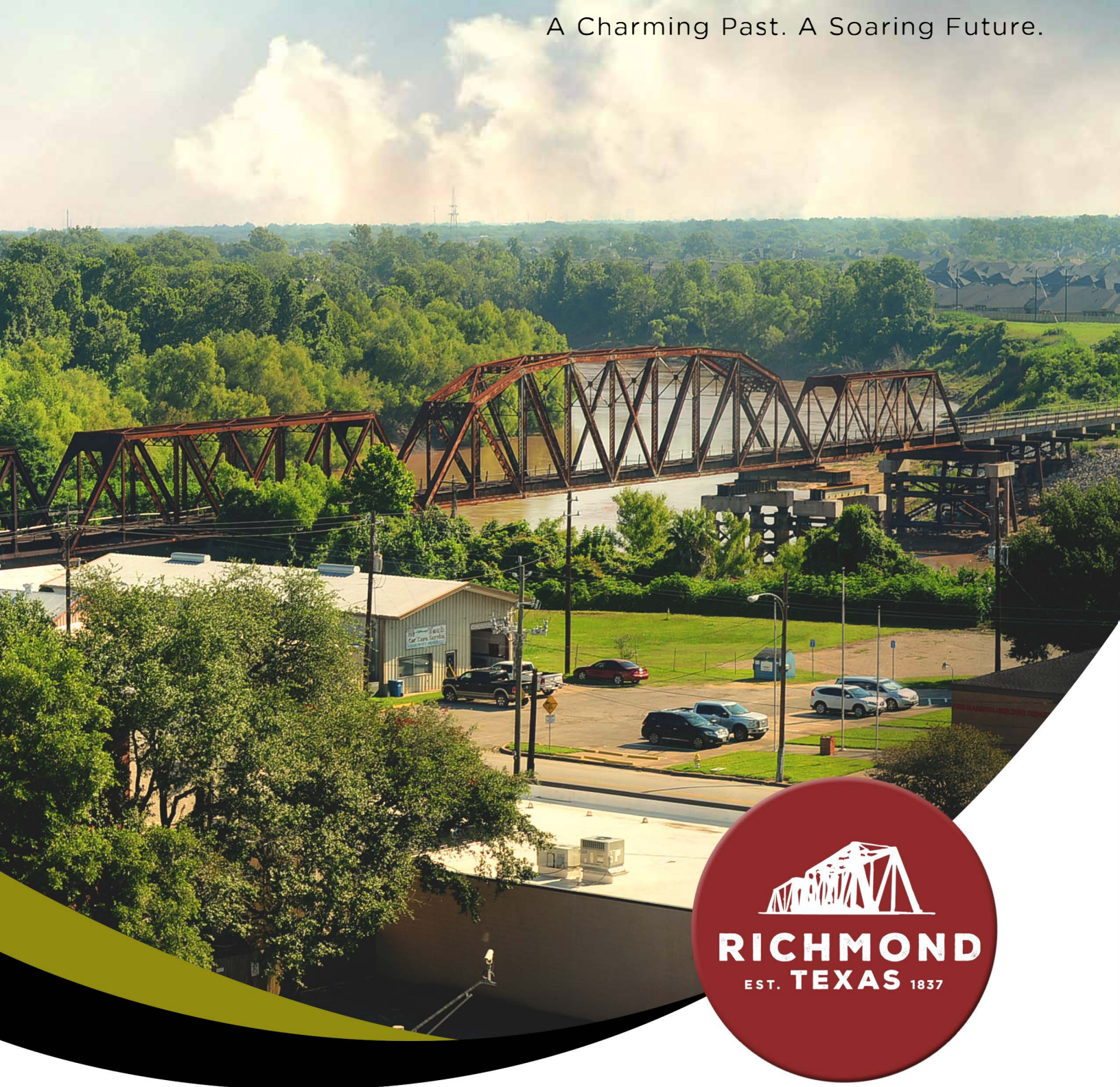


A Charming Past. A Soaring Future.



**Annual
Comprehensive
Financial Report**

**Fiscal Year Ended
September 30, 2022**

FY2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Of the

CITY OF RICHMOND, TEXAS

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**Terri Vela
City Manager**

Prepared by Finance Department

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CITY OF RICHMOND, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

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REBECCA K HAAS
MAYOR
BARRY BEARD
ALEX BEMENT
CARL DROZD
TERRY R. GAUL
COMMISSIONERS

City of Richmond

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



February 20, 2023

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 annual comprehensive financial report of the City of Richmond, Texas (the “City”) for the fiscal year ended September 30, 2022, 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 financials 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 Pattillo, Brown & Hill, 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, 2022, 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, 2022, 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 of approximately 4.5 square miles and serves a population of approximately 12,578. 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 upon request by the majority of landowners and approval is granted by the City Commission.

The Commission, vested with policy-making and legislative authority, is comprised of a Mayor and four Commissioners. The Mayor and Commissioners 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, attorney 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 four 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 May. The City Manager reviews, makes recommendations and presents the proposed budget to the Commission for review. The Commission is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department (e.g. police, fire). Department heads may make transfers of appropriations between line items (e.g. supplies) at the department level, and the City Manager is authorized to make transfers across departments. 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 officially adopts a budget for the General, Debt Service, and Enterprise Funds for accounting purposes. The City, for management control, also approves the Special Revenue, Internal Service, Component Units and Capital Projects Funds. In order to facilitate budgetary controls, the City utilizes an encumbrance accounting system to aid in accomplishing budgetary control, and 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, including: healthcare, metals, oil and gas services, higher education, hospitality and a variety of general retail operations. This diversification is evident in the fact that no single taxpayer represents more than 5% of total assessed valuation in the City, which adds to the stable property tax base when coupled with the strong residential foundation.

The total net taxable assessed value for all residential and commercial property in the City exceeded \$610 million for tax year 2021 (fiscal year 2022), which is approximately an 3.5% increase from tax year 2020 (fiscal year 2021), which exceeded \$589 million.

ECONOMIC OUTLOOK

The planned development of over 1,000 acres of prime ranch land along the City's Interstate 69 (I-69) corridor is fueling a springboard of economic speculation and activity within the City's extraterritorial jurisdiction (ETJ), which is benefitting the economic growth within the city limits of Richmond.

Strategic Partnership agreements are in place with various Municipal Utility Districts (MUDs) to share in the sales tax generated from commercial activity in the City's ETJ along the I-69 corridor. Additionally, the City is working on other development agreements for property outside of MUDs along the I-69 corridor and the US Highway 90A corridor.

Average home values in the City continue to increase as new investments are being made. This year, the values increased from \$136,083 to \$140,321 or 3.11% for the fiscal year beginning October 1, 2021. Unemployment has decreased from 5.4% in the previous year to 4.2% based on the latest data available from the Bureau of Labor Statistics for the Houston MSA. The City continues to see strong sales tax growth and demand for single family residential housing.

The City continues to partner with property owners to strategically annex properties and engage in public private partnerships when appropriate in order to grow Richmond's local economy and increase city revenue. Richmond has seen an increase in economic opportunities that have resulted from executing its strategic planning objectives and from the rapid growth occurring in Fort Bend County as a whole. Richmond is located in the center of a wave of growth that is projected to grow the county's population to 2.25 million residents by the year 2050. Richmond's strategic infrastructure, investments and planning will help it to capitalize on this in the coming years.

The City of Richmond continues to engage in strategic activities to expand the city's tax base, increase sales tax revenues, and recruit new employment opportunities for residents. The City of Richmond was successful in deploying new economic development tools that will help to achieve these key economic goals. Some of the notable achievements include the extension of a legislation that will help to enable commercial development by capturing state shares of hotel taxes, sales taxes, and mixed-beverage taxes for the development of a hotel and convention center. Currently, the City has three hotels, a LaQuinta Inn & Suites, a Hilton Home2 Suites and a Marriott Fairfield Inn.

Richmond's many cultural and historic sites mixed with its collection of unique restaurants and stores make it an ideal location for regional tourism. The new revenue stream of hotel occupancy tax dollars will enable the City of Richmond to invest in activities such as tourism promotion and historic preservation that will further enhance this sector of the local economy.

New growth within the City is underway, with a new subdivision, Mandola Farms, developing within the City that will add residential properties, as well as future commercial. Additionally, the land where the former Fort Bend Country Club Golf Course property occupied is under development. This property will be both residential and commercial, including a retail center providing additional amenities to the Veranda subdivision (a master planned community by Johnson Development), as well as the rest of the City and surrounding communities. In August, the City Commission approved a development agreement with Meritage Homes which includes the annexation of approximately 45 acres for a new residential subdivision.

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. The City officially adopts a budget for the General, Debt Service, and Enterprise Funds for accounting purposes, however, for management control, it also approves the Special Revenue, Internal Service, Component Units and Capital Projects 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 fund 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.

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.

The City's General Fund balance shall be enough to handle any unexpected decrease in revenues or unbudgeted expenditures during the fiscal year. The minimum fund balance should be within the range of ninety (90) days of operating expenditures.

LONG-TERM FINANCIAL PLANNING

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. The City's current bond rating by Standard & Poors is AA-.

The City has adopted Comprehensive Master and Land Use Plans, a Trails Master Plan, Water and Sewer Master Plans and a Facilities Master Plan. Additionally, components of each of these plans are summarized into a Long-term Capital Improvements Plan. Each of the adopted master plans is reviewed every five (5) years unless the need requires a sooner review. The master plans are a working model in which major projects are pinpointed, planned, engineered, and costs evaluated.

The City's strategic planning and budget processes are most closely related to the long-term capital improvement plan. The City underwent a strategic planning process in 2012, which aligned the goals of the City with its actions and is currently updating this plan. The City has also created a strategic budgeting process that links with the strategic plan to ensure that the priorities identified are funded. The long-term capital improvements plan acts in concert with these other plans to provide critical financial information to these planning processes at key junctures. In this way, other planning processes will be better able to set achievable goals in light of available resources and ensures the City can identify and close any financial gaps projected by the long-term capital improvements planning process.

The three legs of the foundation for the future of Richmond and its assured financial health are the combination of the long-term capital improvements plan, the strategic plan, and the comprehensive master and land use plan. These three processes play key roles in establishing a firm financial foundation for Richmond and support the goals the City has set.

RELEVANT FINANCIAL IMPACTS

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 current regulatory plan adopted June 22, 2022, requires groundwater permit holders within Regulatory Area A (as described by the regulatory plan) to limit their groundwater withdrawals to forty percent of their water consumption by 2027.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended September 30, 2021. This was the 17th 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 ACFR 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 ACFR 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.

Next Year's Budget and Rates

The City's annual operating budget was prepared based on the current needs of the organization and aligned with the City's strategic planning document.

Strategic planning has been a priority for the organization, and we have successfully completed a formal process this year. The plans, developed as part of the strategic planning exercise, will help guide the Commission and Staff in the execution of the goals identified.

Using the newly minted strategic planning document as a guide, staff were asked to focus on budget requests that fulfilled the goals identified within that plan. Additionally, staff were asked to continue refining their base budget and request increases only when needs would impact service levels or when needed to address regulatory or compliance issues.

Optimizing existing resources is important for the organization as inflation maintains its stranglehold on the economy. While the City has been able to maintain its financial stability and deliver high quality services in the current year, that flexibility could erode in the face of weaker economic conditions with increased inflation. In the near term, flexibility within the budget to respond to changing economic conditions will help ensure that the upward pressure on pricing won't impact service levels. By strategically maneuvering the budget, the general fund will increase only 1.5% over the prior year, with a planned drawdown of \$1.20 million set aside for contingencies to respond to changing economic conditions and organizational priorities.

As the City continues to maneuver through its strategic annexation plan, using the fiscal impact model as a tool, there will be a need to update important plans that guide the City. The water and wastewater master plan is included within the budget for the upcoming year. This important document helps staff and the Commission make important decisions about where to invest scarce resources in order to create a better, more sustainable City for all who call Richmond home.

This year we took another step forward in annexation preparation by identifying financially viable annexation areas, as well as evaluating creative strategies to incorporate the growth from surrounding municipal utility districts and new developments into the City without impacting existing residents. Departments have begun the process to plan for annexation as part of the fiscal impact model process. Through annexation planning, departments will remain focused on service delivery, implementing projects outlined in the comprehensive master plan, parks and trails master plans, and the water and wastewater master plans.

Total taxable ad valorem value has experienced considerable growth with an increase of \$156,716,688, or approximately 25.65% over last year's certified tax roll (supplement number 12), which represents a total taxable ad valorem value of \$767,603,582. New property added to the tax roll resulted in \$357,957 in revenue for fiscal year 2023. The City lowered its property tax rate of \$0.68 per \$100 value to \$0.66 per \$100 valuation despite the disproportionately large amount of exempt property value.

The City's sales tax revenue has seen strong increases over the last several years. For fiscal year 2023 net sales tax projections are \$7.1 million, which is conservative based on growth trends. By projecting a conservative sales tax figure for fiscal year 2023, the City has better positioned itself to deal with the inherent volatility associated with sales tax.

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, Justin Alderete, 402 Morton Street, Richmond, Texas 77469.

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 of their respective departments. 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 proactive manner.

Respectfully submitted,



Terri Vela
City Manager



Justin Alderete
Finance Director



Government Finance Officers Association

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Reporting

Presented to

**City of Richmond
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

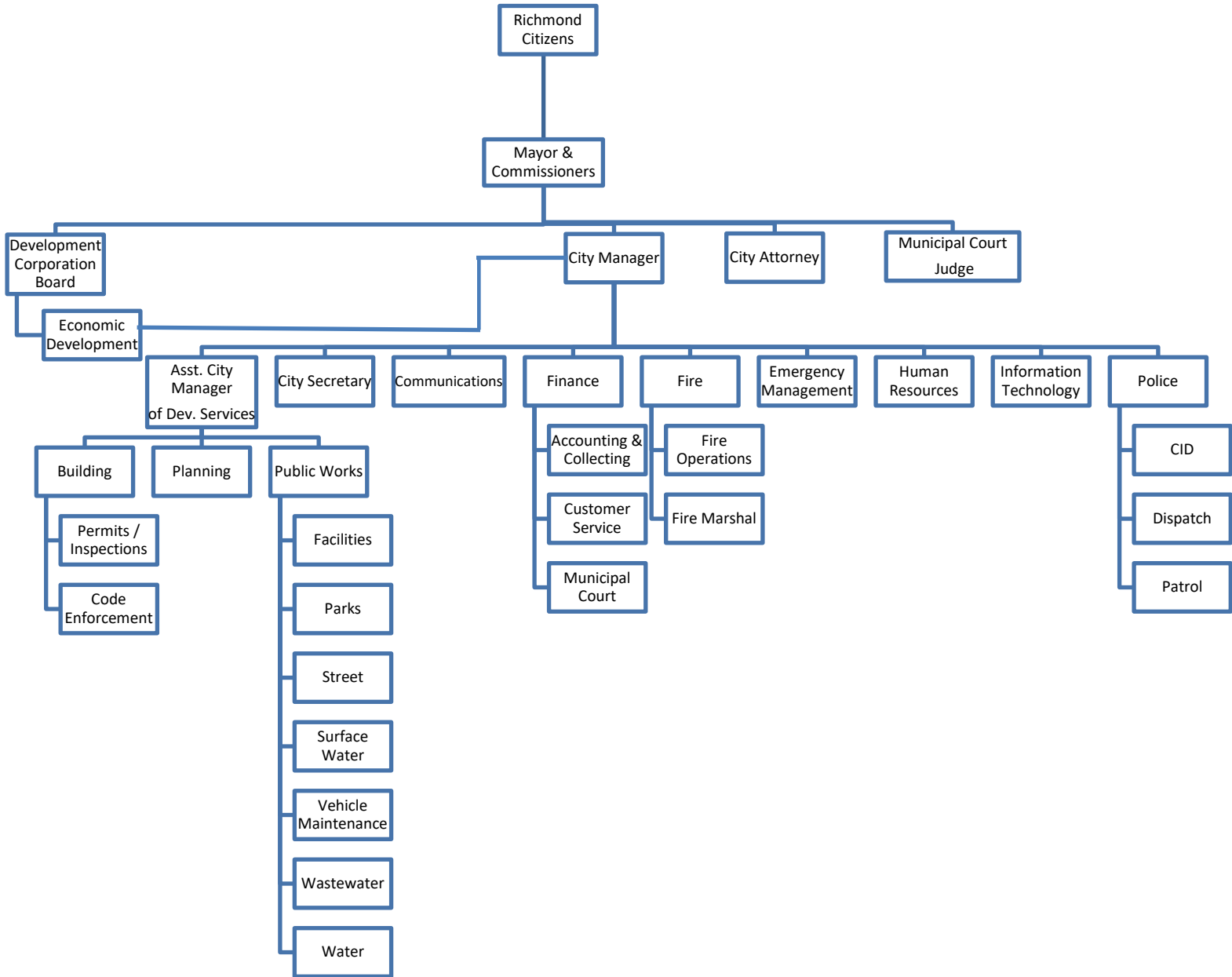
September 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Richmond Organizational Structure

Organizational Structure



CITY OF RICHMOND, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2022

Elected Officials	Position
Becky Haas	Mayor
Terry Gaul	Commissioner Position 1
Barry Beard	Commissioner Position 2
Carl Drozd	Commissioner Position 3
Alex BeMent	Commissioner Position 4

Key Staff	Position
Terri Vela	City Manager*
Gary Smith	City Attorney*
Lasha Gillespie	City Secretary
Phyllis Ross	Municipal Court Judge*
Jeff Craig	Police Chief
Justin Alderete	Finance Director
Howard Christian	Assistant City Manager
Mason Garcia	Director of Planning
Mike Youngblood	Fire Chief
Shelly Freeman	Human Resources Director
Scott Fajkus	Building Official

* City Commission Appointment

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richmond, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Richmond, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Richmond, Texas' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023 on our consideration of the City of Richmond, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Richmond, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 20, 2023

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,976,934 (*net position*). Of this amount, \$21,223,704 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,498,422, an increase of \$3,640,080 over the prior year. Approximately 49% of this total amount, \$8,117,854, 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, liabilities and deferred inflows of resources with the difference between the four 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 13-15 of this report.

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 16 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 ARPA Grant Fund, which are considered to be major funds. Data from the other 12 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 16-21 of this report.

Proprietary Funds

The City maintains three types of proprietary funds, which are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its water and sewer utility, surface water, and solid waste activities.

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 22-25 of this report.

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 28-48 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 and OPEB benefits to its employees and budgetary comparisons. Required supplementary information can be found on pages 49-56 of the City's Annual Comprehensive 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 57 of the City's Annual Comprehensive 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 and deferred inflows of resources at the close of the most recent fiscal year by \$91,976,934 (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, 65%, 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.

The following table provides a summary of the City's net position at September 30, 2022 and 2021:

CONDENSED SCHEDULE OF NET POSITION
Current and Prior Year

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 22,864,033	\$ 16,644,995	\$ 27,290,203	\$ 18,150,977	\$ 50,154,236	\$ 34,795,972
Capital assets	<u>25,376,133</u>	<u>25,204,707</u>	<u>61,555,620</u>	<u>63,067,964</u>	<u>86,931,753</u>	<u>88,272,671</u>
Total assets	<u>48,240,166</u>	<u>41,849,702</u>	<u>88,845,823</u>	<u>81,218,941</u>	<u>137,085,989</u>	<u>123,068,643</u>
Deferred outflows of resources	<u>1,482,244</u>	<u>1,269,569</u>	<u>370,561</u>	<u>317,392</u>	<u>1,852,805</u>	<u>1,586,961</u>
Current and other liabilities	5,347,680	3,866,043	3,132,897	2,989,472	8,480,577	6,855,515
Long-term liabilities	<u>16,056,547</u>	<u>17,727,630</u>	<u>18,911,023</u>	<u>16,715,420</u>	<u>34,967,570</u>	<u>34,443,050</u>
Total liabilities	<u>21,404,227</u>	<u>21,593,673</u>	<u>22,043,920</u>	<u>19,704,892</u>	<u>43,448,147</u>	<u>41,298,565</u>
Deferred inflows of resources	<u>2,810,971</u>	<u>1,109,992</u>	<u>702,742</u>	<u>277,498</u>	<u>3,513,713</u>	<u>1,387,490</u>
Net position:						
Net investment in capital assets	11,861,060	12,044,188	47,799,843	48,257,681	59,660,903	60,301,869
Restricted	1,482,142	916,594	9,610,185	8,145,557	11,092,327	9,062,151
Unrestricted	<u>12,164,010</u>	<u>7,224,392</u>	<u>9,059,694</u>	<u>5,093,097</u>	<u>21,223,704</u>	<u>12,317,489</u>
Total net position	<u>\$ 25,507,212</u>	<u>\$ 20,185,174</u>	<u>\$ 66,469,722</u>	<u>\$ 61,496,335</u>	<u>\$ 91,976,934</u>	<u>\$ 81,681,509</u>

An additional portion of the City's net position, 12%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21,223,704, may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased to \$91,976,934 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, 2022.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION
For the Years Ended September 30, 2022 and 2021

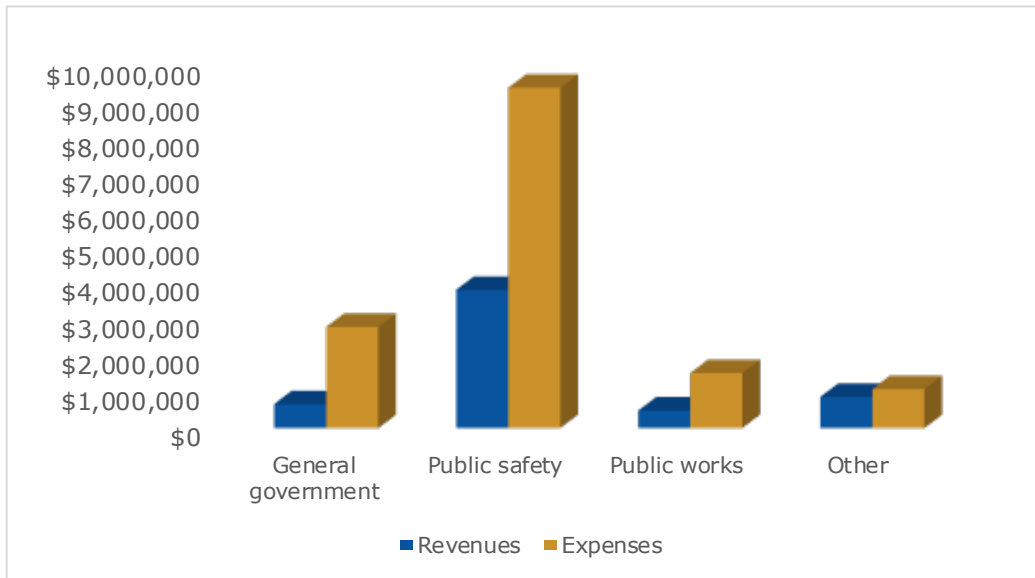
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenue:						
Charges for services	\$ 4,436,181	\$ 4,264,844	\$ 17,629,773	\$ 15,271,490	\$ 22,065,954	\$ 19,536,334
Operating grants and contributions	1,206,966	1,449,708	-	-	1,206,966	1,449,708
Capital grants and contributions	145,027	198,727	465,777	-	610,804	198,727
General revenues:						
Property taxes	4,223,779	4,016,963	-	-	4,223,779	4,016,963
Sales and use taxes	6,699,051	7,288,162	-	-	6,699,051	7,288,162
Franchise taxes	756,687	743,722	-	-	756,687	743,722
Hotel/motel taxes	362,235	290,942	-	-	362,235	290,942
Unrestricted investment earnings	30,297	7,680	44,744	10,412	75,041	18,092
Miscellaneous	129,565	124,878	-	-	129,565	124,878
Total revenues	<u>17,989,788</u>	<u>18,385,626</u>	<u>18,140,294</u>	<u>15,281,902</u>	<u>36,130,082</u>	<u>33,667,528</u>
Expenses:						
General government	2,775,070	2,740,494	-	-	2,775,070	2,740,494
Public safety	9,351,679	10,230,935	-	-	9,351,679	10,230,935
Public works	1,509,382	1,647,963	-	-	1,509,382	1,647,963
Parks and recreation	582,354	1,128,751	-	-	582,354	1,128,751
Community development	955,614	243,888	-	-	955,614	243,888
Interest on long-term debt	44,704	-	-	-	44,704	-
Interest on long-term debt	440,889	462,865	-	-	440,889	462,865
Water and sewer	-	-	6,490,299	6,277,296	6,490,299	6,277,296
Surface water	-	-	2,422,349	2,717,748	2,422,349	2,717,748
Solid waste	-	-	796,540	1,615,762	796,540	1,615,762
Total expenses	<u>15,659,692</u>	<u>16,454,896</u>	<u>9,709,188</u>	<u>10,610,806</u>	<u>25,368,880</u>	<u>27,065,702</u>
Increases in net assets						
before transfers	2,330,096	1,930,730	8,431,106	4,671,096	10,761,202	6,601,826
Transfers	<u>2,991,942</u>	<u>2,852,101</u>	<u>(3,457,719)</u>	<u>(2,852,101)</u>	<u>(465,777)</u>	<u>-</u>
Change in net position	5,322,038	4,782,831	4,973,387	1,818,995	10,295,425	6,601,826
Net position, beginning	<u>20,185,174</u>	<u>15,402,343</u>	<u>61,496,335</u>	<u>59,677,340</u>	<u>81,681,509</u>	<u>75,079,683</u>
Net position, ending	<u>\$ 25,507,212</u>	<u>\$ 20,185,174</u>	<u>\$ 66,469,722</u>	<u>\$ 61,496,335</u>	<u>\$ 91,976,934</u>	<u>\$ 81,681,509</u>

Governmental Activities

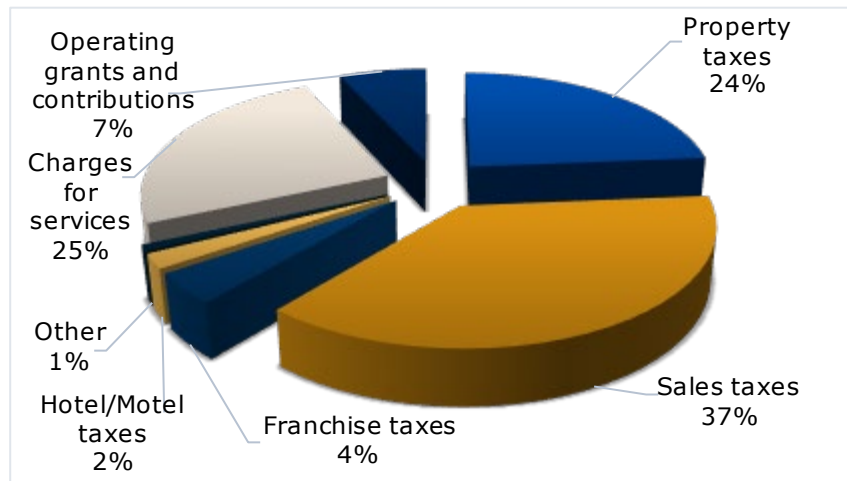
Governmental activities increased the City’s net position by approximately \$5,322,038, or 7%, of beginning net position. The key elements of this increase are as follows:

- Transfers from the water & sewer fund (business-type activity) are made to subsidize the general fund (governmental activity) for indirect costs associated with the operations of the business-type activity which are funded through the general fund departments such as vehicle maintenance, information technology, public safety, etc.
- Decreases in amounts related to the TMRS pension and OPEB liabilities reduced pension expense across all functions.
- Property tax revenues increased due to continued growth in the tax base from both new construction and appreciation of existing properties.

A comparison of program expenses to program revenues follows:



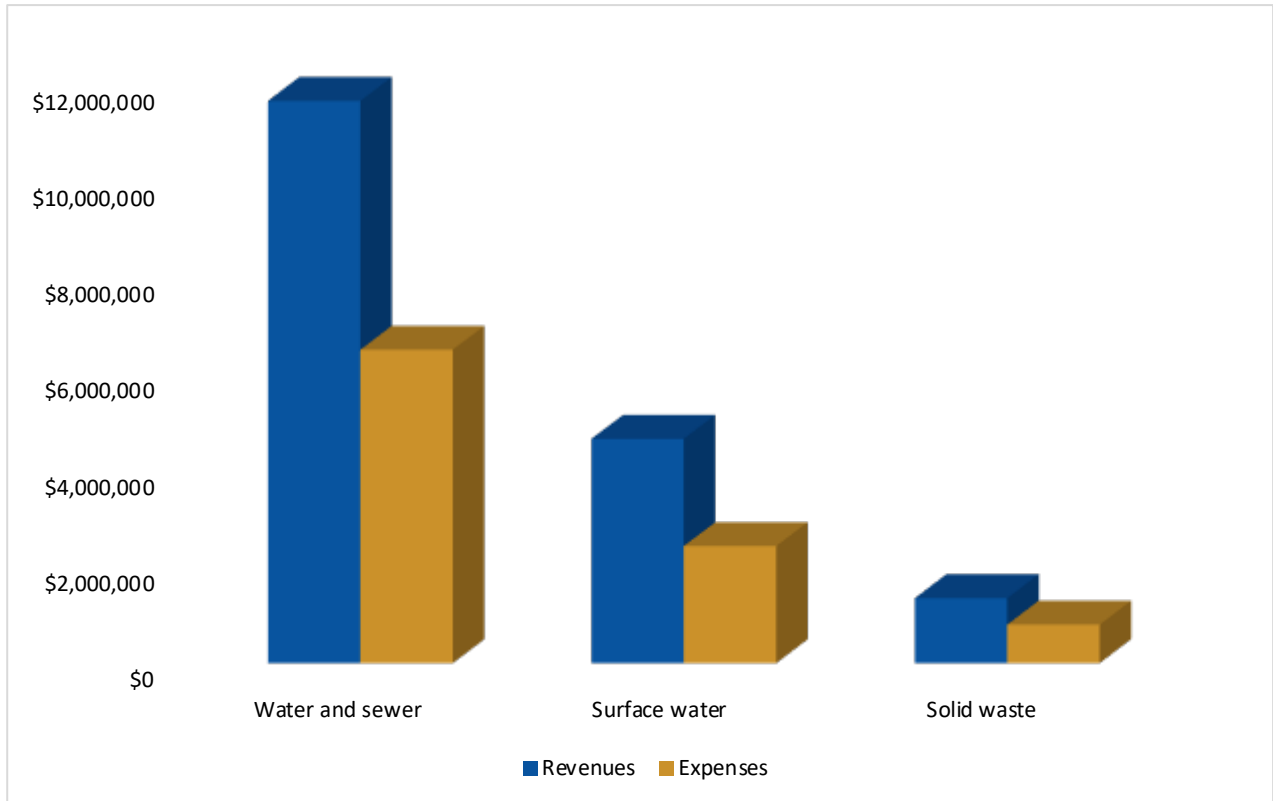
Revenue sources for governmental activities were distributed as follows:



Business-type Activities

Business-type activities increased the City's net position by \$4,973,387. This was caused by operating revenues (charges for services) of the business-type activities increasing by \$2,358,283. This increase primarily resulted from increases to Water and Wastewater revenues and Groundwater Reduction revenues of \$1.4 million and \$1.3 million, respectively. These increases resulted in part from increased population growth driving demand for services, but primarily because of rate increases reflected in the 2022 budget.

A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for water and sewer and surface water activities follows:



Revenue sources for business-type activities were almost entirely comprised of charges for water, sewer and solid waste 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 \$16,498,422, a \$3,640,080 increase from the prior year. Key elements of this increase include increases to property tax revenues and charges for services that resulted from the population growth discussed previously.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$8,117,854. The General Fund fund balance decreased by \$22,015 from prior year. This decrease was less than was originally budgeted, as the City reflected transfers to the capital projects fund for capital acquisition and construction. These transfers were less than budgeted due to reduced need, and increases to property taxes and charges for services, as discussed previously, contributed to mitigate the decrease in fund balance.

At the close of the current fiscal year, the City's capital projects fund reported a fund balance of \$5,655,576, an increase of \$3,075,807 from the prior year. The increase was due to transfers from other funds to subsidize current and future planned capital expenditures.

The ARPA Grant Fund accounts for the proceeds of grant funds received under the American Rescue Plan Act. For the current year, no funds were expended and, therefore, all received amounts were recorded as unearned revenue; residual interest income resulted in an ending fund balance of \$2,042.

At the close of the current fiscal year, the City's debt service fund reported an increase in fund balance of \$2,909. This fund is expected to generally have only a small increase or decrease each year, as current revenues are only necessary to fund current debt service expenditures as long as reserves are intact.

Proprietary Funds

The City maintains three types of proprietary funds. 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, its surface water utility, and its solid waste Utility.

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year amounted to \$4,479,070, or 71% of annual operating and non-operating expenses for the fund. Unrestricted net position of the Water and Sewer Enterprise Fund increased primarily due to increases in charges for utility services resulting from higher usage.

The Surface Water Enterprise Fund had an unrestricted net position of \$4,325,981 or 179% of annual operating and non-operating expenses for the fund. Unrestricted net positions of the Surface Water Enterprise Fund increased primarily due to increases in charges for groundwater reduction services resulting from higher usage.

The Solid Waste Utility Fund had an unrestricted net position of \$254,643 or 32% 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 exceeded budgeted revenues by \$1,103,282 primarily from sales taxes growing even more strongly than anticipated. Expenditures exceeded appropriations, creating a negative variance to budget of \$133.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2021, the City's governmental activities and business-type activities had invested \$25,376,133 and \$61,555,622, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of \$171,426, or 1% over the end of last fiscal year for the governmental activities' capital assets and a decrease of \$1,512,342 or 2% for the business-type activities.

The following table shows the balances at September 30, 2022 and 2021:

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,084,466	\$ 4,084,466	\$ 1,936,937	\$ 1,936,937	\$ 6,021,403	\$ 6,021,403
Construction in progress	3,830,092	2,228,050	7,692,468	7,319,419	11,522,560	9,547,469
Buildings and improvements	16,855,970	17,321,747	39,651,470	39,185,693	56,507,440	56,507,440
Infrastructure	11,533,744	11,533,744	53,538,033	53,538,033	65,071,777	65,071,777
Machinery and equipment	9,471,720	9,636,021	1,586,240	1,602,018	11,057,960	11,238,039
Less accumulated depreciation	(20,399,859)	(19,599,321)	(42,849,526)	(40,514,136)	(63,249,385)	(60,113,457)
Total capital assets	\$ 25,376,133	\$ 25,204,707	\$ 61,555,622	\$ 63,067,964	\$ 86,931,755	\$ 88,272,671

Significant additions included street, sidewalk and drainage improvements of approximately \$625 thousand and wastewater treatment plant improvements of approximately \$191 thousand.

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$33,215,000. This is an increase from the prior year of \$2,920,000 primarily due the issuance of its Series 2022 CO’s in the amount of \$5,215,000. The entire amount of bonded debt, to include general obligation and certificates of obligation, is backed by the full faith and credit of the City. A schedule of long-term debt at September 30, 2022 and 2021, follows:

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Bonds payable						
General obligation bonds	\$ 6,315,000	\$ 6,955,000	\$ -	\$ -	\$ 6,315,000	\$ 6,955,000
Certificates of obligation	7,930,000	6,980,000	18,970,000	16,360,000	26,900,000	23,340,000
Bond issuance premiums/discounts	718,325	673,771	881,788	653,298	1,600,113	1,327,069
Compensated absences	<u>1,306,234</u>	<u>1,116,141</u>	<u>201,202</u>	<u>145,598</u>	<u>1,507,436</u>	<u>1,261,739</u>
Totals	<u>\$ 16,269,559</u>	<u>\$ 15,724,912</u>	<u>\$ 20,052,990</u>	<u>\$ 17,158,896</u>	<u>\$ 36,322,549</u>	<u>\$ 32,883,808</u>

On November 2, 2017, Standard & Poor’s Ratings Services affirmed its long-term debt rating and underlying rating (SPUR) on the City’s general obligation (GO) of ‘AA-’. The General Obligation Refunding Bonds Series 2020 received a SPUR rating of ‘AA-’ as well. The outlook is stable.

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

Economic Factors

The planned development of over 1,000 acres of prime ranch land along the City’s Interstate 69 (I-69) corridor is fueling a springboard of economic speculation and activity within the City’s extraterritorial jurisdiction (ETJ), which is benefitting the economic growth within the city limits of Richmond. Strategic Partnership agreements are in place with various Municipal Utility Districts (MUDs) to share in the sales tax generated from commercial activity in the City’s ETJ along the I-69 corridor. Additionally, the City is working on other development agreements for property outside of MUDs along the I-69 corridor and the US Highway 90A corridor.

Average home values in the City continue to increase as new investments are being made. This year, the values increased from \$136,083 to \$140,321 or 3.11% for the fiscal year beginning October 1, 2021.

Unemployment has decreased from 5.4% in the previous year to 4.2% based on the latest data available from the Bureau of Labor Statistics for the Houston MSA. The City continues to see strong sales tax growth and demand for single family residential housing.

The City continues to partner with property owners to strategically annex properties and engage in public private partnerships when appropriate in order to grow Richmond’s local economy and increase city revenue. Richmond has seen an increase in economic opportunities that have resulted from executing its strategic planning objectives and from the rapid growth occurring in Fort Bend County as a whole. Richmond is located in the center of a wave of growth that is projected to grow the county’s population to 2.25 million residents by the year 2050. Richmond’s strategic infrastructure, investments and planning will help it to capitalize on this in the coming years.

The City of Richmond continues to engage in strategic activities to expand the city’s tax base, increase sales tax revenues, and recruit new employment opportunities for residents. The City of Richmond was successful in deploying new economic development tools that will help to achieve these key economic goals. Some of the notable achievements include the extension of a legislation that will help to enable commercial development by capturing state shares of hotel taxes, sales taxes, and mixed-beverage taxes for the development of a hotel and convention center. Currently, the City has three hotels, a LaQuinta Inn & Suites, a Hilton Home2 Suites and a Marriott Fairfield Inn.

Richmond's many cultural and historic sites mixed with its collection of unique restaurants and stores make it an ideal location for regional tourism. The new revenue stream of hotel occupancy tax dollars will enable the City of Richmond to invest in activities such as tourism promotion and historic preservation that will further enhance this sector of the local economy.

New growth within the City is underway, with a new subdivision, Mandola Farms, developing within the City that will add residential properties, as well as future commercial. Additionally, the land where the former Fort Bend Country Club Golf Course property occupied is under development. This property will be both residential and commercial, including a retail center providing additional amenities to the Veranda subdivision (a master planned community by Johnson Development), as well as the rest of the City and surrounding communities. In August, the City Commission approved a development agreement with Meritage Homes which includes the annexation of approximately 45 acres for a new residential subdivision.

Next Year's Budget and Rates

The City's annual operating budget was prepared based on the current needs of the organization and aligned with the City's strategic planning document.

Strategic planning has been a priority for the organization, and we have successfully completed a formal process this year. The plans, developed as part of the strategic planning exercise, will help guide the Commission and Staff in the execution of the goals identified.

Optimizing existing resources is important for the organization as inflation maintains its grip on the economy. While the City has been able to maintain its financial stability and deliver high quality services in the current year, that flexibility could erode in the face of weaker economic conditions with increased inflation. In the near term, flexibility within the budget to respond to changing economic conditions will help ensure that the upward pressure on pricing won't impact service levels. By strategically maneuvering the budget, the general fund will increase only 1.5% over the prior year, with a planned drawdown of \$1.20 million set aside for contingencies to respond to changing economic conditions and organizational priorities.

As the City continues to maneuver through its strategic annexation plan, using the fiscal impact model as a tool, there will be a need to update important plans that guide the City. The water and wastewater master plan is included within the budget for the upcoming year. This important document helps staff and the Commission make important decisions about where to invest scarce resources in order to create a better, more sustainable City for all who call Richmond home.

This year we took another step forward in annexation preparation by identifying financially viable annexation areas, as well as evaluating creative strategies to incorporate the growth from surrounding municipal utility districts and new developments into the City without impacting existing residents. Departments have begun the process to plan for annexation as part of the fiscal impact model process. Through annexation planning, departments will remain focused on service delivery, and project implementation outlined in the comprehensive master plan, parks and trails master plans, and the water and wastewater master plans.

Total taxable ad valorem value has experienced considerable growth with an increase of \$156,716,688, or approximately 25.65% over last year's certified tax roll (supplement number 12), which represents a total taxable ad valorem value of \$767,603,582. New property added to the tax roll resulted in \$357,957 in revenue for fiscal year 2023. The City lowered its property tax rate of \$0.68 per \$100 value to \$0.66 per \$100 valuation despite the disproportionately large amount of exempt property value.

The City's sales tax revenue has seen strong increases over the last several years. For fiscal year 2023 net sales tax projections are \$7.1 million, which is conservative based on growth trends. By projecting a conservative sales tax figure for fiscal year 2023, the City has better positioned itself to deal with the fluctuations associated with sales tax.

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, Justin Alderete, 402 Morton Street, Richmond, Texas 77469.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF RICHMOND, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 19,325,192	\$ 24,312,767	\$ 43,637,959	\$ 4,850,053
Accounts receivable	1,659,155	2,962,538	4,621,693	343,159
Due from other governments	26,976	-	26,976	-
Prepaid items	1,470,080	14,898	1,484,978	-
Other receivables	382,630	-	382,630	-
Capital assets, not subject to depreciation	7,914,558	9,629,405	17,543,963	1,067,831
Capital assets, net of depreciation	<u>17,461,575</u>	<u>51,926,215</u>	<u>69,387,790</u>	<u>-</u>
Total capital assets	<u>25,376,133</u>	<u>61,555,620</u>	<u>86,931,753</u>	<u>-</u>
Total assets	<u>48,240,166</u>	<u>88,845,823</u>	<u>137,085,989</u>	<u>6,261,043</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,367,860	341,965	1,709,825	-
Deferred outflows related to OPEB	<u>114,384</u>	<u>28,596</u>	<u>142,980</u>	<u>-</u>
Total deferred outflows of resources	<u>1,482,244</u>	<u>370,561</u>	<u>1,852,805</u>	<u>-</u>
LIABILITIES				
Accounts payable	571,694	435,032	1,006,726	46,559
Accrued liabilities	261,553	60,563	322,116	-
Deposits	-	1,169,803	1,169,803	-
Unearned Revenue	3,166,130	-	3,166,130	-
Accrued interest payable	42,680	52,379	95,059	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,305,623	1,415,120	2,720,743	-
Due in more than one year:				
Long-term debt	14,963,936	18,637,870	33,601,806	-
Net pension liability	608,061	152,016	760,077	-
Total OPEB liability	<u>484,550</u>	<u>121,137</u>	<u>605,687</u>	<u>-</u>
Total liabilities	<u>21,404,227</u>	<u>22,043,920</u>	<u>43,448,147</u>	<u>46,559</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	2,778,949	694,737	3,473,686	-
Deferred inflows related to OPEB	<u>32,022</u>	<u>8,005</u>	<u>40,027</u>	<u>-</u>
Total deferred inflows of resources	<u>2,810,971</u>	<u>702,742</u>	<u>3,513,713</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	11,861,060	47,799,843	59,660,903	-
Restricted for:				
Debt service	164,511	-	164,511	-
Community projects	26,369	-	26,369	6,214,484
Public safety	436,764	-	436,764	-
Promotion of tourism	854,498	-	854,498	-
Capital projects	-	9,610,185	9,610,185	-
Unrestricted	<u>12,164,010</u>	<u>9,059,694</u>	<u>21,223,704</u>	<u>-</u>
Total net position	<u>\$ 25,507,212</u>	<u>\$ 66,469,722</u>	<u>\$ 91,976,934</u>	<u>\$ 6,214,484</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RICHMOND, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,775,070	\$ 500	\$ 656,162	\$ -
Public safety	9,351,679	3,501,369	295,654	-
Public works	1,509,382	336,087	-	145,027
Culture and recreation	582,354	598,225	-	-
Community development	955,614	-	-	-
Agency fees and issuance costs	44,704	-	-	-
Interest on long-term debt	440,889	-	255,150	-
Total governmental activities	<u>15,659,692</u>	<u>4,436,181</u>	<u>1,206,966</u>	<u>145,027</u>
Business-type activities:				
Water and sewer	6,490,299	11,642,760	-	465,777
Surface water	2,422,349	4,642,722	-	-
Solid waste	796,540	1,344,291	-	-
Total business-type activities	<u>9,709,188</u>	<u>17,629,773</u>	<u>-</u>	<u>465,777</u>
Total primary government	\$ <u>25,368,880</u>	\$ <u>22,065,954</u>	\$ <u>1,206,966</u>	\$ <u>610,804</u>
Component Units				
Development Corporation of Richmond	\$ <u>1,644,157</u>	\$ -	\$ -	\$ -
Total component units	\$ <u>1,644,157</u>	\$ -	\$ -	\$ -
		General revenues:		
		Taxes:		
		Property taxes		
		Sales and use taxes		
		Franchise taxes		
		Hotel/motel taxes		
		Intergovernmental		
		Unrestricted investment earnings		
		Miscellaneous		
		Transfers		
		Total general revenues and transfers		
		Change in net position		
		Net position, beginning		
		Net position, ending		

Net (Expense) Revenues and Changes in Net Position

Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-type Activities	Total	Development Corporation of Richmond
\$(2,118,408)	\$ -	\$(2,118,408)	\$ -
(5,554,656)	-	(5,554,656)	-
(1,028,268)	-	(1,028,268)	-
15,871	-	15,871	-
(955,614)	-	(955,614)	-
(44,704)	-	(44,704)	-
(185,739)	-	(185,739)	-
<u>(9,871,518)</u>	<u>-</u>	<u>(9,871,518)</u>	<u>-</u>
-	5,618,238	5,618,238	-
-	2,220,373	2,220,373	-
-	547,751	547,751	-
<u>-</u>	<u>8,386,362</u>	<u>8,386,362</u>	<u>-</u>
\$(9,871,518)	\$ 8,386,362	\$(1,485,156)	-
			\$ (1,644,157)
			\$ (1,644,157)
4,223,779	-	4,223,779	-
6,699,051	-	6,699,051	1,983,919
756,687	-	756,687	-
362,235	-	362,235	-
-	-	-	39,022
30,297	44,744	75,041	15,151
129,565	-	129,565	5,000
<u>2,991,942</u>	<u>(3,457,719)</u>	<u>(465,777)</u>	<u>-</u>
<u>15,193,556</u>	<u>(3,412,975)</u>	<u>11,780,581</u>	<u>2,043,092</u>
5,322,038	4,973,387	10,295,425	398,935
<u>20,185,174</u>	<u>61,496,335</u>	<u>81,681,509</u>	<u>5,815,549</u>
\$ <u>25,507,212</u>	\$ <u>66,469,722</u>	\$ <u>91,976,934</u>	\$ <u>6,214,484</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RICHMOND, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Capital Projects</u>
ASSETS		
Cash and cash equivalents	\$ 8,467,509	\$ 4,269,868
Accounts receivable, net	152,104	-
Taxes receivable, net	1,364,107	-
Other receivables	20,271	6,705
Due from other governments	382,630	-
Prepaid items	<u>20,078</u>	<u>1,450,002</u>
 Total assets	 <u>10,406,699</u>	 <u>5,726,575</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities:		
Accounts payable	541,500	27,680
Accrued liabilities	261,553	-
Unearned revenue	<u>-</u>	<u>43,319</u>
Total liabilities	<u>803,053</u>	<u>70,999</u>
Deferred Inflows of Resources		
Unavailable revenues - property taxes	104,580	-
Unavailable revenues - court fines	<u>152,103</u>	<u>-</u>
Total deferred inflows of resources	<u>256,683</u>	<u>-</u>
Fund balances:		
Nonspendable	20,078	1,450,002
Restricted:		
Debt service	-	-
Capital projects	-	4,205,574
Public safety	-	-
Promotion of tourism	-	-
Community projects	-	-
Assigned - Subsequent year's appropriation of fund balance	1,209,031	-
Unassigned	<u>8,117,854</u>	<u>-</u>
Total fund balances	<u>9,346,963</u>	<u>5,655,576</u>
Total liabilities, Deferred inflows of resources, and fund balances	\$ <u>10,406,699</u>	\$ <u>5,726,575</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	ARPA Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 161,271	\$ 3,124,853	\$ 1,228,160	\$ 17,251,661
-	-	-	152,104
45,920	-	97,024	1,507,051
-	-	-	26,976
-	-	-	382,630
-	-	-	1,470,080
<u>207,191</u>	<u>3,124,853</u>	<u>1,325,184</u>	<u>20,790,502</u>
-	-	-	569,180
-	-	-	261,553
-	<u>3,122,811</u>	-	<u>3,166,130</u>
-	<u>3,122,811</u>	-	<u>3,996,863</u>
38,534	-	-	143,114
-	-	-	152,103
<u>38,534</u>	-	-	<u>295,217</u>
-	-	-	1,470,080
168,657	-	-	168,657
-	-	9,595	4,215,169
-	2,042	434,722	436,764
-	-	854,498	854,498
-	-	26,369	26,369
-	-	-	1,209,031
-	-	-	8,117,854
<u>168,657</u>	<u>2,042</u>	<u>1,325,184</u>	<u>16,498,422</u>
\$ <u>207,191</u>	\$ <u>3,124,853</u>	\$ <u>1,325,184</u>	\$ <u>20,790,502</u>

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CITY OF RICHMOND, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

Total fund balance, governmental funds \$ 16,498,422

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. 25,077,396

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 - property taxes 143,114
Unavailable revenue - court fines 152,103

An internal service fund is used to pay health insurance premiums. The governmental funds' share of the assets and liabilities of the internal service fund service fund are included in governmental activities in the statement of net position. 2,369,754

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 (14,245,000)
Premium/discount on bonds payable (718,325)
Accrued long-term interest (42,680)
Compensated absences (1,306,234)

Net Pension Liability and related deferred outflows and inflows of resources do not represent current liabilities and are not reported in the fund financial statements, but are included in the governmental activities of the statement of net position.

Deferred outflows related to pensions 1,367,860
Deferred outflows related to OPEB 114,384
Net Pension Liability (608,061)
Total OPEB Liability (484,550)
Deferred inflows related to pensions (2,778,949)
Deferred inflows related to OPEB (32,022)

Net position of governmental activities in the statement of net position \$ 25,507,212

CITY OF RICHMOND, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Capital Projects</u>
REVENUES		
Taxes:		
Property taxes	\$ 3,177,876	\$ -
Sales and use taxes	6,699,051	-
Franchise taxes	756,687	-
Hotel/motel taxes	-	-
Fines and forfeitures	209,075	-
License and permits	598,225	-
Intergovernmental	748,350	-
Charges for services	3,613,585	-
Investment earnings	14,248	8,321
Miscellaneous	107,000	6,705
Total revenues	<u>15,924,097</u>	<u>15,026</u>
EXPENDITURES		
Current:		
General government	4,615,724	-
Public safety	9,557,034	-
Public works	1,475,489	-
Culture and recreation	454,334	-
Community development	1,008,949	-
Capital outlay	64,081	388,670
Debt service:		
Principal	-	-
Interest and other charges	-	1,026
Agent fees/issuance cost	-	44,704
Total expenditures	<u>17,175,611</u>	<u>434,400</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,251,514)</u>	<u>(419,374)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	3,023,646	2,093,404
Transfers out	(1,821,425)	(92,927)
Issuance of bonds	-	1,380,000
Premium on issuance of bonds	-	114,704
Insurance recovery	27,278	-
Total other financing sources (uses)	<u>1,229,499</u>	<u>3,495,181</u>
NET CHANGE IN FUND BALANCES	<u>(22,015)</u>	<u>3,075,807</u>
FUND BALANCES, BEGINNING	<u>9,368,978</u>	<u>2,579,769</u>
FUND BALANCES, ENDING	<u>\$ 9,346,963</u>	<u>\$ 5,655,576</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	ARPA Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,072,204	\$ -	\$ -	\$ 4,250,080
-	-	-	6,699,051
-	-	-	756,687
-	-	362,235	362,235
-	-	15,126	224,201
-	-	-	598,225
255,150	-	203,466	1,206,966
-	-	-	3,613,585
23	2,042	2,098	26,732
-	-	5,649	119,354
<u>1,327,377</u>	<u>2,042</u>	<u>588,574</u>	<u>17,857,116</u>
-	-	-	4,615,724
-	-	4,099	9,561,133
-	-	3,138	1,478,627
-	-	-	454,334
-	-	-	1,008,949
-	-	-	452,751
1,070,000	-	-	1,070,000
515,052	-	-	516,078
-	-	-	44,704
<u>1,585,052</u>	<u>-</u>	<u>7,237</u>	<u>19,202,300</u>
(257,675)	2,042	581,337	(1,345,184)
255,021	-	-	5,372,071
-	-	-	(1,914,352)
5,563	-	-	1,385,563
-	-	-	114,704
-	-	-	27,278
<u>260,584</u>	<u>-</u>	<u>-</u>	<u>4,985,264</u>
2,909	2,042	581,337	3,640,080
<u>165,748</u>	<u>-</u>	<u>743,847</u>	<u>12,858,342</u>
\$ <u>168,657</u>	\$ <u>2,042</u>	\$ <u>1,325,184</u>	\$ <u>16,498,422</u>

The accompanying notes are an integral part of these financial statements.

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 FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds: \$ 3,640,080

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:

Capital outlay	1,694,422
Depreciation expense	(1,091,809)
Transfer of capital asset to proprietary fund	(465,777)

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. (26,131)

Governmental fund report repayment of bond principal 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. (430,741)

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 the Statement of Net Position. The net change for each represents an increase/(decrease) in net position.

Bond premiums/discounts	76,187
-------------------------	--------

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 interest	(524)
Changes in accrued compensated absences	(190,093)

Pension expense does not represent a use of current resources and is not recognized in the fund financial statements. 881,350

OPEB expense does not represent a use of current resources and is not recognized in the fund financial statements. (47,501)

The net revenue (expense) of certain activities of internal service funds is reported with governmental activities. 1,282,575

Change in net position of governmental activities \$ 5,322,038

CITY OF RICHMOND, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Wastewater	Surface Water	Solid Waste	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 18,365,283	\$ 5,947,484	\$ -	\$ 24,312,767	\$ 2,073,531
Accounts receivable, net	2,005,030	589,583	367,925	2,962,538	-
Prepaid items	14,898	-	-	14,898	-
Total current assets	<u>20,385,211</u>	<u>6,537,067</u>	<u>367,925</u>	<u>27,290,203</u>	<u>2,073,531</u>
Non-current assets:					
Capital assets					
Land and improvements	1,811,714	125,223	-	1,936,937	-
Construction in progress	7,628,478	63,990	-	7,692,468	-
Infrastructure	50,378,587	3,159,446	-	53,538,033	-
Buildings	10,124,837	23,235,822	-	33,360,659	-
Improvement other than buildings	5,655,406	635,405	-	6,290,811	-
Equipment and furniture	1,564,073	22,167	-	1,586,240	351,566
Less: accumulated depreciation	(40,759,149)	(2,090,379)	-	(42,849,528)	(52,829)
Total non-current assets	<u>36,403,946</u>	<u>25,151,674</u>	<u>-</u>	<u>61,555,620</u>	<u>298,737</u>
Total assets	<u>56,789,157</u>	<u>31,688,741</u>	<u>367,925</u>	<u>88,845,823</u>	<u>2,372,268</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	341,965	-	-	341,965	-
Deferred outflows related to OPEB	28,596	-	-	28,596	-
Total deferred outflows of resources	<u>370,561</u>	<u>-</u>	<u>-</u>	<u>370,561</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	298,348	23,402	113,282	435,032	2,514
Accrued liabilities	55,379	5,184	-	60,563	-
Deposits	1,169,803	-	-	1,169,803	-
Accrued interest payable	10,122	42,257	-	52,379	-
Compensated absences	20,120	-	-	20,120	-
Bonds, notes and loans payable	140,000	1,255,000	-	1,395,000	-
Total current liabilities	<u>1,693,772</u>	<u>1,325,843</u>	<u>113,282</u>	<u>3,132,897</u>	<u>2,514</u>
Non-current liabilities:					
Compensated absences	181,082	-	-	181,082	-
Bonds, notes and loans payable	3,963,518	14,493,270	-	18,456,788	-
Net pension liability	152,016	-	-	152,016	-
Total OPEB liability	121,137	-	-	121,137	-
Total non-current liabilities	<u>4,417,753</u>	<u>14,493,270</u>	<u>-</u>	<u>18,911,023</u>	<u>-</u>
Total liabilities	<u>6,111,525</u>	<u>15,819,113</u>	<u>113,282</u>	<u>22,043,920</u>	<u>2,514</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	694,737	-	-	694,737	-
Deferred inflows related to OPEB	8,005	-	-	8,005	-
Total deferred inflows of resources	<u>702,742</u>	<u>-</u>	<u>-</u>	<u>702,742</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	36,256,196	11,543,647	-	47,799,843	298,737
Restricted for capital projects	9,610,185	-	-	9,610,185	-
Unrestricted	<u>4,479,070</u>	<u>4,325,981</u>	<u>254,643</u>	<u>9,059,694</u>	<u>2,071,017</u>
Total net position	<u>\$ 50,345,451</u>	<u>\$ 15,869,628</u>	<u>\$ 254,643</u>	<u>\$ 66,469,722</u>	<u>\$ 2,369,754</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF RICHMOND, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Water and Wastewater	Surface Water	Solid Waste	Total Enterprise Funds	Internal Service funds
OPERATING REVENUES					
Charges for services:					
Water	\$ 5,512,107	\$ -	\$ -	\$ 5,512,107	\$ -
Sewer	4,278,109	-	-	4,278,109	-
Groundwater reduction	-	4,642,672	-	4,642,672	-
Solid waste collection	-	-	\$ 1,344,291	1,344,291	-
Tapping fees	155,092	-	-	155,092	-
Service charges	165,750	-	-	165,750	-
Interfund charges	-	-	-	-	3,612,195
Impact fees:					
Water	1,206,878	-	-	1,206,878	-
Sewer	324,824	-	-	324,824	-
Miscellaneous	-	50	-	50	26,421
Total operating revenues	<u>11,642,760</u>	<u>4,642,722</u>	<u>1,344,291</u>	<u>17,629,773</u>	<u>3,638,616</u>
OPERATING EXPENSES					
Personnel services	2,116,429	279,994	-	2,396,423	-
Supplies	517,766	276,123	-	793,889	36,547
Contracted services	897,703	161,649	796,540	1,855,892	-
Insurance premiums	-	-	-	-	2,270,229
Utilities	409,187	574,397	-	983,584	-
Other	626,745	49,578	-	676,323	-
Depreciation	1,755,180	595,990	-	2,351,170	52,830
Total operating expenses	<u>6,323,010</u>	<u>1,937,731</u>	<u>796,540</u>	<u>9,057,281</u>	<u>2,359,606</u>
OPERATING INCOME	<u>5,319,750</u>	<u>2,704,991</u>	<u>547,751</u>	<u>8,572,492</u>	<u>1,279,010</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	35,741	9,003	-	44,744	3,565
Interest expense	(167,289)	(484,618)	-	(651,907)	-
Total non-operating revenues (expenses)	<u>(131,548)</u>	<u>(475,615)</u>	<u>-</u>	<u>(607,163)</u>	<u>3,565</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	5,188,202	2,229,376	547,751	7,965,329	1,282,575
Capital contributions	465,777	-	-	465,777	-
Transfers in	192,927	-	-	192,927	-
Transfers out	(3,050,981)	(100,000)	(499,665)	(3,650,646)	-
CHANGE IN NET POSITION	2,795,925	2,129,376	48,086	4,973,387	1,282,575
NET POSITION, BEGINNING	<u>47,549,526</u>	<u>13,740,252</u>	<u>206,557</u>	<u>61,496,335</u>	<u>1,087,179</u>
NET POSITION, ENDING	<u>\$ 50,345,451</u>	<u>\$ 15,869,628</u>	<u>\$ 254,643</u>	<u>\$ 66,469,722</u>	<u>\$ 2,369,754</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RICHMOND, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Busniess-Type Activities - Enterprise Funds		
	Water and Wastewater	Surface Water	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 11,527,777	\$ 4,190,788	\$ 1,274,545
Receipts from interfund charges for insurance premiums	-	-	-
interfund charges for use of city equipment	-	-	-
Payments to employees for salaries and benefits	(2,498,298)	(1,292,163)	-
Payments to suppliers and service providers	(2,269,289)	(69,913)	(851,666)
Net cash provided (used) by operating activities	6,760,190	2,828,712	422,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	192,927	-	-
Transfers to other funds	(3,050,981)	(100,000)	(499,665)
Net cash provided (used) by noncapital financing activities	(2,858,054)	(100,000)	(499,665)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital related debt	4,103,518	-	-
Principal paid on capital debt	-	(1,225,000)	-
Interest paid on capital debt	(157,167)	(527,708)	-
Acquisition and construction of capital assets	(309,058)	(63,991)	-
Net cash used for capital and related financing activities	3,637,293	(1,816,699)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	35,741	9,003	-
Net cash provided by investing activities	35,741	9,003	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,575,170	921,016	(76,786)
CASH AND CASH EQUIVALENTS, BEGINNING	10,790,113	5,026,468	76,786
CASH AND CASH EQUIVALENTS, ENDING	\$ 18,365,283	\$ 5,947,484	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,319,750	\$ 2,704,991	\$ 547,751
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,755,180	595,990	-
Decrease (increase) in accounts receivable	(183,248)	(451,934)	-
Decrease (increase) in customer receivable	-	-	(69,746)
Decrease (increase) in other assets	(14,898)	-	-
Decrease (increase) in deferred outflows of resources relating to pensions	(51,863)	-	-
Decrease (increase) in deferred outflows of resources relating to OPEB	(1,306)	-	-
Increase (decrease) in accrued liabilities	(23,543)	(2,423)	-
Increase (decrease) in accounts payable	(8,456)	(17,912)	(55,126)
Increase (decrease) in customer deposits	68,265	-	-
Increase (decrease) in accrued compensated absences	55,604	-	-
Increase (decrease) in net pension liability	(538,404)	-	-
Increase (decrease) in total OPEB liability	15,473	-	-
Increase (decrease) in deferred inflows of resources relating to pensions	369,929	-	-
Increase (decrease) in deferred inflows of resources relating to pensions	(2,293)	-	-
Net cash provided (used) by operating activities	\$ 6,760,190	\$ 2,828,712	\$ 422,879
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	465,777	-	-

The accompanying notes are an integral part of these financial statements.

Busniess-Type Activities		Governmental Activities	
Total Enterprise Funds		Internal Service Funds	
\$	16,993,110	\$	-
	-		3,143,195
	-		495,421
(	3,790,461)		-
(	3,190,868)	(	2,304,262)
	<u>10,011,781</u>		<u>1,334,354</u>
	192,927		-
(	3,650,646)		-
(	3,457,719)		-
	4,103,518		-
(	1,225,000)		-
(	684,875)		-
(	373,049)	(	111,617)
	<u>1,820,594</u>	(	<u>111,617</u>
	44,744		3,565
	<u>44,744</u>		<u>3,565</u>
	8,419,400		1,226,302
	<u>15,893,367</u>		<u>847,229</u>
\$	<u>24,312,767</u>	\$	<u>2,073,531</u>
	8,572,492	\$	1,279,010
	2,351,170		52,830
(	635,182)		-
(	69,746)		-
(	14,898)		-
(	51,863)		-
(	1,306)		-
(	25,966)		-
(	81,494)		2,514
	68,265		-
	55,604		-
(	538,404)		-
	15,473		-
	369,929		-
(	2,293)		-
\$	<u>10,011,781</u>	\$	<u>1,334,354</u>
	465,777		-

CITY OF RICHMOND, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2022

	<u>Custodial Fund</u>
ASSETS	\$ -
LIABILITIES	-
NET POSITION	
Restricted for contracting entity	<u>-</u>
Total net position	<u>\$ -</u>

CITY OF RICHMOND, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Collections on-behalf of contracting entity	\$ 977,809
Total additions	<u>977,809</u>
DEDUCTIONS	
Disbursements to contracting entity	<u>1,150,856</u>
Total Expenses	<u>1,150,856</u>
CHANGE IN NET POSITION	(173,047)
NET POSITION, BEGINNING	<u>173,047</u>
NET POSITION, ENDING	<u>\$ -</u>

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

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 Development Corporation of Richmond as a discretely presented component unit. 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.

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

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. The Board of Directors and the City Commission are not substantively the same. 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.

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

B. Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided between the government's water and sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Funds. 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, 2022, 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, 2022, 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, parks and recreation and community development.

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.

The **Debt Service Fund** is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The **ARPA Grant Fund** is used to account for the accumulation of resources that are received from the American Rescue Plan Act and the related project costs.

In addition, the City reports the following governmental fund types:

Special Revenue Funds: Accounts for transactions related to resources received and used for restricted or specific purposes.

Proprietary Funds. The City's business type activities consist of the following proprietary funds:

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 **Surface Water Enterprise Fund** is used to account for the operations of the surface water facilities revenues collected for the reduction of groundwater usage.

The **Solid Waste Enterprise Fund** is used to account for the operations of the solid waste division and related recycling and educational initiatives.

The **Internal Service Funds** are used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. The City's internal service funds account for the City's health insurance premiums and the costs of certain vehicles and equipment. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

These funds are 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.

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.

Fiduciary Funds. These funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support city programs, these funds are not included in the government-wide statements.

The City reports one type of fiduciary fund. The **Custodial Fund** This fund is used to account for assets held and collected on behalf of Fort Bend County Municipal Utility District 140. The City billed and collected the District’s utility revenues directly from its customers and also accounted for the purchase of utilities from the City’s enterprise funds. The City’s contract with the District was terminated during Fiscal Year 2022 and, as of September 30, 2022, this fund is inactive.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash, Cash Equivalents, and Investments

Investments for the City are reported at fair value, except for the position in investment pools. The City’s investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. City did not have any of the investments mentioned above in the current year.

The City maintains a cash pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined financial statements as cash and cash equivalents. The City’s cash and cash equivalents can be readily converted to cash at their carrying value.

For purposes of the statement of cash flows, the City considers cash and other investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The City did not have any investments as defined above in the current year.

2. Prepaid items

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

3. 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 acquisition cost, which is the price that would have been paid to acquire an asset with equivalent service potential on the date of acquisition.

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.

<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

4. 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.

5. Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of qualifying expenditures for grant programs as of the end of the fiscal year.

6. Long-term Obligations

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses.

7. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" and "advances to/from other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

8. Interfund Services Provided and Used

Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are recognized as revenues and expenditures (or expenses) in the funds involved just as they would be recognized if the transactions involved organizations outside the governmental unit.

9. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Post-Employment Benefits Other Than Pensions (OPEB)

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in expected and actual actuarial experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual actuarial experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

12. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

13. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

14. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has by resolution authorized the finance director to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

15. 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 District (the “CAD”). Taxes are levied by the City Commission based on the appraised values received from the CAD.

16. 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.

17. 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.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit.

The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, TexPool, and Texas Cooperative Liquid Assets Securities System Trust ("TexasCLASS"), such as through which political subdivisions and other entities may invest public funds.

TexPool, and TexasClass have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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 City's investments for the year ended September 30, 2022 are as follows:

	Reported Value	Fair Value Measurement Level		Weighted Average Maturity (Days)	Credit Risk
		Level 1	Level 2		
Primary government:					
Certificates of Deposit	\$ 2,892,126	\$ -	\$ 2,892,126	291	n/a
US Agency Securities	9,840,100	3,955,184	5,884,916	215	n/a
TexPool Prime	13,764,358	-	-	12	AAAm
TexasClass	<u>20,857,209</u>	-	-	31	AAAm
Total primary government	\$ <u>47,353,793</u>				

At September 30, 2022, 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.

Interest Rate Risk: 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:

	<u>Percentage of Portfolio (Maximum)</u>
Repurchase Agreements	50%
Certificates of Deposit	50%
Commercial Paper	25%
U.S. Treasury Bills/Notes	100%
Local Government Investment Pools	100%
Other U.S. Government Securities	75%
Authorized Investment Pools	75%
Flexible Repurchase Agreements	50%
Bankers' Acceptances	25%
No Load Money Market Mutual Funds	100%
No Load Mutual Funds	50%

B. Receivables

Amounts recorded as receivables as of September 30, 2022, for the government's individual major and nonmajor funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>				<u>Business-type Activities</u>			Total Primary Government
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Water and Sewer	Surface Water	Solid Waste	
Receivables:								
Sales and use taxes	\$ 1,158,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,158,103
Property taxes	213,521	-	78,385	-	-	-	-	291,906
Franchise taxes	80,924	-	-	-	-	-	-	80,924
Hotel/motel taxes	-	-	-	97,024	-	-	-	97,024
Court fines	2,264,296	-	-	-	-	-	-	2,264,296
Customer accounts	-	-	-	-	2,118,068	589,583	433,326	3,140,977
Other	<u>22,432</u>	<u>6,705</u>	-	-	-	-	-	<u>29,137</u>
Gross receivables	3,739,276	6,705	78,385	97,024	2,118,068	589,583	433,326	7,062,367
Less: allowance for uncollectibles	<u>(2,202,794)</u>	<u>-</u>	<u>(32,465)</u>	<u>-</u>	<u>(113,038)</u>	<u>-</u>	<u>(65,401)</u>	<u>(2,413,698)</u>
Net total receivables	<u>\$ 1,536,482</u>	<u>\$ 6,705</u>	<u>\$ 45,920</u>	<u>\$ 97,024</u>	<u>\$ 2,005,030</u>	<u>\$ 589,583</u>	<u>\$ 367,925</u>	<u>\$ 4,648,669</u>

Additionally, the discretely presented component unit reported a receivable of \$343,159 as of year-end for sales taxes. Management expects full collection, and accordingly, no allowance for uncollectible accounts was recorded.

C. Capital Assets

A summary of activity for capital assets for the year ended September 30, 2022, follows:

	Balance 10/1/2021	Additions	Deletions/ Transfers	Balance 9/30/2022
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,084,466	\$ -	\$ -	\$ 4,084,466
Construction in progress	<u>2,228,050</u>	<u>1,602,042</u>	<u>-</u>	<u>3,830,092</u>
Total capital assets, not being depreciated	<u>6,312,516</u>	<u>1,602,042</u>	<u>-</u>	<u>7,914,558</u>
Capital assets being depreciated:				
Buildings	12,085,633	-	-	12,085,633
Improvements other than buildings	5,236,114	-	(465,777)	4,770,337
Infrastructure	11,533,744	-	-	11,533,744
Machinery and equipment	<u>9,636,021</u>	<u>179,799</u>	<u>(344,100)</u>	<u>9,471,720</u>
Total capital assets being depreciated	<u>38,491,512</u>	<u>179,799</u>	<u>(809,877)</u>	<u>37,861,434</u>
Less accumulated depreciation for:				
Buildings	(2,163,660)	(274,691)	-	(2,438,351)
Improvements other than buildings	(1,670,788)	(167,785)	-	(1,838,573)
Infrastructure	(7,987,315)	(146,112)	-	(8,133,427)
Machinery and equipment	<u>(7,777,558)</u>	<u>(556,050)</u>	<u>344,100</u>	<u>(7,989,508)</u>
Total accumulated depreciation	<u>(19,599,321)</u>	<u>(1,144,638)</u>	<u>344,100</u>	<u>(20,399,859)</u>
Total capital assets being depreciated, net	<u>18,892,191</u>	<u>(964,839)</u>	<u>(465,777)</u>	<u>17,461,575</u>
Governmental activities capital assets, net	<u>\$ 25,204,707</u>	<u>\$ 637,203</u>	<u>\$ (465,777)</u>	<u>\$ 25,376,133</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,936,937	\$ -	\$ -	\$ 1,936,937
Construction in progress	<u>7,319,419</u>	<u>373,049</u>	<u>-</u>	<u>7,692,468</u>
Total capital assets, not being depreciated	<u>9,256,356</u>	<u>373,049</u>	<u>-</u>	<u>9,629,405</u>
Capital assets being depreciated:				
Buildings	33,360,659	-	-	33,360,659
Improvements other than buildings	5,825,034	-	465,777	6,290,811
Infrastructure	53,538,033	-	-	53,538,033
Machinery and equipment	<u>1,602,018</u>	<u>-</u>	<u>(15,778)</u>	<u>1,586,240</u>
Total capital assets being depreciated	<u>94,325,744</u>	<u>-</u>	<u>449,999</u>	<u>94,775,743</u>
Less accumulated depreciation for:				
Buildings	(6,241,495)	(561,981)	-	(6,803,476)
Improvements other than buildings	(3,228,824)	(302,330)	-	(3,531,154)
Infrastructure	(29,714,679)	(1,379,966)	-	(31,094,645)
Machinery and equipment	<u>(1,329,138)</u>	<u>(106,893)</u>	<u>15,778</u>	<u>(1,420,253)</u>
Total accumulated depreciation	<u>(40,514,136)</u>	<u>(2,351,170)</u>	<u>15,778</u>	<u>(42,849,528)</u>
Total capital assets being depreciated, net	<u>53,811,608</u>	<u>(2,351,170)</u>	<u>465,777</u>	<u>51,926,215</u>
Business-type activities Capital assets, net	<u>\$ 63,067,964</u>	<u>\$ (1,978,121)</u>	<u>\$ 465,777</u>	<u>\$ 61,555,620</u>
Discretely Presented Component Unit:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,067,831	\$ -	\$ 1,067,831
Total capital assets, not being depreciated	<u>-</u>	<u>1,067,831</u>	<u>-</u>	<u>1,067,831</u>
Discretely Presented Component Unit Capital assets, net	<u>\$ -</u>	<u>\$ 1,067,831</u>	<u>\$ -</u>	<u>\$ 1,067,831</u>

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

Governmental Activities	
General government	\$ 204,363
Public safety	606,587
Public works	184,181
Parks and recreation	149,507
	<u>\$ 1,144,638</u>
Business-Type Activities	
Water and sewer	\$ 1,755,180
Surface water	595,990
	<u>\$ 2,351,170</u>

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2022, are as follows:

	Authorized Commitment	Total in Progress	Remaining Commitment
Governmental Activities			
Clay Street Sidewalk and Drainage Improvements	\$ 299,950	\$ 286,540	\$ 13,410
WIFI Project	100,785	10	100,775
Phase I Street Rehabilitation	298,690	85,167	213,523
Morton Street Underground Systems	41,430	16,572	24,858
Myrtle Parking Lot	39,250	35,574	3,676
	<u>\$ 780,105</u>	<u>\$ 423,863</u>	<u>\$ 356,242</u>
Business-Type Activities			
North Richmond Water Main Replacement	\$ 38,136	\$ 2,859	\$ 35,276
Winston Water Plant Replacement of Motor Control Center	25,000	12,972	12,028
Richmond Surface Water Treatment Plant New Groundwater V	275,000	60,490	214,510
Williams Way and Hwy 59 Utility Extension	230,562	5,158	225,404
South Wastewater Treatment Plant Expansion	449,841	-	449,841
Clay Street Sidewalk and Drainage Improvements	183,629	6,705	176,924
Edgar Water Well Preventative Maintenance	22,000	-	22,000
	<u>\$ 1,224,168</u>	<u>\$ 88,184</u>	<u>\$ 1,135,984</u>

D. 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 as the governmental activities are paid through the Debt Service Fund from tax revenues. Business-type activities long-term debt is paid from water and sewer system revenues. Governmental activities compensated absences are liquidated from the General Fund in the governmental activities and Enterprise funds in the business-type activities.

In March 2022, the City issued its Combination Tax and Revenue Certificates of Obligation, Series 2022, in the amount of \$5,215,000. The Certificates bear interest of 3% to 4% per annum and mature in series from 2023 to 2042. The net proceeds of the issuance of \$5,450,000 (net of an issuance premium of \$403,392 and costs of issuance) will be used to fund construction and improvement of certain water, wastewater, and streets infrastructure, and for the purchase of firefighting trucks, machinery, and equipment.

During the year ended September 30, 2022, the following changes occurred in long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 6,955,000	\$ -	\$ (640,000)	\$ 6,315,000	\$ 665,000
Certificates of obligation	6,980,000	1,380,000	(430,000)	7,930,000	510,000
Bond issuance premiums/discounts	673,771	120,741	(76,187)	718,325	-
Compensated absences	<u>1,116,141</u>	<u>770,278</u>	<u>(580,185)</u>	<u>1,306,234</u>	<u>130,623</u>
Governmental activities long-term debt	<u>\$ 15,724,912</u>	<u>\$ 2,271,019</u>	<u>\$ (1,726,372)</u>	<u>\$ 16,269,559</u>	<u>\$ 1,305,623</u>
Business-Type Activities:					
Bonds payable:					
Certificates of obligation	\$ 16,360,000	\$ 3,835,000	\$ (1,225,000)	\$ 18,970,000	\$ 1,395,000
Bond issuance premiums/discounts	653,298	282,651	(54,161)	881,788	-
Compensated absences	<u>145,598</u>	<u>144,557</u>	<u>(88,953)</u>	<u>201,202</u>	<u>20,120</u>
Business-type activities long-term debt	<u>\$ 17,158,896</u>	<u>\$ 4,262,208</u>	<u>\$ (1,368,114)</u>	<u>\$ 20,052,990</u>	<u>\$ 1,415,120</u>

The following is a summary of the terms of obligations of general obligation bonds and certificates of obligation outstanding as of September 30, 2022:

Governmental Activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
General Obligation Bonds:				
Series 2013 general obligation and refunding bonds	3.00-4.25%	6,620,000	2038	\$ 4,420,000
Series 2020 general obligation and refunding bonds	3.00-4.00%	2,525,000	2029	<u>1,895,000</u>
				<u>6,315,000</u>
Certificates of Obligation:				
Series 2013 combination tax and revenue certificates of obligation	2.00-4.13%	2,265,000	2038	1,675,000
Series 2016B combination tax and revenue certificates of obligation	3.00%	3,375,000	2035	2,130,000
Series 2017B combination tax and revenue certificates of obligation	3.00%	3,405,000	2037	2,745,000
Series 2022 combination tax and revenue certificates of obligation (tax portion)	2.00-4.00%	1,380,000	2037	<u>1,380,000</u>
				<u>7,930,000</u>
Total Governmental Activities				<u>\$ 14,245,000</u>

Business-Type Activities:

Series	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Certificates of Obligation:				
Series 2015 combination tax and revenue certificates of obligation	3.00-4.00%	9,705,000	2045	\$ 8,210,000
Series 2016A combination tax and revenue certificates of obligation	3.00%	6,025,000	2034	2,120,000
Series 2017A combination tax and revenue				

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		
	Principal	Interest	Total
2023	\$ 665,000	\$ 242,394	\$ 907,394
2024	690,000	216,119	906,119
2025	405,000	194,103	599,103
2026	420,000	177,369	597,369
2027	445,000	159,825	604,825
2028-2032	1,740,000	562,228	2,302,228
2033-2037	1,590,000	245,116	1,835,116
2038	<u>360,000</u>	<u>7,425</u>	<u>367,425</u>
	<u>\$ 6,315,000</u>	<u>\$ 1,804,579</u>	<u>\$ 8,119,579</u>

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Certificates of Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 510,000	\$ 251,900	\$ 761,900	\$ 1,395,000	\$ 606,926	\$ 2,001,926
2024	520,000	235,181	755,181	785,000	572,983	1,357,983
2025	535,000	218,175	753,175	805,000	548,589	1,353,589
2026	545,000	201,147	746,147	825,000	524,333	1,349,333
2027	475,000	185,113	660,113	840,000	499,842	1,339,842
2028-2032	2,565,000	675,981	3,240,981	4,590,000	2,076,819	6,666,819
2033-2037	2,640,000	237,103	2,877,103	4,880,000	1,315,173	6,195,173
2038-2042	140,000	2,888	142,888	3,340,000	615,000	3,955,000
2043-2045	-	-	-	1,510,000	92,000	1,602,000
	<u>\$ 7,930,000</u>	<u>\$ 2,007,488</u>	<u>\$ 9,937,488</u>	<u>\$ 18,970,000</u>	<u>\$ 6,851,665</u>	<u>\$ 25,821,665</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. In the event of default on any of the bonds or certificates, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

The revenue-supported portion of certificates of obligation were pledged with the net revenues of the City's Water and Wastewater Fund and the Surface Water Fund. For the Series 2013 and 2015 certificates, this pledge was limited to \$10,000 per issuance. For the year ended September 30, 2022, operating revenues for the two funds was \$16.2 million against operating expenses of \$8.2 million for a net operating income of \$8.0 million. Total debt service on outstanding certificates was approximately \$1.7 million.

E. Interfund Receivables, Payables and Transfers

For the year ended September 30, 2022, interfund transfers consisted of:

Transfers In	Transfers Out	Amount	Reason
General fund	Water and wastewater fund	\$ 3,023,646	To remit portion of fee collections
Water and sewer fund	Capital projects fund	92,927	To fund capital projects for water and sewer
Water and sewer fund	Surface water fund	100,000	To supplement other sources of funds
Debt service fund	Water and wastewater fund	27,335	To fund debt service payments
Debt service fund	Solid waste fund	207,915	To fund debt service payments
Capital projects fund	General Fund	1,801,654	To fund capital improvement projects
Debt service fund	General Fund	19,771	To fund debt service payments
Capital projects fund	Solid waste fund	<u>291,750</u>	To fund capital improvement projects
		<u>\$ 5,564,998</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.

Additionally, during fiscal year 2022, the City transferred certain capital assets from the governmental activities to the Water and Wastewater Fund. The assets were transferred at their carrying value of \$465,777 to be used in the fund's continuing operations. The transfer was recognized as a capital contribution in the Water and Wastewater Fund and, in the government-wide financial statements, a transfer out of the governmental activities.

F. Defined Benefit Pension Plan

Plan Description. The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.org.

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

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

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

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age; 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating
Supplemental death benefit - employees and retirees	Yes

Employees covered by benefit terms. At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	131
Active employees	<u>160</u>
Total	<u><u>385</u></u>

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2022, the City made contributions of 15.13% for the months in 2021 and 14.71% for the months in 2022. The City's contributions to TMRS for the year ended September 30, 2022 were \$1,572,638 and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Pension liabilities have been liquidated in prior years from the General Fund for governmental activities and the Water and Wastewater Fund for the business-type activities.

Actuarial Assumptions. The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for popul:
Investment rate of return	6.75%

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Market	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

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

Changes in the Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c)
Balance at 12/31/2020	\$ 51,425,041	\$ 47,972,945	\$ 3,452,096
Changes for the year:			
Service cost	1,746,030	-	1,746,030
Interest	3,458,782	-	3,458,782
Difference between expected and actual experience	522,205	-	522,205
Changes in assumptions	-	-	-
Contributions - employer	-	1,497,588	(1,497,588)
Contributions - employee	-	692,869	(692,869)
Net investment income	-	6,257,318	(6,257,318)
Benefit payments, including refunds of employee contributions	(2,113,684)	(2,113,684)	-
Administrative expense	-	(28,937)	28,937
Other changes	-	198	(198)
Net changes	<u>3,613,333</u>	<u>6,305,352</u>	<u>(2,692,019)</u>
Balance at 12/31/2021	<u>\$ 55,038,374</u>	<u>\$ 54,278,297</u>	<u>\$ 760,077</u>

Sensitivity of the Net Pension Liability. The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (5.75%) or 1- percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/(asset) \$	9,159,563	\$ 760,077	\$(6,055,096)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the City recognized pension expense of \$470,950.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 512,562	\$ 264,304
Changes in actuarial assumptions used	51,416	-
Differences in projected and actual investment earnings	-	3,209,382
Contributions subsequent to the measurement date	<u>1,145,847</u>	<u>-</u>
Total	<u>\$ 1,709,825</u>	<u>\$ 3,473,686</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,145,847 will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	Net Deferred Outflows (Inflows) of Resources
2023	\$(463,154)
2024	(1,264,266)
2025	(617,140)
2026	(565,148)

G. Postemployment Benefits Other Than Pensions (OPEB) - TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Commission opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>160</u>
Total	<u><u>253</u></u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2022 and 0.18% for 2021, of which 0.08% and 0.08%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2022 and 2021 were \$19,878 and \$17,280, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2021
Inflation rate	2.50% per annum
Discount rate	1.84%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.50% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	\$ 753,514	\$ 605,687	\$ 493,208

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2022, the City reported a liability of \$605,687 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$67,865. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2020	\$ 528,320
Changes for the year:	
Service cost	35,633
Interest	10,844
Difference between expected and actual experience	18,637
Changes of assumptions	20,172
Benefit payments	(7,919)
Net changes	77,367
Balance at 12/31/2021	\$ 605,687

The total OPEB liability attributable to the governmental activities will be liquidated by the General Fund. The total liability attributable to the business-type activities will be liquidated by the Water and Wastewater Fund.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 15,834	\$ 29,013
Changes in actuarial assumptions used	120,914	11,014
Contributions subsequent to the measurement date	<u>6,232</u>	<u>-</u>
Total	<u>\$ 142,980</u>	<u>\$ 40,027</u>

\$6,232 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2023	\$ 21,387
2024	20,275
2025	18,423
2026	20,833
2027	12,010
Thereafter	3,793

H. 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 nonpurpose 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.

I. 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.

J. Strategic Partnership Agreements

On October 22, 2007, the City entered into Strategic Partnership Agreements (SPA) with Pecan Grove Municipal Utility District ("Pecan Grove MUD"), Fort Bend County Municipal Utility District No. 121 ("FBCMUD 121") and Fort Bend County Municipal Utility District No. 116 ("FBCMUD 116") whereby the City will annex certain commercial areas within Pecan Grove MUD, FBCMUD 121 and FBCMUD 116 (the Limited Purpose Tracts). The City also entered into a similar agreement with Fort Bend County Municipal Utility District No. 207 ("FBCMUD 207") on January 21, 2014. 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 \$138,904 to Pecan Grove MUD, \$2,435 to FBCMUD 121, \$314,473 to FBCMUD 116 and \$287,477 to FBCMUD 207 in tax rebates in accordance with the SPA. 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.

K. Richmond-Rosenberg Local Government Corporation

The Richmond-Rosenberg Local Government Corporation (the "RRLGC") 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 Commission and one Director is appointed jointly by a resolution of the Richmond City Commission and the Rosenberg City Commission. The RRLGC is currently inactive.

L. New Accounting Pronouncements

Significant new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB) but not yet implemented by the City include the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

M. Subsequent Event

In January 2023, the City issued its Combination Tax and Revenue Certificates of Obligation, Series 2023, in the amount of \$12,295,000. The Certificates bear interest of 4% to 5% per annum and mature in series from 2024 to 2043. The net proceeds of the issuance of \$12,295,000 (net of an issuance premium of \$596,137 and costs of issuance) will be used to fund construction and improvement of certain water and wastewater projects, the construction or acquisition of and/or improvements to City property and the costs of professional services incurred with these projects.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF RICHMOND, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
REVENUES				
Taxes:				
Property taxes	\$ 3,157,967	\$ 3,157,967	\$ 3,177,876	\$ 19,909
Sales and use taxes	5,798,000	5,798,000	6,699,051	901,051
Franchise taxes	773,374	773,374	756,687	(16,687)
Fines and forfeitures	187,250	187,250	209,075	21,825
Licenses and permits	580,000	580,000	598,225	18,225
Intergovernmental	692,517	692,517	748,350	55,833
Charges for services	3,523,007	3,523,007	3,613,585	90,578
Investment earnings	10,000	10,000	14,248	4,248
Miscellaneous	<u>98,700</u>	<u>98,700</u>	<u>107,000</u>	<u>8,300</u>
Total revenues	<u>14,820,815</u>	<u>14,820,815</u>	<u>15,924,097</u>	<u>1,103,282</u>
EXPENDITURES				
General government:				
General government	1,485,556	1,347,681	1,347,681	-
Human resources	453,026	347,899	347,899	-
Vehicle maintenance	228,762	153,524	153,524	-
Information technology	304,567	331,997	331,997	-
Janitorial department	386,304	406,602	406,602	-
Municipal courts	365,660	385,113	385,113	-
Non-departmental	<u>1,293,160</u>	<u>1,642,770</u>	<u>1,642,908</u>	<u>(138)</u>
Total general governments	<u>4,517,035</u>	<u>4,615,586</u>	<u>4,615,724</u>	<u>(138)</u>
Public safety:				
Police department	5,094,675	4,425,242	4,425,241	1
Fire department - central	4,716,147	4,547,720	4,547,720	-
Emergency management	148,679	196,672	196,672	-
Fire marshal	<u>403,526</u>	<u>404,485</u>	<u>404,485</u>	<u>-</u>
Total public safety	<u>10,363,027</u>	<u>9,574,119</u>	<u>9,574,118</u>	<u>1</u>
Public works:				
Public works	500,066	443,436	443,433	3
Street department	<u>1,291,367</u>	<u>1,079,054</u>	<u>1,079,053</u>	<u>1</u>
Total public works	<u>1,791,433</u>	<u>1,522,490</u>	<u>1,522,486</u>	<u>4</u>

CITY OF RICHMOND, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final</u>
EXPENDITURES (Continued)				
Culture and recreation:				
Parks department	\$ 483,066	\$ 454,334	\$ 454,334	\$ -
Total culture and recreation	<u>483,066</u>	<u>454,334</u>	<u>454,334</u>	<u>-</u>
Community development:				
Building permits	831,154	724,059	724,059	-
Planning	<u>357,773</u>	<u>284,890</u>	<u>284,890</u>	<u>-</u>
Total community development	<u>1,188,927</u>	<u>1,008,949</u>	<u>1,008,949</u>	<u>-</u>
Total expenditures	<u>18,343,488</u>	<u>17,175,478</u>	<u>17,175,611</u>	<u>(133)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,522,673)</u>	<u>(2,354,663)</u>	<u>(1,251,514)</u>	<u>1,103,149</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,023,646	3,023,646	3,023,646	-
Transfers out	<u>(1,142,936)</u>	<u>(2,310,949)</u>	<u>(1,821,425)</u>	489,524
Insurance recovery	<u>100,000</u>	<u>100,000</u>	<u>27,278</u>	<u>(72,722)</u>
Total other financing sources (uses)	<u>1,980,710</u>	<u>812,697</u>	<u>1,229,499</u>	<u>416,802</u>
NET CHANGE IN FUND BALANCE	<u>(1,541,963)</u>	<u>(1,541,966)</u>	<u>(22,015)</u>	1,519,951
FUND BALANCE, BEGINNING	<u>9,368,978</u>	<u>9,368,978</u>	<u>9,368,978</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,827,015</u>	<u>\$ 7,827,012</u>	<u>\$ 9,346,963</u>	<u>\$ 1,519,951</u>

CITY OF RICHMOND, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 1,075,211	\$ 1,239,239
Interest (on the Total Pension Liability)	2,292,476	2,399,359
Difference between expected and actual experience	(534,308)	86,553
Contributions in relation to the actuarially determined contribution	-	-
Changes in assumptions	-	(116,121)
Benefit payments, including refunds of employee contributions	<u>(1,354,207)</u>	<u>(1,422,763)</u>
Net change in total pension liability	1,479,172	2,186,267
Total pension liability - beginning	<u>32,889,149</u>	<u>34,368,321</u>
Total pension liability - ending (a)	<u>34,368,321</u>	<u>36,554,588</u>
B. Plan fiduciary net position		
Contributions - Employer	1,006,036	1,067,545
Contributions - Employee	491,469	534,155
Net Investment Income	1,699,338	46,517
Benefit payments, including refunds of employee contributions	(1,354,207)	(1,422,763)
Administrative Expenses	(17,739)	(28,334)
Other	<u>(1,458)</u>	<u>(1,399)</u>
Net change in plan fiduciary net position	1,823,439	195,721
Plan fiduciary net position - beginning	<u>29,701,531</u>	<u>31,524,970</u>
Plan fiduciary net position - ending (b)	<u>31,524,970</u>	<u>31,720,691</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 2,843,351</u>	<u>\$ 4,833,897</u>
D. Plan fiduciary net position as a percentage of total pension liability	91.73%	86.78%
E. Covered payroll	\$ 7,015,606	\$ 7,630,779
F. Net position liability as a percentage of covered payroll	40.53%	63.35%

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021
\$ 1,356,736	\$ 1,503,114	\$ 1,557,569	\$ 1,653,668	\$ 1,673,829	\$ 1,746,030
2,465,759	2,637,325	2,867,145	3,057,585	3,287,732	3,458,782
67,960	765,789	(2,003)	318,513	(468,702)	522,205
-	-	-	147,222	-	-
(1,406,391)	(1,437,457)	(1,619,962)	(1,678,889)	(1,876,089)	(2,113,684)
2,484,064	3,468,771	2,802,749	3,498,099	2,616,770	3,613,333
<u>36,554,588</u>	<u>39,038,652</u>	<u>42,507,423</u>	<u>45,310,172</u>	<u>48,808,271</u>	<u>51,425,041</u>
<u>39,038,652</u>	<u>42,507,423</u>	<u>45,310,172</u>	<u>48,808,271</u>	<u>51,425,041</u>	<u>55,038,374</u>
1,044,433	1,201,284	1,284,076	1,398,230	1,387,429	1,497,588
553,447	603,660	627,691	667,186	663,841	692,869
2,143,853	4,718,469	(1,171,306)	5,906,495	3,374,309	6,257,318
(1,406,391)	(1,437,457)	(1,619,962)	(1,678,889)	(1,876,089)	(2,113,684)
(24,211)	(24,443)	(22,631)	(33,359)	(21,831)	(28,937)
(1,304)	(1,239)	(1,183)	(1,002)	(852)	198
2,309,827	5,060,274	(903,315)	6,258,661	3,526,807	6,305,352
<u>31,720,691</u>	<u>34,030,518</u>	<u>39,090,792</u>	<u>38,187,477</u>	<u>44,446,138</u>	<u>47,972,945</u>
<u>34,030,518</u>	<u>39,090,792</u>	<u>38,187,477</u>	<u>44,446,138</u>	<u>47,972,945</u>	<u>54,278,297</u>
\$ <u>5,008,134</u>	\$ <u>3,416,631</u>	\$ <u>7,122,695</u>	\$ <u>4,362,133</u>	\$ <u>3,452,096</u>	\$ <u>760,077</u>
87.17%	91.96%	84.28%	91.06%	93.29%	98.62%
\$ 7,906,389	\$ 8,623,716	\$ 8,967,008	\$ 9,531,226	\$ 9,483,448	\$ 9,898,127
63.34%	39.62%	79.43%	45.77%	36.40%	7.68%

CITY OF RICHMOND, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	<u>2014</u>	<u>2015</u>
Actuarial determined contribution	\$ <u>1,004,526</u>	\$ <u>1,012,728</u>
Contributions in relation to the actuarially determined contribution	\$ <u>1,004,526</u>	\$ <u>1,012,728</u>
Contribution deficiency (excess)	-	-
Covered payroll	6,657,271	7,015,606
Contributions as a percentage of covered payroll	15.09%	14.44%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	
Period	24 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employees table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021	2022
\$ <u>1,018,458</u>	\$ <u>1,191,364</u>	\$ <u>1,259,725</u>	\$ <u>1,359,427</u>	\$ <u>1,392,226</u>	\$ <u>1,461,558</u>	\$ <u>1,572,638</u>
\$ <u>1,018,458</u>	\$ <u>1,191,364</u>	\$ <u>1,259,725</u>	\$ <u>1,359,427</u>	\$ <u>1,392,226</u>	\$ <u>1,461,558</u>	\$ <u>1,572,638</u>
-	-	-	-	-	-	-
7,713,975	8,580,137	8,765,110	9,402,522	9,508,868	9,748,265	10,610,408
13.20%	13.89%	14.37%	14.46%	14.64%	14.99%	14.82%

CITY OF RICHMOND, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
A. Total OPEB liability					
Service Cost	\$ 18,972	\$ 22,418	\$ 20,969	\$ 25,605	\$ 35,633
Interest (on the Total OPEB Liability)	11,446	12,064	12,967	12,504	10,844
Difference between expected and actual experience	-	(19,903)	(6,485)	(24,423)	18,637
Changes of assumptions	31,279	(26,975)	77,789	74,175	20,172
Benefit payments, including refunds of employee contributions	<u>(1,725)</u>	<u>(1,793)</u>	<u>(1,906)</u>	<u>(2,845)</u>	<u>(7,919)</u>
Net change in Total OPEB liability	59,972	(14,189)	103,334	85,016	77,367
Total OPEB liability - beginning	<u>294,187</u>	<u>354,159</u>	<u>339,970</u>	<u>443,304</u>	<u>528,320</u>
Total OPEB liability - ending (a)	\$ <u>354,159</u>	\$ <u>339,970</u>	\$ <u>443,304</u>	\$ <u>528,320</u>	\$ <u>605,687</u>
B. Covered-employee payroll	\$ 8,623,716	\$ 8,967,008	\$ 9,531,226	\$ 9,483,448	\$ 9,898,127
C. Total OPEB liability as a percentage of covered-employee payroll	4.11%	3.79%	4.65%	5.57%	6.12%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

CITY OF RICHMOND, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and debt service fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds are appropriated for management control.

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 fund level (legal level of budgetary control). Expenditure requests, which would require an increase in the fund budgeted appropriations, must be approved by the 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 health, safety, or welfare. The City 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.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Debt Service Fund by \$14,020 due to the first interest payment for the Series 2022 CO's not being reflected in the final budget amendments. The overage was funded by a greater-than-budgeted transfer in from the Water and Wastewater Fund.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

CITY OF RICHMOND, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Festivals Fund	Parks Improvement Fund	Narcotics Seizure - City	State Narcotics Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and equivalents	\$ 719	\$ 20,965	\$ 15,682	\$ 356,749
Taxes receivable, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>719</u>	<u>20,965</u>	<u>15,682</u>	<u>356,749</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
Capital Projects	-	-	-	-
Public safety	-	-	15,682	356,749
Promotion of tourism	-	-	-	-
Community projects	<u>719</u>	<u>20,965</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>719</u>	<u>20,965</u>	<u>15,682</u>	<u>356,749</u>
Total liabilities and fund balances	<u>\$ 719</u>	<u>\$ 20,965</u>	<u>\$ 15,682</u>	<u>\$ 356,749</u>

Federal Narcotics Fund	Municipal Court Truancy Fund	Municipal Court Jury Fund	Hotel/Motel Tax Fund	Community Development Block Grant Fund	TCOLE Fund	Municipal Court Technology Fund
\$ 89	\$ 9,407	\$ 188	\$ 757,474	\$ 4,685	\$ 9,550	\$ 20,558
-	-	-	97,024	-	-	-
<u>89</u>	<u>9,407</u>	<u>188</u>	<u>854,498</u>	<u>4,685</u>	<u>9,550</u>	<u>20,558</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	9,407	188	-	-	-	-
89	-	-	-	-	9,550	20,558
-	-	-	854,498	-	-	-
-	-	-	-	4,685	-	-
<u>89</u>	<u>9,407</u>	<u>188</u>	<u>854,498</u>	<u>4,685</u>	<u>9,550</u>	<u>20,558</u>
<u>\$ 89</u>	<u>\$ 9,407</u>	<u>\$ 188</u>	<u>\$ 854,498</u>	<u>\$ 4,685</u>	<u>\$ 9,550</u>	<u>\$ 20,558</u>

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CITY OF RICHMOND, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Municipal Court Security Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and equivalents	\$ 32,094	\$ 1,228,160
Taxes receivable, net	<u>-</u>	<u>97,024</u>
Total assets	<u>32,094</u>	<u>1,325,184</u>
 LIABILITIES AND FUND BALANCES		
Accounts payable	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
 Fund balances:		
Restricted:		
Capital Projects	-	9,595
Public safety	32,094	434,722
Promotion of tourism	-	854,498
Community projects	<u>-</u>	<u>26,369</u>
Total fund balances	<u>32,094</u>	<u>1,325,184</u>
 Total liabilities and fund balances	<u>\$ 32,094</u>	<u>\$ 1,325,184</u>

CITY OF RICHMOND, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Festivals Fund</u>	<u>Parks Improvement Fund</u>	<u>Narcotics Seizure - City</u>	<u>State Narcotics Fund</u>
REVENUES				
Hotel/motel taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Intergovernmental	-	-	-	200,000
Investment earnings	1	33	25	504
Miscellaneous revenue	<u>-</u>	<u>500</u>	<u>5,149</u>	<u>-</u>
Total revenues	<u>1</u>	<u>533</u>	<u>5,174</u>	<u>200,504</u>
EXPENDITURES				
Public safety	-	-	-	-
Public works	<u>-</u>	<u>4,099</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>4,099</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1	(3,566)	5,174	200,504
FUND BALANCES, BEGINNING	<u>718</u>	<u>24,531</u>	<u>10,508</u>	<u>156,245</u>
FUND BALANCES, ENDING	\$ <u>719</u>	\$ <u>20,965</u>	\$ <u>15,682</u>	\$ <u>356,749</u>

Federal Narcotics Fund	Municipal Court Truancy Fund	Municipal Court Jury Fund	Hotel/Motel Tax Fund	Community Development Block Grant Fund	TCOLE Fund	Municipal Court Technology Fund
\$ -	\$ -	\$ -	\$ 362,235	\$ -	\$ -	\$ -
-	5,051	101	-	-	-	4,603
-	-	-	-	-	3,466	-
-	17	-	1,419	5	11	33
-	-	-	-	-	-	-
<u>-</u>	<u>5,068</u>	<u>101</u>	<u>363,654</u>	<u>5</u>	<u>3,477</u>	<u>4,636</u>
-	-	-	-	-	3,138	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138</u>	<u>-</u>
-	5,068	101	363,654	5	339	4,636
<u>89</u>	<u>4,339</u>	<u>87</u>	<u>490,844</u>	<u>4,680</u>	<u>9,211</u>	<u>15,922</u>
\$ <u>89</u>	\$ <u>9,407</u>	\$ <u>188</u>	\$ <u>854,498</u>	\$ <u>4,685</u>	\$ <u>9,550</u>	\$ <u>20,558</u>

CITY OF RICHMOND, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Municipal Court Security Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Hotel/motel taxes	\$ -	\$ 362,235
Fines and forfeitures	5,371	15,126
Intergovernmental	-	203,466
Investment earnings	50	2,098
Miscellaneous revenue	<u>-</u>	<u>5,649</u>
Total revenues	<u>5,421</u>	<u>588,574</u>
EXPENDITURES		
Public safety	-	3,138
Public works	<u>-</u>	<u>4,099</u>
Total expenditures	<u>-</u>	<u>7,237</u>
 NET CHANGE IN FUND BALANCES	 5,421	 581,337
FUND BALANCES, BEGINNING	<u>26,673</u>	<u>476,114</u>
 FUND BALANCES, ENDING	 <u>\$ 32,094</u>	 <u>\$ 1,325,184</u>

CITY OF RICHMOND, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	2022		Variance Positive (Negative)	2021
	Final Budget	Actual		Actual
REVENUES				
Taxes:				
Property taxes	\$ 1,097,631	\$ 1,072,204	\$(25,427)	\$ 1,073,414
Intergovernmental	255,150	255,150	-	253,988
Investment earnings	407	23	(384)	282
Total revenues	<u>1,353,188</u>	<u>1,327,377</u>	<u>(25,811)</u>	<u>1,327,684</u>
EXPENDITURES				
Debt service:				
Principal	1,070,000	1,070,000	-	1,040,000
Interest and other charges	<u>501,032</u>	<u>515,052</u>	<u>(14,020)</u>	<u>535,844</u>
Total expenditures	<u>1,571,032</u>	<u>1,585,052</u>	<u>(14,020)</u>	<u>1,575,844</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(217,844)</u>	<u>(257,675)</u>	<u>(39,831)</u>	<u>(248,160)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	5,563	5,563	-
Transfers in	<u>235,250</u>	<u>255,021</u>	<u>19,771</u>	<u>240,948</u>
Total other financing sources (uses)	<u>235,250</u>	<u>260,584</u>	<u>25,334</u>	<u>240,948</u>
NET CHANGE IN FUND BALANCE	17,406	2,909	(14,497)	(7,212)
FUND BALANCE, BEGINNING	<u>165,748</u>	<u>165,748</u>	<u>-</u>	<u>182,353</u>
FUND BALANCE, ENDING	<u>\$ 183,154</u>	<u>\$ 168,657</u>	<u>\$(14,497)</u>	<u>\$ 175,141</u>

CITY OF RICHMOND, TEXAS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2022

	<u>Insurance Premiums Fund</u>	<u>Fleet Replacement</u>	<u>High-Tech Replacement</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,779	\$ 1,229,226	\$ 839,526	\$ 2,073,531
Total current assets	<u>4,779</u>	<u>1,229,226</u>	<u>839,526</u>	<u>2,073,531</u>
Non-current assets:				
Capital assets:				
Equipment and furniture	-	351,566	-	351,566
Less: accumulated depreciation	<u>-</u>	<u>(52,829)</u>	<u>-</u>	<u>(52,829)</u>
Total non-current assets	<u>-</u>	<u>298,737</u>	<u>-</u>	<u>298,737</u>
Total assets	<u>4,779</u>	<u>1,527,963</u>	<u>839,526</u>	<u>2,372,268</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>2,514</u>	<u>-</u>	<u>-</u>	<u>2,514</u>
Total current liabilities	<u>2,514</u>	<u>-</u>	<u>-</u>	<u>2,514</u>
Total liabilities	<u>2,514</u>	<u>-</u>	<u>-</u>	<u>2,514</u>
NET POSITION				
Net investment in capital assets	-	298,737	-	298,737
Unrestricted	<u>2,265</u>	<u>1,229,226</u>	<u>839,526</u>	<u>2,071,017</u>
Total net position	\$ <u>2,265</u>	\$ <u>1,527,963</u>	\$ <u>839,526</u>	\$ <u>2,369,754</u>

CITY OF RICHMOND, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Insurance Premiums Fund</u>	<u>Fleet Replacement</u>	<u>High-Tech Replacement</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Interfund charges	\$ 2,268,975	\$ 469,000	\$ 874,220	\$ 3,612,195
Miscellaneous revenue	<u>-</u>	<u>26,421</u>	<u>-</u>	<u>26,421</u>
Total operating revenues	<u>2,268,975</u>	<u>495,421</u>	<u>874,220</u>	<u>3,638,616</u>
OPERATING EXPENSES				
Insurance premiums	2,270,229	-	-	2,270,229
Supplies and materials	-	-	36,547	36,547
Depreciation	<u>-</u>	<u>52,830</u>	<u>-</u>	<u>52,830</u>
Total operating expenses	<u>2,270,229</u>	<u>52,830</u>	<u>36,547</u>	<u>2,270,229</u>
OPERATING INCOME	<u>(1,254)</u>	<u>442,591</u>	<u>837,673</u>	<u>1,364,822</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	<u>-</u>	<u>1,712</u>	<u>1,853</u>	\$ <u>3,565</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>1,712</u>	<u>1,853</u>	<u>3,565</u>
CHANGE IN NET POSITION	<u>(1,254)</u>	<u>444,303</u>	<u>839,526</u>	<u>1,282,575</u>
NET POSITION, BEGINNING	<u>3,519</u>	<u>1,083,660</u>	<u>-</u>	<u>1,087,179</u>
NET POSITION, ENDING	\$ <u>2,265</u>	\$ <u>1,527,963</u>	\$ <u>839,526</u>	\$ <u>2,369,754</u>

CITY OF RICHMOND, TEXAS

COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Insurance Premiums Fund	Fleet Replacement	High-Tech Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts of interfund charges for insurance premiums	\$ 2,268,975	\$ -	\$ 874,220	\$ 3,143,195
Charges for use of city equipment	-	495,421	-	495,421
Payments to suppliers and service providers	<u>(2,267,715)</u>	<u>-</u>	<u>(36,547)</u>	<u>(2,304,262)</u>
Net cash provided by operating activities	<u>1,260</u>	<u>495,421</u>	<u>837,673</u>	<u>1,334,354</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	<u>-</u>	<u>(111,617)</u>	<u>-</u>	<u>(111,617)</u>
Net cash used for capital and related financing activities	<u>-</u>	<u>(111,617)</u>	<u>-</u>	<u>(111,617)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>-</u>	<u>1,712</u>	<u>1,853</u>	<u>3,565</u>
Net cash provided by investing activities	<u>-</u>	<u>1,712</u>	<u>1,853</u>	<u>3,565</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,260	385,516	839,526	1,226,302
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,519</u>	<u>843,710</u>	<u>-</u>	<u>847,229</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 4,779</u>	<u>\$ 1,229,226</u>	<u>\$ 839,526</u>	<u>\$ 2,073,531</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$(1,254)	\$ 442,591	\$ 837,673	\$ 1,279,010
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	52,830	-	52,830
Decrease in accounts payable	<u>2,514</u>	<u>-</u>	<u>-</u>	<u>2,514</u>
Net cash provided by operating activities	<u>\$ 1,260</u>	<u>\$ 495,421</u>	<u>\$ 837,673</u>	<u>\$ 1,334,354</u>

STATISTICAL SECTION

CITY OF RICHMOND, TEXAS

NET POSITION BY COMPONENT
(UNAUDITED)

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:				
Net investment in capital assets	\$ 2,608,034	\$ 5,179,999	\$ 5,129,543	\$ 5,321,684
Restricted	698,128	879,086	1,015,374	1,038,474
Unrestricted	<u>744,905</u>	<u>2,275,191</u>	<u>1,487,179</u>	<u>2,308,231</u>
Total governmental activities net position	<u>\$ 4,051,067</u>	<u>\$ 8,334,276</u>	<u>\$ 7,632,096</u>	<u>\$ 8,668,389</u>
Business-type activities:				
Net investment in capital assets	\$ 31,173,123	\$ 33,420,225	\$ 39,834,230	\$ 39,690,192
Restricted	2,379,720	4,268,765	3,898,062	3,898,062
Unrestricted	<u>9,644,383</u>	<u>5,886,207</u>	<u>4,536,207</u>	<u>6,890,509</u>
Total business-type activities net position	<u>\$ 43,197,226</u>	<u>\$ 43,575,197</u>	<u>\$ 48,268,499</u>	<u>\$ 50,478,763</u>
Primary government:				
Net investment in capital assets	\$ 33,781,157	\$ 38,600,224	\$ 44,963,773	\$ 45,011,876
Restricted	705,795	885,939	4,913,436	4,936,536
Unrestricted	<u>12,761,341</u>	<u>12,423,310</u>	<u>6,023,386</u>	<u>9,198,740</u>
Total primary government net position	<u>\$ 47,248,293</u>	<u>\$ 51,909,473</u>	<u>\$ 55,900,595</u>	<u>\$ 59,147,152</u>

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 8,050,928	\$ 6,897,558	\$ 5,722,976	\$ 10,832,841	\$ 12,044,188	\$ 11,861,060
953,561	735,843	458,562	664,365	916,594	1,482,142
<u>2,245,145</u>	<u>4,221,665</u>	<u>4,856,894</u>	<u>3,773,049</u>	<u>7,224,392</u>	<u>12,164,010</u>
<u>\$ 11,249,634</u>	<u>\$ 11,855,066</u>	<u>\$ 11,038,432</u>	<u>\$ 15,270,255</u>	<u>\$ 20,185,174</u>	<u>\$ 25,507,212</u>
\$ 43,928,445	\$ 43,224,556	\$ 45,809,547	\$ 48,602,170	\$ 48,257,681	\$ 47,799,843
5,547,798	5,933,209	6,856,067	4,940,206	8,145,557	9,610,185
<u>3,810,709</u>	<u>5,492,386</u>	<u>4,518,013</u>	<u>6,267,052</u>	<u>5,093,097</u>	<u>9,059,694</u>
<u>\$ 53,286,952</u>	<u>\$ 54,650,151</u>	<u>\$ 57,183,627</u>	<u>\$ 59,809,428</u>	<u>\$ 61,496,335</u>	<u>\$ 66,469,722</u>
\$ 51,979,373	\$ 50,122,114	\$ 51,532,523	\$ 59,435,011	\$ 60,301,869	\$ 59,660,903
6,501,359	6,669,052	7,314,629	5,604,571	9,062,151	11,092,327
<u>6,055,854</u>	<u>9,714,051</u>	<u>9,374,907</u>	<u>10,040,101</u>	<u>12,317,489</u>	<u>21,223,704</u>
<u>\$ 64,536,586</u>	<u>\$ 66,505,217</u>	<u>\$ 68,222,059</u>	<u>\$ 75,079,683</u>	<u>\$ 81,681,509</u>	<u>\$ 91,976,934</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET POSITION
(UNAUDITED)

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
EXPENSES				
Governmental activities:				
General government	\$ 1,753,484	\$ 1,850,449	\$ 2,028,934	\$ 2,148,288
Public safety	6,959,939	6,807,890	7,356,199	8,063,344
Public works	4,468,498	4,888,517	5,493,672	4,050,246
Parks and recreation	485,120	464,973	469,734	692,201
Community development	-	-	56,951	137,820
Agency fees and issuance costs	-	-	-	-
Interest on long-term debt	<u>569,840</u>	<u>351,599</u>	<u>502,028</u>	<u>606,835</u>
Total governmental activities expenses	<u>14,236,881</u>	<u>14,363,428</u>	<u>15,907,518</u>	<u>15,698,734</u>
Business-type activities:				
Water and sewer	5,473,678	7,356,048	5,724,872	5,619,871
Surface water	-	-	475,315	1,515,334
Solid waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>5,473,678</u>	<u>7,356,048</u>	<u>6,200,187</u>	<u>7,135,205</u>
Total primary government expenses	\$ <u>19,710,559</u>	\$ <u>21,719,476</u>	\$ <u>22,107,705</u>	\$ <u>22,833,939</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	1,443,301	1,837,584	2,356,960	2,437,425
Public works	1,867,707	1,996,562	1,984,941	1,992,205
Culture and recreation	-	-	-	-
Operating grants and contributions	627,165	4,452,136	2,015,232	1,161,045
Capital grants and contributions	<u>15</u>	<u>124,819</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>3,938,188</u>	<u>8,411,101</u>	<u>6,357,133</u>	<u>5,590,675</u>
Business-type activities				
Charges for services:				
Water and sewer	10,665,213	8,576,256	8,446,349	8,621,016
Surface water	-	-	2,226,140	2,264,919
Solid waste	-	-	-	-
Operating grants and contributions	111,804	26,547	-	-
Capital grants and contributions	<u>2,704,271</u>	<u>1,528,577</u>	<u>3,174,445</u>	<u>845,591</u>
Total business-type activities program revenues	<u>13,481,288</u>	<u>10,131,380</u>	<u>13,846,934</u>	<u>11,731,526</u>
Total primary government program revenues	\$ <u>17,419,476</u>	\$ <u>18,542,481</u>	\$ <u>20,204,067</u>	\$ <u>17,322,201</u>

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	2,067,723	\$	2,752,167	\$	3,435,738	\$	4,526,644	\$	2,740,494	\$	2,775,070
	8,955,266		9,345,497		10,321,982		8,921,781		10,230,935		9,351,679
	3,143,354		3,496,887		3,438,462		3,284,828		1,647,963		1,509,382
	1,096,613		827,222		952,248		813,004		1,128,751		582,354
	248,418		250,017		273,382		311,391		243,888		955,614
	-		-		-		-		-		44,704
	539,032		701,024		593,917		620,302		462,865		440,889
	<u>16,050,406</u>		<u>17,372,814</u>		<u>19,015,729</u>		<u>18,477,950</u>		<u>16,454,896</u>		<u>15,659,692</u>
	5,710,394		6,830,537		6,830,967		6,114,730		6,277,296		6,490,299
	1,517,533		2,061,224		2,155,410		2,417,188		2,717,748		2,422,349
	-		-		-		-		1,615,762		796,540
	<u>7,227,927</u>		<u>8,891,761</u>		<u>8,986,377</u>		<u>8,531,918</u>		<u>10,610,806</u>		<u>9,709,188</u>
\$	<u>23,278,333</u>	\$	<u>26,264,575</u>	\$	<u>28,002,106</u>	\$	<u>27,009,868</u>	\$	<u>27,065,702</u>	\$	<u>25,368,880</u>
\$	-	\$	-	\$	-	\$	-	\$	1,100	\$	500
	2,495,391		2,723,782		3,254,222		3,067,119		3,252,382		3,501,369
	2,222,489		1,941,754		2,052,625		2,138,660		346,486		336,087
	-		323,971		269,880		297,947		664,876		598,225
	2,477,246		1,539,114		990,185		1,482,706		1,449,708		1,206,966
	-		124,581		240,107		1,842,167		198,727		145,027
	<u>7,195,126</u>		<u>6,653,202</u>		<u>6,807,019</u>		<u>8,828,599</u>		<u>5,913,279</u>		<u>5,788,174</u>
	9,490,742		7,942,673		8,011,078		10,598,047		10,230,733		11,642,760
	2,600,011		2,750,547		2,868,351		3,537,108		3,322,236		4,642,722
	-		-		-		-		1,718,521		1,344,291
	-		-		-		-		465,777		-
	-		-		1,746,541		465,777		-		465,777
	<u>12,090,753</u>		<u>10,693,220</u>		<u>12,625,970</u>		<u>14,600,932</u>		<u>15,737,267</u>		<u>18,095,550</u>
\$	<u>19,285,879</u>	\$	<u>17,346,422</u>	\$	<u>19,432,989</u>	\$	<u>23,429,531</u>	\$	<u>21,650,546</u>	\$	<u>23,883,724</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET POSITION
(Continued)

LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	2013	2014	2015	2016
NET (EXPENSE) REVENUES				
Governmental activities	\$ (10,298,693)	\$ (5,952,327)	\$ (9,550,385)	\$ (10,108,059)
Business-type activities	<u>8,007,610</u>	<u>2,775,332</u>	<u>7,646,747</u>	<u>4,596,321</u>
Total primary government net expense	<u>(2,291,083)</u>	<u>(3,176,995)</u>	<u>(1,903,638)</u>	<u>(5,511,738)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	2,993,345	3,369,617	3,274,348	3,615,207
Sales and use taxes	3,124,420	3,411,152	3,856,250	4,219,534
Franchise taxes	749,861	714,824	742,401	773,538
Hotel/motel taxes	-	-	-	-
Investment earnings	16,541	35,628	37,601	8,239
Miscellaneous	60,176	300,215	403,067	124,834
Transfers	<u>1,857,765</u>	<u>2,404,100</u>	<u>2,493,900</u>	<u>2,403,000</u>
Total governmental activities	<u>8,802,108</u>	<u>10,235,536</u>	<u>10,807,567</u>	<u>11,144,352</u>
Business-type activities:				
Investment earnings	4,343	6,739	5,816	16,943
Transfers	<u>(1,857,765)</u>	<u>(2,404,100)</u>	<u>(2,493,900)</u>	<u>(2,403,000)</u>
Total business-type activities	<u>(1,853,422)</u>	<u>(2,397,361)</u>	<u>(2,488,084)</u>	<u>(2,386,057)</u>
Total primary government	<u>6,948,686</u>	<u>7,838,175</u>	<u>8,319,483</u>	<u>8,758,295</u>
CHANGE IN NET POSITION				
Governmental activities	(1,496,585)	4,283,209	1,257,182	1,036,293
Business-type activities	<u>6,154,188</u>	<u>377,971</u>	<u>5,158,663</u>	<u>2,210,264</u>
Total primary government	\$ <u>4,657,603</u>	\$ <u>4,661,180</u>	\$ <u>6,415,845</u>	\$ <u>3,246,557</u>

Prior to 2006, governmental activities charges for services revenue is not available by function.

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$(8,855,280)	\$(10,719,612)	\$(12,208,710)	\$(9,648,251)	\$(10,541,617)	\$(9,871,518)
<u>4,862,826</u>	<u>1,801,459</u>	<u>3,639,593</u>	<u>5,603,237</u>	<u>4,660,684</u>	<u>8,386,362</u>
<u>(3,992,454)</u>	<u>(8,918,153)</u>	<u>(8,569,117)</u>	<u>(4,045,014)</u>	<u>(5,880,933)</u>	<u>(1,485,156)</u>
3,727,157	3,368,354	3,666,765	4,019,449	4,016,963	4,223,779
4,522,169	5,005,098	5,161,034	5,679,465	7,288,162	6,699,051
800,274	759,287	810,817	768,560	743,722	756,687
-	-	41,416	157,627	290,942	362,235
13,298	7,084	25,343	97,004	7,680	30,297
303,627	338,460	548,729	70,969	124,878	129,565
<u>2,070,000</u>	<u>2,081,109</u>	<u>2,446,077</u>	<u>3,087,000</u>	<u>2,852,101</u>	<u>2,991,942</u>
<u>11,436,525</u>	<u>11,559,392</u>	<u>12,700,181</u>	<u>13,880,074</u>	<u>15,324,448</u>	<u>15,193,556</u>
15,363	10,352	31,855	109,564	10,412	44,744
<u>(2,070,000)</u>	<u>(2,081,109)</u>	<u>(2,446,077)</u>	<u>(3,087,000)</u>	<u>(2,852,101)</u>	<u>(3,457,719)</u>
<u>(2,054,637)</u>	<u>(2,070,757)</u>	<u>(2,414,222)</u>	<u>(2,977,436)</u>	<u>(2,841,689)</u>	<u>(3,412,975)</u>
<u>9,381,888</u>	<u>9,488,635</u>	<u>10,285,959</u>	<u>10,902,638</u>	<u>12,482,759</u>	<u>11,780,581</u>
2,581,245	839,780	491,471	4,231,823	4,782,831	5,322,038
<u>2,808,189</u>	<u>(269,298)</u>	<u>1,225,371</u>	<u>2,625,801</u>	<u>1,818,995</u>	<u>4,973,387</u>
<u>\$ 5,389,434</u>	<u>\$ 570,482</u>	<u>\$ 1,716,842</u>	<u>\$ 6,857,624</u>	<u>\$ 6,601,826</u>	<u>\$ 10,295,425</u>

CITY OF RICHMOND, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund				
Nonspendable	\$ -	\$ 2,864	\$ 3,886	\$ 13,478
Assigned	-		-	-
Unassigned	<u>1,695,266</u>	<u>2,500,539</u>	<u>3,536,945</u>	<u>4,705,714</u>
Total general fund	<u>\$ 1,695,266</u>	<u>\$ 2,503,403</u>	<u>\$ 3,540,831</u>	<u>\$ 4,719,192</u>
All other governmental funds				
Nonspendable	-	-	-	-
Restricted:				
Debt service	\$ 625,051	\$ 637,862	\$ 671,887	\$ 752,519
Capital projects	7,205,198	7,187,551	3,036,998	4,915,125
Other	119,758	175,882	266,420	212,088
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 7,950,007</u>	<u>\$ 8,001,295</u>	<u>\$ 3,975,305</u>	<u>\$ 5,879,732</u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 8,510	\$ 13,873	\$ 24,558	\$ 6,301	\$ -	\$ 20,078
-	458,007	219,130	1,300,819	1,541,960	1,209,031
<u>4,945,363</u>	<u>5,462,369</u>	<u>5,576,426</u>	<u>5,841,903</u>	<u>7,827,018</u>	<u>8,117,854</u>
<u>\$ 4,953,873</u>	<u>\$ 5,934,249</u>	<u>\$ 5,820,114</u>	<u>\$ 7,149,023</u>	<u>\$ 9,368,978</u>	<u>\$ 9,346,963</u>
-	-	-	-	-	1,450,002
\$ 573,022	\$ 386,243	\$ 182,353	\$ 172,960	\$ 165,748	\$ 168,657
3,305,979	5,648,233	3,028,006	1,885,114	2,579,769	4,205,574
298,697	356,278	271,308	475,037	743,847	1,327,226
<u>(3,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,174,204</u>	<u>\$ 6,390,754</u>	<u>\$ 3,481,667</u>	<u>\$ 2,533,111</u>	<u>\$ 3,489,364</u>	<u>\$ 7,151,459</u>

CITY OF RICHMOND, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(UNAUDITED)

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016
REVENUES				
Taxes:				
Property	\$ 3,033,219	\$ 3,165,900	\$ 3,245,746	\$ 3,615,207
Sales and use	3,124,420	3,411,152	3,856,250	4,231,660
Franchise	749,861	714,824	742,401	761,412
Hotel/motel	-	-	-	-
Fines and forfeitures	391,778	456,305	598,244	491,454
Licenses and permits	378,338	377,713	251,208	198,753
Intergovernmental	620,415	4,672,711	2,262,965	1,202,031
Charges for services	2,547,642	3,027,678	3,497,621	3,748,423
Investment earnings	16,541	35,628	37,601	8,239
Contributions	-	-	-	-
Miscellaneous	61,246	52,090	150,132	74,848
Total revenues	<u>10,923,460</u>	<u>15,914,001</u>	<u>14,642,168</u>	<u>14,332,027</u>
EXPENDITURES				
General government	1,681,486	1,764,555	1,991,009	2,070,135
Public safety	6,467,967	6,867,739	7,064,212	7,338,749
Public works	2,287,018	2,534,669	2,627,117	2,962,370
Culture and recreation	409,587	395,813	379,089	591,704
Community development	-	-	58,046	134,920
Contracted Services	-	-	-	-
Capital outlay	1,444,579	4,500,246	6,522,278	2,442,203
Debt service:				
Agent fees/issuance cost	-	-	-	-
Principal	699,311	929,920	918,637	1,024,249
Interest and other charges	647,142	597,336	564,272	663,604
Total expenditures	<u>13,637,090</u>	<u>17,590,278</u>	<u>20,124,660</u>	<u>17,227,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,713,630)</u>	<u>(1,676,277)</u>	<u>(5,482,492)</u>	<u>(2,895,907)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,108,989	2,404,100	2,493,900	2,423,384
Transfers out	(251,224)	-	-	(20,384)
Insurance recovery	-	-	-	-
Bond issued	6,323,884	-	-	3,375,000
Premium on bonds issued	296,116	-	-	200,695
Payments to refunded bond escrow agent	(2,045,472)	-	-	-
Capital leases	2,265,000	79,149	-	-
Total other financing sources (uses)	<u>8,697,293</u>	<u>2,483,249</u>	<u>2,493,900</u>	<u>5,978,695</u>
NET CHANGE IN FUND BALANCES	<u>\$ 5,983,663</u>	<u>\$ 806,972</u>	<u>\$(2,988,592)</u>	<u>\$ 3,082,788</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>10.3%</u>	<u>11.7%</u>	<u>9.2%</u>	<u>10.8%</u>

TABLE 4

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	3,679,654	\$	3,654,979	\$	3,624,399	\$	3,997,225	\$	4,077,062	\$	4,250,080
	4,522,169		5,005,098		5,161,034		5,679,465		7,288,162		6,699,051
	800,274		759,287		810,817		768,560		743,722		756,687
	-		-		41,416		157,627		290,942		362,235
	416,659		377,380		442,728		279,532		192,596		224,201
	329,158		313,921		266,780		297,947		664,876		598,225
	2,468,284		1,663,695		1,321,118		1,622,440		1,478,040		1,206,966
	3,981,025		4,298,206		4,802,042		4,919,021		3,328,942		3,613,585
	13,298		7,084		25,343		97,004		7,680		26,732
	-		-		-		1,582,714		184,705		-
	303,627		338,460		457,903		80,422		138,900		119,354
	<u>16,514,148</u>		<u>16,418,110</u>		<u>16,953,580</u>		<u>19,481,957</u>		<u>18,395,627</u>		<u>17,857,116</u>
	1,980,842		2,663,234		3,205,749		3,361,669		3,914,461		4,615,724
	8,149,828		8,608,509		9,126,477		8,832,963		9,425,613		9,561,133
	3,064,484		3,371,555		3,202,470		3,335,905		1,471,454		1,478,627
	651,924		730,201		773,181		816,862		951,721		454,334
	244,518		250,614		258,140		298,009		255,227		1,008,949
	-		-		-		-		-		-
	4,159,061		1,182,860		2,624,107		3,619,585		691,222		452,751
	-		-		-		-		-		44,704
	1,201,120		1,250,000		1,295,000		4,085,000		1,040,000		1,070,000
	603,218		752,313		629,650		661,988		535,844		516,078
	<u>20,054,995</u>		<u>18,809,286</u>		<u>21,114,774</u>		<u>25,011,981</u>		<u>18,285,542</u>		<u>19,202,300</u>
(	<u>3,540,847</u>)	(	<u>2,391,176</u>)	(	<u>4,161,194</u>)	(	<u>5,530,024</u>)		<u>110,085</u>	(	<u>1,345,184</u>)
	2,070,000		4,028,342		3,707,029		3,746,021		4,156,300		5,372,071
	-		(1,947,233)		(1,260,952)		(659,021)		(1,304,199)		(1,914,352)
	-		-		-		-		81,934		27,278
	-		3,405,000		-		2,525,000		-		1,385,563
	-		101,993		-		298,377		-		114,704
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>2,070,000</u>		<u>5,588,102</u>		<u>2,446,077</u>		<u>5,910,377</u>		<u>2,934,035</u>		<u>4,985,264</u>
\$(	<u>1,470,847</u>)	\$(	<u>3,196,926</u>	\$(	<u>1,715,117</u>)	\$(	<u>380,353</u>	\$(	<u>3,044,120</u>	\$(	<u>3,640,080</u>
	<u>11.3%</u>		<u>11.5%</u>		<u>9.7%</u>		<u>22.2%</u>		<u>9.1%</u>		<u>9.1%</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			
2022	2021	\$ 324,625,882	\$ 615,553,213	\$ 63,075,960	\$ 394,262,396	\$ 608,992,659	0.68000
2021	2020	313,003,830	526,227,437	59,268,070	322,683,007	575,816,330	0.68777
2020	2019	304,775,882	526,189,488	66,858,171	341,526,504	556,297,037	0.69990
2019	2018	286,856,577	509,443,504	66,154,935	344,804,407	517,650,609	0.69990
2018	2017	268,740,504	491,758,927	65,204,345	310,944,979	514,758,797	0.71000
2017	2016	255,834,815	482,722,025	57,026,778	312,417,700	483,165,918	0.73500
2016	2015	244,500,875	417,816,625	66,517,447	271,310,629	457,524,318	0.75500
2015	2014	222,059,615	393,692,525	61,290,328	268,799,985	408,242,483	0.77000
2014	2013	215,780,060	380,213,750	70,022,347	268,803,974	397,212,183	0.78000
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

Fiscal Year	City of Richmond			Lamar CISD	Fort Bend County	Total
	Maintenance Rate	Debt Service Rate	Total Tax Rate			
2022	0.50855	0.17145	0.68000	1.24200	0.45120	2.37320
2021	0.50566	0.18211	0.68777	1.24200	0.45280	2.38257
2020	0.52540	0.17450	0.69990	1.26910	0.45321	2.42221
2019	0.54030	0.15960	0.69990	1.32000	0.46000	2.47990
2018	0.56520	0.14480	0.71000	1.39005	0.46900	2.56905
2017	0.52520	0.20980	0.73500	1.39005	0.47400	2.59905
2016	0.52900	0.22600	0.75500	1.39005	0.48600	2.63105
2015	0.54290	0.22710	0.77000	1.39005	0.49476	2.65481
2014	0.54380	0.23620	0.78000	1.39005	0.49976	2.66981
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

TABLE 7

CITY OF RICHMOND, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)
Ransom Road Partners LLC	\$ 31,723,400	1	5.2%	3,791,520	9	1.0%
Veranda Owner LLC	28,639,280	2	4.7%			
The Fairway at Bellevue LP	13,278,740	3	2.2%			
Wal-Mart Real Estate Business Trust	10,774,750	4	1.8%	9,686,370	2	2.6%
SS Pointe West LP	9,113,160	5	1.5%			
Apex Bank	8,983,180	6	1.5%			
Centerpoint Energy Electric	8,130,140	7	1.3%			
Houston MOB 3 LLC	7,261,850	8	1.2%			
Wolverine Mustang LP	7,055,150	9	1.2%			
Wal-Mart Stores Texas LLC	6,744,990	10	1.1%	10,442,790	1	2.8%
Archer Daniel Midland Co				5,949,620	3	1.6%
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%
Southern Cotton Oil Co				3,263,030	10	0.9%
Subtotal	131,704,640		21.6%	56,656,880		15.1%
Other taxpayers	<u>477,288,019</u>		<u>78.4%</u>	<u>319,285,440</u>		<u>84.9%</u>
Total Assessed Valuation	\$ <u>608,992,659</u>		<u>100.0%</u>	\$ <u>375,942,320</u>		<u>100.0%</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: Fort Bend Central Appraisal District

TABLE 8

CITY OF RICHMOND, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Year		Total Collections to Date	
				Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2022	2021	0.68000	\$ 4,154,318	\$ 4,092,969	98.5%	\$ -	\$ 4,092,969	98.5%	
2021	2020	0.68777	3,994,247	3,915,395	98.0%	44,290	3,959,685	99.1%	
2020	2019	0.69990	3,923,937	3,815,507	97.2%	74,049	3,889,556	99.1%	
2019	2018	0.69990	3,638,414	3,559,704	97.8%	52,899	3,612,603	99.3%	
2018	2017	0.71000	3,617,775	3,526,450	97.5%	74,497	3,600,947	99.5%	
2017	2016	0.73500	3,662,777	3,559,751	97.2%	86,762	3,646,513	99.6%	
2016	2015	0.75500	3,546,562	3,472,192	97.9%	57,655	3,529,847	99.5%	
2015	2014	0.77000	3,230,521	3,142,305	97.3%	74,425	3,216,730	99.6%	
2014	2013	0.78000	3,099,933	3,022,710	97.5%	66,026	3,088,736	99.6%	
2013	2012	0.78650	2,963,047	2,890,178	97.5%	62,932	2,953,110	99.7%	

CITY OF RICHMOND, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds (1)	Certifications of Obligation (1)	Leases (1)	Certificates of Obligation (1)	Leases
2022	\$ 6,660,104	\$ 8,303,221		\$ 19,851,788	
2021	7,327,637	7,281,134	-	17,013,298	-
2020	8,010,985	7,707,936	-	18,233,327	-
2019	8,885,907	8,147,647	-	19,423,356	-
2018	9,818,335	8,558,639	-	20,583,384	-
2017	10,656,547	5,511,854	-	15,524,643	-
2016	11,524,289	5,807,432	81,120	16,184,983	-
2015	12,522,056	2,200,577	235,344	9,988,256	-
2014	13,252,056	2,260,577	391,086	-	-
2013	14,062,636	2,322,893	471,857	-	-

- (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.

TABLE 9

<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (3)</u>
\$ 34,815,113	5.72%	11.29%	2,998
31,622,069	5.49%	10.93%	2,639
33,952,248	6.10%	12.33%	2,806
36,456,910	6.55%	13.24%	2,942
38,960,358	7.57%	12.52%	3,167
31,693,044	6.56%	13.09%	2,621
33,597,824	7.34%	13.77%	2,768
24,946,233	6.11%	10.15%	2,076
15,903,719	4.00%	4.99%	1,323
16,857,386	4.48%	7.03%	1,446

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 for Debt Service	Net Bonded Debt
2022	\$ 6,660,104	\$ 28,155,009	\$(164,511)	\$ 34,650,602
2021	7,327,637	24,294,432	(177,173)	31,444,896
2020	8,010,985	25,941,263	(189,328)	33,762,920
2019	8,885,907	27,571,003	(187,254)	36,269,656
2018	9,818,335	29,142,023	(386,243)	38,574,115
2017	10,656,547	21,036,497	(573,022)	31,120,022
2016	11,524,289	21,992,415	(752,519)	32,764,185
2015	12,522,056	12,188,833	(637,862)	24,073,027
2014	13,252,056	2,260,577	(625,051)	14,887,582
2013	14,062,636	2,322,893	(625,051)	15,760,478

(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.

Note: The business-type activities debt is payable from a combination of the levy and collection of ad valorem tax and surplus net revenues of the City's Waterworks and Sewer System. However, it is the City's intent to fully fund the debt service from Waterworks and Sewer System revenues.

TABLE 10

<u>Percentage of Estimated Actual Taxable Value of Property (2)</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (3)</u>
5.69%	11.23%	2,984
5.46%	10.87%	2,624
6.07%	12.27%	2,790
6.52%	13.18%	2,927
7.49%	12.39%	3,135
6.44%	12.85%	2,574
7.16%	13.43%	2,699
5.90%	9.80%	2,003
3.75%	4.67%	1,239
4.19%	6.57%	1,352

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CITY OF RICHMOND, TEXAS

**DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT**

SEPTEMBER 30, 2022

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Debt Applicable to City</u>
Fort Bend County	\$ 839,325,542	0.64%	\$ 5,371,683
Fort Bend County Drainage District	24,530,000	0.64%	156,992
Lamar CISD	1,705,940,000	2.72%	<u>46,401,568</u>
Total Net Overlapping Debt			51,930,243
City of Richmond	34,815,113	100%	<u>34,815,113</u>
Total Direct and Overlapping Net Debt			<u>\$ 86,745,356</u>
Ratio of total direct and overlapping net debt to assessed valuation			14.24%
Direct and overlapping net debt per capita			\$ 7,471

Notes:

Methodology for deriving overlapping percentages:

- 1) Determine the estimated shared assessed valuation of taxable property within both the overlapping taxing body and the City.
- 2) Divide that shared value by the total assessed value of taxable property within the overlapping taxing.

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)
2022	11,611	\$ 308,422,993	\$ 26,563	33.1	-
2021	11,982	289,329,354	24,147	33.5	-
2020	12,100	275,275,000	22,750	33.6	-
2019	12,391	275,204,110	22,210	33.3	-
2018	12,303	311,290,506	25,302	33.1	2,402
2017	12,092	242,166,484	20,027	34.8	2,373
2016	12,138	243,925,248	20,096	34.0	2,439
2015	12,018	245,683,974	20,443	33.0	2,401
2014	12,018	318,633,234	26,513	33.0	2,258
2013	11,654	239,866,088	19,514	31.9	2,316

Data Sources:

- (1) Esri Community Profile
- (2) Lamar Consolidated Independent School District
- (3) Texas Workforce Commission
- (4) Reporting change in Lamar CISD 2019 Demographics report from School Enrollment to percent by Municipality

TABLE 12

<u>Lamar CISD District Enrollment (4)</u>	<u>Percent Distribution by Municipality (4)</u>	<u>Unemployment Rate (3)</u>
36,519	-	3.9%
35,156	-	5.6%
33,444	-	8.3%
32,146	19.1%	3.5%
-	-	4.6%
-	-	5.3%
-	-	5.3%
-	-	4.3%
-	-	4.3%
-	-	5.5%

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CITY OF RICHMOND, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2022		2013	
	Employees	Rank	Employees	Rank
Lamar Consolidated ISD	4,453	1		
Fort Bend County	2,900	2	2,290	1
Richmond State School	1,300	3	1,320	2
Oak Bend Medical Center	1,166	4		
Oak Bend Hospital	1,115	5	660	3
Walmart	411	7	278	4
HEB Grocery Company	650	6		
Access Health	249	8	202	5
City of Richmond	179	9	150	6
Wharton County Junior College	166	10		
T.W. Davis YMCA			124	7
Richmond Post Office			104	8
ADM Cotton Mill			38	9
NEPCO Foundry			35	10
Total	<u>12,589</u>		<u>5,201</u>	

Source: Development Corporation of Richmond

CITY OF RICHMOND, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016
General government	11	9	8	13
Public safety				
Police				
Officers	29	32	33	31
Civilians	12	10	10	12
Fire				
Firefighters	43	42	43	43
Civilians	4	4	5	10
Public works				
Adminstration	2	2	4	5
Streets and sanitation	11	11	11	11
Maintenance and operations	4	6	6	5
Parks and recreation	7	7	7	6
Water and sewer	31	34	38	38
	<u>154</u>	<u>157</u>	<u>165</u>	<u>174</u>
Total				

Source: City personnel records

TABLE 14

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
13	13	22	23	23	23
31	31	35	35	35	35
14	14	13	15	15	15
42	44	40	38	38	38
10	10	6	6	6	6
5	5	2	3	3	3
12	13	13	13	13	13
5	5	5	4	4	4
6	6	6	6	6	6
<u>41</u>	<u>41</u>	<u>41</u>	<u>40</u>	<u>40</u>	<u>40</u>
<u>179</u>	<u>182</u>	<u>183</u>	<u>183</u>	<u>183</u>	<u>183</u>

CITY OF RICHMOND, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016
Police				
Arrests	467	353	589	578
Accident reports	197	207	207	274
Citations	3,897	3,922	2,767	2,459
Offense reports	1,178	1,167	1,056	1,146
Calls for service	22,268	22,862	23,168	21,583
Fire				
Fires	190	145	187	188
Explosions, fireworks	-	5	22	5
Rescue/emergency medical incident	1,862	2,070	2,382	2,709
Motor vehicle accidents	230	269	327	328
Hazardous condition, no fire	139	120	162	150
Service calls	363	331	308	274
Good intent calls	172	179	151	221
Fales alarm/false call/fire alarms	355	399	484	430
Special incident type, city ordiance violation	89	52	96	149
Automatic aid/mutual aid given	177	145	167	200
Automatic aid/mutual aid received	69	61	86	54
Total incident reports	3,646	3,776	4,372	4,708
Fire marshal				
Fire safety inspections conducted	200	260	247	160
Fire safety classes/total audience	0	0	0	0
Fire investigations initiated	36	32	12	23
Building permits				
Building - total permits issued	2,649	2,731	2,638	2,264
Building - total inspections conducted	5,763	8,426	9,105	8,505
Water				
Total consumption (millions of gallons)	825.8	820.8	869.1	803.3
Peak daily consumption (millions of gallons)	3.8	3.7	4.5	3.5
Average daily consumption (millions of gallons)	2.3	2.2	2.4	2.5
Sewer				
Average daily sewage treatment (millions of gallons)	1.3	1.3	1.4	1.5
Total comsumption (millions of gallons)	487.6	489.5	494.2	577.9
Peak daily consumption (millions of gallons)	3.5	3.9	6.1	6.1

TABLE 15

2017	2018	2019	2020	2021	2022
607	666	749	317	335	396
279	266	219	202	184	458
1,526	1,254	1,966	1,713	2,355	2,079
971	1,029	1,104	707	685	893
16,919	17,330	20,248	19,383	18,233	20,156
185	203	203	165	284	296
2	3	2	2	3	2
3,098	3,159	3,198	2,842	3,502	3,752
347	328	323	178	276	318
140	111	133	80	156	145
335	285	272	165	275	342
161	149	181	75	86	116
512	492	565	403	587	535
118	44	55	20	23	20
156	152	170	105	230	165
55	50	50	40	84	116
5,109	4,976	5,152	4,075	5,506	5,807
322	280	180	158	482	931
0	0	0	0	6/252	29/1826
52	39	15	22	16	11
2,842	2,691	2,414	3,080	3,340	3,066
7,192	6,978	7,505	8,037	7,892	7,781
862.5	605.9	440.7	1,111.4	1,071.8	1,286.6
4.1	3.8	2.1	5.3	7.1	6.5
2.8	1.8	1.9	3.0	3.4	3.6
1.5	1.4	1.4	1.6	1.7	1.7
547.3	439.5	386.0	579.4	510.4	612.3
6.3	4.4	5.2	2.9	4.1	4.4

CITY OF RICHMOND, TEXAS

CAPITAL ASSETS STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016
Public safety				
Police				
Stations	1	1	1	1
Patrol units	23	23	23	25
Fire				
Fire stations	3	3	3	3
Public works				
Dump trucks	9	9	9	8
Streets (miles)	38	38	38	38
Parks and recreation				
Parks acreage	211	211	211	211
Parks	4	4	4	5
Water and sewer				
Water mains (miles)	54	54	54	54
Fire hydrants	290	290	290	290
Maximum daily capacity (millions of gallons)	7.2	7.2	7.2	7.2
Sanitary sewers (miles)	44	44	44	44
Storms (miles)	12	12	12	12
Maximum daily treatment capacity (millions of gallons)	3.0	3.0	3.0	3.0

Source: Various City departments

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

TABLE 16

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
28	29	29	29	29	29
3	3	3	3	3	3
8	8	8	8	8	8
38	38	41	41	41	47
224	224	224	224	224	241
6	6	6	6	6	6
56	56	97	146	146	152
290	290	290	290	290	320
11.6	11.6	11.6	11.6	11.6	11.6
54	54	107	121	121	130
12	12	51	67	67	72
3.0	3.0	3.0	3.0	3.0	4.0

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richmond, Texas (the “City”), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Richmond, Texas’ basic financial statements, and have issued our report thereon dated February 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Richmond, Texas’ internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Richmond, Texas’ internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Richmond, Texas’ internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Richmond, Texas’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 20, 2023