,433
2029	16,760,000	4,215,615	20,975,615	4,487,674	16,487,941
2030	16,920,000	3,521,291	20,441,291	3,975,660	16,465,631
2031	12,495,000	2,991,504	15,486,504	3,720,789	11,765,715
2032	12,430,000	2,605,106	15,035,106	3,398,328	11,636,778
2033	12,560,000	2,232,943	14,792,943	3,252,419	11,540,524
2034	12,450,000	1,858,573	14,308,573	2,758,688	11,549,885
2035	12,680,000	1,479,966	14,159,966	2,617,638	11,542,328
2036	12,435,000	1,097,074	13,532,074	2,125,722	11,406,352
2037	11,860,000	719,876	12,579,876	1,780,009	10,799,867
2038	9,270,000	392,072	9,662,072	1,589,866	8,072,206
2039	4,920,000	183,512	5,103,512	1,389,975	3,713,537
2040	2,850,000	82,159	2,932,159	929,300	2,002,859
2041	2,315,000	23,701	2,338,701	616,100	1,722,601
	$ 354,740,000	$ 89,905,665	$ 444,645,665	$ 86,942,652	$ 357,703,013

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(1) Includes the Obligations. Excludes the Refunded Obligations.
(2) Includes payments projected to be received for that portion of the 2021 Certificates and the Taxable 2021A 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.

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TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Debt service requirements for bonded indebtedness for fiscal year ended 9/30/21[1]	$ 47,049,477	
Less: Self supporting debt service paid from enterprise funds	(8,022,834)	
Plus: Other debt service paid by interest and sinking fund taxes [2]	359,225	
Plus: Budgeted fiscal fees [3]	25,000	
Net debt service requirements for fiscal year ended 9/30/21		$ 39,410,869
Beginning interest and sinking fund balance as of 9/30/20	$ 3,328,301	
Budgeted Property taxes	39,527,907	
Budgeted Interest income [3]	47,044	
Total available funds		$ 42,903,252
Projected interest and sinking fund balance as of 9/30/21		$ 3,492,383

(1) Includes cash contribution towards refunding.
(2) See Table 14 herein for details on the City's other obligations.
(3) 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 9/30/20	$ 10,840,032	$ 1,404,372
Revenue Available for Other Purposes	$ 10,840,032	$ 1,404,372
Deduct: Apportioned System Tax Debt - 2021	$ 6,676,959	$ 1,345,875
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
11/3/2015	Public Facility	67,000,000	65,820,000	1,180,000	-
11/3/2015	Streets	38,570,000	26,725,000	11,845,000	-
11/3/2015	Sidewalks	2,200,000	1,925,000	275,000	-
		$ 185,769,319	$ 169,425,000	$ 13,300,000	$ 3,044,319

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(1) Includes premium.

TABLE 13 - ANTICIPATED ISSUANCE OF TAX SUPPORTED DEBT

After the issuance of the Bonds, the City will have $3,044,319 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
2022	$ 2,640,000	$ -	$ -
2023	2,265,000	15,000,000	-
2024	2,950,000	-	-
2025	2,270,000	-	-

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020)

LONG-TERM OBLIGATIONS

The following is a summary of financial obligations for the fiscal year ended September 30, 2020:

Governmental-type activities:	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
General obligation bonds	$ 181,100,000	$ 40,425,000	$ (65,260,000)	$ 156,265,000	$ 16,230,000
Certificates of obligation	71,610,000	6,055,000	(9,050,000)	68,615,000	6,590,000
General Obligation bonds from direct borrowings	-	15,015,000	-	15,015,000	-
Certificates of obligation from direct borrowings	13,435,000	-	(4,550,000)	8,885,000	6,010,000
Bond discounts/premiums (1)	18,212,785	9,136,620	(6,184,261)	21,165,144	2,453,993
Total bonds payable	284,357,785	70,631,620	(85,044,261)	269,945,144	31,283,993
TIF obligation	97,049,085	574,379	(4,639,971)	92,983,493	-
Other obligations	1,115,324	1,502,065	(172,458)	2,444,931	400,469
TMRS - pension liability	66,241,909	20,591,604	(54,252,169)	32,581,344	-
Other postemployment benefits	43,203,682	3,111,221	(1,561,942)	44,752,961	-
Compensated absences	13,345,130	1,826,727	(1,400,796)	13,771,061	1,377,107
Workers' compensation	2,999,023	486,329	(332,234)	3,153,118	502,678
Unpaid claims liability	800,448	12,110,400	(12,120,495)	790,353	790,353
Total governmental-type Long-term liabilities	$ 509,112,386	$ 110,834,345	$ (159,524,326)	$ 460,422,405	$ 34,354,600
Business-type activities					
General obligation refunding bonds	$ 13,490,000	$ 6,645,000	$ (3,235,000)	$ 16,900,000	$ 3,115,000
Certificates of obligation	39,835,000	8,640,000	(10,345,000)	38,130,000	2,430,000
Bond discounts/premiums	3,616,732	2,780,697	(688,258)	5,709,171	608,745
Total bonds payable	56,941,732	18,065,697	(14,268,258)	60,739,171	6,153,745
Other postemployment benefits	7,127,886	550,873	(276,557)	7,402,202	-
TMRS - pension liability	11,684,869	3,645,952	(9,605,896)	5,724,925	-
Compensated absences	1,001,546	303,046	(234,740)	1,069,852	106,985
Workers' compensation	163,124	287,239	(302,229)	148,134	148,134
Total governmental-type Long-term liabilities	$ 76,919,157	$ 22,852,807	$ (24,687,680)	$ 75,084,284	$ 6,408,864

(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, 2020) (CONTINUED)

OTHER CONTRACTUAL OBLIGATIONS

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2020:

	Governmental-type Activities			
	Police Academy	Stryker	Texas Comptroller of Public Accounts	Total
Balance at October 1, 2019	$ 424,657	$ -	$ 690,667	$ 1,115,324
Additions/adjustments	-	1,502,065	-	1,502,065
Payments	(116,052)	-	(56,406)	(172,458)
Balance at September 30, 2020	$ 308,605	$ 1,502,065	$ 634,261	$ 2,444,931

CAPITAL LEASE

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

	Governmental activities
Total cost	$ 1,110,646
Less Accumulated depreciation	(69,415)
Book Value	$ 1,041,231

The following is a schedule of the lease payments required under the capital lease at September 30, 2020:

Fiscal year ending September 30	Governmental activities
2021	$ 244,352
2022	244,352
2023	244,352
2024	244,352
2025	244,352
2026	244,352
2027	244,353
Total minimum lease payments	$ 1,710,465
Less amount representing interest	(208,400)
Present value of minimum lease payments	$ 1,502,065

OTHER CONTRACTUAL OBLIGATIONS

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

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2020:

Fiscal year ending September 30:	Principal	Interest	Total
2021	$ 101,277	$ 13,596	$ 114,873
2022	105,979	9,119	115,098
2023	71,071	4,423	75,494
2024	14,815	1,403	16,218
2025	15,463	773	16,236
Totals:	$ 308,605	$ 29,314	$ 337,919

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 was reduced to approximately 16 years due to an additional payment made in FY 2016. A payment of $56,406 was made in FY 2019-2020. The balance at September 30, 2019 was $634,261.

TIF – ECONOMIC GRANTS

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

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

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

	District		
	1	2	3
Tax Year Established	2006	2011	2011
City's Participation	100%	66.67%	66.67%
Other 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 $565,286 and an interest payment of $165,244 were made during the fiscal year.

An economic development agreement was entered into with the City and SAF Collins Technology Park, LLC in April 2010. This agreement provides for a maximum grant amount of $5,000,000 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for the full grant amount. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 3, and from tax rebates on business personal property at the site. An interest payment of $105,167 was made during the fiscal year from the General Fund. Principal payments of $1,478,095 ($306,343 from operating funds and $1,171,752 from the TIF Fund) were made. The grant is paid in full and all terms and conditions of the economic devel0opment agreement have been satisfied.

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

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 the TIF District #2. Reimbursement lasts until paid in full or expiration of the TIF zone. Interest payments of $2,471,820 and a principal payment of $2,389,965 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 the TIF District #3. An interest payment of $822,800 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 $ 201,403 and a principal payment of $206,625 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.	Collins Tech Park	BCS TIF Zone 2	BCP TIF LLC Zone 3	Total
Balance at October 1, 2019	$ 8,142,415	$ 4,953,638	$ 1,478,095	$ 48,876,786	$ 33,598,151	$ 97,049,085
Additions/adjustments	-	-	-	291,797	282,582	574,379
Payments	(565,286)	(206,625)	(1,478,095)	(2,389,965)	-	(4,639,971)
Balance at September 30, 2020	$ 7,577,129	$ 4,747,013	$ -	$ 46,778,618	$ 33,880,733	$ 92,983,493

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 2019-2020, a total of $142,241 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 $332,234 and $302,229 have been recorded as expenditures/expenses in the General Fund 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 2019-2020, the City received refunds from the commercial insurance carrier in the amount of $559,198.

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 $790,353 for unpaid claims and claim adjustment expenses at September 30, 2020. 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.

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

RECONCILIATION OF UNPAID CLAIMS LIABILITIES

	2020	2019
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 800,448	$ 975,773
Incurred claims and claim adjustment expenses:		
Provisions for insured events of the current year	12,120,495	11,681,255
Increase (decrease) in prior year provision	(10,095)	(175,325)
Total incurred claims and claim adjustment expenses	12,910,848	11,505,930
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	11,330,142	10,880,807
Claims and claim adjustment expenses attributable to insured events of prior years	790,353	800,448
Total payments	12,120,495	11,681,255
Total unpaid claims and claim adjustment expenses at end of year	$ 790,353	$ 800,448

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, 2020, the City allocated $8,300,368 for such services.

TAX ABATEMENTS 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:

- <u>Home Improvement Incentive Program</u> – 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 $1,247,885 in incentive payments under this program in fiscal year 2020.

- <u>Tax Abatements</u> – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $2,993,665 in fiscal year 2020.

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

- 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 2020, the City rebated $3,566,911 in taxes, reduced fees by $6,854,245 and made incentive payments of $639,128 under these agreements.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 11 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 2020, the City made $7,994,895 in payments for TIF obligations, $317,995 in TIF incentives, and $400,644 in property tax rebates 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.

FINANCIAL IMPACT OF COVID-19

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The act provides economic grants to offset some additional expenses and forgone revenue as a result response to COVID-19. The City received the COVID-19 federal grant of $7,173,400 million in fiscal 2020 as pass-through grants from Collin and Dallas Counties.

The full impact of the COVID-19 pandemic and the scope of any adverse impact cannot be fully determined at this time. The pandemic has adversely affected travel, commerce and financial markets globally and is expected to adversely affect economic output worldwide and in Texas, including the North Texas region. The potential impacts cannot currently be predicted but could be material for future fiscal years.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTH BENEFITS

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2020 there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

Employees covered by benefit terms

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	280
Active employees	977
	1,257

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 for retirees under age 65 and their dependents are based on the length of service of the retiree and are shown below.

	Under 15	15 – 19	20+
Years of service:			
Retiree only	$ 1,022	$ 740	$ 429
Retiree/spouse	2,018	1,423	827
Surviving spouse	1,124	773	536

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2018 and the measurement date of December 31, 2019.

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.

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of December 31, 2018 which include the following:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% - 11.50%
Health Care Trend Rate	7.20%

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 70% if retiring after age 49 the election rate is 45% if retiring before age 50, and the election rate is 70% at age 50 or above.

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 rates of scale MP-2014 to account for future mortality improvements.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.75%. 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, 2019. For the purpose of this valuation, the municipal bond rate is 2.75% 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 3.31% as of December 31, 2018, the prior measurement date.

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

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (1.75%) and 1-percentage-point-higher (3.75%).

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

1% Decrease 1.75%	Current Single Rate Assumption 2.75%	1% Increase 3.75%
$ 57,675,872	$ 52,155,163	$ 47,271,842

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 (6.20%) and 1-percentage-point-higher (8.20%).

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

1% Decrease 6.20%	Current Single Rate Assumption 7.20%	1% Increase 8.20%
$ 47,501,494	$ 52,155,163	$ 57,704,002

Schedule of Changes in Total OPEB Liability

	Total OPEB Liability
Beginning balances	$ 50,331,568
Changes for the year:	
Service cost	1,979,670
Interest on the Total OPEB Liability	1,871,002
Differences between expected and acctual experience	(72,942)
Changes in Assumptions	(173,959)
Benefit payments	(1,780,176)
Net changes	1,823,595
Ending balance	$ 52,155,163

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TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2020 the City recognized $4,300,705 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	$ 1,472,829	$ (63,378)
Changes of assumptions	1,526,292	(638,157)
Contributions subsequent to the measurement date	705,265	-
Total	$ 3,704,386	$ (701,535)

Of the $3,704,386 total for deferred outflows of resources, $705,265 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, $2,297,586 will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred outflows (inflows) of Resources
2021	$ 450,033
2022	450,033
2023	450,033
2024	450,033
2025	447,706
Thereafter	49,748
Total	$ 2,297,586

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 two participants in the program as of September 30, 2020.

Pension Benefits

Plan Description

The City of Richardson participates as one of 887 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

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

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

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	770
Inactive employees entitled to but not yet receiving benefits	468
Active employees	1,005
Total	2,243

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 14.44% and 14.72% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $12,704,395 which exceeded the required contributions by $1,667,582 due to an additional voluntary contribution from the City of $1,520,601 and employee buyback penalties of $146,981.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 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. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, 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. Results of the study were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Assumptions are reviewed annually.

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. 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)*
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equaity	5.00%	7.75%
	100.00%	

*Net of the inflation assumption.

Discount Rate

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

Sensitivity of Discount Rate

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 111,905,434	$38,306,269	($22,770,687)

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

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 atwww.tmrs.com.

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

	Increase (Decrease)
Total Pension Liability	
Service Cost	$ 11,430,056
Interest (on the Total Pension Liability)	36,261,004
Change of benefit terms	-
Difference between expected and actual experience	1,280,146
Change of assumptions	56,972
Benefit payments, including refunds of employee contributions	(27,209,284)
Net Change in Total Pension Liability	21,818,894
Total Pension Liability - Beginning	545,089,671
Total Pension Lability - Ending (A)	$ 566,908,565
Plan Fiduciary Net Position	
Contributions - Employer	11,399,536
Contributions - Employee	5,479,173
Net Investment Income	72,190,327
Benefit payments, including refunds of employee contributions	(27,209,284)
Administrative expense	(408,090)
Other	(12,259)
Net Change in Plan Fiduciary Net Position	61,439,403
Plan Fiduciary Net Position* - Beginning	467,162,893
Plan Fiduciary Net Position* - Ending (B)	528,602,294
Net Pension Liability (A) - (B)	38,306,271
Plan Fiduciary Net Position as Percentage of Total Pension Liability	93.24%
Covered Payroll	76,353,079
Net Pension Liability as a Percentage of Covered Payroll	50.17%

* 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, 2019.

TABLE 14 – OUTSTANDING OBLIGATIONS (AS OF SEPTEMBER 30, 2020) (CONTINUED)

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

For the year ended September 30, 2020 the City recognized pension expense of $13,543,241.

At September 30, 2020, the City reported 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	$ 1,272,324	$ (120,930)
Net difference between projected and actual earnings on pension plan investments	-	(16,311,743)
Difference in assumptions	44,340	-
Employer's Contributions to the pension plan subsequent to the measurement date	9,599,963	-
Total	$ 10,916,627	$ (16,432,673)

Of the $10,916,627 total for deferred outflows of resources, $9,599,963 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, $(15,116,009), related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2020	$ (4,387,739)
2021	(4,496,243)
2022	1,748,135
2023	(7,980,162)
Total	$ (15,116,009)

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FINANCIAL INFORMATION

TABLE 15 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2020	2019	2018	2017	2016
General Property Taxes	$ 60,192,082	$ 55,629,538	$ 51,425,515	$ 48,222,244	$ 44,733,741
Franchise Taxes	16,969,727	17,110,594	17,187,830	16,196,020	15,769,699
Sales Tax	41,535,297	40,163,563	35,357,252	36,043,637	33,660,185
Mixed Beverage and Bingo Tax	545,439	650,715	616,316	587,331	542,918
911 Revenue	746,880	1,059,984	1,084,647	1,170,433	1,202,165
Intergovernmental Revenue	7,413,083	104,587	304,417	74,885	53,732
Licenses and Permits	2,766,147	3,168,574	2,889,838	4,253,183	4,637,980
Fines and Forfeitures	2,863,408	3,362,822	3,302,802	3,240,172	3,258,062
Interest Revenue	703,074	881,062	531,384	247,333	220,680
Civic Center Use	120,509	354,884	248,710	267,742	314,669
Recreation and Leisure	1,450,472	3,890,521	4,075,840	4,138,314	4,094,291
Public Safety	3,565,149	3,467,722	2,630,824	2,636,284	2,601,894
Contributions	168,502	32,985	95,681	54,654	83,209
Other Revenue	718,788	609,951	743,714	749,597	1,404,572
General Administration	8,300,368	8,309,239	8,010,212	7,954,923	8,053,636
Total Revenues	$ 148,058,925	$ 138,796,741	$ 128,504,982	$ 125,836,752	$ 120,631,433
Expenditures					
General Government	$ 31,259,264	$ 29,369,087	$ 28,153,986	$ 29,184,383	$ 28,620,521
Public Safety	55,163,761	53,254,092	51,365,045	48,927,267	45,394,728
Public Services	19,912,915	20,219,061	20,196,781	19,280,273	18,992,182
Library	3,363,686	3,511,349	3,441,057	3,488,526	3,266,209
Parks and Recreation	11,082,827	12,764,465	12,645,135	12,606,404	11,973,628
Public Health	1,878,152	1,992,662	1,980,695	1,944,157	1,832,886
Capital Outlay	90,385	70,265	128,527	263,170	150,705
Debt Service	467,917	523,309	575,587	494,210	668,737
Total Expenditures	$ 123,218,907	$ 121,704,290	$ 118,486,813	$ 116,188,390	$ 110,899,596
Excess of Revenues over Expenditures	$ 24,840,018	$ 17,092,451	$ 10,018,169	$ 9,648,362	$ 9,731,837
Other Financing Sources (Uses):					
Net Operating Transfers	(13,225,750)	(9,471,536)	(8,234,415)	(8,394,166)	(8,403,197)
Insurance Recoveries	309,872	216,025	182,021	136,954	-
Sale of Capital Assets	173,859	127,035	142,987	342,237	74,103
Total Other Financing Sources (Uses)	$ (12,742,019)	$ (9,128,476)	$ (7,909,407)	$ (7,914,975)	$ (8,329,094)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	12,097,999	7,963,975	2,108,762	1,733,387	1,402,743
Beginning Fund Balance - October 1	32,948,501	24,984,526	22,875,764	21,142,377	19,739,634
Ending Fund Balance - September 30	$ 45,046,500	$ 32,948,501	$ 24,984,526	$ 22,875,764	$ 21,142,377

Source: City's audited financial statements.

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TABLE 15-A - CHANGE IN NET POSITION HISTORY

	Governmental Activities				
	Fiscal Year Ended September 30,				
Revenues	2020	2019	2018	2017	2016
Program revenues:					
Charges for services	$ 20,776,172	$ 27,591,575	$ 25,555,786	$ 27,568,014	$ 32,103,841
Operating grants and contributions	10,896,870	2,564,025	7,241,714	1,820,744	3,689,422
Capital grants and contributions	2,912,058	423,969	428,463	4,468,610	1,818,465
General revenues:					
Property taxes	110,279,388	103,684,944	96,107,435	87,312,019	78,760,641
Sales taxes	41,535,297	40,163,563	35,357,252	36,043,637	33,660,185
Franchise taxes	17,184,334	17,330,740	17,415,472	16,446,405	16,058,446
Mixed beverage and bingo tax	545,439	650,715	616,316	587,331	542,918
Hotel/motel taxes	2,452,797	4,244,866	4,244,671	4,276,047	4,436,091
Interest earnings	2,768,763	4,025,343	2,323,747	723,823	399,079
Transfers In/Out	(206,158)	(195,660)	(249,560)		-
Contributions to permanent fund principal	500	200,000	-	-	-
Gain (Loss) on sale of assets	32,945	97,531	726,855	323,152	68,545
Total revenues	$ 209,178,405	$ 200,781,611	$ 189,768,151	$ 179,569,782	$ 171,537,633
Expenditures					
General Government	$ 36,981,348	$ 50,472,454	$ 36,545,457	$ 60,770,743	$ 45,753,660
Public Safety	61,902,233	61,285,186	56,950,876	56,883,247	54,795,744
Public Services	33,525,672	37,633,246	30,921,302	32,107,826	34,954,870
Library	4,472,688	4,432,722	4,217,389	4,338,903	4,311,493
Parks and Recreation	17,379,008	20,114,310	19,259,086	19,812,977	18,987,653
Public Health	2,043,170	2,228,182	2,173,024	2,185,175	2,054,115
Interest and fiscal charges	12,385,760	14,416,695	12,983,980	11,136,263	9,523,896
Total expenses	$ 168,689,879	$ 190,582,795	$ 163,051,114	$ 187,235,134	$ 170,381,431
Increase (Decrease) in net position	40,488,526	10,198,816	26,717,037	(7,665,352)	1,156,202
Net position-October 1	139,001,230	128,802,414	102,085,377 (1)	121,923,773	120,767,571
Net position-September 30	$ 179,489,756	$ 139,001,230	$ 128,802,414	$ 114,258,421	$ 121,923,773

(1) Restated due to the implementation of GASB Statement 75.

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 (2)
2017	$ 36,043,637	41.24%	$ 0.2773	$ 335.60
2018	36,662,202	37.79%	0.2603	332.87
2019	41,425,845	39.06%	0.2730	376.12
2020	42,739,438	37.50%	0.2626	375.86
2021	18,741,822 (1)	15.40%	0.1128	162.08

(1) Collections through March 31, 2021.
(2) Based on population estimates provided by North Central Texas Council of Governments.

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 deftable signed 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.

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 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.

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

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.

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 endeavor to accumulate and maintain a reserve balance equal to 60 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 endeavor to accumulate and maintain a reserve balance equal to 90 days of operating expenses in the Water and Sewer Fund.

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

Golf Fund Balance . . . The City will endeavor 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	Right-of-way costs
Utility construction/adjustment costs	Construction costs
Appropriate contingency funds	Furnishings and equipment
Project administration services by City employees or outside forces	

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 February 28, 2021, the City's investable funds were invested in the following categories of investments.

Description	Percent	Book Value	Market Value
U.S. Agencies	13.5%	$ 34,233,909	$ 34,233,909
U.S. Treasuries	40.3%	102,417,131	102,334,292
Certificates of Deposit	0.8%	2,014,076	2,014,076
State Pools	45.2%	114,900,956	114,900,956
Money Markets	0.2%	515,419	515,419
	100.0%	$ 254,081,491	$ 253,998,652

TAX MATTERS – THE BONDS AND THE 2021 CERTIFICATES

For purposes of this section, the Bonds and the 2021 Certificates are referred to collectively as the "Tax-Exempt Obligations".

TAX EXEMPTION . . .The delivery of the Tax-Exempt Obligations is subject to the opinions of Bond Counsel to the effect that interest on the Tax-Exempt 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. 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 Tax-Exempt Obligations pertaining to the use, expenditure, and investment of the proceeds of the Tax-Exempt Obligations and will assume continuing compliance by the City with the provisions of the Bond Ordinance and the 2021 Certificate Ordinance, as applicable, subsequent to the issuance of the Tax-Exempt Obligations. The Bond Ordinance and the 2021 Certificate Ordinance, as applicable, contain covenants by the City with respect to, among other matters, the use of the proceeds of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Tax-Exempt 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 Tax-Exempt Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Tax-Exempt 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 Tax-Exempt Obligations, the City may have different or conflicting interests from the owners of the Tax-Exempt Obligations. Public awareness of any future audit of the Tax-Exempt Obligations could adversely affect the value and liquidity of the Tax-Exempt 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 Tax-Exempt Obligations. Prospective purchasers of the Tax-Exempt Obligations should be aware that the ownership of tax-exempt obligations such as the Tax-Exempt 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, 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.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Tax-Exempt 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 Tax-Exempt Obligations. Prospective purchasers of the Tax-Exempt 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 Tax-Exempt Obligations (the "Discount Tax-Exempt Obligations") may be less than the amount payable on such Tax-Exempt Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Tax-Exempt Obligation (assuming that a substantial amount of the Discount Tax-Exempt 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 Tax-Exempt Obligation. A portion of such original issue discount allocable to the holding period of such Discount Tax-Exempt Obligation by the initial purchaser will, upon the disposition of such Discount Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Tax-Exempt 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, 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 Tax-Exempt Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Tax-Exempt 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 Tax-Exempt Obligation was held) is includable in gross income.

Owners of Discount Tax-Exempt Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Tax-Exempt Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Tax-Exempt Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Tax-Exempt 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 Tax-Exempt Obligations (the "Premium Tax-Exempt Obligations") paid by an owner may be greater than the amount payable on such Tax-Exempt Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Tax-Exempt Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Obligation, the yield based on a call date that results in the lowest yield on the Tax-Exempt Obligation).

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

TAX MATTERS – THE TAXABLE 2021A CERTIFICATES

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Taxable 2021A Certificates. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Taxable 2021A Certificates in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Taxable 2021A Certificates). The summary is therefore limited to certain issues relating to initial investors who will hold the Taxable 2021A Certificates as "capital assets" within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and acquire such Taxable 2021A Certificates for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE 2021A CERTIFICATES.

PAYMENTS OF STATED INTEREST ON THE TAXABLE 2021A CERTIFICATES… The stated interest paid on the Taxable 2021A Certificates will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

ORIGINAL ISSUE DISCOUNT… If a substantial amount of the Taxable 2021A Certificates of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their stated redemption price at maturity by more than one quarter of one percent times the number of complete years to maturity, the Taxable 2021A Certificates of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the stated redemption price at maturity of such Taxable 2021A Certificates over its Issue Price, and the amount of the original issue discount on the Taxable 2021A Certificates will be amortized over the life of the Taxable 2021A Certificates using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Taxable 2021A Certificates, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Taxable 2021A Certificates that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Taxable 2021A Certificates each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Taxable 2021A Certificates will increase the adjusted tax basis of the Taxable 2021A Certificates in the hands of such beneficial owner.

PREMIUM… If a beneficial owner purchases a Taxable Series 2021A Certificate for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Taxable Series 2021A Certificate with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Taxable Series 2021A Certificate and may offset interest otherwise required to be included in respect of the Taxable Series 2021A Certificate during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Taxable Series 2021A Certificate held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Taxable Series 2021A Certificate. However, if the Taxable Series 2021A Certificate may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Taxable Series 2021A Certificate. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

MEDICARE CONTRIBUTION TAX… Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable 2021A Certificates should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Taxable 2021A Certificates as well as gain on the sale of a Taxable Series 2021A Certificate.

DISPOSITION OF TAXABLE 2021A CERTIFICATES AND MARKET DISCOUNT… A beneficial owner of Taxable 2021A Certificates will generally recognize gain or loss on the redemption, sale or exchange of a Taxable Series 2021A Certificate equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Taxable 2021A Certificates. Generally, the beneficial owner's adjusted tax basis in the Taxable 2021A Certificates will be the beneficial owner's initial cost, increased by the original issue discount previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Taxable 2021A Certificates.

Under current law, a purchaser of a Taxable Series 2021A Certificate who did not purchase the Taxable 2021A Certificates in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Taxable 2021A Certificates, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." Market discount is the amount by which the price paid for the Taxable 2021A Certificates by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Taxable 2021A Certificates. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Taxable 2021A Certificates with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Taxable 2021A Certificates could have a material effect on the market value of the Taxable 2021A Certificates.

LEGAL DEFEASANCE… If the City elects to defease the Taxable 2021A Certificates by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Taxable 2021A Certificates (a "legal defeasance"), under current tax law, a beneficial owner of Taxable 2021A Certificates may be deemed to have sold or exchanged its Taxable 2021A Certificates. In the event of such a legal defeasance, a beneficial owner of Taxable 2021A Certificates generally would recognize gain or loss in the manner described above. Ownership of the Taxable 2021A Certificates after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Taxable 2021A Certificates.

BACKUP WITHHOLDING… Under section 3406 of the Code, a beneficial owner of the Taxable 2021A Certificates who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Taxable 2021A Certificates. This withholding applies if such beneficial owner of Taxable 2021A Certificates: (i) fails to furnish to payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Taxable 2021A Certificates. Beneficial owners of the Taxable 2021A Certificates should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

WITHHOLDING ON PAYMENTS TO NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS… Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Taxable 2021A Certificates is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Taxable 2021A Certificates is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Taxable 2021A Certificates pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Taxable 2021A Certificates are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

FOREIGN ACCOUNT TAX COMPLIANCE ACT… Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable 2021A Certificates and sales proceeds of Taxable 2021A Certificates held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

REPORTING OF INTEREST PAYMENTS… Subject to certain exceptions, interest payments made to beneficial owners with respect to the Taxable 2021A Certificates will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Taxable Series 2021A Certificate for U.S. federal income tax purposes.

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 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 2021. The City will additionally provide audited financial statements within 12 months at the end of each fiscal year ending in and after 2021.

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 Purchaser 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 Ordinances are valid and legally binding obligations of the City and the interest on the Bonds and the 2021 Certificates is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS – THE BONDS AND THE 2021 CERTIFICATES" herein. Forms of such opinions are attached hereto as Appendix C. Bond Counsel did not take part in the preparation of the 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 Official Statement under the captions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE OBLIGATIONS" (except for the subcaptions "Book-Entry-Only System" and "Obligationholders' Remedies"), "TAX MATTERS – THE BONDS AND THE 2021 CERTIFICATES," "TAX MATTERS – THE TAXABLE 2021A CERTIFICATES," "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" 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.

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 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 Official Statement. The Financial Advisor has reviewed the information in this 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.

INITIAL PURCHASERS

After requesting competitive bids for the Bonds, the City accepted the bid of BOK Financial Securities Inc. to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of par plus a net cash premium of $1,123,383.10. The initial reoffering yields on the Bonds shown on page 2 of this Official Statement were provided to the City by the initial purchaser of the Bonds (the "Bond Purchaser") and will produce compensation to the Bond Purchaser of approximately $123,802.50. The Bond

Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Bond Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Bond Purchaser.

After requesting competitive bids for the 2021 Certificates, the City accepted the bid of Stifel, Nicolaus & Co., Inc. to purchase the 2021 Certificates at the interest rates shown on page 4 of the Official Statement at a price of par plus a net cash premium of $2,794,358.55. The initial reoffering yields on the 2021 Certificates shown on page 4 of this Official Statement were provided to the City by the initial purchaser of the 2021 Certificates (the "2021 Certificate Purchaser") and will produce compensation to the 2021 Certificate Purchaser of approximately $201,912.00. The 2021 Certificate Purchaser can give no assurance that any trading market will be developed for the 2021 Certificates after their sale by the City to the 2021 Certificate Purchaser. The City has no control over the price at which the 2021 Certificates are subsequently sold and the initial yield at which the 2021 Certificates will be priced and reoffered will be established by and will be the responsibility of the 2021 Certificate Purchaser.

After requesting competitive bids for the Taxable 2021A Certificates, the City accepted the bid of SAMCO Capital Markets to purchase the Taxable 2021A Certificates at the interest rates shown on page 6 of the Official Statement at a price of par plus a net cash premium of $41,307.90. The initial reoffering yields on the Taxable 2021A Certificates shown on page 6 of this Official Statement were provided to the City by the initial purchase of the Taxable 2021A Certificates (the "Taxable 2021A Certificate Purchaser") and will produce compensation to the Taxable 2021A Certificate Purchaser of approximately $30,337.50. The Taxable 2021A Certificate Purchaser can give no assurance that any trading market will be developed for the Taxable 2021A Certificates after their sale by the City to the Taxable 2021A Certificate Purchaser of the Taxable 2021A Certificates. The City has no control over the price at which the Taxable 2021A Certificates are subsequently sold and the initial yield at which the Taxable 2021A Certificates will be priced and reoffered will be established by and will be the responsibility of the Taxable 2021A Certificate Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this 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 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 Official Statement will prove to be accurate.

Each of the Ordinances authorizing the issuance of the respective Obligations has approved the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Obligations by the Purchasers.

Paul Voelker
Mayor
City of Richardson, Texas

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Schedule I

SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Revenue Certificates of Obligation, Series 2011

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded	Date of Redemption
4/1/2011	2/15/2022	3.500%	$ 175,000	$ 175,000	05/28/2021
	2/15/2023	3.750%	185,000	185,000	05/28/2021
	2/15/2024	4.000%	195,000	195,000	05/28/2021
	2/15/2025	4.000%	200,000	200,000	05/28/2021
	2/15/2026	4.125%	210,000	210,000	05/28/2021
	2/15/2027	4.250%	220,000	220,000	05/28/2021
	2/15/2028	4.300%	230,000	230,000	05/28/2021
	2/15/2029	4.375%	240,000	240,000	05/28/2021
	2/15/2030	4.500%	255,000	255,000	05/28/2021
	2/15/2031	4.625%	265,000	265,000	05/28/2021
			$ 2,175,000	$ 2,175,000	

The Refunded Obligations will be redeemed on May 28, 2021 at a price of par plus accrued interest to the redemption date.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY . . . The City of Richardson (the "City") 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 1,050 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)	2006	96,000	(2)
1991	74,840	(2)	2007	96,500	(2)
1992	75,451	(2)	2008	97,720	(2)
1993	76,700	(2)	2009	97,450	(2)
1994	78,000	(2)	2010	99,700	(1)
1995	78,000	(2)	2011	99,223	(2)
1996	79,800	(2)	2012	99,930	(2)
1997	83,150	(2)	2012	100,450	(2)
1998	86,700	(2)	2013	100,850	(2)
1999	89,200	(2)	2014	101,820	(2)
2000	91,050	(1)	2015	102,430	(2)
2001	92,697	(2)	2016	104,300	(2)
2002	94,529	(2)	2017	107,400	(2)
2003	95,650	(2)	2018	110,140	(2)
2004	96,000	(2)	2019	113,710	(2)
2005	96,000	(2)	2020	115,630	(2)

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

Impacts of COVID-19

On March 13, 2020 the Governor of the State of Texas declared a State of Disaster due to the COVID-19 pandemic. This was followed by the Mayor declaring a State of Disaster for the City of Richardson on March 18th. The City made numerous service and policy modifications such as suspending water and solid waste cut offs due to nonpayment and the waiver of various City fees, penalties and interest to help businesses and residents impacted by the virus. Numerous special events were also canceled throughout the year such as Cottonwood Arts Festival, Wildflower! Art and Music Festival, Annual Family 4th of July Celebration, and Corporate Challenge to name a few. Furthermore, the City made several logistical changes to provide citizens a safe way to conduct business at city buildings and added new digital options to many services, such as virtual meetings for most citizen advisory boards, electronic comment cards for public hearing items and virtual court dockets.

Operationally, vacant positions were frozen across the organization and many maintenance initiatives and projects were put on hold. Programs for the City's performing arts center were canceled and many of the parks and recreation offerings were suspended. Management updated all revenue estimates and reduced discretionary expenses to match the lower revenue estimates without having to reduce full-time staffing. On a preliminary basis, sales tax was forecast to decline 18% and other revenues were forecast to decline due to reduced activity (court citations not written, lack of building activity, canceled programming).

Ultimately, Richardson was not as severely impacted by the pandemic as initially projected. Sales tax remained strong throughout the remainder of Fiscal Year 2020, finishing $6.4 million over yearend estimates and $4.6 million over the original budget. Water and sewer sales were minimally impacted and the golf course experienced record revenue as patrons looked for safe ways to enjoy the outdoors. Strong performance in the City's General Fund allowed the City to end the year with an increase in fund balance, provide a reserve for future disaster related costs and provide additional financial support to the Hotel/Motel Tax Fund which is the only area of operations expected to have lingering impacts. Given the challenges that the City faced in Fiscal Year 2020, Richardson is proud to report the continued strong commercial investment and financial highlights that took place during the year which are detailed out in the remainder of this letter.

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

Richardson is one of the most conveniently located communities in DFW, with access to points in all directions via both major roadways and the Dallas Area Rapid Transit ("DART") rail system. Central Expressway (U.S. 75), one of the main northbound and southbound arteries of the region, runs through the heart of the community. LBJ Freeway (IH-635) is to the immediate south of the City and the President George Bush Turnpike spans the northern border, giving Richardson residents easy access to the Dallas-Fort Worth International Airport. Richardson residents and businesses also benefit from the DART Light Rail line which parallels Central Expressway and has four existing stations in the City: Spring Valley, Arapaho Center, Galatyn Park and CityLine/Bush. In 2016, DART approved the construction of a new service line along 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. In June 2019, the DART Board approved a resolution to name future service running on the Cotton Belt as the Silver Line. The Silver Line includes 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. The project broke ground in September 2019 and construction is expected to be complete in March 2023.

To take full advantage of these transportation assets for development and redevelopment purposes, the City has implemented three Tax Increment Financing (TIF) Districts. TIF District #1 was established in November 2006, encompassing both sides of the U.S. 75 corridor from Campbell Road south to Spring Valley Road, and then extending west from U.S. 75 along Spring Valley Road to Coit Road. 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.

The TIF Districts and the DART rail lines are key strategic elements in the City's development and redevelopment plans, and the City strongly benefits from projects which are taking advantage of these assets as evidenced by the following examples:

<u>CityLine & CityLine West</u>: Dallas-based developer KDC acquired 186 acres of land within TIF District #2 in December 2012 (CityLine) and in October 2014, BC Station Partners LLC acquired 55 adjacent acres (CityLine West). The combined developments now include corporate office buildings anchored by State Farm and Raytheon, over 2,500 apartment and town home units, hotels, a wellness office building and fitness center anchored by Texas Health Resources and Children's Medical Center, 150,000 square feet of restaurants and retail space, and two City parks with connectivity to regional trails and nature preserves. This unique lifestyle destination balances spaces to live, work and play while the compact layout offers easy access to all its amenities. The following lists recent development at CityLine.

- <u>CityLine Apartments</u> – Developer JLB Partners completed construction on The Register, a 306- unit apartment complex on 3.27 acres at 3520 Wilshire Way. The development includes a 158,017 square foot parking garage as well as one, two- and three-bedroom floor plans.

- <u>Drury Inn & Suites</u> – In 2016, Drury Southwest purchased a 3-acre site located at the southeast corner of CityLine Drive and U.S. 75. The 13-story hotel opened in February 2020 and has 229 guest rooms, 4,500 square feet of flexible meeting space and a parking garage.

<u>The Gateway at the CORE</u>: Catalyst Urban Development is preparing for sitework for the development of a mixed-use project which is planned for 14.5 acres along Main Street between the existing 200,000 square foot Chase Bank building and the DART rail line. The largest portion of the project includes a 302,672 square foot mixed-use building to be located on the north side of Main Street with retail on the ground floor and five levels of apartments above. The plan includes 430 apartments and townhomes, more than 20,000 square feet of retail and commercial space, a parking garage and open space. The area around the

development has been branded the Richardson CORE District by stakeholders in the area and is being supported by City infrastructure projects described in the Major Initiative section of this document.

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

- Texas Instruments: Richardson-based semiconductor company is expanding its existing facility on Renner Road with the addition of an approximately $3.1 billion facility that is expected to create more than 488 jobs. The new 870,000 square foot plant will boost their chip production for a broad range of uses, such as smartphones, connected cars and industrial machinery. An 800-space parking garage to support its growing number of Richardson employees and facilitate construction of the additional fabrication facility was completed during the summer of 2020. Construction is now underway on the fab facility itself and is expected to be complete by the end of 2021.

- KDC Richardson Data Center: Developer KDC completed construction on a data center at 1510 E. Lookout Drive which is adjacent to an existing State Farm data center. The building includes a 101,400 square foot data center and 29,800 square feet of office space on more than 8 acres.

- Methodist Richardson Medical Center (MRMC): This full-service medical center offers enhanced health care services not only to residents in Richardson, but also Garland, Murphy, Plano, Sachse, Wylie and surrounding areas. With two campuses at Bush/Renner and Campbell Road, the hospital hosts 394-beds, and employs 301 physicians, 1,371 employees, and has 196 active volunteers. The hospital includes outpatient, imaging and surgical services, a dedicated Women's Pavilion and a Cancer Center. Due to increased volume for specialized and acute care services, MRMC recently added two patient floors at the Bush/Renner campus as well as a surgical operating room which opened in December 2019. A new 671-space parking garage was completed in November 2018.

- The University of Texas at Dallas: The campus is located within the City of Richardson and has undergone an ongoing, strategic campus renovation since 2007 that has included almost $2 billion dollars of investment in new and upgraded buildings and infrastructure. With an enrollment of almost 29,000 students, UT Dallas continues to position itself as a major national research university. Construction was completed during the Summer of 2020 on a 188,000 sq. ft. Sciences Building. The building, which opened in Fall 2020, now serves as the home for UTD's physics department along with the William B. Hanson Center for Space Sciences.

- Northside at UTD: Dallas-based developer Wynne Jackson Inc. and Balfour Beatty Campus Solutions partnered with the UT Dallas to develop the Northside mixed-use project, located on the north end of the University campus. Phase three of the development opened in Fall 2020, resulting in a total of 1,870 beds and almost 30,000 square feet of retail, restaurants, and entertainment, effectively creating a "college town" collaboration. As development continues, new restaurants have opened to meet the rich cultural needs of the campus and community. Northside at UTD is located on land owned by the University located directly south of the future DART Silver Line, described in more detail earlier in this section, and one of the few stations located adjacent to a university. Phase four of the development is currently under construction. The added phase will increase the total number of beds to 2,600 and provide additional dining options. The Northside community is slated for completion by Fall 2021.

- The Element Hotel: Well into construction, this four-story, 123-room extended stay hotel on 2.8 acres located at the northwest corner of Glenville Drive and Greenville Avenue plans to open in August 2021.

- Hall Park at Richardson: Developer Craig Hall, in a partnership with Leon Capital, is in the process of constructing a 30-acre mixed-use development located at the southwest corner of Custer Parkway and the President George Bush Turnpike. Plans include two 300,000 square foot office buildings, a 10,000 square foot shopping center, 420 apartment units located within seven apartment buildings, and a 1,100-space parking garage. All apartment buildings are complete and currently being leased. Landscaping plans include a 1.5-acre park oasis which will bring an outdoor destination to Richardson and Zack's Tower, an outdoor sculpture, was recently installed.

- Richardson Square Area: In 2019, the owner of the former Sears location at Richardson Square, received approval for a revamp of the site near the northeast corner of Plano Road and Belt Line Road. The plans were crafted with feedback provided by nearby property owners and neighborhood residents and include filling the Sears building with retailers and modernizing the façade. Also included are four new buildings on out-parcels ranging in size from 2,500-8,100 square feet, with three of the pad sites being targeted for drive-thru restaurants. These buildings are under construction and a Chipotle restaurant recently opened at the site.

- Cue Galatyn Station Apartments: This five-story, 372-unit apartment building from Georgia- based Davis Development is currently leasing and located at 2305 Plaza Boulevard. The development offers one, two- and three- bedroom apartments, along with an extensive selection of amenities.

- Galatyn Commons Campus: The Galatyn Commons office campus, located at 2375 N. Glenville Drive and owned by California-based Spear Street Capital will soon be home to CBRE Group, a global real estate company. CBRE is relocating some of its employees from downtown Dallas to approximately 100,000 square feet of office space in the Galatyn Commons campus. Other major tenants include Goldman Sachs, Raytheon and Steward Health Care Systems.

- Amazon Distribution Center: Developer Seefried Properties received favorable zoning for a 33-acre parcel located at the corner of Shiloh Road and Breckinridge Boulevard. The updated zoning will allow for a $45 million planned development which will include an approximately 141,000 square foot Amazon distribution and fulfillment center and have space for 695 delivery vans, including 560 electric vehicle vans.

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 55 campuses that serve over 38,700 students. Including administration and support, the District maintains 70 facilities covering more than 6 million square feet with 35 million square feet of grounds.

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 2019 as part of its Accountability Ratings, the most recent year that ratings were announced.

Physical facilities of the District include:

- 4 high schools
- 8 junior high schools
- 1 freshman center
- 41 elementary schools
- 6 athletic stadiums
- 2 indoor swimming pools
- 1 administrative building and annex
- 1 environmental studies center
- 1 alternative education school
- 1 warehouse distribution center
- 1 free enterprise economics laboratory
- 1 Professional Development building

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 2023.

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.

In April 2014, Methodist Richardson Medical Center (MRMC) opened the new, four-story hospital at its Bush/Renner campus. Currently, the hospital hosts 394 beds, employs 301 physicians, 1,371 employees and has 196 active volunteers. Acute care services have been centralized at the new facility and MRMC's Campbell Road campus has undergone a renovation, offering continuing use of two medical plazas, physician offices, a full-service emergency department and other ancillary services. The Campbell Road campus has been renamed to the MRMC Campus for Continuing Care.

An $85 million expansion was completed at the Bush/Renner campus in December 2019. It included a parking garage and two additional floors, which will ultimately give the hospital 150 all-private patient rooms. The expansion also included the hospital's 9th surgical operating room. Anticipating future expansion needs, Methodist Richardson purchased adjacent property at 3003 President George Bush Hwy. The two-story, 120,000 square foot building is a medical office building and will be known as Physician Pavilion 2.

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
2016	562	$ 354,720,018	5,335	$ 408,670,122	$ 763,390,140
2017	467	354,720,018	3,332	336,150,806	690,870,824
2018	411	380,646,270	1,559	97,925,946	478,572,216
2019	386	259,107,616	1,503	169,926,862	429,034,478
2020	385	1,705,439,351	1,572	145,837,194	1,851,276,545

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

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

Employer	Nature of Business	Estimated Number of Employees
State Farm Insurance	Insurance Provider	9,000
BlueCross BlueShield of Texas	Health Insurance Provider	3,100
University of Texas at Dallas	Public University	2,674
Richardson Independent School District (schools within Richardson)	Public School District	2,500
Genpact	Business Process/Technology Management	2,500
GEICO	Insurance Provider	2,400
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

Source: Richardson Economic Development Partnership and the City of Richardson.

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APPENDIX B

EXCERPTS FROM THE

CITY OF RICHARDSON, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2020

The information contained in this Appendix consists of excerpts from the City of Richardson, Texas Annual Financial Report for the Year Ended September 30, 2020, 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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richardson (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, 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 17 – 26, 74, 75, 76, and 77, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 9, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Dallas, Texas
February 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Richardson, Texas (the City), for the fiscal year ended September 30, 2020. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal in the introductory section and the City's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2020 by $262,156,763 (net position).
- The City's total net position increased $46,227,058. The reasons for this increase can be found on pages 20-23 of this report.
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of $142,131,414. The $30,836,146 unassigned fund balance in the General Fund represents 22.5% of total General Fund expenditures and transfers out.
- Principal balances of the City's total long-term debt decreased by $18,395,985 (4.4%) during the current fiscal year (see Table 4). Additional information on the City's long–term debt can be found in Note 9 of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

  The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These 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 21 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. Total assets of the City at September 30, 2020 were $838,999,904, deferred outflows of resources were $15,604,133, total liabilities were $571,770,340 and deferred inflows of resources were $20,676,934 resulting in a net position balance of $262,156,763 a 21.4% increase over the previous year (see Table 1).

The largest portion of the City's net position, $236,403,939 (90%), reflects its investment in capital assets (land and improvements, public art, buildings, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $33,095,856 (13%), represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position of ($7,343,032) (-3%) reflects commitments made as part of its post-employment benefits programs that will be funded in future years. More details about these benefits can be found in Notes 16 and 17 of the financial statements.

The government's overall net position increased $46,227,058 over the prior fiscal year. The reasons for the overall increase is discussed in the following sections for governmental activities and business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

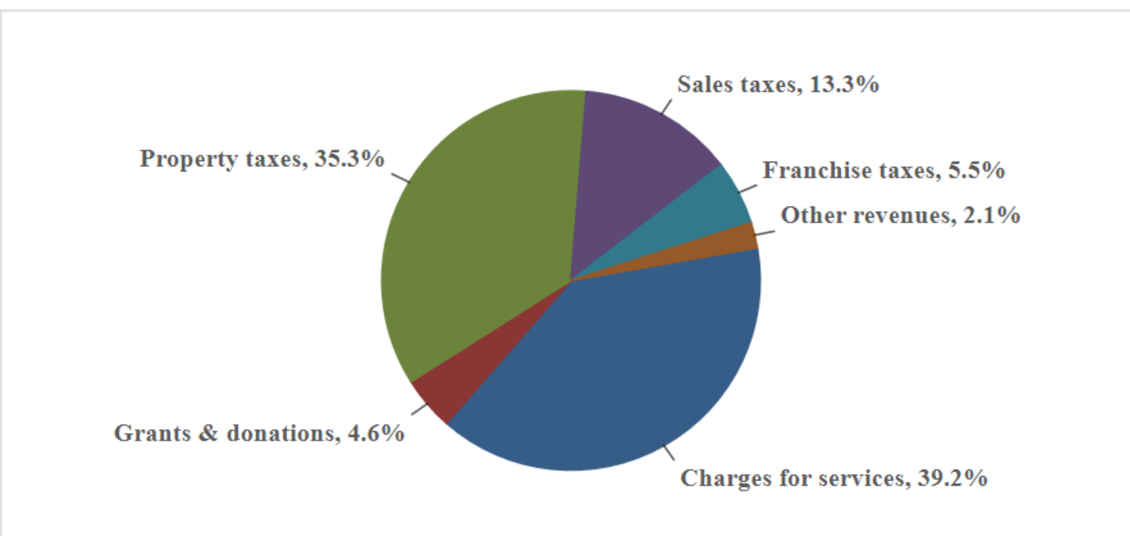
Table 1
City of Richardson
Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
Current and other assets	$ 174,234	$ 161,769	$ 62,967	$ 56,860	$ 237,201	$ 218,629	8.5%.
Capital assets	496,583	476,320	105,216	100,897	601,799	577,217	4.3%
Total assets	670,817	638,089	168,183	157,757	839,000	795,846	5.4%
Total deferred outflows of resources	12,995	34,879	2,610	6,552	15,605	41,431	(62.3)%
Other liabilities	60,220	58,168	16,807	16,726	77,027	74,894	2.8%
Long term liabilities	426,068	474,884	68,675	70,520	494,743	545,404	(9.3)%
Total liabilities	486,288	533,052	85,482	87,246	571,770	620,298	(7.8)%
Total deferred inflows of resources	18,034	915	2,643	135	20,677	1,050	1,869.2%
Net Position:							
Net investment in capital assets	179,372	156,267	57,032	57,513	236,404	213,780	10.6%
Restricted	16,090	13,653	17,005	5,172	33,095	18,825	75.8%
Unrestricted	(15,973)	(30,919)	8,630	14,243	(7,343)	(16,676)	(56.0)%
Total net position	$ 179,489	$ 139,001	$ 82,667	$ 76,928	$ 262,156	$ 215,929	21.4%

Changes in net position. The City's total revenues increased by 4.8% to $312,476,976 (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 48.6% of the City's revenue comes from local property and sales tax receipts while fees charged for services makes up 40.1.% of revenue collected (see Figure 1).

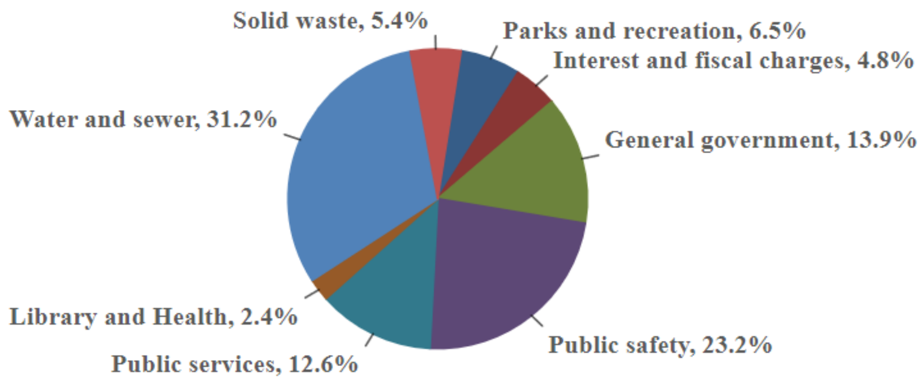
The total cost of all programs and services decreased (7.2)% to $266,508,247 (see Table 2). The City's functional expenses cover a range of services with over a third attributed to public utilities and 23% attributed to public safety (see Figure 2).

Figure 1 - Sources of Revenue for FY 2020



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Figure 2 - Functional Expenses for FY 2020



Governmental Activities. Net position increased $40,488,526. Key revenue and expense transactions are as follows:

- Major revenue increases over the previous year were property tax revenue of $6,594,444, and sales tax revenue of $1,371,734 due to a year-over-year increase in the assessed value of taxable property from $15.2B to $16.3B and steady sales tax collections despite the impact of the COVID-19 pandemic.
- General government expenses decreased aproximately $13,491,106, over last year due to salary and postion freezes, a decrease in community events, and departmental expenditure reductions for core services due to the COVID-19 pandemic.

Business-Type Activities. Business type activities increased net position by $5,738,532.

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

- Water sales were $2.8 million over year-end estimates. In FY2020, the City received 46.05” of rainfall compared to the 59.7” received in the previous year and the five-year average rainfall of 53.32”.
- Total Water and Sewer revenues of $87,439,919 are $2,680,947 above year-end estimates. Sewer sales finished the year $281,564 under the year end estimate of $33 million. Total expenses, excluding transfers, ended the year ($3 million) below year end estimates. Personal Services ended the year ($119,760) below year end estimate due to personnel savings across many departments. Maintenance which includes among other items the cost of wholesale water and sewer treatment services, was $3 million under estimates.
- Solid waste fee revenue finished the year $15,726 below the year-end estimate. Total expenses, excluding transfers ended the year $147,705 above the estimate of $13.7 million. Actual disposal costs of $37.91 per ton were ($0.34) lower than original estimates.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	2019-2020
Revenues:							
Program revenues:							
Charges for services	$ 20,776	$ 27,592	$ 101,840	$ 95,743	$ 122,616	$ 123,335	(0.6)%
Operating grants and contributions	10,897	2,564	-	-	10,897	2,564	325.0 %
Capital grants and contributions	2,912	424	603	1,045	3,515	1,469	139.3 %
General revenues:							
Property taxes	110,279	103,685	-	-	110,279	103,685	6.4 %
Sales taxes	41,535	40,164	-	-	41,535	40,164	3.4 %
Franchise taxes	17,184	17,331	-	-	17,184	17,331	(0.8)%
Mixed beverage tax	545	651	-	-	545	651	(16.3)%
Hotel/motel taxes	2,453	4,245	-	-	2,453	4,245	(42.2)%
Unrestricted interest earnings	2,769	4,025	683	774	3,452	4,799	(28.1)%
Total revenues	209,350	200,681	103,126	97,562	312,476	298,243	4.8 %
Expenses:							
General government	36,981	50,473	-	-	36,981	50,473	(26.7)%
Public safety	61,902	61,285	-	-	61,902	61,285	1.0 %
Public services	33,526	37,633	-	-	33,526	37,633	(10.9)%
Library	4,473	4,433	-	-	4,473	4,433	0.9 %
Parks and recreation	17,379	20,114	-	-	17,379	20,114	(13.6)%
Public health	2,043	2,228	-	-	2,043	2,228	(8.3)%
Interest and fiscal charges	12,386	14,417	-	-	12,386	14,417	(14.1)%
Water and sewer	-	-	83,298	81,682	83,298	81,682	2.0 %
Solid waste	-	-	14,521	15,003	14,521	15,003	(3.2)%
Total expenses	168,690	190,583	97,819	96,685	266,509	287,268	(7.2)%
Increase (decrease) in net position before transfers, contributions and gains	40,660	10,098	5,307	877	45,967	10,975	(318.8)%
Contributions to permanent fund principal	1	200	-	-	1	200	(99.5)%
Gain on sale of assets	33	97	225	103	258	200	29.0 %
Transfers	(206)	(196)	206	196	-	-	- %
Increase (decrease) in net position	40,488	10,199	5,738	1,176	46,226	11,375	(306.4)%
Net position - beginning	139,001	128,802	76,928	75,752	215,929	204,554	5.6 %
Net position - ending	$ 179,489	$ 139,001	$ 82,666	$ 76,928	$ 262,155	$ 215,929	21.4 %

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.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of $142,131,414. Approximately 21.8%, or $30,834,524, constitutes unassigned fund balance, which is reported in the General Fund and the Non Major Governmental Funds. The remainder of fund balance, $111,296,890 or 78.2% is not available for general spending.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents approximately 23% of total General Fund expenditures and transfers out, while total fund balance represents 32.9% of total General Fund expenditures and transfers out.

The General Fund's fund balance increased $12,097,999 this fiscal year due to wage and position freezes, a reduction in community events, and a decrease in departmental core service expenditures. The increase is also due to $7,173,400 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding received. Total nonspendable fund balance totals $514,275. Assigned fund balance totals $13,696,079 and total unassigned fund balance represents $30,836,146. Property tax and sales tax revenues increased $4,562,544 and $1,371,734, respectively, from the previous year's collections due to an increase in the assessed value of taxable property and steady sales tax collections despite the impact of the COVID-19 pandemic. At the same time, public safety expenditures increased $1,909,669 and general government expenditures increased $1,890,177 due to the expenditures incurred as part of the City's response to a tornado that struck a small southeastern area of the community in October 2019 and the COVID-19 pandemic.

The Debt Service Fund has a fund balance of $3,328,301, all of which is restricted for the payment of debt. The City's financial policy is to maintain an ending fund balance each year of 30 days of expenditures in the Debt Service Fund.

The fund balance in the Capital Fund ended the year at $69,387,306. Restricted fund balance of $52,397,805 is for future capital equipment purchases and construction projects, and $16,989,501 is assigned for various capital projects. The fund balance decreased $7,604,830 due to capital outlay for the public safety complex and various capital improvements throughout the City. The Capital Fund also received year-end transfers from the general fund of $12 million to pay for future special maintenance and other projects.

The Other Governmental Funds had a fund balance increase of $4,868,129. The major item related to this increase was colleciton of TIF revenues that were not spent in the current year.

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 $9,510,682 and $(2,861,874) respectively. A negative unrestriced net position in the Solid Waste Fund is due to the increased capital costs of the solid waste trucks and a cumulative operting loss of ($457,300) over the last five years. Total net position increased $4,415,000 in the Water and Sewer Fund and the Solid Waste Fund increased $524,660.

General Fund Budgetary Highlights: General Govenment revenues finished the year $16,564,511 or 12.1% above year-end estimate. Below are the General Government revenue highlights:

- Property Tax revenue was $442,263 or 0.7% over year end estimates and (-0.9%) below the original budget. Current year taxes finished the year $359,999 over estimate while prior year taxes and penalties and interest ended the year $82,864 above estimate.
- Sales and other business tax revenue finished the year $6.4 million over the year-end estimate of $36.9 million, but an increase of $4.5 million from the original budget.
- CARES Act funding of $7,173,400 were unbudgeted revenues.
- Ambulance fees increased $730,423 due to a $600,000 payment from the Texas Department of Health and Human Services for unreimbursed Medicaid expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

- Franchise fee revenue ended the year $80,192 over the year-end estimate. The majority of the increase, or $125,000 is the result of higher than anticipated sales of water and sewer services.

General Government expenditures, excluding transfers, finished the year ($683,750) or (-0.5%) below year-end estimate. The overall positive variance in General Government expenditures was due to the following:

- Personal services expenditures ended the year ($712,657) or (-0.8%) below year end estimates due to personnel savings across many departments.
- Professional services expenditures ended the year with $1,725,132 or a 18% increase above estimates of $9.3 million.
- Contracts came in $275,604 above its estimated position of $8.1 million.
- Maintenance expenditures were ($1,007,648) below the year end estimate of $4.5 million and supply expenditures were ($964,175) below the year end estimate of $9.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020 amounts to $601,799,299 (net of accumulated depreciation) as shown in Table 3. This investment in capital assets includes land, public art, buildings, improvements, vehicles, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was $24,581,735 (4.3%) .

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

- Equipment and vehicle assets acquired totaled $9 million.
- Public Safety Campus (Fire Station #1) and Fire Station #3 completed construction totaling $53 million.
- The City completed numerous street, bridge, sidewalk, alley, drainage, traffic and trail projects totaling over $14.4 million.
- The Water and Sewer Fund completed $2.9 million in projects, which extended and improved the City's Water and Sewer system.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 92,494	$ 92,402	$ 424	$ 424	$ 92,918	$ 92,826
Public Art	3,480	2,493	-	-	3,480	2,493
Buildings	131,172	82,510	3,680	3,835	134,852	86,345
Improvements other than buildings	40,147	41,278	1,605	1,709	41,752	42,987
Infrastructure	183,795	181,622	83,407	85,184	267,202	266,806
Vehicles, machinery and equipment	21,538	18,757	7,689	8,005	29,227	26,762
Construction in progress	23,957	57,258	8,411	1,740	32,368	58,998
Total capital assets, net	$ 496,583	$ 476,320	$ 105,216	$ 100,897	$ 601,799	$ 577,217

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Long-Term Debt: At the end of the current fiscal year, the City of Richardson had total bonded debt outstanding of $303,810,000 as shown in Table 4. Of this amount, $248,780,000 represents tax-supported bonds and $55,030,000 represents self-supported bonds. The other obligations of $95,428,424 in the governmental activities relates to notes payable for a police training facility, TIF economic development grants, and other contractual obligations.

Table 4
City of Richardson
Outstanding Debt
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
General obligation bonds	$ 156,265	$ 181,100	$ 16,900	$ 13,490	$ 173,165	$ 194,590
Certificates of obligation	68,615	71,610	38,130	39,835	106,745	111,445
General obligation bonds from direct borrowings	15,015	-	-	-	15,015	-
Certificates of obligation from direct borrowings	8,885	13,435	-	-	8,885	13,435
Total bonds payable	248,780	266,145	55,030	53,325	303,810	319,470
TIF obligations	92,983	97,049	-	-	92,983	97,049
Other obligations	2,445	1,115	-	-	2,445	1,115
Total outstanding debt	$ 344,208	$ 364,309	$ 55,030	$ 53,325	$ 399,238	$ 417,634

In February 2020, the City issued a total of $76.78 million in debt to facilitate its ongoing capital program and refund existing debt at a lower interest rate. In addition, the City recognized TIF obligations during the year of $0.57 million. Details of these transactions, including the purposes of each issue, can be found in Notes 9 and 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The city's budget development for the upcoming fiscal year, and the years to follow, are being heavily influenced by recently ratified state legislation that contrains property tax and franchise tax revenue. While the fuller impact will be felt in the future 2021-2022 budget cycle, key constraints were made to the fiscal year 2021 budget.
- An "advancing our missions through the COVID storm" theme was presented as an informal budget theme for fiscal year 2021. Strong attention was placed on new operating expenses, price and inflation escalations, and recurring cost obligations which will likely impact future municipal service delivery while ensuring resources are available to respond to the COVID-19 pandemic.
- The North Texas Municipal Water District (NTMWD) wholesale water rate had no changes and minor increases in the wastewater rates.

The above indictors were taken into consideration when adopting the FY2020-2021 budgets.

Property tax revenue for the General Fund is expected to decrease (1.81)%, or ($1.86M) in FY 20-21, due to an estimated assessed valuation decrease of (.32%).

The FY 2020-2021 Water and Sewer Fund budget was determined based on the City not setting a new "minimum purchase" and no change in the wholesale water rate from the NTMWD. The wholesale cost of water and sewer treatment services accounts for $54.8 million or 63.6% of the total expenses in the fund. Water and Sewer revenues reflect no retail rates changes for FY 2020-2021.

The FY 2020-2021 Solid Waste Fund budget includes a 2.5% increase in expenditures over year-end estimates. Revenues are projected to be $229,000 increase over year-end estimates.

REQUESTS FOR INFORMATION

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

RICHARDSON

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BASIC FINANCIAL STATEMENTS

CITY OF RICHARDSON, TEXAS
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 24,581,635	$ 14,249,946	$ 38,831,581
Investments	135,210,513	5,250,000	140,460,513
Receivables (net of allowances)	15,347,872	11,178,142	26,526,014
Inventories	559,267	1,171,067	1,730,334
Prepaid items	123,594	2,309	125,903
Deposits	117,500	-	117,500
Property held for redevelopment and resale	274,020	-	274,020
Restricted assets:			
Cash and cash equivalents	-	29,134,660	29,134,660
Receivables (net of allowances)	-	80	80
Internal balances	(1,980,805)	1,980,805	-
Capital assets:			
Nondepreciable	119,931,129	8,834,849	128,765,978
Depreciable (net)	376,651,919	96,381,402	473,033,321
Total assets	670,816,644	168,183,260	838,999,904
Deferred outflows of resources			
Pension contributions, investment experience and assumptions	9,282,873	1,633,754	10,916,627
Deferred charge on refundings	560,788	422,332	983,120
OPEB contributions, investment experience and assumptions	3,150,958	553,428	3,704,386
Total deferred outflows of resources	$ 12,994,619	$ 2,609,514	$ 15,604,133

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	9,126,154	3,481,244	12,607,398
Retainage payable	3,579,075	-	3,579,075
Accrued liabilities	4,063,353	1,006,803	5,070,156
Accrued interest	8,844,959	614,758	9,459,717
Payable from restricted assets:			
Payable from restricted assets	-	1,231,259	1,231,259
Retainage payable	-	384,177	384,177
Customer deposits	-	3,680,034	3,680,034
Unearned revenue	127,411	-	127,411
Money held in escrow	124,424	-	124,424
Non-current liabilities:			
Due within one year:			
Bonds, leases, and contractual obligations	31,684,462	6,153,745	37,838,207
Compensated absences	1,377,107	106,985	1,484,092
Workers' compensation	502,678	148,134	650,812
Unpaid claims liability	790,353	-	790,353
Due in more than one year:			
Bonds, leases, and contractual obligations	333,689,106	54,585,426	388,274,532
Total OPEB liability	44,752,961	7,402,202	52,155,163
Net pension liability	32,581,344	5,724,925	38,306,269
Workers' compensation	2,650,440	-	2,650,440
Compensated absences	12,393,954	962,867	13,356,821
Total liabilities	486,287,781	85,482,559	571,770,340
Deferred inflows of resources			
Deferred charges on refundings	3,466,212	76,514	3,542,726
Pension actuarial experience	13,971,455	2,461,218	16,432,673
OPEB assumptions	596,059	105,476	701,535
Total deferred inflows of resources	18,033,726	2,643,208	20,676,934
Net position:			
Net investment in capital assets	179,371,954	57,031,985	236,403,939
Restricted for:			
Capital projects	3,266,228	16,420,518	19,686,746
Debt service	-	584,891	584,891
General government	11,609,369	-	11,609,369
Public safety	980,104	-	980,104
Endowment			
Expendable	34,246	-	34,246
Nonexpendable	200,500	-	200,500
Unrestricted	(15,972,645)	8,629,613	(7,343,032)
Total net position	$ 179,489,756	$ 82,667,007	$ 262,156,763

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Activities
Year ended September 30, 2020

	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue and changes in net position: Governmental activities	Net (expense) revenue and changes in net position: Business-type activities	Net (expense) revenue and changes in net position: Total
Function/programs:							
Governmental activities:							
General government	$ 36,981,348	$ 2,206,542	$ 3,371,940	$ 1,950	$ (31,400,916)	$ -	$ (31,400,916)
Public safety	61,902,233	8,154,014	7,524,180	50,639	(46,173,400)	-	(46,173,400)
Public services	33,525,672	5,610,397	-	365,056	(27,550,219)	-	(27,550,219)
Library	4,472,688	31,177	-	-	(4,441,511)	-	(4,441,511)
Parks and recreation	17,379,008	4,389,445	750	2,494,413	(10,494,400)	-	(10,494,400)
Public health	2,043,170	384,597	-	-	(1,658,573)	-	(1,658,573)
Interest and fiscal charges	12,385,760	-	-	-	(12,385,760)	-	(12,385,760)
Total governmental activities	168,689,879	20,776,172	10,896,870	2,912,058	(134,104,779)	-	(134,104,779)
Business-type activities:							
Water and sewer	83,297,628	86,814,312	-	602,782	-	4,119,466	4,119,466
Solid waste	14,520,740	15,026,042	-	-	-	505,302	505,302
Total business-type activities	97,818,368	101,840,354	-	602,782	-	4,624,768	4,624,768
Total primary government	$ 266,508,247	$ 122,616,526	$ 10,896,870	$ 3,514,840	(134,104,779)	4,624,768	(129,480,011)
General Revenues:							
Property tax					110,279,388	-	110,279,388
Sales tax					41,535,297	-	41,535,297
Franchise tax					17,184,334	-	17,184,334
Mixed beverage and bingo tax					545,439	-	545,439
Hotel/motel tax					2,452,797	-	2,452,797
Unrestricted interest earnings					2,768,763	682,722	3,451,485
Gain on sale of assets					32,945	224,884	257,829
Contributions to permanent fund principal					500	-	500
Transfers					(206,158)	206,158	-
Total revenues					174,593,305	1,113,764	175,707,069
Change in net position					40,488,526	5,738,532	46,227,058
Net position - beginning					139,001,230	76,928,475	215,929,705
Net position - ending					$ 179,489,756	$ 82,667,007	$ 262,156,763

See accompanying notes to basic financial statements

CITY OF RICHARDSON, TEXAS
Balance Sheet - Governmental Funds
September 30, 2020

	General Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Total
Assets:					
Cash and cash equivalents	$ 1,958,692	$ 3,472,357	$ 11,890,023	$ 4,843,052	$ 22,164,124
Investments	35,864,598	-	66,345,915	20,000,000	122,210,513
Receivables (net of allowances)	11,386,733	349,992	377,273	3,143,904	15,257,902
Due from other funds	2,011,421	-	19	7,700	2,019,140
Inventories	313,456	-	-	-	313,456
Prepaid items	83,319	-	-	3,875	87,194
Deposits	117,500	-	-	-	117,500
Property held for redevelopment and resale	-	-	274,020	-	274,020
Total assets	$ 51,735,719	$ 3,822,349	$ 78,887,250	$ 27,998,531	$ 162,443,849
Liabilities:					
Accounts payable	$ 1,639,704	$ 144,056	$ 5,990,990	$ 855,365	$ 8,630,115
Retainage payable	12,675	-	3,376,811	189,589	3,579,075
Accrued liabilities	3,806,994	-	-	242,826	4,049,820
Due to other funds	-	-	7,719	2,011,421	2,019,140
Unearned revenue	-	-	-	57,141	57,141
Money held in escrow	-	-	124,424	-	124,424
Total liabilities	5,459,373	144,056	9,499,944	3,356,342	18,459,715
Deferred inflows of resources:					
Unavailable revenue	1,229,846	349,992	-	272,882	1,852,720
Total deferred inflows of resources	1,229,846	349,992	-	272,882	1,852,720
Fund balances:					
Nonspendable:					
Inventory	313,456	-	-	-	313,456
Deposits	117,500	-	-	-	117,500
Prepaid items	83,319	-	-	2,183	85,502
Permanent fund principal	-	-	-	200,500	200,500
Restricted for:					
Debt service	-	3,328,301	-	-	3,328,301
Parks and recreation projects	-	-	2,668,265	-	2,668,265
Public services	-	-	15,631,257	-	15,631,257
Capital projects	-	-	1,480,550	-	1,480,550
General government	-	-	893,371	11,127,154	12,020,525
Public safety	-	-	31,724,362	980,104	32,704,466
Committed for:					
General government	-	-	-	4,369,977	4,369,977
Public services	-	-	-	4,128,355	4,128,355
Parks and recreation	-	-	-	448,069	448,069
Assigned for:					
General government	4,897,775	-	1,718,780	3,057,082	9,673,637
Public services	657,708	-	5,533,773	-	6,191,481
Public safety	7,978,414	-	367,426	-	8,345,840
Parks and recreation	154,669	-	2,442,000	57,505	2,654,174
Health	7,373	-	-	-	7,373
Library	140	-	-	-	140
Other capital projects	-	-	6,927,522	-	6,927,522
Unassigned	30,836,146	-	-	(1,622)	30,834,524
Total fund balances	45,046,500	3,328,301	69,387,306	24,369,307	142,131,414
Total liabilities, deferred inflows of resources, and fund balances	$ 51,735,719	$ 3,822,349	$ 78,887,250	$ 27,998,531	$ 162,443,849

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, 2020

Total fund balances - governmental funds balance sheet	$ 142,131,414
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	496,442,838
Other amounts are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,162,052
Some amounts will not be recognized as revenue until future periods and therefore are deferred in the funds.	(14,444,124)
A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	11,873,614
Long-term liabilities, including bonds payable, accrued interest, and related deferred charges, are not due and payable in the current period and, therefore, are not reported in the fund. (Note 2(a))	(470,676,038)
Net position of governmental activities	$ 179,489,756

CITY OF RICHARDSON, TEXAS

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

Year ended September 30, 2020

	General Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 60,192,082	$ 40,299,664	$ -	$ 10,016,657	$ 110,508,403
Franchise taxes	16,969,727	-	-	214,607	17,184,334
Sales tax	41,535,297	-	-	-	41,535,297
Mixed beverage and bingo tax	545,439	-	-	-	545,439
Hotel/motel taxes	-	-	-	2,452,797	2,452,797
Drainage fees	-	-	-	2,841,760	2,841,760
911 revenue	746,880	-	-	613,569	1,360,449
Intergovernmental revenue	7,413,083	-	506,402	5,593,618	13,513,103
Licenses and permits	2,766,147	-	-	-	2,766,147
Fines and forfeitures	2,863,408	-	-	238,672	3,102,080
Interest revenue	703,074	121,919	1,313,696	402,873	2,541,562
Civic center use	120,509	-	-	-	120,509
Eisemann center revenue	-	-	100,603	1,024,767	1,125,370
Recreation and leisure	1,450,472	-	-	2,890,784	4,341,256
Public safety	3,565,149	-	-	-	3,565,149
Contributions	168,502	-	1,950	500	170,952
Participation	-	-	365,056	-	365,056
Other	718,788	-	555	146,004	865,347
General administration	8,300,368	-	-	-	8,300,368
Total revenues	148,058,925	40,421,583	2,288,262	26,436,608	217,205,378
Expenditures:					
General government	31,259,264	-	662,878	6,017,544	37,939,686
Public safety	55,163,761	-	805,911	392,600	56,362,272
Public services	19,912,915	-	2,858,533	908,669	23,680,117
Library	3,363,686	-	702,979	-	4,066,665
Parks and recreation	11,082,827	-	459,994	2,201,164	13,743,985
Public health	1,878,152	-	-	-	1,878,152
General administration	-	-	-	1,108,089	1,108,089
Capital outlay	90,385	-	40,226,439	4,320,056	44,636,880
Debt service:					
Principal retirement	-	29,525,000	-	-	29,525,000
Interest and fiscal charges	105,168	10,646,090	-	3,661,268	14,412,526
Payments for other obligations	362,749	116,052	-	4,333,628	4,812,429
Issuance costs	-	346,188	146,679	-	492,867
Total expenditures	123,218,907	40,633,330	45,863,413	22,943,018	232,658,668
Excess (deficiency) of revenues over (under) expenditures	24,840,018	(211,747)	(43,575,151)	3,493,590	(15,453,290)
Other financing sources (uses):					
Transfers in	600,000	2,013	12,430,057	1,825,160	14,857,230
Transfers out	(13,825,750)	-	(6,480)	(1,025,000)	(14,857,230)
Issuance of certificates of obligation	-	-	6,055,000	-	6,055,000
Issuance of general obligation bonds	-	-	15,015,000	-	15,015,000
Issuance of refunding bonds	-	40,425,000	-	-	40,425,000
Issuance of other obligations	-	-	1,502,065	574,379	2,076,444
Premium/discount on bonds	-	8,161,942	974,679	-	9,136,621
Payment to refunded bond escrow agent	-	(48,240,753)	-	-	(48,240,753)
Insurance and other recoveries	309,872	-	-	-	309,872
Proceeds from sale of capital assets	173,859	-	-	-	173,859
Total other financing sources (uses)	(12,742,019)	348,202	35,970,321	1,374,539	24,951,043
Net change in fund balances	12,097,999	136,455	(7,604,830)	4,868,129	9,497,753
Fund balances - October 1	32,948,501	3,191,846	76,992,136	19,501,178	132,633,661
Fund balances - September 30	$ 45,046,500	$ 3,328,301	$ 69,387,306	$ 24,369,307	$ 142,131,414

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, 2020

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

Net change in fund balances - total governmental funds	$	9,497,753
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. (Note 2(b))		20,128,778
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(244,438)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is originally issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2(b))		11,071,121
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))		(2,489,927)
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.		2,525,239
Change in net position of governmental activities	$	40,488,526

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2020

	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	$ 14,128,688	$ 121,258	$ 14,249,946	$ 2,417,511
Investments	3,000,000	2,250,000	5,250,000	13,000,000
Receivables (net of allowances)	9,549,946	1,628,196	11,178,142	89,970
Inventories	1,112,587	58,480	1,171,067	245,811
Prepaid items	1,283	1,026	2,309	36,400
Restricted assets:				
Cash and cash equivalents	25,344,128	3,790,532	29,134,660	-
Other receivables	80	-	80	-
Total current assets:	53,136,712	7,849,492	60,986,204	15,789,692
Noncurrent assets:				
Capital assets:				
Land	357,950	65,560	423,510	56,011
Improvements	2,291,281	298,351	2,589,632	23,023
Buildings	9,480,126	405,247	9,885,373	259,990
Water and sewer system	222,652,600	-	222,652,600	-
Vehicles, machinery and equipment	19,012,450	16,734,553	35,747,003	372,761
Construction in progress	8,411,339	-	8,411,339	-
Less accumulated depreciation	(162,143,020)	(12,350,186)	(174,493,206)	(571,575)
Total noncurrent assets	100,062,726	5,153,525	105,216,251	140,210
Total assets	153,199,438	13,003,017	166,202,455	15,929,902
Deferred outflows of resources				
Pension contributions investment experience and assumptions	836,585	797,169	1,633,754	97,704
Deferred charge on refunding	422,332	-	422,332	-
OPEB contributions, investment experience and assumptions	299,799	253,629	553,428	26,794
Total deferred outflows of resources	$ 1,558,716	$ 1,050,798	$ 2,609,514	$ 124,498

CITY OF RICHARDSON, TEXAS
Statement of Net Position - Proprietary Funds
September 30, 2020

	Business-type activities-enterprise funds			
	Water and Sewer Fund	Solid Waste Fund	Total	Governmental Activities- Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	$ 3,422,518	$ 58,726	$ 3,481,244	$ 496,038
Accrued liabilities	870,285	136,518	1,006,803	13,533
Accrued interest	552,251	62,507	614,758	-
Unpaid claims liabilities	-	-	-	790,353
Current maturities of bonds, leases and contractual obligations	4,950,864	1,202,881	6,153,745	-
Compensated absences	58,651	48,334	106,985	7,835
Workers' compensation liability	59,648	88,486	148,134	-
Current liabilities payable from restricted assets:				
Accounts payable	1,230,919	340	1,231,259	-
Retainage payable	384,177	-	384,177	-
Unearned revenue	-	-	-	70,270
Deposits	3,680,034	-	3,680,034	-
Total current liabilities	15,209,347	1,597,792	16,807,139	1,378,029
Noncurrent liabilities:				
Bonds, leases and contractual obligations	49,711,457	4,873,969	54,585,426	-
Total OPEB liability	4,079,558	3,322,644	7,402,202	324,891
Net pension liability	3,006,758	2,718,167	5,724,925	303,161
Compensated absences	527,862	435,005	962,867	70,510
Total noncurrent liabilities	57,325,635	11,349,785	68,675,420	698,562
Total liabilities	72,534,982	12,947,577	85,482,559	2,076,591
Deferred inflows of resources				
Pension actuarial experience	1,344,810	1,116,408	2,461,218	118,389
OPEB assumptions	58,133	47,343	105,476	5,001
Deferred inflows - Gain on Refunding	58,826	17,688	76,514	-
Total deferred inflows of resources	1,461,769	1,181,439	2,643,208	123,390
Net position (deficit):				
Net investment in capital assets	57,261,051	(229,066)	57,031,985	140,210
Restricted for:				
Capital projects	13,461,995	2,958,523	16,420,518	-
Debt service	527,675	57,216	584,891	-
Unrestricted	9,510,682	(2,861,874)	6,648,808	13,714,209
Total net position	$ 80,761,403	$ (75,201)	80,686,202	$ 13,854,419
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			1,980,805	
Net position of business-type activities			$ 82,667,007	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS

Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds
Year Ended September 30, 2020

	Business-type activities-enterprise funds			
	Water and Sewer Fund	**Solid Waste Fund**	**Total**	**Governmental Activities- Internal Service Funds**
Operating revenues:				
Water sales	$ 52,927,472	$ -	$ 52,927,472	$ -
Sewer service	32,736,964	-	32,736,964	-
Penalties	503,598	-	503,598	-
Service fees (other)	47,914	-	47,914	-
Antenna rentals	462,771	-	462,771	-
Meter fees	31,035	-	31,035	-
Solid waste fees	-	14,407,574	14,407,574	-
Charges for services	-	-	-	2,625,803
City and employee contributions	50,561	33,708	84,269	15,188,862
Miscellaneous	53,997	584,760	638,757	530,841
Total operating revenues	86,814,312	15,026,042	101,840,354	18,345,506
Operating expenses:				
Personal services	6,754,512	5,349,018	12,103,530	989,771
Premiums	-	-	-	997,601
Professional and technical services	2,678,932	420,550	3,099,482	809,633
Property services	2,081,274	80,266	2,161,540	591,466
Other purchases services	1,405,573	527,301	1,932,874	34,605
Insurance claims	-	-	-	11,622,428
Purchase of water	32,018,401	-	32,018,401	-
Purchase of sewage treatment	19,605,266	-	19,605,266	-
Solid waste charges	-	3,997,455	3,997,455	-
General administration	5,002,905	2,335,079	7,337,984	-
Franchise fees	4,283,222	720,379	5,003,601	-
Supplies	2,736,216	282,323	3,018,539	194,824
Depreciation	5,556,759	931,041	6,487,800	8,277
Total operating expenses	82,123,060	14,643,412	96,766,472	15,248,605
Operating income (loss)	4,691,252	382,630	5,073,882	3,096,901
Nonoperating revenues (expenses):				
Interest revenue	592,021	90,701	682,722	227,210
Interest expense and fiscal charges	(1,557,713)	(126,450)	(1,684,163)	-
Other non-operating charges	(153,086)	(13,519)	(166,605)	-
Proceeds from sale of capital assets	33,586	191,298	224,884	-
Total nonoperating revenues (expenses)	(1,085,192)	142,030	(943,162)	227,210
Income (loss) before contributions and transfers	3,606,060	524,660	4,130,720	3,324,111
Capital contributions	808,940	-	808,940	-
Change in net position	4,415,000	524,660	4,939,660	3,324,111
Total net position - October 1	76,346,403	(599,861)		10,530,308
Total net position - September 30	$ 80,761,403	$ (75,201)		$ 13,854,419
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds			798,872	
Change in net position of business-type activities			$ 5,738,532	

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Cash flows from operating activities:				
Cash received from customers	$ 87,925,399	$ 14,309,689	$ 102,235,088	$ -
Cash received from service users	-	-	-	2,625,799
Cash received from City, employee, and other contributions	50,561	33,708	84,269	15,698,375
Cash payments to employees	(6,387,892)	(5,091,494)	(11,479,386)	(1,991,976)
Cash payments for claims	-	-	-	(11,632,523)
Cash payments for goods and services	(69,829,868)	(8,580,961)	(78,410,829)	(1,483,479)
Cash received from miscellaneous revenue	53,997	584,760	638,757	1,628
Net cash provided by (used in) operating activities	11,812,197	1,255,702	13,067,899	3,217,824
Cash from noncapital financing activities:				
Bond proceeds and accrued interest	8,760,382	717,057	9,477,439	-
Increase in retainage payable	341,244	-	341,244	-
Principal paid on debt	(4,475,000)	(1,205,000)	(5,680,000)	-
Interest paid on debt	(1,323,316)	(107,954)	(1,431,270)	-
Fiscal charges and bond escrow payments	(153,086)	(13,519)	(166,605)	-
Unearned Revenues	175,346	18,881	194,227	-
Net cash provided by (used in) noncapital and related financing activities	3,325,570	(590,535)	2,735,035	-
Cash flows from capital and related financing activities:				
Acquisition and construnction of capital assets	(9,165,960)	(831,822)	(9,997,782)	(38,856)
Net proceeds from sale of capital assets	33,586	191,298	224,884	-
Net cash provided by (used in) capital and related financing activities	(9,132,374)	(640,524)	(9,772,898)	(38,856)
Cash flows from investing activities:				
Purchase of investment securities	971	(2,250,000)	(2,249,029)	(13,000,000)
Interest received on investments	592,021	90,701	682,722	227,210
Net cash provided by (used in) investing activities	592,992	(2,159,299)	(1,566,307)	(12,772,790)
Net increase in cash, restricted cash, and cash equivalents	6,598,385	(2,134,656)	4,463,729	(9,593,822)
Cash, restricted cash, and cash equivalents, October 1	32,874,431	6,046,446	38,920,877	12,011,333
Cash, restricted cash, and cash equivalents, September 30	$ 39,472,816	$ 3,911,790	$ 43,384,606	$ 2,417,511

See accompanying notes to basic financial statements.

CITY OF RICHARDSON, TEXAS
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2020

	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	$ 4,691,252	$ 382,630	$ 5,073,882	$ 3,096,901
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,556,759	931,041	6,487,800	8,277
Changes in assets and liabilities:				
(Increase)Decrease in accounts receivable	1,215,645	(97,885)	1,117,760	(21,373)
(Increase)Decrease in inventory of supplies	326,995	(40,356)	286,639	(50,091)
(Increase)Decrease in prepaid items	(227)	361	134	1,895
Increase in deposits payable from restricted assets	70,605	-	70,605	-
Increase(Decrease) in accounts payable	(30,377)	(261,779)	(292,156)	195,243
Increase in unpaid claims liabilities	-	-	-	(10,095)
Increase(Decrease) in unearned revenue	-	-	-	1,673
Increase(Decrease) in compensated absences	(300)	68,606	68,306	(31,534)
Increase(Decrease) in workers compensation	50,990	(65,980)	(14,990)	-
Increase(Decrease) in post-employment benefits	151,822	122,494	274,316	12,939
Increase(Decrease) in pension liabilities	(3,298,585)	(2,661,359)	(5,959,944)	(281,130)
Increase(Decrease) in accrued liabilities	(385,075)	84,166	(300,909)	-
Increase(Decrease) in deferred inflows/outlows	3,462,693	2,793,763	6,256,456	295,119
Total adjustments	7,120,945	873,072	7,994,017	120,923
Net cash provided by (used in) operating activities	11,812,197	1,255,702	13,067,899	3,217,824
Noncash investing capital and financing activities:				
Contributions of capital assets from public	602,782	-	602,782	-
Contributions of assets from governmental funds	206,158	-	206,158	-
Construction payable	1,615,096	-	1,615,096	-
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	14,128,688	121,258	14,249,946	2,417,511
Total restricted cash and investments per the statement of net position	25,344,128	3,790,532	29,134,660	-
Cash, restricted cash and cash equivalents as of September 30,2020	$ 39,472,816	$ 3,911,790	$ 43,384,606	$ 2,417,511

See accompanying notes to basic financial statements.

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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. 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.

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.

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.

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

Statement of Cash Flows

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

C. 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 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.

D. 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 2020, the City invested in U.S. Agencies, U.S. Treasuries, TexPool, TexSTAR, Texas Daily, Federated Money Market Funds, Prosperity Money Market Funds and BTH CDARS-Certificates of Deposit. The City records all interest revenue related to investment activities in the respective funds.

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 First Southwest Asset Management, Inc. 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.

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, 2020, the City's tax rate was $0.62516 per $100 assessed valuation.

Inventories and Prepaid Items

Inventories

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

Prepaid Items

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

Property held for Redevelopment

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

Capital Assets

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

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

Estimated useful lives are as follows:

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

Asset Impairments and Insurance Recoveries

The City has recorded insurance recoveries related to the impairment of capital assets as Program Revenue at the government-wide level, as Other Financing Sources in the Governmental Funds and as Other Nonoperating Revenues in the Enterprise Funds. For the year ended September 30, 2020, the City received $513,641 in insurance recoveries.

Compensated Absences

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

Postemployment Benefits

The City provides postemployment healthcare benefits to all employees who retire from the City. All employees who are vested in the City's pension plan, Texas Municipal Retirement System (TMRS), are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years or more of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note 16.

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

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

Minimum Fund Balance Policy

It is the desire of the City to maintain adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum fund balance of 60 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 $33,095,856 of restricted net position.

2 Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of the $470,676,038 are as follows:

Bonds payable	$	248,780,000
Notes payable and other contractual obligations		95,428,424
Less issuance discount (to be amortized as interest expense)		(15,009)
Add issuance premium (to be amortized as interest expense)		21,180,153
Less deferred charges on refunding, net (to be amortized as interest expense)		2,905,424
Accrued interest payable		8,844,959
TMRS pension liability		32,278,183
Postemployment liability		44,428,070
Compensated absences		13,692,716
Workers' compensation liability		3,153,118
Net adjustment to reduce fund balances - total governmental	$	470,676,038

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of this reconciliation explains that the "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $20,128,778 difference are as follows:

Capital Outlay	$	44,636,880
Governmental Depreciation Expense		(24,508,102)
Net adjustment to increase fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	20,128,778

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

The details of the $11,071,121 are as follows:

Debt issued or incurred:	
General obligations, certificates of obligation, and refunding bonds	$ (61,495,000)
Notes payable and other contractual obligations	(2,076,444)
Add premium	(9,136,620)
Principal repayments:	
General obligation bonds	17,980,000
Refunded general obligations	47,280,000
Refunded certificates of obligation	2,055,000
Certificates of obligation	11,545,000
Notes payable and other contractual obligations	4,812,429
Refunding adjustments	106,756
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ 11,071,121

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 $2,489,927 are as follows:

Amortization of bond premium	$ 2,362,232
Amortization of bond discount	(1,497)
Amortization of deferred charge on refunded bonds	49,738
Accrued interest	(1,091,844)
Pension expenses	33,379,435
Other postemployment benefits	(1,536,340)
Compensated absences	(457,465)
Workers compensation	(154,095)
Change in deferred inflows	(13,616,211)
Change in deferred outflows	(21,423,880)
Net adjustment to decrease fund balance - total governmental funds to arrive at changes in net position of governmental activities	$ (2,489,927)

3 Deposits and Investments

	Bank balance	Book balance
Financial Institution:		
Prosperity- City	$ 4,216,055	$ 4,181,164
Bank of America - City	1,470,255	1,470,255
Prosperity - RIC	67,355	67,355
Frost - City	66,541	66,541
Prosperity Money Market - City	3,515,931	3,515,931
BTH Bank CDARS - City	2,005,761	2,005,761
Petty Cash - City	-	10,480
Total	$ 11,341,898	$ 11,317,487

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, 2020:

		Inputs			Weighted average maturity
	9/30/2020	**(Level 1)**	**(Level 2)**	**(Level 3)**	**(days) (1)**
Investments by fair value level					
Debt securities					
Federal Home Loan Bank	$ 31,989,184	$ -	$ 31,989,184	$ -	172
Federal Farm Credit Bank	12,021,649	-	12,021,649	-	87
Federal Home Loan Mortgage Corporation	4,001,614	-	4,001,614	-	48
Federal National Mortgage Association-Bonds	8,013,369	-	8,013,369	-	154
Total debt securities	56,025,816	-	56,025,816	-	142
U.S. Treasuries	84,434,697	-	84,434,697	-	147
Total investment by fair value level	140,460,513	-	$ 140,460,513	-	145
Investments measured at net asset value (NAV)					
Federated Money Market Fund	515,398				43
Total investments measured at net asset value (NAV)	515,398				43
Investments measured at amortized cost					
Texas Daily LGIP	19,654,445				35
TexStar LGIP	20,511,943				39
TexPool LGIP	15,966,968				38
Total investments at amortized cost	56,133,356				37
Total investments	$ 197,109,267				
Portfolio weighted average maturity					111

(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 in Level 2 of the fair value hierarchy are valued by Interactive Data Corp (IDC) using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' 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, Federal Farm Credit Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, as AAA as of September 30, 2020. Standard & Poor's has rated investments in TexPool, TexSTAR, Texas Daily, and Federated Money Market Funds as AAA-m as of September 30, 2020.

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, 2020, the City's direct investments are in the U.S. Treasury Notes, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 43%, 16%, 6%, 2% and 4% respectively, of the City's total investments.

4 Receivables

Receivables at September 30, 2020, 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	Other Governmental Funds	Total Governmental Funds
Receivables:					
Taxes - property	$ 976,729	$ 654,513	$ -	$ -	$ 1,631,242
Taxes - sales	3,148,732	-	-	-	3,148,732
Trade accounts	7,463,919	-	-	467,965	7,931,884
Interest	279,595	-	292,711	-	572,306
Intergovernmental	994,040	-	84,562	2,680,644	3,759,246
Gross receivable	12,863,015	654,513	377,273	3,148,609	17,043,410
Less allowance for uncollectibles	(1,476,282)	(304,521)	-	(4,704)	(1,785,507)
Net receivables	$ 11,386,733	$ 349,992	$ 377,273	$ 3,143,905	$ 15,257,903

Business-Type Receivables

	Water and Sewer Fund	Solid Waste Fund	Total Business-type Activities	Internal Service Funds
Receivables:				
Trade accounts	$ 9,031,625	$ 1,550,223	$ 10,581,848	$ -
Other	763,472	178,878	942,350	89,970
Intergovernmental receivables	1,440	-	1,440	-
Gross receivable	9,796,537	1,729,101	11,525,638	89,970
Less allowance for uncollectibles	(246,591)	(100,905)	(347,496)	-
Net receivables	$ 9,549,946	$ 1,628,196	$11,178,142	$ 89,970

The Water and Sewer and Solid Waste trade accounts receivable include unbilled charges for services rendered through September 30, 2020.

5 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	$ 527,675	$ 119,723	$ 647,398
Customer Deposits	3,680,114	-	3,680,114
Rate stabilization	2,421,277	-	2,421,277
Capital Project and Equipment Funds	18,715,142	3,670,809	22,385,951
Total Restricted Assets	$ 25,344,208	$ 3,790,532	$ 29,134,740

6 Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning balance October 1, 2019	Increases	Decreases	Ending balance September 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 92,401,636	$ 92,859	$ -	$ 92,494,495
Public Art	2,493,433	986,082	-	3,479,515
Construction in Progress	57,258,546	20,147,791	(53,449,218)	23,957,119
Total capital assets, not being depreciated:	152,153,615	21,226,732	(53,449,218)	119,931,129
Capital assets, being depreciated:				
Buildings	156,225,777	52,969,692	(1,218,735)	207,976,734
Improvements other than Buildings	102,380,529	2,179,171	(296,543)	104,263,157
Vehicles, Machinery and Equipment	61,334,367	7,511,115	(1,533,033)	67,312,449
Infrastructure	521,652,428	14,498,335	-	536,150,763
Total capital assets, being depreciated:	841,593,101	77,158,313	(3,048,311)	915,703,103
Less accumulated depreciation for:				
Buildings	73,716,123	4,224,816	(1,135,749)	76,805,190
Improvements other than buildings	61,102,166	3,264,240	(250,279)	64,116,127
Vehicles, Machinery and Equipment	42,577,359	4,702,505	(1,505,649)	45,774,215
Infrastructure	340,030,834	12,324,818	-	352,355,652
Total accumulated depreciation	517,426,482	24,516,379	(2,891,677)	539,051,184
Total capital assets being depreciated, net	324,166,619	52,641,934	(156,634)	376,651,919
Governmental activities capital assets, net	$ 476,320,234	$ 73,868,666	$ (53,605,852)	$ 496,583,048

	Beginning balance October 1, 2019	Increases	Decreases	Ending balance September 30, 2020
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 423,510	$ -	$ -	$ 423,510
Construction in progress	1,739,926	10,377,245	(3,705,832)	8,411,339
Total capital assets, not being depreciated:	2,163,436	10,377,245	(3,705,832)	8,834,849
Capital assets, being depreciated:				
Buildings	9,885,373	-	-	9,885,373
Improvements other than buildings	2,589,632	-	-	2,589,632
Vehicles, machinery and equipment	35,105,380	1,377,710	(736,087)	35,747,003
Infrastructure	219,721,696	2,930,904	-	222,652,600
Total capital assets, being depreciated:	267,302,081	4,308,614	(736,087)	270,874,608
Less accumulated depreciation for:				
Buildings	6,049,729	154,575	-	6,204,304
Improvements other than buildings	880,875	104,137	-	985,012
Vehicles, machinery and equipment	27,100,417	1,520,697	(562,781)	28,058,333
Infrastructure	134,537,166	4,708,391	-	139,245,557
Total accumulated depreciation	168,568,187	6,487,800	(562,781)	174,493,206
Total capital assets being depreciated, net	98,733,894	(2,179,186)	(173,306)	96,381,402
Business-type activities capital assets, net	$ 100,897,330	$ 8,198,059	$ (3,879,138)	$ 105,216,251

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

Governmental activities:	
General government	$ 5,532,243
Public safety	4,219,565
Public service	10,855,808
Library	300,795
Parks and recreation	3,548,746
Health	50,945
Total governmental funds	24,508,102
Internal service fund - Central Services Fund	8,277
Depreciation expense - governmental activities	$ 24,516,379
Business-type activities:	
Water and sewer	$ 5,556,759
Solid waste	931,041
Depreciation expense - business activities	$ 6,487,800

7 Construction Commitments

Outstanding commitments at September 30, 2020, under authorized construction contracts for the Capital Fund, and Water and Sewer Fund, and Solid Waste Funds, were $17,756,749, $5,140,230, and $241,667, respectively. These outstanding commitments will be financed by proceeds from bond issues and from revenues such as participation revenue from other governments or developers and operating revenues dedicated to street maintenance.

8 Interfund Receivables, Payables and Transfers

There were two interfund balances at September 30, 2020. The first interfund balance is between the TIF #2 fund and the General Fund for $127,167. The last interfund balance is between Federal Grants fund and the General Fund for $26,000 due to the timing of receipts from the granting agencies for amounts spent in advance by the grant programs. Individual fund transfers for fiscal year 2019-2020 were as follows:

	Transfers Out				
	Governmental Activities	Governmental Funds			
		General Fund	Capital Projects Fund	Other Governmental Funds	Total
Transfers in:					
General	$ -	$ -	$ -	$ 600,000	$ 600,000
Debt Service	-	-	2,013	-	2,013
Capital	-	12,000,590	4,467	425,000	12,430,057
Other Governmental	-	1,825,160	-	-	1,825,160
	-	13,825,750	6,480	1,025,000	14,857,230
Business-Type Activities	206,158	-	-	-	206,158
Total	$ 206,158	$ 13,825,750	$ 6,480	$ 1,025,000	$ 15,063,388

Governmental Activities Transfers Out:

- $206,158 for Water/Sewer Infrastructure projects accepted through TIF Funds..

General Fund Transfers Out:

- $12,000,590 to the Capital Fund to be used for future capital improvements and street rehabilitation.
- $1,000,000 to the Hotel/Motel Fund for the support of operations.
- $825,160 to the Economic Development Fund for funding of economic development projects.

Other Governmental Funds Transfers Out:

- $50,000 to the General Fund from the Child Safety Fund to support the school crossing guard program.
- $550,000 to the General Fund from the Wireless Fund to support the expenses of the 911 Call Center.
- $425,000 to the Golf Special Projects Fund from the Golf Fund for future capital improvements.

9 Long-Term Obligations

The following is a summary of financial obligations for the fiscal year ended September 30, 2020:

	Balance beginning of year	Increases	Decreases	Balance end of year	Due within one year
Governmental-type activities:					
General obligation bonds	$ 181,100,000	$ 40,425,000	$ (65,260,000)	$ 156,265,000	$ 16,230,000
Certificates of obligation	71,610,000	6,055,000	(9,050,000)	68,615,000	6,590,000
General obligation bonds from direct borrowings	-	15,015,000	-	15,015,000	-
Certificates of obligation from direct borrowings	13,435,000	-	(4,550,000)	8,885,000	6,010,000
Bond discounts/premiums (1)	18,212,785	9,136,620	(6,184,261)	21,165,144	2,453,993
Total bonds payable	284,357,785	70,631,620	(85,044,261)	269,945,144	31,283,993
TIF obligation	97,049,085	574,379	(4,639,971)	92,983,493	-
Other obligations	1,115,324	1,502,065	(172,458)	2,444,931	400,469
TMRS - pension liability	66,241,909	20,591,604	(54,252,169)	32,581,344	-
Other postemployment benefits	43,203,682	3,111,221	(1,561,942)	44,752,961	-
Compensated absences	13,345,130	1,826,727	(1,400,796)	13,771,061	1,377,107
Workers' compensation	2,999,023	486,329	(332,234)	3,153,118	502,678
Unpaid claims liability	800,448	12,110,400	(12,120,495)	790,353	790,353
Total governmental-type long-term liabilities	509,112,386	110,834,345	(159,524,326)	460,422,405	34,354,600
Business-type activities:					
General obligation refunding bonds	13,490,000	6,645,000	(3,235,000)	16,900,000	3,115,000
Certificates of obligation	39,835,000	8,640,000	(10,345,000)	38,130,000	2,430,000
Bond discount/premiums	3,616,732	2,780,697	(688,258)	5,709,171	608,745
Total bonds payable	56,941,732	18,065,697	(14,268,258)	60,739,171	6,153,745
Other postemployment benefits	7,127,886	550,873	(276,557)	7,402,202	-
TMRS - pension liability	11,684,869	3,645,952	(9,605,896)	5,724,925	-
Compensated absences	1,001,546	303,046	(234,740)	1,069,852	106,985
Workers' compensation	163,124	287,239	(302,229)	148,134	148,134
Total business-type long-term liabilities	$ 76,919,157	$ 22,852,807	$ (24,687,680)	$ 75,084,284	$ 6,408,864

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

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2020

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 @ 9/30/2020	Due Within One Year
General Obligation Bonds						
2020 Refunding	5.00	2/26/2020	2/15/2030	$ 40,425,000	$ 40,425,000	$ 4,515,000
2019 General Obligation	2.62 - 4.00	4/25/2019	2/15/2039	16,790,000	16,365,000	615,000
2018 General Obligation	3.00 - 5.00	4/25/2018	2/15/2038	38,525,000	36,435,000	1,365,000
2017 General Obligation	3.00 - 4.00	5/04/2017	2/15/2037	19,725,000	18,025,000	415,000
2016A Ref. & Imp.	2.00 - 5.00	4/15/2016	2/15/2036	16,815,000	9,580,000	1,845,000
2015 Refunding	4.00 - 5.00	3/15/2015	2/15/2026	39,185,000	20,220,000	4,755,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	18,000,000	8,950,000	1,745,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2023	6,270,000	1,570,000	750,000
Total general obligation bonds - tax exempt					$ 151,570,000	$ 16,005,000
General Obligations - direct borrowings						
2020A General Obligation	Adjustable	2/26/2020	6/15/2029	15,015,000	15,015,000	-
Total general obligation bonds - direct borrowings					15,015,000	-
Taxable General Obligation Bonds						
2016B Taxable	3.00 - 3.77	4/15/2016	2/15/2036	5,470,000	4,695,000	225,000
Total general obligation bonds - taxable					4,695,000	225,000
Total governmental-type general obligation, taxable and tax exempt bonds					171,280,000	16,230,000

CITY OF RICHARDSON, TEXAS

Notes to the Financial Statements

Year ended September 30, 2020

	Interest Rate %	Issue Date	Maturity Date	Original Issue	Outstanding @ 9/30/2020	Due Within One Year
Certificates of Obligations						
2020 Certificates	4.00 - 5.00	2/26/2040	2/15/2030	6,055,000	6,055,000	435,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	20,990,000	18,275,000	3,015,000
2018 Certificates	3.13 - 5.00	4/25/2018	2/15/2038	26,290,000	22,720,000	2,120,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	20,930,000	16,120,000	300,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	4,045,000	700,000	165,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	3,695,000	605,000	85,000
2014 Certificates	.75 - 2.00	4/01/2014	2/15/2022	6,900,000	220,000	110,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	4,290,000	640,000	135,000
2012B Certificates	2.00 - 4.00	3/15/2012	2/15/2032	5,775,000	1,480,000	105,000
Total certificates of obligation-tax exempt					66,815,000	6,470,000
Certificates of Obligation - direct borrowings						
2014B Certificates	Adjustable	12/22/2014	6/15/2029	11,425,000	8,885,000	6,010,000
Total certificates of obligation - direct borrowings					8,885,000	6,010,000
Taxable Certificates of Obligation						
2015B Certificates	0.90 - 4.00	3/15/2015	2/15/2035	2,150,000	1,740,000	90,000
2012A Certificates	1.63 - 3.00	3/15/2012	2/15/2022	275,000	60,000	30,000
Total certificates - taxable					1,800,000	120,000
Total governmental-type certificates of obligation, taxable and tax exempt bonds					77,500,000	12,600,000
Add: unamortized premium					21,180,153	2,455,084
Less: unamortized discount					(15,009)	(1,091)
Total general government bonds and certificates of obligation					$ 269,945,144	$ 31,283,993

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 @ 9/30/2020	Due Within One Year
Water and Sewer:						
General Obligation Bonds:						
2020 Refunding	5.00	2/26/2020	2/15/2030	$ 5,880,000	$ 5,880,000	$ 920,000
2016A Refunding	3.00 - 5.00	4/15/2016	2/15/2028	6,185,000	4,870,000	565,000
2015 Refunding	3.00 - 5.00	3/15/2015	2/15/2026	2,480,000	1,575,000	250,000
2013 Refunding	1.50 - 5.00	3/15/2013	2/15/2025	2,720,000	1,310,000	285,000
2012 Refunding	2.00 - 4.00	3/15/2012	2/15/2024	8,575,000	2,500,000	970,000
Total water and sewer general obligation bonds					$ 16,135,000	$ 2,990,000
Certificates of Obligations:						
2020 Certificates	4.00-5.00	2/26/2020	2/15/2040	7,920,000	7,920,000	165,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	8,240,000	8,010,000	325,000
2018 Certificates	3.125 - 5.00	4/25/2018	2/15/2038	5,940,000	5,520,000	265,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2037	4,440,000	3,925,000	200,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2036	1,900,000	1,570,000	95,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2035	2,305,000	1,900,000	95,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2033	3,025,000	2,155,000	140,000
2011 Certificates	2.00 - 4.625	4/01/2011	2/15/2031	3,500,000	2,345,000	170,000
Total waster and sewer certificates of obligation					33,345,000	1,455,000
Total water and sewer general obligation refunding bonds and certificates of obligation					49,480,000	4,445,000
Solid Waste						
General Obligation Refunding Bonds:						
2020 Refunding	5.00	2/26/2020	2/15/2025	765,000	765,000	125,000
Certificates of Obligations:						
2020 Certificates	4.00-5.00	2/26/2020	2/15/2028	720,000	720,000	60,000
2019 Certificates	3.00 - 5.00	4/25/2019	2/15/2039	1,335,000	1,200,000	155,000
2018 Certificates	4.00 - 5.00	4/25/2018	2/15/2026	1,240,000	985,000	145,000
2017 Certificates	2.00 - 5.00	5/04/2017	2/15/2025	875,000	585,000	110,000
2016 Certificates	2.00 - 4.00	4/15/2016	2/15/2024	1,000,000	545,000	125,000
2015A Certificates	2.00 - 5.00	3/15/2015	2/15/2023	850,000	350,000	115,000
2014 Certificates	0.75 - 2.00	4/01/2014	2/15/2022	955,000	265,000	130,000
2013 Certificates	1.50 - 4.00	3/15/2013	2/15/2021	1,000,000	135,000	135,000
Total solid waste certificates of obligation					4,785,000	975,000
Total solid waste general obligation refunding bonds and certificates of obligation					5,550,000	1,100,000
Add unamortized premium					5,722,269	609,730
Less: unamortized discount					(13,098)	(985)
Total business-type general obligation refunding bonds and certificates of obligation					$ 60,739,171	$ 6,153,745

Debt Service Requirements

Debt service requirements at September 30, 2020 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:						
2021	$ 22,820,000	$ 9,823,853	$ 6,010,000	$ 312,288	$ 5,545,000	$ 2,477,833
2022	20,720,000	7,816,499	5,935,000	670,876	5,460,000	1,927,537
2023	19,280,000	6,953,426	7,945,000	448,313	4,840,000	1,716,426
2024	17,205,000	6,132,941	4,010,000	150,375	4,635,000	1,510,810
2025	16,770,000	5,342,546	-	-	4,505,000	1,299,965
2026-2030	60,930,000	17,348,220	-	-	16,020,000	3,948,461
2031-2035	41,215,000	7,725,714	-	-	9,865,000	1,476,691
2036-2040	25,940,000	1,376,582	-	-	4,160,000	294,972
Totals	$ 224,880,000	$ 62,519,781	$ 23,900,000	$ 1,581,852	$ 55,030,000	$ 14,652,695

General Obligation Bonds

As part of the City's debt management practices, the City defeased certain Certificates of Obligation and placed 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, 2020 there were no defeased bonds outstanding.

On February 26, 2020, the City issued $47,070,000 of General Obligation Refunding Bonds, Series 2020 with a true interest cost of 1.273%. The bond proceeds were used to refund $47,785,000 of General Obligation Refunding and Improvements Bonds; and $9,450,000 of Certificates of Obligation. The refunded debt resulted in cash flow savings of $11,696,696 with a net present value benefit of $10,335,175. The City recorded a $3,707,621 deferred gain on the refunding, which will be amortized over the life of the new debt.

On February 26, 2020, the City issued $15,015,000 of Adjustable Rate General Obligation Bonds, 2020A, with a true interest cost of 2.677%. Proceeds from the sale of the bonds, will be used for (1) permanent public improvements and public purposes (2) constructing, improving, renovating, expanding and equipping municipal public buildings and the acquisition of land (3) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (4) acquiring, constructing, improving, expanding, renovating and equipping park and recreation facilities of the City and the acquisition of land, and (5) constructing, improving, extending, and repairing sidewalks and related improvements.

Certificates of Obligation

On February 26, 2020, the City issued $14,695,000 of Combination Tax and Revenue Certificates of Obligation, Series with a true interest cost of 2.179%. The Water/Sewer Fund issued $7,920,000 in Certificates, the Solid Waste Fund issued $720,000 in Certificates and $6,055,000 in Certificates were issued for the benefit of the Capital Fund, net of issuance cost of $180,813. Proceeds from the sale of the Certificates will be used for (1) constructing, improving, renovating, expanding and equipping parks and recreation facilities, and municipal public buildings, and the acquisition of land (2) acquiring, constructing, improving and maintaining streets, thoroughfares, alleyways and sidewalks, within the City including related storm drainage improvements, traffic signalization and signage, traffic management equipment, creek erosion, bridge and culvert improvements and utility relocations and the acquisition of land, (3) improving and extending the City’s water and sewer system and (4) acquiring equipment and vehicles for fire, parks and recreation, information technology, and solid waste departments.

General Obligations and Certificates of Obligation - Direct Borrowings

The City's outstanding certificates of obligation bonds and general obligation bonds from direct borrowings related to governmental activities of $23,900,000 are secured by a pledge of ad valorem taxes levied by the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System. The Certificates are subject to redemption prior to maturity, at the option of the City, in whole or in part, on June 15 of each year at the redemption price of par plus accrued interest to the date of redemption.

The City has no unused lines of credit.

Ratings

Standard and Poor's Ratings Services assigned its 'AAA" rating with a stable outlook, to the City's Series 2020 Combination Tax and Revenue Certificates of Obligation and the City's Series 2020 General Obligation Bonds, and Moody's Investors Service (Moody's) also assigned it 'Aaa" rating, with a stable outlook to these issues.

Bondholder Remedies

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

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

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

10. Other Contractual Obligations

The following is a summary of other contractual obligation transactions of the City for the fiscal year ended September 30, 2020:

	Governmental-type Activities			
	Police Academy	**Stryker**	**Texas Comptroller of Public Accounts**	**Total**
Balance at October 1, 2019	$ 424,657	$ -	$ 690,667	$ 1,115,324
Additions/adjustments	-	1,502,065	-	1,502,065
Payments	(116,052)	-	(56,406)	(172,458)
Balance at September 30, 2020	$ 308,605	$ 1,502,065	$ 634,261	$ 2,444,931

Capital Lease

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

	Governmental activities
Total cost	$ 1,110,646
Less accumulated depreciation	(69,415)
Book value	$ 1,041,231

The following is a schedule of the lease payments required under the capital lease at September 30, 2020:

Fiscal year ending, September 30	Governmental activities
2021	$ 244,352
2022	244,352
2023	244,352
2024	244,352
2025	244,352
2026	244,352
2027	244,353
Total minimum lease payments	1,710,465
Less amount representing interest	(208,400)
Present value of minimum lease payments	$ 1,502,065

Other Contractual Obligations

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

The following is a schedule of future debt maturities relating to these contractual obligations as of September 30, 2020:

	Principal	Interest	Total
Fiscal year ending September 30:			
2021	$ 101,277	$ 13,596	$ 114,873
2022	105,979	9,119	115,098
2023	71,071	4,423	75,494
2024	14,815	1,403	16,218
2025	15,463	773	16,236
Totals	$ 308,605	$ 29,314	$ 337,919

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 was reduced to approximately 16 years due to an additional payment made in FY 2016. A payment of $56,406 was made in FY 2019-2020. Due to the ongoing COVID-19 pandemic and its negatvie impact on the economy, the Texas Comptroller of Public Accounts suspended the City's payback of sales tax payments from April - September, 2020. The balance at September 30, 2020 was $634,261.

11 TIF - Economic Grants

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

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

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

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

An infrastructure reimbursement grant and development agreement was entered into with the City and Centennial Park Richardson, Ltd. in September 2007. This agreement provides for an economic development grant of $3,299,865 and a construction reimbursement grant of $5,912,299 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for both grants. Funding for this grant is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 2. A principal payment of $565,286 and an interest payment of $165,244 were made during the fiscal year.

An economic development agreement was entered into with the City and SAF Collins Technology Park, LLC in April 2010. This agreement provides for a maximum grant amount of $5,000,000 plus 7% interest compounded annually until paid in full or termination of the agreement. The company has qualified for the full grant amount. Funding is contingent upon the availability of tax revenues in the TIF District #1 from Sub Area No. 3, and from tax rebates on business personal property at the site. An interest payment of $105,167 was made during the fiscal year from the General Fund. Principal payments of $1,478,095 ($306,343 from operating funds and $1,171,752 from the TIF Fund) were made. The grant is paid in full and all terms and conditions of the economic development agreement have been satisfied.

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 the TIF District #2. Interest payments of $2,471,820 and a principal payment of $2,389,965 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 the TIF District #3. An interest payment of $822,800 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 $201,403 and a principal payment of $206,625 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.	Collins Tech Park	BCS TIF Zone 2	BCP TIF LLC Zone 3	Total
Balance at October 1, 2019	$ 8,142,415	$ 4,953,638	$ 1,478,095	$ 48,876,786	$ 33,598,151	$ 97,049,085
Additions/adjustments	-	-	-	291,797	282,582	574,379
Payments	(565,286)	(206,625)	(1,478,095)	(2,389,965)	-	(4,639,971)
Balance at September 30, 2020	$ 7,577,129	$ 4,747,013	$ -	$ 46,778,618	$ 33,880,733	$ 92,983,493

Other Information

12 Risk Management

The City maintains a self-insured program for workers' compensation. The City utilizes TRISTAR Risk Management as the third party administrator for this program. During fiscal year 2019-2020, a total of $142,241 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 $332,234 and $302,229 have been recorded as expenditures/expenses in the General Fund 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 2019-2020, the City received refunds from the commercial insurance carrier in the amount of $559,198.

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 $790,353 for unpaid claims and claim adjustment expenses at September 30, 2020. 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

	2020	2019
Incurred claims and claim adjustment expenses:		
Unpaid claims and claim adjustment expenses at beginning of year	$ 800,448	$ 975,773
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	12,120,495	11,681,255
Increase (decrease) in prior year provision	(10,095)	(175,325)
Total incurred claims and claim adjustment expenses	12,910,848	12,481,703
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	11,330,142	10,880,807
Claims and claim adjustment expenses attributable to insured events of prior years	790,353	800,448
Total payments	12,120,495	11,681,255
Total unpaid claims and claim adjustment expenses at end of year	$ 790,353	$ 800,448

13 Interfund Charges

The City allocates a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for various funds but are paid from the General Fund. During the year ended September 30, 2020, the City allocated $8,300,368 for such services.

14 Tax Abatement and Economic Incentives

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

The City has four categories of economic development agreements:

- Home Improvement Incentive Program – The purpose of this program is to provide an economic incentive under Chapter 380 of the Texas Local Government Code to encourage reinvestment in residential neighborhoods. The property owner commits to making at least $20,000 in improvements to the residential property within 24 months of entering into the agreement. A one-time incentive payment equal to 10 times the amount of the increase in City taxes will be paid to the property owner based on the property's pre-construction and post-construction appraised value. The City provided $1,247,885 in incentive payments under this program in fiscal year 2020.

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $2,993,665 in fiscal year 2020.

- 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 2020, the City rebated $3,566,911 in taxes, reduced fees by $6,854,245 and made incentive payments of $639,128 under these agreements.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 11. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. The City made $7,994,895 in payments for TIF obligations, $317,995 in TIF incentives, and $400,644 in property tax rebates from general TIF resources.

15 Contingent Liabilities

Litigation

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

Grant Audit

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

16 Financial Impact of Covid-19

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The act provides economic grants to offset some additional expenses and forgone revenue as a result response to COVID-19. The City received the COVID-19 federal grant of $7,173,400 million in fiscal 2020 as pass-through grants from Collin and Dallas Counties.

The full impact of the COVID-19 pandemic and the scope of any adverse impact cannot be fully determined at this time. The pandemic has adversely affected travel, commerce and financial markets globally and is expected to adversely affect economic output worldwide and in Texas, including the North Texas region. The potential impacts cannot currently be predicted but could be material for future fiscal years.

17 Other Postemployment Benefits (OPEB)

Retiree Health Benefits

Plan Description

The City of Richardson single-employer, defined benefit OPEB plan, CORPlan, is administered by the City and provides health-care benefits, in accordance with City policy. All employees who are vested in the City's pension plan, Texas Municipal Retirement System, are eligible for these benefits with 25 years or more of service, regardless of age, or with 5 years of service at age 60 and above. Coverage is also available to dependents or surviving spouses of retirees. Coverage for retirees age 65 and over is provided through a separate, fully insured plan. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The plan is accounted for in the City's Insurance fund as well as the Water and Sewer, Solid Waste, and Central Services funds. A separate financial statement is not issued for the plan. As of September 30, 2020 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, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	280
Active employees	977
	1,257

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 for retirees under age 65 and their dependents are based on the length of service of the retiree and are shown below.

	Under 15	15 - 19	20+
Years of service:			
Retiree only	$ 1,022	$ 740	$ 429
Retiree/spouse	2,018	1,423	827
Surviving spouse	1,124	773	536

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2018 and the measurement date of December 31, 2019.

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.

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of December 31, 2018 which include the following:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% - 11.50%
Health Care Trend Rate	7.20%

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 70% if retiring after age 49 the election rate is 45% if retiring before age 50, and the election rate is 70% at age 50 or above .

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 rates of scale MP-2014 to account for future mortality improvements.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.75%. 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, 2019. For the purpose of this valuation, the municipal bond rate is 2.75% 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 3.71% as of December 31, 2018, the prior measurement date.

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

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (1.75%) and 1-percentage-point-higher (3.75%).

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

1% Decrease 1.75%	Current Single Rate Assumption 2.75%	1% Increase 3.75%
$ 57,675,872	$ 52,155,163	$ 47,271,842

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 (6.20%) and 1-percentage-point-higher (8.20%).

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

1% Decrease 6.20%	Current Single Rate Assumption 7.20%	1% Increase 8.20%
$ 47,501,494	$ 52,155,163	$ 57,704,002

Schedule of Changes in Total OPEB Liability

		Total OPEB Liability
Beginning balances	$	50,331,568
Changes for the year:		
Service cost		1,979,670
Interest on the Total OPEB Liability		1,871,002
Differences between expected and actual experience		(72,942)
Changes in assumptions		(173,959)
Benefit payments		(1,780,176)
Net changes		1,823,595
Ending balance	$	52,155,163

OPEB Expense and Deferred Outflows/(Inflows) of Resources

For the year ended September 30, 2020 the City recognized $4,300,705 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	$	1,472,829	$	(63,378)
Changes of assumptions		1,526,292		(638,157)
Contributions subsequent to the measurement date		705,265		-
Total	$	3,704,386	$	(701,535)

Of the $3,704,386 total for deferred outflows of resources, $705,265 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, $2,297,586 will be recognized in OPEB expense as follows:

Fiscal Year		Net Deferred outflows (inflows) of resources
2021	$	450,033
2022		450,033
2023		450,033
2024		450,033
2025		447,706
Thereafter		49,748
Total	$	2,297,586

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 two participants in the program as of September 30, 2020.

18 Pension Benefits

Plan Description

The City of Richardson participates as one of 887 plans in the joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

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

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

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	770
Inactive employees entitled to but not yet receiving benefits	468
Active employees	1,005
Total	2,243

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 14.44% and 14.72% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $12,704,395 which exceeded the required contributions by $1,667,582 due to additional voluntary contributions from the City of $1,520,601 and employee buyback penalties of $146,981.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 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. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation. Assumptions are reviewed annually.

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. 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)*
Domestic Equity	17.50 %	4.30 %
International Equity	17.50	6.10
Core Fixed Income	10.00	1.00
Non-Core Fixed Income	20.00	3.39
Real Return	10.00	3.78
Real Estate	10.00	4.44
Absolute Return	10.00	3.56
Private Equity	5.00	7.75
Total	100.00 %	

*Net of the inflation assumption.

Discount Rate

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

Sensitivity of Discount Rate

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

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

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$111,905,434	$38,306,269	$(22,770,687)

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	$ 11,430,056
Interest (on the Total Pension Liability)	36,261,004
Changes of benefit terms	-
Difference between expected and actual experience	1,280,146
Change of assumptions	56,972
Benefit payments, including refunds of employee contributions	(27,209,284)
Net Change in Total Pension Liability	21,818,894
Total Pension Liability - Beginning	545,089,671
Total Pension Liability - Ending (A)	566,908,565
Plan Fiduciary Net Position:	
Contributions - Employer	11,399,536
Contributions - Employee	5,479,173
Net Investment Income	72,190,327
Benefit payments, including refunds of employee contributions	(27,209,284)
Administrative expense	(408,090)
Other	(12,259)
Net Change in Plan Fiduciary Net Position	61,439,403
Plan Fiduciary Net Position - Beginning	467,162,893
Plan Fiduciary Net Position - Ending (B)	528,602,296
Net Pension Liability - Ending (A-B)	38,306,269
Plan Fiduciary Net Position as Percentage of Total Pension Liability	93.24 %
Covered Payroll	76,353,079
Net Pension Liability as a Percentage of Covered Payroll	50.17 %

*FNP may be off a dollar due to rounding

The net pension liability and the total pension liability were calculated by Gabriel, Roeder, Smith & Company ("GRS"). The measurement date and the actuarial valuation date was December 31, 2019.

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

For the year ended September 30, 2020 the City recognized pension expense of $13,543,241. 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	$ 1,272,324	$ (120,930)
Net difference between projected and actual earnings on pension plan investments	-	(16,311,743)
Difference in assumptions	44,340	-
Employers's Contributions to the pension plan subsequent to the measurement date	9,599,963	-
Total	$ 10,916,627	$ (16,432,673)

Of the $10,916,627 total for deferred outflows of resources, $9,599,963 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 9/30/2020. The remainder of the total net deferred outflows/inflows of resources, $(15,116,009), related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2020	$ (4,387,739)
2021	(4,496,243)
2022	1,748,135
2023	(7,980,162)
Total	$ (15,116,009)

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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[*closing date*]

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IN REGARD to the authorization and issuance of the "City of Richardson, Texas, General Obligation Refunding and Improvement Bonds, Series 2021," dated **[***closing date***]**, 2021, in the principal amount of $14,565,000 (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, the defeasance and discharge of the City's outstanding obligations being refunded by 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 an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (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 the proceeds of an ad valorem tax levied, within the limitations 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.

2. The outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the paying agent for the outstanding obligations being refunded (the "Refunded Obligations Paying Agent") and in accordance with the provisions of Texas

Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the certificate of the Refunded Obligations Paying Agent as to the sufficiency of cash deposited with the Refunded Obligations Paying Agent for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. 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.

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, 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 2021," dated **[***closing date***]**, 2021, in the principal amount of $28,640,000 (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 the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (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.

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, 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.

[*closing date*]

NORTON ROSE FULBRIGHT

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IN REGARD to the authorization and issuance of the "City of Richardson, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A," dated **[***closing date***]**, 2021, in the principal amount of $4,045,000 (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 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 the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (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 certain facts within the knowledge and control 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 State of Texas in force and effect on the date hereof that 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.

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; 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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