

**Comprehensive  
Annual Financial Report**

of the

**City of Richmond, Texas**

**Fiscal Year Ended  
September 30, 2008**



**Officials Issuing Report**

**R. Glen Gilmore  
City Manager**

**Terri Vela  
Assistant City Manager/Finance Director**



# CITY OF RICHMOND, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2008

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# CITY OF RICHMOND, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2008

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February 16, 2009

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, 2008, is hereby submitted.

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

The City's financial statements have been audited by **Sandersen Knox & Co., L.L.P.**, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008, 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 on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The 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 4.074 square miles and serves a population of 14,372. 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 since 1913. 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 a two-year term, with no term limits. The City Commission is responsible, among other things, for passing ordinances, adopting the budget and the hiring of 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 Commission, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the finance director in June or July of each year. The city manager then presents the proposed budget to the Commission for review. The Commission is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) 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 and Debt Service Funds, but not the Special Revenue or Capital Projects Funds. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **LOCAL ECONOMY**

The City of Richmond is home to a diversified group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services and a variety of general retail operations. This diversification is evident in the fact that no single taxpayer represents more than 2.7% of assessed valuation in the City.

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

Net taxable value for all residential and commercial property in the City exceeded \$356 million for fiscal year 2008, which is a 8% increase from fiscal year 2007.

## **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. The City Charter 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 management.

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 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 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.

### **Budgetary Controls**

During the year, expenditure controls are maintained by each department with review of the budget provided by the Finance Director and overall control exercised by the City Manager. Constant review of revenue and expenditure estimates is performed to assure the integrity of the adopted budget and to assure funds are available to meet current obligations. As a result of this review, it is possible to exercise administrative budgetary controls throughout the year. As demonstrated by the financial statements presented in this report, the City continues to meet its responsibility for sound financial management.

## **FINANCIAL CONDITION**

### **Cash Management**

Cash temporarily idle during the year is deposited into a sweep account. The average yield on this account was .06 percent for the City. Investment income includes appreciation in the fair value of

investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

### **Risk Management**

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the cost of insurance.

Risk control techniques have been established to reasonably assure that the City's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned or under the control of the City.

### **Long -Term Financial Planning**

As of September 30, 2008, the General Fund reports a deficit \$145,494 unreserved, undesignated fund balance. The City will be implementing a policy for the unreserved fund balance to be an amount equal to three months of operating expenditures. Following its recent review of the City of Richmond, Texas' strategic plan, the Commission is considering raising the unreserved, undesignated fund balance policy in the future.

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

### **Relevant Financial Policies**

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

The Regulatory Plan requires Groundwater permit holders within the Richmond/Rosenberg Sub-Area (as described by the Regulatory Plan) to limit their Groundwater withdrawals to seventy percent of their water consumption by 2015 and forty percent by 2025. A groundwater reduction plan showing how water conversion goals will be accomplished must be submitted by each Groundwater permit holder within the Richmond/Rosenberg Sub-Area to the Subsidence District by January 1, 2010. The City is developing a regional Groundwater Reduction Plan (GRP) to meet the Regulatory Plan requirements.

An alternative water source could be surface water. The estimated cost of the surface water plant is in excess of \$40 million. 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, 2007. This was the third year that the City applied for this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial



Reporting, the government had 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,

R. Glen Gilmore  
City Manager

Terri Vela  
Assistant City Manager/Finance Director

**CITY OF RICHMOND, TEXAS**  
**GFOA CERTIFICATE OF ACHIEVEMENT**

**September 30, 2007 (Prior Fiscal Year)**

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

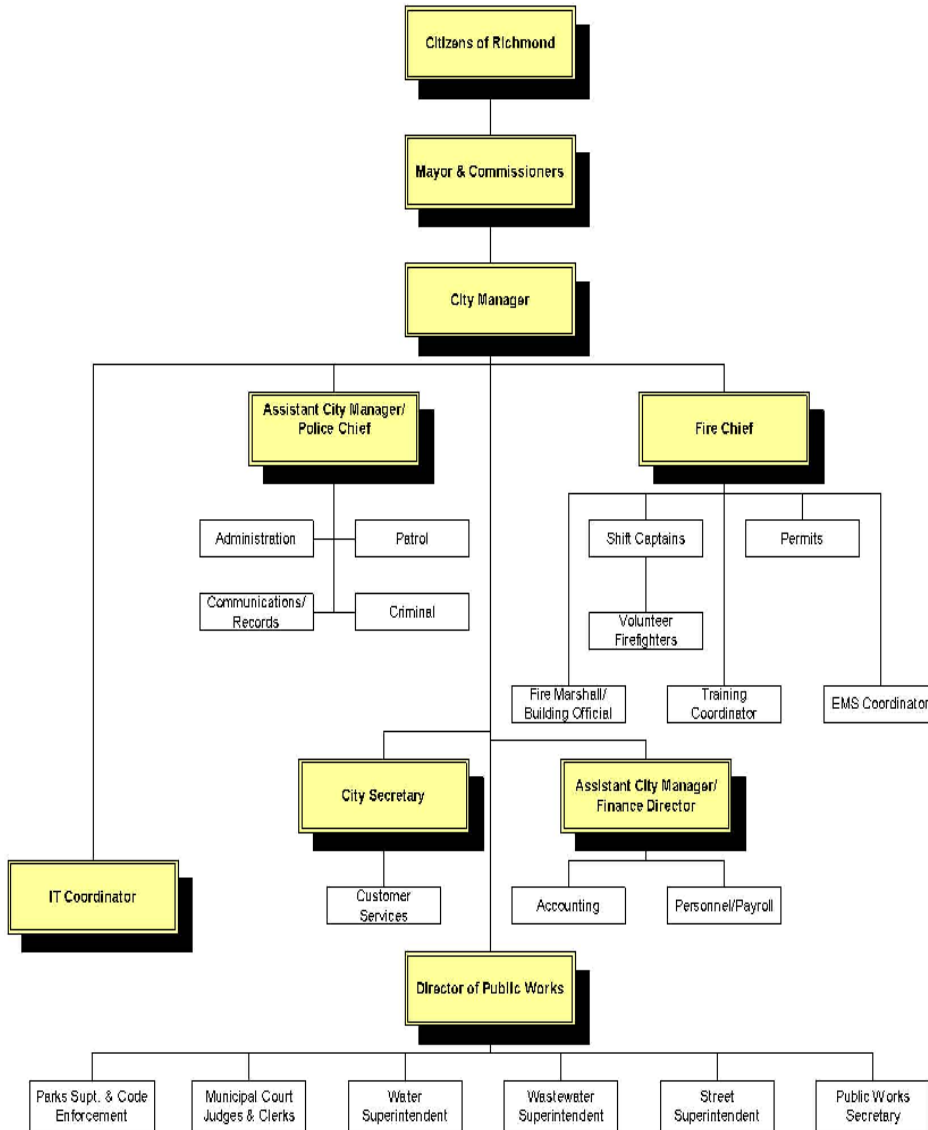
*Jeffrey R. Enos*

Executive Director

# CITY OF RICHMOND, TEXAS

## ORGANIZATIONAL CHART

Fiscal Year 2007-2008



# CITY OF RICHMOND, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2008

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Hilmar G. Moore	Mayor	2010
William H. Dostal	City Commissioner	2010
James E. Gonzales	City Commissioner	2010
<u>Key Staff</u>	<u>Position</u>	
R. Glen Gilmore	City Manager *	
Lenert Kurtz	Public Works Director	
Terri Vela	Assistant City Manager/Finance Director	
William Whitworth	Assistant City Manager /Police Chief	
Stephen Noto	Fire Chief	
Mona Matak	City Secretary	
Stephen Gilbert	Municipal Court Judge *	

\* - City Commission Appointive Position

## **FINANCIAL SECTION**

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## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Richmond, Texas, as of September 30, 2008, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Richmond, Texas, management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Richmond, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 12, budgetary comparison information on page 50 and pension information on page 52 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods and measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Richmond, Texas, as listed in the table of contents. The introductory section, other supplementary information, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules within the other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Sugar Land & Co." with a period at the end.

Sugar Land, Texas  
January 18, 2009



## Management's Discussion and Analysis

As management of Richmond, Texas (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 year ended September 30, 2008.

### FINANCIAL HIGHLIGHTS

- The assets of the City, excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$33,558,685 (net assets). Of this amount, \$4,500,451 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets, excluding component units, increased by \$1,842,924.
- As of September 30, 2008, the City's governmental funds reported an ending fund balance of \$1,641,787, a decrease of \$1,606,858 in comparison with the prior year.
- At the end of the fiscal year, the General Fund reported a fund deficit of (\$145,494), or (1.5) percent of total General Fund expenditures.
- The City's long-term debt, excluding component units and compensated absences, decreased by \$876,556 during the current fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 City's net assets changed during the most recent fiscal year. All changes in net assets 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., depreciation and earned but unused vacation leave).

The government-wide financial statements present functions of the City that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 15-17 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. The funds of the City consist solely of governmental funds (the General Fund, Debt Service Fund and Capital Projects Fund).

**Governmental Funds** - Governmental funds are used to account for essentially the same function 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 the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 18-21 of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements 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 47 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 General Fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 50-52 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, excluding component units, assets exceeded liabilities by \$33,558,685 as of September 30, 2008.

The largest portion of the City's net assets (65.6 percent) reflects its investment in capital assets (e.g. land, buildings, vehicles, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

The second largest portion of the City's net assets (20.9 percent) represents resources that are subject to restrictions on how they may be used.

Additionally, a portion of the City's net assets (13.5 percent) represents unrestricted financial resources available for future operations.

**SUMMARY OF STATEMENT OF NET ASSETS**  
**As of September 30, 2008 and 2007**  
(amounts expressed in thousands)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 2,762	\$ 5,259	\$ 10,583	\$ 10,275	\$ 13,345	\$ 15,534
Capital assets, net	11,423	10,472	19,857	18,633	31,280	29,105
<b>Total Assets</b>	<b>14,185</b>	<b>15,731</b>	<b>30,440</b>	<b>28,908</b>	<b>44,625</b>	<b>44,639</b>
Long-term liabilities	7,190	7,877	2,471	2,651	9,661	10,528
Other liabilities	787	1,698	619	698	1,406	2,396
<b>Total Liabilities</b>	<b>7,977</b>	<b>9,575</b>	<b>3,090</b>	<b>3,349</b>	<b>11,067</b>	<b>12,924</b>
Net Assets:						
Invested in capital assets, net of debt	4,642	2,994	17,385	15,983	22,027	18,977
Restricted	1,763	2,855	5,268	5,216	7,031	8,071
Unrestricted	(197)	307	4,697	4,360	4,500	4,667
<b>Total Net Assets</b>	<b>\$ 6,208</b>	<b>\$ 6,156</b>	<b>\$ 27,350</b>	<b>\$ 25,559</b>	<b>\$ 33,558</b>	<b>\$ 31,715</b>

Net assets of the City, excluding component units, increased by \$1,842,924. Key elements of the increase are as follows:

**CHANGES IN NET ASSETS**  
**For the Fiscal Years Ended September 30, 2008 and 2007**  
(amounts expressed in thousands)

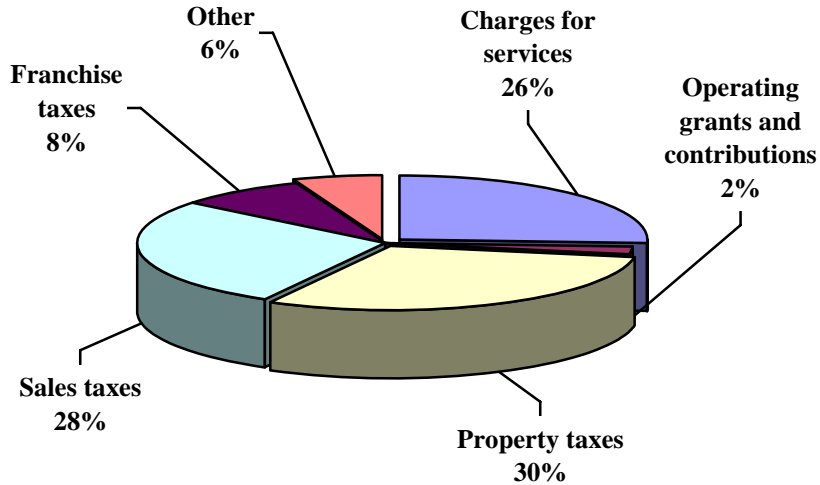
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,432	\$ 2,338	\$ 6,051	\$ 6,129	\$ 8,483	\$ 8,467
Operating grants and contributions	189	447			189	447
Capital grants and contributions		370		1,000		1,370
General revenues:						
Property taxes, penalties and interest	2,854	2,646			2,854	2,646
Sales taxes	2,641	2,584			2,641	2,584
Franchise taxes	771	622			771	622
Investment income and other	564	517	193	308	757	825
<b>Total Revenues</b>	<u>9,451</u>	<u>9,524</u>	<u>6,244</u>	<u>7,437</u>	<u>15,695</u>	<u>16,961</u>
<b>Expenses</b>						
General government	1,408	1,000			1,408	1,000
Public works	2,401	2,324			2,401	2,324
Parks and recreation	479	673			479	673
Public safety-Police	2,807	2,767			2,807	2,767
Public safety-Fire	2,578	2,416			2,578	2,416
Water and sewer			3,842	3,293	3,842	3,293
Interest on long-term debt	337	342			337	342
<b>Total Expenses</b>	<u>10,010</u>	<u>9,522</u>	<u>3,842</u>	<u>3,293</u>	<u>13,852</u>	<u>12,815</u>
<b>Increase (Decrease) in Net Assets</b>						
<b>Before Transfers</b>	(559)	2	2,402	4,144	1,843	4,146
Transfers	611	(591)	(611)	591		
<b>Change in Net Assets</b>	52	(589)	1,791	4,735	1,843	4,146
Net assets, beginning	6,156	6,745	25,559	20,824	31,715	27,569
<b>Net Assets, Ending</b>	<u>\$ 6,208</u>	<u>\$ 6,156</u>	<u>\$ 27,350</u>	<u>\$ 25,559</u>	<u>\$ 33,558</u>	<u>\$ 31,715</u>

There was an increase of \$51,976 in net assets in connection with the City's governmental activities, compared to a decrease of \$588,136 in the previous fiscal year. In the previous fiscal year, transfers out totaled approximately \$589,000. In the current fiscal year, the City's governmental activities recorded transfers in of approximately \$611,000.

The City's business-type net assets increased by \$1,790,948 in the current fiscal year. This increase in net assets was less than that of the previous fiscal year, primarily due to a capital contribution that was received in the previous year. The Water & Sewer Fund received a \$1 million capital contribution in the previous fiscal year, and did not receive any capital contributions in the current fiscal year.

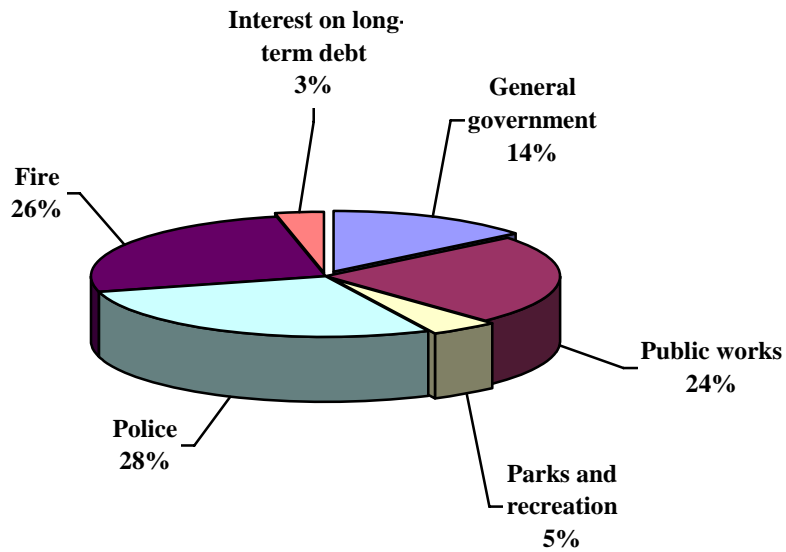
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

### GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2008, revenues from governmental activities, excluding transfers, totaled \$9.5 million.

### GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2008, expenses for governmental activities totaled \$10.0 million.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds are discussed below:

**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, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2008, the City's governmental funds, which consist of a general fund, debt service fund, capital projects fund and other nonmajor governmental funds reported an ending fund balance of \$1,641,787, which is a decrease of \$1,606,858 from last year's total of \$3,248,645. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The General Fund reported a fund deficit of (\$145,494), or (1.5) percent of total general fund expenditures.

The fund balance of the General Fund decreased by \$512,771 during the fiscal year. This decrease is mainly attributable to increased expenditures in general government and public safety. General government expenditures increased by \$185,807 and public safety expenditures increased by \$317,097.

The Debt Service Fund has a fund balance of \$1,003,541, all of which is reserved for the payment of debt service. The net increase in fund balance for the year was \$16,539. This increase can be attributed to a reduction in debt payments.

The Capital Projects Fund has a fund balance of \$55,429 as of September 30, 2008. This ending fund balance represents a decrease of \$800,756 from the previous year. This decrease can be attributed to increased expenditures on street and drainage projects in the current year.

**Proprietary Fund** - The City's proprietary fund provides the same type of information as found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to \$4,697,280. The increase in total net assets for the year was \$1,790,948. This increase is significantly less than the increase in the previous fiscal year. This can be attributed to a transfer of approximately \$1.6 million from a capital projects fund and a capital contribution of \$1 million received in the previous fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was a \$334,592 increase in appropriations between the original and final amended budget for expenditures. The primary reasons for the expenditure appropriations increase relate to the following: increase in the number of developer reviews, increase in the number of various contracts, and land that was purchased. The increase was possible due to higher than anticipated license and permit revenues and fire protection revenues. In addition, during the 2008 fiscal year, there were differences between the final amended budget for the General Fund and actual amounts. Vehicle Maintenance expenditures exceeded appropriations due to personnel turnover and the payout of significant amounts of compensatory time. Public Works Administration expenditures exceeded appropriations due to unforeseen expenditures. Lastly, Debt Service expenditures exceeded appropriations due to the fact that some principal and interest payments were originally budgeted for in other departments. In the future, these expenditures will be budgeted for in Debt Service.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - The City's investment in capital assets as of September 30, 2008 amounts to \$31,279,904 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, and infrastructure.

### SCHEDULE OF CAPITAL ASSETS (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Non-Depreciable Assets</b>						
Land	\$ 1,870	\$ 1,864	\$ 832	\$ 688	\$ 2,702	\$ 2,552
Construction in progress	1,523	158	733	4,041	2,256	4,199
<b>Other Capital Assets</b>						
Buildings	3,686	3,627	8,665	8,466	12,351	12,093
Improvements other than buildings	2,277	2,251	1,124	688	3,401	2,939
Machinery and equipment	4,107	3,944	926	868	5,033	4,812
Infrastructure	6,182	6,182	29,906	25,564	36,088	31,746
Accumulated depreciation on other capital assets	(8,222)	(7,555)	(22,329)	(21,681)	(30,551)	(29,236)
<b>Totals</b>	<u>\$ 11,423</u>	<u>\$ 10,471</u>	<u>\$ 19,857</u>	<u>\$ 18,634</u>	<u>\$ 31,280</u>	<u>\$ 29,105</u>

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

**Long-term Debt** - At the end of the current fiscal year, the City, excluding component units, had total bonds, certificates of obligation, capital lease obligations, and compensated absences of \$9.7 million. Of this amount, \$6.1 million is general obligation debt, and certificates of obligation account for \$2.5 million.

### SCHEDULE OF LONG-TERM DEBT (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 6,115	\$ 6,665	\$	\$	\$ 6,115	\$ 6,665
Certificates of Obligation			2,455	2,605	2,455	2,605
Capital leases	666	812	16	46	682	858
Compensated absences	409	400			409	400
<b>Total</b>	<u>\$ 7,190</u>	<u>\$ 7,877</u>	<u>\$ 2,471</u>	<u>\$ 2,651</u>	<u>\$ 9,661</u>	<u>\$ 10,528</u>

Additional information on the City's long-term debt can be found in Note 7 in the notes to financial statements.

## **ECONOMIC FACTORS**

- The General Fund reported a fund deficit of (\$145,494). It is intended that additional revenues and controls on spending will significantly increase fund balance during the 2009 fiscal year.

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of Richmond Texas' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Richmond, Texas: Terri Vela, Assistant City Manager/Finance Director, 402 Morton Street, Richmond, Texas 77469.



## **BASIC FINANCIAL STATEMENTS**

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# CITY OF RICHMOND, TEXAS

Exhibit A-1

## STATEMENT OF NET ASSETS

**September 30, 2008**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Corporation of Richmond	Richmond Higher Education Finance Corp.
<b>Assets</b>					
Cash and cash equivalents	\$ 2,532,528	\$ 2,986,159	\$ 5,518,687	\$ 2,991,144	\$ 995
Investments					
Current portion of receivables	1,229,061	913,110	2,142,171	163,180	
Restricted cash and cash equivalents		5,684,005	5,684,005		
Internal balances	(1,000,000)	1,000,000			
Capital assets, net of accumulated depreciation:					
Land	1,870,541	832,109	2,702,650		
Buildings	2,811,132	5,476,041	8,287,173		
Improvements other than buildings	1,678,605	1,032,443	2,711,048		
Machinery and equipment	1,485,954	356,914	1,842,868		
Infrastructure	2,053,599	11,426,211	13,479,810		
Construction in progress	1,523,380	732,975	2,256,355		
<b>Total Assets</b>	<b>14,184,800</b>	<b>30,439,967</b>	<b>44,624,767</b>	<b>3,154,324</b>	<b>995</b>
<b>Liabilities</b>					
Accounts payable	760,991	201,989	962,980	11,315	
Accrued interest payable	24,406	17,687	42,093	2,501	
Unearned revenue	870		870		
Customer deposits		398,744	398,744		
Long-term liabilities due within one year	743,056	166,307	909,363	180,000	
Long-term liabilities due in more than one year	6,447,032	2,305,000	8,752,032	600,000	
<b>Total Liabilities</b>	<b>7,976,355</b>	<b>3,089,727</b>	<b>11,066,082</b>	<b>793,816</b>	
<b>Net Assets</b>					
Invested in capital assets, net of related debt	4,642,399	17,385,386	22,027,785		
Restricted for:					
Capital improvements	55,429		55,429		
Debt service	979,135	5,267,574	6,246,709		
Economic development	728,311		728,311	2,360,508	995
Unrestricted	(196,829)	4,697,280	4,500,451		
<b>Total Net Assets</b>	<b>\$ 6,208,445</b>	<b>\$ 27,350,240</b>	<b>\$ 33,558,685</b>	<b>\$ 2,360,508</b>	<b>\$ 995</b>

See Notes to Financial Statements.

**CITY OF RICHMOND, TEXAS**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 1,407,963	\$	\$ 186,530
Public works	2,400,975	1,477,147	2,381
Parks and recreation	478,634		
Public safety-Police	2,807,258	330,922	
Public safety-Fire	2,577,926	624,202	
Interest on long-term debt	337,848		
<b>Total Governmental Activities</b>	<u>10,010,604</u>	<u>2,432,271</u>	<u>188,911</u>
<b>Business-type Activities</b>			
Water and sewer	3,841,501	6,050,784	
<b>Total Business-type Activities</b>	<u>3,841,501</u>	<u>6,050,784</u>	
<b>Total Primary Government</b>	<u>\$ 13,852,105</u>	<u>\$ 8,483,055</u>	<u>\$ 188,911</u>
<b>Component Units</b>			
Development Corp. of Richmond	\$ 310,899	\$	\$
Richmond Higher Education			
Finance Corporation	5		
<b>Total Component Units</b>	<u>\$ 310,904</u>	<u>\$</u>	<u>\$</u>

**General Revenues:**

Property taxes  
 Sales taxes  
 Franchise taxes  
 Investment earnings  
 Miscellaneous

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Assets**

Net Assets, Beginning  
 Net Assets, Ending

<b>Net (Expense) Revenue and Changes in Net Assets</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Development Corporation of Richmond</b>	<b>Richmond Higher Education Finance Corp.</b>
\$ (1,221,433)	\$	(1,221,433)	\$	\$
(921,447)		(921,447)		
(478,634)		(478,634)		
(2,476,336)		(2,476,336)		
(1,953,724)		(1,953,724)		
(337,848)		(337,848)		
(7,389,422)		(7,389,422)		
	2,209,283	2,209,283		
	2,209,283	2,209,283		
\$ (7,389,422)	\$ 2,209,283	\$ (5,180,139)		
			(310,899)	
				(5)
\$	\$	\$	\$ (310,899)	\$ (5)
\$ 2,854,330	\$	\$ 2,854,330	\$	\$
2,641,250		2,641,250	878,421	
770,604		770,604		
69,038	192,685	261,723	39,720	
495,156		495,156		
611,020	(611,020)			
7,441,398	(418,335)	7,023,063	918,141	
51,976	1,790,948	1,842,924	607,242	(5)
6,156,469	25,559,292	31,715,761	1,753,266	1,000
\$ 6,208,445	\$ 27,350,240	\$ 33,558,685	\$ 2,360,508	995

# CITY OF RICHMOND, TEXAS

Exhibit A-3

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 613,336	\$ 1,003,541	\$ 183,151	\$ 732,500	\$ 2,532,528
Receivables:					
Taxes	816,430	129,856			946,286
Accounts	261,888			17,655	279,543
Intergovernmental				3,232	3,232
<b>Total Assets</b>	<b>\$ 1,691,654</b>	<b>\$ 1,133,397</b>	<b>\$ 183,151</b>	<b>\$ 753,387</b>	<b>\$ 3,761,589</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b><u>Liabilities</u></b>					
Accounts payable and accrued liabilities	\$ 609,063	\$	\$ 127,722	\$ 24,206	\$ 760,991
Due to other funds	1,000,000				1,000,000
Deferred revenue	228,085	129,856		870	358,811
<b>Total Liabilities</b>	<b>1,837,148</b>	<b>129,856</b>	<b>127,722</b>	<b>25,076</b>	<b>2,119,802</b>
<b><u>Fund Balances</u></b>					
Fund Balances:					
Reserved		1,003,541	55,429	131,575	1,190,545
Unreserved	(145,494)			596,736	451,242
<b>Total Fund Balances</b>	<b>(145,494)</b>	<b>1,003,541</b>	<b>55,429</b>	<b>728,311</b>	<b>1,641,787</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,691,654</b>	<b>\$ 1,133,397</b>	<b>\$ 183,151</b>	<b>\$ 753,387</b>	

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

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.	11,423,211
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	357,941
Some liabilities, including bonds payable (\$6,115,000), interest payable (\$24,406), capital lease payable (\$665,812), and accrued compensated absences (\$409,276) are not reported as liabilities in the governmental funds.	(7,214,494)
<b>Net Assets of Governmental Activities</b>	<b>\$ 6,208,445</b>

See Notes to Financial Statements.

**CITY OF RICHMOND, TEXAS**

Exhibit A-4

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

**For the Year Ended September 30, 2008**

	<b><u>General</u></b>	<b><u>Debt Service</u></b>	<b><u>Capital Projects</u></b>	<b><u>Other Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues</u></b>					
Taxes:					
Property	\$ 1,978,809	\$ 857,305	\$	\$	\$ 2,836,114
Sales	2,641,250				2,641,250
Franchise	770,604				770,604
Licenses and permits	140,954				140,954
Fines and forfeitures	320,317			10,605	330,922
Fees and charges for services	1,973,729				1,973,729
Intergovernmental				190,862	190,862
Investment earnings	36,530	14,668	380	17,460	69,038
Other	318,714			176,442	495,156
<b>Total Revenues</b>	<b><u>8,180,907</u></b>	<b><u>871,973</u></b>	<b><u>380</u></b>	<b><u>395,369</u></b>	<b><u>9,448,629</u></b>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
General government	1,575,000				1,575,000
Public safety	5,377,496			8,566	5,386,062
Public works	2,198,603				2,198,603
Parks and recreation	429,448				429,448
<b>Debt Service:</b>					
Principal retirement	101,278	550,000	40,420		691,698
Interest and fiscal charges	11,853	305,434	22,491		339,778
<b>Capital Outlay</b>					
<b>Total Expenditures</b>	<b><u>9,693,678</u></b>	<b><u>855,434</u></b>	<b><u>1,051,136</u></b>	<b><u>57,693</u></b>	<b><u>11,666,507</u></b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b><u>(1,512,771)</u></b>	<b><u>16,539</u></b>	<b><u>(1,050,756)</u></b>	<b><u>329,110</u></b>	<b><u>(2,217,878)</u></b>
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers from other funds	1,000,000		250,000		1,250,000
Transfers (to) other funds				(638,980)	(638,980)
<b>Total Other Financing     Sources (Uses)</b>	<b><u>1,000,000</u></b>		<b><u>250,000</u></b>	<b><u>(638,980)</u></b>	<b><u>611,020</u></b>
<b>Net Change in Fund Balance</b>	<b><u>(512,771)</u></b>	<b><u>16,539</u></b>	<b><u>(800,756)</u></b>	<b><u>(309,870)</u></b>	<b><u>(1,606,858)</u></b>
Fund balances - beginning	367,277	987,002	856,185	1,038,181	3,248,645
<b>Fund Balances - Ending</b>	<b><u>\$ (145,494)</u></b>	<b><u>\$ 1,003,541</u></b>	<b><u>\$ 55,429</u></b>	<b><u>\$ 728,311</u></b>	<b><u>\$ 1,641,787</u></b>

See Notes to Financial Statements.

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# CITY OF RICHMOND, TEXAS

Exhibit A-5

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2008

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

Net change in fund balances - total governmental funds	\$ (1,606,858)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	951,772
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	18,216
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these differences in the treatment of long-term debt and related items, and consists of principal repayment on bonds (\$550,000) and capital leases (\$147,072).	697,072
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in interest payable (\$1,420) and accrued compensated absences (-\$9,646).	<u>(8,226)</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 51,976</u></u>

# CITY OF RICHMOND, TEXAS

Exhibit A-6

## STATEMENT OF NET ASSETS PROPRIETARY FUND

September 30, 2008

	<u>Business-type Activities -</u> <u>Enterprise Fund</u> <u>Water &amp; Sewer Fund</u>
<b><u>Assets</u></b>	
<b><u>Current Assets:</u></b>	
Cash and cash equivalents	\$ 2,986,159
Restricted cash and investments	566,431
<b><u>Receivables:</u></b>	
Accounts, net of allowance account	913,110
Due from other funds	1,000,000
<b>Total Current Assets</b>	<u>5,465,700</u>
<b><u>Noncurrent Assets:</u></b>	
Restricted cash and investments	5,117,574
Capital assets, net of accumulated depreciation:	
Land	832,109
Buildings	5,476,041
Improvements other than buildings	1,032,443
Machinery and equipment	356,914
Infrastructure	11,426,211
Construction in progress	732,975
<b>Total Noncurrent Assets</b>	<u>24,974,267</u>
<b>Total Assets</b>	<u>30,439,967</u>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities:</u></b>	
Accounts payable	201,989
Capital lease payable	16,307
Payable from restricted assets:	
Deposits	398,744
Accrued interest payable	17,687
Certificates of obligation payable	150,000
<b>Total Current Liabilities</b>	<u>784,727</u>
<b><u>Noncurrent Liabilities:</u></b>	
Certificates of obligation payable	2,305,000
<b>Total Noncurrent Liabilities</b>	<u>2,305,000</u>
<b>Total Liabilities</b>	<u>3,089,727</u>
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	17,385,386
Restricted for debt service	5,267,574
Unrestricted	4,697,280
<b>Total Net Assets</b>	<u>\$ 27,350,240</u>

See Notes to Financial Statements.

**CITY OF RICHMOND, TEXAS**

Exhibit A-7

**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

**For the Year Ended September 30, 2008**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Water &amp; Sewer Fund</b>
<b><u>Operating Revenues</u></b>	
Charges for services	\$ 6,050,784
<b>Total Operating Revenues</b>	<b>6,050,784</b>
<b><u>Operating Expenses</u></b>	
Cost of sales and services	3,032,418
Depreciation	690,193
<b>Total Operating Expenses</b>	<b>3,722,611</b>
<b>Operating Income</b>	<b>2,328,173</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Intergovernmental	
Investment earnings	192,685
Interest expense	(118,890)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>73,795</b>
<b>Income Before Transfers</b>	<b>2,401,968</b>
Transfers in	388,980
Transfers (out)	(1,000,000)
<b>Change in Net Assets</b>	<b>1,790,948</b>
Net assets, beginning	25,559,292
<b>Net Assets, Ending</b>	<b>\$ 27,350,240</b>

**CITY OF RICHMOND, TEXAS**

Exhibit A-8 (Page 1 of 2)

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**

**For the Year Ended September 30, 2008**

	<b><u>Business-type Activities -</u></b>
	<b><u>Enterprise Fund</u></b>
	<b><u>Water &amp; Sewer Fund</u></b>
<b><u>Cash Flows From Operating Activities</u></b>	
Receipts from customers and users	\$ 6,070,155
Disbursed for personnel services	(1,513,957)
Disbursed for goods and services to suppliers	(1,606,696)
<b>Net Cash Provided by Operating Activities</b>	<b><u>2,949,502</u></b>
<b><u>Cash Flows From Noncapital</u></b>	
<b><u>Financing Activities</u></b>	
Transfers from other funds	388,980
Transfers (to) other funds	(1,000,000)
<b>Net Cash (Used) by Noncapital</b>	
<b>Financing Activities</b>	<b><u>(611,020)</u></b>
<b><u>Cash Flows From Capital and Related</u></b>	
<b><u>Financing Activities</u></b>	
Principal paid on capital debt	(179,995)
Interest paid on capital debt	(100,330)
Acquisition and construction of capital assets	(1,933,445)
<b>Net Cash (Used) by Capital and Related</b>	
<b>Financing Activities</b>	<b><u>(2,213,770)</u></b>
<b><u>Cash Flows From Investing Activities</u></b>	
Interest received	192,685
<b>Net Cash Provided by Investing Activities</b>	<b><u>192,685</u></b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>317,397</b>
Cash and cash equivalents, beginning	<u>8,352,767</u>
<b>Cash and Cash Equivalents, Ending</b>	<b><u>\$ 8,670,164</u></b>

See Notes to Financial Statements.

**CITY OF RICHMOND, TEXAS**

Exhibit A-8 (Page 2 of 2)

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**

**For the Year Ended September 30, 2008**

	<b><u>Business-type Activities -</u></b> <b><u>Enterprise Fund</u></b> <b><u>Water &amp; Sewer Fund</u></b>
<b>Reconciliation of Operating Income to</b>	
<b>Net Cash Provided by Operating Activities</b>	
Operating income	\$ 2,328,173
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation	690,193
Decrease in accounts receivable	19,372
(Decrease) in accounts payable	(200,356)
Increase in customer deposits	112,120
Total adjustments	621,329
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,949,502</b>
<b>Breakdown of Restricted and Unrestricted Cash and Cash Equivalents:</b>	
Restricted for debt payments	\$ 5,684,005
Unrestricted	2,986,159
Total	<b>\$ 8,670,164</b>

See Notes to Financial Statements.

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# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Richmond, Texas (the City), was incorporated on June 5, 1837, by Act of the Senate and House of Representatives of the Republic of Texas. On July 30, 1913, the City adopted a Commission form of government.

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.

#### **A. Reporting Entity**

The City is an independent political subdivision of the State of Texas governed by an elected commission and a mayor and is considered a primary government. As required by U.S. generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of component units, which are other entities or organizations that are financially accountable to the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and as a result, data from these units are combined with data of the primary government. The City had no such blended component units. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Based on these considerations, the City's financial statements include the 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.

# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

### **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 assets of the Corporation shall be conveyed to the City. The operations of the Corporation are presented as a governmental fund type.

#### **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 assets of the Education Corporation shall be conveyed to the City. The operations of the Education Corporation are presented as a governmental fund type.

Separately issued audited financial statements are not issued for the discretely presented component units. Unaudited financial statements may be obtained from the City's finance office.

### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the City as a whole. These statements include all nonfiduciary 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 of 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 function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.



# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

In September 1993, the Governmental Accounting Standards Board issued Statement No. 29, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" which are effective for the City's financial statements for the year ending September 30, 2005. This statement provides guidance on accounting and financial reporting for business-type and enterprise fund activities. The City has elected alternative number one (1) from those provided by this standard. This alternative method elects to apply all GASB pronouncements as well as FASB pronouncements that were issued after November 30, 1989.

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

### **C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded 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.

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. 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 when 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The government reports the following major governmental funds:

#### **General Fund**

The General Fund accounts for the resources used to finance the fundamental operations of the City. The principal sources of revenue of the General Fund are property taxes, sales and use

# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

taxes, franchise taxes, fines and forfeitures, permits and fees, and sanitation. Expenditures are for general government, public safety and public works.

### **Debt Service Fund**

The Debt Service Fund accounts for the resources accumulated and payment made for principal and interest on long-term general obligation debt of governmental funds. The primary source of revenue for debt service is property taxes.

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the expenditures of resources accumulated from the sale of bonds and related interest earnings for capital improvement projects.

The government reports the following major proprietary fund:

### **Water & Sewer Fund**

The Water & Sewer Fund accounts for the operations that provide water and wastewater utility services to the public. The services are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (including depreciation) of providing goods or services to the general public will be financed or recovered primarily through user charges.

## **D. Financial Statement Presentation**

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.

Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the City’s governmental and business-type activities.
- Fund financial statements focusing on the major funds.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which include a statement of net assets and a statement of activities. It requires the reclassification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors,

# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

or laws or regulation of other governments or constraints imposed by law through contractual provisions or enabling legislation.

- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### **E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. No encumbrances were outstanding at year-end.

### **F. Cash and Cash Equivalents**

Cash and cash equivalents include cash and temporary investments as disclosed in Note 2. These cash and investments are generally available for the City's disbursement needs and have a maturity of three months or less from the date of acquisition.

### **G. Receivables**

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

### **H. Inventories**

Inventories are stated at cost. The City uses the FIFO method of accounting for inventories. Inventories 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). No inventory was on hand at year-end.

### **I. Interfund Receivables and Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Assets and are classified as "due from other funds" or "due to other funds" in the fund financial statements.

### **J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<b><u>Asset Description</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings	50 years
Building improvements	20 years
Public domain infrastructure	30 years
System infrastructure	30 years
Vehicles	5 years
Machinery and equipment	5 years

**K. Compensated Employee 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.

**L. Fund Equity**

Reserved equity balances represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Unreserved fund balances represent available balances for the City's future use.

**M. Reclassifications**

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

**N. 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 and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental funds as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, interest payable, notes payable and accrued compensated absences, are not reported in the funds.”

The details of this \$7,214,494 difference are as follows:

Bonds payable	\$	6,115,000
Accrued interest payable		24,406
Notes payable		665,812
Compensated absences - governmental funds		<u>409,276</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u><u>7,214,494</u></u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$951,772 difference are as follows:

Capital outlay	\$	1,740,290
Depreciation expense		<u>(788,518)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>951,772</u></u>

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis

# CITY OF RICHMOND, TEXAS

Exhibit A-9

## NOTES TO FINANCIAL STATEMENTS

during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

The Commission has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act (Chapter 2256 Texas Government Code). The investments of the City are in compliance with the Commission's investment policies. It is the City's policy to restrict its investments to direct obligations of the U.S. Government, commercial paper, fully collateralized certificates of deposit and other interest-bearing time and demand deposits, and other instruments and investments in public funds investment pools such as the Local Government Investment Cooperative (LOGIC) and Texas Local Government Investment Pool (TEXPOOL).

### Cash and Cash Equivalents

The City's cash and cash equivalents, including component units, consist of cash on hand, demand deposits, certificates of deposit and government securities with a remaining maturity of less than three months. The City's cash and cash equivalents at September 30, 2008, are shown below.

	<b>Carrying Amount</b>	<b>Fair Value</b>
Cash	\$ 8,375,659	\$ 8,375,659
Certificates of deposit	135,167	135,167
Government securities	5,684,005	5,684,005
<b>Total Cash and Cash Equivalents</b>	<b>\$ 14,194,831</b>	<b>\$ 14,194,831</b>

### Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Collateral is required for all bank deposits at 102% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the City's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the City during the year.

The City's deposits in banks, including component units, of \$4,629,302 at year-end, were entirely covered by federal depository insurance or by acceptable collateral held by the City's agent in the City's name.

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

**Investments**

At year-end, the City's investment balances, were as follows:

	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>
Certificate of deposits	\$ 135,167	185
U.S. Treasury Notes	5,684,005	51
<b>Total Investments</b>	<b>\$ 5,819,172</b>	<b>82</b>

The fair values of the U.S. Government and Agency Securities are based on quoted market prices. The investments are reported at Fair Value in accordance with Governmental Accounting Standards Board Statement (GASB) No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The increase or decrease in the fair value of investments is recorded in investment income. The amount of increase or decrease in the fair value of investments during the year ended September 30, 2008, was not significant.

**Interest Rate Risk**

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years to meet cash requirements for ongoing operation.

**Credit Risk - Investments**

In accordance with its investment policy, the City minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities. All of the City's U.S. Agency investments are insured, registered, or the City's agent holds the securities in the City's name; therefore the City is not exposed to custodial credit risk.

**Restricted Cash and Investments**

As of September 30, 2008, the Enterprise Fund held restricted cash and investments for the following purposes:

Special escrow	\$ 5,684,005
<b>Total</b>	<b>\$ 5,684,005</b>

**NOTE 4 - PROPERTY TAXES**

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Fort Bend County Tax Assessor/Collector. Such taxes are applicable to the fiscal year

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes on \$0.79 per \$100 of assessed valuation. The resulting adjusted tax levy was \$2,819,564 on the total adjusted taxable valuation of \$356,906,900 for the 2007 tax year.

Property taxes receivable, at September 30, 2008, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
2007	\$ 81,874	\$ 35,089	\$ 116,963
2006	29,938	14,746	44,684
2005	20,283	11,913	32,196
2004	14,009	9,735	23,744
2003	11,071	8,017	19,088
2002 and prior	70,910	50,356	121,266
	<u>\$ 228,085</u>	<u>\$ 129,856</u>	<u>\$ 357,941</u>

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

**Primary Government:**

	<u>Governmental Activities</u>			<u>Business-type Activities</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor and Other Funds</u>		
Receivables:					
Taxes	\$ 816,430	\$ 129,856	\$	\$	\$ 946,286
Accounts	261,888		17,655	913,110	1,192,653
Intergovernmental			3,232		3,232
Gross receivables	1,078,318	129,856	20,887	913,110	2,142,171
Less: allowance for uncollectibles					
<b>Net Total Receivables</b>	<u>\$ 1,078,318</u>	<u>\$ 129,856</u>	<u>\$ 20,887</u>	<u>\$ 913,110</u>	<u>\$ 2,142,171</u>



**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

**Component Units:**

	<b>Development Corporation of Richmond</b>
Receivables	
Taxes	\$ 163,180
<b>Total</b>	<b>\$ 163,180</b>

All of the City and Component Units' receivables are considered collectible.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>
Delinquent property taxes receivable - general fund	\$ 228,085	\$
Delinquent property taxes receivable - debt service fund	129,856	
Grant monies prior to meeting all eligibility requirements		870
<b>Total Deferred Revenue for Governmental Funds</b>	<b>\$ 357,941</b>	<b>\$ 870</b>

# CITY OF RICHMOND, TEXAS

Exhibit A-9

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2008:

	Balance Oct. 1, 2007	Increases	(Decreases)	Balance Sept. 30, 2008
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,864,481	\$ 6,060	\$	\$ 1,870,541
Construction in progress	157,633	1,365,747		1,523,380
Total capital assets not being depreciated	<u>2,022,114</u>	<u>1,371,807</u>		<u>3,393,921</u>
Capital assets being depreciated:				
Buildings	3,626,757	59,399		3,686,156
Improvements other than buildings	2,251,390	25,330		2,276,720
Infrastructure	6,181,633			6,181,633
Machinery and equipment	3,944,886	314,039	(151,651)	4,107,274
Total capital assets being depreciated	<u>16,004,666</u>	<u>398,768</u>	<u>(151,651)</u>	<u>16,251,783</u>
Less accumulated depreciation for:				
Buildings	(792,739)	(82,285)		(875,024)
Improvements other than buildings	(509,297)	(88,818)		(598,115)
Infrastructure	(3,921,366)	(206,668)		(4,128,034)
Machinery and equipment	(2,331,939)	(425,747)	136,366	(2,621,320)
Total accumulated depreciation	<u>(7,555,341)</u>	<u>(803,518)</u>	<u>136,366</u>	<u>(8,222,493)</u>
Total capital assets being depreciated, net	<u>8,449,325</u>	<u>(404,750)</u>	<u>(15,285)</u>	<u>8,029,290</u>
Governmental activities capital assets, net	<u>\$ 10,471,439</u>	<u>\$ 967,057</u>	<u>\$ (15,285)</u>	<u>\$ 11,423,211</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 688,187	\$ 143,922	\$	\$ 832,109
Construction in progress	4,041,187	391,715	(3,699,927)	732,975
Total capital assets not being depreciated	<u>4,729,374</u>	<u>535,637</u>	<u>(3,699,927)</u>	<u>1,565,084</u>
Capital assets being depreciated:				
Buildings	8,466,359	198,998		8,665,357
Improvements other than buildings	687,640	436,200		1,123,840
Infrastructure	25,564,202	4,341,243		29,905,445
Machinery and equipment	867,594	100,432	(41,632)	926,394
Total capital assets being depreciated	<u>35,585,795</u>	<u>5,076,873</u>	<u>(41,632)</u>	<u>40,621,036</u>
Less accumulated depreciation for:				
Buildings	(3,015,807)	(173,509)		(3,189,316)
Improvements other than buildings	(52,118)	(39,279)		(91,397)
Infrastructure	(18,124,970)	(354,264)		(18,479,234)
Machinery and equipment	(487,971)	(123,141)	41,632	(569,480)
Total accumulated depreciation	<u>(21,680,866)</u>	<u>(690,193)</u>	<u>41,632</u>	<u>(22,329,427)</u>
Total capital assets being depreciated, net	<u>13,904,929</u>	<u>4,386,680</u>		<u>18,291,609</u>
Business-type activities capital assets, net	<u>\$ 18,634,303</u>	<u>\$ 4,922,317</u>	<u>\$ (3,699,927)</u>	<u>\$ 19,856,693</u>

# CITY OF RICHMOND, TEXAS

Exhibit A-9

## NOTES TO FINANCIAL STATEMENTS

Construction in progress for the various projects and remaining commitments under these construction contracts as of September 30, 2008, are as follows:

<u>Project Description</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
<b>Governmental Activities:</b>		
Fire department main station	\$ 24,083	\$ 385,800
Fire department sub station	1,076,850	159,951
FM 2218 to FM 762 TXDOT project	30,134	198,803
Railroad overpass TXDOT project	26,000	
FM 3155 to Lane Drive TXDOT project		880,940
Fire truck	125,000	350,000
Helping hands	195,157	38,487
North Richmond distribution system phase IV CDBG	25,890	5,810
North Richmond distribution system phase V CDBG	13,900	17,000
Williams Way sewer plant plat engineering	6,366	
<b>Totals</b>	<u>\$ 1,523,380</u>	<u>\$ 2,036,791</u>
<b>Business-type Activities:</b>		
North Richmond water distribution system - Phase IV	\$ 2,290	\$ 59,811
North Richmond water distribution system - Phase V		211,925
Lamar Drive drainage and utility relocation	442,290	96,770
North 2nd WWTP expansion	3,900	
Del Webb 16" line	282,984	21,269
Williams Way sewer plant plat survey	1,511	
<b>Totals</b>	<u>\$ 732,975</u>	<u>\$ 389,775</u>

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

<b>Governmental Activities:</b>		
General government	\$	30,702
Police		186,739
Fire		169,160
Public works		322,657
Parks and recreation		94,260
<b>Total Depreciation Expense-Governmental Activities</b>	<u>\$</u>	<u>803,518</u>
<b>Business-type Activities:</b>		
Water & sewer	<u>\$</u>	<u>690,193</u>

**CITY OF RICHMOND, TEXAS**

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT**

**General Obligation Bonds and Certificates of Obligation**

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

The following is a summary of general obligation bonds and certificates of obligation outstanding as of September 30, 2008:

<u>Series</u>	<u>Original Issue</u>	<u>Matures</u>	<u>Interest Rate (%)</u>	<u>Debt Outstanding</u>
<b>Governmental Activities:</b>				
<b>General Obligation Bonds</b>				
Series 1999 general obligation bonds	\$ 4,400,000	2020	3.15-4.55	\$ 3,045,000
Series II 1999 public improvement & refunding general obligation bonds	4,475,000	2020	4.25-5.5	2,640,000
Series 2004 general obligation bonds	530,000	2024	4.625-5.25	430,000
<b>Total Governmental Activities</b>				<b><u>\$ 6,115,000</u></b>
<b>Business-type Activities:</b>				
Series 2004 certificates of obligation	\$ 3,055,000	2024	3.5-5.5	<b><u>\$ 2,455,000</u></b>
<b>Component Units:</b>				
<b>Certificates of Obligation</b>				
Series 1997 certificates of obligation	\$ 2,300,000	2012	4.5-6.5	<b><u>\$ 780,000</u></b>

The annual requirements to amortize all primary government general obligation bonds and certificates of obligation outstanding as of September 30, 2008 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 555,000	\$ 277,895	\$ 150,000	\$ 101,742
2010	560,000	252,027	150,000	95,218
2011	575,000	225,374	150,000	88,892
2012	585,000	197,809	150,000	84,380
2013	595,000	169,599	150,000	78,642
2014-2018	2,130,000	497,363	775,000	298,763
2019-2023	1,085,000	73,377	775,000	127,448
2024-2028	30,000	788	155,000	3,720
	<b><u>\$ 6,115,000</u></b>	<b><u>\$ 1,694,232</u></b>	<b><u>\$ 2,455,000</u></b>	<b><u>\$ 878,805</u></b>

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

The following is a summary of changes in the City’s total governmental and business-type long-term liabilities and component unit liabilities for the year ended September 30, 2008.

	<b>Balance Oct. 1, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Sept. 30, 2008</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 6,665,000	\$	\$ (550,000)	\$ 6,115,000	\$ 555,000
Total bonds payable	<u>6,665,000</u>	<u></u>	<u>(550,000)</u>	<u>6,115,000</u>	<u>555,000</u>
Capital leases	812,374		(146,562)	665,812	147,128
Compensated absences	399,612	14,453	(4,789)	409,276	40,928
<b>Total Governmental     Activities</b>	<u>\$ 7,876,986</u>	<u>\$ 14,453</u>	<u>\$ (701,351)</u>	<u>\$ 7,190,088</u>	<u>\$ 743,056</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Certificates of obligation	\$ 2,605,000	\$	\$ (150,000)	\$ 2,455,000	\$ 150,000
Capital leases	46,301		(29,994)	16,307	16,307
<b>Total Business-type     Activities</b>	<u>\$ 2,651,301</u>	<u>\$</u>	<u>\$ (179,994)</u>	<u>\$ 2,471,307</u>	<u>\$ 166,307</u>
<b>Component Units:</b>					
Certificates of obligation	\$ 955,000	\$	\$ (175,000)	\$ 780,000	\$ 180,000

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

For governmental activities, compensated absences are generally liquidated by the General Fund.

**Federal Tax Compliance (Arbitrage) for Long-Term Debt**

In accordance with provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the “Code”) the City’s long-term debt obligations must meet certain minimum criteria to be considered and continue to be considered “tax exempt.” This “tax exempt” status means that interest income earned by purchasers of the City’s long-term debt instruments is not subject to federal income taxes. Related Treasury Regulations promulgated under section 148 of the Code generally provide that the determination of whether these obligations are tax exempt is made as of the date such obligations are issued based on a reasonable expectations regarding the use of the proceeds of the bonds issued. Long-term debt that does not meet and continue to meet the minimum criteria of Section 148 of the Code and the related Treasury Regulations described above are considered “arbitrage bonds” and are not considered “tax exempt” as described above.

# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

### **Rebate**

Obligations will become arbitrage bonds (as described above) if certain arbitrage profits are not paid to the federal government as rebate under section 148(f) of the Code. The City's obligations to calculate and make rebate payments (if any) will continue as long as there are gross proceeds allocable to outstanding debt issues.

### **Unexpended Debt Issuance Proceeds (Yield Restriction Requirements)**

Section 148 of the Code also provides that in order for debt not to be considered arbitrage bonds (as described above), proceeds of such debt must be invested at a yield that is not materially higher than the yield on the debt issued starting on the third anniversary of the issue date of such debt. Accordingly, any unexpended proceeds of debt issued by the City that remain unexpended more than three years after such debt was issued should be yield restricted. The yield restriction may be accomplished by making yield reduction payments pursuant to Treas. Reg. Section 1.148-5(c). The City presently has unexpended proceeds from certain debt issues that require yield restriction as described above. The City is currently in compliance with these yield restriction requirements and does not anticipate associated significant noncompliance issues. The City is continuing to proceed with reasonable diligence to expend any remaining unexpended debt issuance proceeds on qualifying projects or to retire related debt issues still outstanding.

### **Capital Lease Obligations**

The City has entered into capital lease agreements in order to purchase a software upgrade, a fire truck, fire related equipment and various other equipment. The capital lease obligations are paid out of the General and Water & Sewer Funds.

The assets acquired through capital leases are as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Asset:		
Machinery and equipment	\$ 1,102,513	81,533
Less: accumulated depreciation	(692,258)	(57,071)
	<b><u>\$ 410,255</u></b>	<b><u>\$ 24,462</u></b>

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

Following is a summary of future lease payments due on these acquisitions:

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
2009	\$ 175,667	\$ 16,307	\$ 191,974
2010	167,770		167,770
2011	62,911		62,911
2012	62,912		62,912
2013	62,911		62,911
2014-2018	251,647		251,647
Total minimum lease payments	783,818	16,307	800,125
Less interest portion	(118,006)		(118,006)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 665,812</b>	<b>\$ 16,307</b>	<b>\$ 682,119</b>

**NOTE 8 - OPERATING LEASE**

The City leases property under a cancelable operating lease. The 99-year lease expires December 31, 2069. Total costs for the lease were \$500 for the year ended September 30, 2008. The future minimum lease payments for this lease are as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2009	\$ 500
2010	500
2011	500
2012	500
2013	500
2014-2069	28,000
	<b>\$ 30,500</b>

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM**

**Texas Municipal Retirement System**

**Plan Description**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another

# CITY OF RICHMOND, TEXAS

Exhibit A-9

## NOTES TO FINANCIAL STATEMENTS

type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

### Funding Policy

The contribution rate for the employees is 7%, and the City matching ratio is currently two to one, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The projected unit credit actuarial cost method is used for determining the City contribution rate, effective December 2007. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Three year trend information is presented below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual Required Contributions(ARC)	\$ 661,961	\$ 641,602	\$ 582,172
Percentage of ARC Contributed	100%	100%	100%
NPO at the End of Period	\$ 0	\$ 0	\$ 0

Because the actuary determines contribution rates on an annual basis and the City pays the calculated rate each month, the City will always have a net pension obligation (NPO) of zero at the beginning and end of the period, and the annually required contributions (ARC) will always equal contributions made.



# CITY OF RICHMOND, TEXAS

Exhibit A-9

## NOTES TO FINANCIAL STATEMENTS

All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. Actuarial assumptions of the plan follow:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Amortization Period	30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Assumptions:	
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost-of-Living Adjustments	2.1% (3.0% CPI)
City-specific Assumptions:	
Payroll growth assumption	3.0%
Withdrawal rates for male/female	Mid/Mid-High

### Other

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Services Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city's unfunded actuarial accrued liability would have been \$3,153,751 and the funded ratio would have been 80.4%.

**CITY OF RICHMOND, TEXAS**

Exhibit A-9

**NOTES TO FINANCIAL STATEMENTS**

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

**NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following is a summary of interfund balances as of September 30, 2008:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
<b>Due to/from primary government:</b>		
General Fund	Water & Sewer Fund	\$ 1,000,000
		<u>\$ 1,000,000</u>

Amounts booked as due to/from are considered to be temporary loans and will be repaid during the following fiscal year.

For the year ended September 30, 2008, interfund transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Water &amp; Sewer Fund</u>	
Water & Sewer Fund	\$ 1,000,000	\$	\$ 1,000,000
Non-Major Governmental Funds		388,980	388,980
<b>Total Transfers Out</b>	<u>\$ 1,000,000</u>	<u>\$ 388,980</u>	<u>\$ 1,388,980</u>

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

**NOTE 11 - RESERVED FUND BALANCE**

The City has reserved Special Revenue Fund equity in the amount of \$131,575 at September 30, 2008, for general government and parks and recreation purposes.

The City has reserved its Debt Service Fund equity at September 30, 2008, for retirement of long-term indebtedness. This equity totals \$1,003,541.

# **CITY OF RICHMOND, TEXAS**

Exhibit A-9

## **NOTES TO FINANCIAL STATEMENTS**

The City's Capital Projects Fund equity of \$55,429 at September 30, 2008, will be used in subsequent years for capital improvement projects.

### **NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The City has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts for the past three fiscal years.

The City had no material unpaid claims liabilities at the end of the current or prior year.

### **NOTE 13 – DEFICIT NET EQUITY**

As of September 30, 2008, the General fund has a deficit fund balance of \$145,494. This deficit can be attributed to storm related expenditures and other unforeseen expenditures. The City plans to reduce levels of expenditures in the future, in order to restore sufficient reserves.

As of September 30, 2008, the Municipal Court Technology Fund has a deficit fund balance of \$21,844. This deficit can be attributed to the purchase of electronic ticket writers for the police department. The City plans to make an operating transfer to this fund in order to eliminate this deficit.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER THAN MANAGEMENT'S**  
**DISCUSSION AND ANALYSIS**

**CITY OF RICHMOND, TEXAS**

Exhibit B-1

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

**Year Ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes:				
Property	\$ 2,049,289	\$ 2,049,289	\$ 1,978,809	\$ (70,480)
Sales	2,650,000	2,650,000	2,641,250	(8,750)
Franchise	700,000	700,000	770,604	70,604
Licenses and permits	150,000	150,000	140,954	(9,046)
Fines and forfeitures	376,050	376,050	320,317	(55,733)
Fees and charges for services	1,880,000	1,880,000	1,973,729	93,729
Investment earnings	80,000	80,000	36,530	(43,470)
Other	331,596	331,596	318,714	(12,882)
<b>Total Revenues</b>	<u>8,216,935</u>	<u>8,216,935</u>	<u>8,180,907</u>	<u>(36,028)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	1,392,218	1,639,650	1,575,000	64,650
Public safety	5,495,046	5,545,096	5,377,496	167,600
Public works	2,389,594	2,386,747	2,198,603	188,144
Parks and recreation	437,155	437,155	429,448	7,707
<b>Debt Service:</b>				
Principal retirement		36,000	101,278	(65,278)
Interest and fiscal charges	700	4,657	11,853	(7,196)
<b>Total Expenditures</b>	<u>9,714,713</u>	<u>10,049,305</u>	<u>9,693,678</u>	<u>355,627</u>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	(1,497,778)	(1,832,370)	(1,512,771)	319,599
<b><u>Other Financing Sources</u></b>				
Transfers from other funds	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
<b>Total Other Financing Sources</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
<b>Net Change in Fund Balance</b>	(497,778)	(832,370)	(512,771)	319,599
Fund balances - beginning	<u>367,277</u>	<u>367,277</u>	<u>367,277</u>	
<b>Fund (deficits) - Ending</b>	<u>\$ (130,501)</u>	<u>\$ (465,093)</u>	<u>\$ (145,494)</u>	<u>\$ 319,599</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**A. Budgets and Budgetary Accounting**

Annual appropriated budgets are adopted for the General and Debt Service Funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

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.

Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

For the year ended September 30, 2008, budgetary actual expenditures in the Vehicle Maintenance and Public Works Administration departments of the General Fund exceeded budgetary appropriations by \$18,252 and \$2,782, respectively. In addition, debt service expenditures in the General Fund exceeded budgetary appropriations by \$72,474. These expenditures in excess of appropriations were funded by appropriations in excess of expenditures in other departments.

In cooperation with the department heads of the City, the City Manager and Director of Finance prepare an annual budget for the General and Debt Service Funds for the ensuing fiscal year, in a form and style as deemed desirable by Commission. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by applicable bond covenants.

# CITY OF RICHMOND, TEXAS

Exhibit B-3

## SCHEDULE OF FUNDING PROGRESS - TEXAS MUNICIPAL RETIREMENT SYSTEM

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Percentage Funded</b>	<b>Unfunded AAL (UAAL)</b>	<b>Annual Covered Payroll</b>	<b>UAAL As A Percentage of Covered Payroll</b>
12/31/2005	\$ 11,496,017	\$ 14,370,550	80.0%	\$ 2,874,533	\$ 4,593,129	62.6%
12/31/2006	12,160,191	15,192,609	80.0%	3,032,418	4,829,006	62.8%
12/31/2007 *	12,954,882	17,521,261	73.9%	4,566,379	5,279,732	86.5%

\* - New actuarial cost method and assumptions were adopted by the TMRS Board of Trustees at their December 2007 meeting, to be effective for the 12/31/2007 valuation.



**COMBINING AND INDIVIDUAL FUND**  
**STATEMENTS AND SCHEDULES**

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

These special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

**Community Development Block Grant (CDBG) Fund** - This fund is used to account for 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.

**Festivals Fund** - This fund accounts for the receipt and disbursement of monies for festival within the City.

**Park Improvement Fund** - This fund accounts for the intergovernmental revenues and expenditures related to park improvements.

**State Narcotics Fund** - This fund is used to account for receipts and disbursements from state seizures.

**Federal Narcotics Fund** - This fund is used to account for receipts and disbursements from federal seizures.

**Municipal Court Building Security Fund** - This fund is used to account for building security court fee assessments. Expenditures are made solely for building security purposes.

**Municipal Court Technology Fund** - This fund is used to account for technology court fee assessments. Expenditures are made solely for court technology purposes.

### **CAPITAL PROJECTS FUNDS**

These capital projects funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities and are financed principally by capital grants and bond proceeds.

**Ransom Road Substation Fund** - This fund is used to account for the construction of a fire substation located on Ransom Road.

**Highway 359 Substation Fund** - This fund is used to account for the construction of a fire substation located on Highway 359.

**CITY OF RICHMOND, TEXAS**

Exhibit C-1

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2008**

	<b><u>Nonmajor Special Revenue Funds</u></b>	<b><u>Nonmajor Capital Projects Funds</u></b>	<b><u>Total Non-major Governmental Funds</u></b>
<b><u>Assets</u></b>			
Cash	\$ 135,764	\$ 596,736	\$ 732,500
Receivables:			
Accounts	17,655		17,655
Intergovernmental	3,232		3,232
	<u>156,651</u>	<u>596,736</u>	<u>753,387</u>
<b>Total Assets</b>	<b>\$ 156,651</b>	<b>\$ 596,736</b>	<b>\$ 753,387</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts payable	\$ 24,206	\$	\$ 24,206
Deferred revenue	870		870
	<u>25,076</u>		<u>25,076</u>
<b>Total Liabilities</b>	<b>25,076</b>		<b>25,076</b>
<b><u>Fund Balances</u></b>			
<b>Reserved for:</b>			
General government	93,429		93,429
Parks and recreation	38,146		38,146
<b>Unreserved</b>		<u>596,736</u>	<u>596,736</u>
	<u>131,575</u>	<u>596,736</u>	<u>728,311</u>
<b>Total Fund Balances</b>	<b>131,575</b>	<b>596,736</b>	<b>728,311</b>
<b>Total Liabilities and         Fund Balances</b>	<b>\$ 156,651</b>	<b>\$ 596,736</b>	<b>\$ 753,387</b>

**CITY OF RICHMOND, TEXAS**

Exhibit C-2

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

**Year Ended September 30, 2008**

	<b><u>Nonmajor Special Revenue Funds</u></b>	<b><u>Nonmajor Capital Projects Funds</u></b>	<b><u>Total Non-major Governmental Funds</u></b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 10,605	\$	\$ 10,605
Intergovernmental revenue	190,862		190,862
Investment earnings	1,009	16,451	17,460
Other		176,442	176,442
<b>Total Revenues</b>	<b><u>202,476</u></b>	<b><u>192,893</u></b>	<b><u>395,369</u></b>
<b><u>Expenditures</u></b>			
<b>Current:</b>			
Public safety	8,566		8,566
<b>Capital Outlay</b>	<b><u>57,693</u></b>		<b><u>57,693</u></b>
<b>Total Expenditures</b>	<b><u>66,259</u></b>		<b><u>66,259</u></b>
<b>Excess of Revenues Over Expenditures</b>	<b>136,217</b>	<b>192,893</b>	<b>329,110</b>
<b><u>Other Financing (Uses)</u></b>			
Transfers (to) other funds	(388,980)	(250,000)	(638,980)
<b>Total Other Financing (Uses)</b>	<b><u>(388,980)</u></b>	<b><u>(250,000)</u></b>	<b><u>(638,980)</u></b>
<b>Net Change in Fund Balance</b>	<b>(252,763)</b>	<b>(57,107)</b>	<b>(309,870)</b>
Fund Balances, beginning of year	<u>384,338</u>	<u>653,843</u>	<u>1,038,181</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 131,575</u></b>	<b><u>\$ 596,736</u></b>	<b><u>\$ 728,311</u></b>

**CITY OF RICHMOND, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**

**September 30, 2008**

	<b>Community Development Block Grant Fund</b>	<b>TCLEOSE Fund</b>	<b>Festivals Fund</b>	<b>Park Improvement Fund</b>
<b><u>Assets</u></b>				
Cash	\$	\$ 70	\$ 697	\$ 38,146
Receivables:				
Accounts	17,655			
Intergovernmental	870			
<b>Total Assets</b>	<b>\$ 18,525</b>	<b>\$ 70</b>	<b>\$ 697</b>	<b>\$ 38,146</b>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable	\$	\$	\$	\$
Deferred revenue	870			
<b>Total Liabilities</b>	<b>870</b>			
<b><u>Fund Balances</u></b>				
<b>Reserved for:</b>				
General government	17,655	70	697	
Parks and recreation				38,146
<b>Total Fund Balances</b>	<b>17,655</b>	<b>70</b>	<b>697</b>	<b>38,146</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,525</b>	<b>\$ 70</b>	<b>\$ 697</b>	<b>\$ 38,146</b>

Exhibit C-3

<b>State Narcotics Fund</b>	<b>Federal Narcotics Fund</b>	<b>Municipal Court Building Security Fund</b>	<b>Municipal Court Technology Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 35,047	\$ 12,485	\$ 49,319	\$	\$ 135,764
	2,362			17,655
				3,232
<u>\$ 35,047</u>	<u>\$ 14,847</u>	<u>\$ 49,319</u>	<u>\$</u>	<u>\$ 156,651</u>
\$ 2,362	\$	\$	\$ 21,844	\$ 24,206
				870
<u>2,362</u>			<u>21,844</u>	<u>25,076</u>
32,685	14,847	49,319	(21,844)	93,429
				38,146
<u>32,685</u>	<u>14,847</u>	<u>49,319</u>	<u>(21,844)</u>	<u>131,575</u>
<u>\$ 35,047</u>	<u>\$ 14,847</u>	<u>\$ 49,319</u>	<u>\$</u>	<u>\$ 156,651</u>

**CITY OF RICHMOND, TEXAS**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS**

**Year Ended September 30, 2008**

	<b>Community Development Block Grant Fund</b>	<b>TCLEOSE Fund</b>	<b>Festivals Fund</b>	<b>Park Improvement Fund</b>
<b><u>Revenues</u></b>				
Fines and forfeitures	\$	\$	\$	\$
Intergovernmental revenue	186,530	4,332		
Investment earnings			7	498
<b>Total Revenues</b>	<b>186,530</b>	<b>4,332</b>	<b>7</b>	<b>498</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government				
Public safety		6,566		
<b>Capital outlay</b>				
<b>Total Expenditures</b>		<b>6,566</b>		
<b>Excess (Deficiency) Revenues Over (Under) Expenditures</b>	<b>186,530</b>	<b>(2,234)</b>	<b>7</b>	<b>498</b>
<b><u>Other Financing (Uses)</u></b>				
Transfers (to) other funds	(388,980)			
<b>Total Other Financing (Uses)</b>	<b>(388,980)</b>			
<b>Net Change in Fund Balance</b>	<b>(202,450)</b>	<b>(2,234)</b>	<b>7</b>	<b>498</b>
Fund Balances, beginning of year	220,105	2,304	690	37,648
<b>Fund Balances, End of Year</b>	<b>\$ 17,655</b>	<b>\$ 70</b>	<b>\$ 697</b>	<b>\$ 38,146</b>



<b>State Narcotics Fund</b>	<b>Federal Narcotics Fund</b>	<b>Municipal Court Building Security Fund</b>	<b>Municipal Court Technology Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$	\$	\$ 4,548	\$ 6,057	\$ 10,605
461	43			190,862
<u>461</u>	<u>43</u>	<u>4,548</u>	<u>6,057</u>	<u>1,009</u>
				<u>202,476</u>
2,000				8,566
		17,039	40,654	57,693
<u>2,000</u>		<u>17,039</u>	<u>40,654</u>	<u>66,259</u>
(1,539)	43	(12,491)	(34,597)	136,217
				(388,980)
				<u>(388,980)</u>
(1,539)	43	(12,491)	(34,597)	(252,763)
34,224	14,804	61,810	12,753	384,338
<u>\$ 32,685</u>	<u>\$ 14,847</u>	<u>\$ 49,319</u>	<u>\$ (21,844)</u>	<u>\$ 131,575</u>

**CITY OF RICHMOND, TEXAS**

Exhibit C-5

**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**

**September 30, 2008**

	<b><u>Ransom Road Substation Fund</u></b>	<b><u>Highway 359 Substation Fund</u></b>	<b><u>Total Non-major Capital Projects Funds</u></b>
<b><u>Assets</u></b>			
Cash	\$ 80,097	\$ 516,639	\$ 596,736
<b>Total Assets</b>	<b>\$ 80,097</b>	<b>\$ 516,639</b>	<b>\$ 596,736</b>
 <b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts payable	\$	\$	\$
<b>Total Liabilities</b>			
<b><u>Fund Balances</u></b>			
Unreserved	80,097	516,639	596,736
<b>Total Fund Balances</b>	<b>80,097</b>	<b>516,639</b>	<b>596,736</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 80,097</b>	<b>\$ 516,639</b>	<b>\$ 596,736</b>

**CITY OF RICHMOND, TEXAS**

Exhibit C-6

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS**

**Year Ended September 30, 2008**

	<b>Ransom Road Substation Fund</b>	<b>Highway 359 Substation Fund</b>	<b>Total Non-major Capital Projects Funds</b>
<b><u>Revenues</u></b>			
Investment earnings	\$ 1,042	\$ 15,409	\$ 16,451
Other		176,442	176,442
<b>Total Revenues</b>	<b>1,042</b>	<b>191,851</b>	<b>192,893</b>
<b><u>Expenditures</u></b>			
Capital outlay			
<b>Total Expenditures</b>			
<b><u>Other Financing (Uses)</u></b>			
Transfers (out)		(250,000)	(250,000)
<b>Total Other Financing (Uses)</b>		<b>(250,000)</b>	<b>(250,000)</b>
<b>Net Change in Fund Balances</b>	<b>1,042</b>	<b>(58,149)</b>	<b>(57,107)</b>
Fund Balances, beginning of year	79,055	574,788	653,843
<b>Fund Balances, End of Year</b>	<b>\$ 80,097</b>	<b>\$ 516,639</b>	<b>\$ 596,736</b>

**CITY OF RICHMOND, TEXAS**

Exhibit C-7

**COMPARATIVE BALANCE SHEETS**  
**GENERAL FUND**

**September 30, 2008 and 2007**

	<b><u>2008</u></b>	<b><u>2007</u></b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 613,336	\$ 1,236,669
Receivables:		
Taxes	816,430	766,042
Accounts	<u>261,888</u>	<u>252,763</u>
<b>Total Assets</b>	<b><u>\$ 1,691,654</u></b>	<b><u>\$ 2,255,474</u></b>
 <b><u>Liabilities and Equity</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and accrued liabilities	\$ 609,063	\$ 660,796
Due to other funds	1,000,000	1,000,000
Deferred revenue	<u>228,085</u>	<u>227,401</u>
<b>Total Liabilities</b>	<b><u>1,837,148</u></b>	<b><u>1,888,197</u></b>
 <b><u>Equity</u></b>		
<b>Fund Balance (Deficit):</b>		
Unreserved and undesignated	<u>(145,494)</u>	<u>367,277</u>
<b>Total Equity</b>	<b><u>(145,494)</u></b>	<b><u>367,277</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$ 1,691,654</u></b>	<b><u>\$ 2,255,474</u></b>

# CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 1 of 3

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

Year Ended September 30, 2008  
with Comparative Actual Balances for the Year Ended September 30, 2007

	2008		Variance with Final Budget	2007 Actual
	Budget	Actual		
<b>Revenues</b>				
Property taxes	\$ 2,049,289	\$ 1,978,809	\$ (70,480)	\$ 1,776,443
Sales taxes	2,650,000	2,641,250	(8,750)	2,584,512
Franchise taxes	700,000	770,604	70,604	622,081
Licenses and permits	150,000	140,954	(9,046)	264,546
Fines and forfeitures	376,050	320,317	(55,733)	375,328
Fees and charges for services	1,880,000	1,973,729	93,729	1,689,441
Intergovernmental				16,817
Investment earnings	80,000	36,530	(43,470)	98,487
Other	331,596	318,714	(12,882)	206,425
<b>Total Revenues</b>	<b>8,216,935</b>	<b>8,180,907</b>	<b>(36,028)</b>	<b>7,634,080</b>
<b>Expenditures</b>				
<b>City Administration:</b>				
Personnel services	395,032	380,319	14,713	354,039
Supplies	16,360	15,652	708	10,112
Repairs and maintenance	67,250	12,576	54,674	11,412
Other services and charges	434,327	469,600	(35,273)	401,845
Capital outlay	194,455	194,457	(2)	133,693
<b>Total City Administration</b>	<b>1,107,424</b>	<b>1,072,604</b>	<b>34,820</b>	<b>911,101</b>
<b>Vehicle Maintenance:</b>				
Personnel services	101,385	121,749	(20,364)	91,922
Supplies	17,850	15,419	2,431	8,823
Repairs and maintenance	4,000	2,325	1,675	4,967
Other services and charges	7,250	9,244	(1,994)	7,236
<b>Total Vehicle Maintenance</b>	<b>130,485</b>	<b>148,737</b>	<b>(18,252)</b>	<b>112,948</b>
<b>Janitorial:</b>				
Personnel services	72,913	71,640	1,273	69,418
Supplies	5,880	2,435	3,445	1,847
Repairs and maintenance	200		200	359
Other services and charges	3,200		3,200	
<b>Total Janitorial</b>	<b>82,193</b>	<b>74,075</b>	<b>8,118</b>	<b>71,624</b>

# CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 2 of 3

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

Year Ended September 30, 2008  
with Comparative Actual Balances for the Year Ended September 30, 2007

	2008		Variance with Final Budget	2007 Actual
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Municipal Court:</b>				
Personnel services	185,489	172,171	13,318	162,736
Supplies	7,150	6,952	198	6,857
Repairs and maintenance	3,600	7,393	(3,793)	4,777
Other services and charges	123,309	93,068	30,241	119,150
<b>Total Municipal Court</b>	<b>319,548</b>	<b>279,584</b>	<b>39,964</b>	<b>293,520</b>
<b>Total General Government</b>	<b>1,639,650</b>	<b>1,575,000</b>	<b>64,650</b>	<b>1,389,193</b>
<b>Public Safety:</b>				
<b>Police:</b>				
Personnel services	2,503,439	2,326,502	176,937	2,334,170
Supplies	163,300	164,559	(1,259)	127,534
Repairs and maintenance	43,556	20,595	22,961	39,774
Other services and charges	103,925	96,471	7,454	92,575
Capital outlay	101,542	187,053	(85,511)	165,210
<b>Total Police</b>	<b>2,915,762</b>	<b>2,795,180</b>	<b>120,582</b>	<b>2,759,263</b>
<b>Fire:</b>				
Personnel services	2,062,262	1,970,714	91,548	1,805,390
Supplies	210,050	215,776	(5,726)	219,258
Repairs and maintenance	79,500	96,669	(17,169)	90,744
Other services and charges	130,750	123,012	7,738	121,886
Capital outlay	146,772	176,145	(29,373)	63,858
<b>Total Fire</b>	<b>2,629,334</b>	<b>2,582,316</b>	<b>47,018</b>	<b>2,301,136</b>
<b>Total Public Safety</b>	<b>5,545,096</b>	<b>5,377,496</b>	<b>167,600</b>	<b>5,060,399</b>
<b>Public Works:</b>				
<b>Streets/Sanitation:</b>				
Personnel services	515,830	509,467	6,363	471,313
Supplies	308,800	192,638	116,162	198,100
Repairs and maintenance	28,000	23,160	4,840	35,077
Other services and charges	1,329,085	1,278,567	50,518	1,180,715
Capital outlay	13,043		13,043	85,409
<b>Total Streets/Sanitation</b>	<b>2,194,758</b>	<b>2,003,832</b>	<b>190,926</b>	<b>1,970,614</b>

# CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 3 of 3

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

**Year Ended September 30, 2008****with Comparative Actual Balances for the Year Ended September 30, 2007**

	2008		Variance with Final Budget	2007 Actual
	Budget	Actual		
<b><u>Expenditures (continued)</u></b>				
<b>Administration:</b>				
Personnel services	158,241	166,252	(8,011)	155,801
Supplies	11,850	10,496	1,354	11,174
Repairs and maintenance	5,200	5,962	(762)	1,838
Other services and charges	11,650	12,061	(411)	13,779
Capital outlay	5,048		5,048	
<b>Total Administration</b>	<u>191,989</u>	<u>194,771</u>	<u>(2,782)</u>	<u>182,592</u>
<b>Total Public Works</b>	<u>2,386,747</u>	<u>2,198,603</u>	<u>188,144</u>	<u>2,153,206</u>
<b>Parks:</b>				
Personnel services	306,030	285,167	20,863	243,914
Supplies	32,600	42,048	(9,448)	29,057
Repairs and maintenance	10,000	7,815	2,185	7,084
Other services and charges	35,525	48,901	(13,376)	17,774
Capital outlay	53,000	45,517	7,483	67,324
<b>Total Parks</b>	<u>437,155</u>	<u>429,448</u>	<u>7,707</u>	<u>365,153</u>
<b>Debt Service:</b>				
Principal	36,000	101,278	(65,278)	98,702
Interest and fiscal charges	4,657	11,853	(7,196)	15,738
<b>Total Debt Service</b>	<u>40,657</u>	<u>113,131</u>	<u>(72,474)</u>	<u>114,440</u>
<b>Total Expenditures</b>	<u>10,049,305</u>	<u>9,693,678</u>	<u>355,627</u>	<u>9,082,391</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,832,370)</u>	<u>(1,512,771)</u>	<u>319,599</u>	<u>(1,448,311)</u>
<b><u>Other Financing Sources</u></b>				
Transfers from other funds	<u>1,000,000</u>	<u>1,000,000</u>		<u>1,000,000</u>
<b>Total Other Financing Sources</b>	<u>1,000,000</u>	<u>1,000,000</u>		<u>1,000,000</u>
<b>Net Change in Fund Balance</b>	(832,370)	(512,771)	319,599	(448,311)
Fund balances - Beginning	<u>367,277</u>	<u>367,277</u>		<u>815,588</u>
<b>Fund (deficit) - Ending</b>	<u>\$ (465,093)</u>	<u>\$ (145,494)</u>	<u>\$ 319,599</u>	<u>\$ 367,277</u>

**CITY OF RICHMOND, TEXAS**

Exhibit C-9

**COMPARATIVE BALANCE SHEETS**  
**DEBT SERVICE FUND**

**September 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,003,541	\$ 987,002
<b>Receivables:</b>		
Property taxes	<u>129,856</u>	<u>112,324</u>
<b>Total Assets</b>	<u><u>\$ 1,133,397</u></u>	<u><u>\$ 1,099,326</u></u>
 <b><u>Liabilities and Fund Balance</u></b>		
<b><u>Liabilities</u></b>		
Deferred revenue	<u>\$ 129,856</u>	<u>\$ 112,324</u>
<b>Total Liabilities</b>	<u>129,856</u>	<u>112,324</u>
 <b><u>Fund Balance</u></b>		
<b>Reserved:</b>		
Debt service	<u>1,003,541</u>	<u>987,002</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 1,133,397</u></u>	<u><u>\$ 1,099,326</u></u>



**CITY OF RICHMOND, TEXAS**

Exhibit C-10

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

**Year Ended September 30, 2008  
with Comparative Actual Balances for the Year Ended September 30, 2007**

	2008			
	Final Budget	Actual	Variance with Final Budget	2007 Actual
<b><u>Revenues</u></b>				
<b>Property Taxes and Penalties</b>				
Property taxes	\$ 853,385	\$ 835,108	\$ (18,277)	\$ 868,761
Penalties and interest		22,197	22,197	23,652
	853,385	857,305	3,920	892,413
<b>Other Revenues</b>				
Investment earnings		14,668	14,668	30,668
<b>Total Revenues</b>	853,385	871,973	18,588	923,081
<b><u>Expenditures</u></b>				
<b>Debt Service:</b>				
Principal retirement	550,000	550,000		535,000
Interest and fiscal agent fees	303,385	305,434	(2,049)	329,908
<b>Total Expenditures</b>	853,385	855,434	(2,049)	864,908
<b>Excess of Revenues Over Expenditures</b>				
		16,539	16,539	58,173
<b>Change in Fund Balance</b>		16,539	16,539	58,173
Fund Balance - beginning	987,002	987,002		928,829
<b>Fund Balance - Ending</b>	\$ 987,002	\$ 1,003,541	\$ 16,539	\$ 987,002

**CITY OF RICHMOND, TEXAS**

Exhibit C-11

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DISCRETELY PRESENTED COMPONENT UNITS**

**September 30, 2008**

	<b>Development Corporation of Richmond</b>	<b>Richmond Higher Education Finance Corporation</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 2,991,144	\$ 995
Sales tax receivable	163,180	
<b>Total Assets</b>	<b>\$ 3,154,324</b>	<b>\$ 995</b>
 <b><u>Liabilities and Fund Balances</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and accrued liabilities	\$ 11,315	\$
<b>Total Liabilities</b>	<b>11,315</b>	
 <b><u>Fund Balances</u></b>		
Fund Balances:		
Reserved for economic development	3,143,009	995
<b>Total Fund Balances</b>	<b>3,143,009</b>	<b>995</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,154,324</b>	<b>\$ 995</b>
 <b>Reconciliation of Fund Balance to Net Assets:</b>		
Fund balance	\$ 3,143,009	\$ 995
Less accrued interest payable	(2,501)	
Less revenue bonds payable	(780,000)	
<b>Net Assets</b>	<b>\$ 2,360,508</b>	<b>\$ 995</b>

**CITY OF RICHMOND, TEXAS**

Exhibit C-12

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
DISCRETELY PRESENTED COMPONENT UNITS**

**For the Year Ended September 30, 2008**

	<b><u>Development Corporation of Richmond</u></b>	<b><u>Richmond Higher Education Finance Corporation</u></b>
<b><u>Revenues</u></b>		
Taxes:		
Sales	\$ 878,421	\$
Investment earnings	39,720	
<b>Total Revenues</b>	<b>918,141</b>	
<b><u>Expenditures</u></b>		
<b>Current:</b>		
General government	272,067	5
<b>Debt Service:</b>		
Principal retirement	175,000	
Interest and fiscal charges	39,912	
<b>Total Expenditures</b>	<b>486,979</b>	<b>5</b>
<b>Net Change in Fund Balance</b>	<b>431,162</b>	<b>(5)</b>
Fund balances - beginning	2,711,847	1,000
<b>Fund Balances - Ending</b>	<b>\$ 3,143,009</b>	<b>\$ 995</b>
<b>Reconciliation of Change in Fund Balance to Change in Net Assets:</b>		
Change in fund balance	\$ 431,162	\$ (5)
Add principal payments	175,000	
Add change in interest payable	1,080	
<b>Change in Net Assets</b>	<b>\$ 607,242</b>	<b>\$ (5)</b>

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## **STATISTICAL SECTION**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	75
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	82
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	86
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.	
<b>Demographic and Economic Information</b>	90
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	
<b>Operating Information</b>	93
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.	

**Sources** - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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**CITY OF RICHMOND, TEXAS**

Table 1

**NET ASSETS BY COMPONENT**

**Last Five Fiscal Years \***  
**(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 978,271	\$ 1,660,627	\$ 2,310,521	\$ 2,994,065	\$ 4,642,399
Restricted	1,914,429	2,171,976	3,604,616	2,855,032	1,762,875
Unrestricted	662,787	530,074	829,468	307,372	(196,829)
<b>Total Governmental Activities Net Assets</b>	<u>\$ 3,555,487</u>	<u>\$ 4,362,677</u>	<u>\$ 6,744,605</u>	<u>\$ 6,156,469</u>	<u>\$ 6,208,445</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	\$ 8,230,967	\$ 9,473,994	\$ 11,467,756	\$ 15,983,002	\$ 17,385,386
Restricted	7,013,460	6,335,495	5,772,531	5,216,556	5,267,574
Unrestricted	3,585,953	4,296,760	3,583,768	4,359,734	4,697,280
<b>Total Business-type Activities Net Assets</b>	<u>18,830,380</u>	<u>20,106,249</u>	<u>20,824,055</u>	<u>25,559,292</u>	<u>27,350,240</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 9,209,238	\$ 11,134,621	\$ 13,778,277	\$ 18,977,067	\$ 22,027,785
Restricted	8,927,889	8,507,471	9,377,147	8,071,588	7,030,449
Unrestricted	4,248,740	4,826,834	4,413,236	4,667,106	4,500,451
<b>Total Primary Government Net Assets</b>	<u>\$ 22,385,867</u>	<u>\$ 24,468,926</u>	<u>\$ 27,568,660</u>	<u>\$ 31,715,761</u>	<u>\$ 33,558,685</u>

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 2 (Page 1 of 2)

**CHANGES IN NET ASSETS**

**Last Five Fiscal Years \***  
**(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 1,094,640	\$ 1,120,885	\$ 1,306,839	\$ 1,000,624	\$ 1,407,963
Public works	1,971,723	2,035,111	2,179,577	2,323,954	2,400,975
Parks and recreation	332,545	381,381	348,408	672,936	478,634
Public safety	3,807,968	4,427,390	4,454,284	5,182,983	5,385,184
Interest and fiscal agent fees on long-term debt	376,126	380,647	372,282	341,734	337,848
<b>Total Governmental Activities Expenses</b>	<u>7,583,002</u>	<u>8,345,414</u>	<u>8,661,390</u>	<u>9,522,231</u>	<u>10,010,604</u>
<b>Business-type activities</b>					
Water and sewer	2,225,148	2,648,085	3,084,278	3,292,781	3,841,501
<b>Total Business-type Activities Expenses</b>	<u>2,225,148</u>	<u>2,648,085</u>	<u>3,084,278</u>	<u>3,292,781</u>	<u>3,841,501</u>
<b>Total Primary Government Expenses</b>	<u>\$ 9,808,150</u>	<u>\$ 10,993,499</u>	<u>\$ 11,745,668</u>	<u>\$ 12,815,012</u>	<u>\$ 13,852,105</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for services					
Public works	\$ 992,400	\$ 1,063,484	\$ 1,130,039	\$ 1,396,379	\$ 1,477,147
Public safety	946,011	893,814	872,626	941,972	955,124
Operating grants and contributions	699,672	411,705	494,492	446,615	188,911
Capital grants and contributions		170,000	219,000	370,063	
<b>Total Governmental Activities Program Revenues</b>	<u>2,638,083</u>	<u>2,539,003</u>	<u>2,716,157</u>	<u>3,155,029</u>	<u>2,621,182</u>
<b>Business-type Activities</b>					
Charges for services:					
Water	4,391,726	4,166,798	3,014,573	3,261,554	3,645,654
Sewer	N/A	N/A	2,614,943	2,867,084	2,405,130
Capital grants and contributions		242,337	311,207	1,000,000	
<b>Total Business-type Activities Program Revenues</b>	<u>4,391,726</u>	<u>4,409,135</u>	<u>5,940,723</u>	<u>7,128,638</u>	<u>6,050,784</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 7,029,809</u>	<u>\$ 6,948,138</u>	<u>\$ 8,656,880</u>	<u>\$ 10,283,667</u>	<u>\$ 8,671,966</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (4,944,919)	\$ (5,806,411)	\$ (5,945,233)	\$ (6,367,202)	\$ (7,389,422)
Business-type activities	2,166,578	1,761,050	2,856,445	3,835,857	2,209,283
<b>Total Primary Government Net Expense</b>	<u>\$ (2,778,341)</u>	<u>\$ (4,045,361)</u>	<u>\$ (3,088,788)</u>	<u>\$ (2,531,345)</u>	<u>\$ (5,180,139)</u>



**CITY OF RICHMOND, TEXAS**

Table 2 (Page 2 of 2)

**CHANGES IN NET ASSETS**

**Last Five Fiscal Years \***  
**(accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities</b>					
Taxes					
Property taxes	\$ 2,084,818	\$ 2,238,096	\$ 2,441,549	\$ 2,645,995	\$ 2,854,330
Sales taxes	2,021,523	2,271,727	2,608,362	2,584,512	2,641,250
Franchise taxes	555,889	541,607	746,044	622,081	770,604
Investment earnings	2,933	118,373	121,315	172,436	69,038
Miscellaenous				345,070	495,156
Transfers	1,256,215	1,443,798	2,301,762	(591,028)	611,020
<b>Total Governmental Activities</b>	<u>5,921,378</u>	<u>6,613,601</u>	<u>8,219,032</u>	<u>5,779,066</u>	<u>7,441,398</u>
<b>Business-type Activities</b>					
Investment earnings	54,727	22,548	271,252	308,352	192,685
Transfers	(1,256,215)	(1,443,798)	(2,301,762)	591,028	(611,020)
<b>Total Business-type Activities</b>	<u>(1,201,488)</u>	<u>(1,421,250)</u>	<u>(2,030,510)</u>	<u>899,380</u>	<u>(418,335)</u>
<b>Total Primary Government</b>	<u>\$ 4,719,890</u>	<u>\$ 5,192,351</u>	<u>\$ 6,188,522</u>	<u>\$ 6,678,446</u>	<u>\$ 7,023,063</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 976,459	\$ 807,190	\$ 2,273,799	\$ (588,136)	\$ 51,976
Business-type activities	965,090	339,800	825,935	4,735,237	1,790,948
<b>Total Primary Government</b>	<u>\$ 1,941,549</u>	<u>\$ 1,146,990</u>	<u>\$ 3,099,734</u>	<u>\$ 4,147,101</u>	<u>\$ 1,842,924</u>

\* The requirement for statistical data is ten years; only five years are available at this time.

N/A - Prior to 2006, governmental activities charges for services revenue is not available by source.

# CITY OF RICHMOND, TEXAS

Table 3

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Five Fiscal Years \*  
(accrual basis of accounting)

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Property taxes	\$ 2,084,818	\$ 2,238,096	\$ 2,441,549	\$ 2,645,995	\$ 2,854,330
Sales taxes	2,021,523	2,271,727	2,608,362	2,584,512	2,641,250
Franchise taxes	555,889	541,607	746,044	622,081	770,604
<b>Total</b>	<u>\$ 4,662,230</u>	<u>\$ 5,051,430</u>	<u>\$ 5,795,955</u>	<u>\$ 5,852,588</u>	<u>\$ 6,266,184</u>

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 4

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Five Fiscal Years \***  
**(modified accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>					
Unreserved	\$ 471,563	\$ 497,091	\$ 815,588	\$ 367,277	\$ (145,494)
<b>Total General Fund</b>	<u>\$ 471,563</u>	<u>\$ 497,091</u>	<u>\$ 815,588</u>	<u>\$ 367,277</u>	<u>\$ (145,494)</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ 1,947,700	\$ 2,202,734	\$ 3,526,735	\$ 2,227,525	\$ 1,190,545
Unreserved, reported in:					
Nonmajor governmental funds				653,843	596,736
<b>Total All Other Governmental Funds</b>	<u>\$ 1,947,700</u>	<u>\$ 2,202,734</u>	<u>\$ 3,526,735</u>	<u>\$ 2,881,368</u>	<u>\$ 1,787,281</u>

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 5

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Five Fiscal Years \***  
**(modified accrual basis of accounting)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Taxes	\$ 4,608,532	\$ 5,062,256	\$ 5,804,159	\$ 5,875,449	\$ 6,247,968
Licenses and permits	102,916	108,204	120,410	264,546	140,954
Fines and forfeitures	390,798	452,873	377,600	389,364	330,922
Fees and charges for services	889,484	1,396,221	1,504,656	1,689,441	1,973,729
Intergovernmental	698,857	352,946	169,482	441,615	190,862
Investment earnings	2,933	118,373	121,315	172,436	69,038
Other revenues	556,028	228,759	325,009	345,070	495,156
<b>Total Revenues</b>	<u>7,249,548</u>	<u>7,719,632</u>	<u>8,422,631</u>	<u>9,177,921</u>	<u>9,448,629</u>
<b>Expenditures</b>					
General government	1,399,135	1,093,884	1,289,536	1,413,237	1,575,000
Public safety	3,777,023	4,084,857	4,341,840	5,067,779	5,386,062
Public works	1,781,330	1,586,158	1,908,356	2,153,206	2,198,603
Parks and recreation	256,454	300,714	282,158	661,921	429,448
Capital outlay	247,577	1,399,095	260,975	13,209	1,045,918
Debt service					
Principal	480,000	515,000	626,238	633,702	691,698
Interest and fiscal charges	374,743	383,160	372,792	345,646	339,778
<b>Total Expenditures</b>	<u>8,316,262</u>	<u>9,362,868</u>	<u>9,081,895</u>	<u>10,288,700</u>	<u>11,666,507</u>
<b>(Deficiency) of Revenues</b>					
<b>(Under) Expenditures</b>	(1,066,714)	(1,643,236)	(659,264)	(1,110,779)	(2,217,878)
<b>Other Financing Sources (Uses)</b>					
Bonds issued	530,000				
Capital leases	50,697	480,000		500,000	
Transfers in	1,320,740	1,443,798	2,312,009	1,000,000	1,250,000
Transfers out	(64,525)		(10,247)	(1,591,028)	(638,980)
<b>Total Other Financing Sources (Uses)</b>	<u>1,836,912</u>	<u>1,923,798</u>	<u>2,301,762</u>	<u>(91,028)</u>	<u>611,020</u>
<b>Net Change in Fund Balances</b>	<u>\$ 770,198</u>	<u>\$ 280,562</u>	<u>\$ 1,642,498</u>	<u>\$ (1,201,807)</u>	<u>\$ (1,606,858)</u>
Debt service as a percentage of noncapital expenditures	10.6%	11.3%	11.3%	9.5%	10.4%

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 6

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

**Last Five Fiscal Years \***  
**(modified accrual basis of accounting)**

<b><u>Function</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
Property taxes	\$ 2,031,120	\$ 2,248,922	\$ 2,449,753	\$ 2,668,856	\$ 2,836,114
Sales taxes	2,021,523	2,271,727	2,608,362	2,584,512	2,641,250
Franchise taxes	555,889	541,607	746,044	622,081	770,604
<b>Total</b>	<b>\$ 4,608,532</b>	<b>\$ 5,062,256</b>	<b>\$ 5,804,159</b>	<b>\$ 5,875,449</b>	<b>\$ 6,247,968</b>

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 7

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended Sept. 30,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Less: Tax-Exempt Real Property</b>	<b>Total Taxable Assessed Value (1)</b>	<b>Total Direct Tax Rate</b>
1999	\$ 146,711,895	\$ 106,412,975	\$ 33,697,320	\$ 86,483,944	\$ 200,338,246	\$ 0.74350
2000	122,729,630	138,093,325	46,993,380	88,721,985	219,094,350	0.79000
2001	132,769,175	143,196,915	47,064,850	93,339,379	229,691,561	0.79000
2002	139,594,515	146,682,525	74,659,324	117,592,376	243,343,988	0.79000
2003	142,585,950	147,513,215	70,023,180	114,752,362	245,369,983	0.79000
2004	153,915,155	150,821,915	71,030,722	117,592,624	258,175,168	0.79000
2005	163,279,425	159,521,405	69,132,387	117,990,409	273,942,808	0.79000
2006	180,924,040	174,946,815	73,487,307	128,237,791	301,120,371	0.79000
2007	181,800,785	215,023,230	73,325,583	139,762,146	330,387,452	0.79000
2008	206,216,948	243,063,627	81,043,685	173,417,360	356,906,900	0.79000

Source - Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$100 of assessed value.

**CITY OF RICHMOND, TEXAS**

Table 8

**PROPERTY TAX RATES -  
DIRECT AND OVERLAPPING GOVERNMENTS**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates (1)</u>		<u>Total</u>
		<u>City of Richmond</u>	<u>Lamar CISD</u>	<u>Fort Bend County</u>	
<u>Tax Rates (*)</u>					
1999	1998	\$ 0.74350	\$ 1.59000	\$ 0.62410	\$ 2.95760
2000	1999	0.79000	1.62680	0.62410	3.04090
2001	2000	0.79000	1.65128	0.60410	3.04538
2002	2001	0.79000	1.66450	0.56410	3.01860
2003	2002	0.79000	1.66450	0.53874	2.99324
2004	2003	0.79000	1.69760	0.52374	3.01134
2005	2004	0.79000	1.69760	0.52374	3.01134
2006	2005	0.79000	1.54770	0.51674	2.85444
2007	2006	0.79000	1.54770	0.51674	2.85444
2008	2007	0.79000	1.29765	0.51674	2.60439

**Source** - Tax Department records of the various taxing authorities.

(\*) Per \$100 of assessed valuation.

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

**CITY OF RICHMOND, TEXAS**

Table 9

**PRINCIPAL PROPERTY TAXPAYERS**

**Current Year and Six Years Ago**

<b>Taxpayer</b>	<b>2008</b>			<b>2002</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>% of Total Taxable Assessed Value</b>
Wal-Mart Real Estate Business	\$ 9,652,360	1	2.70 %	\$ 7,191,670	2	2.95 %
Wal-Mart Texas Stores, LP	8,781,340	2	2.46	6,124,830	4	2.51
Archer Daniel Midland Co	6,919,320	3	1.94	12,484,310	1	5.12
Hunter, Clayton, LLC	6,607,030	4	1.85	1,672,260	9	0.69
Matrix Metals, LLC	6,056,930	5	1.70	6,578,060	3	2.70
Heritage Country Club Place, LP	5,300,820	6	1.49	4,621,560	5	1.90
Polly Ryon Hospital Authority	4,939,510	7	1.38	3,883,180	7	1.59
CenterPoint Energy Inc	4,112,800	8	1.15	4,238,310	6	1.74
Golfview Holdings LLC	3,406,350	9	0.95			
Southern Cotton Oil Co	2,607,350	10	0.73	1,821,830	8	0.75
Hobbs & Curry FLP				1,500,040	10	0.62
Subtotal	58,383,810		16.36	50,116,050		20.57
Other taxpayers	298,523,090		83.64	193,563,938		79.43
Total	<u>\$ 356,906,900</u>		<u>100.00</u>	<u>\$ 243,679,988</u>		<u>100.00</u>

\* The requirement for statistical data is ten years; only six years are available at this time.

Source - Tax assessor/collector's records.



**CITY OF RICHMOND, TEXAS**

Table 10

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Total Tax Levy and Adjust.</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
1999	\$ 0.74350	\$ 1,489,515	\$ 1,419,544	95.30 %	\$ 57,953	\$ 1,477,497	99.19 %
2000	0.79000	1,727,739	1,644,779	95.20	69,816	1,714,595	99.24
2001	0.79000	1,811,655	1,723,297	95.12	74,375	1,797,672	99.23
2002	0.79000	1,921,823	1,843,405	95.92	61,810	1,905,215	99.14
2003	0.79000	1,938,277	1,858,610	95.89	59,808	1,918,418	98.98
2004	0.79000	2,042,786	1,906,316	93.32	117,298	2,023,614	99.06
2005	0.79000	2,164,150	2,035,724	94.07	104,683	2,140,407	98.90
2006	0.79000	2,378,721	2,287,241	96.15	59,283	2,346,524	98.65
2007	0.79000	2,587,548	2,506,050	96.85	36,310	2,542,360	98.25
2008	0.79000	2,819,564	2,707,816	96.04		2,707,816	96.04

Source - Tax assessor/collector's records.

**CITY OF RICHMOND, TEXAS**

Table 11

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**Last Five Fiscal Years \***

<b>Fiscal Year Ended Sept. 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	<b>% of Personal Income</b>	<b>Per Capita **</b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Certificates of Obligation</b>	<b>Capital Leases</b>			
2004	\$ 8,245,000	\$ 46,870	\$ 3,055,000	\$	\$ 11,346,870	n/a	\$ 867
2005	7,730,000	517,407	2,905,000	39,194	11,191,601	n/a	833
2006	7,200,000	416,232	2,755,000	75,663	10,446,895	n/a	758
2007	6,665,000	812,374	2,605,000	46,301	10,128,675	n/a	705
2008	6,115,000	665,812	2,455,000	16,307	9,252,119	n/a	690

n/a - information not available.

**Source** - Tax assessor/collector's records.

\* The requirement for statistical data is ten years; only five years are available at this time.

\*\* See the Schedule of Demographic and Economic Statistics (Table 15) for population data.

**CITY OF RICHMOND, TEXAS**

Table 12

**RATIO OF NET GENERAL BONDED DEBT OUTSTANDING**

**Last Five Fiscal Years \***

<b><u>Fiscal Year Ended Sept. 30,</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less: Amounts Available in Debt Service Fund (1)</u></b>	<b><u>Total</u></b>	<b><u>% of Estimated Actual Taxable Value of Property</u></b>	<b><u>Per Capita</u></b>
2004	\$ 8,245,000	\$ 845,532	\$ 7,399,468	2.87%	\$ 565
2005	7,730,000	893,724	6,836,276	2.50%	509
2006	7,200,000	928,829	6,271,171	2.08%	455
2007	6,665,000	987,002	5,677,998	1.72%	395
2008	6,115,000	1,003,541	5,111,459	1.43%	381

(1) Amounts available in debt service fund are legally restricted for the repayment of principal.

\* The requirement for statistical data is ten years; only five years are available at this time.

# CITY OF RICHMOND, TEXAS

Table 13

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>City of Richmond Share of Debt</u>
Lamar CISD	\$ 486,975,697	4.99 %	\$ 24,300,087
Fort Bend County	357,140,000	1.14	4,071,396
Subtotal, overlapping debt			28,371,483
<b>City Direct Debt</b>			<u>7,190,088</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 35,561,571</u></u>

Source - RBC Dain Rauscher.

**Note** - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

**CITY OF RICHMOND, TEXAS**

Table 14

**LEGAL DEBT MARGIN INFORMATION**

**Last Five Fiscal Years \***

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 25,817,517	\$ 27,394,281	\$ 30,112,037	\$ 33,038,745	\$ 35,690,690
Total net debt applicable to limit	<u>7,399,468</u>	<u>6,836,276</u>	<u>6,271,171</u>	<u>5,677,998</u>	<u>5,111,459</u>
Legal debt margin	<u>\$ 18,418,049</u>	<u>\$ 20,558,005</u>	<u>\$ 23,840,866</u>	<u>\$ 27,360,747</u>	<u>\$ 30,579,231</u>
Total net debt applicable to the limit as a percentage of debt limit	40.18%	33.25%	26.30%	20.75%	16.72%

**Legal Debt Margin Calculation by Fiscal Year**

Assessed value	\$ 258,175,168	\$ 273,942,808	\$ 301,120,371	\$ 330,387,452	\$ 356,906,900
Debt limit (10% of assessed value)	25,817,517	27,394,281	30,112,037	33,038,745	35,690,690
Debt applicable to limit:					
General obligation bonds	8,245,000	7,730,000	7,200,000	6,665,000	6,115,000
Less: amount set aside for repayment of general obligation debt	<u>(845,532)</u>	<u>(893,724)</u>	<u>(928,829)</u>	<u>(987,002)</u>	<u>(1,003,541)</u>
Total net debt applicable to limit	<u>7,399,468</u>	<u>6,836,276</u>	<u>6,271,171</u>	<u>5,677,998</u>	<u>5,111,459</u>
Legal debt margin	<u>\$ 18,418,049</u>	<u>\$ 20,558,005</u>	<u>\$ 23,840,866</u>	<u>\$ 27,360,747</u>	<u>\$ 30,579,231</u>

**Note** - Under state finance law, the City of Richmond's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

\* The requirement for statistical data is ten years; only five years are available at this time.

# CITY OF RICHMOND, TEXAS

Table 15

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### Last Ten Fiscal Years

<u>Fiscal Year Ended Sept. 30,</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1999	10,197	\$ n/a	\$ n/a	29	1,447	n/a
2000	11,081	n/a	n/a	30	1,458	3.6%
2001	11,965	n/a	n/a	30	1,390	4.1%
2002	12,411	n/a	n/a	30	1,426	5.0%
2003	12,752	n/a	n/a	30	1,420	5.9%
2004	13,093	n/a	n/a	30	1,388	5.1%
2005	13,434	n/a	n/a	30	1,343	5.2%
2006	13,775	n/a	n/a	30	1,951	4.7%
2007	14,372	n/a	n/a	31	2,051	4.2%
2008	13,404	n/a	17,083	31	2,153	5.5%

n/a - information not available.

**Data sources:**

(1) Bureau of the Census.

(2) Lamar Consolidated Independent School District.

(3) Texas Workforce Commission - data prior to 2000 is not available.

**CITY OF RICHMOND, TEXAS**

Table 16

**PRINCIPAL EMPLOYERS**

**Current Year and Six Years Ago**

<b><u>Employer</u></b>	<b><u>2008</u></b>			<b><u>2002</u></b>		
	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>% of Total City Employment</u></b>	<b><u>Employees</u></b>	<b><u>Rank</u></b>	<b><u>% of Total City Employment</u></b>
Fort Bend County	2,035	1	27.13 %	\$ 1,472	1	19.63 %
Richmond State School	1,194	2	15.92	1,281	2	17.08
Oak Bend Hospital	436	3	5.81	482	3	6.43
NEPCO Foundry	303	4	4.04	150	5	2.00
Wal-Mart	286	5	3.81	225	4	3.00
City of Richmond	140	6	1.87	105	6	1.40
T.W. Davis YMCA	100	7	1.33	85	7	1.13
Richmond Post Office	63	8	0.84	48	8	0.64
ADM Cotton Mill	40	9	0.53	38	9	0.51
Office Depot	6	10	0.08	6	10	0.08
<b>Total</b>	<b><u>4,603</u></b>		<b><u>61.37 %</u></b>	<b><u>\$ 3,892</u></b>		<b><u>51.89 %</u></b>

Source - Municipal Advisory Council.

\* The requirement for statistical data is ten years; only six years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 17

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

**Last Ten Fiscal Years**

<b>Function</b>	<b>Full-time Equivalent Employees as of September 30</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General government	7	7	7	7	7	8	8	9	10	10
Public safety										
Police										
Officers	26	27	27	28	28	28	31	31	32	31
Civilians	10	10	10	10	10	10	10	10	10	11
Fire										
Firefighters	13	13	14	14	15	20	21	24	28	34
Civilians	3	3	3	3	3	3	3	3	3	3
Public works										
Administration							2	2	2	2
Streets and sanitation	10	10	10	10	10	10	10	10	10	10
Maintenance and operations	5	5	5	5	4	4	4	4	4	4
Parks and recreation	7	7	7	7	8	8	8	8	6	7
Water and sewer	22	23	23	23	23	23	24	24	28	28
<b>Total</b>	<b>103</b>	<b>105</b>	<b>106</b>	<b>107</b>	<b>108</b>	<b>114</b>	<b>121</b>	<b>125</b>	<b>133</b>	<b>140</b>

Source - City personnel records.



**CITY OF RICHMOND, TEXAS**

Table 18

**OPERATING INDICATORS BY FUNCTION**

**Last Five Fiscal Years \***

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Police</b>					
Arrests	618	641	577	340	401
Accident reports	212	200	182	252	246
Citations	6,298	5,513	4,473	4,467	4,575
Offense reports	2,040	2,163	1,845	1,572	1,759
Calls for service	61,919	67,077	62,607	63,036	67,499
<b>Fire</b>					
Structural fires	32	37	27	31	23
Vehicle fires	26	14	24	26	21
Vegetation fires	12	26	27	19	24
Trash/dumpster/other fires	26	18	35	17	35
EMS	1,240	1,331	1,355	1,612	1,800
Rescue	355	166	303	151	148
Hazardous condition/material calls	133	178	145	79	176
Service calls	1,151	1,057	852	836	887
Good intent calls	320	451	322	355	314
False alarms	10	16	18	16	22
Automatic aid/mutual aid given	123	153	166	156	152
<b>Total Incident Responses</b>	<b>3,428</b>	<b>3,447</b>	<b>3,274</b>	<b>3,298</b>	<b>3,602</b>
Fire safety inspections conducted	203	382	495	331	274
Fire safety classes/total audience	58/4830	57/3876	52/4101	45/4582	54/3942
Fire investigations initiated	38	50	33	30	37
Building - total permits issued	1,087	1,296	1,885	1,952	1,567
Building - total inspections conducted	2,280	2,619	4,253	3,953	4,320
<b>Water</b>					
Average daily consumption (millions of gallons)	1.850	2.051	1.895	1.788	1.977
Total Consumption (millions of gallons)	597.993	625.965	691.921	652.961	723.511
Peak daily consumption (millions of gallons)	2.395	2.898	2.984	3.408	3.214
<b>Sewer</b>					
Average daily sewage treatment (millions of gallons)	1.518	1.294	1.334	1.452	1.376
Total Consumption (millions of gallons)	555.021	472.281	486.998	529.939	503.745
Peak daily consumption (millions of gallons)	3.610	2.882	3.060	3.566	3.000

**Source** - Various City departments.

\* The requirement for statistical data is ten years; only five years are available at this time.

**CITY OF RICHMOND, TEXAS**

Table 19

**CAPITAL ASSETS STATISTICS BY FUNCTION**

**Last Ten Fiscal Years**

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	16	18	18	20	23	25	25	25	27
Fire										
Stations	1	1	1	1	2	2	2	2	2	2
Public works										
Collection trucks	1	1	1	1	2	2	2	2	10	10
Streets (miles)	44	44	44	44	44	44	44	45	45	45
Parks and recreation										
Parks acreage	233	233	233	233	233	235	235	235	235	235
Parks	2	2	2	2	2	3	3	3	3	3
Water and sewer										
Water mains (miles)	n/a	n/a	n/a	48	48	50	50	50	50	50
Fire hydrants	n/a	n/a	n/a	213	223	234	239	287	287	292
Maximum daily capacity										
(millions of gallons)	n/a	n/a	n/a	2,167	3,167	3,167	3,167	3,167	3,167	3,167
Sanitary sewers (miles)	n/a	n/a	n/a	44	44	44	44	44	44	44
Storm sewers (miles)	n/a	n/a	n/a	12	12	12	12	12	12	12
Maximum daily treatment capacity										
(millions of gallons)	n/a	2.184	2.387	2.164	3.712	3.610	2.882	3.060	3.060	3.000

n/a - information not available.

**Source** - Various City departments.

**Note** - No capital asset indicators are available for the general government function.