

City of Richmond, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2013

Celebrating 175 Years
1837 - 2012



Honoring the Legacy of
Hilmar G. Moore
Mayor: 1949 - 2012

Photos courtesy of:
Laura Scarlato

City of Richmond, Texas

Vision Statement

Great opportunities and significant challenges are ahead. The goals of the City Commission for this century are to:

- encourage, promote, and welcome expanding residential and business growth and development;
- provide safe, secure, family-oriented communities;
- influence, foster, and maintain the interest of safety;
- protect and preserve well-known historic sites and memorabilia and provide a healthy business and economic atmosphere.

It is our belief that each resident and business is of the utmost importance and deserves the very best that taxpayer dollars can provide in order to develop and maintain a city that is financially secure and one in which we can all be proud!



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF RICHMOND, TEXAS

**For the fiscal year ended
September 30, 2013**

**Terri Vela
City Manager**

**Prepared by
Finance Department**

CITY OF RICHMOND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

**EVALYN W. MOORE
MAYOR**

**WILLIAM H. (BILL)
DOSTAL, SR.
GARY L. GILLEN
COMMISSIONERS**

City of Richmond
402 Morton Street
Richmond, TX 77469
(281) 342-5456



March 5, 2014

Honorable Mayor and Members of the City Commission
City of Richmond, Texas

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of Richmond, Texas (the “City”) for the fiscal year ended September 30, 2013, is hereby submitted.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by **Whitley Penn L.L.P.**, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1837 as one of the first three cities in the Republic of Texas, is located in Fort Bend County at the site of Stephen F. Austin's original colonies in Texas and currently occupies a land area 4.2 square miles and serves a population of 12,292. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Richmond has operated under a commission form of government from 1913 until 2013, when a charter election was held and the citizens elected to become a Home-Rule city. The Charter provided for a Commissioner-Manager form of government. The Commission, vested with policy-making and legislative authority, is comprised of a Mayor and two Commission members. The Mayor and Commission members are all elected at large for staggered three-year terms, with no term limits. The City Commission is responsible, among other things, for passing ordinances, adopting the budget and hiring the City's manager and municipal judge.

The City provides a full range of municipal services: public safety (police and fire protection), public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and two Commissioners, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Finance Director in June or July of each year. The City Manager then presents the proposed budget to the Commission for review. The Commission is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department (e.g. police). Department heads make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of Commission. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City has adopted a budget for the General, Debt Service, and Enterprise Funds, but not the Special Revenue or Capital Projects Funds. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

The City of Richmond is home to a diversified group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services and a variety of general retail operations. This diversification is evident in the fact that no single taxpayer represents more than 2.48% of assessed valuation in the City.

The City is also a major retail trade area for antiques, building materials, general merchandise, food stores, automotive, and restaurants.

Taxable assessed value for all residential and commercial property in the City exceeded \$376 million for fiscal year 2013, which is a 2% decrease from fiscal year 2012.

ECONOMIC OUTLOOK

The City continues to grow its existing partnerships with the county, surrounding municipal utility districts and other governmental entities in order to facilitate the growing needs of the community. Through these partnerships, the City is able to expand its sales tax base, meet the mandated surface water conversion, and fund projects that will enhance the quality of life for citizens throughout the county seat of Fort Bend. As always, we must balance the limited resources to provide the best possible services for all stakeholders.

The City remains committed to its historic roots while embracing new growth and opportunities for the future. With the passage of the City's Charter and Planning and Zoning, Richmond is poised to embrace economic opportunities which will solidify its position as the seat of Fort Bend County. Although the economic downturn has strained the City's resources in past years, the influx of new nation-wide retail businesses to these areas coupled with strong business/community partnerships have orchestrated an increase in retail sales tax enabling the City to continue with community-based projects which will enhance the quality of life in Richmond.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues recorded when available and measurable and expenditures recorded when the services and goods are received and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on the accrual basis.

Consideration of adequate internal accounting controls has been made in designing the City's accounting system. Internal accounting controls, instituted by the Finance Department as part of the accounting system, are designed to provide reasonable assurances that assets are properly safeguarded against loss from unauthorized use or disposition, that financial records used in preparation of the financial statements are reliable, and that accountability for the City's assets is maintained. The concept of reasonable assurance in relation to internal controls recognizes that the cost of a control process should not exceed the benefits derived from the performance of related procedures and that the City's management must make estimates and judgments in evaluating the cost and benefit relationships relating to internal control processes and procedures that become a part of the City's accounting system.

Budgetary Compliance

Because budgetary compliance is significant in managing governmental activities, budgetary compliance controls are critical. The objective of these controls is to ensure compliance with legal spending limits in annual or project appropriated budgets approved by City Commission. State Law provides that the City Commission shall adopt annual or project budgets every fiscal year for all City funds. The budgets are prepared and maintained by the City.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. Annual appropriated budgets are adopted for the general, debt service, and enterprise funds. The original budget is adopted by the City Commission prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Commission through a formal budget amendment. At any time in the fiscal year, the Commission may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Commission has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to

another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Budget Process

According to the City of Richmond's charter, the fiscal year shall begin on the first day of October and end on the last day of September on the next succeeding year. Such Fiscal year shall also constitute the budget and accounting year. The following process is followed in order to meet the requirements of the City's charter.

Submission of Budget and Budget Message

On or before August 15th of the fiscal year, the City Manager shall submit to the City Commission a budget for the ensuing fiscal year and an accompanying budget message. The proposed budget submitted to Commission for review will be an itemized budget in accordance with state law.

Budget Message

The City Manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the City Manager deems desirable.

Budget a Public Record

In accordance with state law, the proposed budget and all supporting schedules shall be filed with the person performing the duties of City Secretary when submitted to the City Commission and shall be open to the public inspection by anyone interested. A notice of availability shall be published in the official newspaper within ten (10) days of the budget being presented to City Commission.

Public Hearing on Budget

At the City Commission meeting when the budget is submitted, the City Commission shall name the date and place of a public hearing and shall have published in the official newspaper of the City, the time and place, which will be not less than the ten (10) days nor more than thirty (30) days after the date of notice. At this hearing, interested citizens may express their opinions concerning items of expenditures, giving their reasons for wishing to increase or decrease any items of expense.

Proceeding on Adoption of Budget

After public hearing, the City Commission shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least ten (10) days prior to the beginning of the next fiscal year, adopt the budget by the affirmative vote of a majority of the City Commission. Should the City Commission take no final action on or prior to such day, the current budget shall be in force on a month-to-month basis until a new budget is adopted, but budget must be approved within sixty (60) days of the next fiscal year.

Budget Appropriation and Amount to be Raised by Taxation

On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the City Commission shall constitute the official appropriations as proposed by expenditures for the current year and shall constitute the basis of official levy of the property tax as the amount of tax to be assessed

and collected for the corresponding tax year. Estimated expenditures will in no case exceed proposed revenue plus cash on hand. Unused appropriations may be transferred back to general funds.

Amending the Budget

Under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the City Commission may, by the affirmative vote of a majority of the City Commission, amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. These amendments shall be by ordinance and shall become an attachment to the original budget.

Certification; Copies Made Available

A copy of the budget, as finally adopted, shall be filed with the person performing the duties of City Secretary and such other places required by state law or as the City Commission shall designate. The final budget shall be printed or otherwise reproduced and sufficient copies shall be available for the use of all office, agencies and for the use of interested persons and civic organizations. A notice of availability shall be published in the official newspaper within ten (10) days of the budget being approved by the City Commission.

Capital Program

The City Manager shall submit a five (5) year capital program as an attachment to the annual budget. The program as submitted shall include:

1. A clear general summary of its contents;
2. A list of all capital improvements which are proposed to be undertaken during the five (5) fiscal years succeeding the budget year, with appropriate supporting information as to the necessity for such improvements;
3. Cost estimates, method of financing and recommended time schedules for each improvement, and
4. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

Lapse of Appropriations

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned. The purpose of any such appropriation with the exception of a bond fund, shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation. Any funds not expended, disbursed or encumbered shall be deemed excess funds.

Additional Funding

In any budget year, the City Commission may in accordance with state law, by affirmative vote of a majority of the Commission Members, authorize the borrowing of money. Notes may be issued which are repayable not later than the end of the current fiscal year.

Administration of the Budget

No payment shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made, unless the City Manager, or the City Manager's designee, states or ensures first that there is a sufficient unencumbered balance in such allotment or appropriation

and that sufficient funds therefore are or will be available to cover the claim or meet the obligation when it becomes due and payable.

Any authorization of payment or incurring of obligation in violation of the provisions of this Charter shall be void and any payment so made illegal. Such action shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such payment or obligation, and the officer shall also be liable to the City for any amount so paid.

This prohibition shall not be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, time warrants, certificates of indebtedness or certificates of obligation or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, providing that such action is made or approved by ordinance.

The City manager shall submit to the City Commission each month a report covering the revenues and expenditures of the City in such form as requested by the City Commission.

LONG-TERM FINANCIAL PLANNING

The City is reviewing its policy and strategy for the unassigned fund balance in the general fund and allowing the fund balance to increase to 5% of operating expenditures. Following its recent review of the City of Richmond, Texas' strategic plan, the Commission is considering raising the assigned fund balance policy in the future.

The established long-range policies regarding financial management are to retain a sound financial condition, strive to retain the best possible ratings on bonds, and provide future generations with the ability to borrow capital for construction of facilities, street, and drainage improvements without a severe financial burden.

RELEVANT FINANCIAL POLICIES

The Fort Bend Subsidence District (Subsidence District) was created by the Texas Legislature in 1989. In 2003, the Subsidence District adopted its District Regulatory Plan (Regulatory Plan) to reduce subsidence by regulating the withdrawal of Groundwater within Fort Bend County.

The Regulatory Plan requires Groundwater permit holders within the Richmond/Rosenberg Sub-Area (as described by the Regulatory Plan) to limit their Groundwater withdrawals to seventy percent of their water consumption by 2016 and forty percent by 2025. The City of Richmond Groundwater Reduction Plan (GRP) was submitted to and approved by the Subsidence District prior to the September 30, 2010 deadline as set out in the Subsidence District Regulatory Plan.

The City has contracted with the Brazos River Authority for surface water available in the Brazos River. The Cities of Richmond and Rosenberg have joined together to build a surface water treatment facility. Richmond's portion of the surface water treatment facility and water transmission lines (including its GRP Partners) is estimated to be \$15.3 million dollars to meet the Subsidence District requirements through 2025. Additionally, the City (and its GRP Partners) will be required to construct an estimated \$8.7 million dollars in City water system improvements to deliver the surface water to its customers. It is expected Capital Acquisition typically will result in long-term increases in operating costs connected with the operation and maintenance of new facilities.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended September 30, 2012. This was the ninth year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

In closing, without the dedication of the employees and the direction of the members of the City Commission, preparation of this report would not have been possible. We would like to express our sincere appreciation to our employees, who have continually demonstrated their professionalism and abilities in the management of the finance function. We also want to thank the Members of the City Commission for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

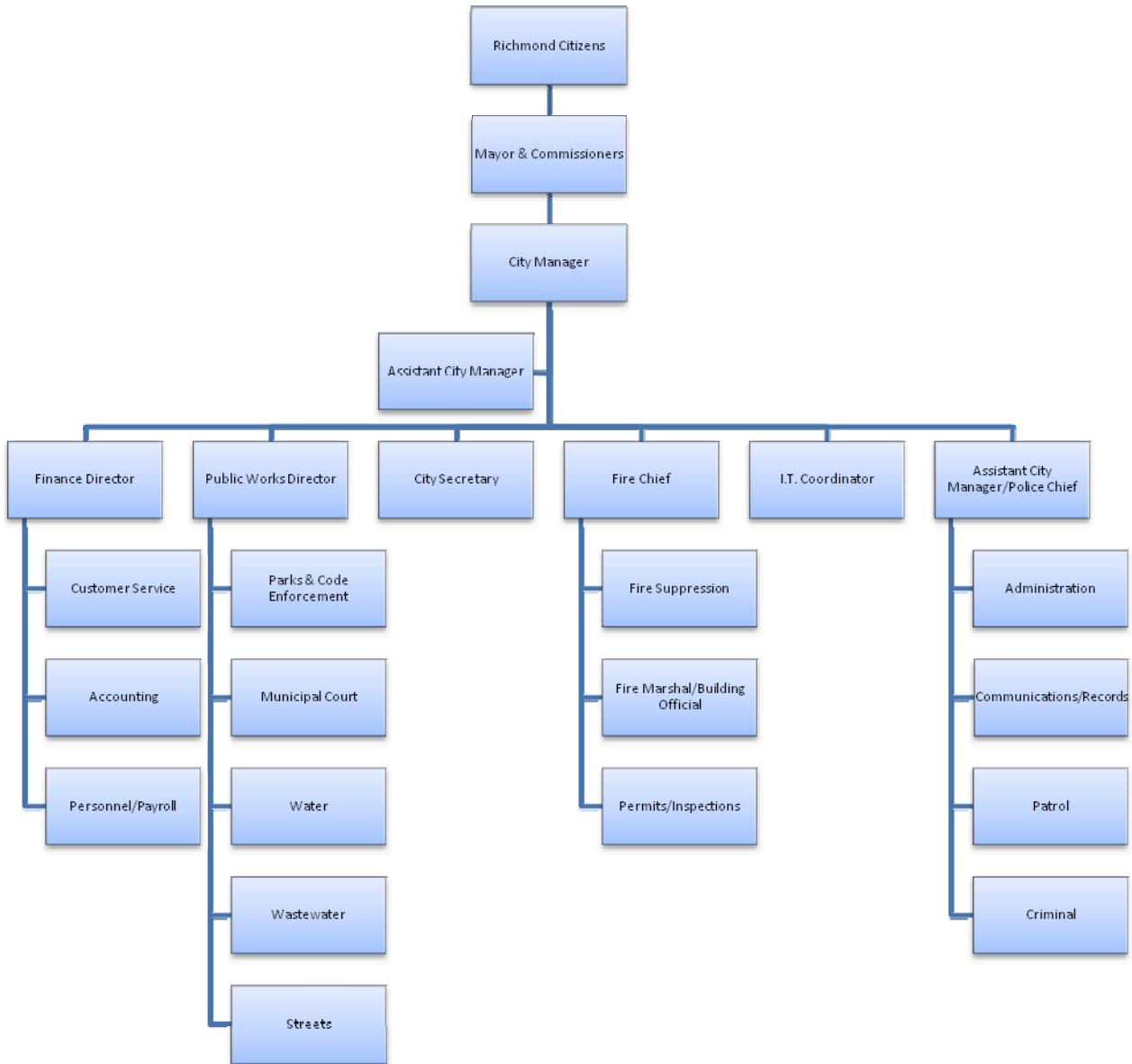


Terri Vela
City Manager



Susan Lang
Finance Director

CITY OF RICHMOND, TEXAS
ORGANIZATION CHART
September 30, 2013



CITY OF RICHMOND, TEXAS

PRINCIPAL CITY OFFICIALS

September 30, 2013

City Officials	Elective Position	Term Expires
Evalyn W. Moore	Mayor	2014
William H. Dostal	City Commissioner	2014
Gary L. Gillen	City Commissioner	2014
Key Staff	Position	
Terri Vela	City Manager*	
Stephen Gilbert	Municipal Court Judge *	
R. Glen Gilmore	Assistant City Manager	
Lenert Kurtz	Public Works Director	
Susan Lang	Finance Director	
Mona Matak	City Secretary	
William Whitworth	Assistant City Manager /Police Chief	
Michael Youngblood	Fire Chief	

* - City Commission Appointive Position



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Richmond
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditors

To the Honorable Mayor and
Members of the City Commission
and the Citizens of the City of Richmond
City of Richmond, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Richmond, Texas (the "City") as of and for the year ended September 30, 2013, 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 of 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.

To the Honorable Mayor and
Members of the City Council
and the Citizens of the City of Richmond

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities* as of September 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 52 through 54, and pension system supplementary information on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and
Members of the City Council
and the Citizens of the City of Richmond

The introductory and statistical sections 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 March 5, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
March 5, 2014

CITY OF RICHMOND, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richmond (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities at the close of the most recent fiscal year by \$47.2 million (*net position*). Of this amount, \$12.8 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4.7 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9.7 million, an increase of \$6.3 million over the prior year. Approximately 17% of this total amount, \$1.7 million, is *available for spending* at the government's discretion (*unassigned fund balance*).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and parks and recreation. The business-type activities of the City include a water and sewer operating fund.

The government-wide financial statements include the City itself (known as the *primary government*), but also a legally separate Development Corporation of Richmond and the Richmond Higher Education Finance Corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 through 17 of this report.

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 essentially the same functions reported as *governmental activities* in the government-wide financial 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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Capital Projects, and Community Development Block Grant Funds, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18 through 24 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility.

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 operating fund that is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 25 through 27 of this report.

Combining Component Unit Financial Statements

The City's two discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 50 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 52 through 55 of the City's Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 60 of the City's Comprehensive Annual Financial Report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$47.2 million (net position). At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net position, 71%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that 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.

CONDENSED SCHEDULE OF NET POSITION

September 30, 2013

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,828	\$ 4,650	\$ 13,106	\$ 10,519	\$ 23,934	\$ 15,169
Capital assets	11,745	11,378	31,173	29,259	42,918	40,637
Total Assets	<u>22,573</u>	<u>16,028</u>	<u>44,279</u>	<u>39,778</u>	<u>66,852</u>	<u>55,806</u>
Deferred outflows of resources	35				35	
Other liabilities	1,058	940	1,005	880	2,063	1,820
Long-term liabilities	17,499	9,361	77	1,885	17,576	11,246
Total Liabilities	<u>18,557</u>	<u>10,301</u>	<u>1,082</u>	<u>2,765</u>	<u>19,639</u>	<u>13,066</u>
Net position:						
Net investment in capital assets	2,608	4,113	31,173	29,259	33,781	33,372
Restricted	698	877	8	150	708	1,027
Unrestricted	745	558	12,016	7,634	12,761	8,192
Total Net Position	<u>\$ 4,051</u>	<u>\$ 5,548</u>	<u>\$ 43,197</u>	<u>\$ 37,043</u>	<u>\$ 47,250</u>	<u>\$ 42,591</u>

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis (continued)

An additional portion of the City's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12.8 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$4.7 million during the current fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

The following table summarizes the changes in net position for the City for the year ended September 30, 2013.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Year Ended September 30, 2013

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenue:						
Charges for services	\$ 3,311	\$ 2,907	\$ 10,665	\$ 7,530	\$ 13,976	\$ 10,437
Operating grants and contributions	627	1,309	112		739	1,309
Capital grants and contributions		19	2,704		2,704	19
General revenues:						
Property taxes	2,993	3,008			2,993	3,008
Sales and use taxes	3,124	2,814			3,124	2,814
Franchise taxes	750	705			750	705
Unrestricted investment earnings	17	26	4	5	21	31
Miscellaneous	60	37			60	37
Total Revenues	10,883	10,826	13,485	7,535	24,368	18,361
Expenses:						
General government	1,753	1,657			1,753	1,657
Public safety	6,960	6,866			6,960	6,866
Public works	4,468	2,678			4,468	2,678
Parks and recreation	485	484			485	484
Interest on long-term debt	570	431			570	431
Water and sewer			5,474	4,829	5,474	4,829
Total Expenses	14,236	12,116	5,474	4,829	19,710	16,945
Increase in net position before transfers	(3,353)	(1,290)	8,012	2,706	4,659	1,416
Transfers	1,858	(629)	(1,858)	629		
Change in net position	(1,495)	(1,919)	6,154	3,335	4,659	1,416
Net Position - Beginning, as restated	5,548	7,467	37,043	33,708	42,591	41,175
Net Position - Ending	\$ 4,051	\$ 5,548	\$ 43,197	\$ 37,043	\$ 47,250	\$ 42,591

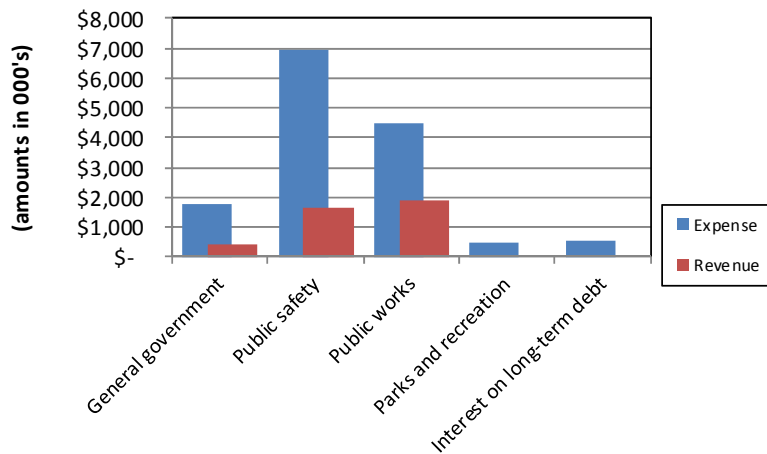
CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

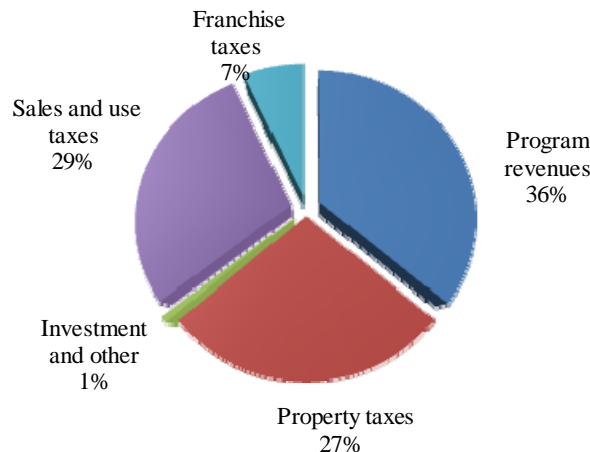
Governmental activities decreased the City's net position by approximately \$1.5 million or 27% of beginning net position. The key elements of this decrease are as follows:

- The City records reimbursements and contributions from other entities as operating grants and contributions. In fiscal year 2013 this amount decreased from \$1,308,839 to \$627,165, a reduction of \$681,674. This was due to the completion of certain projects that were jointly funded.
- General government expenses of \$1.8 million, increased \$96,000 from the prior year due to the addition of three grant funded firefighter positions.
- Transfers in from the business-type activities of \$2,081,000 were offset by transfers out of \$2,205,839 resulting in net transfers out of -\$1,857,765. The transfers out resulted from fixed asset additions funded by the governmental funds for the benefit of the enterprise fund and refunding of enterprise fund debt with the proceeds of governmental debt.

A comparison of program expenses to program revenues follows:



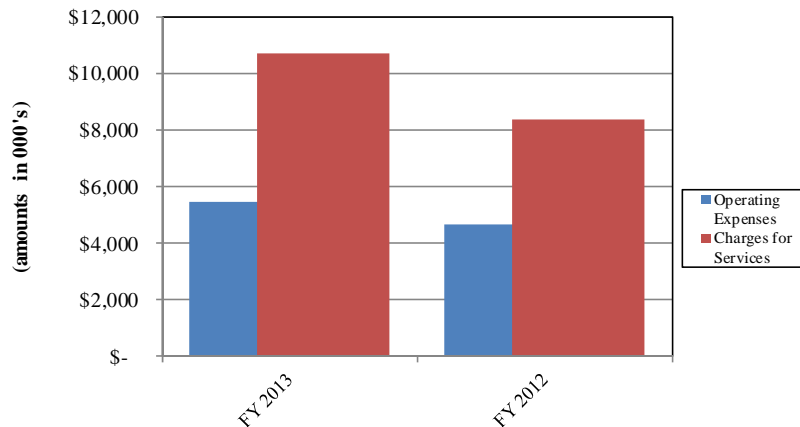
Revenue sources for governmental activities were distributed as follows:



CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

Business-type activities increased the City's net position by approximately \$6.2 million. This increase is primarily due to increased water and sewer revenues. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2013 and 2012 follows:



Revenue sources for business-type activities were almost entirely charges for water and sewer services.

Financial Analysis of the Government's Funds

As noted earlier, the City used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 a government's net resources available for spending at the end of the fiscal year.

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$9.7 million, an increase of approximately \$6.3 million from the prior year. The primary cause of the increase is the issuance of general obligation and certificate of obligation debt. Other key elements of this increase are as follows:

- Total expenditures of the governmental funds were \$13.6 million, a decrease of \$1.4 million from the prior year. The decrease is due to completion of major street rehabilitation projects associated with the prior year.
- Intergovernmental revenues for the year were approximately \$620,415, an increase of \$27,101 from the prior year. The increase in expenditures can be explained by additional grant funded positions associated with the 2011 SAFER grant awarded to the fire department

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Funds (continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$1.7 million. The unassigned fund balance increased by \$563,814 from fiscal year 2012. The key elements of this increase are as follows:

- Sales and use tax revenue of \$3.1 million, which increased by \$310,634 as a result of increased consumer spending in the City.
- Intergovernmental revenues of \$218,957, which increased by \$89,843 due to CDBG reimbursements.
- License and permit revenues of \$378,338, which increased by \$195,758 due to increased development within the City.

At the close of the current fiscal year, the City's debt service fund reported a fund balance of \$625,051, a decrease of \$250,074 from the prior year. The City makes semi-annual debt service payments in March and September of each year. Debt service expenditures for the year ending September 30, 2013, totaled \$966,217.

At the close of the current fiscal year, the City's capital projects fund reported a fund balance of \$7.2 million, an increase of \$6.0 million from the prior year. The increase is due to the issuance of new debt during the fiscal year. The remaining fund balance is for future construction and various maintenance projects throughout the City.

Proprietary Funds

The City maintains one type of proprietary fund. Proprietary funds are used to report the same type of information found in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility.

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year amounted to \$12.0 million or 220% of annual operating and non-operating expenses for the fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget primarily relate to an increase in capital improvement related project activity.

Actual revenues were lower than budgeted revenues by \$754,345 primarily as a result of a decrease in property tax revenue, due to adjusted assessed property values. This decrease is offset in part by a \$178,338 increase in license and permit revenue due to increased development in the City.

Appropriations exceeded actual expenditures by \$. The key element of the significant variances is as follows:

- Street department expenditures were \$112,177 less than appropriations due to a delay in the completion of street overlay projects

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2013, the City's governmental activities and business-type activities had invested \$11.7 million and \$31.2 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of \$366,828 or 3% over the end of last fiscal year for the governmental activities' capital assets and a change of \$1.9 million or 7% for the business-type activities.

The following table shows the balances at September 30, 2012 and 2013 (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land and intangibles	\$ 1,911	\$ 1,909	\$ 1,288	\$ 841	\$ 3,199	\$ 2,750
Construction in progress	114	315	265	814	380	1,129
Capital assets, net of depreciation:						
Buildings	4,256	4,296	5,478	4,772	9,734	9,068
Improvements other than buildings	2,280	1,530	3,496	3,765	5,776	5,295
Infrastructure	2,132	2,064	20,480	18,879	22,611	20,943
Machinery and equipment	1,052	1,265	166	187	1,218	1,452
Total Capital Assets	\$ 11,745	\$ 11,378	\$ 31,173	\$ 29,259	\$ 42,918	\$ 40,637

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements of this report.

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt outstanding of \$13.6 million. This is a decrease from the prior year of, due to the principal debt payments made during the year. The entire amount of bonded debt is backed by the full faith and credit of the City. A schedule of long-term debt at September 30, 2012 and 2013, follows (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Bonds Payable						
General obligation bonds	\$ 13,605	\$ 7,860	\$	\$	\$ 13,605	\$ 7,860
Bond issuance premiums/discounts	516	219			516	219
Certificates of obligation				1,855		1,855
Capital leases	472	601			472	601
Compensated Absences	642	680	77		719	680
Total Capital Assets	\$ 15,234	\$ 9,361	\$ 77	\$ 1,855	\$ 15,311	\$ 11,216

On February 21, 2014, Standard & Poor's Ratings Services raised its long-term debt rating and underlying rating (SPUR) on Richmond, Texas' general obligation (GO) debt two notches to 'A+' from 'A-' based on Standard & Poor's local GO criteria, published September 12, 2013, on RatingDirect. The outlook is stable.

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements of this report.

CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budget and Rates

Average home values in the City have increased by 7% for fiscal year beginning October 1, 2013. Unemployment for our Metropolitan Statistical Area decreased from 6.0 to 5.5 year over year as of December 2013 according to the Bureau of Labor Statistics. The City was able to lower its tax rate from \$0.7865 per \$100 of assessed value to \$0.7800 for the fiscal year 2014 budget.

Water and sewer rates remained the same for the fiscal year 2014 budget with a planned 25-cent increase to the existing \$1.00 per 1,000 gallons usage for the mandated ground water reduction fee. Revenues received from the ground water reduction fee are allocated for the purpose of providing alternative water sources.

Each year the budget is prepared on key objectives and assumptions. These objectives and assumptions are relayed to staff throughout the year by the Mayor and City Commission in various forms: through directives, adopted goals and actions, and the implementation of new programs or policies. For the fiscal year 2014 budget, the following key objectives are as follows:

- *encourage, promote, and welcome expanding residential and business growth and development;*
 - With the passage of the City's Charter election, funding was provided for the codification of the Charter, City Ordinances and the future Planning and Zoning guidelines. Upon completion, the codification will enable personnel as well as outside developers and users to easily maneuver the City's complex legal system. Ordinances will be readily accessible to all in a searchable on-line format and will reduce the necessity for additional manpower.
 - Upon completion of the City's Strategic Area of Emphasis analysis, it was noted the city would require a full-time Economic Development position to meet the growing demands of future expansion. This position was funded in the FY2014 budget.
 - A formal Comprehensive Master Plan is in progress which will also yield economic development plans, optimal land use suggestions, and strategic annexation goals.
- The City remains committed to its historic roots while embracing new growth and opportunities for the future. With the passage of the City's Charter and Planning and Zoning, Richmond is poised to embrace economic opportunities which will solidify its position as the County Seat of Fort Bend. Although the economic downturn has strained the City's resources in past years, the influx of new nation-wide retail businesses to these areas coupled with strong business/community partnerships have orchestrated an increase in retail sales tax enabling the City to continue with community-based projects which will enhance the quality of life in Richmond.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Finance Director, Susan Lang, 402 Morton Street, Richmond, Texas 77469.

BASIC FINANCIAL STATEMENTS

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CITY OF RICHMOND, TEXAS
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,659,934	\$ 11,996,797	\$ 20,656,731	\$ 5,366,952
Investments	744,000		744,000	
Accounts receivable	1,239,079	1,293,862	2,532,941	253,436
Internal balances	184,742	(184,742)		
Capital assets, not subject to depreciation:				
Land	1,911,135	1,287,511	3,198,646	
Construction in progress	114,223	265,289	379,512	
Capital assets, net of depreciation:				
Infrastructure	2,131,903	20,479,502	22,611,405	
Buildings	4,255,874	5,477,742	9,733,616	
Improvements other than buildings	2,279,685	3,496,175	5,775,860	
Machinery and equipment	1,051,873	166,904	1,218,777	
Total Capital Assets	11,744,693	31,173,123	42,917,816	
Total Assets	22,572,448	44,279,040	66,851,488	5,620,388
Deferred Outflows of Resources:				
Deferred charge on refunding	35,472		35,472	
Total Deferred Outflows of Resources	35,472		35,472	
Liabilities				
Accounts payable and accrued expenses	936,545	998,349	1,934,894	21,762
Due to other governments	4,723		4,723	
Unearned revenue	2,000		2,000	
Accrued interest	114,169	6,797	120,966	
Long-term liabilities:				
Due within one year	988,254	7,667	995,921	
Due in more than one year	16,511,162	69,001	16,580,163	
Total Liabilities	18,556,853	1,081,814	19,638,667	21,762
Net Position				
Net investment in capital assets	2,608,034	31,173,123	33,781,157	
Restricted for:				
Debt service	525,917	7,667	533,584	
Community projects	91,665		91,665	5,597,631
Public safety	80,546		80,546	
Unrestricted	744,905	12,016,436	12,761,341	995
Total Net Position	\$ 4,051,067	\$ 43,197,226	\$ 47,248,293	\$ 5,598,626

See Notes To Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 1,753,484	\$	\$ 408,208	\$
Public safety	6,959,939	1,443,301	218,957	15
Public works	4,468,498	1,867,707		
Parks and recreation	485,120			
Interest on long-term debt	569,840			
Total governmental activities	14,236,881	3,311,008	627,165	15
Business-type activities:				
Water and sewer	5,473,678	10,665,213	111,804	2,704,271
Total business-type activities	5,473,678	10,665,213	111,804	2,704,271
Total primary government	\$ 19,710,559	\$ 13,976,221	\$ 738,969	\$ 2,704,286
Component Units				
Development Corporation of Richmond	\$ 340,964			
Total component units	\$ 340,964			
General revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Franchise taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in net position				
Net Position - Beginning, as restated				
Net Position - Ending				

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$ (1,345,276)	\$	\$ (1,345,276)	
(5,297,666)		(5,297,666)	
(2,600,791)		(2,600,791)	
(485,120)		(485,120)	
(569,840)		(569,840)	
<u>(10,298,693)</u>		<u>(10,298,693)</u>	
	8,007,610	8,007,610	
	8,007,610	8,007,610	
(10,298,693)	8,007,610	(2,291,083)	
			\$ (340,964)
			<u>(340,964)</u>
2,993,345		2,993,345	
3,124,420		3,124,420	1,040,876
749,861		749,861	
16,541	4,343	20,884	680
60,178		60,178	2,470
1,857,765	(1,857,765)		
8,802,110	(1,853,422)	6,948,688	1,044,026
(1,496,583)	6,154,188	4,657,605	703,062
5,547,650	37,043,038	42,590,688	4,895,564
<u>\$ 4,051,067</u>	<u>\$ 43,197,226</u>	<u>\$ 47,248,293</u>	<u>\$ 5,598,626</u>

CITY OF RICHMOND, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>
Assets			
Cash and cash equivalents	\$ 1,180,470	\$ 575,521	\$ 6,563,094
Investments			744,000
Taxes receivable, net	770,127	53,779	
Due from other funds	204,143	65,762	
Due from other governments	87,100		
Other receivables	327,910		163
Total Assets	<u>\$ 2,569,750</u>	<u>\$ 695,062</u>	<u>\$ 7,307,257</u>
Liabilities			
Accounts payable	\$ 688,776	\$	\$ 39,147
Due to other funds	65,761	16,232	62,912
Due to other governments			
Unearned revenue	2,000		
Total Liabilities	<u>756,537</u>	<u>16,232</u>	<u>102,059</u>
Deferred Inflows of Resources			
Unavailable revenues	117,947	53,779	
Total Deferred Inflows of Resources	<u>117,947</u>	<u>53,779</u>	
Fund balances:			
Restricted:			
Debt service		625,051	
Capital projects			7,205,198
Public safety			
Community projects			
Unassigned	1,695,266		
Total Fund Balances	<u>1,695,266</u>	<u>625,051</u>	<u>7,205,198</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,569,750</u>	<u>\$ 695,062</u>	<u>\$ 7,307,257</u>

See Notes to Basic Financial Statements.

Community Development Block Grant	Non-Major Governmental Funds	Total Governmental Funds
\$ 211,983	\$ 128,866	\$ 8,659,934
		744,000
		823,906
59,742		329,647
		87,100
		328,073
<u>\$ 271,725</u>	<u>\$ 128,866</u>	<u>\$ 10,972,660</u>
\$ 219,272	\$ 4,385	\$ 951,580
		144,905
	4,723	4,723
		2,000
<u>219,272</u>	<u>9,108</u>	<u>1,103,208</u>
		<u>171,726</u>
		<u>171,726</u>
		625,051
		7,205,198
	80,546	80,546
52,453	39,212	91,665
		1,695,266
<u>52,453</u>	<u>119,758</u>	<u>9,697,726</u>
<u>\$ 271,725</u>	<u>\$ 128,866</u>	<u>\$ 10,972,660</u>

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CITY OF RICHMOND, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2013

Total fund balance, governmental funds \$ 9,697,726

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 11,744,693

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Unavailable revenue 171,726

Deferred gain/loss on refunding 35,472

Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position

Bonds payable, at maturity	(15,870,000)
Premium/discount on bonds payable	(515,529)
Capital lease obligation	(471,857)
Accrued long-term interest	(99,134)
Compensated absences	(642,030)

Net Position of Governmental Activities in the Statement of Net Position \$ 4,051,067

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>
Revenues			
Taxes:			
Property taxes	\$ 2,095,592	\$ 937,627	\$
Sales and use taxes	3,124,420		
Franchise taxes	749,861		
Fines and forfeitures	379,849		
Licenses and permits	378,338		
Intergovernmental	218,957		
Charges for services	2,547,642		
Investment earnings	11,586	1,751	3,080
Miscellaneous	59,499		
Total Revenues	<u>9,565,744</u>	<u>939,378</u>	<u>3,080</u>
Expenditures			
Current:			
General government	1,681,486		
Public safety	6,453,398		
Public works	2,287,018		
Culture and recreation	409,587		
Capital Outlay	124,110		877,082
Debt Service:			
Principal	129,311	570,000	
Interest and other charges	26,009	396,217	224,916
Total Expenditures	<u>11,110,919</u>	<u>966,217</u>	<u>1,101,998</u>
Revenues over (under) expenditures	<u>(1,545,175)</u>	<u>(26,839)</u>	<u>(1,098,918)</u>
Other Financing Sources (Uses)			
Proceeds from issuance of general obligation bonds			6,620,000
Proceeds from issuance of certificates of obligation			2,265,000
Premium on issuance of bonds			296,116
Payment to escrow agent			(2,045,472)
Transfers in	2,108,989		
Transfers out		(223,235)	(27,989)
Total other financing sources (uses)	<u>2,108,989</u>	<u>(223,235)</u>	<u>7,107,655</u>
Net Changes in Fund Balances	563,814	(250,074)	6,008,737
Fund Balances - Beginning of Year	<u>1,131,452</u>	<u>875,125</u>	<u>1,196,461</u>
Fund Balances - End of Year	<u>\$ 1,695,266</u>	<u>\$ 625,051</u>	<u>\$ 7,205,198</u>

See Notes to Basic Financial Statements.

Community Development Block Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$ 3,033,219
		3,124,420
		749,861
	11,929	391,778
401,458		378,338
		620,415
		2,547,642
	124	16,541
	1,747	61,246
<u>401,458</u>	<u>13,800</u>	<u>10,923,460</u>
		1,681,486
	14,569	6,467,967
		2,287,018
		409,587
407,596	35,791	1,444,579
		699,311
		647,142
<u>407,596</u>	<u>50,360</u>	<u>13,637,090</u>
<u>(6,138)</u>	<u>(36,560)</u>	<u>(2,713,630)</u>
		6,620,000
		2,265,000
		296,116
		(2,045,472)
		2,108,989
		(251,224)
		<u>8,993,409</u>
(6,138)	(36,560)	6,279,779
58,591	156,318	3,417,947
<u>\$ 52,453</u>	<u>\$ 119,758</u>	<u>\$ 9,697,726</u>

CITY OF RICHMOND, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds: \$ 6,279,779

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$1,443,087 exceeded depreciation of \$825,591 in the current period. 617,496

This amount represents capital outlay of the governmental funds used to purchase assets for the City's enterprise fund. The amount of outlay transferred is recorded as a capital contribution in the business-type activities and capital outlay in the governmental funds. (249,615)

Donated equipment does not represent current assets, and therefore is not recognized as revenue in governmental fund financials. The total amount is, however, reflected in the government wide financial statements as program revenue. 15

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the book value of the asset sold. (1,068)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (39,874)

Governmental funds report the proceeds of bond sales as another financial source or an increase to fund balance. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities. (6,875,000)

This amount represents the enterprise fund's debt that was refunded by the Governmental Activities of the City. The series 2004 Certificates of Obligation issued for water and wastewater improvements were refunded by the Series 2013 General Obligation and refunding bonds held in the Governmental Activities. (1,705,000)

Governmental funds report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt. 699,310

Deferred charges on bond refunding, and other debt charges which are treated as expenditures or other sources/uses in the fund basis financial statements are set up as assets and amortized in the Statement of Net Position. The net change for each represents an increase/(decrease) in net position.

Bond premiums/discounts (296,116)
Gain/loss on refunding 35,472

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Changes in accrued compensated absences 38,018

Change in net position of governmental activities \$ (1,496,583)

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2013

	Business-type Activities
	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 11,996,797
Accounts receivable, net	1,293,862
Total Current Assets	13,290,659
Non-current assets:	
Capital assets not being depreciated:	
Land and improvements	1,287,511
Construction in progress	265,289
Other capital assets, net of depreciation:	
Infrastructure	20,479,502
Buildings	5,477,742
Improvements other than buildings	3,496,175
Equipment and furniture	166,904
Total Non-Current Assets	31,173,123
Total Assets	44,463,782
Liabilities	
Current liabilities:	
Accounts payable	419,511
Due to other funds	184,742
Deposits	578,838
Accrued interest payable	6,797
Compensated absences	7,667
Total Current Liabilities	1,197,555
Non-current liabilities:	
Compensated absences	69,001
Total Non-Current Liabilities	69,001
Total Liabilities	1,266,556
Net Position	
Investment in capital assets	31,173,123
Unrestricted	12,024,103
Total Net Position	\$ 43,197,226

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2013

	Business-type Activities
	Water and Sewer
Operating Revenues	
Charges for services	\$ 8,779,896
Miscellaneous	1,885,317
Total Operating Revenues	<u>10,665,213</u>
Operating Expenses	
Personnel services	1,758,851
Supplies	49,073
Contracted services	85,819
Other	2,294,001
Depreciation	1,212,699
Total Operating Expenses	<u>5,400,443</u>
Operating income (loss)	<u>5,264,770</u>
Non-Operating Revenues (Expenses)	
Interest and investment revenue	4,343
Intergovernmental revenues	111,804
Interest expense	(73,235)
Total Non-Operating Revenues (Expenses)	<u>42,912</u>
Income before Transfers	5,307,682
Capital contributions	2,704,271
Transfers in	223,235
Transfers out	(2,081,000)
Change in Net Position	6,154,188
Total Net Position - Beginning of Year	<u>37,043,038</u>
Total Net Position - End of Year	<u><u>\$ 43,197,226</u></u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2013

	Business-type Activities
	Water and Sewer
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 10,678,758
Disbursed for personnel services	(1,682,183)
Disbursed for goods and services	(2,365,132)
Net cash provided by operating activities	6,631,443
 Cash Flows From Noncapital Financing Activities	
Transfers from other funds	223,235
Transfers to other funds	(2,081,000)
Operating grants and contributions	111,803
Net cash used by noncapital financing activities	(1,745,962)
 Cash Flows From Capital and Related Financing Activities	
Principal payments on debt	(150,000)
Acquisition and construction of capital assets	(2,127,695)
Cash flows from capital and related financing activities	(2,277,695)
 Cash Flows From Investing Activities	
Interest received	4,343
Interest paid	(73,235)
Net cash used by investing activities	(68,892)
 Net increase (decrease) in cash and cash equivalents	2,538,894
Cash and cash equivalents - beginning of year	9,457,903
Cash and cash equivalents - end of year	\$ 11,996,797
 Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 5,264,770
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,212,699
(Increase) decrease in accounts receivable	(48,037)
Increase (decrease) in accounts payable	63,761
Increase (decrease) in accrued compensated absences	76,668
Increase (decrease) in customer deposits	61,582
Net cash provided by operating activities	\$ 6,631,443
 Noncash investing, capital, and financing activities:	
Contributions of capital assets	\$ 249,615
Refunding of outstanding debt by Governmental Activities	1,705,000
Total noncash investing, capital, and financing activities:	\$ 1,954,615

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2013

	Governmental Activities		
	Totals	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
Assets			
Cash and cash equivalents	\$ 5,366,952	\$ 5,365,957	\$ 995
Accounts receivable	253,436	253,436	
Total Assets	5,620,388	5,619,393	995
Liabilities			
Accounts payable and accrued expenses	21,762	21,762	
Total Liabilities	21,762	21,762	
Net Position			
Restricted for:			
Community projects	5,597,631	5,597,631	
Unrestricted	995		995
Total Net Position	\$ 5,598,626	\$ 5,597,631	\$ 995

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

	Governmental Activities		
	Totals	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
General Revenues			
Taxes:			
Sales and use taxes	\$ 1,040,876	\$ 1,040,876	\$
Unrestricted investment earnings	680	680	
Miscellaneous	2,470	2,470	
Total general revenues	<u>1,044,026</u>	<u>1,044,026</u>	
Expenses			
Economic development	340,964	340,964	
Total expenses	<u>340,964</u>	<u>340,964</u>	
Change in net position	703,062	703,062	
Net Position - Beginning	<u>4,895,564</u>	<u>4,894,569</u>	<u>995</u>
Net Position - Ending	<u>\$ 5,598,626</u>	<u>\$ 5,597,631</u>	<u>\$ 995</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 - Organization

The City of Richmond, Texas (the City), was incorporated on June 5, 1837, by Act of the Senate and House of Representatives of the Republic of Texas. On July 30, 1913, the City adopted a Commission form of government. On May 7, 2013 the citizens of the City voted to adopt a home-rule charter which provided for a commission-manager form of government.

The City Commission is the principal legislative body of the City. The Mayor presides at meetings of the City Commission.

The City provides the following services: public safety to include police and fire, highways and streets, sanitation, water and wastewater, recreation, public improvements, and general administration.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Development Corporation of Richmond

The Development Corporation of Richmond (the "Corporation") has been included in the reporting entity as a discretely presented component unit. In 1995, the Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Commission. City Commission approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the Corporation shall be conveyed to the City.

Richmond Higher Education Finance Corporation

The Richmond Higher Education Finance Corporation (the "Education Corporation") has been included in the reporting entity as a discretely presented component unit. In 2002, the Education Corporation was created by the City for the purpose of financing buildings and other capital assets for universities. The Board of Directors is appointed by and serves at the discretion of the City Commission. City Commission approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the Education Corporation shall be conveyed to the City.

Separately-issued audited financial statements are not issued for the discretely presented component units.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The City is an independent political subdivision of the State of Texas governed by an elected commission and a mayor and is considered a primary government. As required by U.S. generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and as a result, data from these units are combined with data of the primary government. The City had no such blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the following discretely presented component units: the Development Corporation of Richmond and the Richmond Higher Education Finance Corporation. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus, as are the proprietary fund financial statements. The government-wide statements, proprietary fund statements, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

General property taxes are recorded as receivables when levied and as revenue in the period for which they were levied and become available. Property taxes receivable have been recorded as deferred inflows of resources at year-end.

Property taxes collected within 60 days subsequent to September 30, 2013, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2013, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

The City reports the following major governmental funds:

The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and parks and recreation.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of principal and interest on general long-term debt of the City.

The *Capital Projects Fund* is used to account for the accumulation of resources for the construction of capital projects through debt proceeds and other governmental activity resources.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The *Community Development Block Grant (CDBG) Fund* is used to account for the costs and reimbursements of costs related to the City's CDBG grant awards.

The City has one major proprietary fund:

The *Water and Sewer Enterprise Fund* is used to account for operations of the water and sewer division and the construction of related facilities. The fund is financed and operated in a manner similar to private business enterprises -- where the intent of the City is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), impact fees and other City funds.

Private-sector standards for accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. The City has elected not to follow private sector guidance issued subsequent to that date.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund are charges to customers for sales and services. Operational expenses for the fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Net position is categorized into three components – net investment in capital assets; restricted; and unrestricted. These classifications are as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

The City reports cash and cash equivalents in the District's statement of cash flows for Proprietary Fund Types and in all other financial statements of financial position. The City considers cash and cash equivalents to be cash on hand, demand deposits, certificates of deposit, balances in public funds investment pools and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Due to and from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Position and are recorded as "due from other funds" or "due to other funds" in the fund financial statements.

H. Inventories and Prepaid Items

Inventories of the General and Enterprise Funds are valued at the lesser of cost (weighted moving average) or fair value. Inventories for all funds consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and depreciated over the remaining useful lives of the related capital assets using the straight line method, as applicable.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than Buildings	30 years
Infrastructure	30 years
Vehicles	5 years
Machinery and equipment	5 years

J. Compensated Absences

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City accrues vacation and sick leave based on criteria established by the Governmental Accounting Standards Board. For all funds, this liability reflects amounts attributable to cumulative employee services previously rendered, where the payment is probable and can be reasonably estimated.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet.

L. General Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Appraised values are established by the Fort Bend County Central Appraisal Districts (the "CAD"). Taxes are levied by the City Commission based on the appraised values received from the CAD.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

M. Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

N. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

O. Bond Discounts/Premiums

In governmental fund types, bond discounts and premiums are recognized in the current period and are deferred and amortized in the Government-wide Statement of Activities. Bond discounts and premiums for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts and premiums are recorded as deferred charges.

P. Fund Equity

In the fund financial statements, the City restricts or commits all or portions of fund equity in the various governmental fund financial statements. The unassigned fund balances for governmental funds represent the amount available for budgeting future operations. The restricted fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that are subject to external restrictions from creditors, grantors, contributors, or laws of other governments.

Committed fund balance – amounts constrained for specific purposes as determined by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. City Council will approve obligations of funds, such as multiyear contracts, prior to the end of the fiscal year.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

P. Fund Equity (continued)

Assigned fund balance – amounts the City intends to use for a specific purpose that is neither restricted or committed and includes the remaining positive fund balance of all governmental funds except for the General Fund. Balances for encumbrances, other than those committed by City Council, fall into this category. Intent can be established by City Council or delegated to the City Manager.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City will typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The City does not have a formal fund balance policy at this time.

Unrestricted net position for proprietary funds represents the net position available for future operations or distribution. Restricted net position for proprietary funds represents the net position that has been legally identified for specific purposes.

Q. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

R. Post-employment Healthcare Benefits

The City provides post-employment healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the City incurs no direct costs.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest

The Commission has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, and brokered certificates of deposit fully insured by the State of Texas, repurchase agreements, commercial paper, obligations of the State of Texas or other state agencies, and local government investment pools. The maximum maturity allowed is three years from date of purchase. The City's investment policy does not allow investments in bankers' acceptances, mutual funds, and floating rate investments or swaps.

Deposit and Investment Amounts

The City's cash and investments are classified as: cash and cash equivalents and restricted cash. The cash and cash equivalents include cash on hand and deposits with financial institutions. The restricted cash and investments are assets restricted for specific use.

The following schedule shows the City's recorded cash and cash equivalents at year-end:

	Total Fair Value	
	Primary Government	Component Units
Cash Deposits	\$ 20,656,731	\$ 5,366,952
Certificates of Deposit	744,000	
Total	\$ 21,400,731	\$ 5,366,952

At September 30, 2013, all of the City's deposits were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name, which totaled \$24,033,722 as of September 30, 2013.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Deposits (Cash) and Investments (continued)

Interest Rate Risk

At year-end, the City had no investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles.

The City measures interest rate risk using the weighted average maturity method for the portfolio. The City's investment policy specifies a maximum weighted average maturity of 270 days based on the stated maturity date for each investment in the portfolio. To the extent possible, the City attempts to match investments with anticipated cash flow requirements. The City does not directly invest in securities with a stated maturity date more than three years or 1,095 days from date of purchase. The settlement date is considered the date of purchase.

Concentration of Credit Risk

The City's investment policy allows investments by type based on the following diversification requirements:

	Percentage of Portfolio (Maximum)
U.S. Treasury Obligations	90%
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	80%
State Obligations	20%
Fully Collateralized Certificates of Deposit	40%
Fully Collateralized Repurchase Agreements	50%
Flex in CIP Funds	100%
Local Government Investment Pools	100%
Money Market Funds	100%
Commercial Paper	25%
Demand Deposits	100%
Brokered CD Securities	20%

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 4 - Receivables

Amounts recorded as receivables as of September 30, 2013, for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Water and Sewer</u>	<u>Discretely Presented Component Units</u>	<u>Total</u>
Receivables:						
Sales and use taxes	\$ 534,308	\$	\$	\$	\$ 253,436	\$ 787,744
Property taxes	364,303	159,489				523,792
Franchise taxes	117,872					117,872
Customer accounts				1,293,862		1,293,862
Grants	87,100					87,100
Other	327,910		163			328,073
Gross Receivables	<u>1,431,493</u>	<u>159,489</u>	<u>163</u>	<u>1,293,862</u>	<u>253,436</u>	<u>3,138,443</u>
Less: allowance for uncollectibles	<u>(246,356)</u>	<u>(105,710)</u>				<u>(352,066)</u>
Net Total Receivables	<u>\$ 1,185,137</u>	<u>\$ 53,779</u>	<u>\$ 163</u>	<u>\$ 1,293,862</u>	<u>\$ 253,436</u>	<u>\$ 2,786,377</u>

Delinquent tax collections during the first sixty days subsequent to year end have not been recorded as revenue, as the amount is not considered material.

Note 5 - Capital Assets

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2013, follows:

	<u>Balance 9/30/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2013</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,908,751	\$ 2,384	\$	\$ 1,911,135
Construction in progress	314,544	814,300	(1,014,621)	114,223
Total capital assets, not being depreciated	<u>2,223,295</u>	<u>816,684</u>	<u>(1,014,621)</u>	<u>2,025,358</u>
Capital assets being depreciated:				
Buildings	5,606,020			5,606,020
Improvements other than buildings	2,488,319	779,681		3,268,000
Infrastructure	7,043,315	465,778		7,509,093
Machinery and equipment	5,671,048	145,965	(171,052)	5,645,961
Total capital assets being depreciated	<u>20,808,702</u>	<u>1,391,424</u>	<u>(171,052)</u>	<u>22,029,074</u>
Less accumulated depreciation for:				
Buildings	(1,309,673)	(40,473)		(1,350,146)
Improvements other than buildings	(958,679)	(29,636)		(988,315)
Infrastructure	(4,979,569)	(397,621)		(5,377,190)
Machinery and equipment	(4,406,211)	(357,861)	169,984	(4,594,088)
Total accumulated depreciation	<u>(11,654,132)</u>	<u>(825,591)</u>	<u>169,985</u>	<u>(12,309,739)</u>
Total capital assets being depreciated, net	<u>9,154,570</u>	<u>565,833</u>	<u>(1,067)</u>	<u>9,719,335</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 11,377,865</u>	<u>\$ 1,382,517</u>	<u>\$ (1,015,688)</u>	<u>\$ 11,744,693</u>

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Capital Assets (continued)

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 841,421	\$ 446,090	\$	\$ 1,287,511
Construction in progress	814,219	284,299	(833,229)	265,289
Total capital assets, not being depreciated	1,655,640	730,389	(833,229)	1,552,800
Capital assets being depreciated:				
Buildings	8,665,357	833,229		9,498,586
Improvements other than buildings	4,232,674			4,232,674
Infrastructure	39,279,724	2,355,280		41,635,004
Machinery and equipment	1,084,775	41,297		1,126,072
Total capital assets being depreciated	53,262,530	3,229,806		56,492,336
Less accumulated depreciation for:				
Buildings	(3,893,747)	(127,097)		(4,020,844)
Improvements other than buildings	(467,579)	(268,920)		(736,499)
Infrastructure	(20,400,344)	(755,158)		(21,155,502)
Machinery and equipment	(897,643)	(61,525)		(959,168)
Total accumulated depreciation	(25,659,313)	(1,212,700)		(26,872,013)
Total capital assets being depreciated, net	27,603,217	2,017,106		29,620,323
Business-type Activities				
Capital Assets, Net	\$ 29,258,857	\$ 2,747,495	\$ (833,229)	\$ 31,173,123

Depreciation was charged to functions of the primary government as follows:

Governmental Activities	
General	\$ 62,536
Public safety	432,850
Public works	253,489
Parks and recreation	76,716
	<u>\$ 825,591</u>
Business-type Activities	
Water and sewer	<u>\$ 1,212,700</u>

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Capital Assets (continued)

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2013, are as follows:

	<u>Authorized Commitment</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental Activities			
Fire Department Main Station	\$ 1,500,000	\$ 24,083	\$ 1,475,917
FM 2218 to FM 762 TxDOT Project	30,315	30,135	180
90A Overpass TxDOT Project	26,000	26,000	
Wessendorff Park Phase II	1,000,000	16,900	\$ 983,100
East Laurel Oaks Street	880,000	17,105	\$ 862,895
Business-type Activities			
Winston Terrace Storage Tank Recoat	\$ 59,400	\$ 7,050	\$ 52,350
Edgar Water Well and Water Plant	4,298,515	258,239	4,040,276

Note 6 - Long-Term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for general government and enterprise fund activities. These instruments include general obligation bonds and certificates of obligation. General long-term bonds reported in the governmental funds are paid through the Debt Service Fund from tax revenues. Compensated absences are liquidated from the General Fund in the governmental activities and Enterprise fund in the business-type activities.

During the year ended September 30, 2013, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 7,860,000	\$ 6,620,000	\$ (875,000)	\$ 13,605,000	\$ 710,000
Certificates of obligation		2,265,000		2,265,000	60,000
Bond issuance premiums/discounts	219,413	314,799	(18,683)	515,529	18,683
Capital leases	601,167		(129,310)	471,857	135,368
Compensated absences	680,048	115,744	(153,762)	642,030	64,203
Governmental Activities					
Long-term Liabilities	<u>\$ 9,360,628</u>	<u>\$ 9,315,543</u>	<u>\$ (1,176,755)</u>	<u>\$ 17,499,416</u>	<u>\$ 988,254</u>
Business-Type Activities:					
Bonds Payable:					
Certificates of obligation	\$ 1,855,000		\$ (1,855,000)	\$ 76,668	\$ 7,667
Compensated absences		76,668		76,668	7,667
Business-type Activities					
Long-term Liabilities	<u>\$ 1,855,000</u>	<u>\$ 76,668</u>	<u>\$ (1,855,000)</u>	<u>\$ 76,668</u>	<u>\$ 7,667</u>

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 6 - Long-Term Debt (continued)

The following is a summary of the terms of obligations of general obligation bonds and certificates of obligation outstanding as of September 30, 2013:

Governmental Activities:	Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General Obligation Bonds					
	Series 2009 general obligation bonds	3.00-4.25%	\$ 4,000,000	2029	\$ 3,990,000
	Series 2010 general obligation and refunding bonds	2.00-4.00%	5,040,000	2020	3,030,000
	Series 2013 general obligation and refunding bonds	3.00-4.25%	6,620,000	2038	6,620,000
					<u>13,640,000</u>
Certificates of Obligation					
	Series 2013 combination tax and revenue certificates of obligation	2.00-4.13%	2,265,000	2038	2,265,000
Total Governmental Activities					<u>\$ 15,905,000</u>

Annual debt service requirements to retire outstanding general obligation bonds and certificates of obligation are as follows:

Year Ending September 30,	Governmental Activities General Obligation Bonds			Governmental Activities Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 710,000	\$ 483,175	\$ 1,193,175	\$ 60,000	\$ 82,100	\$ 142,100
2015	730,000	465,200	1,195,200	60,000	80,900	140,900
2016	830,000	443,669	1,273,669	60,000	79,700	139,700
2017	850,000	419,375	1,269,375	65,000	78,450	143,450
2018	870,000	391,537	1,261,537	65,000	77,150	142,150
2019	895,000	360,525	1,255,525	65,000	75,850	140,850
2020	930,000	327,513	1,257,513	70,000	74,325	144,325
2021	640,000	299,808	939,808	70,000	72,575	142,575
2022	660,000	277,793	937,793	75,000	70,388	145,388
2023	685,000	253,836	938,836	75,000	67,763	142,763
2024	710,000	226,938	936,938	80,000	64,800	144,800
2025	430,000	204,022	634,022	80,000	61,500	141,500
2026	445,000	186,128	631,128	85,000	58,097	143,097
2027	470,000	167,087	637,087	90,000	54,488	144,488
2028	485,000	147,047	632,047	90,000	50,775	140,775
2029	510,000	126,169	636,169	95,000	46,959	141,959
2030	260,000	110,107	370,107	100,000	42,938	142,938
2031	265,000	99,113	364,113	105,000	38,709	143,709
2032	280,000	87,531	367,531	110,000	34,275	144,275
2033	295,000	75,312	370,312	115,000	29,563	144,563
2034	305,000	62,562	367,562	120,000	24,569	144,569
2035	315,000	49,387	364,387	125,000	19,363	144,363
2036	330,000	35,888	365,888	130,000	14,025	144,025
2037	345,000	21,966	366,966	135,000	8,559	143,559
2038	360,000	7,425	367,425	140,000	2,888	142,888
	<u>\$ 13,605,000</u>	<u>\$ 5,329,112</u>	<u>\$ 18,934,112</u>	<u>\$ 2,265,000</u>	<u>\$ 1,310,706</u>	<u>\$ 3,575,706</u>

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 6 - Long-Term Debt (continued)

Capital Leases

During the year ended September 30, 2012 the City entered into a lease purchase agreement for the acquisition of a street sweeper costing \$40,410. The lease is for a period of three years with annual payments of \$14,391 and a stated interest rate of 3.38%. Interest paid on this lease was \$1,366 for the year ended September 30, 2013.

During the year ended September 30, 2011 the City entered into a lease purchase agreement for the acquisition of a fire truck costing \$400,000. The lease is for a period of six years with annual payments of \$79,629 and a stated interest rate of 4.69%. Interest paid on this lease was \$17,167 for the year ended September 30, 2013.

During the year ended September 30, 2008 the City entered into a lease purchase agreement to finance the acquisition of a fire station costing \$500,000. The lease is for a period of ten years with annual payments of \$62,912 and a stated interest rate of 4.59%. Interest paid on this lease was \$14,446 for the year ended September 30, 2013.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of September 30, 2013:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u> <u>Amount</u>
2014	\$ 156,932
2015	156,932
2016	142,541
2017	<u>62,912</u>
Total minimum lease payments	519,317
Less interest portion	<u>(47,460)</u>
Present value of minimum lease payments	<u>\$ 471,857</u>

The assets acquired through capital lease are as follows:

Assets:	
Buildings	\$ 500,000
Vehicles	440,410
Less: Accumulated Depreciation	<u>(306,905)</u>
Net	<u>\$ 633,505</u>

Legal Compliance

A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 7 - Interfund Transactions

The composition of interfund balances as of September 30, 2013, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 204,143	\$ 65,761
Debt Service Fund	65,762	16,232
Capital Projects Fund		62,912
CDBG Fund	59,742	
Water and Sewer Fund		184,742
	<u>\$ 329,647</u>	<u>\$ 329,647</u>

Amounts recorded as interfund receivables and payables are considered to be temporary loans and will be repaid during the following fiscal year.

For the year ended September 30, 2013, interfund transfers consisted of:

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Totals</u>
	General Fund	Capital Projects Fund	Water and Sewer Fund	
Water and Sewer Fund	\$ 2,108,989	\$ (27,989)	\$	\$2,081,000
Debt Service Fund			223,235	223,235
Totals	<u>\$ 2,108,989</u>	<u>\$ (27,989)</u>	<u>\$ 223,235</u>	<u>\$2,304,235</u>

Transfers are used to move revenues from the fund with collection authorization to other funds to finance various programs and projects of the City.

Note 8 - Employee Retirement System

Plan Description

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

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

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Employee Retirement System (continued)

Benefits

Benefits depend upon the sum of an employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions, accumulated with interest, if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

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

Employee deposit rate:	7%
Matching ratio (city to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility (expressed as age/years of service):	60/5, 0/20
Updated service credit:	100% repeating, transfers
Annuity increase (to retirees):	70% of CPI repeating

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2011 valuation is effective for rates beginning in January 2013).

The City's total payroll in fiscal year 2013 was \$6.5 million, and the City's contributions were based on a payroll of \$6.5 million. Contributions made by employees totaled \$445 thousand, and the City made contributions of \$938,140 thousand during the fiscal year ended September 30, 2013.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Employee Retirement System (continued)

Annual Pension Cost

The City's annual pension cost was equal to the City's required and actual contributions. Three-year trend information for the City's annual pension cost and net pension obligation are as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>NPO at the end of the period</u>
2011	\$ 1,044,544	100%	\$0
2012	948,347	100%	\$0
2013	938,140	100%	\$0

Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of actuarial valuation. As explained above, there is a time delay between the valuation and when the rate becomes effective -- for example, the January 1, 2013 contribution rate is based on the December 31, 2011 valuation results. If a change in plan provisions is elected by the City, this rate can change. The actuary determines contribution rates on a calendar-year basis. The City discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the City's fiscal year.

Funding Policy

The funded status of the Plan as of December 31, 2012 is presented as follows:

Actuarial valuation date	December 31, 2012
Actuarial value of plan assets (a)	\$25,367,115
Actuarial accrued liability (AAL) (b)	\$28,462,253
Funded Ratio (a/b)	89.1%
Unfunded AAL (UAAL) (b-a)	\$3,095,138
Covered Payroll (c)	\$6,228,649
UAAL as % of covered payroll ((b-a)/c)	49.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Employee Retirement System (continued)

Funding Policy (continued)

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011, valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation date	December 31, 2010	December 31, 2011	December 31, 2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent			
single amortization period	27.3 years; closed period	26.3 years; closed period	25.3 years; closed period
Amortization period for			
new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment return *	7.0%	7.0%	7.0%
Projected salary			
increases *	varies by age and service	varies by age and service	varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living			
adjustments	2.1%	2.1%	2.1%

Supplemental Death Benefits Fund

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contributions to the TMRS SDBF for the fiscal years ended 2013, 2012 and 2011, were \$13,038, \$12,116, and \$15,808, respectively, which equaled the required contributions each year.

Fiscal Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percent Contributed
2011	0.21%	0.21%	100%
2012	0.17%	0.17%	100%
2013	0.15%	0.15%	100%

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 9 - Commitments and Contingencies

Litigation and Other Contingencies

From time to time, the City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City Management and legal counsel that any ultimate uninsured liability to the City from these lawsuits will not be material.

Arbitrage Rebate

In accordance with the provisions of the Internal Revenue Code, sections 103, 103A, and 148, as amended, a governmental debt issuance must qualify and maintain tax-exempt status by satisfying certain arbitrage requirements contained in these provisions. As part of the requirements, certain amounts earned on the non-purpose investment of debt issuance proceeds, in excess of the yield on an issue, earned as arbitrage, will be required to be paid to the U.S. Treasury. As part of this process, the City annually determines potential arbitrage liabilities on its debt issues, on component unit debt issues and on debt issues assumed by the City from various Municipal Utility Districts.

Note 10 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates in the Texas Municipal League's General Liability Fund. In addition, the City participates in the Texas Municipal League's Workers Compensation Fund to insure the City for workers compensation claims. The Texas Municipal League is not intended to operate as an insurance company but rather as contracting mechanism by which the city provides self-insurance benefits to its employees. The fund contracts with a third-party administrator for administration, investigation and adjustment services in the handling of claims. Premiums are based on the estimated City payroll risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool. The City has not significantly reduced insurance coverage in the last three years.

Note 11 - Stewardship, Compliance and Accountability

For the year ended September 30, 2013, expenditures exceeded appropriations in the Debt Service Fund by \$54,288. The excess expenditures were due to debt principal payments which were reimbursed by the Economic Development Corporation of Richmond.

Note 12 - Strategic Partnership Agreements

On October 22, 2007, the City entered into Strategic Partnership Agreements (SPA) with Pecan Grove Municipal Utility District ("Pecan Grove MUD") and Fort Bend County Municipal Utility District No. 116 ("FBCMUD 116") whereby the City will annex certain commercial areas within Pecan Grove MUD and FBCMUD 116 (the Limited Purpose Tracts). The City shall impose a Sales and Use Tax on the sale and use at retail of taxable items within the Limited Purpose Tracts. Pecan Grove MUD and FBCMUD 116 are entitled to one-half of all Sales and Use Tax revenues, which will be paid to the Districts by the City within 30 days of receipt by the City. During the current fiscal year, the City paid \$186,560 to Pecan Grove MUD and \$139,870 to FBCMUD 116 in tax rebates in accordance with the SPA.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 - Strategic Partnership Agreements (continued)

The Districts may audit the Sales and Use Tax collections by the City solely to determine whether the Sales and Use Tax revenue payments have been made to the Districts in accordance with this agreement. The Districts must give the City a 30-day written notice of such audit and the audit shall be made at each District's sole cost and expense.

Note 13 - Richmond-Rosenberg Local Government Corporation

The Richmond-Rosenberg Local Government Corporation was organized for the purpose of aiding, assisting and acting on behalf of the City of Richmond, Texas, and the City of Rosenberg, Texas, in the performance of the governmental functions thereof in order to promote the common good and general welfare, including, without limitation, acquiring, constructing, leasing, improving, enlarging, extending, repairing, maintaining and operating a regional water utility system. The Board of Directors consists of five members. Two Directors are appointed by a resolution adopted by the Richmond City Commission, two Directors are appointed by a resolution adopted by the City of Rosenberg City Council and one Director is appointed jointly by a resolution of the Richmond City Commission and the Rosenberg City Council.

Note 14 - Restatement of Beginning Fund Balances

The City expensed the unamortized bond issuance costs in accordance with the implementation of GASB Statement No. 65. The effect of this restatement on beginning net position is as follows:

	<u>Governmental Activities</u>
Net Position as of September 30, 2012	\$ 5,726,537
Expense unamortized debt issuance costs in accordance with GASB 65	<u>(178,887)</u>
Net Position as of September 30, 2012, as restated	<u>\$ 5,547,650</u>

Note 15 - Implementation of New GASB Statements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. The City has implemented GASB No. 63 in this annual report.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement will improve financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or as outflows or inflows of resources. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 65 in this annual report. The retroactive effects of implementing this change in reporting debt issuance costs resulted in a restatement of the beginning net position of various balances, as described in Note 15.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended September 30, 2013

	2013			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 3,019,045	\$ 3,019,045	\$ 2,095,592	\$ (923,453)
Sales and use taxes	2,925,000	3,071,250	3,124,420	53,170
Franchise taxes	825,000	825,000	749,861	(75,139)
Fines and forfeitures	376,050	376,050	379,849	3,799
Licenses and permits	200,000	200,000	378,338	178,338
Intergovernmental	115,000	275,944	218,957	(56,987)
Charges for services	2,468,500	2,468,500	2,547,642	79,142
Investment earnings	24,000	24,000	11,586	(12,414)
Miscellaneous	44,800	60,300	59,499	(801)
Total Revenues	9,997,395	10,320,089	9,565,744	(754,345)
Expenditures				
General government:				
General government	663,926	924,212	923,416	796
Vehicle maintenance	145,966	146,558	145,552	1,006
Information technology	161,298	161,388	160,913	475
Janitorial department	87,530	87,609	83,880	3,729
Municipal courts	296,812	368,011	367,725	286
Total general government	1,355,532	1,687,778	1,681,486	6,292
Public safety:				
Police department	3,066,130	3,013,606	2,869,938	143,668
Fire department - central	3,560,698	3,534,070	3,503,340	30,730
Fire department - station #2	32,230	35,180	35,169	11
Fire department - station #3	45,545	45,045	44,951	94
Total public safety	6,704,603	6,627,901	6,453,398	174,503
Public works:				
Public works	283,019	270,463	268,435	2,028
Street department	1,102,470	868,452	756,275	112,177
Sanitation department	295,000	1,295,000	1,262,308	32,692
Total public works	1,680,489	2,433,915	2,287,018	146,897

CITY OF RICHMOND, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL (BUDGETARY BASIS) (continued)

For the Year Ended September 30, 2013

	2013			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Expenditures (continued)				
Parks and recreation:				
Parks department	\$ 417,911	\$ 427,656	\$ 409,587	\$ 18,069
Total parks and recreation	<u>417,911</u>	<u>427,656</u>	<u>409,587</u>	<u>18,069</u>
Capital outlay	124,588	124,588	124,110	478
Debt service				
Principal	129,786	129,786	129,311	475
Interest and other charges	27,755	27,755	26,009	1,746
Total Expenditures	<u>10,440,664</u>	<u>11,459,379</u>	<u>11,110,919</u>	<u>348,460</u>
Revenues over (under) expenditures	(443,269)	(1,139,290)	(1,545,175)	405,885
Other Financing Sources (Uses)				
Transfers in	<u>2,081,000</u>	<u>2,081,000</u>	<u>2,108,989</u>	<u>27,989</u>
Total other financing sources (uses)	<u>2,081,000</u>	<u>2,081,000</u>	<u>2,108,989</u>	<u>27,989</u>
Changes in fund balance	1,637,731	941,710	563,814	(377,896)
Fund Balances - Beginning of Year	<u>1,131,452</u>	<u>1,131,452</u>	<u>1,131,452</u>	
Fund Balances - End of Year	<u><u>\$ 2,769,183</u></u>	<u><u>\$ 2,073,162</u></u>	<u><u>\$ 1,695,266</u></u>	<u><u>\$ 377,896</u></u>

CITY OF RICHMOND, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

Year ended September 30, 2013

General Budget Policies

Annual appropriated budgets are adopted for the general and debt service funds. The original budget is adopted by the City Commission prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in the total budgeted appropriations, must be approved by City Commission through a formal budget amendment. At any time on the fiscal year, the Commission may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Commission has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

CITY OF RICHMOND, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2013

CITY OF RICHMOND, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
2010	\$ 20,970,763	\$ 25,207,524	\$4,236,761	83.2%	\$ 6,269,945	67.6%
2011	23,165,029	26,672,405	3,507,376	86.9%	6,211,040	56.5%
2012	25,367,115	28,462,253	3,095,138	89.1%	6,264,236	49.4%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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Non-Major Governmental Funds

Special Revenue Funds

To account for the proceeds and specific revenue sources that are legally restricted to expenditures for specific purposes.

Festivals Fund

These monies are restricted for the use of holding festivals within the City.

Parks Improvement Fund

This fund accounts for intergovernmental revenues which are restricted for the use of park improvements.

City Narcotics Seizure Fund

This fund is used to account for revenues from seizures which are restricted for the use of law enforcement expenditures.

State Narcotics Fund

This fund is used to account for revenues from state seizures which are restricted for the use of law enforcement expenditures.

Federal Narcotics Fund

This fund is used to account for revenues from federal seizures which are restricted for the use of law enforcement expenditures.

TCLEOSE Fund

This fund accounts for intergovernmental grant revenues and expenditures related to the fire and police departments.

Municipal Court Technology Fund

This fund is used to account for technology court fee assessments. These revenues are restricted for court technology purposes.

Municipal Court Security Fund

This fund is used to account for building security court fee assessments. These revenues are restricted for building security purposes.

CITY OF RICHMOND, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Festivals Fund	Parks Improvement Fund	Narcotics Seizure City	State Narcotics Fund
Assets				
Cash and cash equivalents	\$ 705	\$ 38,507	\$ 7,598	\$ 28,011
Total Assets	<u>\$ 705</u>	<u>\$ 38,507</u>	<u>\$ 7,598</u>	<u>\$ 28,011</u>
Liabilities				
Accounts payable	\$	\$	\$	\$
Payable to other governments				4,723
Total Liabilities				<u>4,723</u>
Fund balances				
Restricted:				
Public safety			7,598	23,288
Community projects	705	38,507		
Total Fund Balances	<u>705</u>	<u>38,507</u>	<u>7,598</u>	<u>23,288</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 705</u>	<u>\$ 38,507</u>	<u>\$ 7,598</u>	<u>\$ 28,011</u>

Federal Narcotics Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
\$ 9,159	\$ 452	\$ 8,280	\$ 36,154	\$ 128,866
<u>\$ 9,159</u>	<u>\$ 452</u>	<u>\$ 8,280</u>	<u>\$ 36,154</u>	<u>\$ 128,866</u>
\$ 4,385	\$	\$	\$	\$ 4,385
				4,723
<u>4,385</u>				<u>9,108</u>
4,774	452	8,280	36,154	80,546
				39,212
<u>4,774</u>	<u>452</u>	<u>8,280</u>	<u>36,154</u>	<u>119,758</u>
<u>\$ 9,159</u>	<u>\$ 452</u>	<u>\$ 8,280</u>	<u>\$ 36,154</u>	<u>\$ 128,866</u>

CITY OF RICHMOND, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2013

	Festivals Fund	Parks Improvement Fund	Narcotics Seizure City	State Narcotics Fund
Revenues				
Fines and forfeitures	\$	\$	\$	\$
Investment earnings	1	52	11	56
Miscellaneous			182	1,565
Total Revenues	<u>1</u>	<u>52</u>	<u>193</u>	<u>1,621</u>
Expenditures				
Current:				
General government				
Public safety				14,499
Capital Outlay				
Total Expenditures				<u>14,499</u>
Changes in Fund Balance	1	52	193	(12,878)
Fund Balances - Beginning of Year	<u>704</u>	<u>38,455</u>	<u>7,405</u>	<u>36,166</u>
Fund Balances - End of Year	<u>\$ 705</u>	<u>\$ 38,507</u>	<u>\$ 7,598</u>	<u>\$ 23,288</u>

Federal Narcotics Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
\$ 4	\$	\$ 6,815	\$ 5,114	\$ 11,929
				124
				1,747
<u>4</u>		<u>6,815</u>	<u>5,114</u>	<u>13,800</u>
70				14,569
			35,791	35,791
<u>70</u>			<u>35,791</u>	<u>50,360</u>
(66)		6,815	(30,677)	(36,560)
4,840	452	1,465	66,831	156,318
<u>\$ 4,774</u>	<u>\$ 452</u>	<u>\$ 8,280</u>	<u>\$ 36,154</u>	<u>\$ 119,758</u>

CITY OF RICHMOND, TEXAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended September 30, 2013

With comparative actual amounts for the year ended September 30, 2012

	2013		Variance Positive (Negative)	2012
	Final Budget	Actual		Actual
Revenues				
Taxes:				
Property taxes	\$ 911,929	\$ 937,627	\$ 25,698	\$ 972,111
Intergovernmental				402,000
Investment earnings		1,751	1,751	3,000
Total Revenues	<u>911,929</u>	<u>939,378</u>	<u>27,449</u>	<u>1,377,111</u>
Expenditures				
Debt Service:				
Principal	635,000	570,000	65,000	980,000
Interest and other charges	<u>276,929</u>	<u>396,217</u>	<u>(119,288)</u>	<u>341,066</u>
Total Expenditures	<u>911,929</u>	<u>966,217</u>	<u>(54,288)</u>	<u>1,321,066</u>
Revenues over (under) expenditures		(26,839)	(26,839)	56,045
Other Financing Sources (Uses)				
Transfers out		(223,235)	(223,235)	(234,381)
Total other financing sources (uses)		<u>(223,235)</u>	<u>(223,235)</u>	<u>(234,381)</u>
Net changes in fund balances		(250,074)	(250,074)	(178,336)
Fund Balances - Beginning of Year	<u>875,125</u>	<u>875,125</u>		<u>1,053,461</u>
Fund Balances - End of Year	<u>\$ 875,125</u>	<u>\$ 625,051</u>	<u>\$ (250,074)</u>	<u>\$ 875,125</u>

UNAUDITED STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information, both current and historical, as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. To assist financial statement users, the section is categorized as follows:

Contents	Page
Financial Trends	66
These schedules contain trend information to help the reader understand how the City's financial performance and "well-being" have changed over time.	
Revenue Capacity	76
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	82
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	87
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	92
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF RICHMOND, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities					
Net investment in capital assets	\$ 978,271	\$ 1,660,627	\$ 2,310,521	\$ 2,994,065	\$ 4,642,399
Restricted	1,914,429	2,171,976	3,604,616	2,855,032	1,762,875
Unrestricted	<u>662,787</u>	<u>530,074</u>	<u>829,468</u>	<u>1,307,372</u>	<u>803,171</u>
Total Governmental Activities Net Position	<u>\$ 3,555,487</u>	<u>\$ 4,362,677</u>	<u>\$ 6,744,605</u>	<u>\$ 7,156,469</u>	<u>\$ 7,208,445</u>
Business-type Activities					
Net investment in capital assets	\$ 8,230,967	\$ 9,473,994	\$ 11,467,756	\$ 15,983,002	\$ 17,385,386
Restricted	7,013,460	6,335,495	5,772,531	5,216,556	5,267,574
Unrestricted	<u>3,585,953</u>	<u>4,296,760</u>	<u>3,583,768</u>	<u>3,359,734</u>	<u>3,697,280</u>
Total Business-type Activities Net Position	<u>\$ 18,830,380</u>	<u>\$ 20,106,249</u>	<u>\$ 20,824,055</u>	<u>\$ 24,559,292</u>	<u>\$ 26,350,240</u>
Primary Government					
Net investment in capital assets	\$ 9,209,238	\$ 11,134,621	\$ 13,778,277	\$ 18,977,067	\$ 22,027,785
Restricted	8,927,889	8,507,471	9,377,147	8,071,588	7,030,449
Unrestricted	<u>4,248,740</u>	<u>4,826,834</u>	<u>4,413,236</u>	<u>4,667,106</u>	<u>4,500,451</u>
Total Primary Government Net Position	<u>\$ 22,385,867</u>	<u>\$ 24,468,926</u>	<u>\$ 27,568,660</u>	<u>\$ 31,715,761</u>	<u>\$ 33,558,685</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 5,535,614	\$ 5,602,683	\$ 5,109,818	\$ 4,113,159	\$ 2,608,034
1,496,984	1,200,637	1,351,687	1,055,694	698,128
<u>916,309</u>	<u>3,680,396</u>	<u>1,184,543</u>	<u>557,684</u>	<u>744,905</u>
<u>\$ 7,948,907</u>	<u>\$ 10,483,716</u>	<u>\$ 7,646,048</u>	<u>\$ 5,726,537</u>	<u>\$ 4,051,067</u>
\$ 17,232,031	\$ 21,006,899	\$ 25,306,185	\$ 29,258,855	\$ 31,173,123
5,264,593	150,000	150,000	150,000	7,667
<u>5,639,822</u>	<u>6,411,532</u>	<u>8,251,699</u>	<u>7,634,183</u>	<u>12,016,436</u>
<u>\$ 28,136,446</u>	<u>\$ 27,568,431</u>	<u>\$ 33,707,884</u>	<u>\$ 37,043,038</u>	<u>\$ 43,197,226</u>
\$ 22,767,645	\$ 26,609,582	\$ 30,416,003	\$ 33,372,014	\$ 33,781,157
6,761,577	1,350,637	1,501,687	1,205,694	705,795
<u>6,556,131</u>	<u>10,091,928</u>	<u>9,436,242</u>	<u>8,191,867</u>	<u>12,761,341</u>
<u>\$ 36,085,353</u>	<u>\$ 38,052,147</u>	<u>\$ 41,353,932</u>	<u>\$ 42,769,575</u>	<u>\$ 47,248,293</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental activities:					
General government	\$ 1,094,640	\$ 1,120,885	\$ 1,306,839	\$ 1,000,624	\$ 1,407,963
Public safety	3,807,968	4,427,390	4,454,284	5,182,983	5,385,184
Public works	1,971,723	2,035,111	2,179,577	2,323,954	2,400,975
Parks and recreation	332,545	381,381	348,408	672,936	478,634
Interest on long-term debt	376,126	380,647	372,282	341,734	337,848
Total governmental activities expenses	<u>7,583,002</u>	<u>8,345,414</u>	<u>8,661,390</u>	<u>9,522,231</u>	<u>10,010,604</u>
Business-type activities:					
Water and sewer	<u>2,225,148</u>	<u>2,648,085</u>	<u>3,084,278</u>	<u>3,292,781</u>	<u>3,841,501</u>
Total business-type activities expenses	<u>2,225,148</u>	<u>2,648,085</u>	<u>3,084,278</u>	<u>3,292,781</u>	<u>3,841,501</u>
Total Primary Government Expenses	<u><u>\$ 9,808,150</u></u>	<u><u>\$10,993,499</u></u>	<u><u>\$ 11,745,668</u></u>	<u><u>\$ 12,815,012</u></u>	<u><u>\$ 13,852,105</u></u>
Program Revenue					
Governmental activities:					
Charges for services:					
Public safety	992,400	1,063,484	1,130,039	1,396,379	1,477,147
Public works	946,011	893,814	872,626	941,972	955,124
Operating grants and contributions	699,672	411,705	494,492	446,615	188,911
Capital grants and contributions		170,000	219,000	1,370,063	
Total governmental activities program revenues	<u>2,638,083</u>	<u>2,539,003</u>	<u>2,716,157</u>	<u>4,155,029</u>	<u>2,621,182</u>
Business-type activities:					
Charges for services:					
Water and sewer	4,391,726	4,166,798	5,629,516	6,128,638	6,050,784
Capital grants and contributions		242,337	311,207		
Total business-type activities program revenues	<u>4,391,726</u>	<u>4,409,135</u>	<u>5,940,723</u>	<u>6,128,638</u>	<u>6,050,784</u>
Total Primary Government Program Revenues	<u><u>\$ 7,029,809</u></u>	<u><u>\$ 6,948,138</u></u>	<u><u>\$ 8,656,880</u></u>	<u><u>\$ 10,283,667</u></u>	<u><u>\$ 8,671,966</u></u>
Net (Expense)/Revenue					
Governmental activities	\$ (4,944,919)	\$ (5,806,411)	\$ (5,945,233)	\$ (5,367,202)	\$ (7,389,422)
Business-type activities	<u>2,166,578</u>	<u>1,761,050</u>	<u>2,856,445</u>	<u>2,835,857</u>	<u>2,209,283</u>
Total Primary Government Net Expense	<u><u>\$ (2,778,341)</u></u>	<u><u>\$ (4,045,361)</u></u>	<u><u>\$ (3,088,788)</u></u>	<u><u>\$ (2,531,345)</u></u>	<u><u>\$ (5,180,139)</u></u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,288,832	\$ 1,932,001	\$ 1,356,375	\$ 1,657,252	\$ 1,753,484
6,286,007	6,279,497	6,684,886	6,866,056	6,959,939
2,592,763	2,535,798	2,635,218	2,678,325	4,468,498
472,608	471,017	454,594	483,624	485,120
295,805	479,682	371,471	430,711	569,840
<u>10,936,015</u>	<u>11,697,995</u>	<u>11,502,544</u>	<u>12,115,968</u>	<u>14,236,881</u>
3,956,907	4,087,381	4,623,424	4,829,487	5,473,678
<u>3,956,907</u>	<u>4,087,381</u>	<u>4,623,424</u>	<u>4,829,487</u>	<u>5,473,678</u>
<u>\$ 14,892,922</u>	<u>\$ 15,785,376</u>	<u>\$ 16,125,968</u>	<u>\$ 16,945,455</u>	<u>\$ 19,710,559</u>
1,552,105	1,474,934	1,568,045	1,339,251	1,443,301
1,369,206	1,217,402	1,303,806	1,567,992	1,867,707
629,342	1,278,042	1,615,748	1,308,839	627,165
450,000			19,490	15
<u>4,000,653</u>	<u>3,970,378</u>	<u>4,487,599</u>	<u>4,235,572</u>	<u>3,938,188</u>
6,524,853	6,681,028	8,366,094	7,530,461	10,665,213
				2,704,271
<u>6,524,853</u>	<u>6,681,028</u>	<u>8,366,094</u>	<u>7,530,461</u>	<u>13,481,288</u>
<u>\$ 10,525,506</u>	<u>\$ 10,651,406</u>	<u>\$ 12,853,693</u>	<u>\$ 11,766,033</u>	<u>\$ 17,419,476</u>
\$ (6,935,362)	\$ (7,727,617)	\$ (7,014,945)	\$ (7,880,396)	\$ (10,298,693)
<u>2,567,946</u>	<u>2,593,647</u>	<u>3,742,670</u>	<u>2,700,974</u>	<u>8,007,610</u>
<u>\$ (4,367,416)</u>	<u>\$ (5,133,970)</u>	<u>\$ (3,272,275)</u>	<u>\$ (5,179,422)</u>	<u>\$ (2,291,083)</u>

CITY OF RICHMOND, TEXAS
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 2,084,818	\$ 2,238,096	\$ 2,441,549	\$ 2,645,995	\$ 2,854,330
Sales and use taxes	2,021,523	2,271,727	2,608,362	2,584,512	2,641,250
Franchise taxes	555,889	541,607	746,044	622,081	770,604
Investment earnings	2,933	118,373	121,315	172,436	69,038
Miscellaneous				345,070	495,156
Transfers	1,256,215	1,443,798	2,301,762	(591,028)	611,020
Total governmental activities	<u>5,921,378</u>	<u>6,613,601</u>	<u>8,219,032</u>	<u>5,779,066</u>	<u>7,441,398</u>
Business-type activities:					
Investment earnings	54,727	22,548	271,252	308,352	192,685
Transfers	(1,256,215)	(1,443,798)	(2,301,762)	591,028	(611,020)
Total business-type activities	<u>(1,201,488)</u>	<u>(1,421,250)</u>	<u>(2,030,510)</u>	<u>899,380</u>	<u>(418,335)</u>
Total primary government	<u>\$ 4,719,890</u>	<u>\$ 5,192,351</u>	<u>\$ 6,188,522</u>	<u>\$ 6,678,446</u>	<u>\$ 7,023,063</u>
Change in Net Position					
Governmental activities	\$ 976,459	\$ 807,190	\$ 2,273,799	\$ 411,864	\$ 51,976
Business-type activities	965,090	339,800	825,935	3,735,237	1,790,948
Total primary government	<u>\$ 1,941,549</u>	<u>\$ 1,146,990</u>	<u>\$ 3,099,734</u>	<u>\$ 4,147,101</u>	<u>\$ 1,842,924</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 3,133,847	\$ 3,157,793	\$ 2,971,542	\$ 3,007,602	\$ 2,993,345
2,952,295	2,857,057	2,668,475	2,813,786	3,124,420
780,241	783,267	799,263	705,143	749,861
6,673	28,310	35,609	25,986	16,541
	143,458	103,725	37,335	60,176
802,768	2,951,859	(2,392,119)	(628,967)	1,857,765
<u>7,675,824</u>	<u>9,921,744</u>	<u>4,186,495</u>	<u>5,960,885</u>	<u>8,802,108</u>
21,028	3,073	4,664	5,213	4,343
(802,768)	(2,951,859)	2,392,119	628,967	(1,857,765)
<u>(781,740)</u>	<u>(2,948,786)</u>	<u>2,396,783</u>	<u>634,180</u>	<u>(1,853,422)</u>
<u>\$ 6,894,084</u>	<u>\$ 6,972,958</u>	<u>\$ 6,583,278</u>	<u>\$ 6,595,065</u>	<u>\$ 6,948,686</u>
\$ 740,462	\$ 2,194,127	\$ (2,828,450)	\$ (1,919,511)	\$ (1,496,585)
1,786,206	(355,139)	6,139,453	3,335,154	6,154,188
<u>\$ 2,526,668</u>	<u>\$ 1,838,988</u>	<u>\$ 3,311,003</u>	<u>\$ 1,415,643</u>	<u>\$ 4,657,603</u>

CITY OF RICHMOND, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund				
Unassigned	\$ 471,563	\$ 497,091	\$ 815,588	\$ 1,367,277
Total General Fund	<u>\$ 471,563</u>	<u>\$ 497,091</u>	<u>\$ 815,588</u>	<u>\$ 1,367,277</u>
All other governmental funds				
Restricted:				
Debt service	\$ 1,947,700	\$ 2,202,734	\$ 3,526,735	\$ 2,227,525
Capital projects				
Other				
Unassigned				653,843
Total all other governmental funds	<u>\$ 1,947,700</u>	<u>\$ 2,202,734</u>	<u>\$ 3,526,735</u>	<u>\$ 2,881,368</u>

Note : In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to the new fund balance classifications.

2008	2009	2010	2011	2012	2013
\$ 854,506	\$ 187,398	\$ 143,366	\$ 1,126,005	\$ 1,131,452	\$ 1,695,266
<u>\$ 854,506</u>	<u>\$ 187,398</u>	<u>\$ 143,366</u>	<u>\$ 1,126,005</u>	<u>\$ 1,131,452</u>	<u>\$ 1,695,266</u>
\$ 1,190,545	\$	\$	\$	\$	\$
	1,024,540	1,090,314	1,053,463	875,125	625,051
	266,114	6,724,042	3,139,662	1,196,461	7,205,198
	137,927	146,813	320,319	214,909	119,758
596,736					
<u>\$ 1,787,281</u>	<u>\$ 1,428,581</u>	<u>\$ 7,961,169</u>	<u>\$ 4,513,444</u>	<u>\$ 2,286,495</u>	<u>\$ 7,950,007</u>

CITY OF RICHMOND, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes:				
Property taxes	\$ 2,031,120	\$ 2,248,922	\$ 2,449,753	\$ 2,668,856
Sales and use taxes	2,021,523	2,271,727	2,608,362	2,584,512
Franchise taxes	555,889	541,607	746,044	622,081
Fines and forfeitures	390,798	452,873	377,600	389,364
Licenses and permits	102,916	108,204	120,410	264,546
Intergovernmental	698,857	352,946	169,482	441,615
Charges for services	889,484	1,396,221	1,504,656	1,689,441
Investment earnings	2,933	118,373	121,315	172,436
Miscellaneous	556,028	228,759	325,009	345,070
Total Revenues	<u>7,249,548</u>	<u>7,719,632</u>	<u>8,422,631</u>	<u>9,177,921</u>
Expenditures				
General government	1,399,135	1,093,884	1,289,536	1,413,237
Public safety	3,777,023	4,084,857	4,341,840	5,067,779
Public works	1,781,330	1,586,158	1,908,356	2,153,206
Culture and recreation	256,454	300,714	282,158	661,921
Capital outlay	247,577	1,399,095	260,975	13,209
Debt service:				
Principal	480,000	515,000	626,238	633,702
Interest and other charges	374,743	383,160	372,792	345,646
Debt issuance costs				
Intergovernmental contributions				
Total Expenditures	<u>8,316,262</u>	<u>9,362,868</u>	<u>9,081,895</u>	<u>10,288,700</u>
Excess of revenues over (under) expenditures	(1,066,714)	(1,643,236)	(659,264)	(1,110,779)
Other Financing Sources (Uses)				
Transfers in	1,320,740	1,443,798	2,312,009	1,000,000
Transfers out	(64,525)		(10,247)	(1,591,028)
Bonds issued	530,000			
Premium on bonds issued				
Payments to refunded bond escrow agent				
Capital leases	50,697	480,000		500,000
Total other financing sources (uses)	<u>1,836,912</u>	<u>1,923,798</u>	<u>2,301,762</u>	<u>(91,028)</u>
Net Change in Fund Balances	<u>\$ 770,198</u>	<u>\$ 280,562</u>	<u>\$ 1,642,498</u>	<u>\$ (1,201,807)</u>

2008	2009	2010	2011	2012	2013
\$ 2,836,114	\$ 3,117,441	\$ 3,136,447	\$ 2,974,957	\$ 3,188,280	\$ 3,033,219
2,641,250	2,952,295	2,857,057	2,668,475	2,813,786	3,124,420
770,604	780,241	783,267	799,263	705,143	749,861
330,922	300,536	296,037	321,482	318,837	391,778
140,954	242,820	121,403	128,742	182,580	378,338
190,862	334,278	228,410	708,158	593,314	620,415
1,973,729	2,158,733	2,279,897	2,426,702	2,411,351	2,547,642
69,038	6,673	28,310	35,609	25,986	16,541
495,156	514,286	1,188,089	1,006,239	747,337	61,246
<u>9,448,629</u>	<u>10,407,303</u>	<u>10,918,917</u>	<u>11,069,627</u>	<u>10,986,614</u>	<u>10,923,460</u>
1,575,000	1,329,691	1,624,722	1,484,292	1,565,105	1,681,486
5,386,062	6,262,566	6,354,900	6,509,162	6,289,985	6,467,967
2,198,603	2,280,917	2,237,085	2,383,400	2,442,678	2,287,018
429,448	376,298	379,060	372,906	394,024	409,587
1,045,918	560,536	36,495	10,875	3,116,088	1,444,579
691,698	677,485	682,770	881,336	890,928	699,311
339,778	298,386	413,400	382,968	370,774	647,142
		222,525			
		400,000			
<u>11,666,507</u>	<u>11,785,879</u>	<u>11,728,432</u>	<u>12,024,939</u>	<u>15,069,582</u>	<u>13,637,090</u>
(2,217,878)	(1,378,576)	(809,515)	(955,312)	(4,082,968)	(2,713,630)
1,250,000	1,829,953	7,201,713	1,900,000	2,047,000	2,108,989
(638,980)	(577,185)	(4,249,854)	(4,292,119)	(234,381)	(251,224)
		9,040,000			6,323,884
		275,462			296,116
		(4,683,931)			(2,045,472)
		400,000		40,411	2,265,000
<u>611,020</u>	<u>1,252,768</u>	<u>7,983,390</u>	<u>(2,392,119)</u>	<u>1,853,030</u>	<u>8,697,293</u>
<u>\$ (1,606,858)</u>	<u>\$ (125,808)</u>	<u>\$ 7,173,875</u>	<u>\$ (3,347,431)</u>	<u>\$ (2,229,938)</u>	<u>\$ 5,983,663</u>

CITY OF RICHMOND, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property Value (1)			Less Tax Exempt Real Property	Total Taxable Assessed Value (2)	Total Direct Tax Rate (3)
		Residential Property	Commercial Property	Personal Property			
2004	2003	\$ 153,915,155	\$ 150,821,915	\$ 71,030,722	\$ 117,592,624	\$ 258,175,168	\$ 0.79000
2005	2004	163,279,425	159,521,405	69,132,387	117,990,409	273,942,808	0.79000
2006	2005	180,924,040	174,946,815	73,487,307	128,237,791	301,120,371	0.79000
2007	2006	181,800,785	215,023,230	73,325,583	139,762,146	330,387,452	0.79000
2008	2007	191,067,275	243,104,120	81,100,922	151,602,280	363,670,037	0.79000
2009	2008	206,216,948	285,710,705	81,043,685	173,417,630	399,553,708	0.79000
2010	2009	205,689,110	342,129,164	83,740,496	235,769,476	395,789,294	0.78650
2011	2010	202,697,125	357,514,250	71,360,572	258,258,484	373,313,463	0.78650
2012	2011	205,094,490	367,777,575	70,433,777	259,815,303	383,490,539	0.78650
2013	2012	202,121,195	368,121,195	67,294,981	261,595,051	375,942,320	0.78650

- (1) The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.
- (2) Property is assessed at actual value; therefore, the assessed values are equal to actual value
- (3) Tax rate per \$100 assessed valuation.

Source: Tax assessor/collector records

CITY OF RICHMOND, TEXAS

PROPERTY TAX RATES (1)

DIRECT AND OVERLAPPING GOVERNMENTS (2)

Last Ten Fiscal Years

City of Richmond						
Fiscal Year	Maintenance Rate	Debt Service Rate	Total Tax Rate	Lamar CISD	Fort Bend County	Total
2004	\$ 0.46020	\$ 0.32980	0.79000	1.69760	0.52374	\$ 3.01134
2005	0.46270	0.32730	0.79000	1.69760	0.52374	3.01134
2006	0.50060	0.28940	0.79000	1.54770	0.51674	2.85444
2007	0.52880	0.26120	0.79000	1.54770	0.51674	2.85444
2008	0.55270	0.23730	0.79000	1.29765	0.51674	2.60439
2009	0.57920	0.21080	0.79000	1.29765	0.49976	2.58741
2010	0.52900	0.25750	0.78650	1.29765	0.49976	2.58391
2011	0.53930	0.24720	0.78650	1.36455	0.49976	2.65081
2012	0.54670	0.23980	0.78650	1.39005	0.49976	2.67631
2013	0.54360	0.24290	0.78650	1.39005	0.49976	2.67631

(1) Tax rate per \$100 assessed valuation

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Richmond Not all overlapping rates apply to all City of Richmond property owners (e.g., the county rates apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the specific county).

Source: Tax department records of various taxing authorities

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CITY OF RICHMOND, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)
Wal-Mart Texas Stores, LP	\$ 10,442,790	1	2.8%	7,956,000	1	3.1%
Wal-Mart Real Estate Business	9,686,370	2	2.6%	\$ 7,191,670	3	2.8%
Archer Daniel Midland Co	5,949,620	3	1.6%	7,795,450	2	3.0%
Hunter Clayton, LLC	5,700,000	4	1.5%			
G&I VI Country Club Place, LP	5,604,330	5	1.5%			
Oakbend Medical Center	4,481,450	6	1.2%			
Golfview Holdings LLC	3,869,830	7	1.0%			
Centerpoint Energy Inc	3,867,940	8	1.0%	5,425,230	5	2.1%
Ransom Road Partners LLC	3,791,520	9	1.0%			
Southern Cotton Oil	3,263,030	10	0.9%	1,821,830	8	0.7%
ABC NACO Flow Product				6,932,400	4	2.7%
Heritage Country club Place				4,811,200	6	1.9%
Polly Ryon Hospital Authority				3,860,310	7	1.5%
Anderson A., Brandel P.				1,636,230	9	0.6%
Hobbs & Curry FLP				1,500,040	10	0.6%
	<u>56,656,880</u>		<u>15.2%</u>	<u>48,930,360</u>		<u>19.0%</u>
Other taxpayers	<u>319,285,440</u>		<u>84.8%</u>	<u>209,244,808</u>		<u>81.0%</u>
Total Assessed Valuation	<u><u>\$ 375,942,320</u></u>		<u><u>100.0%</u></u>	<u><u>\$ 258,175,168</u></u>		<u><u>100.0%</u></u>

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

Source: City tax department

CITY OF RICHMOND, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Year	Tax Rate (1)	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
2004	2003	\$ 0.79000	\$ 2,042,314	\$ 1,906,316	93.3%
2005	2004	0.79000	2,163,059	2,035,724	94.1%
2006	2005	0.79000	2,377,786	2,287,241	96.2%
2007	2006	0.79000	2,585,666	2,506,050	96.9%
2008	2007	0.79000	2,817,611	2,707,816	96.1%
2009	2008	0.79000	3,117,375	2,982,814	95.7%
2010	2009	0.78650	3,167,197	3,006,008	94.9%
2011	2010	0.78650	2,988,938	2,846,225	95.2%
2012	2011	0.78650	3,016,882	2,927,688	97.0%
2013	2012	0.78650	2,963,047	2,890,178	97.5%

(1) Tax rate per \$100 assessed valuation

Source: City tax department

Collections in Subsequent Years		Total Collections to Date	
Amount		Amount	Percentage of Levy
\$ 128,672		\$ 2,034,988	99.6%
114,055		2,149,779	99.4%
75,575		2,362,816	99.4%
62,573		2,568,623	99.3%
80,772		2,788,588	99.0%
109,184		3,091,998	99.2%
135,027		3,141,035	99.2%
114,583		2,960,808	99.1%
47,387		2,975,075	98.6%
		2,890,178	97.5%

CITY OF RICHMOND, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government
	General Obligation Bonds (1)	Certificates of Obligation (1)	Capital Leases (1)	Certificates of Obligation (1)	Capital Leases	
2004	\$ 8,245,000	\$	\$ 46,870	\$ 3,055,000	\$	\$ 11,346,870
2005	7,730,000		517,407	2,905,000	39,194	11,191,601
2006	7,200,000		416,232	2,755,000	75,663	10,446,895
2007	6,665,000		812,374	2,605,000	46,301	10,128,675
2008	6,115,000		665,812	2,455,000	16,307	9,252,119
2009	5,560,000		518,173	2,305,000		8,383,173
2010	9,420,000		773,022	2,155,000		12,348,022
2011	8,800,000		671,686	2,005,000		11,476,686
2012	7,860,000		601,167	1,855,000		10,316,167
2013	13,605,000	2,265,000	471,857			16,341,857

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.
(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.
N/A - information is unavailable

Percentage of Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
4.14%	N/A	\$ 867
3.72%	N/A	833
3.16%	N/A	758
2.79%	N/A	705
2.32%	4.04%	690
2.12%	4.09%	621
3.31%	4.68%	913
2.99%	5.52%	934
2.69%	5.63%	855
4.35%	6.81%	1,329

CITY OF RICHMOND, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Certificates of Obligation (1)	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (2)
2004	\$ 8,245,000	\$	\$ 845,532	\$ 7,399,468	2.70%
2005	7,730,000		893,724	6,836,276	2.27%
2006	7,200,000		928,829	6,271,171	1.90%
2007	6,665,000		987,002	5,677,998	1.56%
2008	6,115,000		1,003,541	5,111,459	1.28%
2009	5,560,000		1,024,540	4,535,460	1.15%
2010	9,420,000		1,090,314	8,329,686	2.23%
2011	8,800,000		1,053,463	7,746,537	2.02%
2012	7,860,000		875,125	6,984,875	1.82%
2013	13,605,000	2,265,000	625,051	15,244,949	4.06%

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.
- (3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Percentage of Personal Income (3)	Per Capita (3)
N/A	\$ 565
N/A	509
N/A	455
N/A	395
2.23%	381
2.21%	336
3.16%	616
3.73%	663
3.81%	579
6.36%	1,240

CITY OF RICHMOND, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
As of September 30, 2013

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Debt Applicable to City</u>
Lamar CISD	\$ 515,590,000	3.93%	\$ 20,262,687
Fort Bend County	468,360,000	0.91%	4,262,076
Total Net Overlapping Debt			<u>24,524,763</u>
City of Richmond	13,605,000	100.00%	<u>13,605,000</u>
Total Direct and Overlapping Net Debt			<u><u>\$ 38,129,763</u></u>
Ratio of total direct and overlapping net debt to assessed valuation (1)			<u>10.14%</u>
Direct and overlapping net debt per capita (2)			<u><u>\$ 3,102</u></u>

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

Source: Texas Municipal Advisory Council

CITY OF RICHMOND, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2004	13,093	n/a	n/a	30	1,388	5.1%
2005	13,434	n/a	n/a	30	1,343	5.2%
2006	13,775	n/a	n/a	30	1,951	4.7%
2007	14,372	n/a	n/a	31	2,051	4.2%
2008	13,404	\$ 228,980,532	\$ 17,083	31	2,153	5.5%
2009	13,493	205,026,135	15,195	30	1,983	6.1%
2010	13,532	263,914,596	19,503	30	2,524	8.3%
2011	11,679	207,792,768	17,792	30	1,989	7.6%
2012	12,067	183,358,065	15,195	30.50	3,089	7.0%
2013	12,292	239,866,088	19,514	31.90	2,851	5.5%

n/a - information is unavailable

Data Sources:

- (1) Bureau of the Census
- (2) Lamar Consolidated Independent School District
- (3) Texas Workforce Commission

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CITY OF RICHMOND, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Eight Years Ago (1)

Employer	2013		2005	
	Employees	Rank	Employees	Rank
Fort Bend County	2,290	1	1,708	1
Richmond State School	1,320	2	1,307	2
Oak Bend Hospital	660	3	650	3
Wal-Mart	278	4	475	4
Access Health	202	5		
City of Richmond	150	6	119	6
T.W. Davis YMCA	124	7	95	7
Richmond Post Office	104	8	54	8
ADM Cotton Mill	38	9	48	9
NEPCO Foundry/Matrix Metal	35	10	144	5
Sears			20	10
Total	5,201		4,620	

(1) Information only available for the last nine years

Source: Personnel department of each employer above

Note: Information on total City employment was unavailable.

CITY OF RICHMOND, TEXAS**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION***Last Ten Fiscal Years*

Function	Full-time Equivalent Employees as of September 30,				
	2004	2005	2006	2007	2008
General government	8	8	9	10	10
Public safety					
Police					
Officers	28	31	31	32	31
Civilians	10	10	10	10	11
Fire					
Firefighters	20	21	24	28	34
Civilians	3	3	3	3	3
Public Works					
Administration		2	2	2	2
Streets and Sanitation	10	10	10	10	10
Maintenance and operations	4	4	4	4	4
Parks and Recreation	8	8	8	6	7
Water and sewer	23	24	24	28	28
Total	114	121	125	133	140

Source: City personnel records

Full-time Equivalent Employees as of September 30,

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
10	9	8	10	11
31	30	31	31	29
11	10	12	13	12
34	34	34	40	43
3	3	3	4	4
2	2	2	2	2
11	11	11	12	11
4	4	4	4	4
7	7	7	7	7
<u>27</u>	<u>30</u>	<u>30</u>	<u>33</u>	<u>31</u>
<u><u>140</u></u>	<u><u>140</u></u>	<u><u>142</u></u>	<u><u>154</u></u>	<u><u>154</u></u>

CITY OF RICHMOND, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2004	2005	2006	2007
Police				
Arrests	618	641	577	340
Accident Reports	212	200	182	252
Citations	6,298	5,513	4,473	4,467
Offense reports	2,040	2,163	1,845	1,572
Calls for Service	61,919	67,077	62,607	63,036
Fire				
Structural Fires	32	37	27	31
Vehicle Fires	26	14	24	26
Vegetation Fires	12	26	27	19
Trash/dumpster/other fires	26	18	35	17
EMS	1,240	1,331	1,355	1,612
Rescue	355	166	303	151
Hazardous condition/material calls	133	178	145	79
Service Calls	1,151	1,057	852	836
Good Intent calls	320	451	322	355
False Alarms	10	16	18	16
Automatic aid/mutual aid given	123	153	166	156
Total Incident Reports	3,428	3,447	3,274	3,298
Fire Safety inspections conducted	203	382	495	331
Fire Safety classes/total audience	58/4830	57/3876	52/4101	45/4582
Fire investigations initiated	38	50	33	30
Building - total permits issued	1,087	1,296	1,885	1,952
Building - total inspections conducted	2,280	2,619	4,253	3,953
Water				
Total Consumption (millions of gallons)	597.993	625.965	691.921	652.961
Peak daily consumption (millions of gallons)	2.395	2.898	2.984	3.408
Average daily consumption (millions of gallons)	1.850	2.051	1.895	1.788
Sewer				
Average daily sewage treatment (millions of gallons)	1.518	1.294	1.334	1.452
Total Consumption (millions of gallons)	555.021	472.281	486.998	529.939
Peak daily consumption (millions of gallons)	3.610	2.882	3.060	3.566

Source: Various City departments

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
401	501	745	280	323	467
246	239	237	209	181	197
4,575	3,989	3,611	2,705	3,456	3,897
1,759	1,650	1,413	1,098	973	1,178
67,499	58,944	30,078	26,481	20,475	22,268
23	31	16	169	99	89
21	22	11	14	11	19
24	50	34	88	16	34
35	42	21	29	72	139
1,800	1,858	2,091	1,931	1,646	1,853
148	188	222	24	153	242
176	148	192	110	220	139
887	651	702	361	418	367
314	382	378	383	174	172
22	18	42	18	421	355
152	167	154	111	150	177
3,602	3,557	3,863	3,238	3,230	3,409
274	340	328	301	270	200
54/3942	57/4134	71/6468	67/6442	69/6444	77/3629
37	37	26	35	35	36
1,567	1,262	1,369	2,508	2,206	2,649
4,320	2,903	2,861	4,018	3,961	5,763
723.511	723.511	720.179	971.275	819	825.755
3.214	3.214	3.267	4.445	3.518	3.782
1.977	1.977	1.973	2.661	2.243	2.262
1.376	1.376	1.492	1.415	1.533	1.336
503.745	503.745	546.592	516.391	560.079	487.633
3.000	3.000	2.778	2.717	5.778	3.541

CITY OF RICHMOND, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	2004	2005	2006	2007
Public safety				
Police				
Stations	1	1	1	1
Patrol units	20	23	25	25
Fire				
Fire stations	2	2	2	2
Public Works				
Collection trucks	2	2	2	2
Streets (miles)	44	44	44	45
Parks and recreation				
Parks acreage	233	235	235	235
Parks	2	3	3	3
Water and sewer				
Water mains (miles)	48	50	50	50
Fire hydrants	223	234	239	287
Maximum daily capacity (millions of gallons)	3.167	3.167	3.167	3.167
Sanitary sewers (miles)	44	44	44	44
Storm sewers (miles)	12	12	12	12
Maximum daily treatment capacity (millions of gallons)	3.712	3.610	2.882	3.060

Source: Various City departments

Note: No capital asset indicators are available for the general government function

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	1
25	27	27	27	23	23
2	2	3	3	3	3
10	10	10	9	9	9
45	45	45	38	38	38
235	235	235	235	235	246
3	3	3	3	3	4
50	50	50	53	53	54
287	292	292	326	326	342
3.167	3.167	3.167	7.171	7	7.171
44	44	44	44	44	44
12	12	12	12	12	12
3.060	3.000	3.000	3.000	3.95	3.95

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