



COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended September 30, 2015



MAYOR EVALYN W. MOORE
COMMISSIONER GLEN GILMORE
COMMISSIONER JESSE TORRES
CITY MANAGER TERRI VELA



RICHMOND: Opportunities have arrived...come see what we're building!

City of Richmond, Texas

Vision Statement

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

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

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



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF RICHMOND, TEXAS

**For the fiscal year ended
September 30, 2015**

**Terri Vela
City Manager**

**Prepared by
Finance Department**

CITY OF RICHMOND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF RICHMOND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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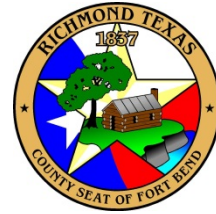
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Introductory Section

**EVALYN W. MOORE
MAYOR**

**GLEN GILMORE
JESSE TORRES
COMMISSIONERS**

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



March 28, 2016

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of Richmond, Texas (the “City”) for the fiscal year ended September 30, 2015, 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 **Whitley Penn, LLP**, 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, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City, incorporated in 1837 as one of the first three cities in the Republic of Texas, is located in Fort Bend County at the site of Stephen F. Austin's original colonies in Texas and currently occupies a land area 4.2 square miles and serves a population of 12,018. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

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

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

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

LOCAL ECONOMY

The City of Richmond is home to a diversified group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services, higher education, hospitality and a variety of general retail operations. This diversification is evident in the fact that no single taxpayer represents more than 5.2% of assessed valuation in the City.

Taxable assessed value for all residential and commercial property in the City exceeded \$457 million for fiscal year 2015, which is a 15% increase from fiscal year 2014.

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. Held by two private foundations with ties to the original settlers of Richmond, the prime acreage will be sustainable quality development which will create momentum for the benefit of Richmond's future generations. Partnership agreements are in place with both foundations to share in the sales tax generated from what is planned as high-end mixed use commercial and residential development in these areas. Additionally, water and sewer infrastructure capital contributions have been negotiated in order to augment the City's capital commitment during this period of growth. Richmond's best interest is the focus of these two major foundations which is truly unique not only to Richmond, but Fort Bend County as a whole.

Although the drop in oil prices has affected numerous oilfield related employers in the larger metropolitan areas of our neighbor in Houston, our local employment is a host of diverse opportunities. In fact, local employment options for low to high income wage earners has increased due to added retail and food chains, expansion of local area hospitals, the ground breaking of a new TSTC campus and expansion of nearby University of Houston Campus, as well as major hotel chains breaking ground and/or seeking locations in and around Richmond's ETJ.

Average home values in the City continue to increase as new investments are being made. This year, the City has seen average home values increase from \$101,204 to \$108,088 for the fiscal year beginning October 1, 2015. Unemployment for our Metropolitan Statistical Area continues to decrease from 4.9 to 4.2 percent year over year according to the Bureau of Labor Statistics.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

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

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

Budgetary Compliance

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

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

Budget Process

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

Submission of Budget and Budget Message

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

Budget Message

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

Budget a Public Record

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

Public Hearing on Budget

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

Proceeding on Adoption of Budget

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

Budget Appropriation and Amount to be Raised by Taxation

On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the City Commission shall constitute the official appropriations as proposed by expenditures for the current year and shall constitute the basis of official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year. Estimated expenditures will in no case exceed proposed revenue plus cash on hand. Unused appropriations may be transferred back to general funds.

Amending the Budget

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

Certification; Copies Made Available

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

Capital Program

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

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

Lapse of Appropriations

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

Additional Funding

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

Administration of the Budget

No payment shall be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made, unless the City Manager, or the City Manager's designee, states or ensures first that there is a sufficient unencumbered balance in such allotment or appropriation and that sufficient funds therefore are or will be available to cover the claim or meet the obligation when it becomes due and payable.

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

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

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

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 a Comprehensive Master and Land Use Plan, Parks Master Plan, Water and Sewer Master Plans and is currently in the process of seeking input on 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. 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 is 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 POLICIES

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

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

The City has contracted with the Brazos River Authority for surface water available in the Brazos River. The City of Richmond will be constructing a surface water treatment facility. The surface water treatment facility and water transmission lines (including its GRP Partners) are \$16 million dollars to meet the Subsidence District requirements through 2025. Additionally, the City (and its GRP Partners) will be required to construct an estimated \$8.7 million dollars in City water system improvements to deliver the surface water to its customers. It is expected Capital Acquisition typically will result in long-term increases in operating costs connected with the operation and maintenance of new facilities.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2014. This was the eleventh year that the City received this prestigious award.

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

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

Acknowledgements

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

Respectfully submitted,

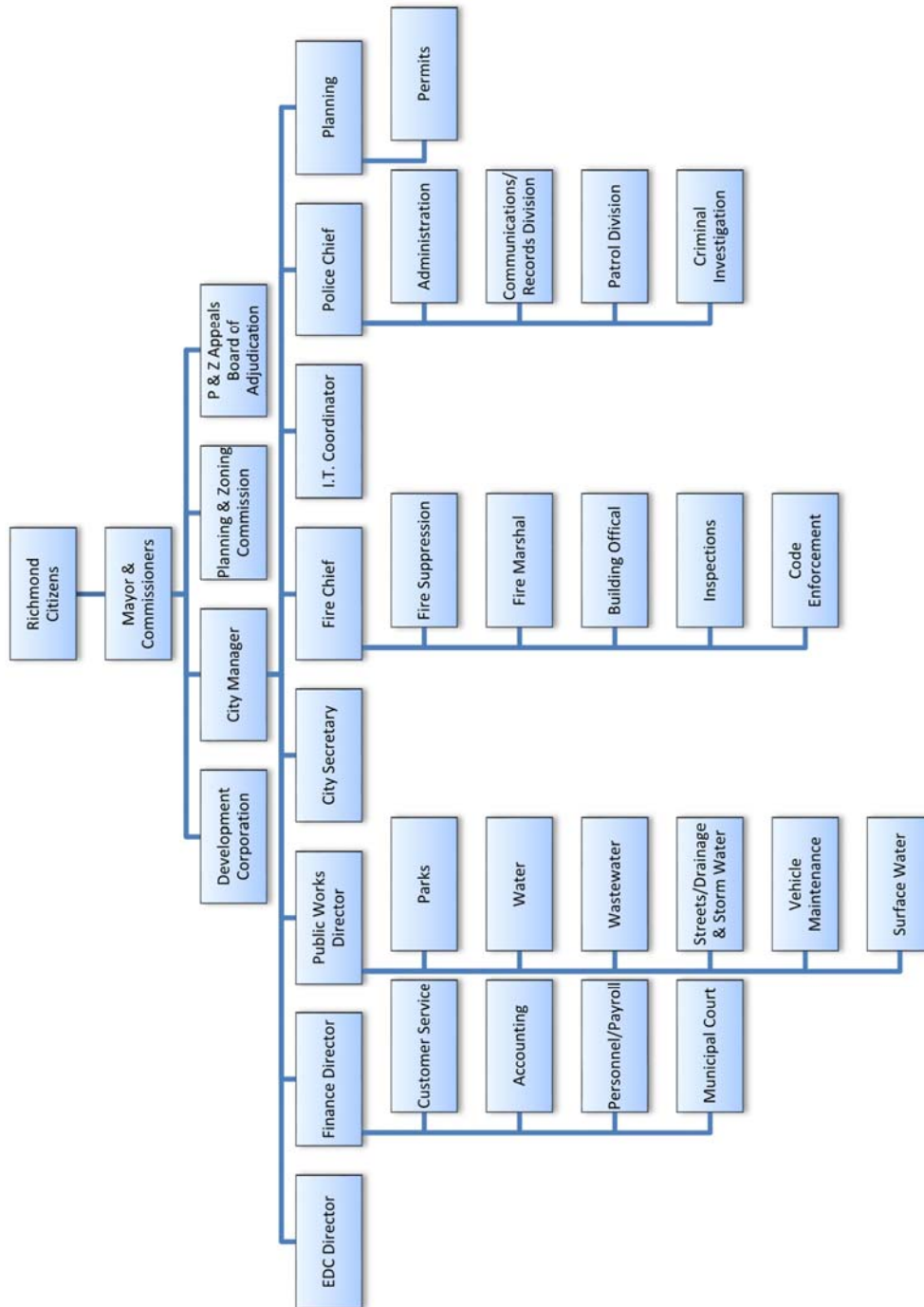


Terri Vela
City Manager



Susan Lang
Finance Director

CITY OF RICHMOND, TEXAS
ORGANIZATION CHART
September 30, 2015



CITY OF RICHMOND, TEXAS

PRINCIPAL CITY OFFICIALS

September 30, 2015

City Officials	Elective Position	Term Expires
Evalyn W. Moore	Mayor	2017
Glen Gilmore	City Commissioner	2016
Jesse Torres	City Commissioner	2018

Key Staff	Position
Terri Vela	City Manager*
Phyliss A. Ross	Municipal Court Judge *
Gary Adams	Police Chief
Howard Christian	Public Works Director
Susan Lang	Finance Director
Laura Scarlato	City Secretary
Robert Tobias	Economic Development Director
Michael Youngblood	Fire Chief

* - City Commission Appointive Position



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Richmond
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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FINANCIAL SECTION

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Richmond, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, 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.

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

Emphasis of Matter

As discussed in Note 2 and 14 in the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the year ending September 30, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on pages 52 through 54, and pension system supplementary information on pages 55 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



Houston, Texas
March 28, 2016

CITY OF RICHMOND, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richmond (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

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 \$55.9 million (*net position*). Of this amount, \$9.9 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.5 million, a decrease of \$3.0 over the prior year. Approximately 47% of this total amount, \$3.5 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- In fiscal year 2015, the City implemented new accounting pronouncements that recognize the City's Net Pension Liability of \$2.8 million related to the defined benefit pension plan provided for all full time employees. See Note 8 for an in-depth discussion

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.

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operating fund that is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

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

Combining Component Unit Financial Statements

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

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 27 through 51 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 54 through 58 of the City's Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 62 of the City's Comprehensive Annual Financial Report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55.9 million (net position). At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net position, 80%, 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 adoption of Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, for the year ended September 30, 2015, has resulted in the restatement of the City's beginning net position for the fiscal year 2015 government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of these statements. Net position as of October 1, 2014 was decreased by \$2.4 million (\$3.2 million of Net Pension Liability less deferred outflows and previous Net Pension Obligation of \$762,895). Refer to Note 8 for more information regarding the City's pension and Note 16 for more details about the restatement.

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

The following table provides a summary of the City's net position at September 30, 2015 and 2014:

CONDENSED SCHEDULE OF NET POSITION

September 30, 2015

Amounts in (000's)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 9,116	\$ 11,582	\$ 21,938	\$ 13,998	\$ 31,054	\$ 25,580
Capital assets	17,063	13,947	40,030	33,420	57,093	47,367
Total Assets	<u>26,179</u>	<u>25,529</u>	<u>61,968</u>	<u>47,418</u>	<u>88,147</u>	<u>72,947</u>
Deferred outflows of resources	<u>896</u>	<u>648</u>	<u>206</u>	<u>146</u>	<u>1,102</u>	<u>794</u>
Other liabilities	1,241	753	3,221	3,772	4,462	4,525
Long-term liabilities	15,554	16,474	10,055	69	25,609	16,543
Net pension liability*	2,298	2,575	546	612	2,844	3,187
Total Liabilities	<u>19,093</u>	<u>19,802</u>	<u>13,822</u>	<u>4,453</u>	<u>32,915</u>	<u>24,255</u>
Deferred inflows of resources	<u>350</u>		<u>83</u>		<u>433</u>	
Net position:						
Net investment in capital assets	5,130	5,180	39,834	33,420	44,964	38,600
Restricted	1,015	879			1,015	879
Unrestricted	1,487	316	8,435	9,691	9,922	10,007
Total Net Position	<u>\$ 7,632</u>	<u>\$ 6,375</u>	<u>\$ 48,269</u>	<u>\$ 43,111</u>	<u>\$ 55,901</u>	<u>\$ 49,486</u>

*As noted above, during the fiscal year ended September 30, 2015, the City implemented GASB Statement No. 68 relating to the recognition of the net pension liability relating to City's employee retirement plan administered by the Texas Municipal Retirement System. Prior year liabilities have been presented in this schedule for comparative purposes.

An additional portion of the City's net position, 1.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9.9 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$6.4 million during the current fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

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

Government-wide Financial Analysis (continued)

The following table summarizes the changes in net position for the City for the year ended September 30, 2015.

CONDENSED SCHEDULE OF CHANGES IN NET POSITION

For the Year Ended September 30, 2015

Amounts in (000's)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenue:						
Charges for services	\$ 4,342	\$ 3,834	\$ 10,672	\$ 8,576	\$ 15,014	\$ 12,410
Operating grants and contributions	2,015	4,452		27	2,015	4,479
Capital grants and contributions		125	3,174	1,529	3,174	1,654
General revenues:						
Property taxes	3,274	3,370			3,274	3,370
Sales and use taxes	3,856	3,411			3,856	3,411
Franchise taxes	742	715			742	715
Unrestricted investment earnings	38	37	6	7	44	44
Miscellaneous	404	300			404	300
Total Revenues	<u>14,671</u>	<u>16,244</u>	<u>13,852</u>	<u>10,139</u>	<u>28,523</u>	<u>26,383</u>
Expenses:						
General government	2,029	1,826			2,029	1,826
Public safety	7,356	7,263			7,356	7,263
Public works	5,494	4,332			5,494	4,332
Parks and recreation	470	493			470	493
Community development	57				57	
Interest on long-term debt	502	449			502	449
Water and sewer			6,200	7,355	6,200	7,355
Total Expenses	<u>15,908</u>	<u>14,363</u>	<u>6,200</u>	<u>7,355</u>	<u>22,108</u>	<u>21,718</u>
Increase in net position before transfers	(1,237)	1,881	7,652	2,784	6,415	4,665
Transfers	2,494	2,404	(2,494)	(2,404)		
Change in net position	1,257	4,285	5,158	380	6,415	4,665
Net Position - Beginning as originally presented	8,334	4,049	43,577	43,197	51,911	47,246
Change in accounting principles **	(1,959)	(1,959)	(466)	(466)	(2,425)	(2,425)
Net Position - Ending	<u>\$ 7,632</u>	<u>\$ 6,375</u>	<u>\$ 48,269</u>	<u>\$ 43,111</u>	<u>\$ 55,901</u>	<u>\$ 49,486</u>

**During the fiscal year ended September 30, 2015, the City implemented GASB Statement No. 68 relating to the recognition of the net pension liability relating to City's employee retirement plan administered by the Texas Municipal Retirement System. Prior year liabilities have been added to the ending Net Position balance but pension related activities have not been presented in this schedule as the information is not available. See Note 13 for more information.

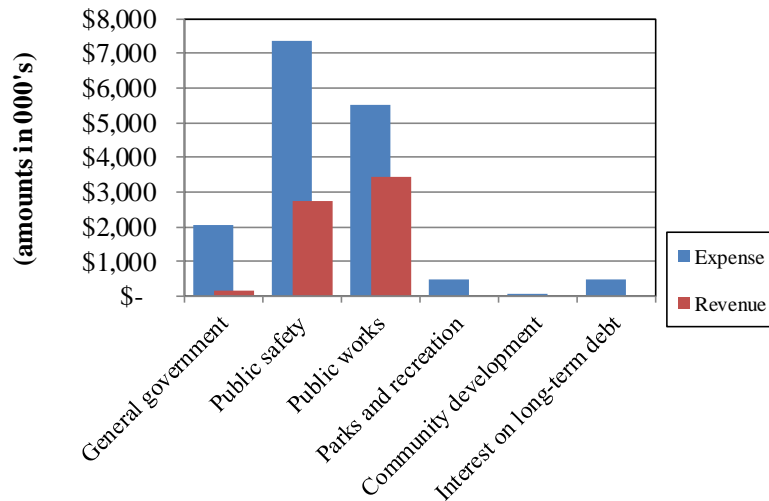
CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

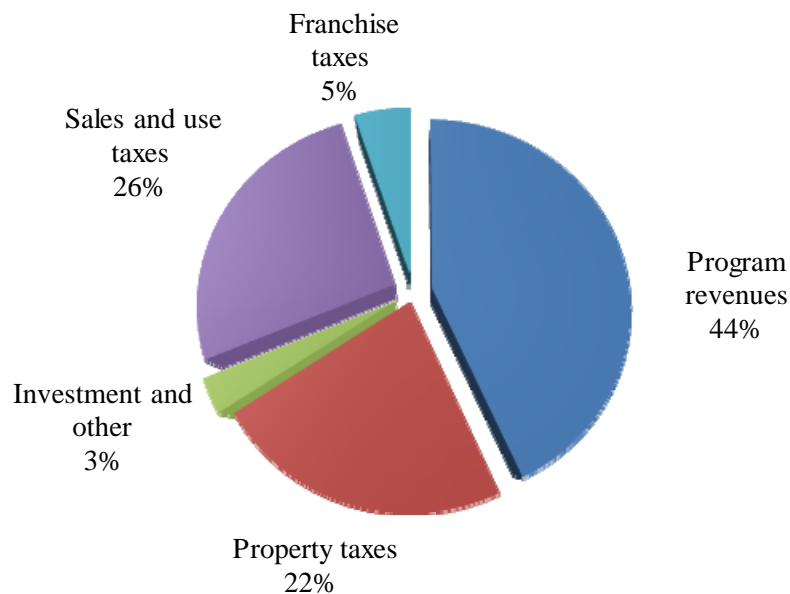
Governmental activities increased the City's net position by approximately \$1.3 million or 15% of beginning net position. The key elements of this increase are as follows:

- Increase in sales tax revenue of \$445,098 due to new commercial growth and an increase in consumer spending.
- Increase in service fees of \$469,973 which is comprised of growth related components such as garbage collection fees, inspection and plan review fees, and fire protection fees as per interlocal agreements with neighboring communities in the City's extraterritorial jurisdiction.

A comparison of program expenses to program revenues follows:

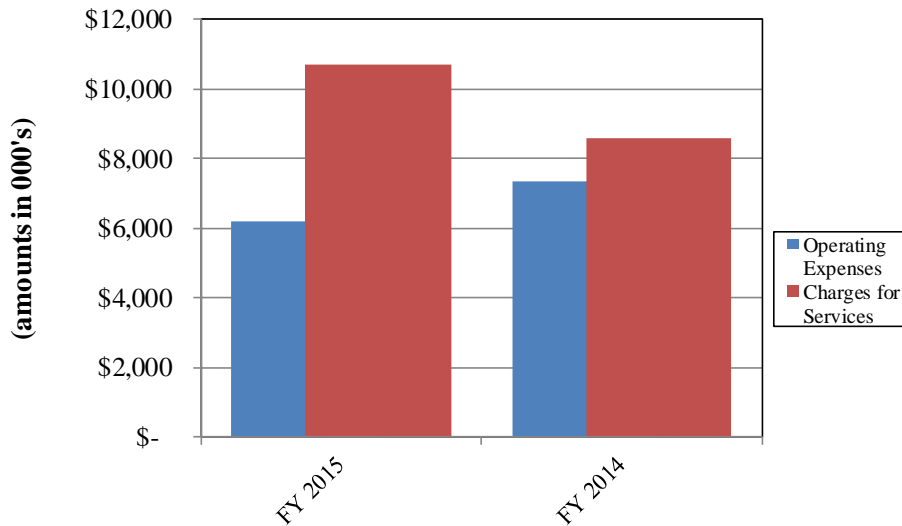


Revenue sources for governmental activities were distributed as follows:



Business-type Activities

Business-type activities increased the City's net position by approximately \$5.2 million. Operating revenues of the business-type activities increased by approximately \$2 million as a result of an increase in ground water reduction fees and impact fees due to growth in and around the city's extraterritorial jurisdiction. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2015 and 2014 follows:



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

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7.5 million, a decrease of approximately \$3.0 million from the prior year. Key elements of this decrease are as follows:

- Total expenditures of the governmental funds were \$19.9 million, an increase of \$2.5 million from prior year. The increase in expenditures is due to the construction of a new central fire station, street improvement projects for E. Laurel Oaks, and improvements to parks.

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

Governmental Funds (continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$3.5 million. The unassigned fund balance increased by \$1,037,428 from fiscal year 2014. The key elements of this increase are as follows:

- Sales and use tax revenue of \$3.9 million, which increased by \$445,098 as a result of increased commercial growth and consumer spending in the City.
- Revenues from charges for services of \$3.5 million, which increased by \$469,973 due to increased development around the City which increased billings for garbage collections and fire protection fees in the participating MUDs.

At the close of the current fiscal year, the City's capital projects fund reported a fund balance of \$3.0 million, a decrease of \$4,150,553 from the prior year. The decrease is due capital outlay related to the construction of the central fire station, E. Laurel Oaks street rebuild and Wessendorff Park Phase II. The remaining fund balance is for future construction and various maintenance projects throughout the City.

Proprietary Funds

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

Unrestricted net position of the Water and Sewer Enterprise Fund at the end of the year amounted to \$8.4 million or 136% of annual operating and non-operating expenses for the fund.

General Fund Budgetary Highlights

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

Actual revenues were greater than budgeted revenues by \$699,166 primarily as a result of an increase in sales and use taxes and charges for services.

Appropriations exceeded expenditures, creating a positive variance to budget of \$167,502. The key elements of the difference are as follows:

- Municipal courts expenditures exceeded appropriations by \$32,136 primarily due to the timing of the State court cost payments.
- Appropriations exceeded expenditures for community development by \$112,177 due to savings realized from the department not being in operation for a full fiscal year.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2015, the City's governmental activities and business-type activities had invested \$17.1 million and \$40.0 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of \$3.1 million, or 22% over the end of last fiscal year for the governmental activities' capital assets and a change of \$6.6 million or 20% for the business-type activities.

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

The following table shows the balances at September 30, 2014 and 2015 (in \$000's):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and intangibles	\$ 3,166	\$ 3,122	\$ 1,295	\$ 1,291	\$ 4,461	\$ 4,413
Construction in progress	4,437	1,317	7,521	3,675	11,958	4,992
Capital assets, net of depreciation:						
Buildings	4,175	4,215	6,790	5,334	10,965	9,549
Improvements other than buildings	2,263	2,272	2,962	3,227	5,225	5,499
Infrastructure	1,360	1,719	21,255	19,666	22,615	21,385
Machinery and equipment	1,662	1,302	208	227	1,870	1,529
Total Capital Assets	<u>\$ 17,063</u>	<u>\$ 13,947</u>	<u>\$ 40,030</u>	<u>\$ 33,420</u>	<u>\$ 57,093</u>	<u>\$ 47,367</u>

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

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt outstanding of \$12.2 million. This is a decrease from the prior year of \$710,000, due to the principal debt payments made during the year. The entire amount of bonded debt is backed by the full faith and credit of the City. A schedule of long-term debt at September 30, 2014 and 2015, follows (in \$000's):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds payable						
General obligation bonds	\$ 12,165	\$ 12,895	\$	\$	\$ 12,165	\$ 12,895
Certificates of obligation	2,145	2,205	9,705		11,850	2,205
Capital leases	235	391			235	391
Total Capital Assets	<u>\$ 14,925</u>	<u>\$ 15,904</u>	<u>\$ 9,988</u>	<u>\$ -</u>	<u>\$ 24,913</u>	<u>\$ 15,904</u>

On July 31, 2015, Standard & Poor's Ratings Services raised its long-term debt rating and underlying rating (SPUR) on the City's general obligation (GO) to 'AA-'. The outlook is stable.

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

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. Held by two private foundations with ties to the original settlers of Richmond, the prime acreage will be sustainable quality development which will create momentum for the benefit of Richmond's future generations. Partnership agreements are in place with both foundations to share in the sales tax generated from what is planned as high-end mixed use commercial and residential development in these areas. Additionally, water and sewer infrastructure capital contributions have been negotiated in order to augment the City's capital commitment during this period of growth. Richmond's best interest is the focus of these two major foundations which is truly unique not only to Richmond, but Fort Bend County as a whole.

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

Although the drop in oil prices has affected numerous oilfield related employers in the larger metropolitan areas of our neighbor in Houston, our local employment is a host of diverse opportunities. In fact, local employment options for low to high income wage earners has increased due to added retail and food chains, expansion of local area hospitals, the ground breaking of a new TSTC campus and expansion of nearby University of Houston Campus, as well as major hotel chains breaking ground and/or seeking locations in and around Richmond's ETJ.

Average home values in the City continue to increase as new investments are being made. This year, the City has seen average home values increase from \$101,204 to \$108,088 for the fiscal year beginning October 1, 2015. Unemployment for our Metropolitan Statistical Area continues to decrease from 4.9 to 4.2 percent year over year as of May 2015 according to the Bureau of Labor Statistics.

Next Year's Budget and Rates

With exponential growth on the City's horizon, the City's department heads, division superintendents and various consultants remain cognizant of the pains associated with rapid economic expansion. During the fiscal year 2015-2016 (FY2016) budget kick-off and strategic planning process, a survey was given to all department heads and division superintendents to identify not only the immediate needs for the coming budget year, but to identify long-term focus areas as the City embraces its future.

Immediate priorities for the FY2016 budget, ranked in order of importance, are as follows:

- Wage Levels/Job Quality
- Public Safety
- Community Image
- Water Supply & Distribution
- Traffic Flow

Future priorities include: Wastewater Infrastructure, Community Involvement, Regional Road Transportation, Downtown Revitalization, Regional Parks and Recreational Trail Systems

- Water and sewer rates remained the same for the fiscal year 2016 budget with a planned 25-cent increase in October followed by another 25-cent increase in January, 2016 to the existing \$1.50 per 1,000 gallons usage for the mandated ground water reduction fee. Revenues received from the ground water reduction fee are allocated for the purpose of providing alternative water sources (surface water treatment plant) and to pay the associated construction debt of the surface water treatment plant.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF RICHMOND, TEXAS
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 7,082,598	\$ 20,382,881	\$ 27,465,479	\$ 5,743,916
Investments	50,000		50,000	
Accounts receivable	1,635,266	1,739,422	3,374,688	242,942
Due from other governments	159,013		159,013	
Internal balances	184,742	(184,742)		
Prepaid expenses	3,886		3,886	
Capital assets, not subject to depreciation:	7,602,800	8,815,571	16,418,371	
Capital assets, net of depreciation:	<u>9,460,236</u>	<u>31,214,800</u>	<u>40,675,036</u>	
Total Capital Assets	<u>17,063,036</u>	<u>40,030,371</u>	<u>57,093,407</u>	
Total Assets	<u>26,178,541</u>	<u>61,967,932</u>	<u>88,146,473</u>	<u>5,986,858</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	29,022		29,022	
Pension related items	867,391	206,011	1,073,402	
Total Deferred Outflows of Resources	<u>896,413</u>	<u>206,011</u>	<u>1,102,424</u>	
Liabilities				
Accounts payable and accrued expenses	1,173,576	3,201,802	4,375,378	156,769
Due to other governments	4,723		4,723	
Unearned revenue	1,990		1,990	
Accrued interest	60,835	19,403	80,238	
Long-term liabilities:				
Due within one year	1,140,478	211,164	1,351,642	
Due in more than one year	14,413,894	9,844,309	24,258,203	
Net Pension Liability	<u>2,297,645</u>	<u>545,706</u>	<u>2,843,351</u>	
Total Liabilities	<u>19,093,141</u>	<u>13,822,384</u>	<u>32,915,525</u>	<u>156,769</u>
Deferred Outflows of Resources:				
Pension related items	<u>349,717</u>	<u>83,060</u>	<u>432,777</u>	
Net Position				
Net investment in capital assets	5,129,543	39,834,230	44,963,773	
Restricted for:				
Debt service	748,954		748,954	
Community projects	102,549		102,549	5,829,094
Public safety	163,871		163,871	
Unrestricted	<u>1,487,179</u>	<u>8,434,269</u>	<u>9,921,448</u>	<u>995</u>
Total Net Position	<u>\$ 7,632,096</u>	<u>\$ 48,268,499</u>	<u>\$ 55,900,595</u>	<u>\$ 5,830,089</u>

See Notes To Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 2,028,934	\$	\$ 173,605	\$
Public safety	7,356,199	2,356,960	401,099	
Public works	5,493,672	1,984,941	1,440,528	
Parks and recreation	469,734			
Community development	56,951			
Interest on long-term debt	502,028			
Total governmental activities	<u>15,907,518</u>	<u>4,341,901</u>	<u>2,015,232</u>	
Business-type activities:				
Water and sewer	6,200,187	10,672,489		3,174,445
Total business-type activities	<u>6,200,187</u>	<u>10,672,489</u>		<u>3,174,445</u>
Total primary government	<u>\$ 22,107,705</u>	<u>\$ 15,014,390</u>	<u>\$ 2,015,232</u>	<u>\$ 3,174,445</u>
Component Units				
Development Corporation of Richmond	\$ 839,073			
Total component units	<u>\$ 839,073</u>			

General revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues

 Change in net position

Net Position - Beginning as originally reported

 Prior period adjustment - Change in accounting principles

Net Position - Ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$ (1,855,329)	\$	\$ (1,855,329)	
(4,598,140)		(4,598,140)	
(2,068,203)		(2,068,203)	
(469,734)		(469,734)	
(56,951)		(56,951)	
(502,028)		(502,028)	
<u>(9,550,385)</u>		<u>(9,550,385)</u>	
	7,646,747	7,646,747	
	<u>7,646,747</u>	<u>7,646,747</u>	
<u>(9,550,385)</u>	<u>7,646,747</u>	<u>(1,903,638)</u>	
			<u>\$ (839,073)</u>
			<u>(839,073)</u>
3,274,348		3,274,348	
3,856,250		3,856,250	1,281,249
742,401		742,401	
37,601	5,816	43,417	827
403,067		403,067	5,000
2,493,900	(2,493,900)		
<u>10,807,567</u>	<u>(2,488,084)</u>	<u>8,319,483</u>	<u>1,287,076</u>
1,257,182	5,158,663	6,415,845	448,003
8,334,276	43,575,197	51,909,473	5,382,086
(1,959,362)	(465,361)	(2,424,723)	
<u>\$ 7,632,096</u>	<u>\$ 48,268,499</u>	<u>\$ 55,900,595</u>	<u>\$ 5,830,089</u>

CITY OF RICHMOND, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,738,695	\$ 3,567,399	\$ 776,504	\$ 7,082,598
Investments		50,000		50,000
Taxes receivable, net	1,128,830		122,867	1,251,697
Due from other funds	187,911		109,273	297,184
Due from other governments	152,978		66,348	219,326
Other receivables	322,229	1,026		323,255
Prepaid items	3,886			3,886
Total Assets	<u>\$ 4,534,529</u>	<u>\$ 3,618,425</u>	<u>\$ 1,074,992</u>	<u>\$ 9,227,946</u>
Liabilities				
Accounts payable	\$ 660,989	\$ 518,516	\$ 9,095	\$ 1,188,600
Due to other funds	49,531	62,911		112,442
Due to other governments			4,723	4,723
Unearned revenue	2,000			2,000
Total Liabilities	<u>712,520</u>	<u>581,427</u>	<u>13,818</u>	<u>1,307,765</u>
Deferred Inflows of Resources				
Unavailable revenues - property taxes	281,178		122,867	404,045
Total Deferred Inflows of Resources	<u>281,178</u>		<u>122,867</u>	<u>404,045</u>
Fund balances:				
Nonspendable	3,886			3,886
Restricted:				
Debt service			671,887	671,887
Capital projects		3,036,998		3,036,998
Public safety			163,871	163,871
Community projects			102,549	102,549
Unassigned	3,536,945			3,536,945
Total Fund Balances	<u>3,540,831</u>	<u>3,036,998</u>	<u>938,307</u>	<u>7,516,136</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,534,529</u>	<u>\$ 3,618,425</u>	<u>\$ 1,074,992</u>	<u>\$ 9,227,946</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2015

Total fund balance, governmental funds \$ 7,516,136

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. 17,063,036

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 404,045

Deferred gain/loss on refunding 29,022

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 (14,310,000)
Premium/discount on bonds payable (379,347)
Capital lease obligation (235,344)
Accrued long-term interest (45,800)
Compensated absences (629,681)

Net Pension Liability and related deferred outflows and inflows of resources due 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 - pension related items 867,391
Net Pension Liability (2,297,645)
Deferred inflows - pension related items (349,717)

Net Position of Governmental Activities in the Statement of Net Position \$ 7,632,096

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property taxes	\$ 2,284,637	\$	\$ 961,109	\$ 3,245,746
Sales and use taxes	3,856,250			3,856,250
Franchise taxes	742,401			742,401
Fines and forfeitures	583,440		14,804	598,244
Licenses and permits	251,208			251,208
Intergovernmental	397,383	1,440,528	425,054	2,262,965
Charges for services	3,497,651			3,497,651
Investment earnings	9,189	9,405	19,007	37,601
Miscellaneous	68,351		81,781	150,132
Total Revenues	<u>11,690,510</u>	<u>1,449,933</u>	<u>1,501,755</u>	<u>14,642,198</u>
Expenditures				
Current:				
General government	1,991,009			1,991,009
Public safety	7,055,164		9,048	7,064,212
Public works	2,627,117			2,627,117
Culture and recreation	379,089			379,089
Community development	58,046			58,046
Capital Outlay	752,598	5,600,486	169,194	6,522,278
Debt Service:				
Principal	128,637		790,000	918,637
Interest and other charges	14,422		549,850	564,272
Total Expenditures	<u>13,006,082</u>	<u>5,600,486</u>	<u>1,518,092</u>	<u>20,124,660</u>
Revenues over (under) expenditures	<u>(1,315,572)</u>	<u>(4,150,553)</u>	<u>(16,337)</u>	<u>(5,482,462)</u>
Other Financing Sources (Uses)				
Transfers in	<u>2,353,000</u>		<u>140,900</u>	<u>2,493,900</u>
Total other financing sources (uses)	<u>2,353,000</u>		<u>140,900</u>	<u>2,493,900</u>
Net Changes in Fund Balances	1,037,428	(4,150,553)	124,563	(2,988,562)
Fund Balances - Beginning of Year	<u>2,503,403</u>	<u>7,187,551</u>	<u>813,744</u>	<u>10,504,698</u>
Fund Balances - End of Year	<u>\$ 3,540,831</u>	<u>\$ 3,036,998</u>	<u>\$ 938,307</u>	<u>\$ 7,516,136</u>

See Notes to Basic 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 Year Ended September 30, 2015

Net change in fund balances - total governmental funds: \$ (2,988,562)

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

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

This is the amount by which capital outlay of \$3,930,233 exceeded depreciation of \$814,243 in the current period. 3,115,990

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. 28,602

Governmental funds report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt. 945,741

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

Bond premiums/discounts 33,286
Gain/loss on refunding (3,225)

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 5,080
Changes in accrued compensated absences (59,121)

Pension contributions made after the net pension liability date are reported as expenditures in the governmental funds and are reported as deferred outflows on the face of the statement of net position. 621,885

Pension expense does not represent a use of current resources and is not recognized in the fund financial statements. (442,494)

Change in net position of governmental activities \$ 1,257,182

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2015

	Business-type Activities
	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 20,382,881
Accounts receivable, net	1,739,422
Total Current Assets	22,122,303
Non-current assets:	
Capital assets	
Land and improvements	1,294,923
Construction in progress	7,520,648
Infrastructure	44,065,709
Buildings	11,098,002
Improvements other than buildings	4,232,673
Equipment and furniture	1,238,614
Less accumulated depreciation	(29,420,198)
Total Non-Current Assets	40,030,371
Total Assets	62,152,674
Deferred Outflows of Resources - pension related items	206,011
Liabilities	
Current liabilities:	
Accounts payable	2,486,474
Due to other funds	184,742
Deposits	715,328
Accrued interest payable	19,403
Compensated absences	6,722
Bonds, notes and loans payable	204,442
Total Current Liabilities	3,617,111
Non-current liabilities:	
Compensated absences	60,495
Bonds, notes and loans payable	9,783,814
Net pension Liability	545,706
Total Non-Current Liabilities	10,390,015
Total Liabilities	14,007,126
Deferred Inflows of Resources - pension related items	83,060
Net Position	
Investment in capital assets	39,834,230
Unrestricted	8,434,269
Total Net Position	\$ 48,268,499

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2015

	Business-type Activities
	Water and Sewer
Operating Revenues	
Charges for services	\$ 10,672,489
Total Operating Revenues	<u>10,672,489</u>
Operating Expenses	
Personnel services	1,998,721
Supplies	21,024
Contracted services	326,549
Other	2,542,640
Depreciation	1,308,089
Total Operating Expenses	<u>6,197,023</u>
Operating income (loss)	<u>4,475,466</u>
Non-Operating Revenues (Expenses)	
Interest and investment revenue	5,816
Interest expense	(3,164)
Total Non-Operating Revenues (Expenses)	<u>2,652</u>
Income before Transfers	4,478,118
Capital contributions	3,174,445
Transfers out	(2,493,900)
Change in Net Position	5,158,663
Total Net Position - Beginning of Year	43,575,197
Prior period adjustment - change in accounting principles	(465,361)
Total Net Position - End of Year	<u>\$ 48,268,499</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2015

	Business-type Activities
	Water and Sewer
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 10,323,261
Disbursed for personnel services	(2,208,764)
Disbursed for goods and services	(3,522,409)
Net cash provided by operating activities	<u>4,592,088</u>
Cash Flows From Noncapital Financing Activities	
Transfers to other funds	(2,493,900)
Net cash used by noncapital financing activities	<u>(2,493,900)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from issuance of debt	9,885,260
Interest paid on capital debt	9,442
Acquisition and construction of capital assets	(4,474,674)
Cash flows from capital and related financing activities	<u>5,420,028</u>
Cash Flows From Investing Activities	
Interest received	5,816
Net cash used by investing activities	<u>5,816</u>
Net increase (decrease) in cash and cash equivalents	7,524,032
Cash and cash equivalents - beginning of year	<u>12,858,849</u>
Cash and cash equivalents - end of year	<u>\$ 20,382,881</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 4,475,466
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,308,089
(Increase) decrease in accounts receivable	(415,750)
(Increase) decrease in prepaid expenses	222
(Increase) decrease in deferred outflows of resources relating to pensions	(59,593)
Increase (decrease) in accounts payable	(632,418)
Increase (decrease) in customer deposits	66,522
Increase (decrease) in accrued compensated absences	(1,317)
Increase (decrease) in net pension liability	(66,073)
Increase (decrease) in deferred inflows of resources relating to pensions	(83,060)
Net cash provided by operating activities	<u>\$ 4,592,088</u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets	<u>\$ 3,174,445</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

	Governmental Activities		
	Totals	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
Assets			
Cash and cash equivalents	\$ 5,743,916	\$ 5,742,921	\$ 995
Accounts receivable	242,942	242,942	
Total Assets	<u>5,986,858</u>	<u>5,985,863</u>	<u>995</u>
Liabilities			
Accounts payable and accrued expenses	156,769	156,769	
Total Liabilities	<u>156,769</u>	<u>156,769</u>	
Net Position			
Restricted for:			
Community projects	5,829,094	5,829,094	
Unrestricted	995		995
Total Net Position	<u>\$ 5,830,089</u>	<u>\$ 5,829,094</u>	<u>\$ 995</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

	Governmental Activities		
	Totals	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
General Revenues			
Taxes:			
Sales and use taxes	\$ 1,281,249	\$ 1,281,249	\$
Unrestricted investment earnings	827	827	
Miscellaneous	5,000	5,000	
Total general revenues	<u>1,287,076</u>	<u>1,287,076</u>	
Expenses			
Economic development	584,535	584,535	
Intergovernmental	254,538	254,538	
Total expenses	<u>839,073</u>	<u>839,073</u>	
Change in net position	448,003	448,003	
Net Position - Beginning	<u>5,382,086</u>	<u>5,381,091</u>	<u>995</u>
Net Position - Ending	<u>\$ 5,830,089</u>	<u>\$ 5,829,094</u>	<u>\$ 995</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 - Organization

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Development Corporation of Richmond

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

Richmond Higher Education Finance Corporation

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major governmental funds are combined and reported in a separate column in the fund financial statements. The City has only one proprietary fund.

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

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

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

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

Property taxes collected within 60 days subsequent to September 30, 2015, 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, 2015, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

The City reports the following major governmental funds:

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

The City has one major proprietary fund:

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund are charges to customers for sales and services. Operational expenses for the fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

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

E. Investments

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

F. Receivables

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

G. Due to and from Other Funds

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

H. Inventories and Prepaid Items

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

I. Capital Assets

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

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

J. Compensated Absences

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

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Deferred Outflows/Inflows of Resources

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

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

L. General Property Taxes

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

M. Debt Service

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

N. Use of Estimates

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

O. Bond Discounts/Premiums

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

P. Fund Equity

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Q. Revenues and Expenditures/Expenses

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

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

R. Post-employment Healthcare Benefits

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

S. 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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

T. New Accounting Standards

In the current fiscal year, the City implemented the following new standards:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") establishes accounting and financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71") amends the transition provisions of GASB 68. GASB 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. Implementation is reflected in the financial statements and the notes to the financial statements.

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

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

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

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

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

Deposit and Investment Amounts

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

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

	<u>Total Fair Value</u>	
	<u>Primary Government</u>	<u>Component Units</u>
Cash Deposits	\$ 27,465,479	\$ 5,743,916
Certificates of Deposit	50,000	
Total	<u><u>\$ 27,515,479</u></u>	<u><u>\$ 5,743,916</u></u>

At September 30, 2015, 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.

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

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

Interest Rate Risk

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

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

Concentration of Credit Risk

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

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

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

Note 4 - Receivables

Amounts recorded as receivables as of September 30, 2015, for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Water and Sewer</u>	<u>Discretely Presented Component Units</u>	<u>Total</u>
Receivables:						
Sales and use taxes	\$ 732,398	\$	\$	\$	\$ 242,942	\$ 975,340
Property taxes	340,261		166,022			506,283
Franchise taxes	115,254					115,254
Customer accounts	282,253			1,739,422		2,021,675
Due from other governments	152,978		66,348			219,326
Other	39,976	1,026				41,002
Gross Receivables	<u>1,663,120</u>	<u>1,026</u>	<u>232,370</u>	<u>1,739,422</u>	<u>242,942</u>	<u>3,878,880</u>
Less: allowance for uncollectibles	(59,083)		(43,155)			(102,238)
Net Total Receivables	<u>\$ 1,604,037</u>	<u>\$ 1,026</u>	<u>\$ 189,215</u>	<u>\$ 1,739,422</u>	<u>\$ 242,942</u>	<u>\$ 3,776,642</u>

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

Note 5 - Capital Assets

A summary of activity for governmental activities capital assets for the year ended September 30, 2015, follows:

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 3,121,769	\$ 44,116	\$	\$ 3,165,885
Construction in progress	1,316,607	3,169,220	(48,912)	4,436,915
Total capital assets, not being depreciated	4,438,376	3,213,336	(48,912)	7,602,800
Capital assets being depreciated:				
Buildings	5,606,020			5,606,020
Improvements other than buildings	3,315,712	47,749		3,363,461
Infrastructure	7,509,093	48,912		7,558,005
Machinery and equipment	6,275,221	669,148	(151,165)	6,793,204
Total capital assets being depreciated	22,706,046	765,809	(151,165)	23,320,690
Less accumulated depreciation for:				
Buildings	(1,390,619)	(40,473)		(1,431,092)
Improvements other than buildings	(1,043,780)	(56,858)		(1,100,638)
Infrastructure	(5,790,089)	(407,869)		(6,197,958)
Machinery and equipment	(4,972,888)	(309,043)	151,165	(5,130,766)
Total accumulated depreciation	(13,197,376)	(814,243)	151,165	(13,860,454)
Total capital assets being depreciated, net	9,508,670	(48,434)		9,460,236
Governmental Activities				
Capital Assets, Net	<u>\$ 13,947,046</u>	<u>\$ 3,164,902</u>	<u>\$ (48,912)</u>	<u>\$ 17,063,036</u>

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

Note 5 - Capital Assets (continued)

A summary of activity for business-type activities capital assets for the year ended September 30, 2015, follows:

	<u>Balance 9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2015</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,291,123	\$ 3,800	\$	\$ 1,294,923
Construction in progress	3,675,163	5,096,538	(1,251,053)	7,520,648
Total capital assets, not being depreciated	4,966,286	5,100,338	(1,251,053)	8,815,571
Capital assets being depreciated:				
Buildings	9,498,586	1,599,416		11,098,002
Improvements other than buildings	4,232,673			4,232,673
Infrastructure	41,649,797	2,415,912		44,065,709
Machinery and equipment	1,252,373	53,622	(67,381)	1,238,614
Total capital assets being depreciated	56,633,429	4,068,950	(67,381)	60,634,998
Less accumulated depreciation for:				
Buildings	(4,164,605)	(143,761)		(4,308,366)
Improvements other than buildings	(1,005,417)	(265,537)		(1,270,954)
Infrastructure	(21,983,815)	(827,204)		(22,811,019)
Machinery and equipment	(1,025,653)	(71,587)	67,381	(1,029,859)
Total accumulated depreciation	(28,179,490)	(1,308,089)	67,381	(29,420,198)
Total capital assets being depreciated, net	28,453,939	2,760,861		31,214,800
Business-type Activities				
Capital Assets, Net	\$ 33,420,225	\$ 7,861,199	\$ (1,251,053)	\$ 40,030,371

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

Governmental Activities	
General	\$ 56,377
Public safety	376,529
Public works	286,237
Parks and recreation	95,100
	<u>\$ 814,243</u>
Business-type Activities	
Water and sewer	<u>\$ 1,308,089</u>

CITY OF RICHMOND, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)****Note 5 - Capital Assets (continued)**

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2015, are as follows:

	Authorized Commitment	Total in Progress	Remaining Commitment
Governmental Activities			
Fire Department Main Station	\$ 4,422,378	\$ 3,084,188	\$ 1,338,190
FM 2218 to FM 762 TxDOT Project	30,315	30,134	181
Wessendorff Park Phase II	1,042,920	91,140	951,780
East Laurel Oaks Street	1,231,453	1,231,453	
	<u>\$ 6,727,066</u>	<u>\$ 4,436,915</u>	<u>\$ 2,290,151</u>
 Business-type Activities			
Relocation Force Main	\$ 17,750	\$ 8,875	\$ 8,875
Edgar Water Well and Water Plant	6,119,674	4,115,322	2,004,352
Phase VI Sanitary Sewer Rehab	208,545	35,645	172,900
Surface Water Treatment Plant	17,000,000	3,360,806	13,639,194
	<u>\$ 23,345,969</u>	<u>\$ 7,520,648</u>	<u>\$ 15,825,321</u>

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

Note 6 - Long-Term Debt

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

During the year ended September 30, 2015, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 12,895,000	\$	\$ (730,000)	\$ 12,165,000	\$ 830,000
Certificates of obligation	2,205,000		(60,000)	2,145,000	60,000
Bond issuance premiums/discounts	412,633	69,610	(102,896)	379,347	33,286
Capital leases	391,086	79,149	(234,891)	235,344	154,224
Compensated absences	570,560	130,591	(71,470)	629,681	62,968
Governmental Activities Long-term Liabilities	<u>\$ 16,474,279</u>	<u>\$ 279,350</u>	<u>\$ (1,199,257)</u>	<u>\$ 15,554,372</u>	<u>\$ 1,140,478</u>
Business-Type Activities:					
Bonds Payable:					
Certificates of obligation	\$	\$ 9,705,000		9,705,000	\$ 195,000
Bond issuance premiums/discounts		292,698	(9,442)	283,256	9,442
Compensated absences	68,534	6,817	(8,134)	67,217	6,722
Business-type Activities Long-term Liabilities	<u>\$ 68,534</u>	<u>\$ 10,004,515</u>	<u>\$ (17,576)</u>	<u>\$ 10,055,473</u>	<u>\$ 211,164</u>

The following is a summary of the terms of obligations of general obligation bonds and certificates of obligation outstanding as of September 30, 2015:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Governmental Activities:				
General Obligation Bonds				
Series 2009 general obligation bonds	3.00-4.25%	\$ 4,000,000	2029	\$ 3,645,000
Series 2010 general obligation and refunding bonds	2.00-4.00%	5,040,000	2020	2,230,000
Series 2013 general obligation and refunding bonds	3.00-4.25%	6,620,000	2038	6,290,000
				<u>12,165,000</u>
Certificates of Obligation				
Series 2013 combination tax and revenue certificates of obligation	2.00-4.13%	2,265,000	2038	2,145,000
Total Governmental Activities				<u>\$ 14,310,000</u>
Business-Type Activities:				
Certificates of Obligation:				
Series 2015 combination tax and revenue certificates of obligation	3.00-4.00%	9,705,000	2045	\$ 9,705,000
Total Business-Type Activities				<u>\$ 9,705,000</u>

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

Note 6 - Long-Term Debt (continued)

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

Year Ending September 30,	Governmental Activities General Obligation Bonds			Governmental Activities Certificates of Obligation			Business-Type Activities Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	830,000	443,669	1,273,669	60,000	79,700	139,700	\$ 195,000	\$ 355,332	\$ 550,332
2017	850,000	419,375	1,269,375	65,000	78,450	143,450	200,000	334,162	534,162
2018	870,000	391,537	1,261,537	65,000	77,150	142,150	205,000	328,087	533,087
2019	895,000	360,525	1,255,525	65,000	75,850	140,850	215,000	321,787	536,787
2020	930,000	327,513	1,257,513	70,000	74,325	144,325	220,000	315,262	535,262
2021-2025	3,125,000	1,262,397	4,387,397	380,000	337,026	717,026	1,205,000	1,471,685	2,676,685
2026-2030	2,170,000	736,538	2,906,538	460,000	253,257	713,257	1,405,000	1,276,010	2,681,010
2031-2035	1,460,000	373,905	1,833,905	575,000	146,479	721,479	1,655,000	1,027,700	2,682,700
2036-2040	1,035,000	65,279	1,100,279	405,000	25,472	430,472	1,985,000	688,644	2,673,644
2041-2045							2,420,000	249,600	2,669,600
	<u>\$ 12,165,000</u>	<u>\$ 4,380,738</u>	<u>\$ 16,545,738</u>	<u>\$ 2,145,000</u>	<u>\$ 1,147,709</u>	<u>\$ 3,292,709</u>	<u>\$ 9,705,000</u>	<u>\$ 6,368,269</u>	<u>\$ 16,073,269</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.

Capital Leases

During the year ended September 30, 2014 the City entered into a lease purchase agreement for the acquisition of a dump truck costing \$79,149. The lease is for a period of four years with annual payments of \$21,370 and a stated interest rate of 3.38%. Interest paid on this lease was \$2,028 for the year ended September 30, 2015.

During the year ended September 30, 2012 the City entered into a lease purchase agreement for the acquisition of a street sweeper costing \$40,411. The lease is for a period of three years with annual payments of \$14,391 and a stated interest rate of 3.38%. Interest paid on this lease was \$471 for the year ended September 30, 2015.

During the year ended September 30, 2011 the City entered into a lease purchase agreement for the acquisition of a fire truck costing \$404,751. The lease is for a period of six years with annual payments of \$79,629 and a stated interest rate of 4.69%. Interest paid on this lease was \$7,371 for the year ended September 30, 2015.

During the year ended September 30, 2008 the City entered into a lease purchase agreement to finance the acquisition of a fire station costing \$500,000. The lease is for a period of ten years with annual payments of \$62,912 and a stated interest rate of 4.59%. Interest paid on this lease was \$5,681 for the year ended September 30, 2015.

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

Note 6 - Long-Term Debt (continued)

Capital Leases (continued)

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of September 30, 2015:

<u>Year Ending September 30,</u>	<u>Governmental Activities Amount</u>
2016	\$ 163,051
2017	83,421
Total minimum lease payments	246,472
Less interest portion minimum lease payments	<u>(11,128)</u>
	<u>\$ 235,344</u>

The assets acquired through capital lease are as follows:

Assets:	
Buildings	\$ 500,000
Vehicles	524,311
Less: Accumulated Depreciation	<u>(662,001)</u>
Net	<u>\$ 362,310</u>

Note 7 - Interfund Transactions

Amounts recorded as interfund receivables and payables are considered to be temporary loans and will be repaid during the following fiscal year. The composition of interfund balances as of September 30, 2015, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Water and Sewer Funds</u>	
General Fund	\$	\$ 62,911	\$ 125,000	\$ 187,911
Non-Major Funds	49,531		59,742	109,273
	<u>\$ 49,531</u>	<u>\$ 62,911</u>	<u>\$ 184,742</u>	<u>\$ 297,184</u>

For the year ended September 30, 2015, interfund transfers consisted of:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Water and Sewer Fund	\$ 2,353,000	\$ 140,900	\$ 2,493,900
Totals	<u>\$ 2,353,000</u>	<u>\$ 140,900</u>	<u>\$ 2,493,900</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.

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

Note 8 - Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 860 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 agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

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:	75% Repeating
Annuity Increase to retirees:	50% of CPI Repeating
Supplemental death benefit – employees and retirees:	Yes

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 one of seven actuarially equivalent 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.

On the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

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

Note 8 - Employee Retirement System (continued)

Benefits Provided (continued)

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	71
Active employees	<u>139</u>
Total	<u>258</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 2015, the City made contributions of 14.34% for the months in 2014 and 13.99% for the months in 2015.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

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

Note 8 - Employee Retirement System (continued)

Actuarial Assumptions (continued)

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% 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 plan members. 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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Employee Retirement System (continued)

Sensitivity of the net pension liability to changes in the discount rate-

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
\$8,418,663	\$2,843,351	\$ (1,648,921)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 32,889,149	\$ 29,701,531	* \$ 3,187,618
Changes for the year:			
Service Cost	1,075,211		1,075,211
Interest	2,292,476		2,292,476
Difference between expected and actual experience	(534,308)		(534,308)
Contributions - employer		1,006,036	(1,006,036)
Contributions - employee		491,469	(491,469)
Net Investment income		1,699,338	(1,699,338)
Benefit payments, including refunds, of employee contributions	(1,354,207)	(1,354,207)	
Administrative expense		(17,739)	17,739
Other changes		(1,458)	1,458
Net changes	<u>1,479,172</u>	<u>1,823,439</u>	<u>(344,267)</u>
Balance at 12/31/2014	<u>\$ 34,368,321</u>	<u>\$ 31,524,970</u>	<u>\$ 2,843,351</u>

Plan fiduciary net position as a percentage of total pension liability 91.7%

* In prior year report the Actuarial Value of Plan Assets under GASB 27 was reported at \$28,040,832. This figure represented investments valued using a 10 year smoothed market method for determining the future funding of the plan. That calculation differs from the Fiduciary Net Position amount shown above which presents plan investments at market value for reporting purposes under GASB 68.

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

Note 8 - Employee Retirement System (continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$790,731.

At September 30, 2015, 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 between actuarial assumptions and actual experience	\$	\$ 432,777
Differences between projects and actual investment earnings	303,815	
Contributions subsequent to the measurement date	769,587	
Total	<u>\$ 1,073,402</u>	<u>\$ 432,777</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$769,587 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the City's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2015	\$ (25,577)
2016	(25,577)
2017	(25,577)
2018	(25,578)
2019	(26,653)
Total	<u>\$ (128,962)</u>

Subsequent Event

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be a large as originally projected.

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 9 – Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city 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.

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); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

	<u>Plan Year 2014</u>	<u>Plan Year 2015</u>
The City offers supplemental death to:		
Active employees	Yes	Yes
Retirees	Yes	Yes

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

The City’s contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$11,345, \$10,481 and \$13,038 respectively, which equaled the required contributions each year.

Schedule of Contribution Rates

(Retiree-only portion of the rate, for OPEB)

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2013	0.02%	0.02%	100%
2014	0.02%	0.02%	100%
2015	0.02%	0.02%	100%

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 10 - Commitments and Contingencies

Litigation and Other Contingencies

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

Arbitrage Rebate

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

Note 11 - Risk Management

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

Note 12 - Strategic Partnership Agreements

On October 22, 2007, the City entered into Strategic Partnership Agreements (SPA) with Pecan Grove Municipal Utility District ("Pecan Grove MUD") and Fort Bend County Municipal Utility District No. 116 ("FBCMUD 116") whereby the City will annex certain commercial areas within Pecan Grove MUD and FBCMUD 116 (the Limited Purpose Tracts). The City shall impose a Sales and Use Tax on the sale and use at retail of taxable items within the Limited Purpose Tracts. Pecan Grove MUD and FBCMUD 116 are entitled to one-half of all Sales and Use Tax revenues, which will be paid to the Districts by the City within 30 days of receipt by the City. During the current fiscal year, the City paid \$166,770 to Pecan Grove MUD and \$186,578 to FBCMUD 116 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.

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

Note 13 - 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.

Note 14 - Prior Period Adjustment

Implementation of New Accounting Standards

The City has implemented the GASB Statement No. 68 *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ending September 30, 2015. As a result the beginning net position for the elimination of the previously reported net pension asset, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

	Governmental	Enterprise	
	Activities	Fund	Total
Net Position as originally presented	\$ 8,334,276	\$ 43,575,197	\$ 51,909,473
Prior Period Restatement			
Net Pension Liability (measurement date as of 12/31/2013)	(2,575,839)	(611,779)	(3,187,618)
Deferred Outflow of Resources (contributions made to TMRS during the fiscal year)	616,477	146,418	762,895
Net Prior Period Adjustment	(1,959,362)	(465,361)	(2,424,723)
Net Position as restated	\$ 6,374,914	\$ 43,109,836	\$ 49,484,750

Note 15 - Subsequent Events

Issuance of Long-Term Debt

The City issued \$6,025,000 of Combination Tax and Revenue Certificates of Obligation Series 2016A dated February 1, 2016. Proceeds from the sale of the certificates will be used for improvements to the City water and wastewater system, including construction, improvement and equipment of a surface water treatment and distribution system and the cost of professional services incurred in connection therewith.

The City issued \$3,375,000 of Combination Tax and Revenue Certificates of Obligation Series 2016B dated February 1, 2016. Proceeds from the sale of the certificates will be used for the purchase of fire trucks and firefighting equipment, the planning, design and improvements to a fire station, street and drainage improvements, including acquisition of right-of-way and the cost of professional services incurred in connection therewith.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHMOND, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended September 30, 2015

	2015			Variance
	Original	Final Budget	Actual	Positive
	Budget	Final Budget	Actual	(Negative)
Revenues				
Taxes:				
Property taxes	\$ 2,318,186	\$ 2,318,186	\$ 2,284,637	\$ (33,549)
Sales and use taxes	3,365,806	3,365,806	3,856,250	490,444
Franchise taxes	810,000	810,000	742,401	(67,599)
Fines and forfeitures	425,000	425,000	583,440	158,440
Licenses and permits	360,000	360,000	251,208	(108,792)
Intergovernmental	614,988	614,988	397,383	(217,605)
Charges for services	3,024,364	3,024,364	3,497,651	473,287
Investment earnings	15,000	15,000	9,189	(5,811)
Miscellaneous	58,000	58,000	68,351	10,351
Total Revenues	10,991,344	10,991,344	11,690,510	699,166
Expenditures				
General government:				
General government	855,170	1,032,170	1,030,741	1,429
Vehicle maintenance	158,929	158,929	157,340	1,589
Information technology	217,839	153,289	154,262	(973)
Janitorial department	96,730	94,730	94,638	92
Municipal courts	477,392	521,892	554,028	(32,136)
Total general government	<u>1,806,060</u>	<u>1,961,010</u>	<u>1,991,009</u>	<u>(29,999)</u>
Public safety:				
Police department	3,437,615	3,067,615	3,019,842	47,773
Fire department - central	3,919,944	3,977,715	3,977,627	88
Fire department - station #2	37,600	28,100	24,664	3,436
Fire department - station #3	37,250	33,250	33,031	219
Total public safety	<u>7,432,409</u>	<u>7,106,680</u>	<u>7,055,164</u>	<u>51,516</u>
Public works:				
Public works	279,196	324,142	324,140	2
Street department	1,195,634	926,934	912,216	14,718
Sanitation department	1,335,000	1,390,761	1,390,761	
Total public works	<u>2,809,830</u>	<u>2,641,837</u>	<u>2,627,117</u>	<u>14,720</u>

CITY OF RICHMOND, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL (BUDGETARY BASIS) (continued)

For the Year Ended September 30, 2015

	2015			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures (continued)				
Parks and recreation:				
Parks department	\$ 444,424	\$ 396,546	\$ 379,089	\$ 17,457
Total parks and recreation	<u>444,424</u>	<u>396,546</u>	<u>379,089</u>	<u>17,457</u>
Community development:				
Community development	\$ 170,223	\$ 170,223	\$ 58,046	\$ 112,177
Total community development	<u>170,223</u>	<u>170,223</u>	<u>58,046</u>	<u>112,177</u>
Capital outlay	387,982	753,606	752,598	1,008
Debt service:				
Principal	100,198	128,638	128,637	1
Interest and other charges	12,458	15,044	14,422	622
Total debt service	<u>112,656</u>	<u>143,682</u>	<u>143,059</u>	<u>623</u>
Total Expenditures	<u>13,163,584</u>	<u>13,173,584</u>	<u>13,006,082</u>	<u>167,502</u>
Revenues over (under) expenditures	(2,172,240)	(2,182,240)	(1,315,572)	866,668
Other Financing Sources (Uses)				
Transfers in	2,353,000	2,353,000	2,353,000	
Total other financing sources (uses)	<u>2,353,000</u>	<u>2,353,000</u>	<u>2,353,000</u>	
Changes in fund balance	180,760	170,760	1,037,428	866,668
Fund Balances - Beginning of Year	<u>2,503,403</u>	<u>2,503,403</u>	<u>2,503,403</u>	
Fund Balances - End of Year	<u>\$ 2,684,163</u>	<u>\$ 2,674,163</u>	<u>\$ 3,540,831</u>	<u>\$ 866,668</u>

CITY OF RICHMOND, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

Year ended September 30, 2015

General Budget Policies

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

Budgetary Compliance

The City had expenditures exceeding appropriations in following General Fund function due to the timing of State court costs payable:

General Government	\$29,999
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CITY OF RICHMOND, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2015

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)
Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement Year 2014
	<u>2014</u>
Total pension liability:	
Service cost	\$ 1,075,211
Interest	2,292,476
Difference between expected and actual experience	(534,308)
Benefit payments, including refunds of employee contributions	<u>(1,354,207)</u>
Net change in total pension liability	1,479,172
Total pension liability - beginning	<u>32,889,149</u>
Total pension liability - ending (a)	<u>\$ 34,368,321</u>
Plan fiduciary net position:	
Contributions - employer	\$ 1,006,036
Contributions - employee	491,469
Net investment income	1,699,338
Benefit payments, including refunds of employee contributions	(1,354,207)
Administrative expense	(17,739)
Other	<u>(1,458)</u>
Net change in plan fiduciary net position	1,823,439
Plan fiduciary net position - beginning	<u>29,701,531</u>
Plan fiduciary net position - ending (b)	<u>31,524,970</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,843,351</u>
Plan fiduciary net position as a percentage of total pension liability	91.73%
Covered employee payroll (measurement year)	\$ 7,015,606
Net pension liability as a percentage of covered employee payroll	40.53%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

CITY OF RICHMOND, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2015

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)

Schedule of Contributions
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,012,728	\$ 1,004,526	\$ 938,140	\$ 948,347	\$ 1,044,544
Contribution in relation of the actuarially determined contribution	<u>1,012,728</u>	<u>1,004,526</u>	<u>938,140</u>	<u>948,347</u>	<u>1,044,544</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll (fiscal year)	\$ 7,015,606	\$ 6,657,271	\$ 6,228,649	\$ 6,264,236	\$ 6,211,040
Contributions as a percentage of covered employee payroll	14.44%	15.09%	15.06%	15.14%	16.82%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 978,572	\$ 822,636	\$ 661,961	\$ 641,602	\$ 582,172
Contribution in relation of the actuarially determined contribution	<u>978,572</u>	<u>822,636</u>	<u>661,961</u>	<u>641,602</u>	<u>582,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll (fiscal year)	\$ 6,269,945	\$ 5,885,710	\$ 5,279,732	\$ 4,828,006	\$ 4,593,129
Contributions as a percentage of covered employee payroll	15.61%	13.98%	12.54%	13.29%	12.67%

Notes to Required Supplementary Information:

Valuation Date: Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day 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:	15 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	3.0%
Salary Increases:	3.50% to 12.00% including inflation
Investment Rate of Return:	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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Non-Major Governmental Funds

Debt Service Fund

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

Special Revenue Funds

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

Festivals Fund

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

Parks Improvement Fund

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

City Narcotics Seizure Fund

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

State Narcotics Fund

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

Federal Narcotics Fund

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

Community Development Block Grant

These monies are restricted for the use of the community development block grant that is funding revitalization projects for substandard housing within the City

TCLEOSE Fund

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

Municipal Court Technology Fund

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

Municipal Court Security Fund

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

CITY OF RICHMOND, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2015

	<u>Debt Service</u>	<u>Festivals Fund</u>	<u>Parks Improvement Fund</u>	<u>Narcotics Seizure City</u>
Assets				
Cash and cash equivalents	\$ 560,326	\$ 707	\$ 38,817	\$ 7,648
Taxes receivable, net	122,867			
Due from other funds	49,531			
Receivable from other governments	62,030			
Total Assets	<u>\$ 794,754</u>	<u>\$ 707</u>	<u>\$ 38,817</u>	<u>\$ 7,648</u>
Liabilities				
Accounts payable				
Payable to other governments				
Total Liabilities				
Deferred Inflows of Resources				
Unavailable revenues	122,867			
Total Deferred Inflows of Resources	<u>122,867</u>			
Fund balances				
Restricted:				
Debt service	671,887			
Public safety				7,648
Community projects		707	38,817	
Total Fund Balances	<u>671,887</u>	<u>707</u>	<u>38,817</u>	<u>7,648</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 794,754</u>	<u>\$ 707</u>	<u>\$ 38,817</u>	<u>\$ 7,648</u>

State Narcotics Fund	Federal Narcotics Fund	Community Development Block Grant Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
\$ 85,608	\$ 9,167	\$ 3,675	\$ 4,774	\$ 19,122	\$ 46,660	\$ 776,504
		59,742				122,867
		4,318				109,273
<u>\$ 85,608</u>	<u>\$ 9,167</u>	<u>\$ 67,735</u>	<u>\$ 4,774</u>	<u>\$ 19,122</u>	<u>\$ 46,660</u>	<u>\$ 1,074,992</u>
	4,385	4,710				9,095
4,723						4,723
<u>4,723</u>	<u>4,385</u>	<u>4,710</u>				<u>13,818</u>
						122,867
						<u>122,867</u>
80,885	4,782	63,025	4,774	19,122	46,660	671,887
		63,025				163,871
<u>80,885</u>	<u>4,782</u>	<u>63,025</u>	<u>4,774</u>	<u>19,122</u>	<u>46,660</u>	<u>102,549</u>
						938,307
<u>\$ 85,608</u>	<u>\$ 9,167</u>	<u>\$ 67,735</u>	<u>\$ 4,774</u>	<u>\$ 19,122</u>	<u>\$ 46,660</u>	<u>\$ 1,074,992</u>

CITY OF RICHMOND, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<u>Debt Service</u>	<u>Festivals Fund</u>	<u>Parks Improvement Fund</u>	<u>Narcotics Seizure City</u>
Revenues				
Property taxes	\$ 961,109			
Fines and forfeitures				
Licenses and permits				
Intergovernmental	252,935			
Investment earnings	18,931	1	44	15
Miscellaneous				
Total Revenues	<u>1,232,975</u>	<u>1</u>	<u>44</u>	<u>15</u>
Expenditures				
Current:				
Public safety				
Capital Outlay				
Debt Service				
Principal	790,000			
Interest and other charges	549,850			
Total Expenditures	<u>1,339,850</u>			
Revenues over (under) expenditures	<u>(106,875)</u>	<u>1</u>	<u>44</u>	<u>15</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	140,900			
Total other financing sources (uses)	<u>140,900</u>			
Changes in Fund Balance	34,025	1	44	15
Fund Balances - Beginning of Year	<u>637,862</u>	<u>706</u>	<u>38,773</u>	<u>7,633</u>
Fund Balances - End of Year	<u>\$ 671,887</u>	<u>\$ 707</u>	<u>\$ 38,817</u>	<u>\$ 7,648</u>

State Narcotics Fund	Federal Narcotics Fund	Community Development Block Grant Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
				8,458	6,346	\$ 961,109 14,804
13	3	168,403	3,716			425,054 19,007
<u>81,781</u>						<u>81,781</u>
81,794	3	168,403	3,716	8,458	6,346	1,501,755
8,258			790			9,048
		169,194				169,194
						790,000
<u>8,258</u>		<u>169,194</u>	<u>790</u>			<u>549,850</u>
73,536	3	(791)	2,926	8,458	6,346	1,518,092
						(16,337)
						140,900
						140,900
73,536	3	(791)	2,926	8,458	6,346	124,563
7,349	4,779	63,816	1,848	10,664	40,314	813,744
<u>\$ 80,885</u>	<u>\$ 4,782</u>	<u>\$ 63,025</u>	<u>\$ 4,774</u>	<u>\$ 19,122</u>	<u>\$ 46,660</u>	<u>\$ 938,307</u>

CITY OF RICHMOND, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL (BUDGETARY BASIS)

For the Year Ended September 30, 2015

With comparative actual amounts for the year ended September 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
Revenues				
Taxes:				
Property taxes	\$ 938,345	\$ 961,109	\$ 22,764	\$ 966,457
Intergovernmental		252,935	252,935	248,125
Investment earnings		18,931	18,931	2,152
Total Revenues	<u>938,345</u>	<u>1,232,975</u>	<u>294,630</u>	<u>1,216,734</u>
Expenditures				
Debt Service:				
Principal	790,000	790,000		770,000
Interest and other charges	<u>548,350</u>	<u>549,850</u>	<u>(1,500)</u>	<u>576,023</u>
Total Expenditures	<u>1,338,350</u>	<u>1,339,850</u>	<u>(1,500)</u>	<u>1,346,023</u>
Revenues over (under) expenditures	(400,005)	(106,875)	296,130	(129,289)
Other Financing Sources (Uses)				
Transfers in	<u>395,438</u>	<u>140,900</u>	<u>(254,538)</u>	<u>142,100</u>
Total other financing sources (uses)	<u>395,438</u>	<u>140,900</u>	<u>254,538</u>	<u>142,100</u>
Net changes in fund balances	(4,567)	34,025	550,668	12,811
Fund Balances - Beginning of Year	<u>637,862</u>	<u>637,862</u>		<u>625,051</u>
Fund Balances - End of Year	<u>\$ 633,295</u>	<u>\$ 671,887</u>	<u>\$ 38,592</u>	<u>\$ 637,862</u>

UNAUDITED STATISTICAL SECTION

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

Contents	Page
Financial Trends	68
These schedules contain trend information to help the reader understand how the City's financial performance and "well-being" have changed over time.	
Revenue Capacity	78
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	82
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	87
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	90
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Net investment in capital assets	\$ 2,310,521	\$ 2,994,065	\$ 4,642,399	\$ 5,535,614
Restricted	3,604,616	2,855,032	1,762,875	1,496,984
Unrestricted	<u>829,468</u>	<u>1,307,372</u>	<u>803,171</u>	<u>916,309</u>
Total Governmental Activities Net Position	<u>\$ 6,744,605</u>	<u>\$ 7,156,469</u>	<u>\$ 7,208,445</u>	<u>\$ 7,948,907</u>
Business-type Activities				
Net investment in capital assets	\$ 17,240,287	\$ 21,199,558	\$ 22,652,960	\$ 22,496,624
Unrestricted	<u>3,583,768</u>	<u>3,359,734</u>	<u>3,697,280</u>	<u>5,639,822</u>
Total Business-type Activities Net Position	<u>\$ 20,824,055</u>	<u>\$ 24,559,292</u>	<u>\$ 26,350,240</u>	<u>\$ 28,136,446</u>
Primary Government				
Net investment in capital assets	\$ 19,550,808	\$ 24,193,623	\$ 27,295,359	\$ 28,032,238
Restricted	3,604,616	2,855,032	1,762,875	1,496,984
Unrestricted	<u>4,413,236</u>	<u>4,667,106</u>	<u>4,500,451</u>	<u>6,556,131</u>
Total Primary Government Net Position	<u>\$ 27,568,660</u>	<u>\$ 31,715,761</u>	<u>\$ 33,558,685</u>	<u>\$ 36,085,353</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,602,683	\$ 5,109,818	\$ 4,113,159	\$ 2,608,034	\$ 5,179,999	\$ 5,129,543
1,200,637	1,351,687	1,055,694	698,128	879,086	1,015,374
<u>3,680,396</u>	<u>1,184,543</u>	<u>557,684</u>	<u>744,905</u>	<u>2,275,191</u>	<u>1,487,179</u>
<u>\$ 10,483,716</u>	<u>\$ 7,646,048</u>	<u>\$ 5,726,537</u>	<u>\$ 4,051,067</u>	<u>\$ 8,334,276</u>	<u>\$ 7,632,096</u>
\$ 21,006,899	\$ 25,306,185	\$ 29,258,855	\$ 31,173,123	\$ 33,420,225	\$ 39,834,230
6,561,532	8,401,699	7,784,183	12,024,103	10,154,972	8,434,269
<u>\$ 27,568,431</u>	<u>\$ 33,707,884</u>	<u>\$ 37,043,038</u>	<u>\$ 43,197,226</u>	<u>\$ 43,575,197</u>	<u>\$ 48,268,499</u>
\$ 26,609,582	\$ 30,416,003	\$ 33,372,014	\$ 33,781,157	\$ 38,600,224	\$ 44,963,773
1,200,637	1,351,687	1,055,694	705,795	885,939	1,015,374
<u>10,241,928</u>	<u>9,586,242</u>	<u>8,341,867</u>	<u>12,761,341</u>	<u>12,423,310</u>	<u>9,921,448</u>
<u>\$ 38,052,147</u>	<u>\$ 41,353,932</u>	<u>\$ 42,769,575</u>	<u>\$ 47,248,293</u>	<u>\$ 51,909,473</u>	<u>\$ 55,900,595</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental activities:				
General government	\$ 1,306,839	\$ 1,000,624	\$ 1,407,963	\$ 1,288,832
Public safety	4,454,284	5,182,983	5,385,184	6,286,007
Public works	2,179,577	2,323,954	2,400,975	2,592,763
Parks and recreation	348,408	672,936	478,634	472,608
Interest on long-term debt	372,282	341,734	337,848	295,805
Total governmental activities expenses	<u>8,661,390</u>	<u>9,522,231</u>	<u>10,010,604</u>	<u>10,936,015</u>
Business-type activities:				
Water and sewer	3,084,278	3,292,781	3,841,501	3,956,907
Total business-type activities expenses	<u>3,084,278</u>	<u>3,292,781</u>	<u>3,841,501</u>	<u>3,956,907</u>
Total Primary Government Expenses	<u>\$ 11,745,668</u>	<u>\$ 12,815,012</u>	<u>\$ 13,852,105</u>	<u>\$ 14,892,922</u>
Program Revenue				
Governmental activities:				
Charges for services:				
Public safety	1,130,039	1,396,379	1,477,147	1,552,105
Public works	872,626	941,972	955,124	1,369,206
Operating grants and contributions	494,492	446,615	188,911	629,342
Capital grants and contributions	219,000	1,370,063		450,000
Total governmental activities program revenues	<u>2,716,157</u>	<u>4,155,029</u>	<u>2,621,182</u>	<u>4,000,653</u>
Business-type activities:				
Charges for services:				
Water and sewer	5,629,516	6,128,638	6,050,784	6,524,853
Operating grants and contributions				
Capital grants and contributions	311,207			
Total business-type activities program revenues	<u>5,940,723</u>	<u>6,128,638</u>	<u>6,050,784</u>	<u>6,524,853</u>
Total Primary Government Program Revenues	<u>\$ 8,656,880</u>	<u>\$ 10,283,667</u>	<u>\$ 8,671,966</u>	<u>\$ 10,525,506</u>
Net (Expense)/Revenue				
Governmental activities	\$ (5,945,233)	\$ (5,367,202)	\$ (7,389,422)	\$ (6,935,362)
Business-type activities	2,856,445	2,835,857	2,209,283	2,567,946
Total Primary Government Net Expense	<u>\$ (3,088,788)</u>	<u>\$ (2,531,345)</u>	<u>\$ (5,180,139)</u>	<u>\$ (4,367,416)</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,932,001	\$ 1,356,375	\$ 1,657,252	\$ 1,753,484	\$ 1,850,449	\$ 2,028,934
6,279,497	6,684,886	6,866,056	6,959,939	6,807,890	7,356,199
2,535,798	2,635,218	2,678,325	4,468,498	4,888,517	5,493,672
471,017	454,594	483,624	485,120	464,973	469,734
479,682	371,471	430,711	569,840	351,599	502,028
<u>11,697,995</u>	<u>11,502,544</u>	<u>12,115,968</u>	<u>14,236,881</u>	<u>14,363,428</u>	<u>15,850,567</u>
4,087,381	4,623,424	4,829,487	5,473,678	7,356,048	6,200,187
<u>4,087,381</u>	<u>4,623,424</u>	<u>4,829,487</u>	<u>5,473,678</u>	<u>7,356,048</u>	<u>6,200,187</u>
<u>\$ 15,785,376</u>	<u>\$ 16,125,968</u>	<u>\$ 16,945,455</u>	<u>\$ 19,710,559</u>	<u>\$ 21,719,476</u>	<u>\$ 22,050,754</u>
1,474,934	1,568,045	1,339,251	1,443,301	1,837,584	2,356,960
1,217,402	1,303,806	1,567,992	1,867,707	1,996,562	1,984,941
1,278,042	1,615,748	1,308,839	627,165	4,452,136	2,015,232
		19,490	15	124,819	
<u>3,970,378</u>	<u>4,487,599</u>	<u>4,235,572</u>	<u>3,938,188</u>	<u>8,411,101</u>	<u>6,357,133</u>
6,681,028	8,366,094	7,530,461	10,665,213	8,576,256	10,672,489
			111,804	26,547	
			2,704,271	1,528,577	3,174,445
<u>6,681,028</u>	<u>8,366,094</u>	<u>7,530,461</u>	<u>13,481,288</u>	<u>10,131,380</u>	<u>13,846,934</u>
<u>\$ 10,651,406</u>	<u>\$ 12,853,693</u>	<u>\$ 11,766,033</u>	<u>\$ 17,419,476</u>	<u>\$ 18,542,481</u>	<u>\$ 20,204,067</u>
\$ (7,727,617)	\$ (7,014,945)	\$ (7,880,396)	\$ (10,298,693)	\$ (5,952,327)	\$ (9,493,434)
2,593,647	3,742,670	2,700,974	8,007,610	2,775,332	7,646,747
<u>\$ (5,133,970)</u>	<u>\$ (3,272,275)</u>	<u>\$ (5,179,422)</u>	<u>\$ (2,291,083)</u>	<u>\$ (3,176,995)</u>	<u>\$ (1,846,687)</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,441,549	\$ 2,645,995	\$ 2,854,330	\$ 3,133,847
Sales and use taxes	2,608,362	2,584,512	2,641,250	2,952,295
Franchise taxes	746,044	622,081	770,604	780,241
Investment earnings	121,315	172,436	69,038	6,673
Miscellaneous		345,070	495,156	
Transfers	2,301,762	(591,028)	611,020	802,768
Total governmental activities	<u>8,219,032</u>	<u>5,779,066</u>	<u>7,441,398</u>	<u>7,675,824</u>
Business-type activities:				
Investment earnings	271,252	308,352	192,685	21,028
Transfers	(2,301,762)	591,028	(611,020)	(802,768)
Total business-type activities	<u>(2,030,510)</u>	<u>899,380</u>	<u>(418,335)</u>	<u>(781,740)</u>
Total primary government	<u>\$ 6,188,522</u>	<u>\$ 6,678,446</u>	<u>\$ 7,023,063</u>	<u>\$ 6,894,084</u>
Change in Net Position				
Governmental activities	\$ 2,273,799	\$ 411,864	\$ 51,976	\$ 740,462
Business-type activities	825,935	3,735,237	1,790,948	1,786,206
Total primary government	<u>\$ 3,099,734</u>	<u>\$ 4,147,101</u>	<u>\$ 1,842,924</u>	<u>\$ 2,526,668</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,157,793	\$ 2,971,542	\$ 3,007,602	\$ 2,993,345	\$ 3,369,617	\$ 3,274,348
2,857,057	2,668,475	2,813,786	3,124,420	3,411,152	3,856,250
783,267	799,263	705,143	749,861	714,824	742,401
28,310	35,609	25,986	16,541	35,628	37,601
143,458	103,725	37,335	60,176	300,215	403,067
<u>2,951,859</u>	<u>(2,392,119)</u>	<u>(628,967)</u>	<u>1,857,765</u>	<u>2,404,100</u>	<u>2,493,900</u>
<u>9,921,744</u>	<u>4,186,495</u>	<u>5,960,885</u>	<u>8,802,108</u>	<u>10,235,536</u>	<u>10,807,567</u>
3,073	4,664	5,213	4,343	6,739	5,816
<u>(2,951,859)</u>	<u>2,392,119</u>	<u>628,967</u>	<u>(1,857,765)</u>	<u>(2,404,100)</u>	<u>(2,493,900)</u>
<u>(2,948,786)</u>	<u>2,396,783</u>	<u>634,180</u>	<u>(1,853,422)</u>	<u>(2,397,361)</u>	<u>(2,488,084)</u>
<u>\$ 6,972,958</u>	<u>\$ 6,583,278</u>	<u>\$ 6,595,065</u>	<u>\$ 6,948,686</u>	<u>\$ 7,838,175</u>	<u>\$ 8,319,483</u>
\$ 2,194,127	\$ (2,828,450)	\$ (1,919,511)	\$ (1,496,585)	\$ 4,283,209	\$ 1,314,133
<u>(355,139)</u>	<u>6,139,453</u>	<u>3,335,154</u>	<u>6,154,188</u>	<u>377,971</u>	<u>5,158,663</u>
<u>\$ 1,838,988</u>	<u>\$ 3,311,003</u>	<u>\$ 1,415,643</u>	<u>\$ 4,657,603</u>	<u>\$ 4,661,180</u>	<u>\$ 6,472,796</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Nonspendable	\$	\$	\$	\$
Unassigned	815,588	1,367,277	854,506	187,398
Total General Fund	<u>\$ 815,588</u>	<u>\$ 1,367,277</u>	<u>\$ 854,506</u>	<u>\$ 187,398</u>
All other governmental funds				
Restricted:	\$ 3,526,735	\$ 2,227,525	\$ 1,190,545	\$
Debt service				1,024,540
Capital projects				266,114
Other				137,927
Unassigned		653,843	596,736	
Total all other governmental funds	<u>\$ 3,526,735</u>	<u>\$ 2,881,368</u>	<u>\$ 1,787,281</u>	<u>\$ 1,428,581</u>

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

2010	2011	2012	2013	2014	2015
\$	\$	\$	\$	\$ 2,864	\$ 3,886
143,366	1,126,005	1,131,452	1,695,266	2,500,539	3,536,945
<u>\$ 143,366</u>	<u>\$ 1,126,005</u>	<u>\$ 1,131,452</u>	<u>\$ 1,695,266</u>	<u>\$ 2,503,403</u>	<u>\$ 3,540,831</u>
\$	\$	\$	\$	\$	\$
1,090,314	1,053,463	875,125	625,051	637,862	671,887
6,724,042	3,139,662	1,196,461	7,205,198	7,187,551	3,036,998
146,813	320,319	214,909	119,758	175,882	266,420
<u>\$ 7,961,169</u>	<u>\$ 4,513,444</u>	<u>\$ 2,286,495</u>	<u>\$ 7,950,007</u>	<u>\$ 8,001,295</u>	<u>\$ 3,975,305</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Taxes:				
Property taxes	\$ 2,449,753	\$ 2,668,856	\$ 2,836,114	\$ 3,117,441
Sales and use taxes	2,608,362	2,584,512	2,641,250	2,952,295
Franchise taxes	746,044	622,081	770,604	780,241
Fines and forfeitures	377,600	389,364	330,922	300,536
Licenses and permits	120,410	264,546	140,954	242,820
Intergovernmental	169,482	441,615	190,862	334,278
Charges for services	1,504,656	1,689,441	1,973,729	2,158,733
Investment earnings	121,315	172,436	69,038	6,673
Miscellaneous	325,009	345,070	495,156	514,286
Total Revenues	<u>8,422,631</u>	<u>9,177,921</u>	<u>9,448,629</u>	<u>10,407,303</u>
Expenditures				
General government	1,289,536	1,413,237	1,575,000	1,329,691
Public safety	4,341,840	5,067,779	5,386,062	6,262,566
Public works	1,908,356	2,153,206	2,198,603	2,280,917
Culture and recreation	282,158	661,921	429,448	376,298
Capital outlay	260,975	13,209	1,045,918	560,536
Debt service:				
Principal	626,238	633,702	691,698	677,485
Interest and other charges	372,792	345,646	339,778	298,386
Debt issuance costs				
Intergovernmental contributions				
Total Expenditures	<u>9,081,895</u>	<u>10,288,700</u>	<u>11,666,507</u>	<u>11,785,879</u>
Excess of revenues over (under) expenditures	(659,264)	(1,110,779)	(2,217,878)	(1,378,576)
Other Financing Sources (Uses)				
Transfers in	2,312,009	1,000,000	1,250,000	1,829,953
Transfers out	(10,247)	(1,591,028)	(638,980)	(577,185)
Bonds issued				
Premium on bonds issued				
Payments to refunded bond escrow agent				
Capital leases		500,000		
Total other financing sources (uses)	<u>2,301,762</u>	<u>(91,028)</u>	<u>611,020</u>	<u>1,252,768</u>
Net Change in Fund Balances	<u>\$ 1,642,498</u>	<u>\$ (1,201,807)</u>	<u>\$ (1,606,858)</u>	<u>\$ (125,808)</u>
Debt service as a percentage of noncapital expenditures	11.3%	9.5%	9.7%	8.7%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,136,447	\$ 2,974,957	\$ 3,188,280	\$ 3,033,219	\$ 3,165,900	\$ 3,245,746
2,857,057	2,668,475	2,813,786	3,124,420	3,411,152	3,856,250
783,267	799,263	705,143	749,861	714,824	742,401
296,037	321,482	318,837	391,778	456,305	598,244
121,403	128,742	182,580	378,338	377,713	251,208
228,410	708,158	593,314	620,415	4,672,711	2,262,965
2,279,897	2,426,702	2,411,351	2,547,642	3,027,678	3,497,651
28,310	35,609	25,986	16,541	35,628	37,601
1,188,089	1,006,239	747,337	61,246	52,090	150,132
<u>10,918,917</u>	<u>11,069,627</u>	<u>10,986,614</u>	<u>10,923,460</u>	<u>15,914,001</u>	<u>14,642,198</u>
1,624,722	1,484,292	1,565,105	1,681,486	1,764,555	1,991,009
6,354,900	6,509,162	6,289,985	6,467,967	6,867,739	7,064,212
2,237,085	2,383,400	2,442,678	2,287,018	2,534,669	2,627,117
379,060	372,906	394,024	409,587	395,813	379,089
36,495	10,875	3,116,088	1,444,579	4,500,246	6,522,278
682,770	881,336	890,928	699,311	929,920	918,637
413,400	382,968	370,774	647,142	597,336	564,272
222,525					
400,000					
<u>11,728,432</u>	<u>12,024,939</u>	<u>15,069,582</u>	<u>13,637,090</u>	<u>17,590,278</u>	<u>20,066,614</u>
(809,515)	(955,312)	(4,082,968)	(2,713,630)	(1,676,277)	(5,424,416)
7,201,713	1,900,000	2,047,000	2,108,989	2,404,100	2,493,900
(4,249,854)	(4,292,119)	(234,381)	(251,224)		
9,040,000			6,323,884		
275,462			296,116		
(4,683,931)			(2,045,472)		
400,000		40,411	2,265,000	79,149	
<u>7,983,390</u>	<u>(2,392,119)</u>	<u>1,853,030</u>	<u>8,697,293</u>	<u>2,483,249</u>	<u>2,493,900</u>
<u>\$ 7,173,875</u>	<u>\$ (3,347,431)</u>	<u>\$ (2,229,938)</u>	<u>\$ 5,983,663</u>	<u>\$ 806,972</u>	<u>\$ (2,930,516)</u>

9.5%

10.4%

9.0%

10.3%

11.7%

9.2%

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

<u>Real Property Value (1)</u>							
<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value (2)</u>	<u>Total Direct Tax Rate (3)</u>
2006	2005	\$ 180,924,040	\$ 174,946,815	\$ 73,487,307	\$ 128,237,791	\$ 301,120,371	\$ 0.79000
2007	2006	181,800,785	215,023,230	73,325,583	139,762,146	330,387,452	0.79000
2008	2007	191,067,275	243,104,120	81,100,922	151,602,280	363,670,037	0.79000
2009	2008	206,216,948	285,710,705	81,043,685	173,417,630	399,553,708	0.79000
2010	2009	205,689,110	342,129,164	83,740,496	235,769,476	395,789,294	0.78650
2011	2010	202,697,125	357,514,250	71,360,572	258,258,484	373,313,463	0.78650
2012	2011	205,094,490	367,777,575	70,433,777	259,815,303	383,490,539	0.78650
2013	2012	202,121,195	368,121,195	67,294,981	261,595,051	375,942,320	0.78650
2014	2013	215,780,060	380,213,750	70,022,347	268,803,974	397,212,183	0.78000
2015	2014	244,500,875	417,816,625	66,517,447	271,310,629	457,524,318	0.77000

- (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

<u>City of Richmond</u>						
<u>Fiscal Year</u>	<u>Maintenance Rate</u>	<u>Debt Service Rate</u>	<u>Total Tax Rate</u>	<u>Lamar CISD</u>	<u>Fort Bend County</u>	<u>Total</u>
2006	\$ 0.50060	\$0.28940	\$0.79000	\$ 1.54770	\$0.51674	\$ 2.85444
2007	0.52880	0.26120	0.79000	1.54770	0.51674	2.85444
2008	0.55270	0.23730	0.79000	1.29765	0.51674	2.60439
2009	0.57920	0.21080	0.79000	1.29765	0.49976	2.58741
2010	0.52900	0.25750	0.78650	1.29765	0.49976	2.58391
2011	0.53930	0.24720	0.78650	1.36455	0.49976	2.65081
2012	0.54670	0.23980	0.78650	1.39005	0.49976	2.67631
2013	0.54360	0.24290	0.78650	1.39005	0.49976	2.67631
2014	0.54380	0.23620	0.78000	1.39005	0.49976	2.66981
2015	0.54350	0.22650	0.77000	1.39005	0.49476	2.65481

(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

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

Taxpayer	2015			2006		
	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)
Ransom Road Partners LLC	\$ 23,876,840	1	5.2%			
LSREF3 Bravo (houston) LLC	9,637,690	2	2.1%			
Wal-Mart Stores Texas LLC	9,251,200	3	2.0%	\$ 7,943,050	2	3.1%
Wal-Mart Real Estate Business Tr	9,132,370	4	2.0%	7,935,700	3	3.1%
Archer Daniel Midland CO	8,204,950	5	1.8%	9,124,500	1	3.5%
Hunter Clayton LLC	6,686,970	6	1.5%	2,838,160	8	1.1%
OakBend Medical Center	4,556,100	7	1.0%			
Centerpoint Energy Electric	4,115,910	8	0.9%			
Wolverine Lamar LP	3,170,930	9	0.7%			
Southern Cotton Oil Co	3,038,050	10	0.7%	2,096,510	9	0.8%
Matrix Metals, LLC				4,777,810	5	1.9%
Heritage Country Club Place				4,805,000	4	1.9%
Centerpoint Energy Inc				4,641,540	6	1.8%
Polly Ryon Hospital Authority				4,603,380	7	1.8%
Hobbs & Curry FLP				1,712,210	10	0.7%
	81,671,010		17.9%	50,477,860		19.7%
Other taxpayers	375,853,308		82.1%	250,642,511		83.2%
Total Assessed Valuation	\$ 457,524,318		100.0%	\$ 301,120,371		100.0%

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

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

Source: City tax department

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

Fiscal Year	Tax Year	Tax Rate (1)	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy	Amount	Amount	Percentage of Levy
2006	2005	\$ 0.79000	\$ 2,377,264	\$2,287,241	96.2%	\$ 81,613	\$ 2,368,854	99.6%
2007	2006	0.79000	2,585,666	2,506,050	96.9%	68,401	2,574,451	99.6%
2008	2007	0.79000	2,817,611	2,707,816	96.1%	87,237	2,795,053	99.2%
2009	2008	0.79000	3,117,375	2,982,814	95.7%	117,895	3,100,709	99.5%
2010	2009	0.78650	3,167,197	3,006,008	94.9%	144,380	3,150,388	99.5%
2011	2010	0.78650	2,988,938	2,846,225	95.2%	125,401	2,971,626	99.4%
2012	2011	0.78650	3,016,882	2,927,688	97.0%	66,048	2,993,736	99.2%
2013	2012	0.78650	2,963,047	2,890,178	97.5%	47,131	2,937,309	99.1%
2014	2013	0.78000	3,099,933	3,022,710	97.5%	44,593	3,067,303	98.9%
2015	2014	0.77000	3,230,521	3,142,305	97.3%		3,142,305	97.3%

(1) Tax rate per \$100 assessed valuation

Source: City tax department

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government
	General Obligation Bonds (1)	Certificates of Obligation (1)	Capital Leases (1)	Certificates of Obligation (1)	Capital Leases	
2006	\$ 7,673,113		\$416,232	\$ 2,755,000	\$ 75,663	\$10,920,008
2007	7,130,853		812,374	2,605,000	46,301	10,594,528
2008	6,573,594		665,812	2,455,000	16,307	9,710,713
2009	6,011,335		518,173	2,305,000		8,834,508
2010	9,864,075		773,022	2,155,000		12,792,097
2011	9,225,392		671,686	2,005,000		11,902,078
2012	8,266,079		601,167	1,855,000		10,722,246
2013	14,062,636	2,322,893	471,857			16,857,386
2014	13,252,056	2,260,577	391,086			15,903,719
2015	12,491,085	2,198,262	235,344	9,988,256		24,912,947

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

Percentage of Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
3.63%	N/A	\$ 793
3.21%	N/A	737
2.67%	4.24%	724
2.21%	4.31%	655
3.23%	4.85%	1,095
3.19%	5.73%	1,019
2.80%	5.85%	918
4.48%	7.03%	1,446
4.00%	4.99%	1,323
5.45%	10.14%	2,073

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

Fiscal Year	General Obligation Bonds (1)	Certificates of Obligation (1)	Less Amounts Available in Debt Service Fund	Net Bonded Debt
2006	\$ 7,673,113	\$	\$ 928,829	\$ 6,744,284
2007	7,130,853		987,002	6,143,851
2008	6,573,594		1,003,541	5,570,053
2009	6,011,335		1,024,540	4,986,795
2010	9,864,075		1,090,314	8,773,761
2011	9,225,392		1,053,463	8,171,929
2012	8,266,079		875,125	7,390,954
2013	14,062,636	2,322,893	625,051	15,760,478
2014	13,252,056	2,260,577	637,862	14,874,771
2015	12,491,085	12,186,518	671,887	24,005,716

(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 included due to it being 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 business-type activities.

Percentage of Estimated Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
2.24%	N/A	\$ 490
1.86%	N/A	427
1.53%	2.43%	416
1.25%	2.43%	370
2.22%	3.32%	751
2.19%	3.93%	700
1.93%	4.03%	633
4.19%	6.57%	1,352
3.74%	4.67%	1,238
5.25%	9.77%	1,997

CITY OF RICHMOND, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2015

<u>Name of Governmental Unit</u>	<u>Gross Debt</u>	<u>Estimated Percentage Overlapping</u>	<u>Amount</u>
Lamar CISD	\$ 748,580,000	3.93%	\$ 29,419,194
Fort Bend County	457,525,000	0.91%	4,163,478
Total Overlapping Debt			<u>33,582,672</u>
City of Richmond	24,912,947	100.00%	<u>24,912,947</u>
Total Direct and Overlapping Debt			<u><u>\$ 58,495,619</u></u>
Ratio of Direct and Overlapping Funded Debt to 2014 Taxable Assessed Valuation			<u>12.79%</u>
Per Capita Debt - Direct and Overlapping			<u><u>\$ 4,867</u></u>

Notes:

- 1) The business-type activities debt is included due to it being 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 business-type activities.
- 2) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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 body.

Source: Texas Municipal Advisory Council

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2006	13,775	n/a	n/a	30	1,951	4.7%
2007	14,372	n/a	n/a	31	2,051	4.2%
2008	13,404	\$ 228,980,532	\$ 17,083	31	2,153	5.5%
2009	13,493	205,026,135	15,195	30	1,983	6.1%
2010	11,679	263,914,596	22,597	30	2,524	8.3%
2011	11,679	207,792,768	17,792	30	1,989	7.6%
2012	11,679	183,358,065	15,700	30.50	3,089	7.0%
2013	11,654	239,866,088	20,582	31.90	2,316	5.5%
2014	12,018	318,633,234	26,513	33.00	2,258	4.3%
2015	12,018	245,683,974	20,443	33.00	2,401	4.3%

n/a - information is unavailable

Data Sources:

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

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Fort Bend County	2,509	1	1,794	1
Lamar CISD	1,600	2		
Richmond State School	1,370	3	1,224	2
Oak Bend Hospital	1,100	4	426	3
Wal-Mart	275	5	275	5
Access Health	231	6		
City of Richmond	165	7	127	6
Richmond Post Office	104	8	63	8
T.W. Davis YMCA	75	9	105	7
Wharton County Junior College	60	10		
ADM Cotton Mill			40	9
NEPCO Foundry/Matrix Metal			280	4
Office Depot			6	10
Total	<u>7,489</u>		<u>4,340</u>	

Source: Development Corporation of Richmond

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

Function	Full-time Equivalent Employees as of September 30,				
	2006	2007	2008	2009	2010
General government	9	10	10	10	9
Public safety					
Police					
Officers	31	32	31	31	30
Civilians	10	10	11	11	10
Fire					
Firefighters	24	28	34	34	34
Civilians	3	3	3	3	3
Public Works					
Administration	2	2	2	2	2
Streets and Sanitation	10	10	10	11	11
Maintenance and operations	4	4	4	4	4
Parks and Recreation	8	6	7	7	7
Water and sewer	24	28	28	27	30
Total	125	133	140	140	140

Source: City personnel records

Full-time Equivalent Employees as of September 30,

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
8	10	11	9	8
31	31	29	32	33
12	13	12	10	10
34	40	43	42	43
3	4	4	4	5
2	2	2	2	4
11	12	11	11	11
4	4	4	6	6
7	7	7	7	7
<u>30</u>	<u>33</u>	<u>31</u>	<u>34</u>	<u>38</u>
<u>142</u>	<u>154</u>	<u>154</u>	<u>157</u>	<u>165</u>

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

Function	2006	2007	2008	2009
Police				
Arrests	577	340	401	501
Accident Reports	182	252	246	239
Citations	4,473	4,467	4,575	3,989
Offense reports	1,845	1,572	1,759	1,650
Calls for Service	62,607	63,036	67,499	58,944
Fire				
Structural Fires	27	31	23	31
Vehicle Fires	24	26	21	22
Vegetation Fires	27	19	24	50
Trash/dumpster/other fires	35	17	35	42
EMS	1,355	1,612	1,800	1,858
Rescue	303	151	148	188
Hazardous condition/material calls	145	79	176	148
Service Calls	852	836	887	651
Good Intent calls	322	355	314	382
False Alarms	18	16	22	18
Automatic aid/mutual aid given	166	156	152	167
Total Incident Reports	3,274	3,298	3,602	3,557
Fire Safety inspections conducted	495	331	274	340
Fire Safety classes/total audience	52/4101	45/4582	54/3942	57/4134
Fire investigations initiated	33	30	37	37
Building - total permits issued	1,885	1,952	1,567	1,262
Building - total inspections conducted	4,253	3,953	4,320	2,903
Water				
Total Consumption (millions of gallons)	691.921	652.961	723.511	723.511
Peak daily consumption (millions of gallons)	2.984	3.408	3.214	3.214
Average daily consumption (millions of gallons)	1.895	1.788	1.977	1.977
Sewer				
Average daily sewage treatment (millions of gallons)	1.334	1.452	1.376	1.376
Total Consumption (millions of gallons)	486.998	529.939	503.745	503.745
Peak daily consumption (millions of gallons)	3.060	3.566	3.000	3.000

Source: Various City departments

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
745	280	323	467	353	589
237	209	181	197	207	207
3,611	2,705	3,456	3,897	3,922	2,767
1,413	1,098	973	1,178	1,167	1,056
30,078	26,481	20,475	22,268	22,862	23,168
16	169	99	89	65	70
11	14	11	19	16	16
34	88	16	34	17	17
21	29	72	139	43	10
2,091	1,931	1,646	1,853	2,002	2,346
222	24	153	242	351	369
192	110	220	139	94	162
702	361	418	367	356	308
378	383	174	172	317	151
42	18	421	355	230	484
154	111	150	177	159	167
3,863	3,238	3,230	3,409	3,650	4,100
328	301	270	200	260	247
71/6468	67/6442	69/6444	77/3629	81/3901	78/3800
26	35	35	36	32	12
1,369	2,508	2,206	2,649	2,731	2,638
2,861	4,018	3,961	5,763	8,426	9,105
720.179	971.275	819	825.755	820.761	869.066
3.267	4.445	3.518	3.782	3.666	4.474
1.973	2.661	2.243	2.262	2.248	2.381
1.492	1.415	1.533	1.336	1.341	1.354
546.592	516.391	560.079	487.633	489.465	494.192
2.778	2.717	5.778	3.541	3.908	6.102

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

Function	2006	2007	2008	2009
Public safety				
Police				
Stations	1	1	1	1
Patrol units	25	25	25	27
Fire				
Fire stations	2	2	2	2
Public Works				
Collection trucks	2	2	10	10
Streets (miles)	44	45	45	45
Parks and recreation				
Parks acreage	235	235	235	235
Parks	3	3	3	3
Water and sewer				
Water mains (miles)	50	50	50	50
Fire hydrants	239	287	287	292
Maximum daily capacity (millions of gallons)	3.167	3.167	3.167	3.167
Sanitary sewers (miles)	44	44	44	44
Storm sewers (miles)	12	12	12	12
Maximum daily treatment capacity (millions of gallons)	2.882	3.060	3.060	3.000

Source: Various City departments

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1	1
27	27	23	23	23	23
3	3	3	3	3	3
10	9	9	9	9	9
45	38	38	38	38	38
235	235	235	246	246	246
3	3	3	4	4	4
50	53	53	54	54	54
292	326	326	342	353	353
3.167	7.171	7	7.171	7.171	7.171
44	44	44	44	44	44
12	12	12	12	12	12
3.000	3.000	3.95	3.95	3.95	3.95

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