



City of Richmond

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2012

City of Richmond, Texas

Vision Statement

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

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

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



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF RICHMOND, TEXAS

**For the fiscal year ended
September 30, 2012**

**Terri Vela
City Manager**

**Prepared by
Finance Department**

CITY OF RICHMOND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
Organization Chart	vi
Principal City Officials	vii
GFOA Certificate of Achievement	viii
Financial Section	
Report of Independent Auditors	1
Management’s Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Discretely Presented Component Units	
Combining Statement of Net Assets	25
Combining Statement of Activities	26
Notes to the Basic Financial Statements	27
Required Supplementary Information	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	50
Notes To Required Supplementary Budget Information	51
Required Pension System Supplementary Information	52
Combining and Individual Fund Statements and Schedules	
Non-major Governmental Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
Debt Service Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	60

CITY OF RICHMOND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS (continued)

Statistical Section

Net Assets by Component	62
Changes in Net Assets	64
Fund Balances of Governmental Funds	68
Changes in Fund Balances of Governmental Funds	70
Assessed Value and Estimated Actual Value of Taxable Property	72
Property Tax Rates - Direct and Overlapping Governments	73
Principal Property Taxpayers	75
Property Tax Levies and Collections	77
Ratios of Outstanding Debt by Type	78
Ratios of General Bonded Debt Outstanding	79
Direct and Overlapping Governmental Activities Debt	80
Demographic and Economic Statistics	81
Principal Employers	83
Full-time Equivalent City Government Employees by Function	84
Operating Indicators by Function	86
Capital Assets Statistics by Function	88

Introductory Section

**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



March 4, 2013

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, 2012, is hereby submitted.

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

The City's financial statements have been audited by **Whitley Penn L.L.P.**, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City, incorporated in 1837 as one of the first three cities in the Republic of Texas, is located in Fort Bend County at the site of Stephen F. Austin's original colonies in Texas and currently occupies a land area 4.2 square miles and serves a population of 12,067. 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 Manager and Municipal Judge.

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

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Finance Director in June or July of each year. The City Manager then presents the proposed budget to the Commission for review. The Commission is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, 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 2.78% 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 \$383 million for fiscal year 2012, which is a 3% increase from fiscal year 2011.

ECONOMIC OUTLOOK

While celebrating 175 years, the City remains committed to its historic roots while embracing new growth and opportunities for the future. The City's development corporation has been working with a national retail analytics and locational intelligence firm that specializes in all aspects of retail market analyses and recruitment, from "macro to micro" trade area assessment to actively recruit retailers on behalf of the City. The City is in the county seat of Fort Bend. Five major trade outlets have been identified within the City's retail trade area (RTA) with growth expectations of 18% by 2016. Strategic partnerships have been formed in these areas to expand infrastructure for future growth and to capture the sales tax benefits as a return on investment. Although the economic downturn has strained the City's resources in past years, the influx of new nation-wide retail businesses to these areas have minimized the impact in the past fiscal years, with positive projections expected in future fiscal years.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

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

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

Budgetary Compliance

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

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. Annual appropriated budgets are adopted for the general 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 assigned fund balance policy in the future.

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

RELEVANT FINANCIAL POLICIES

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

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

The City has contracted with the Brazos River Authority for surface water available in the Brazos River. The Cities of Richmond and Rosenberg have joined together to build a surface water treatment facility. Richmond's portion of the surface water treatment facility and water transmission lines (including its GRP Partners) is estimated to be \$25.1 million dollars to meet the Subsidence District requirements through 2025. Additionally, the City (and its GRP Partners) will be required to construct an estimated \$7.7 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, 2011. This was the eighth year that the City received this prestigious award.

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

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

Acknowledgements

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

Respectfully submitted,

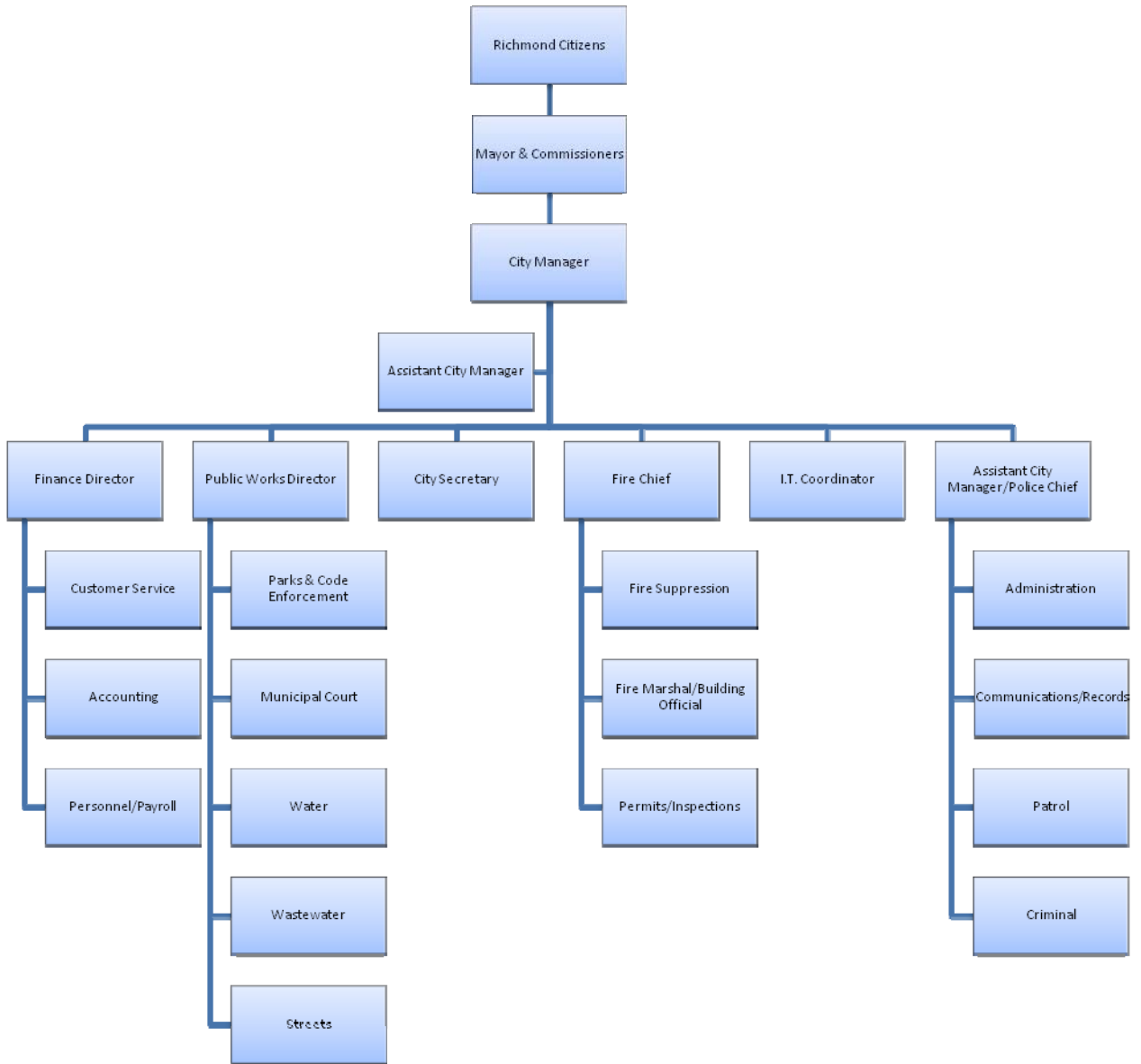


Terri Vela
City Manager



Susan Lang
Finance Director

CITY OF RICHMOND, TEXAS
ORGANIZATION CHART
September 30, 2012



CITY OF RICHMOND, TEXAS

PRINCIPAL CITY OFFICIALS

September 30, 2012

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

* - City Commission Appointive Position

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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

Financial Section

Report of Independent Auditors

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Richmond, Texas (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 also includes 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, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, and budgetary comparison information, required pension system, and other post-employment benefits on pages 52 through 54 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.

To the Honorable Mayor and
Members of the City Council
and the Citizens of the City of Richmond
City of Richmond, Texas
Page 2

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, combining non-major fund financial statements and budgetary comparison schedules and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements and budgetary comparison schedules 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, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Whitley Penn LLP
March 1, 2013

CITY OF RICHMOND, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Richmond (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$42.8 million (*net assets*). Of this amount, \$8.2 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.4 million, a decrease of \$2.2 million over the prior year. Approximately 33% of this total amount, \$1.1 million, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1.1 million, or 10% of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net 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 government'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. uncollected taxes and earned but unused vacation leave).

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Combining Component Unit Financial Statements

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 47 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and general fund budgetary comparisons. Required supplementary information can be found on pages 50 through 52 of the City's Comprehensive Annual Financial Report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found beginning on page 56 of the City's Comprehensive Annual Financial Report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$42.8 million (net assets). At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

By far, the largest portion of the City's net assets, 78%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED SCHEDULE OF NET ASSETS

September 30, 2012

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	4,650	\$ 6,970	10,519	\$ 9,374	\$ 15,169	\$ 16,344
Capital assets	11,378	11,535	29,259	27,311	40,637	38,846
Total Assets	16,028	18,505	39,778	36,685	55,806	55,190
Other liabilities	940	772	880	972	1,820	1,744
Long-term liabilities	9,361	10,087	1,855	2,005	11,216	12,092
Total Liabilities	10,301	10,859	2,735	2,977	13,036	13,836
Net assets:						
Invested in capital assets, net of related debt	4,113	5,110	29,259	25,306	33,372	30,416
Restricted	1,056	1,351	150	150	1,206	1,501
Unrestricted	558	1,185	7,634	8,252	8,192	9,437
Total Net Assets	\$ 5,727	\$ 7,646	\$ 37,043	\$ 33,708	\$ 42,770	\$ 41,354

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

Government-wide Financial Analysis (continued)

An additional portion of the City's net assets, 3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net assets increased by \$1.4 million during the current fiscal year, demonstrating the ability of the City's revenues to keep pace with annual expenses.

The following table summarizes the changes in net assets for the City for the year ended September 30, 2012.

CONDENSED SCHEDULE OF CHANGES IN NET ASSETS

For the Year Ended September 30, 2012

Amounts in (000's)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenue:						
Charges for services	\$ 2,907	\$ 2,872	\$ 7,530	\$ 8,366	\$ 10,437	\$ 11,238
Operating grants and contributions	1,309	1,616			1,309	1,616
Capital grants and contributions	19				19	
General revenues:						
Property taxes	3,008	2,971			3,008	2,971
Sales and use taxes	2,814	2,668			2,814	2,668
Franchise taxes	705	799			705	799
Unrestricted investment earnings	26	139	5	4	31	143
Miscellaneous	37				37	
Total Revenues	10,826	11,065	7,535	8,370	18,361	19,435
Expenses:						
General government	1,657	1,356			1,657	1,356
Public safety	6,866	6,684			6,866	6,684
Public works	2,678	2,635			2,678	2,635
Parks and recreation	484	455			484	455
Interest on long-term debt	431	371			431	371
Water and sewer			4,829	4,623	4,829	4,623
Total Expenses	12,116	11,501	4,829	4,623	16,945	16,124
Increase in net assets before transfers	(1,290)	(436)	2,706	3,747	1,416	3,311
Transfers	(629)	(2,392)	629	2,392		
Change in net assets	(1,919)	(2,828)	3,335	6,139	1,416	3,311
Net Assets - Beginning, as restated	7,646	10,474	33,708	27,569	41,354	38,043
Net Assets - Ending	\$ 5,727	\$ 7,646	\$ 37,043	\$ 33,708	\$ 42,770	\$ 41,354

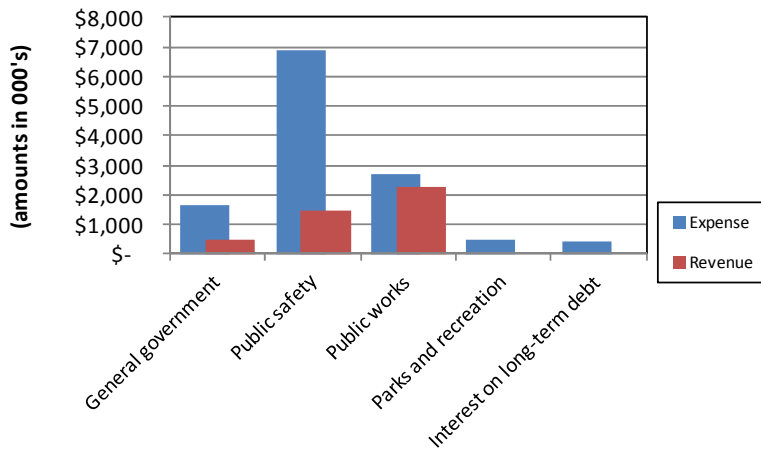
CITY OF RICHMOND, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

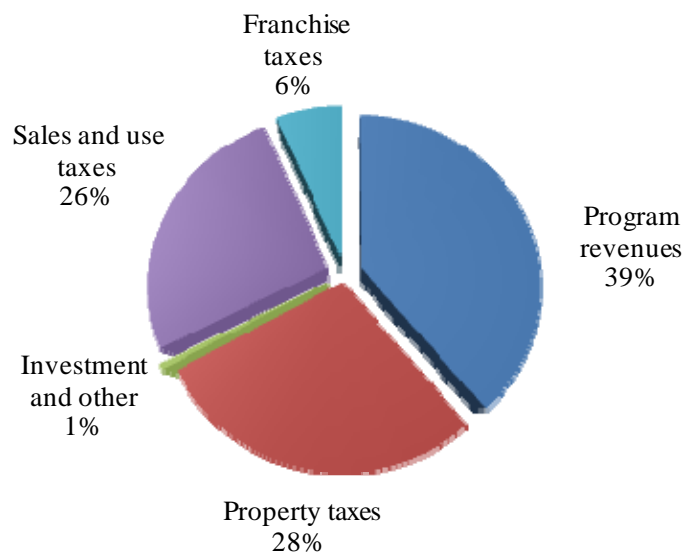
Governmental activities decreased the City's net assets by approximately \$1.9 million or 25% of beginning net assets. The key elements of this decrease are as follows:

- General government expenses of \$1.7 million, increased \$301,000 from the prior year due to an increase in capital project related expenditures of the general government.
- Transfers in from the business-type activities of \$2,047,000 were offset by transfers out of \$2,675,968 resulting in net transfers out of \$629,000 . The transfers out resulted from fixed asset additions funded by the governmental funds for the benefit of the enterprise fund.

A comparison of program expenses to program revenues follows:



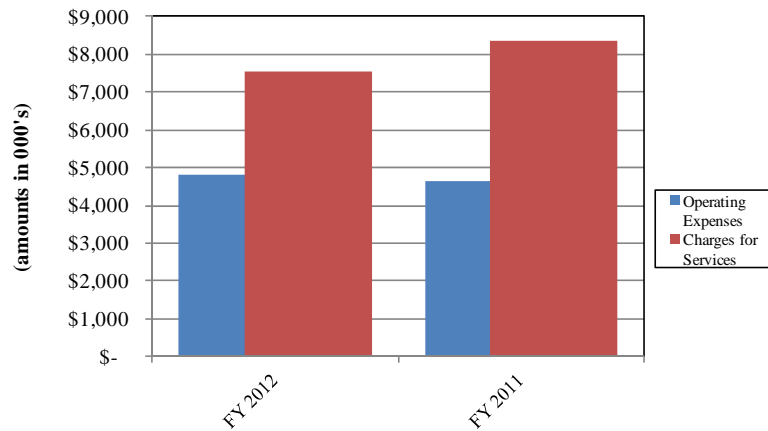
Revenue sources for governmental activities were distributed as follows:



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

Business-type Activities

Business-type activities increased the City's net assets by approximately \$3.3 million. This increase is primarily due to the transfer of \$2,441,587 from the governmental funds for fixed asset additions funded by the governmental funds. A comparison between expenses relating to water and sewer operations and program revenues (charges for services) for fiscal years 2012 and 2011 follows:



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

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$3.4 million, a decrease of approximately \$2.2 million from the prior year. The key elements of this decrease are as follows:

- Total expenditures of the governmental funds were \$15.1 million, an increase of \$3.0 million from prior year. The increase is due to completion of the 2006 capital improvement projects such as Lamar Drive Phase III, and phases II and III of the CDBG sanitary sewer system improvements.
- Intergovernmental revenues for the year were approximately \$593,000 , a decrease of \$114,844 from the prior year. The decrease in expenditures can be explained by the completion of major SAFER grant funding which provided for the addition of three fire department personnel. The 2007 SAFER grant is drawing to a close and funding reimbursements have also declined for this project.

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

Governmental Funds (continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$1.1 million. The unassigned fund balance increased by \$5,000 from fiscal year 2011. The key elements of this increase are as follows:

- Property tax revenue of \$2.2 million, which increased by \$123,000 as a result of increased property values.
- Sales and use tax revenue of \$2.8 million, which increased by \$145,000 as a result of increased consumer spending in the City.
- Intergovernmental revenues of \$129,000, which decreased by \$323,000 due to SAFER grant close-outs.
- Total other financing sources of \$2,055,955 which consist of a capital lease for \$40,000 for a new street sweeper, and transfers from other funds of \$2.0 million, an increase of \$100,000, for indirect expenses of activities funded by the general government which support the business-type activities.

At the close of the current fiscal year, the City's debt service fund reported a fund balance of \$875,000 , a decrease of \$178,000 from the prior year. The City makes semi-annual debt service payments in March and September of each year. Debt service expenditures for the year ending September 30, 2012, totaled \$1,121,066 .

At the close of the current fiscal year, the City's capital projects fund reported a fund balance of \$1.2 million, a decrease of \$2.1 million from the prior year. The decrease is due to the various capital projects completed and started in fiscal year 2012, the primary funding source being the bonds issued in fiscal year 2010. The remaining fund balance is for future construction and various maintenance projects throughout the City.

Proprietary Funds

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

Unrestricted net assets of the Water and Sewer Enterprise Fund at the end of the year amounted to \$7.6 million or 158% of annual operating and non-operating expenses for the fund.

General Fund Budgetary Highlights

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

Actual revenues differed from budgeted revenues by \$(0.7) million primarily as a result of a decrease in sales and use tax revenue, due to decreased consumer spending. This decrease is offset in part by a increase in property tax revenue due to increased assessed taxable values in fiscal year 2012.

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

General Fund Budgetary Highlights (continued)

Actual expenditures exceeded appropriations by \$3,000 . The key element of the significant variances is as follows:

- Capital outlay expenditures exceeded appropriations by \$3,000 due to an increase in the cost of materials.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2012, the City's governmental activities and business-type activities had invested \$11.4 million and \$29.3 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a decrease of \$157,000 or 1% over the end of last fiscal year for the governmental activities' capital assets and a change of \$1.9 million or 7% for the business-type activities.

The following table shows the balances at September 30, 2011 and 2012 (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land and intangibles	\$ 1,909	\$ 1,909	\$ 841	\$ 826	\$ 2,750	\$ 2,735
Construction in progress	315	426	814	6,524	1,129	6,951
Capital assets, net of depreciation:						
Buildings	4,296	4,215	4,772	4,948	9,068	9,163
Improvements other than buildings	1,530	1,517	3,765	3,965	5,295	5,482
Infrastructure	2,064	1,905	18,879	10,873	20,943	12,777
Machinery and equipment	1,265	1,563	187	175	1,452	1,738
Total Capital Assets	\$ 11,378	\$ 11,535	\$ 29,259	\$ 27,311	\$ 40,637	\$ 38,846

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

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt outstanding of \$7.9 million. This is a decrease from the prior year of \$0.8 million, due to the principal debt payments made during the year. The entire amount of bonded debt is backed by the full faith and credit of the City. A schedule of long-term debt at September 30, 2011 and 2012, follows (in \$000's):

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Bonds Payable						
Bond issuance premiums/discounts	219	238			219	238
Certificates of obligation			1,855	2,005	1,855	2,005
Capital leases	601	672			601	672
Compensated Absences	680	537			680	537
Total Capital Assets	\$ 9,361	\$ 10,087	\$ 1,855	\$ 2,005	\$ 11,216	\$ 12,092

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

Capital Asset and Debt Administration (continued)

Long-term Liabilities (continued)

On July 23, 2012, Standard & Poor's Ratings Services affirmed its long-term rating and underlying rating of 'A-' on the City's general obligation debt on their view of the City's historically stable financial position. Standard & Poor's affirmed its 'A-' long-term rating, and stable outlook, to the City's Certificate of Obligation bonds.

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City as of the fourth quarter of the 2012 fiscal year was 7.0%, compared to the state's average unemployment rate of 7.0% for the same reporting period.

Each year the budget is prepared on key objectives and assumptions. These objectives and assumptions are relayed to staff throughout the year by the Mayor and City Commission in various forms: through directives, adopted goals and actions, and the implementation of new programs or policies. For the fiscal year 2012 budget, these key objectives were as follows:

The City continues to grow its existing partnerships with the county, surrounding municipal utility districts and other governmental entities in order to facilitate the growing needs of the community. Through these partnerships, the City is able to expand its sales tax base, meet the mandated surface water conversion and fund projects that will enhance the quality of life for citizens throughout the county seat of Fort Bend. As always, we must balance the limited resources to provide the best possible services for all stakeholders. We believe this budget provides the adequate funding to meet the needs of the citizens for the upcoming year. The property tax rate for fiscal 2012 (tax year 2011) remained at \$0.7865 per \$100 of assessed value. Despite the tax rate remaining unchanged, revenues received from ad valorem taxes are budgeted to slightly decrease by 2%. This can be attributed to an increase in exempt property followed by a substantial decrease in personal property. The taxable value of new improvements increased by 15% over the prior year and approximates 0.4% of the total taxable value. Sales tax revenue is estimated to increase by 4% over actual projected collections for the fiscal year ended September 30, 2012. Overall, total revenues for the City are budgeted 3% higher than last year.

The Water and Sewer Enterprise Fund City rates remained the same during 2012. There was a 15-cent increase to the existing 60-cent water rate per 1,000 gallons usage for the mandated ground water reduction future planning which was passed through to water customers. Revenues received from the Water and Sewer Enterprise Fund is budgeted to increase by 8%.

Requests for Information

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

(This page intentionally left blank.)

Basic Financial Statements

(This page intentionally left blank.)

CITY OF RICHMOND, TEXAS
STATEMENT OF NET ASSETS
September 30, 2012

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 3,083,729	\$ 9,457,903	\$ 12,541,632	\$ 4,746,950
Accounts receivable	1,202,322	1,245,825	2,448,147	170,294
Internal balances	184,742	(184,742)		
Deferred issuance costs	178,887		178,887	
Capital assets, not subject to depreciation:				
Land	1,908,751	841,421	2,750,172	
Construction in progress	314,544	814,219	1,128,763	
Capital assets, net of depreciation:				
Infrastructure	2,063,746	18,879,379	20,943,125	
Buildings	4,296,347	4,771,610	9,067,957	
Improvements other than buildings	1,529,640	3,765,094	5,294,734	
Machinery and equipment	1,264,837	187,132	1,451,969	
Total Capital Assets	11,377,865	29,258,855	40,636,720	
Total Assets	16,027,545	39,777,841	55,805,386	4,917,244
Liabilities				
Accounts payable and accrued expenses	841,246	873,006	1,714,252	21,680
Accrued interest	99,134	6,797	105,931	
Long-term liabilities:				
Due within one year	785,998	150,000	935,998	
Due in more than one year	8,574,630	1,705,000	10,279,630	
Total Liabilities	10,301,008	2,734,803	13,035,811	21,680
Net Assets				
Invested in capital assets, net of related debt	4,113,159	29,258,855	33,372,014	
Restricted for:				
Debt service	840,785	150,000	990,785	
Community projects	97,750		97,750	4,894,569
Public safety	117,159		117,159	
Unrestricted	557,684	7,634,183	8,191,867	995
Total Net Assets	\$ 5,726,537	\$ 37,043,038	\$ 42,769,575	\$ 4,895,564

See Notes To Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 1,657,252	\$	\$ 469,725	\$
Public safety	6,866,056	1,339,251	129,114	19,490
Public works	2,678,325	1,567,992	710,000	
Parks and recreation	483,624			
Interest on long-term debt	430,711			
Total governmental activities	<u>12,115,968</u>	<u>2,907,243</u>	<u>1,308,839</u>	<u>19,490</u>
Business-type activities:				
Water and sewer	4,829,487	7,530,461		
Total business-type activities	<u>4,829,487</u>	<u>7,530,461</u>		
Total primary government	<u>\$ 16,945,455</u>	<u>\$ 10,437,704</u>	<u>\$ 1,308,839</u>	<u>\$ 19,490</u>
Component Units				
Development Corporation of Richmond	\$ 630,332			
Richmond Higher Education Corp.				
Total component units	<u>\$ 630,332</u>			

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Franchise taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues

Change in net assets

Net Assets - Beginning, as restated

Net Assets - Ending

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$ (1,187,527)	\$	\$ (1,187,527)	
(5,378,201)		(5,378,201)	
(400,333)		(400,333)	
(483,624)		(483,624)	
(430,711)		(430,711)	
<u>(7,880,396)</u>		<u>(7,880,396)</u>	
	2,700,974	2,700,974	
	<u>2,700,974</u>	<u>2,700,974</u>	
<u>(7,880,396)</u>	<u>2,700,974</u>	<u>(5,179,422)</u>	
			\$ (630,332)
			<u>(630,332)</u>
3,007,602		3,007,602	
2,813,786		2,813,786	934,098
705,143		705,143	
25,986	5,213	31,199	1,163
37,335		37,335	2,500
<u>(628,967)</u>	<u>628,967</u>		
<u>5,960,885</u>	<u>634,180</u>	<u>6,595,065</u>	<u>937,761</u>
(1,919,511)	3,335,154	1,415,643	307,429
<u>7,646,048</u>	<u>33,707,884</u>	<u>41,353,932</u>	<u>4,588,135</u>
<u>\$ 5,726,537</u>	<u>\$ 37,043,038</u>	<u>\$ 42,769,575</u>	<u>\$ 4,895,564</u>

CITY OF RICHMOND, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 567,120	\$ 825,595	\$ 1,526,440	\$ 165,073	\$ 3,084,228
Taxes receivable, net	769,355	64,794			834,149
Due from other funds	204,143	65,762		59,742	329,647
Due from other governments	48,373				48,373
Other receivables	319,716		85		319,801
Total Assets	<u>\$ 1,908,707</u>	<u>\$ 956,151</u>	<u>\$ 1,526,525</u>	<u>\$ 224,815</u>	<u>\$ 4,616,198</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 564,688	\$	\$ 267,152	\$ 5,183	\$ 837,023
Due to other funds	65,761	16,232	62,912		144,905
Due to component unit				4,723	4,723
Deferred revenue	146,806	64,794			211,600
Total Liabilities	<u>777,255</u>	<u>81,026</u>	<u>330,064</u>	<u>9,906</u>	<u>1,198,251</u>
Fund balances:					
Restricted:					
Debt service		875,125			875,125
Capital projects			1,196,461		1,196,461
Public safety				117,159	117,159
Community projects				97,750	97,750
Unassigned	1,131,452				1,131,452
Total Fund Balances	<u>1,131,452</u>	<u>875,125</u>	<u>1,196,461</u>	<u>214,909</u>	<u>3,417,947</u>
Total Liabilities and Fund Balances	<u>\$ 1,908,707</u>	<u>\$ 956,151</u>	<u>\$ 1,526,525</u>	<u>\$ 224,815</u>	<u>\$ 4,616,198</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2012

Total fund balance, governmental funds \$ 3,417,947

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 are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 11,377,865

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

Deferred revenue 211,600
Deferred bond issuance costs 178,887

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

Bonds payable, at maturity (7,860,000)
Premium/discount on bonds payable (219,413)
Capital lease obligation (601,167)
Accrued long-term interest (99,134)
Compensated absences (680,048)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 5,726,537

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property taxes	\$ 2,216,170	\$ 972,110	\$	\$	\$ 3,188,280
Sales and use taxes	2,813,786				2,813,786
Franchise taxes	705,143				705,143
Fines and forfeitures	308,346			10,491	318,837
Licenses and permits	182,580				182,580
Intergovernmental	129,114	202,000		262,200	593,314
Charges for services	2,411,351				2,411,351
Investment earnings	17,621	2,999	5,154	212	25,986
Miscellaneous	36,982		710,000	355	747,337
Total Revenues	<u>8,821,093</u>	<u>1,177,109</u>	<u>715,154</u>	<u>273,258</u>	<u>10,986,614</u>
Expenditures					
Current:					
General government	1,565,105				1,565,105
Public safety	6,283,484			6,501	6,289,985
Public works	2,442,678				2,442,678
Culture and recreation	394,024				394,024
Capital Outlay	108,586		2,746,471	261,031	3,116,088
Debt Service:					
Principal	62,462	780,000	48,466		890,928
Interest and other charges	15,262	341,066	14,446		370,774
Total Expenditures	<u>10,871,601</u>	<u>1,121,066</u>	<u>2,809,383</u>	<u>267,532</u>	<u>15,069,582</u>
Revenues over (under) expenditures	<u>(2,050,508)</u>	<u>56,043</u>	<u>(2,094,229)</u>	<u>5,726</u>	<u>(4,082,968)</u>
Other Financing Sources (Uses)					
Proceeds from capital lease	40,411				40,411
Transfers in	2,015,544		31,456		2,047,000
Transfers out		(234,381)			(234,381)
Total other financing sources (uses)	<u>2,055,955</u>	<u>(234,381)</u>	<u>31,456</u>		<u>1,853,030</u>
Net Changes in Fund Balances	5,447	(178,338)	(2,062,773)	5,726	(2,229,938)
Fund Balances - Beginning of Year, as restated	<u>1,126,005</u>	<u>1,053,463</u>	<u>3,259,234</u>	<u>209,183</u>	<u>5,647,885</u>
Fund Balances - End of Year	<u>\$ 1,131,452</u>	<u>\$ 875,125</u>	<u>\$ 1,196,461</u>	<u>\$ 214,909</u>	<u>\$ 3,417,947</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

Net change in fund balances - total governmental funds: \$ (2,229,938)

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

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

This is the amount by which capital outlay of \$3,119,760 exceeded depreciation of \$854,320 in the current period. 2,265,440

This amount represents capital outlay of the governmental funds used to purchase assets for the City's enterprise fund. The amount of outlay transferred is recorded as a capital contribution in the business-type activities and capital outlay in the governmental funds. (2,441,587)

Donated equipment does not represent current assets, and therefore is not recognized as revenue in governmental fund financials. The total amount is, however, reflected in the government wide financial statements as program revenue. 19,490

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (180,678)

Governmental funds report the proceeds from capital leases as another financial source or an increase to fund balance. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities. (40,411)

Governmental funds report repayment of bond principal and capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt. 890,928

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

Bond issuance costs (14,546)
 Bond premiums/discounts 18,683

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

Changes in accrued interest (64,075)
 Changes in accrued compensated absences (142,817)

Change in net assets of governmental activities \$ (1,919,511)

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2012

	Business-type Activities
	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,457,903
Accounts receivable, net	1,245,825
Total Current Assets	10,703,728
Non-current assets:	
Capital assets not being depreciated:	
Land and improvements	841,421
Construction in progress	814,219
Other capital assets, net of depreciation:	
Infrastructure	18,879,379
Buildings	4,771,610
Improvements other than buildings	3,765,094
Equipment and furniture	187,132
Total Non-Current Assets	29,258,855
Total Assets	39,962,583
Liabilities	
Current liabilities:	
Accounts payable	355,750
Due to other funds	184,742
Deposits	517,256
Certificates of obligation	150,000
Accrued interest payable	6,797
Total Current Liabilities	1,214,545
Non-current liabilities:	
Bonds, notes and loans payable	1,705,000
Total Non-Current Liabilities	1,705,000
Total Liabilities	2,919,545
Net Assets	
Invested in capital assets	29,258,855
Restricted for debt service	150,000
Unrestricted	7,634,183
Total Net Assets	\$ 37,043,038

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2012

	Business-type Activities
	Water and Sewer
Operating Revenues	
Charges for services	\$ 7,175,543
Miscellaneous	354,918
Total Operating Revenues	<u>7,530,461</u>
Operating Expenses	
Personnel services	1,624,530
Supplies	32,945
Contracted services	79,195
Other	2,078,957
Depreciation	929,480
Total Operating Expenses	<u>4,745,107</u>
Operating income (loss)	<u>2,785,354</u>
Non-Operating Revenues (Expenses)	
Interest and investment revenue	5,213
Interest expense	(84,380)
Total Non-Operating Revenues (Expenses)	<u>(79,167)</u>
Income before Transfers	2,706,187
Capital contributions	2,441,587
Transfers in	234,380
Transfers out	(2,047,000)
Change in Net Assets	3,335,154
Total Net Assets - Beginning of Year, as restated	<u>33,707,884</u>
Total Net Assets - End of Year	<u>\$ 37,043,038</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2012

	Business-type Activities
	Water and Sewer
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 7,757,554
Disbursed for personnel services	(1,624,530)
Disbursed for goods and services	(2,971,890)
Net cash provided by operating activities	3,161,134
Cash Flows From Noncapital Financing Activities	
Transfers from other funds	234,380
Transfers to other funds	(2,047,000)
Net cash used by noncapital financing activities	(1,812,620)
Cash Flows From Capital and Related Financing Activities	
Principal payments on debt	(150,000)
Acquisition and construction of capital assets	(435,566)
Cash flows from capital and related financing activities	(585,566)
Cash Flows From Investing Activities	
Interest received	5,213
Interest paid	(84,380)
Net cash used by investing activities	(79,167)
Net increase (decrease) in cash and cash equivalents	683,781
Cash and cash equivalents - beginning of year	8,774,121
Cash and cash equivalents - end of year	\$ 9,457,902
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 2,785,354
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	929,480
(Increase) decrease in accounts receivable	188,083
Increase (decrease) in interfund payables	(650,000)
Increase (decrease) in accounts payable	(130,793)
Increase (decrease) in customer deposits	39,010
Net cash provided by operating activities	\$ 3,161,134

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
September 30, 2012

	Governmental Activities		
	Totals	Development Corporation of Richmond	Richmond Higher Education Finance Corporation
Assets			
Cash and cash equivalents	\$ 4,746,950	\$ 4,745,955	\$ 995
Accounts receivable	170,294	170,294	
Total Assets	4,917,244	4,916,249	995
Liabilities			
Accounts payable and accrued expenses	21,680	21,680	
Total Liabilities	21,680	21,680	
Net Assets			
Restricted for:			
Community projects	4,894,569	4,894,569	
Unrestricted	995		995
Total Net Assets	\$ 4,895,564	\$ 4,894,569	\$ 995

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

	Governmental Activities		
	Totals	Development Corporation of Richmond	Higher Education Finance
General Revenues			
Taxes:			
Sales and use taxes	\$ 934,098	\$ 934,098	\$
Unrestricted investment earnings	1,163	1,163	
Miscellaneous	2,500	2,500	
Total general revenues	<u>937,761</u>	<u>937,761</u>	
Expenses			
Economic development	428,332	428,332	
Intergovernmental	202,000	202,000	
Total expenses	<u>630,332</u>	<u>630,332</u>	
Change in net assets	307,429	307,429	
Net Assets - Beginning	<u>4,588,135</u>	<u>4,587,140</u>	<u>995</u>
Net Assets - Ending	<u>\$ 4,895,564</u>	<u>\$ 4,894,569</u>	<u>\$ 995</u>

See Notes to Basic Financial Statements.

CITY OF RICHMOND, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 - Organization

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Development Corporation of Richmond

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

Richmond Higher Education Finance Corporation

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Property taxes collected within 60 days subsequent to September 30, 2012, have not been recorded as revenue as the amount is not considered material. Franchise taxes and sales taxes relating to underlying transactions that occurred prior to September 30, 2012, have been recorded as receivables and revenue. Licenses and permits and fines are not susceptible to accrual since they are not measurable until received. Revenue on federal and state cost-reimbursement grants is accrued when the related expenditures are incurred. Interest is recorded when earned.

The City reports the following major governmental funds:

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

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

The City has one major proprietary fund:

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

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

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

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

Net assets are categorized into three components -- invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are 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, notes or other borrowings.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net 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."

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

Note 2 - Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

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

E. Investments

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

F. Receivables

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

G. Due to and from Other Funds

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

H. Inventories and Prepaid Items

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

I. Capital Assets

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Building improvements	20 years
Infrastructure	30 years
Vehicles	5 years
Machinery and equipment	5 years

J. Compensated Absences

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

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

K. General Property Taxes

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

L. Debt Service

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

M. Use of Estimates

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

N. Bond Discounts/Issuance Costs

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

O. Fund Equity

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

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

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

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

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

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

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

O. Fund Equity (continued)

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

Unrestricted net assets for proprietary funds represent the net assets available for future operations or distribution. Restricted net assets for proprietary funds represent the net assets that have been legally identified for specific purposes.

P. Revenues and Expenditures/Expenses

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

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

Q. Post-employment Healthcare Benefits

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

Note 3 - Deposits (Cash) and Investments

Authorization for Deposits and Investments

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

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

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

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

Authorization for Deposits and Investments (continued)

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

Deposit and Investment Amounts

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

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

	Total Fair Value	
	Primary Government	Component Units
Cash Deposits	\$ 12,541,632	\$ 4,746,950
Total	\$ 12,541,632	\$ 4,746,950

At September 30, 2012, all of the City's deposits were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name, which totaled \$18,181,843 as of September 30, 2012.

Interest Rate Risk

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

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

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

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

Concentration of Credit Risk

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

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

Note 4 - Receivables

Amounts recorded as receivables as of September 30, 2012, for the government's individual major and non-major funds, including the applicable allowance for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Water and Sewer	Discretely Presented Component Units	Total
Receivables:						
Sales and use taxes	\$ 515,349	\$	\$	\$	\$ 170,294	\$ 685,643
Property taxes	458,103	196,201				654,304
Franchise taxes	109,200					109,200
Customer accounts				1,245,825		1,245,825
Grants	48,373					48,373
Other	319,716		85			319,801
Gross Receivables	<u>1,450,741</u>	<u>196,201</u>	<u>85</u>	<u>1,245,825</u>	<u>170,294</u>	<u>3,063,146</u>
Less: allowance for uncollectibles	<u>(313,297)</u>	<u>(131,407)</u>				<u>(444,704)</u>
Net Total Receivables	<u><u>\$ 1,137,444</u></u>	<u><u>\$ 64,794</u></u>	<u><u>\$ 85</u></u>	<u><u>\$ 1,245,825</u></u>	<u><u>\$ 170,294</u></u>	<u><u>\$ 2,618,442</u></u>

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

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

Note 5 - Capital Assets

A summary of activity for capital assets capitalized by the City for the year ended September 30, 2012, follows:

	<u>Balance 9/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2012</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,908,751	\$	\$	\$ 1,908,751
Construction in progress	426,104	465,356	(576,916)	314,544
Total capital assets, not being depreciated	<u>2,334,855</u>	<u>465,356</u>	<u>(576,916)</u>	<u>2,223,295</u>
Capital assets being depreciated:				
Buildings	5,410,863	195,157		5,606,020
Improvements other than buildings	2,384,085	104,234		2,488,319
Infrastructure	6,661,557	381,758		7,043,315
Machinery and equipment	5,557,974	128,074	(15,000)	5,671,048
Total capital assets being depreciated	<u>20,014,479</u>	<u>809,223</u>	<u>(15,000)</u>	<u>20,808,702</u>
Less accumulated depreciation for:				
Buildings	(1,195,395)	(114,278)		(1,309,673)
Improvements other than buildings	(867,095)	(91,584)		(958,679)
Infrastructure	(4,756,902)	(222,667)		(4,979,569)
Machinery and equipment	(3,995,420)	(425,791)	15,000	(4,406,211)
Total accumulated depreciation	<u>(10,814,812)</u>	<u>(854,320)</u>	<u>15,000</u>	<u>(11,654,132)</u>
Total capital assets being depreciated, net	<u>9,199,667</u>	<u>(45,097)</u>		<u>9,154,570</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 11,534,522</u>	<u>\$ 420,259</u>	<u>\$ (576,916)</u>	<u>\$ 11,377,865</u>

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Capital Assets (continued)

	Balance 9/30/2011	Additions	Deletions	Balance 9/30/2012
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 826,241	\$ 15,180		\$ 841,421
Construction in progress	6,524,477	728,884	(6,439,142)	814,219
Total capital assets, not being depreciated	7,350,718	744,064	(6,439,142)	1,655,640
Capital assets being depreciated:				
Buildings	8,665,357			8,665,357
Improvements other than buildings	4,232,674			4,232,674
Infrastructure	30,786,386	8,493,338		39,279,724
Machinery and equipment	1,018,002	78,892	(12,119)	1,084,775
Total capital assets being depreciated	44,702,419	8,572,230	(12,119)	53,262,530
Less accumulated depreciation for:				
Buildings	(3,717,768)	(175,979)		(3,893,747)
Improvements other than buildings	(267,404)	(200,175)		(467,579)
Infrastructure	(19,913,789)	(486,555)		(20,400,344)
Machinery and equipment	(842,991)	(66,771)	12,119	(897,643)
Total accumulated depreciation	(24,741,952)	(929,480)	12,119	(25,659,313)
Total capital assets being depreciated, net	19,960,467	7,642,750		27,603,217
Business-type Activities				
Capital Assets, Net	\$ 27,311,185	\$ 8,386,814	\$ (6,439,142)	\$ 29,258,857

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

Governmental Activities

General	\$ 50,069
Public safety	469,420
Public works	251,141
Parks and recreation	83,690
	<u>\$ 854,320</u>

Business-type Activities

Water and sewer	<u>\$ 929,480</u>
-----------------	-------------------

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

Note 5 - Capital Assets (continued)

Construction in progress for the various projects and remaining commitments under these construction contracts at September 30, 2012, are as follows:

CONSTRUCTION IN PROGRESS

	<u>Authorized Contract</u>	<u>Total in Progress</u>	<u>Remaining Commitment</u>
Governmental Activities			
Fire Department Main Station	\$ 409,884	\$ 24,083	\$ 385,801
FM 2218 to FM 762 TxDOT Project	30,134	30,134	
90A Overpass TxDOT Project	26,000	26,000	
Wessendorff Park	918,600	200,651	717,949
Phase III Sanitary Sewer Rehab	222,001	33,676	188,325
	<u>\$ 1,606,619</u>	<u>\$ 314,544</u>	<u>\$ 1,292,075</u>
Business-type Activities			
Water maintenance facility	\$ 864,219	\$ 814,219	\$ 50,000
	<u>\$ 864,219</u>	<u>\$ 814,219</u>	<u>\$ 50,000</u>
Total	<u>\$ 2,470,838</u>	<u>\$ 1,128,763</u>	<u>\$ 1,342,075</u>

Note 6 - Long-Term Debt

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

During the year ended September 30, 2012, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 8,640,000	\$	\$ (780,000)	\$ 7,860,000	570,000
Bond issuance premiums/discounts	238,096		(18,683)	219,413	18,683
Capital leases	671,685	40,410	(110,928)	601,167	129,310
Compensated absences	537,231	369,225	(226,408)	680,048	68,005
Governmental Activities Long-term Liabilities	<u>\$ 10,087,012</u>	<u>\$ 409,635</u>	<u>\$ (1,136,019)</u>	<u>\$ 9,360,628</u>	<u>\$ 785,998</u>
Business-Type Activities:					
Bonds Payable:					
Certificates of obligation	\$ 2,005,000	\$	\$ (150,000)	\$ 1,855,000	\$ 150,000
Business-type Activities Long-term Liabilities	<u>\$ 2,005,000</u>	<u>\$</u>	<u>\$ (150,000)</u>	<u>\$ 1,855,000</u>	<u>\$ 150,000</u>

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

Note 6 - Long-Term Debt (continued)

The following is a summary of the terms of obligations of general obligation bonds and certificates of obligation outstanding as of September 30, 2012:

Governmental Activities:			Maturity	Debt
Series	Interest Rate	Original Issue	Date	Outstanding
General Obligation Bonds				
Series 2009 general obligation bonds	3.00-4.25%	\$ 4,000,000	2029	\$ 3,975,000
Series 2010 general obligation and refunding bonds	2.00-4.00%	5,040,000	2020	3,555,000
Series 2004 general obligation bonds	4.75-5.25%	530,000	2024	330,000
Total Governmental Activities				\$ 7,860,000

Business-Type Activities:				Debt
Series	Interest Rate	Original Issue		Outstanding
Certificates of Obligation:				
Series 2004 certificates of obligation	3.60-4.80%	3,055,000	2024	\$ 1,855,000
Total Business-Type Activities				\$ 1,855,000

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

Year Ending September 30,	Governmental Activities General Obligation Bonds			Business-Type Activities Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 570,000	\$ 341,430	\$ 911,430	\$ 150,000	\$ 78,643	\$ 228,643
2014	570,000	263,792	833,792	155,000	72,618	227,618
2015	590,000	247,945	837,945	155,000	66,340	221,340
2016	605,000	229,392	834,392	155,000	59,907	214,907
2017	625,000	209,898	834,898	155,000	53,320	208,320
2018	650,000	185,792	835,792	155,000	46,578	201,578
2019	680,000	157,930	837,930	155,000	39,680	194,680
2020	710,000	130,215	840,215	155,000	32,666	187,666
2021	360,000	109,372	469,372	155,000	25,575	180,575
2022	370,000	95,254	465,254	155,000	18,406	173,406
2023	385,000	80,304	465,304	155,000	11,121	166,121
2024	405,000	64,306		155,000	3,720	158,720
2025	245,000	51,118				
2026	255,000	40,959				
2027	270,000	29,963				
2028	280,000	18,276				
2029	290,000	6,163				
	\$ 7,860,000	\$ 2,262,109	\$ 8,166,324	\$ 1,855,000	\$ 508,574	\$ 2,363,574

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

Note 6 - Long-Term Debt (continued)

Capital Leases

During the year ended September 30, 2012 the City entered into a lease purchase agreement for the acquisition of a street sweeper costing \$40,410. The lease is for a period of three years with annual payments of \$14,391 and a stated interest rate of 3.38%. Payments on this lease do not commence until fiscal year 2013.

During the year ended September 30, 2011 the City entered into a lease purchase agreement for the acquisition of a fire truck costing \$400,000. The lease is for a period of six years with annual payments of \$79,629 and a stated interest rate of 4.69%. Interest paid on this lease was \$17,167 for the year ended September 30, 2012.

During the year ended September 30, 2008 the City entered into a lease purchase agreement to finance the acquisition of a fire station costing \$500,000. The lease is for a period of ten years with annual payments of \$62,912 and a stated interest rate of 4.59%. Interest paid on this lease was \$14,446 for the year ended September 30, 2012.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of September 30, 2012:

<u>Year Ending September 30,</u>	<u>Governmental Activities Amount</u>
2013	\$ 156,932
2014	156,932
2015	156,932
2016	142,541
2017	62,912
Total minimum lease payments	676,249
Less interest portion	(75,078)
Present value of minimum lease payments	<u>\$ 601,171</u>

The assets acquired through capital lease are as follows:

Assets:	
Buildings	\$ 500,000
Vehicles	440,410
Less: Accumulated Depreciation	(205,194)
Net	<u>\$ 735,216</u>

Legal Compliance

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

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

Note 7 - Interfund Transactions

The composition of interfund balances as of September 30, 2012, is as follows:

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

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

For the year ended September 30, 2012, interfund transfers consisted of:

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Totals</u>
	General Fund	Capital Projects Fund	Water and Sewer Fund	
Water and Sewer Fund	\$ 2,015,544	\$ 31,456		\$2,047,000
Debt Service Fund			234,381	234,381
Totals	<u>\$ 2,015,544</u>	<u>\$ 31,456</u>	<u>\$ 234,381</u>	<u>\$2,281,381</u>

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

Note 8 - Deferred Revenue

Deferred revenues at September 30, 2012 represent assets that are not available for use by the City to liquidate current year liabilities. A summary of deferred revenues by fund follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property taxes	144,806	64,794	\$ 209,600
Other	2,000		2,000
	<u>\$ 146,806</u>	<u>\$ 64,794</u>	<u>\$ 211,600</u>

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

Note 9 - Employee Retirement System

Plan Description

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

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

Benefits

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

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

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 9 - Employee Retirement System (continued)

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2010 valuation is effective for rates beginning in January 2012).

The City's total payroll in fiscal year 2012 was \$6.3 million, and the City's contributions were based on a payroll of \$6.3 million. Contributions made by employees totaled \$441 thousand, and the City made contributions of \$948 thousand during the fiscal year ended September 30, 2012.

Annual Pension Cost

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>NPO at the end of the period</u>
2010	\$ 978,572	100%	\$0
2011	1,044,544	100%	\$0
2012	948,347	100%	\$0

Cities are required to contribute at an actuarially determined rate; these rates are provided to the City on an annual basis, following the completion of actuarial valuation. As explained above, there is a time delay between the valuation and when the rate becomes effective -- for example, the January 1, 2012 contribution rate is based on the December 31, 2010 valuation results. If a change in plan provisions is elected by the City, this rate can change. The actuary determines contribution rates on a calendar-year basis. The City discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the City's fiscal year.

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

Note 9 - Employee Retirement System (continued)

Funding Policy (continued)

The funded status of the Plan as of December 31, 2011 is presented as follows:

Actuarial valuation date	December 31, 2011
Actuarial value of plan assets (a)	\$23,165,029
Actuarial accrued liability (AAL) (b)	\$26,672,405
Funded Ratio (a/b)	86.9%
Unfunded AAL (UAAL) (b-a)	\$3,507,376
Covered Payroll (c)	\$6,264,236
UAAL as % of covered payroll ((b-a)/c)	56.0%

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

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

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010, valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation date	December 31, 2009	December 31, 2010	December 31, 2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	28.2 years; closed period	27.3 years; closed period	26.3 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment return *	7.5%	7.0%	7.0%
Projected salary increases *	varies by age and service	varies by age and service	varies by age and service
* Includes inflation at Cost-of-living adjustments	3.0%	3.0%	3.0%
	2.1%	2.1%	2.1%

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

Note 9 - Employee Retirement System (continued)

Supplemental Death Benefits Fund

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

The city's contributions to the TMRS SDBF for the fiscal years ended 2012, 2011 and 2010 were \$12,116, \$15,808 and \$15,026, respectively, which equaled the required contributions each year.

<u>Fiscal Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percent Contributed</u>
2010	0.18%	0.18%	100%
2011	0.21%	0.21%	100%
2012	0.17%	0.17%	100%

Note 10 - Commitments and Contingencies

Litigation and Other Contingencies

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

Arbitrage Rebate

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

Note 11 - Risk Management

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

CITY OF RICHMOND, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

Note 12 - Stewardship, Compliance and Accountability

For the year ended September 30, 2012, expenditures exceeded appropriations in the Debt Service Fund by \$117,620. The excess expenditures were due to debt principal payments which were reimbursed by the Economic Development Corporation of Richmond.

Note 13 - 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 \$192,972 to Pecan Grove MUD and \$35,675 to FBCMUD 116 in tax rebates in accordance with the SPA.

Note 13 - Strategic Partnership Agreements (continued)

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

Note 14 - 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 15 - Restatement of Beginning Fund Balances

During the current fiscal year, it was determined that a long-term interfund receivable and payable of \$1 million should no longer be categorized as reimbursable from the general government to the business-type activity. To reflect management's position regarding the payable, the beginning fund balance of the General Fund and beginning net assets of the Enterprise Fund/Business-type Activities of \$126,005 and \$34,707,884, respectively and as originally reported, have been adjusted to \$1,126,005 and \$33,707,884, respectively. In addition, beginning net assets for governmental activities of \$6,637,611, as originally reported, has been increased to \$7,646,048.

(This page intentionally left blank.)

Required Supplementary Information

CITY OF RICHMOND, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended September 30, 2012

	2012			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 2,156,359	\$ 2,156,359	\$ 2,216,170	\$ 59,811
Sales and use taxes	3,075,000	3,075,000	2,813,786	(261,214)
Franchise taxes	715,000	715,000	705,143	(9,857)
Fines and forfeitures	381,050	381,050	308,346	(72,704)
Licenses and permits	250,000	250,000	182,580	(67,420)
Intergovernmental	131,596	131,596	129,114	(2,482)
Charges for services	2,410,000	2,410,000	2,411,351	1,351
Investment earnings	80,000	80,000	17,621	(62,379)
Miscellaneous	350,000	350,000	36,982	(313,018)
Total Revenues	9,549,005	9,549,005	8,821,093	(727,912)
Expenditures				
Current:				
General government	1,320,521	1,564,371	1,565,105	(734)
Public Safety	6,217,963	6,284,263	6,283,484	779
Public Works	2,619,179	2,442,729	2,442,678	51
Culture and recreation	441,992	394,492	394,024	468
Capital Outlay	120,454	105,454	108,586	(3,132)
Debt Service:				
Principal	62,462	62,462	62,462	
Interest and other charges	15,262	15,262	15,262	
Total Expenditures	10,797,833	10,869,033	10,871,601	(2,568)
Revenues over (under) expenditures	(1,248,828)	(1,320,028)	(2,050,508)	(730,480)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases			40,411	40,411
Transfers in	1,250,000	2,047,000	2,015,544	(31,456)
Total other financing sources (uses)	1,250,000	2,047,000	2,055,955	(31,456)
Changes in fund balance	1,172	726,972	5,447	(761,936)
Fund Balances - Beginning of Year, as restated	1,126,005	1,126,005	1,126,005	
Fund Balances - End of Year	\$ 1,127,177	\$ 1,852,977	\$ 1,131,452	\$ (721,525)

CITY OF RICHMOND, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

Year ended September 30, 2012

General Budget Policies

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

Budgetary Compliance

The City had expenditures exceeding appropriations in the following General Fund categories:

General Government	\$734
Capital Outlay	\$3,132

CITY OF RICHMOND, TEXAS
REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
September 30, 2012

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

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2009	14,225,103	19,881,416	5,656,313	71.5%	6,269,945	90.2%
2010	20,970,763	25,207,524	4,236,761	83.2%	6,211,040	68.2%
2011	23,165,029	26,672,405	3,507,376	86.9%	6,264,236	56.0%

**Combining and Individual Fund
Statements and Schedules**

(This page intentionally left blank.)

Non-Major Governmental Funds

Special Revenue Funds

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

Festivals Fund

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

Parks Improvement Fund

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

City Narcotics Seizure Fund

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

State Narcotics Fund

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

Federal Narcotics Fund

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

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 intergovernmental grant revenues and expenditures related to the fire and police departments.

Municipal Court Technology Fund

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

Municipal Court Security Fund

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

CITY OF RICHMOND, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2012

	Festivals Fund	Parks Improvement Fund	Narcotics Seizure City	State Narcotics Fund
Assets				
Cash and cash equivalents	\$ 704	\$ 38,455	\$ 7,405	\$ 40,889
Due from other funds				
Total Assets	<u>\$ 704</u>	<u>\$ 38,455</u>	<u>\$ 7,405</u>	<u>\$ 40,889</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Payable to other governments				4,723
Total Liabilities				<u>4,723</u>
Fund balances:				
Restricted:				
Public safety			7,405	36,166
Community projects	704	38,455		
Total Fund Balances	<u>704</u>	<u>38,455</u>	<u>7,405</u>	<u>36,166</u>
Total Liabilities and Fund Balances	<u>\$ 704</u>	<u>\$ 38,455</u>	<u>\$ 7,405</u>	<u>\$ 40,889</u>

Federal Narcotics Fund	Community Development Block Grant Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
\$ 9,225	\$ (353) 59,742	\$ 452	\$ 1,465	\$ 66,831	\$ 165,073 59,742
<u>\$ 9,225</u>	<u>\$ 59,389</u>	<u>\$ 452</u>	<u>\$ 1,465</u>	<u>\$ 66,831</u>	<u>\$ 224,815</u>
\$ 4,385	\$ 798	\$	\$	\$	\$ 5,183 4,723
<u>4,385</u>	<u>798</u>				<u>9,906</u>
4,840	58,591	452	1,465	66,831	117,159 97,750
<u>4,840</u>	<u>58,591</u>	<u>452</u>	<u>1,465</u>	<u>66,831</u>	<u>214,909</u>
<u>\$ 9,225</u>	<u>\$ 59,389</u>	<u>\$ 452</u>	<u>\$ 1,465</u>	<u>\$ 66,831</u>	<u>\$ 224,815</u>

CITY OF RICHMOND, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	Festivals Fund	Parks Improvement Fund	Narcotics Seizure City	State Narcotics Fund
Revenues				
Fines and forfeitures	\$	\$	\$	\$
Intergovernmental				
Investment earnings	2	88	18	93
Miscellaneous			225	
Total Revenues	<u>2</u>	<u>88</u>	<u>243</u>	<u>93</u>
Expenditures				
Current:				
Public safety			1,275	700
Capital Outlay				
Total Expenditures			<u>1,275</u>	<u>700</u>
Changes in Fund Balance	2	88	(1,032)	(607)
Fund Balances - Beginning of Year	<u>702</u>	<u>38,367</u>	<u>8,437</u>	<u>36,773</u>
Fund Balances - End of Year	<u>\$ 704</u>	<u>\$ 38,455</u>	<u>\$ 7,405</u>	<u>\$ 36,166</u>

Federal Narcotics Fund	Community Development Block Grant Fund	TCLEOSE Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Total Non- Major Governmental Funds
\$	\$	\$	\$ 5,993	\$ 4,498	\$ 10,491
	262,200				262,200
11					212
	130				355
<u>11</u>	<u>262,330</u>		<u>5,993</u>	<u>4,498</u>	<u>273,258</u>
4,406		120			6,501
	261,031				261,031
<u>4,406</u>	<u>261,031</u>	<u>120</u>			<u>267,532</u>
(4,395)	1,299	(120)	5,993	4,498	5,726
<u>9,235</u>	<u>57,292</u>	<u>572</u>	<u>(4,528)</u>	<u>62,333</u>	<u>209,183</u>
<u>\$ 4,840</u>	<u>\$ 58,591</u>	<u>\$ 452</u>	<u>\$ 1,465</u>	<u>\$ 66,831</u>	<u>\$ 214,909</u>

CITY OF RICHMOND, TEXAS

DEBT SERVICE FUND

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

For the Year Ended September 30, 2012

With comparative actual amounts for the year ended September 30, 2011

	2012		Variance Positive (Negative)	2011
	Final Budget	Actual		Actual
Revenues				
Taxes:				
Property taxes	\$ 918,766	\$ 972,110	\$ 53,344	\$ 881,543
Intergovernmental		202,000	202,000	200,000
Investment earnings		2,999	2,999	3,210
Total Revenues	<u>918,766</u>	<u>1,177,109</u>	<u>258,343</u>	<u>1,084,753</u>
Expenditures				
Debt Service:				
Principal	630,000	780,000	(150,000)	780,000
Interest and other charges	<u>373,446</u>	<u>341,066</u>	<u>32,380</u>	<u>341,604</u>
Total Expenditures	<u>1,003,446</u>	<u>1,121,066</u>	<u>(117,620)</u>	<u>1,121,604</u>
Revenues over (under) expenditures	(84,680)	56,043	140,723	(36,851)
Other Financing Sources (Uses)				
Transfers out	<u>(234,680)</u>	<u>(234,381)</u>	<u>(299)</u>	
Total other financing sources (uses)	<u>(234,680)</u>	<u>(234,381)</u>	<u>299</u>	
Net changes in fund balances	(319,360)	(178,338)	141,022	(36,851)
Fund Balances - Beginning of Year	<u>1,053,463</u>	<u>1,053,463</u>		<u>1,090,314</u>
Fund Balances - End of Year	<u>\$ 734,103</u>	<u>\$ 875,125</u>	<u>\$ 141,022</u>	<u>\$ 1,053,463</u>

UNAUDITED STATISTICAL SECTION

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

Contents	Page
Financial Trends	62
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	72
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	78
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	81
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	86
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 reports for the relevant year. The City implemented GASB Statement No. 34 in the fiscal year ending September 30, 2004. Schedules presenting government-wide information include information beginning in that year.

CITY OF RICHMOND, TEXAS
NET ASSETS BY COMPONENT
Last Nine Fiscal Years (1)
(Accrual Basis of Accounting)

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

(1) Due to the implementation of GASB Statement No. 34 effective October 1, 2003, comparative data is only available for the past nine years.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 4,642,399	\$ 5,535,614	\$ 5,602,683	\$ 5,109,818	\$ 4,113,159
1,762,875	1,496,984	1,200,637	1,351,687	1,055,694
803,171	916,309	3,680,396	1,184,543	557,684
<u>\$ 7,208,445</u>	<u>\$ 7,948,907</u>	<u>\$ 10,483,716</u>	<u>\$ 7,646,048</u>	<u>\$ 5,726,537</u>
\$ 17,385,386	\$ 17,232,031	\$ 21,006,899	\$ 25,306,185	\$ 29,258,855
5,267,574	5,264,593	150,000	150,000	150,000
3,697,280	5,639,822	6,411,532	8,251,699	7,634,183
<u>\$ 26,350,240</u>	<u>\$ 28,136,446</u>	<u>\$ 27,568,431</u>	<u>\$ 33,707,884</u>	<u>\$ 37,043,038</u>
\$ 22,027,785	\$ 22,767,645	\$ 26,609,582	\$ 30,416,003	\$ 33,372,014
7,030,449	6,761,577	1,350,637	1,501,687	1,205,694
4,500,451	6,556,131	10,091,928	9,436,242	8,191,867
<u>\$ 33,558,685</u>	<u>\$ 36,085,353</u>	<u>\$ 38,052,147</u>	<u>\$ 41,353,932</u>	<u>\$ 42,769,575</u>

CITY OF RICHMOND, TEXAS

CHANGES IN NET ASSETS

Last Nine Fiscal Years (1)

(Accrual Basis of Accounting)

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

(1) Due to the implementation of GASB Statement No. 34 effective October 1, 2003, comparative data is only available for the past nine years.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,407,963	\$ 1,288,832	\$ 1,932,001	\$ 1,356,375	\$ 1,657,252
5,385,184	6,286,007	6,279,497	6,684,886	6,866,056
2,400,975	2,592,763	2,535,798	2,635,218	2,678,325
478,634	472,608	471,017	454,594	483,624
337,848	295,805	479,682	371,471	430,711
<u>10,010,604</u>	<u>10,936,015</u>	<u>11,697,995</u>	<u>11,502,544</u>	<u>12,115,968</u>
<u>3,841,501</u>	<u>3,956,907</u>	<u>4,087,381</u>	<u>4,623,424</u>	<u>4,829,487</u>
<u>3,841,501</u>	<u>3,956,907</u>	<u>4,087,381</u>	<u>4,623,424</u>	<u>4,829,487</u>
<u>\$ 13,852,105</u>	<u>\$ 14,892,922</u>	<u>\$ 15,785,376</u>	<u>\$ 16,125,968</u>	<u>\$ 16,945,455</u>
1,477,147	1,552,105	1,474,934	1,568,045	1,339,251
955,124	1,369,206	1,217,402	1,303,806	1,567,992
188,911	629,342	1,278,042	1,615,748	1,308,839
	450,000			19,490
<u>2,621,182</u>	<u>4,000,653</u>	<u>3,970,378</u>	<u>4,487,599</u>	<u>4,235,572</u>
6,050,784	6,524,853	6,681,028	8,366,094	7,530,461
<u>6,050,784</u>	<u>6,524,853</u>	<u>6,681,028</u>	<u>8,366,094</u>	<u>7,530,461</u>
<u>\$ 8,671,966</u>	<u>\$ 10,525,506</u>	<u>\$ 10,651,406</u>	<u>\$ 12,853,693</u>	<u>\$ 11,766,033</u>
\$ (7,389,422)	\$ (6,935,362)	\$ (7,727,617)	\$ (7,014,945)	\$ (7,880,396)
<u>2,209,283</u>	<u>2,567,946</u>	<u>2,593,647</u>	<u>3,742,670</u>	<u>2,700,974</u>
<u>\$ (5,180,139)</u>	<u>\$ (4,367,416)</u>	<u>\$ (5,133,970)</u>	<u>\$ (3,272,275)</u>	<u>\$ (5,179,422)</u>

CITY OF RICHMOND, TEXAS
CHANGES IN NET ASSETS *(continued)*
Last Nine Fiscal Years (1)
(Accrual Basis of Accounting)

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

(1) Due to the implementation of GASB Statement No. 34 effective October 1, 2003, comparative data is only available for the past nine years.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,854,330	\$ 3,133,847	\$ 3,157,793	\$ 2,971,542	\$ 3,007,602
2,641,250	2,952,295	2,857,057	2,668,475	2,813,786
770,604	780,241	783,267	799,263	705,143
69,038	6,673	28,310	35,609	25,986
495,156		143,458	103,725	37,335
611,020	802,768	2,951,859	(2,392,119)	(628,967)
<u>7,441,398</u>	<u>7,675,824</u>	<u>9,921,744</u>	<u>4,186,495</u>	<u>5,960,885</u>
192,685	21,028	3,073	4,664	5,213
(611,020)	(802,768)	(2,951,859)	2,392,119	628,967
<u>(418,335)</u>	<u>(781,740)</u>	<u>(2,948,786)</u>	<u>2,396,783</u>	<u>634,180</u>
<u>\$ 7,023,063</u>	<u>\$ 6,894,084</u>	<u>\$ 6,972,958</u>	<u>\$ 6,583,278</u>	<u>\$ 6,595,065</u>
\$ 51,976	\$ 740,462	\$ 2,194,127	\$ (2,828,450)	\$ (1,919,511)
1,790,948	1,786,206	(355,139)	6,139,453	3,335,154
<u>\$ 1,842,924</u>	<u>\$ 2,526,668</u>	<u>\$ 1,838,988</u>	<u>\$ 3,311,003</u>	<u>\$ 1,415,643</u>

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

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

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

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

CITY OF RICHMOND, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine Fiscal Years

(Modified Accrual Basis of Accounting)

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,836,114	\$ 3,117,441	\$ 3,136,447	\$ 2,974,957	\$ 3,188,280
2,641,250	2,952,295	2,857,057	2,668,475	2,813,786
770,604	780,241	783,267	799,263	705,143
330,922	300,536	296,037	321,482	318,837
140,954	242,820	121,403	128,742	182,580
190,862	334,278	228,410	708,158	593,314
1,973,729	2,158,733	2,279,897	2,426,702	2,411,351
69,038	6,673	28,310	35,609	25,986
495,156	514,286	1,188,089	1,006,239	747,337
<u>9,448,629</u>	<u>10,407,303</u>	<u>10,918,917</u>	<u>11,069,627</u>	<u>10,986,614</u>
1,575,000	1,329,691	1,624,722	1,484,292	1,565,105
5,386,062	6,262,566	6,354,900	6,509,162	6,289,985
2,198,603	2,280,917	2,237,085	2,383,400	2,442,678
429,448	376,298	379,060	372,906	394,024
1,045,918	560,536	36,495	10,875	3,116,088
691,698	677,485	682,770	881,336	890,928
339,778	298,386	413,400	382,968	370,774
		222,525		
		400,000		
<u>11,666,507</u>	<u>11,785,879</u>	<u>12,350,957</u>	<u>12,024,939</u>	<u>15,069,582</u>
(2,217,878)	(1,378,576)	(1,432,040)	(955,312)	(4,082,968)
1,250,000	1,829,953	7,201,713	1,900,000	2,047,000
(638,980)	(577,185)	(4,249,854)	(4,292,119)	(234,381)
		9,040,000		
		275,462		
		(4,683,931)		
		400,000		40,411
<u>611,020</u>	<u>1,252,768</u>	<u>7,983,390</u>	<u>(2,392,119)</u>	<u>1,853,030</u>
<u>\$ (1,606,858)</u>	<u>\$ (125,808)</u>	<u>\$ 6,551,350</u>	<u>\$ (3,347,431)</u>	<u>\$ (2,229,938)</u>

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

Fiscal Year	Tax Year	Real Property Value (1)			Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value (2)	Total Direct Tax Rate (3)
		Residential Property	Commercial Property	Commercial Property				
2003	2002	\$ 142,585,950	\$ 147,513,215	\$ 70,023,180	\$ 114,752,362	\$ 245,369,983	\$ 0.79000	
2004	2003	153,915,155	150,821,915	71,030,722	117,592,624	258,175,168	0.79000	
2005	2004	163,279,425	159,521,405	69,132,387	117,990,409	273,942,808	0.79000	
2006	2005	180,924,040	174,946,815	73,487,307	128,237,791	301,120,371	0.79000	
2007	2006	181,800,785	215,023,230	73,325,583	139,762,146	330,387,452	0.79000	
2008	2007	191,067,275	243,104,120	81,100,922	151,602,280	363,670,037	0.79000	
2009	2008	206,216,948	285,710,705	81,043,685	173,417,630	399,553,708	0.79000	
2010	2009	205,689,110	342,129,164	83,740,496	235,769,476	395,789,294	0.78650	
2011	2010	202,697,125	357,514,250	71,360,572	258,258,484	373,313,463	0.78650	
2012	2011	205,094,490	367,777,575	70,433,777	259,815,303	383,490,539	0.78650	

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

Source: Tax assessor/collector records

CITY OF RICHMOND, TEXAS
PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS (2)
Last Ten Fiscal Years

<u>City of Richmond</u>						
<u>Fiscal Year</u>	<u>Maintenance Rate</u>	<u>Debt Service Rate</u>	<u>Total Tax Rate</u>	<u>Lamar CISD</u>	<u>Fort Bend County</u>	<u>Total</u>
2003	N/A	N/A	\$ 0.79000	\$ 1.66450	\$ 0.53874	\$ 2.99324
2004	\$ 0.46020	\$ 0.32980	0.79000	1.69760	0.52374	3.01134
2005	0.46270	0.32730	0.79000	1.69760	0.52374	3.01134
2006	0.50060	0.28940	0.79000	1.54770	0.51674	2.85444
2007	0.52880	0.26120	0.79000	1.54770	0.51674	2.85444
2008	0.55270	0.23730	0.79000	1.29765	0.51674	2.60439
2009	0.57920	0.21080	0.79000	1.29765	0.49976	2.58741
2010	0.52900	0.25750	0.78650	1.29765	0.49976	2.58391
2011	0.53930	0.24720	0.78650	1.36455	0.49976	2.65081
2012	0.54670	0.23980	0.78650	1.39005	0.49976	2.67631

(1) Tax rate per \$100 assessed valuation

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

Source: Tax department records of various taxing authorities

(This page intentionally left blank.)

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

Taxpayer	2012			2003		
	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	% of Total Assessed Valuation (2)
Wal-Mart Real Estate Business	\$ 10,003,070	1	2.6%	\$ 7,191,670	2	3.0%
Wal-Mart Texas Stores, LP	9,710,950	2	2.5%	6,578,060	3	2.7%
Archer Daniel Midland Co	6,588,980	3	1.7%	6,124,830	4	2.5%
Eastborne 59/Grand Parkway	6,449,650	4	1.7%			
Hunter Clayton, LLC	5,700,000	5	1.5%	12,484,310	1	5.1%
G&I VI Country Club Place, LP	5,538,530	6	1.4%	3,883,180	7	1.6%
Oakbend Medical Center	4,888,000	7	1.3%	4,621,560	5	1.9%
Golfview Holdings LLC	3,901,390	8	1.0%			
Centerpoint Energy Inc	3,830,600	9	1.0%	4,238,310	3	1.7%
Southern Cotton Oil	3,314,010	10	0.9%	1,672,260	9	0.7%
Matrix Metals LLC				1,821,830	8	0.7%
Hobbs & Curry FLP				1,500,040	10	0.6%
	<u>59,925,180</u>		<u>15.7%</u>	<u>50,116,050</u>		<u>20.6%</u>
Other taxpayers	<u>323,565,359</u>		<u>84.3%</u>	<u>193,563,938</u>		<u>79.4%</u>
Total Assessed Valuation	<u><u>\$ 383,490,539</u></u>		<u><u>100.0%</u></u>	<u><u>\$ 243,679,988</u></u>		<u><u>100.0%</u></u>

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

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

Source: City tax department

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

Fiscal Year	Tax Year	Tax Rate (1)	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	Amount
2003	2002	\$ 0.79000	\$ 1,936,245	\$ 1,858,610	96.0%	\$ 64,481
2004	2003	0.79000	2,042,314	1,906,316	93.3%	123,011
2005	2004	0.79000	2,163,318	2,035,724	94.1%	113,431
2006	2005	0.79000	2,378,006	2,287,241	96.2%	74,720
2007	2006	0.79000	2,585,933	2,506,050	96.9%	60,486
2008	2007	0.79000	2,817,850	2,707,816	96.1%	77,382
2009	2008	0.79000	3,119,201	2,982,814	95.6%	104,789
2010	2009	0.78650	3,171,422	3,006,008	94.8%	126,987
2011	2010	0.78650	2,989,326	2,846,225	95.2%	98,680
2012	2011	0.78650	3,017,913	2,927,688	97.0%	

(1) Tax rate per \$100 assessed valuation

Source: City tax department

Total Collections to Date

Amount	Percentage of Levy
\$ 1,923,091	99.3%
2,029,327	99.4%
2,149,155	99.3%
2,361,961	99.3%
2,566,536	99.2%
2,785,198	98.8%
3,087,603	99.0%
3,132,995	98.8%
2,944,905	98.5%
2,927,688	97.0%

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds (1)	Capital Leases (1)	Certificates of Obligation (1)	Capital Leases				
2004	\$ 8,245,000	\$ 46,870	\$ 3,055,000		\$ 11,346,870	4.40%	N/A	\$ 867
2005	7,730,000	517,407	2,905,000	\$ 39,194	11,191,601	4.09%	N/A	833
2006	7,200,000	416,232	2,755,000	75,663	10,446,895	3.47%	N/A	758
2007	6,665,000	812,374	2,605,000	46,301	10,128,675	3.07%	N/A	705
2008	6,115,000	665,812	2,455,000	16,307	9,252,119	2.54%	4.04%	690
2009	5,560,000	518,173	2,305,000		8,383,173	2.10%	4.09%	621
2010	9,420,000	773,022	2,155,000		12,348,022	3.12%	4.68%	913
2011	8,800,000	671,686	2,005,000		11,476,686	3.07%	6.26%	951
2012	7,860,000	601,167	1,855,000		10,316,167	2.69%	5.63%	855

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Fiscal Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (2)	Percentage of Personal Income (3)	Per Capita (3)
2004	\$ 8,245,000	\$ 845,532	\$ 7,399,468	2.87%	N/A	\$ 565
2005	7,730,000	893,724	6,836,276	2.50%	N/A	509
2006	7,200,000	928,829	6,271,171	2.08%	N/A	455
2007	6,665,000	987,002	5,677,998	1.72%	N/A	395
2008	6,115,000	1,003,541	5,111,459	1.41%	2.23%	381
2009	5,560,000	1,024,540	4,535,460	1.14%	2.21%	336
2010	9,420,000	1,090,314	8,329,686	2.10%	3.16%	616
2011	8,800,000	1,053,463	7,746,537	2.08%	3.73%	663
2012	7,860,000	875,125	6,984,875	1.82%	3.81%	579

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF RICHMOND, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
As of September 30, 2012

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Debt Applicable to City</u>
Lamar CISD	\$ 532,230,000	4.13%	\$ 21,981,099
Fort Bend County	485,890,000	1.01%	4,907,489
Total Net Overlapping Debt			<u>26,888,588</u>
City of Richmond	9,715,000	100.00%	<u>9,715,000</u>
Total Direct and Overlapping Net Debt			<u><u>\$ 36,603,588</u></u>
Ratio of total direct and overlapping net debt to assessed valuation (1)			<u><u>9.81%</u></u>
Direct and overlapping net debt per capita (2)			<u><u>\$ 3,033</u></u>

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

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

Source: Texas Municipal Advisory Council

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
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	\$ 228,980,532	\$ 17,083	31	2,153	5.5%
2009	13,493	205,026,135	15,195	30	1,983	6.1%
2010	13,532	263,914,596	19,503	30	2,524	8.3%
2011	11,679	207,792,768	17,792	30	1,989	7.6%
2012	12,067	183,358,065	15,195	30.50	3,089	7.0%

n/a - information is unavailable

Data Sources:

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

(This page intentionally left blank.)

CITY OF RICHMOND, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago (1)

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Fort Bend County	2,267	1	1,537	1
Richmond State School	1,320	2	1,269	2
Oak Bend Hospital	618	3	468	3
Wal-Mart	278	4	189	4
City of Richmond	154	5	108	6
T.W. Davis YMCA	135	6	110	5
Richmond Post Office	88	7	85	7
ADM Cotton Mill	39	8	52	8
NEPCO Foundry/Matrix Metal	35	9	38	9
Office Depot	6	10	6	10
Total	<u>4,940</u>		<u>3,862</u>	

(1) Information only available for the last nine years

Source: Personnel department of each employer above

Note: Information on total City employment was unavailable.

CITY OF RICHMOND, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30,				
	2003	2004	2005	2006	2007
General government	7	8	8	9	10
Public safety					
Police					
Officers	28	28	31	31	32
Civilians	10	10	10	10	10
Fire					
Firefighters	15	20	21	24	28
Civilians	3	3	3	3	3
Public Works					
Administration			2	2	2
Streets and Sanitation	10	10	10	10	10
Maintenance and operations	4	4	4	4	4
Parks and Recreation	8	8	8	8	6
Water and sewer	23	23	24	24	28
Total	108	114	121	125	133

Source: City personnel records

Full-time Equivalent Employees as of September 30,

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
10	10	9	8	10
31	31	30	31	31
11	11	10	12	13
34	34	34	34	40
3	3	3	3	4
2	2	2	2	2
10	11	11	11	12
4	4	4	4	4
7	7	7	7	7
<u>28</u>	<u>27</u>	<u>30</u>	<u>30</u>	<u>33</u>
<u><u>140</u></u>	<u><u>140</u></u>	<u><u>140</u></u>	<u><u>142</u></u>	<u><u>154</u></u>

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

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

Source: Various City departments

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

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

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

Function	2003	2004	2005	2006	2007
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	18	20	23	25	25
Fire					
Fire stations	1	2	2	2	2
Public Works					
Collection trucks	1	2	2	2	2
Streets (miles)	44	44	44	44	45
Parks and recreation					
Parks acreage	233	233	235	235	235
Parks	2	2	3	3	3
Water and sewer					
Water mains (miles)	48	48	50	50	50
Fire hydrants	213	223	234	239	287
Maximum daily capacity (millions of gallons)	2.167	3.167	3.167	3.167	3.167
Sanitary sewers (miles)	44	44	44	44	44
Storm sewers (miles)	12	12	12	12	12
Maximum daily treatment capacity (millions of gallons)	2.164	3.712	3.610	2.882	3.060

Source: Various City departments

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

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

(This page intentionally left blank.)