

City of Richmond

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2011



Comprehensive Annual Financial Report

of the

City of Richmond, Texas

**Fiscal Year Ended
September 30, 2011**



Officials Issuing Report

**Terri Vela
City Manager**

**Susan Lang
Finance Director**

CITY OF RICHMOND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2011

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CITY OF RICHMOND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2011

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HILMAR G. MOORE
MAYOR

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

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



April 19, 2012

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, 2011, 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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2011, 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 auditors' 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 11,679. 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 2.9% of assessed valuation in the City.

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

Taxable assessed value for all residential and commercial property in the City exceeded \$373 million for fiscal year 2011, which is a 6% decrease from fiscal year 2010, however adjusted taxable values for fiscal year 2012 increased by 3% to \$383 million. Additionally, preliminary estimates indicate assessed values for fiscal year 2013 are expected to increase by 2%.

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.

LONG-TERM FINANCIAL PLANNING

The City is reviewing its policy and strategy for the unassigned fund balance in the General Fund and allowing the fund balance to increase to 5% of operating expenditures. Following its recent review of the

City of Richmond, Texas' strategic plan, the Commission is considering raising the unassigned 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 2016 and forty percent by 2025. The City of Richmond Groundwater Reduction Plan (GRP) was submitted to and approved by the Subsidence District prior to the September 30, 2010 deadline as set out in the Subsidence District Regulatory Plan.

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

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2010. This was the sixth year that the City has received this prestigious award.

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

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

Acknowledgements

In closing, without the dedication of the employees and the direction of the members of the City Commission, preparation of this report would not have been possible. We would like to express our sincere appreciation to our employees, who have continually demonstrated their professionalism and

Acknowledgements

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

Respectfully submitted,



Terri Vela
City Manager



Susan Lang
Finance Director

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, 2010

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.



Linda C. Davison

President

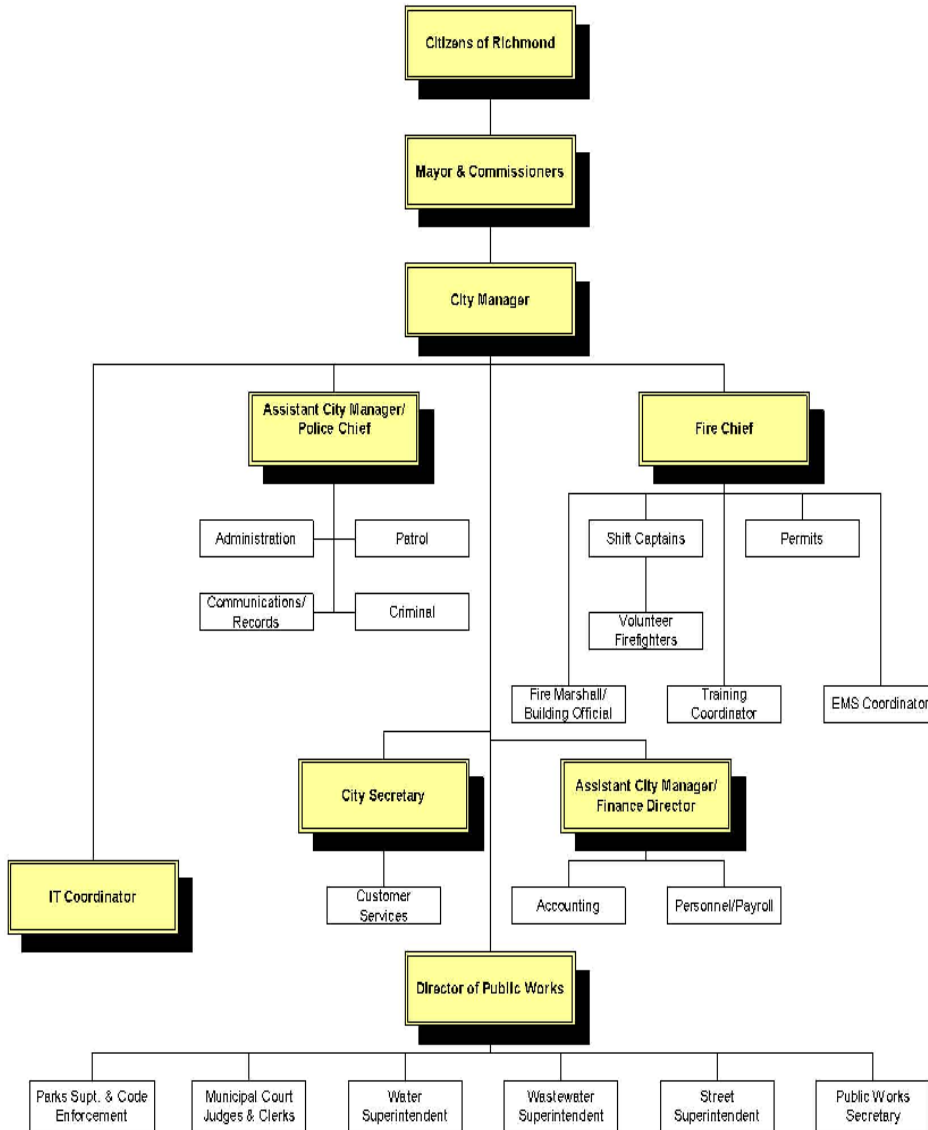
Jeffrey R. Emer

Executive Director

CITY OF RICHMOND, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2010-2011



CITY OF RICHMOND, TEXAS

PRINCIPAL OFFICIALS

September 30, 2011

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Hilmar G. Moore	Mayor	2012
William H. Dostal	City Commissioner	2012
Gary L. Gillen	City Commissioner	2012
<u>Key Staff</u>	<u>Position</u>	
Stephen Gilbert	Municipal Court Judge *	
R. Glen Gilmore	Assistant City Manager	
Lenert Kurtz	Public Works Director	
Susan Lang	Finance Director	
Mona Matak	City Secretary	
Terri Vela	City Manager*	
William Whitworth	Assistant City Manager /Police Chief	
Michael Youngblood	Fire Chief	

* - City Commission Appointive Position

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S 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 (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, the budgetary comparison information on page 50 and the pension information on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, budgetary comparison

schedule, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison schedule and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script, appearing to read "Sugar Land & Co.", is written in black ink.

Sugar Land, Texas
April 19, 2012

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the City, excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$41,345,495 (net assets). Of this amount, \$9,436,242 (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 \$3,311,003.
- As of September 30, 2011, the City's governmental funds reported an ending fund balance of \$4,639,449, a decrease of \$3,347,431 in comparison with the prior year.
- At the end of the fiscal year, the General Fund reported a fund balance of \$126,005, or 1.2 percent of total General Fund expenditures.
- The City's long-term debt decreased by \$985,427 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 of governmental and proprietary funds.

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.

Proprietary Funds - Proprietary Funds include the City's Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one enterprise fund and it is used to account for its water and wastewater services.

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 48 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's 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 \$41,345,495 as of September 30, 2011.

The largest portion of the City's net assets (73.6 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 (22.8 percent) represents unrestricted financial resources available for future operations.

Additionally, a portion of the City's net assets (3.6 percent) represents resources that are subject to restrictions on how they may be used.

SUMMARY OF STATEMENT OF NET ASSETS
As of September 30, 2011 and 2010
(amounts expressed in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 5,962	\$ 10,292	\$ 10,373	\$ 8,301	\$ 16,335	\$ 18,593
Capital assets, net	11,535	11,845	27,311	23,162	38,846	35,007
Total Assets	17,497	22,137	37,684	31,463	55,181	53,600
Long-term liabilities	10,087	10,922	2,005	2,155	12,092	13,077
Other liabilities	772	1,731	972	740	1,744	2,471
Total Liabilities	10,859	12,653	2,977	2,895	13,836	15,548
Net Assets:						
Invested in capital assets, net of debt	5,110	5,603	25,306	21,007	30,416	26,610
Restricted	1,343	1,201	150	150	1,493	1,351
Unrestricted	185	2,680	9,252	7,411	9,437	10,091
Total Net Assets	\$ 6,638	\$ 9,484	\$ 34,708	\$ 28,568	\$ 41,346	\$ 38,052

Net assets of the City, excluding component units, increased by \$3,311,003. Key elements of the increase are as follows:

CHANGES IN NET ASSETS
For the Fiscal Years Ended September 30, 2011 and 2010
(amounts expressed in thousands)

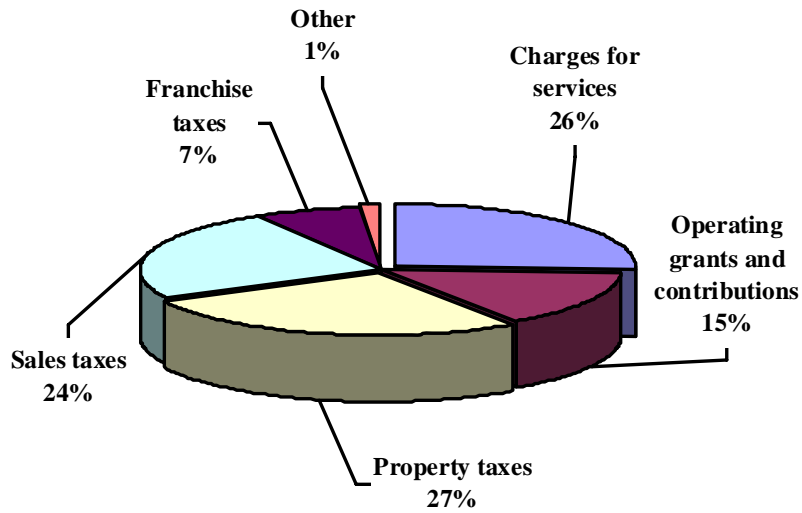
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 2,872	\$ 2,692	\$ 8,366	\$ 6,681	\$ 11,238	\$ 9,373
Operating grants and contributions	1,616	1,278			1,616	1,278
Capital grants and contributions						
General revenues:						
Property taxes, penalties and interest	2,971	3,158			2,971	3,158
Sales taxes	2,668	2,857			2,668	2,857
Franchise taxes	799	783			799	783
Investment income and other	139	172	4	3	143	175
Total Revenues	11,065	10,940	8,370	6,684	19,435	17,624
Expenses						
General government	1,356	1,950			1,356	1,950
Public works	2,635	2,536			2,635	2,536
Parks and recreation	455	471			455	471
Public safety-Police	3,083	3,106			3,083	3,106
Public safety-Fire	3,601	3,173			3,601	3,173
Water and sewer			4,623	4,087	4,623	4,087
Interest on long-term debt	371	480			371	480
Total Expenses	11,501	11,716	4,623	4,087	16,124	15,803
Increase (Decrease) in Net Assets Before Transfers	(436)	(776)	3,747	2,597	3,311	1,821
Transfers	(2,392)	2,952	2,392	(2,952)		
Change in Net Assets	(2,828)	2,176	6,139	(355)	3,311	1,821
Net Assets, Beginning	9,466	7,290	28,568	28,923	38,034	36,213
Net Assets, Ending	\$ 6,638	\$ 9,466	\$ 34,707	\$ 28,568	\$ 41,345	\$ 38,034

There was a decrease of \$2,828,450 in net assets in connection with the City's governmental activities, compared to an increase of \$2,176,472 in the previous fiscal year. This decrease from the previous fiscal year is primarily due to completion of capital projects which were then transferred to the Water & Sewer Fund such as the sanitary sewer improvements.

The City's business-type net assets increased by \$6,139,453 in the current fiscal year. This increase in net assets can be attributed to the completion and transfer of capital projects discussed in the preceding paragraph and the Lamar Drive improvements.

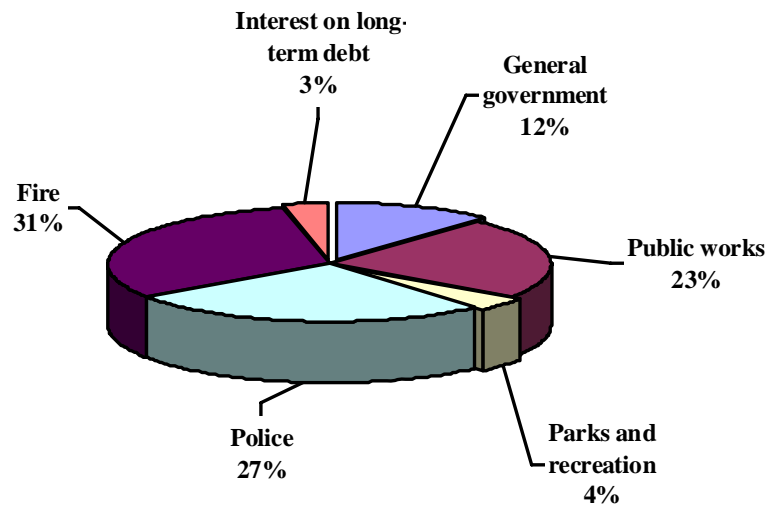
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2011, revenues from governmental activities, excluding transfers, totaled \$11.1 million.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2011, expenses for governmental activities totaled \$11.5 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, 2011, 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 \$4,639,449, which is a decrease of \$3,347,431 from last year's total of \$7,986,880. 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 balance of \$126,005, or 1.2 percent of total General Fund expenditures.

The fund balance of the General Fund increased by \$82,639 during the current fiscal year. This increase is mainly attributable to an increase in fees and charges for services. Public safety expenditures in the General Fund increased by \$156,238, due to software upgrades.

The Debt Service Fund has a fund balance of \$1,053,463, all of which is restricted for the payment of debt service. The net decrease in fund balance for the year was \$36,851. This decrease can be attributed to a decrease in property tax revenues.

The Capital Projects Fund has a fund balance of \$3,139,662 as of September 30, 2011. This ending fund balance represents a decrease of \$3,434,292. This decrease can be attributed to the completed capital improvement projects

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 \$9,251,699. The increase in total net assets for the year was \$6,139,453. This increase can be attributed to the completion of capital improvement projects including the Lamar Drive improvements and the sanitary sewer improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there were no changes in appropriations between the original and final amended budget for expenditures at the department level, the legal level of budgetary control. However the original amount budgeted for transfers in was increased by \$650,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets as of September 30, 2011 amounts to \$38,845,707 (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	
	2011	2010	2011	2010	2011	2010
Non-Depreciable Assets						
Land	\$ 1,909	\$ 1,909	\$ 826	\$ 832	\$ 2,735	\$ 2,741
Construction-in-progress	426	389	6,525	4,807	6,951	5,196
Other Capital Assets						
Buildings	5,411	5,382	8,665	8,665	14,076	14,047
Improvements other than buildings	2,384	2,309	4,233	1,198	6,617	3,507
Machinery and equipment	5,558	5,326	1,018	960	6,576	6,286
Infrastructure	6,661	6,424	30,786	30,603	37,447	37,027
Accumulated depreciation on other capital assets	(10,815)	(9,894)	(24,742)	(23,903)	(35,557)	(33,797)
Totals	<u>\$ 11,534</u>	<u>\$ 11,845</u>	<u>\$ 27,311</u>	<u>\$ 23,162</u>	<u>\$ 38,845</u>	<u>\$ 35,007</u>

During the 2011 fiscal year, business-type activities improvements other than buildings increased by \$3,034,636. This increase can be attributed the addition of several new projects including the Lamar Drive Paving Drainage, Water and Sanitary Sewer replacement project, the Richmond Regional Wastewater Treatment Plant Expansion project and also the Sanitary Sewer Pipe Bursting project.

Also, during the 2011 fiscal year, governmental activities infrastructure increased by \$237,108. This increase can be attributed to the purchase of new software for the Police Department and a brush truck for the Fire Department.

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 long-term debt of \$12,092,012. Of this amount, \$8.6 million is general obligation debt, and certificates of obligation account for \$2.0 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 8,878	\$ 9,677	\$	\$	\$ 8,878	\$ 9,677
Certificates of Obligation			2,005	2,155	2,005	2,155
Capital leases	672	773			672	773
Compensated absences	537	472			537	472
Total	\$ 10,087	\$ 10,922	\$ 2,005	\$ 2,155	\$ 12,092	\$ 13,077

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 balance of \$126,005. It is intended that additional revenues and controls on spending will significantly increase fund balance during the 2012 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, City Manager, 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, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Corporation of Richmond	Richmond Higher Education Finance Corp.
<u>Assets</u>					
Cash and cash equivalents	\$ 4,593,725	\$ 8,139,078	\$ 12,732,803	\$ 4,360,766	\$ 995
Current portion of receivables	1,340,163	1,433,906	2,774,069	154,274	
Restricted cash and cash equivalents		635,043	635,043		
Due from primary government				72,906	
Internal balances	(165,258)	165,258			
Deferred charges	193,433		193,433		
Capital assets, net of accumulated depreciation:					
Land	1,908,751	826,241	2,734,992		
Buildings	4,215,468	4,947,589	9,163,057		
Improvements other than buildings	1,516,990	3,965,270	5,482,260		
Machinery and equipment	1,562,554	175,011	1,737,565		
Infrastructure	1,904,655	10,872,597	12,777,252		
Construction-in-progress	426,104	6,524,477	6,950,581		
Total Assets	17,496,585	37,684,470	55,181,055	4,587,946	995
<u>Liabilities</u>					
Accounts payable	663,996	486,543	1,150,539	806	
Accrued interest payable	35,060	6,797	41,857		
Customer deposits		478,246	478,246		
Due to component unit	72,906		72,906		
Long-term liabilities due within one year	963,334	150,000	1,113,334		
Long-term liabilities due in more than one year	9,123,678	1,855,000	10,978,678		
Total Liabilities	10,858,974	2,976,586	13,835,560	806	
<u>Net Assets</u>					
Invested in capital assets, net of related debt	5,109,818	25,306,185	30,416,003		
Restricted for:					
Debt service	1,018,403	150,000	1,168,403		
Economic development	57,994		57,994	4,587,140	995
Parks and recreation	38,367		38,367		
Public safety	108,913		108,913		
Capital projects	119,573		119,573		
Unrestricted	184,543	9,251,699	9,436,242		
Total Net Assets	\$ 6,637,611	\$ 34,707,884	\$ 41,345,495	\$ 4,587,140	\$ 995

CITY OF RICHMOND, TEXAS

STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 1,356,375	\$	\$ 260,767
Public works	2,635,218	1,568,045	901,815
Parks and recreation	454,594		
Public safety-Police	3,083,481	321,482	
Public safety-Fire	3,601,405	982,324	453,166
Interest on long-term debt	371,471		
Total Governmental Activities	11,502,544	2,871,851	1,615,748
Business-Type Activities			
Water and sewer	4,623,424	8,366,094	
Total Business-Type Activities	4,623,424	8,366,094	
Total Primary Government	\$ 16,125,968	\$ 11,237,945	\$ 1,615,748
Component Units			
Development Corp. of Richmond	\$ 456,346	\$	\$
Richmond Higher Education			
Finance Corporation			
Total Component Units	\$ 456,346	\$	\$

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**

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Development Corporation of Richmond	Richmond Higher Education Finance Corp.
\$ (1,095,608)	\$	(1,095,608)	\$	\$
(165,358)		(165,358)		
(454,594)		(454,594)		
(2,761,999)		(2,761,999)		
(2,165,915)		(2,165,915)		
(371,471)		(371,471)		
(7,014,945)		(7,014,945)		
	3,742,670	3,742,670		
	3,742,670	3,742,670		
\$ (7,014,945)	\$ 3,742,670	\$ (3,272,275)		
			(456,346)	
\$	\$	\$	\$ (456,346)	\$
\$ 2,971,542	\$	\$ 2,971,542	\$	\$
2,668,475		2,668,475	885,655	
799,263		799,263		
35,609	4,664	40,273	1,334	
103,725		103,725		
(2,392,119)	2,392,119			
4,186,495	2,396,783	6,583,278	886,989	
(2,828,450)	6,139,453	3,311,003	430,643	
9,466,061	28,568,431	38,034,492	4,156,497	995
\$ 6,637,611	\$ 34,707,884	\$ 41,345,495	\$ 4,587,140	995

CITY OF RICHMOND, TEXAS

Exhibit A-3

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 66,970	\$ 1,003,933	\$ 3,221,348	\$ 301,474	\$ 4,593,725
Receivables:					
Taxes	835,561	134,619			970,180
Accounts	313,364				313,364
Intergovernmental	56,619				56,619
Due from other funds	854,143	65,762		62,104	982,009
Total Assets	\$ 2,126,657	\$ 1,204,314	\$ 3,221,348	\$ 363,578	\$ 6,915,897
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 601,963	\$	\$ 50,230	\$ 11,804	\$ 663,997
Due to other funds	1,068,124	16,232	31,456	31,455	1,147,267
Due to component unit	72,906				72,906
Deferred revenue	257,659	134,619			392,278
Total Liabilities	2,000,652	150,851	81,686	43,259	2,276,448
<u>Fund Balances</u>					
Fund Balances:					
Restricted		1,053,463	3,139,662	324,847	4,517,972
Unassigned	126,005			(4,528)	121,477
Total Fund Balances	126,005	1,053,463	3,139,662	320,319	4,639,449
Total Liabilities and Fund Balances	\$ 2,126,657	\$ 1,204,314	\$ 3,221,348	\$ 363,578	

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.	11,534,522
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	392,279
Some liabilities, including bonds payable, interest payable, capital leases payable, and accrued compensated absences are not reported as liabilities in the governmental funds.	(9,928,639)
Net Assets of Governmental Activities	\$ 6,637,611

CITY OF RICHMOND, TEXAS

Exhibit A-4

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

For the Year Ended September 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes:					
Property	\$ 2,093,414	\$ 881,543	\$	\$	\$ 2,974,957
Sales	2,668,475				2,668,475
Franchise	799,263				799,263
Licenses and permits	128,742				128,742
Fines and forfeitures	311,774			9,708	321,482
Fees and charges for services	2,426,702				2,426,702
Intergovernmental	452,117	200,000		56,041	708,158
Investment earnings	17,777	3,210	14,159	463	35,609
Other	96,623		901,815	7,801	1,006,239
Total Revenues	8,994,887	1,084,753	915,974	74,013	11,069,627
<u>Expenditures</u>					
Current:					
General government	1,468,475		15,817		1,484,292
Public safety	6,507,677			1,485	6,509,162
Public works	2,383,400				2,383,400
Parks and recreation	372,906				372,906
Debt Service:					
Principal retirement	55,022	780,000	23,157	23,157	881,336
Interest and fiscal charges	24,768	341,604	8,298	8,298	382,968
Capital Outlay					
Total Expenditures	10,812,248	1,121,604	58,147	32,940	12,024,939
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,817,361)	(36,851)	857,827	41,073	(955,312)
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	1,900,000				1,900,000
Transfers (to) other funds			(4,292,119)		(4,292,119)
Total Other Financing Sources (Uses)	1,900,000		(4,292,119)		(2,392,119)
Net Change in Fund Balances	82,639	(36,851)	(3,434,292)	41,073	(3,347,431)
Fund Balances - Beginning	43,366	1,090,314	6,573,954	279,246	7,986,880
Fund Balances - Ending	\$ 126,005	\$ 1,053,463	\$ 3,139,662	\$ 320,319	\$ 4,639,449

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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

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

Net change in fund balances - total governmental funds	\$ (3,347,431)
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 depreciation expense exceeded capital outlay in the current period.	(309,983)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(3,415)
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 and capital leases.	885,474
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 and accrued compensated absences.	<u>(53,095)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (2,828,450)</u></u>

CITY OF RICHMOND, TEXAS

Exhibit A-6

STATEMENT OF NET ASSETS PROPRIETARY FUND

September 30, 2011

	<u>Business-Type Activities -</u> <u>Enterprise Fund</u> <u>Water & Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets:</u>	
Cash and cash equivalents	\$ 8,139,078
Restricted cash and investments	635,043
<u>Receivables:</u>	
Accounts, net of allowance account	1,433,906
Due from other funds	1,000,000
Total Current Assets	<u>11,208,027</u>
<u>Noncurrent Assets:</u>	
Capital assets, net of accumulated depreciation:	
Land	826,241
Buildings	4,947,589
Improvements other than buildings	3,965,270
Machinery and equipment	175,011
Infrastructure	10,872,597
Construction-in-progress	6,524,477
Total Noncurrent Assets	<u>27,311,185</u>
Total Assets	<u>38,519,212</u>
<u>Liabilities</u>	
<u>Current Liabilities:</u>	
Accounts payable	486,543
Due to other funds	834,742
Payable from restricted assets:	
Deposits	478,246
Accrued interest payable	6,797
Certificates of obligation payable	150,000
Total Current Liabilities	<u>1,956,328</u>
<u>Noncurrent Liabilities:</u>	
Certificates of obligation payable	1,855,000
Total Noncurrent Liabilities	<u>1,855,000</u>
Total Liabilities	<u>3,811,328</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	25,306,185
Restricted for debt service	150,000
Unrestricted	9,251,699
Total Net Assets	<u>\$ 34,707,884</u>

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, 2011

	Business-Type Activities - Enterprise Fund
	Water & Sewer Fund
<u>Operating Revenues</u>	
Charges for services	\$ 8,366,094
Total Operating Revenues	8,366,094
<u>Operating Expenses</u>	
Cost of sales and services	3,679,168
Depreciation	854,807
Total Operating Expenses	4,533,975
Operating Income	3,832,119
<u>Non-Operating Revenues (Expenses)</u>	
Investment earnings	4,664
Interest expense	(89,449)
Total Non-Operating Revenues (Expenses)	(84,785)
Income Before Transfers	3,747,334
Transfers in	4,292,119
Transfers (out)	(1,900,000)
Change in Net Assets	6,139,453
Net Assets, Beginning	28,568,431
Net Assets, Ending	\$ 34,707,884

CITY OF RICHMOND, TEXAS

Exhibit A-8 (Page 1 of 2)

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended September 30, 2011

	<u>Business-Type Activities -</u> <u>Enterprise Fund</u> <u>Water & Sewer Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 7,747,519
Disbursed for personnel services	(1,675,640)
Disbursed for goods and services to suppliers	(1,061,946)
Net Cash Provided by Operating Activities	5,009,933
<u>Cash Flows From Noncapital</u>	
<u>Financing Activities</u>	
Transfers from other funds	4,292,119
Transfers (to) other funds	(1,900,000)
Net Cash Provided by Noncapital	
Financing Activities	2,392,119
<u>Cash Flows From Capital and Related</u>	
<u>Financing Activities</u>	
Principal paid on capital debt	(150,000)
Interest paid on capital debt	(89,893)
Acquisition and construction of capital assets	(5,004,093)
Net Cash (Used) by Capital and Related	
Financing Activities	(5,243,986)
<u>Cash Flows From Investing Activities</u>	
Interest received	4,664
Net Cash Provided by Investing Activities	4,664
Net Increase in Cash and Cash Equivalents	2,162,730
Cash and Cash Equivalents, Beginning	6,611,391
Cash and Cash Equivalents, Ending	\$ 8,774,121

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, 2011

	<u>Business-Type Activities -</u> <u>Enterprise Fund</u> <u>Water & Sewer Fund</u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities	
Operating income	\$ 3,832,119
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation	854,807
(Increase) in accounts receivable	(618,575)
Decrease in accounts payable	172,690
Increase in due to other funds	709,742
Decrease in customer deposits	59,150
Total adjustments	<u>1,177,814</u>
Net Cash Provided by Operating Activities	<u>\$ 5,009,933</u>
Breakdown of Restricted and Unrestricted Cash and Cash Equivalents:	
Restricted for debt payments	\$ 635,043
Unrestricted	<u>8,139,078</u>
Total	<u>\$ 8,774,121</u>

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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, 2011. 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

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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,

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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.

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
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 Balances

Restricted fund balances represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Unassigned fund balance represents available fund balance 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. Date of Management's Review

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 19, 2012, the date that the financial statements were available to be issued.

O. 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

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and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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 \$9,928,639 difference are as follows:

Bonds payable	\$	8,878,096
Less: Deferred issuance costs		(193,433)
Accrued interest payable		35,060
Notes payable		671,685
Compensated absences - governmental funds		537,231
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u>9,928,639</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 \$309,983 difference are as follows:

Capital outlay	\$	618,587
Depreciation expense		<u>(928,570)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	<u>(309,983)</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

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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 and demand deposits.

The City's cash and cash equivalents at September 30, 2011, are shown below.

	Carrying Amount	Fair Value
Cash	\$ 17,729,607	\$ 17,729,607
Total Cash and Cash Equivalents	\$ 17,729,607	\$ 17,729,607

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 and its component units' deposits in banks 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.

Restricted Cash

As of September 30, 2011, the Enterprise Fund held restricted cash for the following purposes:

Special escrow	\$ 635,043
Total	\$ 635,043

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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 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 \$0.7865 per \$100 of assessed valuation. The resulting adjusted tax levy was \$2,938,283 on the total adjusted taxable valuation of \$373,313,463 for the 2010 tax year.

Property taxes receivable, at September 30, 2011, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
2010	\$ 63,124	\$ 28,934	\$ 92,058
2009	37,805	18,402	56,207
2008	28,607	10,411	39,018
2007	27,716	11,900	39,616
2006	14,896	7,358	22,254
2005 and prior	83,511	57,614	141,125
	<u>\$ 255,659</u>	<u>\$ 134,619</u>	<u>\$ 390,278</u>

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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>		Business-	
	<u>General</u>	<u>Debt Service</u>	Type	<u>Total</u>
			Activities	
Receivables:				
Taxes	\$ 835,561	\$ 134,619	\$	\$ 970,180
Accounts	313,364		1,433,906	1,747,270
Intergovernmental	56,619			56,619
Gross receivables	1,205,544	134,619	1,433,906	2,774,069
Less: allowance for uncollectibles				
Net Total Receivables	<u>\$ 1,205,544</u>	<u>\$ 134,619</u>	<u>\$ 1,433,906</u>	<u>\$ 2,774,069</u>

Component Units:

	<u>Development Corporation of Richmond</u>
Receivables	
Taxes	\$ 154,274
Total	<u>\$ 154,274</u>

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - General Fund	\$ 257,659	\$
Delinquent property taxes receivable - Debt Service Fund	134,619	
Total Deferred Revenue for Governmental Funds	<u>\$ 392,278</u>	<u>\$</u>

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NOTE 6 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2011:

	Balance Oct. 1, 2010	Increases	(Decreases)	Balance Sept. 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,908,751	\$	\$	\$ 1,908,751
Construction-in-progress	388,469	376,519	(338,884)	426,104
Total capital assets not being depreciated	<u>2,297,220</u>	<u>376,519</u>	<u>(338,884)</u>	<u>2,334,855</u>
Capital assets being depreciated:				
Buildings	5,382,086	28,777		5,410,863
Improvements other than buildings	2,309,585	74,500		2,384,085
Infrastructure	6,424,449	237,108		6,661,557
Machinery and equipment	5,325,624	224,765	7,585	5,557,974
Total capital assets being depreciated	<u>19,441,744</u>	<u>565,150</u>	<u>7,585</u>	<u>20,014,479</u>
Less accumulated depreciation for:				
Buildings	(1,081,164)	(114,231)		(1,195,395)
Improvements other than buildings	(776,306)	(90,789)		(867,095)
Infrastructure	(4,541,939)	(214,963)		(4,756,902)
Machinery and equipment	(3,495,049)	(492,786)	(7,585)	(3,995,420)
Total accumulated depreciation	<u>(9,894,458)</u>	<u>(912,769)</u>	<u>(7,585)</u>	<u>(10,814,812)</u>
Total capital assets being depreciated, net	<u>9,547,286</u>	<u>(347,619)</u>		<u>9,199,667</u>
Governmental activities capital assets, net	<u>\$ 11,844,506</u>	<u>\$ 28,900</u>	<u>\$ (338,884)</u>	<u>\$ 11,534,522</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 832,109	\$	\$ (5,868)	\$ 826,241
Construction-in-progress	4,806,909	4,719,830	(3,002,262)	6,524,477
Total capital assets not being depreciated	<u>5,639,018</u>	<u>4,719,830</u>	<u>(3,008,130)</u>	<u>7,350,718</u>
Capital assets being depreciated:				
Buildings	8,665,357			8,665,357
Improvements other than buildings	1,198,038	3,034,636		4,232,674
Infrastructure	30,602,569	183,817		30,786,386
Machinery and equipment	959,864	73,940	(15,802)	1,018,002
Total capital assets being depreciated	<u>41,425,828</u>	<u>3,292,393</u>	<u>(15,802)</u>	<u>44,702,419</u>
Less accumulated depreciation for:				
Buildings	(3,541,789)	(175,979)		(3,717,768)
Improvements other than buildings	(181,821)	(85,583)		(267,404)
Infrastructure	(19,429,214)	(484,575)		(19,913,789)
Machinery and equipment	(750,123)	(108,670)	15,802	(842,991)
Total accumulated depreciation	<u>(23,902,947)</u>	<u>(854,807)</u>	<u>15,802</u>	<u>(24,741,952)</u>
Total capital assets being depreciated, net	<u>17,522,881</u>	<u>2,437,586</u>		<u>19,960,467</u>
Business-Type activities capital assets, net	<u>\$ 23,161,899</u>	<u>\$ 7,157,416</u>	<u>\$ (3,008,130)</u>	<u>\$ 27,311,185</u>

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Construction-in-progress for the various projects and remaining commitments under these construction contracts as of September 30, 2011, are as follows:

<u>Project Description</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
Governmental Activities:		
Fire department main station	\$ 24,084	\$ 385,800
FM 2218 to FM 762 TXDOT project	30,134	
90A overpass TXDOT project	26,000	
FM 3155 to Lane Drive TXDOT project		880,940
Helping Hands	195,157	
CDBG Phase II san sewer pipe bursting	27,275	9,225
FM 359 ext. of water/sewer lines	123,454	92,197
Totals	<u>\$ 426,104</u>	<u>\$ 1,368,162</u>
Business-Type Activities:		
Lamar Drive engineering - paving, drainage and utility relocation	\$ 634,598	\$ 36,612
Water reuse treatment unit phase I engineering		176,000
Regional WWTP expansion	5,432,033	255,592
Water maintenance facility	457,846	20,144
Totals	<u>\$ 6,524,477</u>	<u>\$ 488,348</u>

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

Governmental Activities:		
General government	\$	48,490
Police		191,922
Fire		313,177
Public works		271,983
Parks and recreation		87,197
Total Depreciation Expense-Governmental Activities	<u>\$</u>	<u>912,769</u>
Business-Type Activities:		
Water & sewer	\$	<u>854,807</u>

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

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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, 2011:

<u>Series</u>	<u>Original Issue</u>	<u>Matures</u>	<u>Interest Rate (%)</u>	<u>Debt Outstanding</u>
Governmental Activities:				
General Obligation Bonds				
Series 2009 general obligation bonds	\$ 4,000,000	2029	3.0-4.25	\$ 3,990,000
Series 2010 general obligation refunding bonds	5,040,000	2020	2.0-4.0	4,295,000
Series 2004 general obligation bonds	530,000	2024	4.625-5.25	355,000
Total Governmental Activities				<u>\$ 8,640,000</u>
Business-Type Activities:				
Series 2004 certificates of obligation	\$ 3,055,000	2024	3.5-5.5	<u>\$ 2,005,000</u>

The annual requirements to amortize all primary government general obligation bonds and certificates of obligation outstanding as of September 30, 2011, 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>
2012	\$ 780,000	\$ 340,266	\$ 150,000	\$ 84,380
2013	570,000	341,429	150,000	78,643
2014	570,000	263,791	155,000	72,617
2015	590,000	247,944	155,000	66,340
2016	605,000	229,391	155,000	59,908
2017-2021	3,025,000	791,205	775,000	197,818
2022-2026	1,660,000	331,941	465,000	33,247
2027-2029	840,000	54,401		
	<u>\$ 8,640,000</u>	<u>\$ 2,600,368</u>	<u>\$ 2,005,000</u>	<u>\$ 592,953</u>

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The following is a summary of changes in the City’s total governmental and business-type long-term liabilities for the year ended September 30, 2011.

	Balance Oct. 1, 2010	Additions	Reductions	Balance Sept. 30, 2011	Amounts Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 9,420,000	\$	\$ (780,000)	\$ 8,640,000	\$ 780,000
Bond issuance premiums	256,779		(18,683)	238,096	18,683
Total bonds payable	<u>9,676,779</u>		<u>(798,683)</u>	<u>8,878,096</u>	<u>798,683</u>
Capital leases	773,022		(101,337)	671,685	110,928
Compensated absences	472,638	97,264	(32,671)	537,231	53,723
Total Governmental Activities	<u>\$ 10,922,439</u>	<u>\$ 97,264</u>	<u>\$ (932,691)</u>	<u>\$ 10,087,012</u>	<u>\$ 963,334</u>
Business-Type Activities:					
Bonds payable:					
Certificates of obligation	\$ 2,155,000	\$	\$ (150,000)	\$ 2,005,000	\$ 150,000
Total Business-Type Activities	<u>\$ 2,155,000</u>	<u>\$</u>	<u>\$ (150,000)</u>	<u>\$ 2,005,000</u>	<u>\$ 150,000</u>

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.

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.

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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 fire truck and a fire station. The capital lease obligations are paid out of the General Fund.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Buildings	\$ 500,000
Machinery and equipment	400,000
Less: accumulated depreciation	(123,333)
Total	<u>\$ 776,667</u>

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2012	\$ 142,541
2013	142,540
2014	142,541
2015	142,540
2016	142,541
2017	62,912
Total minimum lease payments	775,615
Less interest portion	(103,930)
Present Value of Minimum Lease Payments	<u>\$ 671,685</u>

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NOTE 8 – FUND BALANCES

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following five fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the City Commission (the City's highest level of decision-making authority). The City Commission must place an item on the Commission's agenda, followed by a formal action to approve such, in order to establish, modify or rescind a fund balance commitment.

Assigned:

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Currently, only the City Commission has the authority to assign fund balances.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for all the major and nonmajor governmental funds as of September 30, 2011, were distributed as follows:

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Economic development	\$	\$	\$	\$ 57,994	\$ 57,994
Public safety				108,913	108,913
Parks and recreation				38,367	38,367
Capital projects			3,139,662	119,573	3,259,235
Debt service		1,053,463			1,053,463
Subtotal		1,053,463	3,139,662	324,847	4,517,972
Unassigned	126,005			(4,528)	121,477
Total	\$ 126,005	\$ 1,053,463	\$ 3,139,662	\$ 320,319	\$ 4,639,449

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The City does not currently have any such policies.

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), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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

	Plan Year 2010	Plan Year 2011
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase	70% of CPI Repeating	70% of CPI Repeating

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

Contributions

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

The City contributes to TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Three year trend information is presented below:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual Required Contributions(ARC)	\$ 1,044,544	\$ 978,572	\$ 822,636
Percentage of ARC Contributed	100%	100%	100%
Net Pension Obligation 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.

The required contribution rates for the 2011 fiscal year were determined as part of the December 31, 2009 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

	Valuation Date			
	12/31/08	12/31/09	12/31/10 - Prior to Restructuring	12/31/10 - Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29.0 Years; Closed Period	28.2 Years; Closed Period	27.2 Years; Closed Period	27.3 Years; Closed Period
Amortization Period for new Gains/Losses	30 Years	30 Years	30 Years	30 Years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return *	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases *	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
* - Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
12/31/10*	\$14,571,484	\$ 20,397,198	71.4%	\$ 5,825,714	\$ 6,211,040	93.8%
12/31/10**	\$20,970,763	\$ 25,207,524	83.2%	\$ 4,236,761	\$ 6,211,040	68.2%

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

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

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

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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

Schedule of Contribution Rates			
Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2009	0.23 %	0.23 %	100.0 %
2010	0.18 %	0.18 %	100.0 %
2011	0.21 %	0.21 %	100.0 %

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund balances as of September 30, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Due to/from primary government:		
General Fund	Debt Service Fund	\$ 16,232
General Fund	Water & Sewer Fund	775,000
General Fund	Capital Projects Fund	31,456
General Fund	Highway 359 Substation Fund	31,455
CDBG Fund	Water & Sewer Fund	59,742
Water & Sewer Fund	General Fund	1,000,000
Federal Narcotics Fund	General Fund	2,362
Debt Service	General Fund	65,762
		<u>\$ 1,982,009</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, 2011, interfund transfers consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Water & Sewer Fund</u>	
Water & Sewer Fund	\$ 1,900,000	\$	\$ 1,900,000
Capital Projects Fund		4,292,119	4,292,119
Total Transfers Out	<u>\$ 1,900,000</u>	<u>\$ 4,292,119</u>	<u>\$ 6,192,119</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 - 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.

CITY OF RICHMOND, TEXAS

Exhibit A-9

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - STRATEGIC PARTNERSHIP AGREEMENTS

On October 22, 2007, the City entered into Strategic Partnership Agreements (SPA) with Pecan Grove Municipal Utility District ("Pecan Grove MUD") and Fort Bend County Municipal Utility District No. 116 ("FBCMUD 116") whereby the City will annex certain commercial areas within Pecan Grove MUD and FBCMUD 116 (the Limited Purpose Tracts). The City shall impose a Sales and Use Tax on the sale and use at retail of taxable items within the Limited Purpose Tracts. Pecan Grove MUD and FBCMUD 116 are entitled to one-half of all Sales and Use Tax revenues, which will be paid to the Districts by the City within 30 days of receipt by the City. During the current fiscal year, the City paid \$207,716 to Pecan Grove MUD and \$124,585 to FBCMUD 116 in tax rebates in accordance with the SPA.

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

NOTE 13 - RICHMOND-ROSENBERG LOCAL GOVERNMENT CORPORATION

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

NOTE 14 - DEFICIT NET EQUITY

As of September 30, 2011, the Municipal Court Technology Fund has a deficit fund balance of \$4,528. 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.

NOTE 15 - RESTATEMENT OF BEGINNING FUND BALANCE/NET ASSETS

During the 2011 fiscal year, the City determined that revenue which had been accrued in a prior year was never reversed in the Community Development Block Grant Fund, which resulted in fund balance being overstated by \$17,655. The City made a restatement in the current year which resulted in a decrease to the beginning fund balance of Other Governmental Funds and beginning net assets of governmental activities in the amount of \$17,655.

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 BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Property	\$ 2,070,558	\$ 2,070,558	\$ 2,093,414	\$ 22,856
Sales	3,075,000	3,075,000	2,668,475	(406,525)
Franchise	715,000	715,000	799,263	84,263
Licenses and permits	250,000	250,000	128,742	(121,258)
Fines and forfeitures	376,050	376,050	311,774	(64,276)
Fees and charges for services	2,410,000	2,410,000	2,426,702	16,702
Intergovernmental	131,596	131,596	452,117	320,521
Investment earnings	80,000	80,000	17,777	(62,223)
Other	350,000	350,000	96,623	(253,377)
Total Revenues	<u>9,458,204</u>	<u>9,458,204</u>	<u>8,994,887</u>	<u>(463,317)</u>
<u>Expenditures</u>				
Current:				
General government	1,382,692	1,382,692	1,468,475	(85,783)
Public safety	6,318,343	6,318,343	6,507,677	(189,334)
Public works	2,563,668	2,563,668	2,383,400	180,268
Parks and recreation	441,492	441,492	372,906	68,586
Debt Service:				
Principal retirement			55,022	(55,022)
Interest and fiscal charges			24,768	(24,768)
Total Expenditures	<u>10,706,195</u>	<u>10,706,195</u>	<u>10,812,248</u>	<u>(106,053)</u>
(Deficiency) of Revenues (Under) Expenditures	(1,247,991)	(1,247,991)	(1,817,361)	(569,370)
<u>Other Financing Sources</u>				
Transfers from other funds	1,250,000	1,900,000	1,900,000	
Total Other Financing Sources	<u>1,250,000</u>	<u>1,900,000</u>	<u>1,900,000</u>	
Net Change in Fund Balance	2,009	652,009	82,639	(569,370)
Fund Balance - Beginning	43,366	43,366	43,366	
Fund Balance - Ending	<u>\$ 45,375</u>	<u>\$ 695,375</u>	<u>\$ 126,005</u>	<u>\$ (569,370)</u>

CITY OF RICHMOND, TEXAS

Exhibit B-2

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, 2011, city administration, vehicle maintenance, municipal court, police, fire and public works administration in the General Fund exceeded budgetary appropriations by \$68,806, \$5,833, \$16,925, \$93,495, \$175,839 and \$9,797, respectively. These expenditures in excess of appropriations were funded by appropriations in excess of expenditures in other departments and available fund balance.

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.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
12/31/2008	\$ 13,547,806	\$ 18,724,322	72.4%	\$ 5,176,516	\$ 5,885,710	88.0%
12/31/2009	14,225,103	19,881,416	71.5%	5,656,313	6,269,945	90.2%
12/31/2010*	14,571,484	20,397,198	71.4%	5,825,714	6,211,040	93.8%
12/31/2010**	20,970,763	25,207,524	83.2%	4,236,761	6,211,040	68.2%

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Community Development Block Grant (CDBG) Fund - These monies are restricted for the use of the community development block grant that is funding revitalization projects for substandard housing within the City.

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

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

Park Improvement Fund - This fund accounts for intergovernmental revenues which are restricted for the use of park improvements.

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

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

Municipal Court Building Security Fund - This fund is used to account for building security court fee assessments. These revenues are restricted for building security purposes.

Municipal Court Technology Fund - This fund is used to account for technology court fee assessments. These revenues are restricted 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. These monies are restricted for use on this project.

Highway 359 Substation Fund - This fund is used to account for the construction of a fire substation located on Highway 359. These monies are restricted for use on this project.

CITY OF RICHMOND, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2011

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 150,446	\$ 151,028	\$ 301,474
Due from other funds	62,104		62,104
Total Assets	<u>\$ 212,550</u>	<u>\$ 151,028</u>	<u>\$ 363,578</u>
 <u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable	\$ 11,804	\$	\$ 11,804
Due to other funds		31,455	31,455
Total Liabilities	<u>11,804</u>	<u>31,455</u>	<u>43,259</u>
<u>Fund Balances</u>			
Restricted	205,274	119,573	324,847
Unassigned	(4,528)		(4,528)
Total Fund Balances	<u>200,746</u>	<u>119,573</u>	<u>320,319</u>
Total Liabilities and Fund Balances	<u>\$ 212,550</u>	<u>\$ 151,028</u>	<u>\$ 363,578</u>

CITY OF RICHMOND, TEXAS

Exhibit C-2

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

Year Ended September 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines and forfeitures	\$ 9,708	\$	\$ 9,708
Intergovernmental	56,041		56,041
Investment earnings	223	240	463
Other	7,101	700	7,801
Total Revenues	73,073	940	74,013
<u>Expenditures</u>			
Current:			
Public safety	1,485		1,485
Debt Service:			
Principal retirement		23,157	23,157
Interest and fiscal charges		8,298	8,298
Total Expenditures	1,485	31,455	32,940
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,588	(30,515)	41,073
Net Change in Fund Balances	71,588	(30,515)	41,073
Fund Balances, Beginning of Year	129,158	150,088	279,246
Fund Balances, End of Year	\$ 200,746	\$ 119,573	\$ 320,319

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

September 30, 2011

	Community Development Block Grant Fund	TCLEOSE Fund	Festivals Fund	Park Improvement Fund
<u>Assets</u>				
Cash	\$	\$ 675	\$ 702	\$ 38,367
Due from other funds	59,742			
Total Assets	\$ 59,742	\$ 675	\$ 702	\$ 38,367
 <u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 2,450	\$ 103	\$	\$
Total Liabilities	2,450	103		
<u>Fund Balances</u>				
Restricted	57,292	572	702	38,367
Unassigned				
Total Fund Balances	57,292	572	702	38,367
Total Liabilities and Fund Balances	\$ 59,742	\$ 675	\$ 702	\$ 38,367

Exhibit C-3

State Narcotics Fund	Federal Narcotics Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Total Nonmajor Special Revenue Funds
\$ 41,496	\$ 6,873 2,362	\$ 62,333	\$	\$ 150,446 62,104
<u>\$ 41,496</u>	<u>\$ 9,235</u>	<u>\$ 62,333</u>	<u>\$</u>	<u>\$ 212,550</u>
 \$ 4,723	 \$	 \$	 \$ 4,528	 \$ 11,804
<u>4,723</u>	<u></u>	<u></u>	<u>4,528</u>	<u>11,804</u>
 36,773	 9,235	 62,333	 (4,528)	 205,274 (4,528)
<u>36,773</u>	<u>9,235</u>	<u>62,333</u>	<u>(4,528)</u>	<u>200,746</u>
 <u>\$ 41,496</u>	 <u>\$ 9,235</u>	 <u>\$ 62,333</u>	 <u>\$</u>	 <u>\$ 212,550</u>

CITY OF RICHMOND, TEXAS

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

Year Ended September 30, 2011

	Community Development Block Grant Fund	TCLEOSE Fund	Festivals Fund	Park Improvement Fund
<u>Revenues</u>				
Fines and forfeitures	\$	\$	\$	\$
Intergovernmental revenue	54,992	1,049		
Investment earnings			2	101
Other	5,500			
Total Revenues	<u>60,492</u>	<u>1,049</u>	<u>2</u>	<u>101</u>
<u>Expenditures</u>				
Current:				
Public safety		1,485		
Total Expenditures		<u>1,485</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>60,492</u>	<u>(436)</u>	<u>2</u>	<u>101</u>
Net Change in Fund Balances	60,492	(436)	2	101
Fund Balances, Beginning of Year	<u>(3,200)</u>	<u>1,008</u>	<u>700</u>	<u>38,266</u>
Fund Balances, End of Year	<u>\$ 57,292</u>	<u>\$ 572</u>	<u>\$ 702</u>	<u>\$ 38,367</u>

State Narcotics Fund	Federal Narcotics Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Total Nonmajor Special Revenue Funds
\$	\$	\$ 4,169	\$ 5,539	\$ 9,708
100	20			56,041
1,601				223
<u>1,701</u>	<u>20</u>	<u>4,169</u>	<u>5,539</u>	<u>7,101</u>
				<u>73,073</u>
				1,485
				<u>1,485</u>
<u>1,701</u>	<u>20</u>	<u>4,169</u>	<u>5,539</u>	<u>71,588</u>
1,701	20	4,169	5,539	71,588
<u>35,072</u>	<u>9,215</u>	<u>58,164</u>	<u>(10,067)</u>	<u>129,158</u>
<u>\$ 36,773</u>	<u>\$ 9,235</u>	<u>\$ 62,333</u>	<u>\$ (4,528)</u>	<u>\$ 200,746</u>

CITY OF RICHMOND, TEXAS

Exhibit C-5

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

September 30, 2011

	<u>Ransom Road Substation Fund</u>	<u>Highway 359 Substation Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets</u>			
Cash	\$ 80,564	\$ 70,464	\$ 151,028
Total Assets	\$ 80,564	\$ 70,464	\$ 151,028
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Due to other funds	\$	\$ 31,455	\$ 31,455
Total Liabilities		31,455	31,455
<u>Fund Balances</u>			
Restricted	80,564	39,009	119,573
Total Fund Balances	80,564	39,009	119,573
Total Liabilities and Fund Balances	\$ 80,564	\$ 70,464	\$ 151,028

CITY OF RICHMOND, TEXAS

Exhibit C-6

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

Year Ended September 30, 2011

	Ransom Road Substation Fund	Highway 359 Substation Fund	Total Nonmajor Capital Projects Funds
<u>Revenues</u>			
Investment earnings	\$ 213	\$ 27	\$ 240
Other		700	700
Total Revenues	<u>213</u>	<u>727</u>	<u>940</u>
<u>Expenditures</u>			
Debt Service:			
Principal retirement		23,157	23,157
Interest and fiscal charges		8,298	8,298
Total Expenditures		<u>31,455</u>	<u>31,455</u>
Net Change in Fund Balances	213	(30,728)	(30,515)
Fund Balances, Beginning of Year	<u>80,351</u>	<u>69,737</u>	<u>150,088</u>
Fund Balances, End of Year	<u>\$ 80,564</u>	<u>\$ 39,009</u>	<u>\$ 119,573</u>

CITY OF RICHMOND, TEXAS

Exhibit C-7

COMPARATIVE BALANCE SHEETS
GENERAL FUND

September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 66,970	\$ 869,965
Receivables:		
Taxes	835,561	880,086
Accounts	313,364	228,620
Intergovernmental	56,619	34,516
Due from other funds	<u>854,143</u>	<u>135,221</u>
Total Assets	<u><u>\$ 2,126,657</u></u>	<u><u>\$ 2,148,408</u></u>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 601,963	\$ 755,697
Due to other funds	1,068,124	1,065,762
Due to component unit	72,906	
Deferred revenue	<u>257,659</u>	<u>283,583</u>
Total Liabilities	<u>2,000,652</u>	<u>2,105,042</u>
<u>Equity</u>		
Fund Balance:		
Unassigned	<u>126,005</u>	<u>43,366</u>
Total Equity	<u>126,005</u>	<u>43,366</u>
Total Liabilities and Equity	<u><u>\$ 2,126,657</u></u>	<u><u>\$ 2,148,408</u></u>

CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 1 of 3

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

**Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010**

	2011		Variance with Final Budget	2010 Actual
	Budget	Actual		
<u>Revenues</u>				
Property taxes	\$ 2,070,558	\$ 2,093,414	\$ 22,856	\$ 2,114,946
Sales taxes	3,075,000	2,668,475	(406,525)	2,857,057
Franchise taxes	715,000	799,263	84,263	783,267
Licenses and permits	250,000	128,742	(121,258)	121,403
Fines and forfeitures	376,050	311,774	(64,276)	285,984
Fees and charges for services	2,410,000	2,426,702	16,702	2,279,897
Intergovernmental	131,596	452,117	320,521	57,976
Investment earnings	80,000	17,777	(62,223)	12,718
Other	350,000	96,623	(253,377)	132,661
Total Revenues	9,458,204	8,994,887	(463,317)	8,645,909
<u>Expenditures</u>				
City Administration:				
Personnel services	408,435	366,816	41,619	370,288
Supplies	15,850	16,653	(803)	16,825
Repairs and maintenance	79,000	35,257	43,743	26,742
Other services and charges	363,900	513,739	(149,839)	485,673
Capital outlay		3,526	(3,526)	52,049
Total City Administration	867,185	935,991	(68,806)	951,577
Vehicle Maintenance:				
Personnel services	119,427	130,862	(11,435)	119,138
Supplies	11,650	7,790	3,860	6,830
Repairs and maintenance	3,250	3,116	134	2,688
Other services and charges	8,050	6,442	1,608	6,914
Total Vehicle Maintenance	142,377	148,210	(5,833)	135,570
Janitorial:				
Personnel services	80,350	81,312	(962)	77,336
Supplies	5,880	2,398	3,482	2,231
Repairs and maintenance	200	47	153	
Other services and charges	3,200	92	3,108	
Total Janitorial	89,630	83,849	5,781	79,567

CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 2 of 3

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

Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010

	2011			2010
	Budget	Actual	Variance with Final Budget	Actual
Expenditures (continued)				
Municipal Court:				
Personnel services	181,378	178,010	3,368	173,630
Supplies	8,900	4,220	4,680	6,852
Repairs and maintenance	9,222	4,757	4,465	9,222
Other services and charges	84,000	113,438	(29,438)	98,327
Total Municipal Court	283,500	300,425	(16,925)	288,031
Total General Government	1,382,692	1,468,475	(85,783)	1,454,745
Public Safety:		24,900		
Police:				
Personnel services	2,762,770	2,678,323	84,447	2,660,257
Supplies	141,000	136,869	4,131	151,483
Repairs and maintenance	48,000	29,579	18,421	42,369
Other services and charges	91,800	92,611	(811)	94,601
Capital outlay		199,683	(199,683)	578
Total Police	3,043,570	3,137,065	(93,495)	2,949,288
Fire:				
Personnel services	2,690,173	2,899,384	(209,211)	2,497,021
Supplies	226,150	228,125	(1,975)	205,941
Repairs and maintenance	112,500	109,526	2,974	126,193
Other services and charges	165,950	108,494	57,456	134,327
Capital outlay		25,083	(25,083)	438,669
Total Fire	3,194,773	3,370,612	(175,839)	3,402,151
Total Public Safety	6,238,343	6,507,677	(269,334)	6,351,439
Public Works:				
Streets/Sanitation:				
Personnel services	579,459	546,740	32,719	556,801
Supplies	275,742	293,739	(17,997)	115,077
Repairs and maintenance	56,000	27,230	28,770	20,881
Other services and charges	1,445,800	1,299,227	146,573	1,344,523
Total Streets/Sanitation	2,357,001	2,166,936	190,065	2,037,282

CITY OF RICHMOND, TEXAS

Exhibit C-8 Page 3 of 3

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

**Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010**

	2011			2010
	Budget	Actual	Variance with Final Budget	Actual
<u>Expenditures (continued)</u>				
Administration:				
Personnel services	173,917	176,927	(3,010)	172,357
Supplies	13,100	10,016	3,084	9,140
Repairs and maintenance	5,000	15,607	(10,607)	3,622
Other services and charges	14,650	13,914	736	14,684
Total Administration	<u>206,667</u>	<u>216,464</u>	<u>(9,797)</u>	<u>199,803</u>
Total Public Works	<u>2,563,668</u>	<u>2,383,400</u>	<u>180,268</u>	<u>2,237,085</u>
Parks:				
Personnel services	334,592	315,520	19,072	323,528
Supplies	46,600	32,658	13,942	34,585
Repairs and maintenance	21,500	7,307	14,193	10,281
Other services and charges	38,800	17,421	21,379	10,666
Total Parks	<u>441,492</u>	<u>372,906</u>	<u>68,586</u>	<u>379,060</u>
Debt Service:				
Principal retirement	55,100	55,022	78	100,891
Interest and fiscal charges	24,900	24,768	132	3,927
Total Debt Service	<u>80,000</u>	<u>79,790</u>	<u>210</u>	<u>104,818</u>
Total Expenditures	<u>10,706,195</u>	<u>10,812,248</u>	<u>(106,053)</u>	<u>10,527,147</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,247,991)</u>	<u>(1,817,361)</u>	<u>(569,370)</u>	<u>(1,881,238)</u>
<u>Other Financing Sources</u>				
Capital lease				400,000
Transfers from other funds	<u>1,900,000</u>	<u>1,900,000</u>		<u>1,500,000</u>
Total Other Financing Sources	<u>1,900,000</u>	<u>1,900,000</u>		<u>1,900,000</u>
Net Change in Fund Balance	652,009	82,639	(569,370)	18,762
Fund Balance - Beginning	<u>43,366</u>	<u>43,366</u>		<u>24,604</u>
Fund Balance - Ending	<u>\$ 695,375</u>	<u>\$ 126,005</u>	<u>\$ (569,370)</u>	<u>\$ 43,366</u>

CITY OF RICHMOND, TEXAS

Exhibit C-9

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,003,933	\$ 1,035,273
Receivables:		
Property taxes	134,619	112,110
Due from other funds	<u>65,762</u>	<u>65,762</u>
Total Assets	<u>\$ 1,204,314</u>	<u>\$ 1,213,145</u>
 <u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable	\$	\$ 500
Deferred revenue	134,619	112,110
Due to other funds	<u>16,232</u>	<u>10,221</u>
Total Liabilities	<u>150,851</u>	<u>122,831</u>
 <u>Fund Balance</u>		
Restricted	<u>1,053,463</u>	<u>1,090,314</u>
Total Liabilities and Fund Balance	<u>\$ 1,204,314</u>	<u>\$ 1,213,145</u>

CITY OF RICHMOND, TEXAS

Exhibit C-10

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

**Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010**

	2011		Variance with Final Budget	2010 Actual
	Final Budget	Actual		
<u>Revenues</u>				
Taxes				
Property taxes	\$ 920,604	\$ 881,543	\$ (39,061)	\$ 1,021,501
	920,604	881,543	(39,061)	1,021,501
Other Revenues				
Investment earnings		3,210	3,210	2,240
Intergovernmental		200,000	200,000	
Miscellaneous				9,127
Total Revenues	920,604	1,084,753	164,149	1,032,868
<u>Expenditures</u>				
Debt Service:				
Principal retirement	970,000	780,000	190,000	560,000
Interest and fiscal agent fees	390,496	341,604	48,892	399,596
Bond issuance costs				83,618
Intergovernmental contribution				400,000
Total Expenditures	1,360,496	1,121,604	238,892	1,443,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,892)	(36,851)	403,041	(410,346)
Other Financing Sources (Uses)				
Transfers from other funds	239,892		(239,892)	
Issuance of debt				5,040,000
Premium on bonds				120,051
Payment to refunding bond agent				(4,683,931)
Total Other Financing Sources (Uses)	239,892		(239,892)	476,120
Change in Fund Balance	(200,000)	(36,851)	163,149	65,774
Fund Balance - Beginning	1,090,314	1,090,314		1,024,540
Fund Balance - Ending	\$ 890,314	\$ 1,053,463	\$ 163,149	\$ 1,090,314

CITY OF RICHMOND, TEXAS

Exhibit C-11

BALANCE SHEET
GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNITS

September 30, 2011

	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
<u>Assets</u>		
Cash and cash equivalents	\$ 4,360,766	\$ 995
Sales tax receivable	154,274	
Due from primary government	72,906	
Total Assets	\$ 4,587,946	\$ 995
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 806	\$
Total Liabilities	806	
 <u>Fund Balances</u>		
Restricted	4,587,140	995
Total Fund Balances	4,587,140	995
Total Liabilities and Fund Balances	\$ 4,587,946	\$ 995

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, 2011

	<u>Development Corporation of Richmond</u>	<u>Richmond Higher Education Finance Corporation</u>
<u>Revenues</u>		
Taxes:		
Sales	\$ 885,655	\$
Investment earnings	1,334	
Total Revenues	886,989	
<u>Expenditures</u>		
Current:		
General government	456,346	
Total Expenditures	456,346	
Net Change in Fund Balances	430,643	
Fund Balances - Beginning	4,156,497	995
Fund Balances - Ending	\$ 4,587,140	\$ 995

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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.

Contents	Page
Financial Trends	74
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	86
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	92
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	
Operating Information	101
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.

CITY OF RICHMOND, TEXAS

NET ASSETS BY COMPONENT

(UNAUDITED)

Last Eight Fiscal Years *

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities			
Invested in capital assets, net of related debt	\$ 978,271	\$ 1,660,627	\$ 2,310,521
Restricted	1,914,429	2,171,976	3,604,616
Unrestricted	662,787	530,074	829,468
Total Governmental Activities Net Assets	<u>\$ 3,555,487</u>	<u>\$ 4,362,677</u>	<u>\$ 6,744,605</u>
Business-Type Activities			
Invested in capital assets, net of related debt	\$ 8,230,967	\$ 9,473,994	\$ 11,467,756
Restricted	7,013,460	6,335,495	5,772,531
Unrestricted	3,585,953	4,296,760	3,583,768
Total Business-Type Activities Net Assets	<u>18,830,380</u>	<u>20,106,249</u>	<u>20,824,055</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 9,209,238	\$ 11,134,621	\$ 13,778,277
Restricted	8,927,889	8,507,471	9,377,147
Unrestricted	4,248,740	4,826,834	4,413,236
Total Primary Government Net Assets	<u>\$ 22,385,867</u>	<u>\$ 24,468,926</u>	<u>\$ 27,568,660</u>

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

Table 1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,994,065	\$ 4,642,399	\$ 5,535,614	\$ 5,602,683	\$ 5,109,818
2,855,032	1,762,875	1,496,984	1,200,637	1,343,250
307,372	(196,829)	(83,691)	2,680,396	184,543
<u>\$ 6,156,469</u>	<u>\$ 6,208,445</u>	<u>\$ 6,948,907</u>	<u>\$ 9,483,716</u>	<u>\$ 6,637,611</u>
\$ 15,983,002	\$ 17,385,386	\$ 17,232,031	\$ 21,006,899	\$ 25,306,185
5,216,556	5,267,574	5,264,593	150,000	150,000
4,359,734	4,697,280	6,639,822	7,411,532	9,251,699
<u>25,559,292</u>	<u>27,350,240</u>	<u>29,136,446</u>	<u>28,568,431</u>	<u>34,707,884</u>
\$ 18,977,067	\$ 22,027,785	\$ 22,767,645	\$ 26,609,582	\$ 30,416,003
8,071,588	7,030,449	6,761,577	1,350,637	1,493,250
4,667,106	4,500,451	6,556,131	10,091,928	9,436,242
<u>\$ 31,715,761</u>	<u>\$ 33,558,685</u>	<u>\$ 36,085,353</u>	<u>\$ 38,052,147</u>	<u>\$ 41,345,495</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET ASSETS

(UNAUDITED)

Last Eight Fiscal Years *

(accrual basis of accounting)

	2004	2005	2006
Expenses			
Governmental Activities			
General government	\$ 1,094,640	\$ 1,120,885	\$ 1,306,839
Public works	1,971,723	2,035,111	2,179,577
Parks and recreation	332,545	381,381	348,408
Public safety	3,807,968	4,427,390	4,454,284
Interest and fiscal agent fees on long-term debt	376,126	380,647	372,282
Total Governmental Activities Expenses	7,583,002	8,345,414	8,661,390
Business-Type Activities			
Water and sewer	2,225,148	2,648,085	3,084,278
Total Business-Type Activities Expenses	2,225,148	2,648,085	3,084,278
Total Primary Government Expenses	\$ 9,808,150	\$ 10,993,499	\$ 11,745,668
Program Revenues			
Governmental Activities			
Charges for services			
Public works	\$ 992,400	\$ 1,063,484	\$ 1,130,039
Public safety	946,011	893,814	872,626
Operating grants and contributions	699,672	411,705	494,492
Capital grants and contributions		170,000	219,000
Total Governmental Activities Program Revenues	2,638,083	2,539,003	2,716,157
Business-Type Activities			
Charges for services:			
Water	4,391,726	4,166,798	3,014,573
Sewer	N/A	N/A	2,614,943
Capital grants and contributions		242,337	311,207
Total Business-Type Activities Program Revenues	4,391,726	4,409,135	5,940,723
Total Primary Government Program Revenues	\$ 7,029,809	\$ 6,948,138	\$ 8,656,880
Net (Expense)/Revenue			
Governmental activities	\$ (4,944,919)	\$ (5,806,411)	\$ (5,945,233)
Business-type activities	2,166,578	1,761,050	2,856,445
Total Primary Government Net Expense	\$ (2,778,341)	\$ (4,045,361)	\$ (3,088,788)

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

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

Table 2 (Page 1 of 2)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	1,000,624	\$ 1,407,963	\$ 1,288,832	\$ 1,932,001	\$ 1,356,375
	2,323,954	2,400,975	2,592,763	2,535,798	2,635,218
	672,936	478,634	472,608	471,017	454,594
	5,182,983	5,385,184	6,286,007	6,279,497	6,684,886
	341,734	337,848	295,805	479,682	371,471
	<u>9,522,231</u>	<u>10,010,604</u>	<u>10,936,015</u>	<u>11,697,995</u>	<u>11,502,544</u>
	<u>3,292,781</u>	<u>3,841,501</u>	<u>3,956,907</u>	<u>4,087,381</u>	<u>4,623,424</u>
	<u>3,292,781</u>	<u>3,841,501</u>	<u>3,956,907</u>	<u>4,087,381</u>	<u>4,623,424</u>
\$	<u>12,815,012</u>	<u>\$ 13,852,105</u>	<u>\$ 14,892,922</u>	<u>\$ 15,785,376</u>	<u>\$ 16,125,968</u>
\$	1,396,379	\$ 1,477,147	\$ 1,552,105	\$ 1,474,934	\$ 1,568,045
	941,972	955,124	1,369,206	1,217,402	1,303,806
	446,615	188,911	629,342	1,278,042	1,615,748
	370,063		450,000		
	<u>3,155,029</u>	<u>2,621,182</u>	<u>4,000,653</u>	<u>3,970,378</u>	<u>4,487,599</u>
	3,261,554	3,645,654	3,880,890	3,756,748	5,497,836
	2,867,084	2,405,130	2,643,963	2,924,280	2,868,258
	1,000,000				
	<u>7,128,638</u>	<u>6,050,784</u>	<u>6,524,853</u>	<u>6,681,028</u>	<u>8,366,094</u>
\$	<u>10,283,667</u>	<u>\$ 8,671,966</u>	<u>\$ 10,525,506</u>	<u>\$ 10,651,406</u>	<u>\$ 12,853,693</u>
\$	(6,367,202)	\$ (7,389,422)	\$ (6,935,362)	\$ (7,727,617)	\$ (7,014,945)
	3,835,857	2,209,283	2,567,946	2,593,647	3,742,670
\$	<u>(2,531,345)</u>	<u>\$ (5,180,139)</u>	<u>\$ (4,367,416)</u>	<u>\$ (5,133,970)</u>	<u>\$ (3,272,275)</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET ASSETS

(UNAUDITED)

Last Eight Fiscal Years *

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Property taxes	\$ 2,084,818	\$ 2,238,096	\$ 2,441,549
Sales taxes	2,021,523	2,271,727	2,608,362
Franchise taxes	555,889	541,607	746,044
Investment earnings	2,933	118,373	121,315
Miscellaneous			
Transfers	1,256,215	1,443,798	2,301,762
Total Governmental Activities	<u>5,921,378</u>	<u>6,613,601</u>	<u>8,219,032</u>
Business-Type Activities			
Investment earnings	54,727	22,548	271,252
Transfers	(1,256,215)	(1,443,798)	(2,301,762)
Total Business-Type Activities	<u>(1,201,488)</u>	<u>(1,421,250)</u>	<u>(2,030,510)</u>
Total Primary Government	<u>\$ 4,719,890</u>	<u>\$ 5,192,351</u>	<u>\$ 6,188,522</u>
Change in Net Assets			
Governmental activities	\$ 976,459	\$ 807,190	\$ 2,273,799
Business-Type activities	965,090	339,800	825,935
Total Primary Government	<u>\$ 1,941,549</u>	<u>\$ 1,146,990</u>	<u>\$ 3,099,734</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,645,995	\$ 2,854,330	\$ 3,133,847	\$ 3,157,793	\$ 2,971,542
2,584,512	2,641,250	2,952,295	2,857,057	2,668,475
622,081	770,604	780,241	783,267	799,263
172,436	69,038	6,673	28,310	35,609
345,070	495,156		143,458	103,725
(591,028)	611,020	802,768	2,951,859	(2,392,119)
<u>5,779,066</u>	<u>7,441,398</u>	<u>7,675,824</u>	<u>9,921,744</u>	<u>4,186,495</u>
308,352	192,685	21,028	3,073	4,664
591,028	(611,020)	(802,768)	(2,951,859)	2,392,119
<u>899,380</u>	<u>(418,335)</u>	<u>(781,740)</u>	<u>(2,948,786)</u>	<u>2,396,783</u>
<u>\$ 6,678,446</u>	<u>\$ 7,023,063</u>	<u>\$ 6,894,084</u>	<u>\$ 6,972,958</u>	<u>\$ 6,583,278</u>
\$ (588,136)	\$ 51,976	\$ 740,462	\$ 2,194,127	\$ (2,828,450)
4,735,237	1,790,948	1,786,206	(355,139)	6,139,453
<u>\$ 4,147,101</u>	<u>\$ 1,842,924</u>	<u>\$ 2,526,668</u>	<u>\$ 1,838,988</u>	<u>\$ 3,311,003</u>

CITY OF RICHMOND, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

(UNAUDITED)

Last Eight Fiscal Years *

(accrual basis of accounting)

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

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

Table 3

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,854,330	\$ 3,133,847	\$ 3,157,793	\$ 2,971,542
2,641,250	2,952,295	2,857,057	2,668,475
<u>770,604</u>	<u>780,241</u>	<u>783,267</u>	<u>799,263</u>
<u>\$ 6,266,184</u>	<u>\$ 6,866,383</u>	<u>\$ 6,798,117</u>	<u>\$ 6,439,280</u>

CITY OF RICHMOND, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

(UNAUDITED)

Last Eight Fiscal Years *

(modified accrual basis of accounting)

	2004	2005	2006	2007
General Fund				
Unreserved	\$ 471,563	\$ 497,091	\$ 815,588	\$ 367,277
Total General Fund	\$ 471,563	\$ 497,091	\$ 815,588	\$ 367,277
 All Other Governmental Funds				
Reserved:	\$ 1,947,700	\$ 2,202,734	\$ 3,526,735	\$ 2,227,525
General government	N/A	N/A	N/A	N/A
Parks and recreation	N/A	N/A	N/A	N/A
Debt service	N/A	N/A	N/A	N/A
Unreserved:				653,843
Capital projects funds	N/A	N/A	N/A	N/A
Special revenue funds	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	\$ 1,947,700	\$ 2,202,734	\$ 3,526,735	\$ 2,881,368

2011**

General Fund	
Unassigned	\$ 126,005
Total General Fund	\$ 126,005
 All Other Governmental Funds	
Restricted	\$ 4,517,972
Unassigned	(4,528)
Total All Other Governmental Funds	\$ 4,513,444

N/A - Prior to 2009, reserved and unreserved fund balances are not available by fund type.

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

** In 2011, the City implemented GASB 54, under which governmental fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. The City has not currently restated prior year fund balances to reflect such.

Table 4

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ (145,494)	\$ 87,398	\$ 43,366
<u>\$ (145,494)</u>	<u>\$ 87,398</u>	<u>\$ 43,366</u>
\$ 1,190,545	\$	\$
N/A	99,739	118,614
N/A	38,188	38,266
N/A	1,024,540	1,090,314
596,736		
N/A	266,114	6,724,042
N/A		(10,067)
<u>\$ 1,787,281</u>	<u>\$ 1,428,581</u>	<u>\$ 7,961,169</u>

CITY OF RICHMOND, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

(UNAUDITED)

Last Eight Fiscal Years *

(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues			
Taxes	\$ 4,608,532	\$ 5,062,256	\$ 5,804,159
Licenses and permits	102,916	108,204	120,410
Fines and forfeitures	390,798	452,873	377,600
Fees and charges for services	889,484	1,396,221	1,504,656
Intergovernmental	698,857	352,946	169,482
Investment earnings	2,933	118,373	121,315
Other revenues	556,028	228,759	325,009
Total Revenues	<u>7,249,548</u>	<u>7,719,632</u>	<u>8,422,631</u>
Expenditures			
General government	1,399,135	1,093,884	1,289,536
Public safety	3,777,023	4,084,857	4,341,840
Public works	1,781,330	1,586,158	1,908,356
Parks and recreation	256,454	300,714	282,158
Capital outlay	247,577	1,399,095	260,975
Debt service			
Principal	480,000	515,000	626,238
Interest and fiscal charges	374,743	383,160	372,792
Debt issuance costs			
Intergovernmental contributions			
Total Expenditures	<u>8,316,262</u>	<u>9,362,868</u>	<u>9,081,895</u>
(Deficiency) of Revenues			
(Under) Expenditures	(1,066,714)	(1,643,236)	(659,264)
Other Financing Sources (Uses)			
Issuance of debt	530,000		
Premium on bonds			
Payment to refunding bond agent			
Capital leases	50,697	480,000	
Transfers in	1,320,740	1,443,798	2,312,009
Transfers (out)	(64,525)		(10,247)
Total Other Financing Sources (Uses)	<u>1,836,912</u>	<u>1,923,798</u>	<u>2,301,762</u>
Net Change in Fund Balances	<u>\$ 770,198</u>	<u>\$ 280,562</u>	<u>\$ 1,642,498</u>
Debt service as a percentage of noncapital expenditures	10.6%	11.3%	11.3%

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

Table 5

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	5,875,449	\$ 6,247,968	\$ 6,849,977	\$ 6,776,771	\$ 6,442,695
	264,546	140,954	242,820	121,403	128,742
	389,364	330,922	300,536	296,037	321,482
	1,689,441	1,973,729	2,158,733	2,279,897	2,426,702
	441,615	190,862	334,278	228,410	708,158
	172,436	69,038	6,673	28,310	35,609
	345,070	495,156	514,286	1,188,089	1,006,239
	<u>9,177,921</u>	<u>9,448,629</u>	<u>10,407,303</u>	<u>10,918,917</u>	<u>11,069,627</u>
	1,413,237	1,575,000	1,329,691	1,624,722	1,484,292
	5,067,779	5,386,062	6,262,566	6,354,900	6,509,162
	2,153,206	2,198,603	2,280,917	2,237,085	2,383,400
	661,921	429,448	376,298	379,060	372,906
	13,209	1,045,918	560,536	36,495	10,875
	633,702	691,698	677,485	682,770	881,336
	345,646	339,778	298,386	413,400	382,968
				222,525	
				400,000	
	<u>10,288,700</u>	<u>11,666,507</u>	<u>11,785,879</u>	<u>12,350,957</u>	<u>12,024,939</u>
	(1,110,779)	(2,217,878)	(1,378,576)	(1,432,040)	(955,312)
				9,040,000	
				275,462	
				(4,683,931)	
	500,000			400,000	
	1,000,000	1,250,000	1,829,953	7,201,713	1,900,000
	(1,591,028)	(638,980)	(577,185)	(4,249,854)	(4,292,119)
	<u>(91,028)</u>	<u>611,020</u>	<u>1,252,768</u>	<u>7,983,390</u>	<u>(2,392,119)</u>
\$	<u>(1,201,807)</u>	<u>(1,606,858)</u>	<u>(125,808)</u>	<u>6,551,350</u>	<u>(3,347,431)</u>
	9.5%	10.4%	9.0%	9.4%	11.1%

CITY OF RICHMOND, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

(UNAUDITED)

Last Eight Fiscal Years *

(modified accrual basis of accounting)

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

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

Table 6

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,836,114	\$ 3,117,441	\$ 3,136,447	\$ 2,974,957
2,641,250	2,952,295	2,857,057	2,668,475
<u>770,604</u>	<u>780,241</u>	<u>783,267</u>	<u>799,263</u>
<u>\$ 6,247,968</u>	<u>\$ 6,849,977</u>	<u>\$ 6,776,771</u>	<u>\$ 6,442,695</u>

CITY OF RICHMOND, TEXAS

Table 7

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY**
(UNAUDITED)
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
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	191,067,275	243,104,120	81,100,922	151,602,280	363,670,037	0.79000
2009	206,216,948	285,710,705	81,043,685	173,417,360	399,553,978	0.79000
2010	205,689,110	342,129,164	83,740,496	235,769,476	395,789,294	0.78650
2011	202,697,125	357,514,250	71,360,572	258,258,484	373,313,463	0.78650

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 iawqa

CITY OF RICHMOND, TEXAS

Table 8

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	Tax Year	City of Richmond			Total Direct Rate	Overlapping Rates (1)		Total
		Maintenance Rate	Debt Service Rate			Lamar CISD	Fort Bend County	
<u>Tax Rates (*)</u>								
2002	2001	\$ N/A	\$ N/A	\$ 0.79000	\$ 1.66450	\$ 0.56410	\$ 3.01860	
2003	2002	N/A	N/A	0.79000	1.66450	0.53874	2.99324	
2004	2003	0.46020	0.32980	0.79000	1.69760	0.52374	3.01134	
2005	2004	0.46270	0.32730	0.79000	1.69760	0.52374	3.01134	
2006	2005	0.50060	0.28940	0.79000	1.54770	0.51674	2.85444	
2007	2006	0.52880	0.26120	0.79000	1.54770	0.51674	2.85444	
2008	2007	0.55270	0.23730	0.79000	1.29765	0.51674	2.60439	
2009	2008	0.57920	0.21080	0.79000	1.29765	0.49976	2.58741	
2010	2009	0.52900	0.25750	0.78650	1.29765	0.49976	2.58391	
2011	2010	0.53930	0.24720	0.78650	1.36455	0.49976	2.65081	

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).

N/A - Maintenance and Debt Service rates are not available at this time.

CITY OF RICHMOND, TEXAS

Table 9

PRINCIPAL PROPERTY TAXPAYERS

(UNAUDITED)

Current Year and Eight Years Ago

Taxpayer	2011			2003		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Wal-Mart Real Estate Business	\$ 10,643,530	1	2.85 %	\$ 7,191,670	2	2.95 %
Wal-Mart Texas Stores, LP	7,796,730	2	2.09	6,578,060	4	2.70
Archer Daniel Midland Co	5,858,900	3	1.57	6,124,830	1	2.51
Hunter, Clayton, LLC	5,700,000	4	1.53	12,484,310	9	5.12
G&I VI Country Club Place, LP	5,538,530	5	1.48	3,883,180	5	1.59
Oakbend Hospital Authority	5,273,240	6	1.41	4,621,560	7	1.90
Golfview Holdings LLC	4,410,410	7	1.18			
CenterPoint Energy Inc	3,877,340	8	1.04	4,238,310	6	1.74
Matrix Metals, LLC	3,459,770	9	0.93	1,672,260	3	0.69
Southern Cotton Oil Co	3,342,290	10	0.90	1,821,830	8	0.75
Hobbs & Curry FLP				1,500,040	10	0.62
Subtotal	55,900,740		14.97	50,116,050		20.57
Other taxpayers	317,412,723		85.03	193,563,938		79.43
Total original roll	<u>\$ 373,313,463</u>		<u>100.00</u>	<u>\$ 243,679,988</u>		<u>100.00</u>

* The requirement for statistical data is ten years; only the current year and eight years prior are available at this time.

Source - Tax assessor/collector's records.

CITY OF RICHMOND, TEXAS

Table 10

PROPERTY TAX LEVIES AND COLLECTIONS

(UNAUDITED)

Last Ten Fiscal Years

Fiscal Year	Tax Rate	Total Tax Levy and Adjust.	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
2002	\$ 0.79000	\$ 1,921,823	\$ 1,843,405	95.92 %	\$ 63,056	\$ 1,906,461	99.20 %
2003	0.79000	1,938,277	1,858,610	95.89	63,739	1,922,349	99.18 %
2004	0.79000	2,042,786	1,906,316	93.32	120,689	2,027,005	99.23
2005	0.79000	2,164,150	2,035,724	94.07	110,184	2,145,908	99.16
2006	0.79000	2,378,721	2,287,241	96.15	70,626	2,357,867	99.12
2007	0.79000	2,587,548	2,506,050	96.85	56,481	2,562,531	99.03
2008	0.79000	2,819,564	2,707,816	96.04	69,993	2,777,809	98.52
2009	0.79000	3,120,709	2,982,814	95.58	51,539	3,034,353	97.23
2010	0.78650	3,112,883	3,006,008	96.57	43,323	3,049,331	97.96
2011	0.78650	2,938,283	2,846,225	96.87		2,846,225	96.87

Source - Tax assessor/collector's records.

CITY OF RICHMOND, TEXAS

Table 11

RATIOS OF OUTSTANDING DEBT BY TYPE

(UNAUDITED)

Last Eight Fiscal Years *

Fiscal Year Ended Sept. 30,	Governmental Activities		Business-Type Activities		Total Primary Government	% of Personal Income	Per Capita **
	General Obligation Bonds	Capital Leases	Certificates of Obligation	Capital Leases			
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
2009	5,560,000	518,173	2,305,000		8,383,173	n/a	621
2010	9,420,000	773,022	2,155,000		12,348,022	n/a	913
2011	8,800,000	671,686	2,005,000		11,476,686	n/a	983

n/a - information not available.

Source - Tax assessor/collector's records.

* The requirement for statistical data is ten years; only eight 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
(UNAUDITED)
Last Eight Fiscal Years *

Fiscal Year Ended Sept. 30,	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (1)	Total	% of Estimated Actual Taxable Value of Property	Per Capita
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
2009	5,560,000	1,024,540	4,535,460	1.14%	336
2010	9,420,000	1,090,314	8,329,686	2.10%	616
2011	8,800,000	1,053,463	7,746,537	1.96%	663

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

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

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CITY OF RICHMOND, TEXAS

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(UNAUDITED)

September 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>City of Richmond Share of Debt</u>
Lamar CISD	\$ 486,105,000	4.13 %	\$ 20,076,137
Fort Bend County	429,145,000	1.01	4,334,365
Subtotal, overlapping debt			24,410,501
City Direct Debt			<u>10,645,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 35,055,501</u></u>

Source - BOSC, Inc.

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

LEGAL DEBT MARGIN INFORMATION

(UNAUDITED)

Last Eight Fiscal Years *

	2004	2005	2006
Debt limit	\$ 25,817,517	\$ 27,394,281	\$ 30,112,037
Total net debt applicable to limit	7,399,468	6,836,276	6,271,171
Legal debt margin	\$ 18,418,049	\$ 20,558,005	\$ 23,840,866
Total net debt applicable to the limit as a percentage of debt limit	40.18%	33.25%	26.30%

Legal Debt Margin Calculation by Fiscal Year

Assessed value	\$ 258,175,168	\$ 273,942,808	\$ 301,120,371
Debt limit (10% of assessed value)	25,817,517	27,394,281	30,112,037
Debt applicable to limit:			
General obligation bonds	8,245,000	7,730,000	7,200,000
Less: amount set aside for repayment of general obligation debt	(845,532)	(893,724)	(928,829)
Total net debt applicable to limit	7,399,468	6,836,276	6,271,171
Legal debt margin	\$ 18,418,049	\$ 20,558,005	\$ 23,840,866

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 eight years are available at this time.

Table 14

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 33,038,745	\$ 35,690,690	\$ 39,955,398	\$ 39,578,929	\$ 37,331,346
<u>5,677,998</u>	<u>5,111,459</u>	<u>4,535,460</u>	<u>8,329,686</u>	<u>7,746,537</u>
<u>\$ 27,360,747</u>	<u>\$ 30,579,231</u>	<u>\$ 35,419,938</u>	<u>\$ 31,249,243</u>	<u>\$ 29,584,809</u>
20.75%	16.72%	12.80%	26.66%	26.18%
\$ 330,387,452	\$ 356,906,900	\$ 399,553,978	\$ 395,789,294	\$ 373,313,463
33,038,745	35,690,690	39,955,398	39,578,929	37,331,346
6,665,000	6,115,000	5,560,000	9,420,000	8,800,000
<u>(987,002)</u>	<u>(1,003,541)</u>	<u>(1,024,540)</u>	<u>(1,090,314)</u>	<u>(1,053,463)</u>
<u>5,677,998</u>	<u>5,111,459</u>	<u>4,535,460</u>	<u>8,329,686</u>	<u>7,746,537</u>
<u>\$ 27,360,747</u>	<u>\$ 30,579,231</u>	<u>\$ 35,419,938</u>	<u>\$ 31,249,243</u>	<u>\$ 29,584,809</u>

CITY OF RICHMOND, TEXAS

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

(UNAUDITED)

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>
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%
2009	13,493	n/a	15,195	30	1,983	6.1%
2010	13,532	n/a	19,503	30	2,524	8.3%
2011	11,679	n/a	17,792	30	1,989	7.6%

n/a - information not available.

Data sources:

(1) Bureau of the Census.

(2) Lamar Consolidated Independent School District.

(3) Texas Workforce Commission.

CITY OF RICHMOND, TEXAS

Table 16

PRINCIPAL EMPLOYERS
 (UNAUDITED)
Current Year and Eight Years Ago

<u>Employer</u>	<u>2011</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
Fort Bend County	2,100	1	28.00 %	\$ 1,537	1	20.49 %
Richmond State School	1,341	2	17.88	1,269	2	16.92
Oak Bend Hospital	446	3	5.95	468	3	6.24
Wal-Mart	278	4	3.71	189	4	2.52
City of Richmond	140	5	1.87	108	6	1.44
T.W. Davis YMCA	135	6	1.80	110	5	1.47
Richmond Post Office	83	7	1.11	85	7	1.13
ADM Cotton Mill	39	8	0.52	52	8	0.69
NEPCO Foundry/Matrix Metal	35	9	0.47	38	9	0.51
Office Depot	6	10	0.08	6	10	0.08
Total	<u>4,603</u>		<u>61.37 %</u>	<u>\$ 3,862</u>		<u>51.49 %</u>

* The requirement for statistical data is ten years; only the current year and eight years prior are available at this time.

Source - Municipal Advisory Council.

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CITY OF RICHMOND, TEXAS

Table 17

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 (UNAUDITED)
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	7	7	8	8	9	10	10	10	9	8
Public safety										
Police										
Officers	28	28	28	31	31	32	31	31	30	31
Civilians	10	10	10	10	10	10	11	11	10	12
Fire										
Firefighters	14	15	20	21	24	28	34	34	34	34
Civilians	3	3	3	3	3	3	3	3	3	3
Public works										
Administration				2	2	2	2	2	2	2
Streets and sanitation	10	10	10	10	10	10	10	11	11	11
Maintenance and operations	5	4	4	4	4	4	4	4	4	4
Parks and recreation	7	8	8	8	8	6	7	7	7	7
Water and sewer	23	23	23	24	24	28	28	27	30	30
Total	107	108	114	121	125	133	140	140	140	142

Source - City personnel records.

CITY OF RICHMOND, TEXAS

OPERATING INDICATORS BY FUNCTION

(UNAUDITED)

Last Eight Fiscal Years *

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

Source - Various City departments.

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

Table 18

2008	2009	2010	2011
401	501	745	280
246	239	237	209
4,575	3,989	3,611	2,705
1,759	1,650	1,413	1,098
67,499	58,944	30,078	26,481
23	31	16	169
21	22	11	14
24	50	34	88
35	42	21	29
1,800	1,858	2,091	1,931
148	188	222	24
176	148	192	110
887	651	702	361
314	382	378	383
22	18	42	18
152	167	154	111
3,602	3,557	3,863	3,238
274	340	328	301
54/3942	57/4134	71/6468	67/6442
37	37	26	35
1,567	1,262	1,369	2,508
4,320	2,903	2,861	4,018
1.977	1.977	1.973	2.661
723.511	723.511	720.179	971.275
3.214	3.214	3.267	4.445
1.376	1.376	1.492	1.415
503.745	503.745	546.592	516.391
3.000	3.000	2.778	2.717

CITY OF RICHMOND, TEXAS

Table 19

CAPITAL ASSETS STATISTICS BY FUNCTION
(UNAUDITED)
Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	18	18	20	23	25	25	25	27	27	27
Fire										
Stations	1	1	2	2	2	2	2	2	3	3
Public works										
Collection trucks	1	1	2	2	2	2	10	10	10	9
Streets (miles)	44	44	44	44	44	45	45	45	45	38
Parks and recreation										
Parks acreage	233	233	233	235	235	235	235	235	235	235
Parks	2	2	2	3	3	3	3	3	3	3
Water and sewer										
Water mains (miles)	n/a	48	48	50	50	50	50	50	50	53
Fire hydrants	iawqa	213	223	234	239	287	287	292	292	326
Maximum daily capacity										
(millions of gallons)	n/a	2.167	3.167	3.167	3.167	3.167	3.167	3.167	3.167	7.171
Sanitary sewers (miles)	n/a	44	44	44	44	44	44	44	44	44
Storm sewers (miles)	n/a	12	12	12	12	12	12	12	12	12
Maximum daily treatment capacity										
(millions of gallons)	2.387	2.164	3.712	3.610	2.882	3.060	3.060	3.000	3.000	3.000

n/a - information not available.

Source - Various City departments.

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