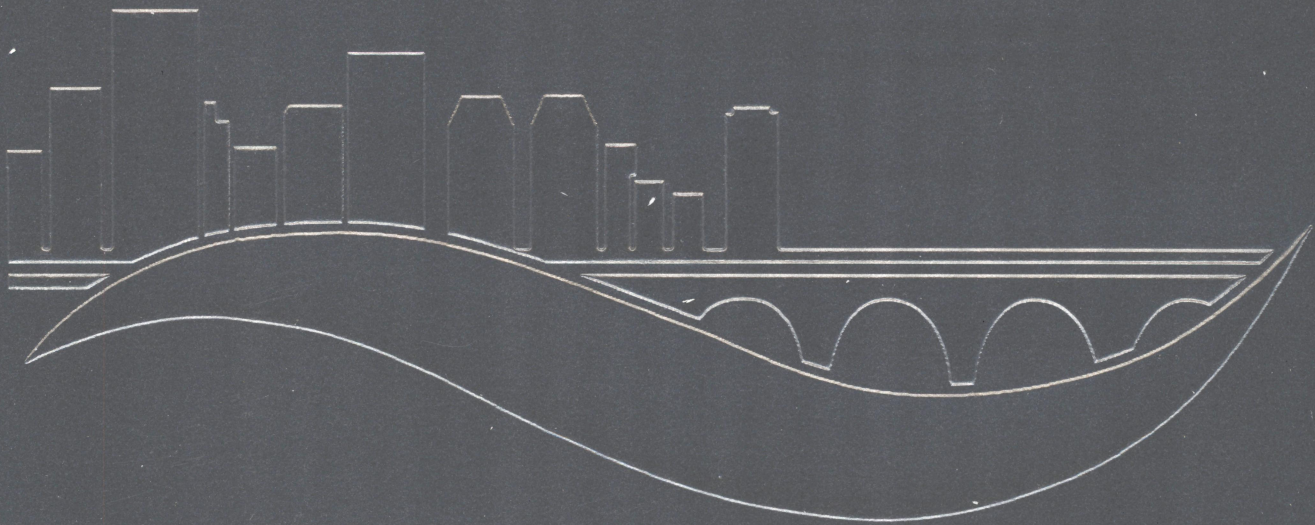




CITY OF RICHMOND, VIRGINIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2001







CITY OF RICHMOND, VIRGINIA  
**Comprehensive  
Annual Financial Report**

*CITY COUNCIL*

Timothy M. Kaine  
*Mayor*  
Rudolph C. McCollum, Jr.  
*Vice Mayor*

G. Manoli Loupassi  
W. Randolph Johnson, Jr.  
Joseph E. Brooks  
Sa'ad El-Amin  
Rev. Delores L. McQuinn  
Reva M. Trammell  
Rev. Gwen C. Hedgepeth

For Fiscal Year Ended June 30, 2001

CITY MANAGER  
Calvin D. Jamison, Ed.D.

ACTING DEPUTY CITY MANAGER  
Bernard C. Wray

DIRECTOR OF FINANCE  
Andrew T. Rountree, CPA, CGFM











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CITY OF RICHMOND  
OFFICE OF THE CITY MANAGER

December 7, 2001

To the Citizens of the City of Richmond, Virginia

The Comprehensive Annual Financial Report (CAFR) of the City of Richmond, Virginia (the "City") for the fiscal year ended June 30, 2001 is hereby submitted. 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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements included in the comprehensive annual financial report have been prepared in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board (GASB). The public accounting firm of KPMG, LLP, has audited the financial statements contained in this report. Their auditors' report precedes the general-purpose financial statements. The unqualified auditors' report expresses their opinion that the City's financial statements are fairly presented in all material respects in accordance with GAAP.

The report is presented in three sections: *Introductory, Financial, and Statistical.*

The *Introductory Section*, which is unaudited, acquaints the reader with the City, the nature and scope of services provided, economic forecasts and a discussion of major initiatives, and the organizational structure of the government.

The *Financial Section* contains the public accounting firm's report, the City's general-purpose financial statements and the combining, individual fund, individual account group, and discretely presented component unit statements and schedules.

The *Statistical Section*, which is unaudited, contains selected financial and other statistical data covering multiple fiscal years. This information reflects the demographic and economic data, financial trends, and the fiscal capacity of the City.

### **Overview**

The City is a municipal corporation of the Commonwealth of Virginia and is the state capital. As a full service independent city, it is autonomous of any county or other political subdivision. Its citizens are not subject to taxation by any county or independent school district for any purpose. The City provides a full range of services. These services include police and fire protection, sanitation services, the construction and maintenance of highways, streets, and infrastructure, and recreational activities and cultural events. In addition to general government activities, the City provides gas, water, and wastewater services to its citizens.

The financial reporting entity includes all funds and account groups of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The City's discretely presented component units are the School Board of the City, Richmond Ambulance Authority, Hospital Authority of Richmond, Port of Richmond Commission, and



Richmond Behavioral Health Authority. The Greater Richmond Transit Company is reflected as an intergovernmental joint venture. Richmond Metropolitan Authority, Richmond Redevelopment and Housing Authority, and Industrial Development Authority are related organizations; however, they have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

### ***Economic Condition and Outlook***

Richmond is the capital of Virginia and is located in the central part of the state. The City in 2001 faced both opportunities and challenges. By virtue of its size, location, economy and importance to the Commonwealth, the City has diverse capital needs in areas including infrastructure, buildings, schools, economic development and services. The economy and populace of Richmond provide a unique foundation for its financial stability. Richmond has a thriving and diverse economic base with manufacturing, retail, services, distribution, banking, and state government comprising the major components of economic activity within the City.

In addition to essential capital improvement needs, the City has a variety of economic development initiatives and projects that would potentially serve to bolster the tax base and overall financial strength of the City. The unique presence of the State Capitol, the Commonwealth's main state offices, Virginia Commonwealth University/MCV and University of Richmond, as well as, the six Fortune 500 companies headquartered in Richmond have enabled the City to continue to serve as a focal point for business and jobs in central Virginia. The City is also home to major offices of the region's largest banking institutions as well as the headquarters of the Fifth Federal Reserve District.

The City continues to enjoy stable employment. The unemployment rate for the 2000 calendar year was about 2%. Currently, the unemployment rate is approximately 3.6%. Nationwide unemployment rates have risen; however, Richmond's unemployment rate average is in line with the state's overall average of 3.6%, which is well under the national average of 5%. In addition, the City continues economic prosperity. City resident's per capita income improved by 3.2%, increasing from \$29,940 to \$30,900. This was achieved while the City's population grew by 8,000 over prior year estimates. During the 2000 calendar year, the Richmond metropolitan area added about 13,000 jobs for a 2.4 percent gain to 560,000 jobs. Rapid growth in Capital One nondepository credit institution, located in the Richmond metropolitan area, has more than offset job losses resulting from the mergers and buyouts at banks and investment firms formerly headquartered in Richmond.

Richmond continues to grow stronger fiscally and become more economically diverse with each passing year; thus, the City economic condition and outlook of the City remain positive.

### ***Major Initiatives***

The City provides a full range of services including police, fire, cultural, recreational, park facilities, public works, refuse collection and human services. To better target spending in an effort to achieve strategic goals the City Council and Administration have adopted several key priorities around which budgetary, policy and administrative decisions are made. The initiatives include youth and family success, public safety, neighborhood preservation and beautification, transportation, and economic development. A discussion of key priorities along with major initiatives related to these follows.

### ***Youth and Family Success***

In alignment with Council's priority for Youth and Family Success, the Parks, Recreation, and Community Facilities Department is involved in a variety of after school programs. The department has partnered with the School Board to provide a safe place for children during the after school hours. These programs allow children to participate in activities and receive help with their studies. Emphasis is being placed on increasing the number of field trips tied to the Standards of Learning by 50% and providing additional reading tutors to focus on reading by second grade.

### ***Public Safety***

As one of the Council's top priorities, public safety initiatives have received a great deal of focus. In cooperation with other City agencies, the Police Department has been able to surpass the Council's goal of a 30% reduction in violent crime. In addition, the Department has received State and Federal recognition for its Project Exile program that mandates a five-year federal prison sentence for the possession of an illegal gun and has removed hundreds of guns from city streets. This recognition included the International Association of Chiefs of Police (IACP) highest accolade in 2000, the Webber Seavey Award for Quality in Law Enforcement. Since the program's inception homicides have declined nearly 50%, 788 defendants have been indicted and 926 firearms have been removed from the streets.

For local governments, problem properties pose a daunting challenge. These are the drug houses, abandoned buildings, decaying residences and illegal businesses that have a major negative impact on the quality of neighborhoods. A single city agency working on its own cannot address all aspects of these problem properties. The challenge in the City of Richmond was to develop and implement a method for all city agencies to work together to address problem properties in order to get lasting results.

In October 2000, the Community Assisted Public Safety Program (CAPS) was created with its goal being to give City government an effective way to address blight in Richmond. The key to this program is the creation of multi-disciplinary teams that are assigned geographically throughout the City of Richmond. Each team is lead by a code enforcement official and has representatives from the Police Department, Health Department, Fire Marshall's office, and Zoning. These teams are called Code Action Teams (CATs) and they meet monthly with citizens in their areas of assignment to discuss problem properties. The Code Action Teams investigate the properties and decide what type of enforcement action will be most effective.

By combining the enforcement powers of all city agencies into one team, the Community Assisted Public Safety Program has been extremely successful in bringing properties into compliance or shutting them down if necessary. Target properties have included drug houses, unlicensed nightclubs, and decaying commercial and residential properties. In its short life span, the Community Assisted Public Safety Program has achieved impressive results by using innovative techniques to leverage the strengths of individual agencies into teams with strong enforcement powers.

The Police Department also has been working hard to obtain State Accreditation and expects the State's Accreditation Commission to find compliance at their quarterly meeting in February of 2002.

### ***Beautification / Neighborhoods in Bloom***

As part of the Council's initiative to restore and beautify neighborhoods, the Council approved a focused and aggressive neighborhood investment partnership, Neighborhoods in Bloom (NIB). This plan pools Federal, City and other funds in six targeted City neighborhoods with a special focus on eliminating vacant and blighted buildings. The goals of this program are to restore all blighted, vacant structures to productive use within three years; to ensure that all occupied housing units meet the housing maintenance code; and to ensure that all neighborhood infrastructure meets acceptable standards. As a result of this



investment the City hopes to benefit from a better image, improvements in public safety, a restoration in pride and investment in neighborhoods, an increase in home ownership and an increase in revenue by returning structures to productive use.

The first eight months of the program resulted in the inspection of almost 1500 homes, resulting in 1200 citations in the six neighborhoods and over 900 violations have been resolved due to compliance. In addition, there has been a measurable reduction in crime in all six neighborhoods. Because of the success of the program thus far, the program adopted for fiscal years 1999-2000 and 2000-01 has been continued in the same six neighborhoods in fiscal years 2001 and 02, and has been expanded to include 250 additional properties.

In conjunction with this new focused attempt to revitalize neighborhoods, the City dedicated funds for the improvement of NIB neighborhoods and the City as a whole. The "Fresh Start" program removed and disposed of bulky discarded items and yard debris illegally dumped throughout the City. The pilot phase of this program yielded more than 14 million pounds of trash. In fiscal year 2002, the, "Alley Cats," program will work to clean up and restore some of the worst alleyways in the city. Vegetation and debris will be removed and neglected alleyways will be made passable and usable once again. Another aspect of "Fresh Start" was the designation of funds for gateway improvements. Thirty gateways were identified, twelve of which received landscaping improvement and three received temporary "Welcome to Richmond" signage. The Urban Design Committee and the Planning Commission approved the design for permanent signage.

Another aspect of the Neighborhoods in Bloom effort was the capital funds that City Council set aside for the six selected neighborhoods to address the infrastructure needs that were identified in the targeted blocks. These capital improvement projects, selected and endorsed by the neighborhoods, were designed to support the investment being made by the local Community Development Corporations, the Richmond Redevelopment and Housing Authority and the private sector to improve the housing conditions in the blocks. Streetscape improvements, such as new sidewalks, street trees and improved lighting, are being installed to complement the dollars being invested in the housing stock in these areas and to improve the public safety of the neighborhoods.

### ***Transportation***

The Greater Richmond Transit Company (GRTC) operates under a joint venture agreement with the County of Chesterfield and provides mass transportation for passengers on a regional basis. GRTC offers a level of service comparable to or greater than its transit peers, while providing effective service that meets the needs of GRTC customers. GRTC has been designated one of the efficient transit systems in the country for the last ten years. In 2000, the system was ranked #12 of 150 transit systems by the University of North Carolina at Charlotte. GRTC has dramatically refocused its efforts on customer service, installing additional shelters and benches, implementing swipe card technology, and realigning services to better meet the needs of riders.

### ***Economic Development***

Richmond is a city of monuments that has become something of a monument itself to America's New South. The City's historic buildings and world-class museums nestle next to new structures designed to harmonize with the past even as they define the city's future. The newly opened James River and Kanawaha Canal Riverwalk allows visitors easy access to the only metropolitan whitewater river in the country. Buildings ranging from the historic Tredegar Iron Works to Shockoe Slip are at the center of a district that is a popular entertainment and dining enclave. Entertainment, dining and nightlife activity continues to grow in the Shockoe Slip and Bottom, two areas that had been devastated by the City's major floods prior to the construction of the floodwall.

For the first time in recent history, the City is seeing development in all corridors of the City rather than in isolated pockets. Recently, there has been a \$2 billion in new investment in Richmond's downtown. This investment permeates all of downtown, from Monroe Ward to Shockoe Bottom, from the Broad Street corridor to the James River.

The Richmond Center Expansion, a \$165 million investment, is the largest regional cooperation project in the history of the Commonwealth of Virginia. The Center will be funded and managed by the counties of Chesterfield, Henrico, and Hanover, and the City of Richmond. The expansion is designed to increase its size threefold from 62,000 square feet to approximately 180,000 square feet. The expansion includes a 30,000 square foot grand ballroom that will serve as Richmond's premier meeting and banquet space. The Center is opening in phases as construction continues. The first phase opened in June of this year with the facility scheduled to be completed in the spring of 2002. When completed, this facility will be the largest convention center in the region between Charlotte, NC and Washington, D.C.

The City's Riverfront Development project continues with the development of the \$15 million 100,000 square foot Turning Basin Building that will be completed in fall 2001. The building will serve as the headquarters for First Market Bank. The building will also include a retail component and a Morton's of Chicago restaurant overlooking the canal turning basin. In addition, the Lady Bird Hat Factory is under development agreement and a number of other opportunities are being discussed. Also, the City is continuing its efforts to develop the Main Street Station. The first phase of the project includes renovating the Head-House on Main Street, with its signature clock rising to greet interstate travelers. Parking under the highway comes next, along with a track platform, mechanical plant and support facilities. Passenger trains should begin arriving at the station by December 2002. Funding is mostly provided by federal and state funds and the project is expected to cost approximately \$39 million.

On the north side of the City, the Virginia Biotechnology Research Park Inc. continues to grow, with a total of six buildings, 35 tenants, and over 350 employees. Two additional buildings are slated for completion this year. The United Network for Organ Sharing (UNOS) is building a new headquarters in the park, which will relocate over 200 employees to downtown, and Consolidated Laboratories is moving from 14<sup>th</sup> and Main to the Biotechnology Research Park. The Virginia Biotechnology Research Park was named a "Top 10 Up and Coming R& D Park" by World Trade Magazine.

Virginia Commonwealth University is completing a dramatic expansion of classroom and family style living space. Several of the University's major projects have been completed recently including a four story 142,000 square foot \$27 million Engineering Building; a three story 114,000 square foot \$16 million School of Fine Arts Building; and a \$30 million multi-purpose center dedicated to convocations, recreation and events known as the Siegel Center. Adjacent to the Siegel Center is a parking deck that can accommodate 1,100 cars and features a 30,000 square foot bookstore on the ground level. Lastly, a 134,000 square foot \$28.2 million Life Sciences building is near completion and is expected to open this winter. The University's enrollment has grown to in excess of 24,000 students as of the fall of 2000, and boasts more than 15,000 employees.

The City also is using its funds as a catalyst to stimulate investments in neighborhood shopping areas. A major initiative underway is the development of a 680,000 square foot retail shopping facility, which will be developed by Stony Point Associates, LLC. The shopping facility will be anchored by at least 2 department stores. The initial development will total \$110 million with a \$13.5 million investment by the City and will incorporate unique and upscale stores otherwise not available in the Richmond area in combination with state-of-the-art-technology and architectural design. Construction is expected to begin in spring 2002 with the opening in the fall of 2003. Benefits to the City of Richmond will include an increase in the tax base, tax revenues and approximately 1,800 new jobs.



To further encourage economic development, by the action of the Council, the Assessor's Office began a substantially expanded Tax Abatement Program for Rehabilitative Structures Program in fiscal year 1996. This program focuses on retention of existing businesses and attraction of new businesses, but also seeks to create an environment to encourage new investment, job creation, and the growth of the City's existing tax base. Due to the success, the five-year program has been extended for another five years. This program provides real estate tax abatement for up to 15 years for owners of residential, multi-family, and commercial properties in the City, provided they increase the assessed value of the property by a certain percentage. 1,476 properties qualified for the tax abatement through December 2000. The value of the abatement for these properties is \$3.8 million, an increase of over \$.5 million from the prior year. The value of the tax abatement is projected to be \$5.0 million in fiscal 2002.

### ***General Government***

The City government is organized under the Council-Manager form of government with the City Council (the "Council") setting policies for the administration of the City. The Council is composed of nine members elected from single member districts. The Mayor and Vice-Mayor are selected by a majority vote of its members every two years. The Council appoints the City Manager who serves as Chief Executive and Administrative Officer of the City. The City Manager serves at the pleasure of Council, carries out its policies, directs daily operations and appoints administrative department heads as well as other officers and employees of the administration. The Council also appoints the City Attorney, who is the legal advisor to the Council, the City administration, boards, commissions and agencies of the City. The Council has the right to remove those agency heads and employees appointed by Council.

### ***Accounting and Budgetary Systems***

#### ***Accounting Systems***

The City Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable assurance that the integrity of the financial and administrative transactions is maintained and is executed in accordance with management's objectives. The structure is designed to recognize that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

#### ***Budgetary Systems***

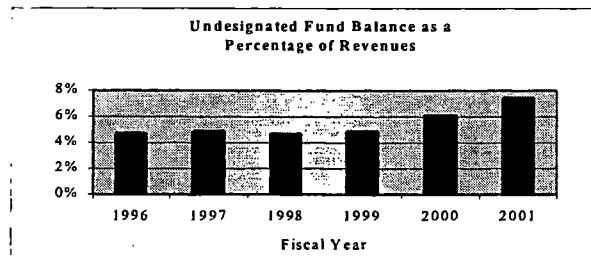
The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Debt Service Fund, and School Board General Fund are included in this budget. Project-length financial plans are adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department and function within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Requisition encumbrances are converted to either purchase orders or contract encumbrances when a third party obligation is incurred. Open requisition encumbrances are canceled at year's end, while open purchase orders and contract encumbrances are immediately re-appropriated for the subsequent fiscal year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Budget to actual comparisons demonstrates how the actual expenditures compare revised budgets. Refer to Exhibit H for the City's General Fund expenditures by function, and refer to Exhibit C for the City's General Fund, Debt Service Fund and the Component Unit School Board's General Fund for these comparisons.

### ***Financial Condition***

The City's commitment to improving its financial condition is exhibited in its year-end results. Revenues outpaced expenditures by \$13.6 million and an additional \$7.9 million was added to the undesignated fund balance. Subsequent to June 30, 2001, the City Council increased the City's fund balance policy from 5% to 7% of budgeted revenues. Undesignated fund balance now exceeds the revised goal by \$2,660,631. See the chart below, the undesignated fund balance has increased from 4.8% in fiscal 1996 to 7.6% in fiscal 2001.



A description of activity at year-end follows.

### ***General Fund Operations for the Fiscal Year Ended June 30, 2001***

The General Fund is used to account for the general operations of the City except for those accounted for in another fund. On a budget basis, total General Fund Revenues and Other Financing Sources for the fiscal year ended June 30, 2001 amounted to \$476,235,226, an increase of \$20,740,877 or 4.6% from the preceding fiscal year. General Fund Expenditures and Other Financing Uses for the fiscal year amounted to \$462,649,312, an increase of \$11,098,687 or 2.4% over the prior fiscal year.

The increase in General Fund Revenue and Other Financing Sources is primarily attributable to increases in City Taxes and Intergovernmental revenue. City Tax revenue increased by \$16,543,429 over prior year revenue. Among the areas of increase are real estate taxes, machinery and tools, and general utility sales taxes. Intergovernmental revenue increased by \$4,476,389 over prior year revenue and is attributable primarily to additional state funding to support Social Services, an increase in state aid to localities in support of the House Bill 599 ("599") initiative, and state support for the City's jail operations. The Social Services funding increased in support of the Welfare to Work Initiative and associated child daycare as well as increased funding for adoption and foster care programs. The 599 funds are paid by the State to localities that have policing operations based on a number of criteria in the locality. \$4.5 million of those funds were dedicated to the General Fund operations and \$3.45 million funded capital expenditures. The increase in support of jail operation was the result of an increase in jail population as well as an increase in salary support for operational staff.

The increase in General Fund Expenditures and Other Financing Uses is associated with General Government totaling \$3.1 million, Highways, Streets, Sanitation and Refuse totaling \$2.9 million and



Human Services totaling \$1.7 million and Culture and Recreation totaling \$1.1 million. The above increases are offset by a reduction in expenses associated with Public Safety and Judiciary totaling (\$4.1 million).

The Undesignated Fund Balance of \$35,552,729 represents 7.57% of budgeted expenditures and other financing uses for the fiscal year ended June 30, 2001. This represents an increase of \$7,963,269 over the previous fiscal year, and is \$2,660,631 greater than the revised City's Fund Balance Policy of 7% of budgeted expenditures. The sources of the change in Undesignated Fund Balance were \$13,585,914 resulting from revenues in excess of expenditures, a reduction of Fund Balance Reserves from \$9,368,000 to \$8,821,969, and an increase in designations for specific projects from \$1,037,467 to \$6,888,176.

The following is a summary of financial results of the City's General Fund for June 30, 2001, with changes from June 30, 2000.

**Statement of General Fund Revenues, Expenditures, Other Financing Sources and Uses for the Fiscal Year ended June 30, 2001 and June 30, 2000 (000's omitted)**

	June 30, <u>2001</u>	% of <u>Total</u>	June 30, <u>2000</u>	Increase (Decrease) for Prior <u>Year</u>	% Increase (Decrease) from Prior <u>Year</u>
<b>Revenues:</b>					
City Taxes	\$ 292,647	61.45%	\$ 276,104	\$ 16,543	5.99%
Licenses, Permits and Privilege Fees	30,799	6.47%	29,873	926	3.10%
Intergovernmental Revenues	102,353	21.49%	97,876	4,477	4.57%
Service Charge	16,251	3.41%	17,278	(1,027)	(5.94)%
Fines and Forfeitures	6,376	1.34%	6,195	181	2.92%
Payment in Lieu of Taxes	16,179	3.40%	17,120	(941)	(5.50)%
Miscellaneous Revenues	8,567	1.80%	6,752	1,815	26.88%
Proceeds of Notes Payable	--	0.00%	2,000	(2,000)	(100.00)%
Operating Transfers In & Other					
Financing Sources	3,063	0.64%	2,296	767	33.40%
<b>Total</b>	<b>476,235</b>	<b>100.00%</b>	<b>455,494</b>	<b>20,741</b>	<b>4.55%</b>
<b>Expenditures:</b>					
General Government	35,431	7.66%	32,260	3,171	9.83%
Public Safety and Judiciary	113,906	24.62%	117,960	(4,054)	(3.44)%
Highways, Streets, Sanitation and Refuse	43,046	9.30%	40,068	2,978	7.43%
Human Services	55,453	11.99%	53,710	1,743	3.25%
Culture and Recreation	20,092	4.34%	18,949	1,143	6.03%
Non-departmental	32,195	6.96%	31,017	1,178	3.80%
Interest	--	0.00%	176	(176)	(100.00)%
<b>Total Expenditures</b>	<b>300,123</b>	<b>64.87%</b>	<b>294,140</b>	<b>5,983</b>	<b>2.03%</b>
<b>Transfers:</b>					
To School Board	119,875	25.91%	120,929	(1,054)	(0.87)%
Debt Service	31,862	6.89%	28,694	3,168	11.04%
All Other	10,789	2.33%	7,787	3,002	38.55%
<b>Total Transfers</b>	<b>162,526</b>	<b>35.13%</b>	<b>157,410</b>	<b>5,116</b>	<b>3.25%</b>
<b>Total</b>	<b>\$ 462,649</b>	<b>100.00%</b>	<b>\$ 451,550</b>	<b>\$ 11,099</b>	<b>5.28%</b>

### ***Business Type Activities***

The City's enterprise operations are comprised of four separate and distinct activities: Water, Wastewater, Gas and Electric. With the completion of an upgrade during fiscal year 1994, the Wastewater Utility Plant has increased its capacity, keeping it in compliance with current government regulations. The Electric Utility provides street lighting for the City. The Gas and Water Utilities are regional in scope, providing services to the City and the surrounding Counties of Chesterfield, Henrico and Hanover.

The City won first place in the national Combined Sewer Overflow (CSO) Control Program Excellence from the U.S. Environmental Protection Agency for 2000 and also won the American Consulting Engineers Council Honor Award for fostering excellence in engineering design on the CSO project during fiscal year 2001.

### ***Debt Administration***

The City's general obligation bonds have maintained an AA rating from Fitch IBCA and Standard & Poor's and A1 by Moody's Investors Service. The City's revenue bonds continue to be rated A1, A1 and A+ by Moody's Investors Service, Fitch IBCA and Standard & Poor's Corporation, respectively. Under current state statutes, the government's general obligation bonded debt issuances are subject to a legal limitation based on 10 percent of total assessed value of real property unless approved by a majority of the electorate. As of June 30, 2001, the City's gross direct general obligation bonded debt of \$597,250,964 was well below the legal limit of \$1,028,005,177, and bonded debt per capita equaled \$3,019 (this is based on the 2000 census data, the 2001 census data was not available).

### ***Cash Management***

The City's investments are managed within the confines of the Code of Virginia. The policy is in place to minimize credit and market risk while maintaining a competitive yield on its portfolio. Investments allowed within the Code include obligations of the United States, its agencies, time certificates of deposits, banker's acceptances, repurchase agreements, demand notes and commercial paper. Additionally, all deposits of the City are insured by the Federal Deposit Insurance Corporation up to the allowable maximum amount and are also collateralized under the Virginia Security for Public Deposits Act. The City's financial institution, as agent, holds all collateral securing deposits in the City's name.

The City's cash that remained temporarily idle during the year was invested in one of the approved investment instruments as outlined above. The average yield on the City's investments for fiscal year 2001 was 5.655%. The City earned interest revenue of \$4,235,609.

### ***Risk Management***

The City has an active risk management program that utilizes a combination of in-house staff and third-party administrators providing safety and loss control, claims administration, risk management financing and consulting services to all City agencies. The City manages risk financing through a combination of commercial insurance, self insurance and association programs. The self-insurance program is operated as an internal service fund and provides workers' compensation and third party liability coverage. The City purchases excess liability limits of \$9,000,000 in excess of \$1,000,000 Self Insured Retention (SIR) and excess workers' compensation in statutory limits over a \$750,000 SIR. Additional excess limits up to \$110,000,000 are purchased for the gas utility. Changes in the self-insurance reserves for fiscal years 2000 and 2001 were:



<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims and Premium Payments</u>	<u>Balance at Fiscal Year End</u>
2000	\$16,346,674	\$6,335,509	\$(5,437,414)	\$17,244,769
2001	17,244,769	5,044,035	(4,264,167)	18,024,637

For a more detailed discussion please refer to Note 12 of the Notes to the Financial Statements.

***Pension Trust Fund Operations***

The City maintains a noncontributory pension plan, the Richmond Retirement System ("RRS"), for all City employees. Each year the City contributes an amount equal to the sum of the normal cost and a portion of the unfunded liability. RRS is financed through contributions made by the City as well as earned income from RRS investments. Contribution rates are computed on the basis of an annual actuarial study. At June 30, 2001, the RRS was funded at 82.10% with an unfunded accrued actuarial liability was \$101,685,504. Earnings from the investment portfolio produced a very competitive average yield of 13.6% during the fiscal year. The City's Pension Trust Funds' investment portfolio includes corporate bonds and notes, common stocks, international bonds, notes and stocks.

The number of vested and retired employees of RRS as of June 30, 2001, is as follows:

<u>Classification</u>	<u>Vested</u>	<u>Non-Vested</u>	<u>Retired</u>	<u>Vested Termination</u>	<u>Total</u>
Municipal employees	2,806	1,304	3,333	1,849	9,292

For a more detailed discussion please refer to Note 13B of the Notes to Financial Statements.

***Independent Audit***

The City Charter requires an annual audit by an independent certified public accountant. In addition to meeting the requirement set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133 and the State Auditor of Public Accounts guidelines. The report of the independent accountants on the general purpose financial statements, the combining, individual fund, account groups, and discretely presented component unit statements and schedules is included in the financial section of this report. The report of the independent accountants related specifically to the single audit is included in a separate report issued by the City.

***Awards***

***Reporting Achievement***

The Government Finance Officers Association for the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Richmond, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the 17<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

***Other Recognition***

The Richmond area has received 21 top rank accolades from national economic development, financial and newsmagazines since 1996. Richmond's most recent national recognition include:

- #11 Among America's "Hottest Cities" for Business Relocation and Expansion, *Expansion Magazine, 2001*
- Top 20 Best Places to Live and Work, *Employment Review Magazine, 2000*
- Top 10 Fortune 500 Headquarters Locations, *Fortune Magazine, 2000*
- Top 15 Metro Areas for Locating a New Facility, *Plants, Sites & Parks Magazine, 2000*
- Top 20 U.S. Metro Areas for European Business Expansions, *Expansion Magazine, 2000*
- No. 9 Among the Nation's Hottest Commercial Real Estate Markets Greater Richmond, *Virginia Expansion Management Magazine, 1999*
- #3 Among America's Hottest Cities for Business Relocation and Expansion, *Expansion Management Magazine*

***Acknowledgments***

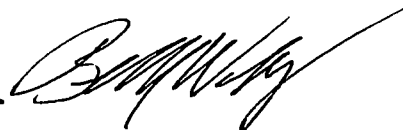
The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the divisions of Disbursements and General Accounting of the Finance Department. All additional individuals who assisted in this effort have our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also expressed to the Mayor, Council Members, the City Manager, Deputy City Managers, City Department Directors and Bureau Chiefs for their cooperation and assistance in the financial affairs of the City of Richmond.

In closing, we would again like to thank the members of the City Council for their leadership and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

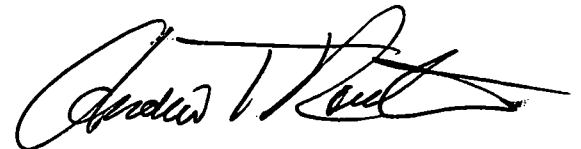
Sincerely,



Calvin D. Jamison, Ed.D.  
City Manager



Bernard C. Wray  
Acting Deputy  
City Manager, Administration



Andrew T. Rountree, CPA, CGFM,  
Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

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.



*Thomas A. Brewer*  
President

*Jeffrey L. Essler*  
Executive Director



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**CITY OF RICHMOND**  
**COUNCIL-MANAGER FORM OF GOVERNMENT**  
**June 30, 2001**

**CITY COUNCIL**

Timothy M. Kaine, *Mayor*  
Rudolph C. McCollum, Jr., *Vice Mayor*

G. Manoli Loupassi  
W. Randolph Johnson, Jr.  
Joseph E. Brooks  
Sa'ad El-Amin

Rev. Delores L. McQuinn  
Reva M. Trammell  
Rev. Gwen C. Hedgepeth

**CITY MANAGER**

Calvin D. Jamison, Ed.D

**CITY AUDITOR**

Lance Kronzer, CPA

**CITY ATTORNEY**

John A. Rupp

**SUPERINTENDENT  
OF SCHOOLS**

Albert J. Williams, Ed.D

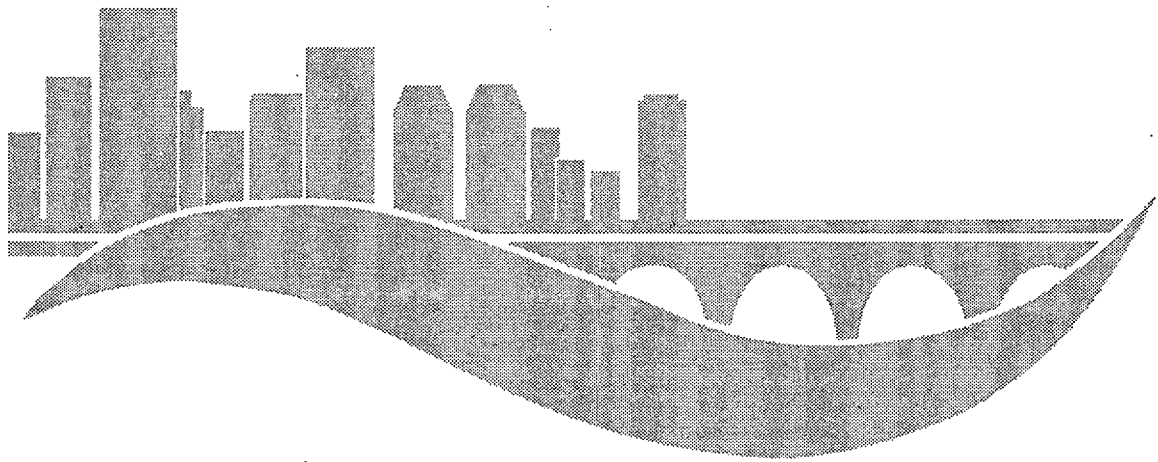
**DEPARTMENT OF FINANCE**

Bernard Wray, *Acting Deputy City Manager*  
Andrew T. Rountree, CPA, CGFM, *Director of Finance*  
Stacey Fayson, CPA, *City Controller*  
Melvinia P. Wilson, MBA, CGFM, *Chief of Accounting*

**INDEPENDENT AUDITORS**

KPMG LLP

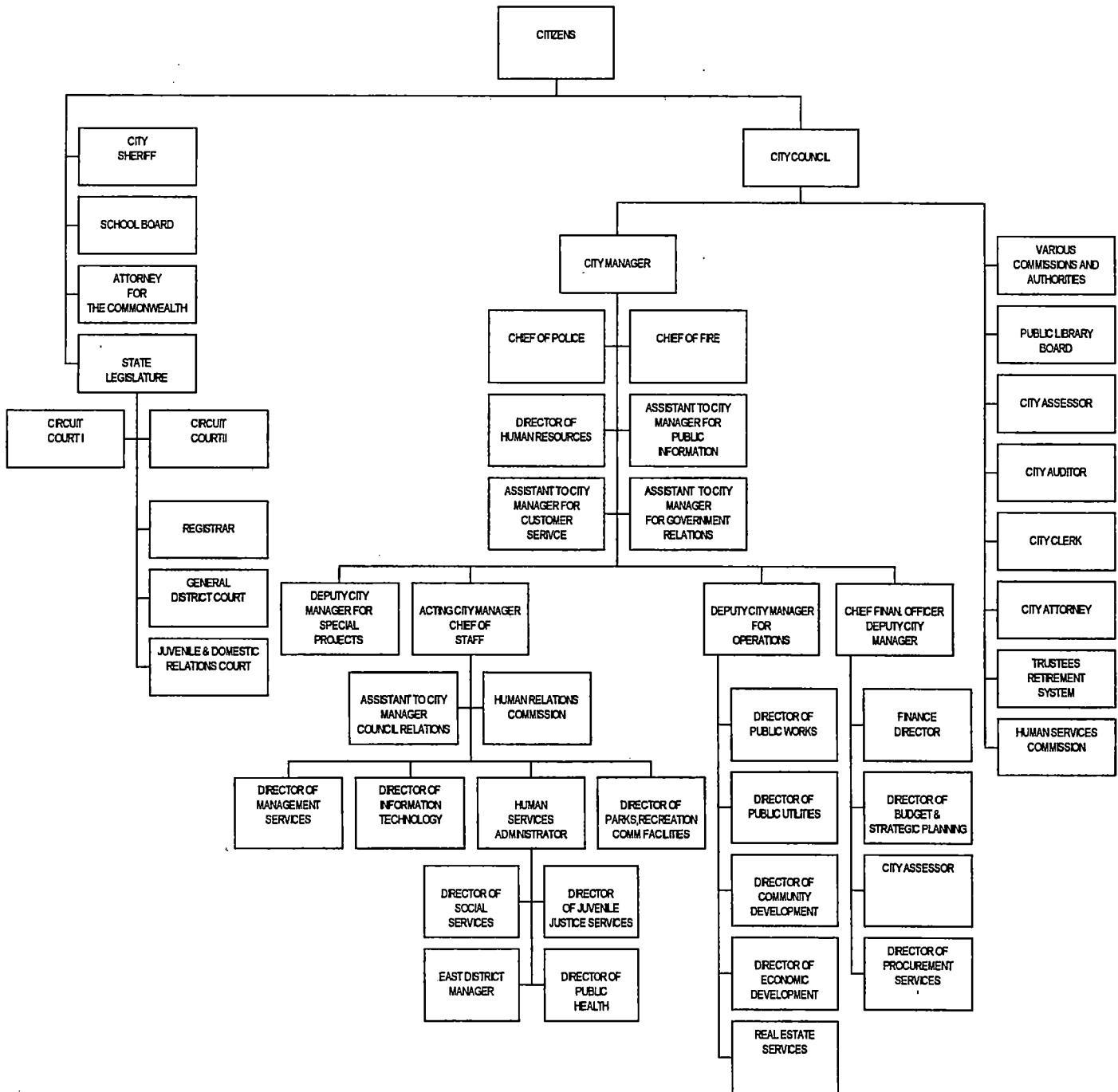




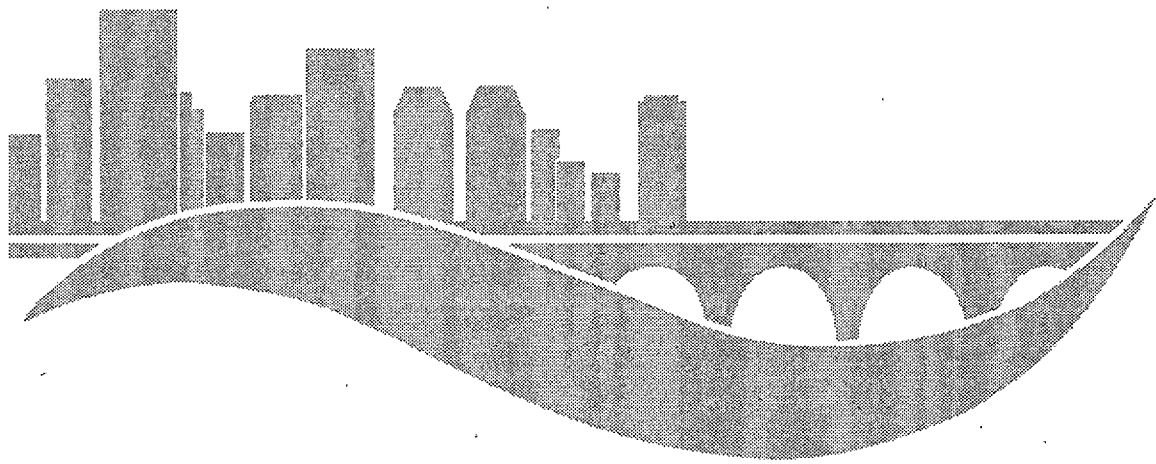


# CITY OF RICHMOND, VIRGINIA

## ORGANIZATIONAL CHART









CITY OF RICHMOND  
OFFICE OF THE CITY MANAGER

December 7, 2001

### MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the City of Richmond has the responsibility for preparing the accompanying financial statements and for the integrity and objectivity. The School Board of the City of Richmond, Richmond Ambulance Authority, Richmond Coliseum, Hospital Authority of Richmond, Port of Richmond Commission, and Richmond Behavioral Health authority are under the direct control of their respective governing boards and management who are responsible for their financial independent certified public accounts. The financial statements were prepared in accordance with generally accepted accounting principles and to the best of our knowledge are not materially misstated. The financial statements include amounts that are, in some instances, based on management's best estimates and judgements. Management also prepared the statistical information in this annual report and is responsible for its accuracy and consistency with the financial statements.

The City's financial statements have been audited by KPMG LLP (KPMG), independent certified public accountants, selected by the City Council. Management has made available to KPMG all of the City's financial records and related data as well as the minutes of the City Council meetings. Furthermore, management believes that all representations made to KPMG during its audit were valid and appropriate.

Management of the City has established and maintains a system of internal control that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent financial reporting. The system of internal controls provides for appropriate division of responsibility and is communicated to employees with significant roles in the financial reporting process and updated as necessary. Management continually monitors the system of internal controls for compliance.

The City maintains an internal auditing program through the City Auditor. The City Auditor independently assesses the effectiveness of internal controls and recommends possible improvements thereto. In addition, as part of its audit of the City's financial statements, KPMG completed a study and evaluation of selected internal accounting controls to establish a basis for reliance thereon in determining the nature, timing, and extent of audit tests to be applied. Management has considered the City Auditor's and KPMG's recommendations concerning the City's system of internal control and has taken actions that we believe are cost-effective in the circumstances to respond appropriately to these recommendations. Management believes that as of June 30, 2001, the City's system of internal control is adequate to accomplish the objectives discussed herein.

Management also recognizes its responsibility for fostering a strong ethical climate so that the City's affairs are conducted according to the highest standards of personal and City conduct. Management communicates ethical standards to employees through personnel rules, administrative regulations, and city law.

Handwritten signature of Calvin D. Jamison in black ink.

Calvin D. Jamison, Ed.D.  
City Manager

Handwritten signature of Bernard Wray in black ink.

Bernard Wray  
Acting Deputy City Manager

Handwritten signature of Andrew T. Rountree in black ink.

Andrew T. Rountree, CPA, CGFM  
Director of Finance





**CITY OF RICHMOND**  
CITY AUDITOR

December 7, 2001

**AUDIT COMMITTEE  
CHAIRMAN'S LETTER**

The Audit Committee of the City of Richmond is composed of three citizen members and two Council members. The current members of the Audit Committee are John Inman, Chairman; Melvin Hodges, Vice Chairman; Richard Pontynen; the Honorable R.C. McCollum, Jr.; and the Honorable Joseph E. Brooks. The Committee held four meetings during the fiscal year ended June 30, 2001.

The Audit Committee assists City Council in the Council's discharge of its responsibilities for the financial management of the City, specifically in the areas under the charge of the City Director of Finance. The School Board of the City of Richmond, Richmond Ambulance Authority, Port of Richmond Commission and Richmond Behavioral Health Authority accounts are not under control of the City Director of Finance. The responsibilities for financial management of these organizations are with their respective governing boards and managers. Therefore the Audit Committee of the City does not have responsibility for these organizations.

The Committee discussed with the City Auditor and the independent certified accountants the overall scope and specific plans for their respective audits. The Committee also discussed the City's Comprehensive Annual Financial Report and the adequacy of the City's internal controls. The Committee recommended to Council, in May 2001, the selection of the City's independent certified public accountants for a two year contract with three one-year extensions. The Committee has monitored this contract during the year.

The Committee met regularly with the City Auditor and the independent certified public accountants to discuss the results of their audits, their evaluations of the City's internal controls, and the overall quality of the City's financial reporting.

John W. Inman, Chairman  
Audit Committee



Suite 1900  
1021 East Cary Street  
Richmond, VA 23219-4023

## Independent Auditors' Report

The Honorable Members of City Council  
City of Richmond, Virginia:

We have audited the accompanying general purpose financial statements and the combining, individual fund, and account group statements and schedules of the City of Richmond, Virginia (the City) as of and for the year ended June 30, 2001, identified as Exhibits A through O in the accompanying table of contents. These financial statements and schedules are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit. We did not audit the financial statements of the Richmond Coliseum, which statements reflect total assets of \$15,939,198 and total revenue of \$1,479,658, which represent 1.63% and .53% of the total assets and revenues of the enterprise fund type, respectively. We also did not audit the financial statements of the Richmond Behavioral Health Authority and the Hospital Authority of Richmond, representing 37.67% and 75.89% of total assets and revenues of the discretely presented component units, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements and schedules, insofar as it relates to the amounts included for the Richmond Coliseum in the primary government enterprise fund type, and the Richmond Behavioral Health Authority and the Hospital Authority of Richmond in the discretely presented component units columns, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.





In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Richmond, Virginia, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, based on our audit and the report of the other auditors, the combining, individual fund, and account group statements and schedules referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City as of June 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary funds and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

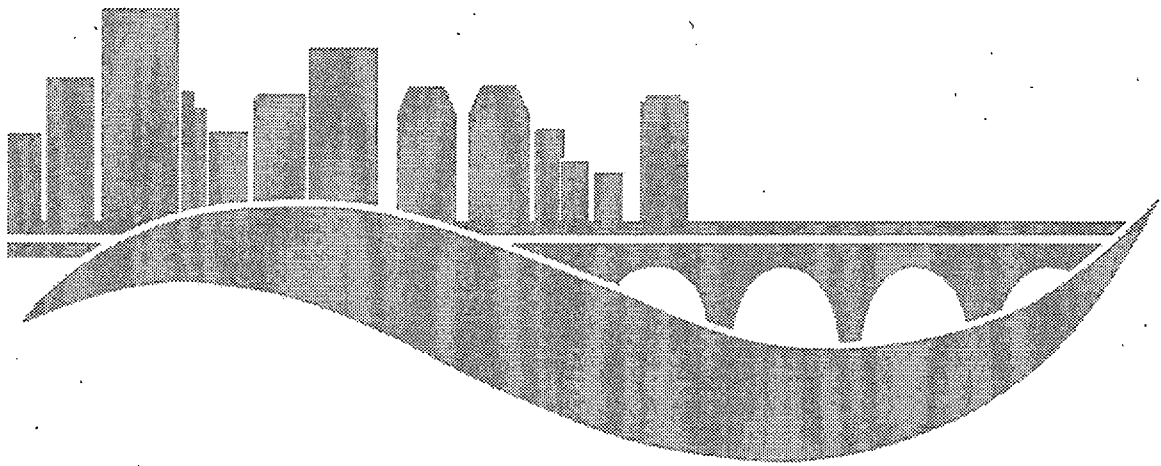
In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2001 on our consideration of the City's internal control over financial reporting and our tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements and on the combining, individual fund, and account group statements and schedules taken as a whole. The financial information listed as Schedules of Director of Finance's Accountability (Exhibits P-1 and P-2) in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements and schedules of the City. Also, the trend information in note 14 to the financial statements is not a required part of the financial statements of the City but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and schedules and, in our opinion, based on our audit, is fairly presented in all material respects, in relation to the financial statements and schedules taken as a whole.

We did not audit the information marked as "unaudited" in notes 14 and 20 to the financial statements, or the information included in the introductory, general information, and statistical sections of the report and, accordingly, we express no opinion on it.

**KPMG LLP**

December 7, 2001





**CITY OF RICHMOND, VIRGINIA  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 2001**

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>Assets and Other Debits</b>						
Cash and Cash Equivalents	\$ 49,314,144	\$ 1,736,818	\$ --	\$ 28,182,792	\$ 93,755,794	\$ 7,615,276
Investments	--	--	--	--	--	--
Receivables (Net of Allowance for Doubtful Accounts)						
Taxes and Licenses	25,644,728	--	--	--	--	--
Accounts	11,594,650	2,640,789	3,242,447	137,350	33,309,915	91,853
Estimated Unbilled Service Revenues	--	--	--	--	714,272	--
Accrued Interest	8,033	--	--	--	--	--
Due From Other Funds	11,349,826	--	--	--	5,175,312	--
Due From Primary Government	--	--	--	--	--	--
Due From Component Units	--	--	611,251	--	--	274,015
Due From Other Governments	19,380,999	17,345,998	--	--	--	8,597
Notes Receivable	5,043,100	--	--	--	--	--
Inventories of Material and Supplies	--	--	--	--	14,352,284	506,606
Prepaid Expenses and Other Current Assets	--	--	--	--	4,714,270	486,000
Restricted Assets						
Cash and Investments	--	--	2,041,583	--	471,922	--
Advances To Other Funds	650	--	--	--	63,515,429	--
Advances To Component Units	263,300	--	--	--	--	--
Deferred Expenses (Primarily Debt Issuance Costs)	--	--	--	--	35,172,644	--
Fixed Assets						
Property, Plant and Equipment	--	--	--	--	922,551,017	55,313,494
Less Accumulated Depreciation	--	--	--	--	(257,472,884)	(26,314,532)
Construction in Progress	--	--	--	--	63,100,961	--
Amount to be Provided for Retirement of General Long Term Debt	--	--	--	--	--	--
Amount to be Provided for Health Claims Liability	--	--	--	--	--	--
<b>Total Assets and Other Debits</b>	<b>\$ 122,599,430</b>	<b>\$ 21,723,605</b>	<b>\$ 5,895,281</b>	<b>\$ 28,320,142</b>	<b>\$ 979,360,936</b>	<b>\$ 37,981,309</b>





EXHIBIT A

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations		School Board	Proprietary Funds	
\$ 1,180,010	\$ --	\$ --	\$ 181,784,834	\$ 2,283,836	\$ 8,237,774	\$ 192,306,444
544,916,191	--	--	544,916,191	15,121,185	--	560,037,376
--	--	--	25,644,728	--	--	25,644,728
5,868,851	--	--	56,885,855	8,912,132	6,964,930	72,762,917
--	--	--	714,272	--	--	714,272
1,975,946	--	--	1,983,979	5,294	--	1,989,273
1,149,714	--	--	17,674,852	--	--	17,674,852
--	--	--	--	37,173,009	--	37,173,009
--	--	--	885,266	--	--	885,266
--	--	--	36,735,594	7,381,292	--	44,116,886
--	--	--	5,043,100	--	--	5,043,100
--	--	--	14,858,890	595,473	235,621	15,689,984
--	--	--	5,200,270	325,013	181,787	5,707,070
425,650	--	--	2,939,155	2,751,485	427,838	6,118,478
--	--	--	63,516,079	--	--	63,516,079
--	--	--	263,300	--	--	263,300
--	--	--	35,172,644	--	--	35,172,644
--	354,869,047	--	1,332,733,558	20,252,197	35,691,053	1,388,676,808
--	--	--	(283,787,416)	--	(17,507,476)	(301,294,892)
--	40,516,643	--	103,617,604	--	2,252,489	105,870,093
--	--	363,572,498	363,572,498	--	--	363,572,498
--	--	12,699,321	12,699,321	12,711,929	--	25,411,250
<u>\$ 555,516,362</u>	<u>\$ 395,385,690</u>	<u>\$ 376,271,819</u>	<u>\$ 2,523,054,574</u>	<u>\$ 107,512,845</u>	<u>\$ 36,484,016</u>	<u>\$ 2,667,051,435</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 2001**

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>Liabilities</b>						
Accounts Payable	\$ 7,434,074	\$ 4,252,510	\$ 52,278	\$ 563,368	\$ 23,559,103	\$ 2,463,850
Payable for Collateral Received Under Securities Lending Program	--	--	--	--	--	--
Accrued Liabilities	2,965,294	183,522	--	--	7,839,019	183,726
Amounts Held for Other Organizations	--	--	--	--	--	--
Refundable Deposits	--	--	--	--	--	--
Due to Other Funds	1,149,714	--	3,801,420	--	6,241,588	3,622,032
Due to Primary Government	--	--	--	--	--	--
Due to Other Governments	2,796,008	30,602	--	--	--	--
Due to Various Agents	575,649	--	--	--	--	--
Due to Component Units	37,173,009	--	--	--	--	--
Accrued Interest on Bonds and Notes Payable	--	--	--	--	9,563,718	--
Current Portion of Bonds, Notes and Leases Payable	--	--	--	--	6,733,853	6,146,875
Deferred Revenue	19,242,808	439,560	--	--	--	--
Other Current Liabilities	--	--	--	--	--	--
Advances from Other Funds	--	--	--	--	63,515,429	650
Advances from Primary Government	--	--	--	--	--	--
Liabilities to be Repaid from Restricted Assets:						
Customers' Deposits	--	--	--	--	2,004,872	--
Current Portion of Revenue Bonds Payable	--	--	--	--	3,366,089	--
Accrued Interest on Bonds Payable	--	--	--	--	2,991,931	--
Deferred Liabilities	--	--	--	--	53,637,086	--
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Lease Liability	--	--	--	--	335,810,253	11,026,177
Worker's Compensation Liability	--	--	--	--	--	--
Vacation Pay Liability	--	--	--	--	--	289,750
Sick Pay Liability	--	--	--	--	--	--
Outstanding Liabilities and Claims Incurred But Not Reported	--	--	--	--	--	18,024,637
Health Claims Liability	--	--	--	--	--	--
Early Retirement Benefits Liability and Net Pension Obligation	--	--	--	--	--	--
Revenue Bonds Payable	--	--	--	--	125,087,212	--
<b>Total Liabilities</b>	<u>71,336,556</u>	<u>4,906,194</u>	<u>3,853,698</u>	<u>563,368</u>	<u>640,350,153</u>	<u>41,757,697</u>
<b>Equity (Deficit) and Other Credits</b>						
Contributed Capital	--	--	--	--	38,064,670	6,860,919
Contributions in Aid of Construction	--	--	--	--	93,581,562	--
Investment in General Fixed Assets	--	--	--	--	--	--
Retained Earnings (Deficit)						
Unreserved	--	--	--	--	207,364,551	(10,637,307)
Fund Balance-Reserved	8,821,969	--	--	--	--	--
Fund Balance-Unreserved						
Designated for Specific Projects	6,888,176	16,817,411	2,041,583	917,097	--	--
Undesignated	35,552,729	--	--	26,839,677	--	--
<b>Total Equity (Deficit) and Other Credits</b>	<u>51,262,874</u>	<u>16,817,411</u>	<u>2,041,583</u>	<u>27,756,774</u>	<u>339,010,783</u>	<u>(3,776,388)</u>
<b>Total Liabilities, Equity (Deficit) and Other Credits</b>	<u>\$ 122,599,430</u>	<u>\$ 21,723,605</u>	<u>\$ 5,895,281</u>	<u>\$ 28,320,142</u>	<u>\$ 979,360,936</u>	<u>\$ 37,981,309</u>

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



EXHIBIT A  
(Concluded)

Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units		Totals Reporting Entity (Memorandum Only)
	Trust and Agency	General Fixed Assets		General Long-Term Obligations	School Board	
\$ 884,152	\$ --	\$ --	\$ 39,209,335	\$ 14,519,194	\$ 2,412,101	\$ 56,140,630
20,698,447	--	--	20,698,447	--	--	20,698,447
--	--	--	11,171,561	17,431,190	1,249,747	29,852,498
--	--	--	--	1,664,587	--	1,664,587
268,604	--	--	268,604	--	--	268,604
2,860,098	--	--	17,674,852	--	--	17,674,852
--	--	--	--	856,018	29,248	885,266
--	--	--	2,826,610	--	--	2,826,610
14,365,614	--	--	14,941,263	--	--	14,941,263
--	--	--	37,173,009	--	--	37,173,009
--	--	--	9,563,718	--	--	9,563,718
--	--	--	12,880,728	--	84,704	12,965,432
--	--	--	19,682,368	2,625,978	87,067	22,395,413
--	--	--	--	--	215,057	215,057
--	--	--	63,516,079	--	--	63,516,079
--	--	--	--	13,300	250,000	263,300
--	--	--	2,004,872	--	--	2,004,872
--	--	--	3,366,089	--	--	3,366,089
--	--	--	2,991,931	--	--	2,991,931
--	--	--	53,637,086	--	427,838	54,064,924
--	--	363,572,498	710,408,928	--	605,487	711,014,415
--	--	--	--	1,211,374	--	1,211,374
--	--	12,699,321	12,989,071	2,426,637	546,036	15,961,744
--	--	--	--	9,383,711	--	9,383,711
--	--	--	18,024,637	--	--	18,024,637
--	--	--	--	2,698,840	--	2,698,840
--	--	--	--	886,816	--	886,816
--	--	--	125,087,212	--	--	125,087,212
39,076,915	--	376,271,819	1,178,116,400	53,717,645	5,907,285	1,237,741,330
--	--	--	44,925,589	--	14,347,357	59,272,946
--	--	--	93,581,562	--	--	93,581,562
--	395,385,690	--	395,385,690	20,098,426	--	415,484,116
--	--	--	196,727,244	1,172,309	16,229,374	214,128,927
481,446,730	--	--	490,268,699	20,342,709	--	510,611,408
--	--	--	27,079,591	12,758,517	--	39,838,108
415,324	--	--	96,969,799	(576,761)	--	96,393,038
34,577,393	--	--	1,344,938,174	53,795,200	30,576,731	1,429,310,105
516,439,447	395,385,690	--	2,523,054,574	107,512,845	36,484,016	2,667,051,435





**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (DEFICIT)**  
**ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS,**  
**AND DISCRETELY PRESENTED COMPONENT UNIT**  
**For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
City Taxes	\$ 292,646,985	\$ --	\$ --	\$ --
Licenses, Permits and Privilege Fees	30,799,567	--	--	--
Intergovernmental	102,352,886	74,530,870	--	11,886,065
Service Charges	16,251,466	--	--	--
Fines and Forfeitures	6,376,530	--	--	--
Sales of Land	--	--	--	393,597
Payment in Lieu of Taxes	16,179,103	--	--	--
Tuition and Rental Fees	--	--	--	--
Employee Contributions, Net of Transfers and Distributions	--	--	--	--
Investment Income	--	--	--	--
Donations and Special Gifts	--	--	--	--
Miscellaneous	8,565,983	--	45,966,559	35,375
<b>Total Revenues</b>	<b>473,172,520</b>	<b>74,530,870</b>	<b>45,966,559</b>	<b>12,315,037</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	35,431,321	17,889,299	--	--
Public Safety and Judiciary	113,906,257	19,421,388	--	--
Highways, Streets, Sanitation and Refuse	43,046,276	102,898	--	--
Human Services	55,452,961	43,025,203	--	--
Culture and Recreation	20,092,430	907,035	--	--
Education	--	--	--	--
Non-Departmental	32,195,041	--	--	--
Capital Outlay	--	--	--	26,224,080
<b>Debt Service</b>				
Principal Retirement	--	--	39,822,931	--
Interest Payments	--	--	37,113,785	--
Issuance Costs	--	--	891,649	--
<b>Total Expenditures</b>	<b>300,124,286</b>	<b>81,345,823</b>	<b>77,828,365</b>	<b>26,224,080</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>173,048,234</b>	<b>(6,814,953)</b>	<b>(31,861,806)</b>	<b>(13,909,043)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from VRDN BANs and COPs	--	18,840,000	--	19,300,000
Operating Transfers In-Other Funds	3,062,706	5,671,697	31,861,806	--
Operating Transfers In-Primary Government	--	--	--	--
Operating Transfers Out-Component Units	(123,671,474)	--	--	--
Operating Transfers Out-Other Funds	(38,853,552)	(1,535,197)	--	--
<b>Total Other Financing Sources (Uses), Net</b>	<b>(159,462,320)</b>	<b>22,976,500</b>	<b>31,861,806</b>	<b>19,300,000</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>13,585,914</b>	<b>16,161,547</b>	<b>--</b>	<b>5,390,957</b>
<b>Net Income on Proprietary Operations</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Fund Balance (Deficit)-July 1, 2000	37,676,960	2,697,447	--	22,365,817
Residual Equity Transfers - Other Funds	--	(2,041,583)	2,041,583	--
<b>Fund Balance-June 30, 2001</b>	<b>\$ 51,262,874</b>	<b>\$ 16,817,411</b>	<b>\$ 2,041,583</b>	<b>\$ 27,756,774</b>

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



EXHIBIT B

Fiduciary Fund Type Expendable Trust	Primary Government (Memorandum Only)	Component Unit School Board	Reporting Entity (Memorandum Only)
\$ --	\$ 292,646,985	\$ --	\$ 292,646,985
--	30,799,567	--	30,799,567
--	188,769,821	116,710,429	305,480,250
--	16,251,466	--	16,251,466
--	6,376,530	--	6,376,530
--	393,597	--	393,597
--	16,179,103	--	16,179,103
--	--	1,644,400	1,644,400
2,023,562	2,023,562	--	2,023,562
14,859	14,859	30,202	45,061
--	--	3,557,076	3,557,076
--	54,567,917	654,641	55,222,558
<u>2,038,421</u>	<u>608,023,407</u>	<u>122,596,748</u>	<u>730,620,155</u>
3,468,417	56,789,037	--	56,789,037
--	133,327,645	--	133,327,645
--	43,149,174	--	43,149,174
--	98,478,164	--	98,478,164
--	20,999,465	--	20,999,465
--	--	239,213,047	239,213,047
--	32,195,041	--	32,195,041
--	26,224,080	7,690,598	33,914,678
--	39,822,931	--	39,822,931
--	37,113,785	--	37,113,785
--	891,649	--	891,649
<u>3,468,417</u>	<u>488,990,971</u>	<u>246,903,645</u>	<u>735,894,616</u>
<u>(1,429,996)</u>	<u>119,032,436</u>	<u>(124,306,897)</u>	<u>(5,274,461)</u>
--	38,140,000	--	38,140,000
2,375	40,598,584	--	40,598,584
--	--	119,875,423	119,875,423
--	(123,671,474)	--	(123,671,474)
--	(40,388,749)	--	(40,388,749)
<u>2,375</u>	<u>(85,321,639)</u>	<u>119,875,423</u>	<u>34,553,784</u>
(1,427,621)	33,710,797	(4,431,474)	29,279,323
--	--	(650,155)	(650,155)
36,420,338	99,160,562	38,778,403	137,938,965
<u>\$ 34,992,717</u>	<u>\$ 132,871,359</u>	<u>\$ 33,696,774</u>	<u>\$ 166,568,133</u>



**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND, DEBT SERVICE FUND,**  
**AND GENERAL FUND OF DISCRETELY PRESENTED COMPONENT UNIT**  
**For the Fiscal Year Ended June 30, 2001**

	General Fund			Debt Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
City Taxes	\$ 287,274,778	\$ 292,646,985	\$ 5,372,207	\$ --	\$ --	\$ --
Licenses, Permits and Privilege Fees	28,889,470	30,799,567	1,910,097	--	--	--
Intergovernmental	103,545,814	102,352,886	(1,192,928)	--	--	--
Service Charges	17,233,580	16,251,466	(982,114)	--	--	--
Fines and Forfeitures	6,454,831	6,376,530	(78,301)	--	--	--
Payment in Lieu of Taxes	16,040,482	16,179,103	138,621	--	--	--
Miscellaneous	6,175,160	8,565,983	2,390,823	44,594,632	45,966,559	1,371,927
<b>Total Revenues</b>	<b>465,614,115</b>	<b>473,172,520</b>	<b>7,558,405</b>	<b>44,594,632</b>	<b>45,966,559</b>	<b>1,371,927</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	37,293,472	35,431,321	1,862,151	--	--	--
Public Safety and Judiciary	116,166,811	113,906,257	2,260,554	--	--	--
Highways, Streets, Sanitation and Refuse	44,447,368	43,046,276	1,401,092	--	--	--
Human Services	58,657,121	55,452,961	3,204,160	--	--	--
Culture and Recreation	20,106,713	20,092,430	14,283	--	--	--
Education	--	--	--	--	--	--
Non-Departmental	35,182,781	32,195,041	2,987,740	--	--	--
<b>Debt Service</b>						
Principal Retirements	--	--	--	38,943,519	39,822,931	(879,412)
Interest Payments	--	--	--	39,321,505	37,113,785	2,207,720
Issuance Costs	--	--	--	426,000	891,649	(465,649)
<b>Total Expenditures</b>	<b>311,854,266</b>	<b>300,124,286</b>	<b>11,729,980</b>	<b>78,691,024</b>	<b>77,828,365</b>	<b>862,659</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>153,759,849</b>	<b>173,048,234</b>	<b>19,288,385</b>	<b>(34,096,392)</b>	<b>(31,861,806)</b>	<b>2,234,586</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Notes Payable	2,000,000	--	(2,000,000)	--	--	--
Operating Transfers In-Other Funds	2,373,000	3,062,706	689,706	34,096,392	31,861,806	(2,234,586)
Operating Transfers Out-Component Units	(131,575,825)	(123,671,474)	7,904,351	--	--	--
Operating Transfers Out-Other Funds	(31,637,434)	(38,853,552)	(7,216,118)	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>(158,840,259)</b>	<b>(159,462,320)</b>	<b>(622,061)</b>	<b>34,096,392</b>	<b>31,861,806</b>	<b>(2,234,586)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(5,080,410)</b>	<b>13,585,914</b>	<b>18,666,324</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance - July 1, 2000</b>						
Unreserved - Undesignated	15,079,214	37,676,960	22,597,746	--	--	--
Reserved for Encumbrances	--	--	--	--	--	--
Residual Equity Transfers In - Other Funds	--	--	--	--	2,041,583	2,041,583
Increase in Fund Balance Reserved for Restricted Assets	--	--	--	--	--	--
Increase in Fund Balance Designated for Specific Purposes	--	--	--	--	--	--
<b>Fund Balance-June 30, 2001</b>	<b>\$ 9,998,804</b>	<b>\$ 51,262,874</b>	<b>\$ 41,264,070</b>	<b>\$ --</b>	<b>\$ 2,041,583</b>	<b>\$ 2,041,583</b>

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





EXHIBIT C

Totals Primary Government (Memorandum Only)			Component Unit General Fund School Board (Budget Basis)			Totals Reporting Entity (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 287,274,778	\$ 292,646,985	\$ 5,372,207	\$ --	\$ --	\$ --	\$ 287,274,778	\$ 292,646,985	\$ 5,372,207
28,889,470	30,799,567	1,910,097	--	--	--	28,889,470	30,799,567	1,910,097
103,545,814	102,352,886	(1,192,928)	206,982,587	204,293,205	(2,689,382)	310,528,401	306,646,091	(3,882,310)
17,233,580	16,251,466	(982,114)	--	--	--	17,233,580	16,251,466	(982,114)
6,454,831	6,376,530	(78,301)	--	--	--	6,454,831	6,376,530	(78,301)
16,040,482	16,179,103	138,621	--	491,389	491,389	16,040,482	16,670,492	630,010
50,769,792	54,532,542	3,762,750	332,800	479,193	146,393	51,102,592	55,011,735	3,909,143
510,208,747	519,139,079	8,930,332	207,315,387	205,263,787	(2,051,600)	717,524,134	724,402,866	6,878,732
37,293,472	35,431,321	1,862,151	--	--	--	37,293,472	35,431,321	1,862,151
116,166,811	113,906,257	2,260,554	--	--	--	116,166,811	113,906,257	2,260,554
44,447,368	43,046,276	1,401,092	--	--	--	44,447,368	43,046,276	1,401,092
58,657,121	55,452,961	3,204,160	--	--	--	58,657,121	55,452,961	3,204,160
20,106,713	20,092,430	14,283	--	--	--	20,106,713	20,092,430	14,283
--	--	--	198,013,657	197,709,163	304,494	198,013,657	197,709,163	304,494
35,182,781	32,195,041	2,987,740	--	--	--	35,182,781	32,195,041	2,987,740
38,943,519	39,822,931	(879,412)	--	--	--	38,943,519	39,822,931	(879,412)
39,321,505	37,113,785	2,207,720	--	--	--	39,321,505	37,113,785	2,207,720
426,000	891,649	(465,649)	--	--	--	426,000	891,649	(465,649)
390,545,290	377,952,651	12,592,639	198,013,657	197,709,163	304,494	588,558,947	575,661,814	12,897,133
119,663,457	141,186,428	21,522,971	9,301,730	7,554,624	(1,747,106)	128,965,187	148,741,052	19,775,865
2,000,000	--	(2,000,000)	--	--	--	2,000,000	--	(2,000,000)
36,469,392	34,924,512	(1,544,880)	--	--	--	36,469,392	34,924,512	(1,544,880)
(131,575,825)	(123,671,474)	7,904,351	--	--	--	(131,575,825)	(123,671,474)	7,904,351
(31,637,434)	(38,853,552)	(7,216,118)	(16,173,537)	(16,171,554)	1,983	(47,810,971)	(55,025,106)	(7,214,135)
(124,743,867)	(127,600,514)	(2,856,647)	(16,173,537)	(16,171,554)	1,983	(140,917,404)	(143,772,068)	(2,854,664)
(5,080,410)	13,585,914	18,666,324	(6,871,807)	(8,616,930)	(1,745,123)	(11,952,217)	4,968,984	16,921,201
15,079,214	37,676,960	22,597,746	2,698,244	2,698,244	--	17,777,458	40,375,204	22,597,746
--	--	--	4,173,563	4,195,657	22,094	4,173,563	4,195,657	22,094
--	2,041,583	2,041,583	--	--	--	--	2,041,583	2,041,583
--	--	--	--	6,241,454	6,241,454	--	6,241,454	6,241,454
--	--	--	--	(4,156,501)	(4,156,501)	--	(4,156,501)	(4,156,501)
\$ 9,998,804	\$ 53,304,457	\$ 43,305,653	\$ --	\$ 361,924	\$ 361,924	\$ 9,998,804	\$ 53,666,381	\$ 43,667,577



**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS/FUND EQUITY (DEFICIT)**  
**ALL PROPRIETARY FUND TYPES, NON-EXPENDABLE TRUST FUNDS AND**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<b>Operating Revenues</b>		
Charges for Goods and Services	\$ 260,793,857	\$ 24,598,746
Investment Income	--	--
<b>Total Operating Revenues</b>	<u>260,793,857</u>	<u>24,598,746</u>
<b>Operating Expenses</b>		
Cost of Goods and Services Sold	--	7,716,305
Purchased Gas	120,528,785	--
Salaries and Wages	25,401,957	1,646,014
Data Processing	871,294	125,445
Materials and Supplies	3,120,720	143,295
Rents and Utilities	7,999,807	243,144
Maintenance and Repairs	10,454,428	87,659
Depreciation and Amortization	24,829,967	4,618,125
Payments in Lieu of Taxes and Licenses	17,632,865	--
Claims and Settlements	--	4,264,167
Miscellaneous Operating Expenses	27,087,737	3,894,345
<b>Total Operating Expenses</b>	<u>237,927,560</u>	<u>22,738,499</u>
<b>Operating Income</b>	<u>22,866,297</u>	<u>1,860,247</u>
<b>Nonoperating Revenues (Expenses)</b>		
Government Subsidies and Contributions	10,112,163	--
Revenue Recoveries	--	767,936
Interest Income	3,236,816	--
Interest on Customers' Deposits	(2,988)	--
Interest on Long-Term Debt	(24,179,849)	(923,506)
Amortization of Debt Discount and Expenses	(2,130,866)	--
Indirect Cost	--	(205,072)
Miscellaneous	2,587,768	668,020
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(10,376,956)</u>	<u>307,378</u>
<b>Income Before Operating Transfers</b>	12,489,341	2,167,625
Operating Transfers In-Other Funds	1,915,540	--
Operating Transfers In-Primary Government	--	--
Operating Transfers Out-Other Funds	(2,123,000)	--
<b>Net Income</b>	<u>12,281,881</u>	<u>2,167,625</u>
Add Depreciation on Assets Acquired with Contributed Capital	--	--
Retained Earnings - Fund Equity (Deficit) - July 1, 2000	195,082,670	(12,804,932)
Retained Earnings - Fund Equity (Deficit) - June 30, 2001	<u>\$ 207,364,551</u>	<u>\$ (10,637,307)</u>

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



EXHIBIT D

<u>Fiduciary Fund Type</u>	Totals Primary Government (Memorandum Only)	Component Units Proprietary Funds	Totals Reporting Entity (Memorandum Only)
Non-Expendable Trust			
\$ -	\$ 285,392,603	\$ 26,985,345	\$ 312,377,948
2,375	2,375	-	2,375
<u>2,375</u>	<u>285,394,978</u>	<u>26,985,345</u>	<u>312,380,323</u>
-	7,716,305	-	7,716,305
-	120,528,785	-	120,528,785
-	27,047,971	41,134,741	68,182,712
2,375	999,114	515,046	1,514,160
(2,375)	3,261,640	2,152,141	5,413,781
-	8,242,951	-	8,242,951
-	10,542,087	-	10,542,087
-	29,448,092	-	29,448,092
-	17,632,865	-	17,632,865
-	4,264,167	-	4,264,167
-	30,982,082	-	30,982,082
-	260,666,059	43,801,928	304,467,987
<u>2,375</u>	<u>24,728,919</u>	<u>(16,816,583)</u>	<u>7,912,336</u>
-	10,112,163	13,688,539	23,800,702
-	767,936	-	767,936
-	3,236,816	485,743	3,722,559
-	(2,988)	-	(2,988)
-	(25,103,355)	(41,189)	(25,144,544)
-	(2,130,866)	-	(2,130,866)
-	(205,072)	-	(205,072)
-	3,255,788	377,591	3,633,379
-	(10,069,578)	14,510,684	4,441,106
2,375	14,659,341	(2,305,899)	12,353,442
-	1,915,540	-	1,915,540
-	-	3,796,051	3,796,051
(2,375)	(2,125,375)	-	(2,125,375)
-	14,449,506	1,490,152	15,939,658
-	-	360,409	360,409
38,928	182,316,666	14,378,813	196,695,479
<u>\$ 38,928</u>	<u>\$ 196,766,172</u>	<u>\$ 16,229,374</u>	<u>\$ 212,995,546</u>





**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<b>Cash Flows from Operating Activities</b>		
Operating Income (Loss)	\$ 22,866,297	\$ 1,860,247
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Depreciation and Amortization	24,829,967	4,618,125
Miscellaneous Revenues	2,603,898	450,490
Other	(1,810,475)	-
<b>Changes in Assets and Liabilities</b>		
(Increase) Decrease in Accounts Receivable	(8,912,350)	18,327
Decrease in Estimated Unbilled Service Revenues	344,851	-
Decrease in Due From Other Funds	(542,469)	-
Increase in Due From Component Units	-	(27,916)
Decrease in Due From Other Governments	-	28,820
Increase in Inventories of Material and Supplies	(3,326,941)	(19,268)
Increase in Prepaid Expenses and Other Current Assets	(243,166)	-
Increase in Deferred Expenses	(8,283,537)	-
Increase in Accounts Payable	8,131,162	1,786,980
Increase (Decrease) in Accrued Liabilities	2,011,159	(54,751)
Increase in Due to Other Funds	394,611	3,666,818
Decrease in Deferred Revenue	-	-
Increase in Deferred Liabilities	6,884,544	-
Increase in Other Liabilities	8,069	-
Increase (Decrease) in Vacation Pay Liabilities	-	48,191
Increase in Outstanding Liabilities and Claims	-	877,391
Increase in Customer's Deposits	299,820	-
Total Adjustments	<u>22,389,143</u>	<u>11,393,207</u>
Net Cash Provided by (Used for) Operating Activities	<u>45,255,440</u>	<u>13,253,454</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Government Subsidies and Contributions	10,112,163	-
Operating Transfers In - Other Funds	1,915,540	-
Revenue from Federal and State Government	-	-
Operating Transfers In from Primary Government	-	-
Operating Transfers Out - Other Funds	(2,123,000)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>9,904,703</u>	<u>-</u>



EXHIBIT E

Fiduciary Fund Types	Totals		Totals	
Non- Expendable Trust	Primary Government (Memorandum Only)	Component Units Proprietary Funds	Reporting Entity (Memorandum Only)	
\$ 2,375	\$ 24,728,919	\$ (16,816,583)	\$ 7,912,336	
-	29,448,092	2,152,141	31,600,233	
-	3,054,388	82,660	3,137,048	
-	(1,810,475)	318,794	(1,491,681)	
-	(8,894,023)	(960,569)	(9,854,592)	
-	344,851	-	344,851	
-	(542,469)	-	(542,469)	
-	(27,916)	-	(27,916)	
-	28,820	-	28,820	
-	(3,346,209)	(7,230)	(3,353,439)	
-	(243,166)	(35,537)	(278,703)	
-	(8,283,537)	-	(8,283,537)	
-	9,918,142	589,641	10,507,783	
-	1,956,408	344,814	2,301,222	
-	4,061,429	-	4,061,429	
-	-	(871,765)	(871,765)	
-	6,884,544	-	6,884,544	
-	8,069	171,941	180,010	
-	48,191	(30,555)	17,636	
-	877,391	-	877,391	
-	299,820	-	299,820	
-	33,782,350	1,754,335	35,536,685	
2,375	58,511,269	(15,062,248)	43,449,021	
-	10,112,163	-	10,112,163	
-	1,915,540	-	1,915,540	
-	-	13,688,539	13,688,539	
-	-	3,796,051	3,796,051	
(2,375)	(2,125,375)	-	(2,125,375)	
(2,375)	9,902,328	17,484,590	27,386,918	

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Types	
	Enterprise	Internal Service
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and Construction of Capital Assets	\$ (57,505,681)	\$ (5,518,932)
Proceeds From Borrowing on Revenue and General Obligation Bonds and Notes	153,983,513	-
Repayments of Revenue and General Obligation Bonds and Notes	(127,780,565)	(4,547,781)
Interest Paid on Long-Term Debt	(21,581,515)	(923,506)
Proceeds From the Sale of Assets	-	310,409
Net Cash Used for Capital and Related Financing Activities	(52,884,248)	(10,679,810)
<b>Cash Flows from Investing Activities</b>		
Interest Earned on Operating Funds	3,236,816	-
Interest Paid on Customer Deposits	(2,988)	-
Net Cash Provided by Investing Activities	3,233,828	-
 Net Increase in Cash and Cash Equivalents	 5,509,723	 2,573,644
 Cash and Cash Equivalents at July 1, 2000	 88,717,993	 5,041,632
Cash and Cash Equivalents at June 30, 2001	\$ 94,227,716	\$ 7,615,276
 <b>Reconciliation to Exhibit A</b>		
Cash and Cash Equivalents	\$ 93,755,794	\$ 7,615,276
Restricted Cash	471,922	-
Non-expendable Trust Funds Restricted Cash	-	-
Expendable Trust Funds Restricted Cash	-	-
	\$ 94,227,716	\$ 7,615,276
 <b>Supplemental Cash Flow Information</b>		
<b>Noncash transactions</b>		
Principal Payments Made by the Debt Service Fund on Behalf of Fund/Component Units	\$ 1,026,365	\$ -
Interest Payments Made by the Debt Service Fund on Behalf of Fund/Component Units	727,341	-
Healthcare Benefits Paid on Behalf of Component Unit	-	-

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





**EXHIBIT E**  
(Concluded)

Fiduciary Fund Types	Totals		Totals	
	Non-Expendable Trust	Primary Government (Memorandum Only)	Component Units Proprietary Funds	Reporting Entity (Memorandum Only)
\$	-	\$ (63,024,613)	\$ (2,324,372)	\$ (65,348,985)
	-	153,983,513	-	153,983,513
	-	(132,328,346)	(81,018)	(132,409,364)
	-	(22,505,021)	(36,258)	(22,541,279)
	-	310,409	3,285	313,694
	-	<u>(63,564,058)</u>	<u>(2,438,363)</u>	<u>(66,002,421)</u>
	-	3,236,816	485,743	3,722,559
	-	<u>(2,988)</u>	-	<u>(2,988)</u>
	-	<u>3,233,828</u>	<u>485,743</u>	<u>3,719,571</u>
	-	8,083,367	469,722	8,553,089
	11,507	93,771,132	8,195,890	101,967,022
<u>\$</u>	<u>11,507</u>	<u>\$ 101,854,499</u>	<u>\$ 8,665,612</u>	<u>\$ 110,520,111</u>
\$	-	\$ 101,371,070	\$ 8,237,774	\$ 109,608,844
	-	471,922	427,838	899,760
	11,507	11,507	-	11,507
	414,143	414,143	-	414,143
<u>\$</u>	<u>425,650</u>	<u>\$ 102,268,642</u>	<u>\$ 8,665,612</u>	<u>\$ 110,934,254</u>
\$	-	\$ 1,026,365	\$ -	\$ 1,026,365
	-	727,341	-	727,341
	-	-	87,060	87,060



EXHIBIT F-1

**CITY OF RICHMOND, VIRGINIA  
COMBINED STATEMENT OF PLAN NET ASSETS  
PENSION TRUST FUND AND DISCRETELY PRESENTED COMPONENT UNIT  
June 30, 2001**

	<u>Primary Government Pension Trust Fund (RRS)</u>	<u>Component Unit School Board Early Retirement Incentive Plan</u>	<u>Totals Reporting Entity (Memorandum Only)</u>
<b>Assets:</b>			
Cash and short term investments	\$ 28,814,720	\$ 14,467,058	\$ 43,281,778
Receivables	8,994,511	5,294	8,999,805
<b>Investments, at fair value:</b>			
U.S. Domestic and agency	49,589,163	--	49,589,163
Corporate bonds	50,678,707	--	50,678,707
Common stock	250,694,567	--	250,694,567
International stocks	92,447,926	--	92,447,926
International bonds	17,366,629	--	17,366,629
Cash collateral received - security lending program	20,698,447	--	20,698,447
<b>Total investments</b>	<u>481,475,439</u>	<u>--</u>	<u>481,475,439</u>
<b>Total Assets</b>	<u>519,284,670</u>	<u>14,472,352</u>	<u>533,757,022</u>
<b>Liabilities:</b>			
Accounts Payable	780,710	--	780,710
Payable for collateral received - security lending program	20,698,447	--	20,698,447
Due to Other Funds	2,860,098	--	2,860,098
Due to Various Agents	13,537,613	--	13,537,613
<b>Total Liabilities</b>	<u>37,876,868</u>	<u>--</u>	<u>37,876,868</u>
<b>Net assets held in trust for pension benefits</b>	<u>\$ 481,407,802</u>	<u>\$ 14,472,352</u>	<u>\$ 495,880,154</u>

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



EXHIBIT F-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**PENSION TRUST FUND AND DISCRETELY PRESENTED COMPONENT UNIT**  
**For the Fiscal Year Ended June 30, 2001**

	Primary Government Pension Trust Fund (RRS)	Component Unit School Board Early Retirement Incentive Plan	Totals Reporting Entity (Memorandum Only)
<b>Additions</b>			
Contributions	\$ 14,152,226	\$ 3,000,000	\$ 17,152,226
<b>Investment income</b>			
Appreciation (depreciation) in fair value of investments	(90,388,861)	428,849	(89,960,012)
Interest	9,383,312	--	9,383,312
Dividends	3,101,522	663,904	3,765,426
Income earned on securities lending transactions	145,053	--	145,053
Gross investment income	<u>(77,758,974)</u>	<u>1,092,753</u>	<u>(76,666,221)</u>
Less investment expense	2,852,748	--	2,852,748
Net investment income	<u>(80,611,722)</u>	<u>1,092,753</u>	<u>(79,518,969)</u>
Total additions	<u>(66,459,496)</u>	<u>4,092,753</u>	<u>(62,366,743)</u>
<b>Deductions</b>			
Benefits	37,717,044	3,589,273	41,306,317
Administrative expenses	711,904	1,649	713,553
Total deductions	<u>38,428,948</u>	<u>3,590,922</u>	<u>42,019,870</u>
Net increase (decrease)	(104,888,444)	501,831	(104,386,613)
Net assets held in trust for pension benefits - July 1, 2000	586,296,246	13,970,521	600,266,767
Net assets held in trust for pension benefits - June 30, 2001	<u>\$ 481,407,802</u>	<u>\$ 14,472,352</u>	<u>\$ 495,880,154</u>

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





EXHIBIT G-1

CITY OF RICHMOND, VIRGINIA  
 COMBINING BALANCE SHEET  
 DISCRETELY PRESENTED COMPONENT UNIT PROPRIETARY FUNDS  
 June 30, 2001

	Richmond Ambulance Authority	Hospital Authority of Richmond	Port of Richmond Commission	Richmond Behavioral Health Authority	Totals
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 352,573	\$ 3,011,543	\$ 2,157,035	\$ 2,716,623	\$ 8,237,774
Accounts Receivable	3,908,673	1,009,961	195,977	1,850,319	6,964,930
Inventories of Material and Supplies	164,053	17,226	--	54,342	235,621
Prepaid Expenses and Other Current Assets	85,959	28,595	--	67,233	181,787
<b>Total Current Assets</b>	<b>4,511,258</b>	<b>4,067,325</b>	<b>2,353,012</b>	<b>4,688,517</b>	<b>15,620,112</b>
<b>Restricted Assets</b>					
Cash	--	53,572	--	374,266	427,838
<b>Total Restricted Assets</b>	<b>--</b>	<b>53,572</b>	<b>--</b>	<b>374,266</b>	<b>427,838</b>
<b>Fixed Assets</b>					
Land	--	111,508	123,030	--	234,538
Buildings and Structures	1,737,302	6,821,405	3,472,674	--	12,031,381
Plant-in-Service	--	--	15,128,640	--	15,128,640
Equipment	5,089,259	1,272,588	20,051	1,914,596	8,296,494
<b>Total Fixed Assets</b>	<b>6,826,561</b>	<b>8,205,501</b>	<b>18,744,395</b>	<b>1,914,596</b>	<b>35,691,053</b>
Less Accumulated Depreciation	(4,493,419)	(4,499,701)	(7,453,295)	(1,061,061)	(17,507,476)
Construction in Progress	--	--	2,252,489	--	2,252,489
<b>Net Fixed Assets</b>	<b>2,333,142</b>	<b>3,705,800</b>	<b>13,543,589</b>	<b>853,535</b>	<b>20,436,066</b>
<b>Total Assets</b>	<b>\$ 6,844,400</b>	<b>\$ 7,826,697</b>	<b>\$ 15,896,601</b>	<b>\$ 5,916,318</b>	<b>\$ 36,484,016</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
<b>Current Liabilities (Payable From Current Assets):</b>					
Accounts Payable	\$ 130,988	\$ 225,477	\$ 205,277	\$ 1,850,359	\$ 2,412,101
Due To Primary Governments	--	1,732	--	27,516	29,248
Accrued Liabilities	968,191	248,271	33,285	--	1,249,747
Bonds/Notes Payable and Capital Lease Obligations	41,521	43,183	--	--	84,704
Deferred Revenue	87,067	--	--	--	87,067
Other Current Liabilities	--	215,057	--	--	215,057
<b>Total Current Liabilities</b>	<b>1,227,767</b>	<b>733,720</b>	<b>238,562</b>	<b>1,877,875</b>	<b>4,077,924</b>
<b>Current Liabilities (Payable From Restricted Assets)</b>					
Deferred Compensation Liability Payable from Restricted Assets and Customer Deposits	--	53,572	--	374,266	427,838
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>--</b>	<b>53,572</b>	<b>--</b>	<b>374,266</b>	<b>427,838</b>
Advances from Primary Government	250,000	--	--	--	250,000
Vacation Pay Liabilities	--	--	--	546,036	546,036
General Obligation Bonds Payable	467,402	138,085	--	--	605,487
<b>Total Liabilities</b>	<b>1,945,169</b>	<b>925,377</b>	<b>238,562</b>	<b>2,798,177</b>	<b>5,907,285</b>
<b>Fund Equity</b>					
Contributed Capital	1,125,147	4,418,632	6,683,768	2,119,810	14,347,357
Retained Earnings					
Unreserved	3,774,084	2,482,688	8,974,271	998,331	16,229,374
<b>Total Fund Equity</b>	<b>4,899,231</b>	<b>6,901,320</b>	<b>15,658,039</b>	<b>3,118,141</b>	<b>30,576,731</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 6,844,400</b>	<b>\$ 7,826,697</b>	<b>\$ 15,896,601</b>	<b>\$ 5,916,318</b>	<b>\$ 36,484,016</b>

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



EXHIBIT G-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**DISCRETELY PRESENTED COMPONENT UNIT PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2001**

	Richmond Ambulance Authority	Hospital Authority of Richmond	Port of Richmond Commission	Richmond Behavioral Health Authority	Totals
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 8,261,549	\$ 7,974,645	\$ 1,431,546	\$ 9,317,605	\$ 26,985,345
<b>Operating Expenses</b>					
Operating Expenses	9,722,944	6,339,276	489,921	24,582,600	41,134,741
Maintenance and Repairs	--	457,340	57,706	--	515,046
Depreciation and Amortization	644,138	336,405	873,890	297,708	2,152,141
Total Operating Expenses	<u>10,367,082</u>	<u>7,133,021</u>	<u>1,421,517</u>	<u>24,880,308</u>	<u>43,801,928</u>
Operating Income (Loss)	<u>(2,105,533)</u>	<u>841,624</u>	<u>10,029</u>	<u>(15,562,703)</u>	<u>(16,816,583)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Miscellaneous	9,104	132,077	82,660	153,750	377,591
Government Subsidies and Contributions	--	87,060	--	13,601,479	13,688,539
Interest on Long Term Debt	(35,015)	(6,174)	--	--	(41,189)
Interest Income	88,030	90,990	143,077	163,646	485,743
Total Non-Operating Revenues	<u>62,119</u>	<u>303,953</u>	<u>225,737</u>	<u>13,918,875</u>	<u>14,510,684</u>
Income (Loss) Before Operating Transfers	(2,043,414)	1,145,577	235,766	(1,643,828)	(2,305,899)
Operating Transfers In - Primary Government	<u>2,204,000</u>	<u>--</u>	<u>--</u>	<u>1,592,051</u>	<u>3,796,051</u>
Net Income (Loss)	<u>160,586</u>	<u>1,145,577</u>	<u>235,766</u>	<u>(51,777)</u>	<u>1,490,152</u>
<b>Add Depreciation on Assets Acquired with</b>					
Contributed Capital	--	--	360,409	--	360,409
Retained Earnings - July 1, 2000	3,613,498	1,337,111	8,378,096	1,050,108	14,378,813
Retained Earnings - June 30, 2001	<u>\$ 3,774,084</u>	<u>\$ 2,482,688</u>	<u>\$ 8,974,271</u>	<u>\$ 998,331</u>	<u>\$ 16,229,374</u>

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



EXHIBIT G-3

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**DISCRETELY PRESENTED COMPONENT UNIT PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2001**

	Richmond Ambulance Authority	Hospital Authority of Richmond	Port of Richmond Commission	Richmond Behavioral Health Authority	Totals
<b>Cash Flows from Operating Activities</b>					
Operating Income (Loss)	\$ (2,105,533)	\$ 841,624	\$ 10,029	\$ (15,562,703)	\$ (16,816,583)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>					
Depreciation and Amortization	644,138	336,405	873,890	297,708	2,152,141
Miscellaneous Revenues	--	--	82,660	--	82,660
Other	--	165,044	--	153,750	318,794
<b>Changes in Assets and Liabilities</b>					
(Increase) Decrease in Accounts Receivable	(1,354,162)	(50,182)	7,246	436,529	(960,569)
(Increase) Decrease in Inventory of Material and Supplies	--	3,449	--	(10,679)	(7,230)
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(64,223)	(76,254)	--	104,940	(35,537)
Increase (Decrease) in Accounts Payable	130,721	(37,819)	164,635	332,104	589,641
Increase in Accrued Liabilities	171,035	167,524	6,255	--	344,814
Decrease in Deferred Revenue	--	--	--	(871,765)	(871,765)
Increase in Other Liabilities	--	--	--	171,941	171,941
Decrease in Vacation Liability	--	--	--	(30,555)	(30,555)
Total Adjustments	(472,491)	508,167	1,134,686	583,973	1,754,335
Net Cash Provided by (Used for) Operating Activities	(2,578,024)	1,349,791	1,144,715	(14,978,730)	(15,062,248)
<b>Cash Flows from Noncapital Financing Activities</b>					
Government Subsidies and Contributions	--	87,060	--	13,601,479	13,688,539
Operating Transfers In from Primary Government	2,204,000	--	--	1,592,051	3,796,051
Net Cash Provided by Noncapital Financing Activities	2,204,000	87,060	--	15,193,530	17,484,590
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and Construction of Capital Assets	(468,359)	(219,606)	(1,237,148)	(399,259)	(2,324,372)
Repayments of Revenue and General Obligation Bonds	(40,276)	(40,742)	--	--	(81,018)
Interest Paid on Long-Term Debt	(29,193)	(7,065)	--	--	(36,258)
Proceeds from the Sale of Assets	3,285	--	--	--	3,285
Net Cash Used for Capital and Related Financing Activities	(534,543)	(267,413)	(1,237,148)	(399,259)	(2,438,363)
<b>Cash Flows from Investing Activities</b>					
Interest Earned on Operating Funds	88,030	90,990	143,077	163,646	485,743
Net Cash Provided by Investing Activities	88,030	90,990	143,077	163,646	485,743
Net Increase (Decrease) in Cash and Cash Equivalents	(820,537)	1,260,428	50,644	(20,813)	469,722
Cash and Cash Equivalents-July 1, 2000	1,173,110	1,804,687	2,106,391	3,111,702	8,195,890
Cash and Cash Equivalents-June 30, 2001	\$ 352,573	\$ 3,065,115	\$ 2,157,035	\$ 3,090,889	\$ 8,665,612
<b>Supplemental Cash Flow Information</b>					
Noncash transactions					
Retirement and Healthcare benefits paid to the Retirement System on behalf of the Component Unit	\$ --	87,060	\$ --	\$ --	\$ 87,060

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



**CITY OF RICHMOND**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Richmond, Virginia (City) was founded by William Byrd in 1737, established as a town in May 1742 and incorporated as a City on July 19, 1782. The City operates on a Council-Manager form of government and provides all municipal services to its residents. The more significant of the City's accounting policies are described below.

**A. The Financial Reporting Entity**

The City's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (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. Therefore, the City's financial statements are presented in accordance with GASB Statement No. 14 entitled *The Financial Reporting Entity* (GASB 14). This Statement defines the distinction between the City as a primary government and its related entities. Accordingly, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The Richmond Retirement System (RRS) is the City's only blended component unit. Although RRS is a separate legal entity, in substance, it is part of the City's operations thus, financial data from this unit is combined with that of the City and shown as a Pension Trust Fund. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government. Each discretely presented component unit has a June 30 year end.

**B. Individual Component Unit Disclosures**

*Discretely Presented Component Units:*

The Component Unit columns in the combined financial statements comprise financial data on the City's discretely presented Component Units. The governing bodies of all these component units, except the School Board of the City of Richmond, which is elected, are appointed by the City Council. The following Component Units are included in the reporting entity because they are financially accountable to the City.

*The School Board of the City of Richmond (School Board)*

The School Board administers the Richmond Public School system. The City Council approves the School Board's annual operating budget and provides a major portion of the funding through annual appropriations.

*Proprietary Component Units*

**Richmond Ambulance Authority (RAA)**

RAA provides emergency and nonemergency medical care and transportation services for the City. The City annually provides significant operating subsidies to RAA.

**Hospital Authority of Richmond (HAR)**

HAR operates a 169-bed, long-term care, nonprofit nursing home under the name of *Richmond Nursing Home*. The City annually provides operating subsidies to HAR.

**Port of Richmond Commission (Port)**

The Port operates a deepwater ocean-going vessel facility. Although the Port operates independently, City Council appoints the Board of Commissioners. The City has provided annual operating subsidies in prior fiscal years and it would be misleading to exclude the Port from the City's reporting entity.





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**Richmond Behavioral Health Authority (RBHA)**

RBHA provides behavioral health services to residents of the City under Sections 15.1-1676 of the Code of Virginia (1950), as amended. The City annually provides significant operating subsidies to RBHA.

Complete financial statements for each of the component units may be obtained from:

- School Board of Richmond Public Schools  
301 North Ninth Street  
Richmond, VA 23219
- Richmond Behavioral Health Authority  
501 S. 5th Street  
Richmond, VA 23224
- Port of Richmond Commission  
5000 Deepwater Term. Rd  
Richmond, VA 23234
- Hospital Authority of Richmond  
1900 Cool Lane  
Richmond, VA 23223
- Richmond Ambulance Authority  
Post Office Box 26286  
Richmond, VA 23260

**C. Related Organizations**

The City Council is also responsible for appointing the members of the board of other organizations, but the City's accountability does not extend beyond making these appointments.

The following organizations are related organizations, which have not been included in the reporting entity.

- *Richmond Metropolitan Authority (RMA)* - Six of the eleven directors of RMA are appointed by the City Council. The City has no financial responsibility for the operations of RMA.
- *Richmond Redevelopment and Housing Authority (RRHA)*- Commissioners of RRHA are appointed by the City Council. The City has no financial responsibility for RRHA's operations. However, RRHA performs certain services under contracts, grants and cooperation agreements with the City for Community Development Block Grants and downtown redevelopment and conservation projects.
- *Industrial Development Authority of the City of Richmond (IDA)* - Commissioners of IDA are appointed by the City Council, but the City provides no funding, has no obligation for the debt issued by IDA, and cannot impose its will upon the IDA.

**D. Joint Venture**

*Greater Richmond Transit Co. (GRTC)*

The City retains an ongoing financial interest and financial responsibility for GRTC, which under a joint venture agreement with the City and the County of Chesterfield, provides mass transportation for passengers on a regional basis for the purpose of providing continuous service within and between their jurisdictions.



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GRTC, a public service corporation incorporated on April 12, 1973, is governed by a six-member board of directors of whom three are appointed by the City and three by the County of Chesterfield. The City owns approximately 8% equity interest in GRTC, which is not considered material, and is not included in the accompanying financial statements.

Fare revenues and route subsidies pay all costs with each locality participating in GRTC's costs only to the extent that each locality chooses to have GRTC operate routes within its jurisdiction.

The City expended approximately \$5,550,000 for subsidies for bus routes within the City for the year ended June 30, 2001. Complete financial statements for GRTC can be obtained from GRTC at 101 S. Davis Avenue, Richmond, VA 23220.

**E. Jointly Governed Organizations**

The City is a participant-member in conjunction with other local jurisdictions of the following organizations:

*Capital Region Airport Commission (Commission)* was created in 1975 under Chapter 380 (as amended by Chapter 410) of the Code of Virginia (Code) when the City and the County of Henrico adopted a resolution declaring a need for the Commission. Since that time, the Counties of Chesterfield and Hanover have become Commission participants.

In 1976, under an intergovernmental joint venture agreement between the City and County of Henrico, the City transferred ownership of the Richmond International Airport (Airport) to the Commission. In return the Commission agreed to reimburse the City for its debt service associated with the Airport.

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submits an annual budget, showing estimated revenues and estimated expenditures, to the governing bodies of the City and the three Counties for their approval. After approval of the proposed budget by the governing bodies, if the Commission's budget contains estimated expenditures which exceed estimated revenues, then the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the City and counties may, at their discretion, appropriate funds necessary to fund the deficit. The City did not provide any funding to the Commission during the fiscal year ended June 30, 2001.

*Central Virginia Waste Management Authority (CVWMA)* was created by the Virginia Water and Sewer Authorities Act of 1973. CVWMA's purpose is to maintain a garbage and refuse collection, transfer and disposal program or system, including waste reduction, waste material recovery, recycling as mandated by law or otherwise and similar programs within one or more political subdivisions which are members of CVWMA. The City is a member of CVWMA. CVWMA is governed by a Board of Directors consisting of one or more representatives appointed by each of the thirteen member cities, town and counties. The City appointed three of the eighteen-member board of directors. The City's contribution and direct payments for the fiscal year ended June 30, 2001 were \$1,175,848.

The *Greater Richmond Partnership (GRP)* is comprised of members from the City and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan area. The City has two



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representatives serving on GRP's Board of Directors and the City contributed \$350,000 to GRP for the year ended June 30, 2001.

The *Richmond Convention and Visitors Bureau (RCVB)* serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The City has eight representatives serving on RCVB's Board of Directors and contributed \$600,000 to RCVB for the year ended June 30, 2001.

The *Richmond Regional Planning District Commission (RRPDC)* is comprised of members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. The City has seven representatives serving on the RRPDC and contributed approximately \$115,000 for the year ended June 30, 2001.

The *Greater Richmond Convention Center Authority (GRCCA)* a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2, Code of Virginia. GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Richmond Centre. The political subdivisions participating in the incorporation of the GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond. The City contributed approximately \$4,791,000 for the year ended June 30, 2001.

**F. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

*Governmental Fund Types*

*Governmental Funds* are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City generally considers revenues "available" if they are collected within 60 days after year end. Real estate, personal property and license tax revenues are recorded as revenues principally on the cash basis until year end, at which time amounts earned during the year but received within 60 days after the end of fiscal year are accrued. Permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting principally of categorical aid from federal and state agencies, are



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recognized when earned or when the qualifying expenditures have been incurred. Revenues from general-purpose grants are recognized in the period in which the grant applies. Sales and public utility taxes, which are collected by the Commonwealth and public utilities, respectively, and subsequently remitted to the City, are recognized as revenues and receivables when collected by authorized agents. Revenues from investments are recognized when earned. In accordance with GASB Statement No. 31, net appreciation/depreciation in fair market value of investments is recorded at fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for debt service on general long-term debt, which is recognized when due, and certain compensated absences, which are recognized when the obligations are expected to be liquidated with current expendable financial resources.

Governmental Funds include the following fund types:

- *General Fund*—The General Fund is the City's primary operating fund. It accounts for all financial resources of the City's general government, except those required to be accounted for in another fund.
- *Special Revenue Funds*—Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (other than expendable trusts or capital projects).
- *Debt Service Fund*—Debt Service Fund accounts for the servicing of general long-term debt.
- *Capital Projects Funds*—Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects (other than those financed by proprietary funds).

*Proprietary Fund Types*

*Proprietary Funds* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to or on November 30, 1989 in accounting and reporting for its proprietary operations. Under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, the City elected not to apply FASB pronouncements issued after November 30, 1989.

Proprietary funds include the following fund types:

- *Enterprise Funds*—Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business, primarily through user charges or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.
- *Internal Service Funds*—Internal Service Funds account for operations that provide services to City departments/agencies or to other governments on a cost-reimbursement basis.

*Fiduciary Funds Types*

*Fiduciary Funds* account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

- *Trust Funds*—Expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and modified accrual basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.



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Nonexpendable trust funds and pension trust funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and accrual basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent. The Pension Trust Fund accounts for the assets of RRS in essentially the same manner as proprietary funds since capital maintenance is critical.

- *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These are used to account for assets that the City holds for others in an agency capacity.

*Account Groups*

*General Fixed Assets Account Group* is used to account for fixed assets not accounted for in proprietary or nonexpendable trust funds.

*General Long-Term Obligations Account Group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or nonexpendable trust funds.

**G. Deferred Revenue**

Deferred revenue shown on the combined balance sheet comprises revenue amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met. Generally, revenues that are "measurable" but not "available" are classified as deferred revenue.

**H. Budgets and Budgetary Accounting**

The City and School Board follow these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements.

- City General Fund, Debt Service Fund, and School Board General Fund have legally adopted annual budgets. Capital Projects Funds have five-year spending plans which are legally adopted on an annual basis. On or before April 7, the City Manager and the School Board submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing those expenditures.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to May 31, the budget is legally enacted through passage of an ordinance.
- The legal level of budgetary control is the department level for the City. The City Manager is authorized to transfer budget amounts within departments in the City budget; however, any revisions that alter the total expenditures of any department or agency must be approved by the City Council. The School Board and Superintendent are authorized to make transfers between functions and budgetary line items in the School Board budget; however, revisions, other than federal and state revenues received in excess of budgeted amounts, that alter the total expenditures of the School Board's General Fund operating budget, must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the City General Fund, Debt Service Fund and Capital Projects Funds are principally prepared on the modified accrual basis of accounting. Capital Projects Funds' encumbrances, which do not lapse at the end of a fiscal year, are included as budgetary expenditures.





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- The budget for the School Board's General Fund is principally prepared on the modified accrual basis of accounting except that encumbrances that do not lapse at the end of a fiscal year are included as budgetary expenditures.
- Project budgets are utilized in the City and School Board Capital Projects Funds. All appropriations not encumbered lapse at year end for the General Fund. Appropriations for the City and School Board Capital Projects Funds are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.

Budgeted amounts are as originally adopted or as amended by the City Council. No supplementary budgetary appropriations were necessary during the fiscal year, which would have affected the total budget. Expenditures may not exceed appropriations on a departmental level in the General Fund.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual for the General Fund reflects the revised budgeted and actual amounts for the City's General and Debt Service Funds and the School Board's General Fund. Special Revenue Funds do not have annual budgets since grant awards and revenues received under other contractual requirements recorded in these funds span more than a single fiscal year.

The General Fund revenues of \$476,235,226 exceeded expectations by \$6,248,111 for fiscal year ended June 30, 2001. The General Fund expenditures of \$462,649,312 were diminished by \$7,337,803 for fiscal year ended June 30, 2001. However, certain departments/agencies' expenditures exceeded appropriations for this fiscal year. The Richmond Public Library's expenditures exceeded appropriations by \$2,720. The Department of Finance expenditures exceeded appropriations by \$25,141. The Youth Services Commission expenditures exceeded appropriations by \$3,623. The Department of Law exceeded appropriations by \$59,195. Procedures have been put into place to help prevent a recurrence of overages in future years.

**I. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities under GAAP.

**J. Reconciliation of School Board's Fund Equity**

The following is a reconciliation of School Board's fund equity at June 30, 2001:

<b>Fund Equity</b>	
All governmental funds types and expendable trust funds	\$ 17,294,599
All proprietary fund types, nonexpendable trust funds and pension trust fund	16,402,175
Amount per schedule Exhibit B	<u>33,696,774</u>
<b>Fund Equity</b>	
General fixed assets	20,098,426
Total fund equity per Exhibit A	<u>\$ 53,795,200</u>



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**K. Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash on hand, checking and savings accounts and certificates of deposit (which generally have maturities of less than three months at the time of acquisition).

**L. Investments**

Investments of the Fiduciary Fund types are reflected at fair value. The fair value is based on either quotations obtained from national security exchanges or on the basis of quotations provided by a pricing service which uses information with respect to transactions on bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities.

**M. Restricted Assets - Other (School Board)**

Restricted assets of \$2,751,485 at June 30, 2001 include the following: (i) \$2,509,320 of monies paid to an insurance carrier in excess of claims incurred, earning interest at a rate of 3.69% at June 30, 2001, which will be used to pay future health care claims, (ii) \$242,165 of monies accumulated for short term disability claims.

**N. Allowances for Doubtful Accounts**

The City calculates its allowances for doubtful accounts using historical collection data, specific account analysis, and management's judgment.

Allowances for doubtful accounts at June 30, 2001 were as follows:

General Fund	\$ 32,271,991
Enterprise Funds:	
Utilities	
Gas Utility	324,498
Water Utility	46,400
Wastewater Utility	61,600
Stores and Transportation Division	494
Total Enterprise Funds	<u>\$ 32,704,983</u>
Component Units:	
Richmond Ambulance Authority	\$ 4,743,435
Hospital Authority of Richmond	56,722
Richmond Behavioral Health Authority	288,572
Total Component Units	<u>\$ 5,088,729</u>

**O. Inventories**

Inventories in the proprietary funds are stated at the lower of cost (determined by using weighted average cost or first-in, first-out methods) or market.

**P. Fixed Assets**

*General Fixed Assets*

Fixed assets used in governmental fund type operations (general fixed assets) are recorded as expenditures in the governmental funds and capitalized in the General Fixed Assets Account Group. The costs of normal maintenance, repairs, and certain renovations that do not add to the value of the asset or materially extend asset lives are not capitalized. Public domain ("infrastructure") general fixed assets which consist of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, and lighting systems are not capitalized as they are



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immovable and of value only to the governmental unit. Depreciation is not required and has not been provided for general fixed assets.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

*Enterprise and Internal Service Funds Fixed Assets*

Enterprise and Internal Service Funds Fixed Assets are valued at cost less accumulated depreciation. Depreciation has been provided over the estimated useful lives using the straight-line method annually as follows:

<b>Enterprise Funds:</b>	
Gas production, distribution, equipment	2.95% to 5.63%
Water pumping, treatment, distribution, equipment	1.64% to 5.28%
Sewage gathering and treatment equipment	2.00% to 4.70%
Electric production and distribution equipment	2.07% to 3.56%
Coliseum	2.50% to 12.50%
Landmark Theatre	2.50% to 12.50%
Cemeteries	2.50% to 12.50%
<b>Internal Service Funds:</b>	
Building and structures	2.00%
Equipment and other assets	5.00% to 50.00%

For assets disposed of by the Richmond Coliseum and the Landmark Theatre, the undepreciated cost of assets acquired with contributed capital is initially charged to contributed capital. For assets acquired with contributed capital (generally grant revenue), related depreciation is charged to operations and then closed to contributed capital. For utility plant assets being retired, the cost and related costs of removal are charged to accumulated depreciation and are not closed to contributed capital and no gain or loss is recognized. For other enterprise and internal service funds, when fixed assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and the gain or loss is recognized.

*Component Units Fixed Assets*

*School Board-Vehicles and Equipment-Proprietary Funds*

Vehicles and equipment reported in the proprietary funds are stated at cost. Contributed vehicles and equipment are valued at estimated fair market value on the date of receipt. Vehicles and equipment depreciation has been provided over the estimated useful lives of assets ranging from 5 to 10 years using the straight-line method.

*Richmond Ambulance Authority*

Property and equipment depreciation has been provided over the estimated useful lives of assets ranging from 3 to 20 years using the straight-line method.

*Hospital Authority of Richmond*

Property and equipment depreciation has been provided over the estimated useful lives of assets ranging from 5 to 40 years using the straight-line method.



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*Port of Richmond Commission*

Property and equipment depreciation has been provided over the estimated useful lives of assets ranging from 5 to 50 years using the straight-line method.

*Richmond Behavioral Health Authority*

Furniture, equipment and vehicle depreciation has been provided over the estimated useful lives of assets ranging from 5 to 20 years using the straight-line method.

**Q. Construction Period Interest**

Public Utilities Funds (included in Enterprise Funds) capitalize, during the construction period only, the net interest costs associated with the acquisition or construction of major additions to utilities plant in service. During fiscal 2001, net interest costs of approximately \$23,460,000 were incurred with approximately \$2,238,000 being capitalized.

**R. Vacation and Sick Pay**

The City's general employees earn vacation pay in varying amounts and can accumulate vacation pay based on length of service. All general employees earn the same sick pay rate regardless of the length of service. Fire shift employees earn both vacation pay and sick pay based on length of service and employment date.

Ranges of vacation pay, sick pay and maximum vacation accumulation hours are as follows:

	Vacation Pay Bi-weekly Earning Rate Min-Max Hours	Sick Pay Bi-weekly Earning Rate Hours	Maximum Vacation Accumulation Hours
General employees	3.7 - 7.4	3.7	192.0 - 384.0
Fire shift employees	5.2 - 11.1	5.2 - 7.4	268.8 - 576.0

Maximum vacation accumulation hours are vacation hours allowable at the date of separation or at the end of any calendar year. Employees leaving City employment are paid all accumulated unused vacation pay up to the maximum limit. The unused balance of sick leave is not paid at the date of separation.

The liabilities for vacation and sick pay have been recorded in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. In the governmental funds, the amounts of accrued vacation, and sick pay for the School Board, expected to be paid from future expendable financial resources are accounted for as liabilities in the General Long-Term Obligations Account Group. In the governmental funds, the amount of the vacation, and sick pay for the School Board, recognized during the year is the amount liquidated with currently available financial resources. In the City proprietary funds, the amount of vacation and sick pay recognized as expense is the amount earned during the year.

**S. Restricted Assets**

In accordance with applicable covenants of certain enterprise fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted to the extent of customers' deposits and unexpended bond proceeds.



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**T. Reserved and Designated Fund Balance**

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditure or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate plans for financial resource utilization in a future period (See Note 10).

**U. Advances to Other Funds**

Noncurrent advances due to governmental funds are reported on the balance sheet. Noncurrent advances are offset by a reservation of fund balance since they do not represent "expendable available financial resources."

**V. Memorandum Only - Total Columns**

Total columns on the combined statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in the aggregation of this data.

**W. Rate Stabilization Account for Utilities Enterprise Funds**

The City Council has adopted an ordinance authorizing the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to eliminate or mitigate, and smooth any rate increases that otherwise might be required from year to year by increasing the rate stabilization amounts in years when revenues exceed those needed to meet bond covenant requirements and reasonable rates of return. Conversely, rate stabilization amounts, which are contributed, may be used instead of rate increases in years when revenues are insufficient to meet bond covenant requirements, reasonable rates of return, or budgeted net income. For the year ended June 30, 2001, the Utilities Enterprise Funds, which are considered rate regulated entities under GAAP, credited \$8,750,932 to the rate stabilization fund and used \$0 from the rate stabilization fund. The net effect of these entries is reflected in deferred liabilities on the Balance Sheet.

**X. Amortization of Debt Defeasance Gains/Losses**

Gains and losses resulting from prior year defeasance of Utilities debt (included in Enterprise Funds) is recorded as deferred expenses and is being amortized over the shorter of the remaining life of the old debt or the life of the new debt.

**Y. Classifications and Timing of Recognition of Nonexchange Transactions-Implementation of Governmental Accounting Standards Board (GASB) Statement No. 33 and Statement No. 36**

GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" was established to guide state and local government's decisions about when (in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. Non-exchange transactions are defined as transactions, in which the City gives or receives value without directly receiving or giving equal value in return. These transactions involve cash and other financial and capital resources, such as property, income and sales taxes, intergovernmental grants and entitlements, private donations and financial assistance provided to other governmental and nongovernmental entities. These nonexchange transactions are classified as the following:

*Derived tax revenues* (such as sales taxes, personal and corporate income taxes, vehicle taxes and similar taxes on earnings or consumption) are recognized in the period when the underlying exchange





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has occurred. For assets, recognition is when the exchange transaction has occurred or when resources are received, whichever is first. Advance receipts are reported as deferred revenues.

*Imposed nonexchange revenues* (such as traffic, real estate and personal property taxes, library fines and forfeitures) are recognized in the period when resources are required to be used or first period that use is permitted. For assets, recognition is when there is an enforceable legal claim or when resources are received, whichever is first. For example, ad valorem taxes for real estate and personal property are assessed on January 1 each year and are billed each March 15<sup>th</sup>. Personal property taxes are due May 1<sup>st</sup> and real estate taxes are due June 15<sup>th</sup>.

*Government-mandated nonexchange transactions* (such as federal government mandates on state and local governments) and *voluntary nonexchange transactions* (such as certain grants and entitlements and most donations) are recognized in the period when all eligibility requirements have been met. Advance receipts or payments for the following period are reported as advances or deferred revenues, respectively. However, when a provider precludes the sale, disbursement, or consumption of resources for a specified number of years, until an event has occurred or permanently (i.e. permanent and term endowments), report revenues and expenditures and expenses when resources are received or paid, respectively, and report resulting net assets, equity or fund balance as restricted. For assets, recognition is when all eligibility requirements have been met or when resources are received, whichever is first.

GASB Statement No. 33 requires governments to record capital contributions to proprietary funds and to other entities that use proprietary fund accounting as revenues, not contributed capital. There is no restatement of contributed capital related to periods prior to implementation of this statement. However, the Utility Enterprise Funds, Landmark Theatre Enterprise Fund and the Fleet Management Internal Service Fund received capital contributions of \$10,450,894. These contributions were reflected in the non-operating revenue sections of the Statements of Changes in Revenues, Expenses and Retained Earnings for the Proprietary Fund Types and Component Unit Proprietary Funds for the Enterprise Funds and the Internal Service Funds for the period ended June 30, 2001.

GASB Statement No. 36, an amendment to GASB Statement No. 33 establishes guidelines for voluntary or government-mandated nonexchange transactions. It supersedes paragraph 28 of GASB Statement No. 33, which addresses treatment of certain shared revenues between governments. Both provider and recipient governments are to comply with the requirements as recipient governments receive revenues through a continuing appropriation process (automatically renewed without further legislative action, period after period, until altered or revoked), and may rely on periodic notification by the provider government of the accrual-basis information necessary for compliance. If notification by the provider government is not available, then the City reasonably estimates the amount to be accrued for the period.

**2. REAL AND PERSONAL PROPERTY TAXES**

Real and personal property taxes are levied on a calendar year basis on January 1, the assessment date, and become a lien as of the same date. Assessed value is determined as of January 1. Personal property taxes on motor vehicles acquiring or losing situs (place where property is customarily kept) throughout the year are prorated on a monthly basis. Periods of one half of a month or greater are assessed as a full month. Periods of less than one half of a month are not assessed. Abatements and refunds of personal property taxes on motor vehicles are prorated in a similar manner. Personal property taxes may be paid without penalty and interest on or before May 1. Real estate taxes may be paid without penalty and interest on or before June 15. Penalty for late payment is 10% or \$10, whichever is



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greater, not to exceed the full amount of the tax. Interest on the unpaid balance is 10% per annum for the first year. Thereafter, interest is charged at the greater of 10% per annum or quarterly rate charged by Internal Revenue Service. The City bills and collects its own property taxes. Property taxes levied January 1, 2001 are intended to finance operations of the fiscal year ended June 30, 2001.

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

*Primary Government*

At June 30, 2001, cash on hand, cash items and petty cash totaled \$24,909 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$10,456,214. The bank balance of the City's deposits totaled \$19,029,197, all of which was covered by Federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposit Act. This Act requires financial institutions holding public deposits in excess of amounts covered by Federal insurance to pledge collateral in the amount of 50% of excess deposits, while savings and loans are required to collateralize 100% of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions.

All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the general fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis.

*Major Component Unit - School Board*

At June 30, 2001, the carrying value of the School Board's deposits with financial institutions totaled \$2,283,836 and the financial institutions' balance totaled \$2,275,664. This was covered by Federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposits Act.

*Proprietary Component Units*

At June 30, 2001, the carrying value of Proprietary Component Units' demand, savings accounts, and time certificates of deposit with financial institutions totaled \$4,424,124. This was covered by Federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposits Act. Other cash equivalents and investments include repurchase agreements with carrying values of \$4,187,916. Restricted Assets include the Richmond Hospital Authority's customer cash deposits of \$53,572.

**B. Investments**

The City's, School Board's, and Proprietary Component Units' investment policies are governed by statutes of the Commonwealth of Virginia. Permissible investments include obligations of the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, and commercial paper. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Government Agency Securities, international stocks and bonds, money market and mutual funds. The School Board's Pension Trust Fund is authorized to place investments in common stocks, corporate debt and other securities.

The RRS's investment managers may invest in derivatives if permitted by guidelines established by the RRS's Board of Trustees. From time to time, the RRS's investment managers may invest in foreign currency



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contracts, options, and mortgage-backed securities with the approval of the RRS's Board of Trustees. Foreign currency contracts are used to hedge against the currency risk in the RRS's investment in foreign securities. Other derivative securities are used to enhance yields and to provide incremental income. Derivative securities are subject to changes in value due to changes in interest rates or currency valuations. Asset-backed securities are subject to prepayment risk when interest rates are declining. At June 30, 2001, the RRS held \$52,438,517 in asset-backed securities.

The City's, School Board's, and Proprietary Component Units' investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or the entity's agent in the entity's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or its agent in the entity's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent, but not in the entity's name. Investments in the deferred compensation plan and money market funds are not subject to categorization as to assumed risks because, in the aggregate, they are considered pooled investments in nature and are not evidenced by securities that exist in physical or book entry form.

**Primary Government (000's omitted)**

	Carrying Amount			
	Risk Category			Total
	1	2	3	
Repurchase agreements	\$ 175,864	\$ --	\$ --	\$ 175,864
U.S. Government securities (on loan \$2,135)	49,589	--	--	49,589
Corporate bonds (on loan \$1,509)	50,679	--	--	50,679
Common stocks (on loan \$16,168)	250,695	--	--	250,695
International bonds (on loan \$110)	17,367	--	--	17,367
International stocks (on loan \$398)	92,448	--	--	92,448
	<u>\$ 636,642</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 636,642</u>
Cash collateral received under securities lending program				20,698
Deferred compensation plan mutual funds				34,577
Money market funds				27,242
Total investments				<u>\$ 719,159</u>



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Major Component Unit – Richmond School Board (000's Omitted)

	Carrying Amount			
	Risk Category			Total
	1	2	3	
Demands notes	\$ 594	\$ --	\$ --	\$ 594
Common stock	6,801	--	--	6,801
Subtotal	<u>\$ 7,395</u>	<u>\$ --</u>	<u>\$ --</u>	7,395
Mutual funds				7,726
Total investments				<u>\$ 15,121</u>

Other Component Units (000's Omitted)

	Carrying Amount			
	Risk Category			Total
	1	2	3	
Repurchase agreements	\$ 4,188	\$ --	\$ --	\$ 4,188
Total investments				<u>\$ 4,188</u>

**C. Securities Lending Program**

RRS lends securities to securities firms on a temporary basis through its custodian bank, State Street Bank & Trust Company (the custodian). During the fiscal year, the custodian lent RRS securities, at the direction of RRS, and received cash, US Government securities, and irrevocable letters of credit as collateral. The custodian did not have the ability to pledge or sell collateral delivered absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 100% of the market value of the loaned securities.

RRS did not impose any restrictions on the amount of securities lent by the custodian during the year on its behalf and the custodian indemnified RRS by agreeing to purchase replacement securities, or return the cash collateral, in the event the borrower failed to return the loaned securities. There were no such failures by any borrowers during the year, nor were there any losses during the year resulting from the default of a borrower or the custodian. RRS and borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The average duration of the investment in the pool for the year ended June 30, 2001 was 68 days with an average weighted maturity of 172 days. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral. The collateral held and the market value of the securities on loan as of June 30, 2001 were \$20,698,447 and \$20,322,853, respectively. At June 30, 2001, RRS received \$20,698,447 in cash collateral, which is recorded as both an asset and a liability on its financial statements. Securities and letters of credit received as collateral at June 30, 2001 are not recorded in the Statement of Plan Net Assets, as the RRS cannot sell or pledge the collateral received absent a borrower default. At year end, the RRS has no credit risk to borrowers because the amounts the RRS owes the borrowers exceed the amounts the borrowers owe the RRS. The gross earnings for securities lending were \$2,548,694 and the related expenses



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were \$2,306,943 in borrowers rebates and \$96,698 in agent fees, netting \$145,053 in securities lending income.

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Individual fund interfund receivable, payable, advances to and from and transfer balances as of and for the year ended June 30, 2001 were:

	Due From Other Funds	Due To Other Funds	Due From Primary Government	Due To Component Units	Due From Component Units	Due To Primary Government
<b>Primary Government</b>						
General Fund	\$ 11,349,826	\$ 1,149,714	\$ --	\$ 37,173,009	\$ --	\$ --
<b>Enterprise Funds:</b>						
Gas Utility	2,729,047	--	--	--	--	--
Water Utility	327,389	--	--	--	--	--
Wastewater Utility	2,118,876	--	--	--	--	--
Electric Utility	--	5,175,312	--	--	--	--
Landmark Theatre	--	971,590	--	--	--	--
Cemeteries	--	94,686	--	--	--	--
<b>Internal Service Funds:</b>						
Fleet Management	--	3,176,418	--	--	246,135	--
Radio Maintenance	--	445,614	--	--	27,880	--
<b>Fiduciary Funds -</b>						
Pension Trust Fund	1,149,714	2,860,098	--	--	--	--
Debt Service Fund	--	3,801,420	--	--	611,251	--
<b>Component Units:</b>						
Hospital Authority of Richmond	--	--	--	--	--	1,732
Richmond Behavioral Health Authority	--	--	--	--	--	27,516
School Board	--	--	37,173,009	--	--	856,018
	<u>\$ 17,674,852</u>	<u>\$ 17,674,852</u>	<u>\$ 37,173,009</u>	<u>\$ 37,173,009</u>	<u>\$ 885,266</u>	<u>\$ 885,266</u>

*Advances To / From Other Funds*

	Advances To Other Funds	Advances From Other Funds	Advances To Component Units	Advances From Primary Government
<b>Primary Government</b>				
General Fund	\$ 650	\$ --	\$ 263,300	\$ --
<b>Enterprise Funds:</b>				
Gas Utility	19,605,111	--	--	--
Water Utility	19,081,068	--	--	--
Wastewater Utility	21,534,342	--	--	--
Electric Utility	3,294,908	--	--	--
Stores and Transportation	--	63,515,429	--	--
<b>Internal Service -</b>				
Fleet Management	--	650	--	--
<b>Component Units:</b>				
School Board	--	--	--	13,300
Richmond Ambulance Authority	--	--	--	250,000
	<u>\$ 63,516,079</u>	<u>\$ 63,516,079</u>	<u>\$ 263,300</u>	<u>\$ 263,300</u>





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*Operating Transfers*

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,062,706	\$ 162,525,026
Special Revenue Funds:		
Grant Revenue Funds	5,671,697	622,593
HUD Grants	-	912,604
	<u>5,671,697</u>	<u>1,535,197</u>
Debt Service Fund	31,861,806	-
Enterprise Funds:		
Gas Utility	-	1,142,000
Wastewater Utility	-	981,000
Total Utilities	<u>-</u>	<u>2,123,000</u>
Coliseum	1,071,545	-
Landmark Theatre	793,846	-
Cemeteries	50,149	-
Total Enterprise Funds	<u>1,915,540</u>	<u>-</u>
Fiduciary Funds:		
Nonexpendable Trust	2,375	2,375
Total Fiduciary Funds	<u>2,375</u>	<u>2,375</u>
Component Units:		
School Board	119,875,423	-
Richmond Ambulance Authority	2,204,000	-
Richmond Behavioral Health Authority	1,592,051	-
Total Component Units	<u>123,671,474</u>	<u>-</u>
Total Operating Transfers	<u>\$ 166,185,598</u>	<u>\$ 166,185,598</u>

A reconciliation of Operating Transfers is shown below:

	<u>Exhibit B</u>	<u>Exhibit D</u>	<u>Totals</u>
Operating Transfers In - Other Funds	\$ 40,598,584	\$ 1,915,540	\$ 42,514,124
Operating Transfers In - Component Units	119,875,423	3,796,051	123,671,474
Total Operating Transfers In	<u>160,474,007</u>	<u>5,711,591</u>	<u>166,185,598</u>
Operating Transfers Out - Component Units	123,671,474	-	123,671,474
Operating Transfers Out - Other Funds	40,388,749	2,125,375	42,514,124
Total Operating Transfers Out	<u>\$ 164,060,223</u>	<u>\$ 2,125,375</u>	<u>\$ 166,185,598</u>

*Residual Equity Transfers*

	<u>Exhibit B</u>	<u>Footnote 10 (A)</u>	<u>Totals</u>
Residual Equity Transfers -			
Debt Service Reserve Established			
for 800 Megahertz	\$ (2,041,583)	\$ 2,041,583	\$ -
	<u>\$ (2,041,583)</u>	<u>\$ 2,041,583</u>	<u>\$ -</u>



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**5. DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2001 are as follows:

<u>Primary Government</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ --	\$ 19,380,999	\$ 19,380,999
Special Revenue Funds:			
Grant Fund	3,384,569	12,781,449	16,166,018
Consolidated HUD Grant	1,179,980	--	1,179,980
Internal Service Funds:			
Radio Maintenance	--	527	527
Fleet Management	--	8,070	8,070
	<u>\$ 4,564,549</u>	<u>\$ 32,171,045</u>	<u>\$ 36,735,594</u>
<u>Component Unit</u>			
School Board	<u>\$ 6,899,582</u>	<u>\$ 481,710</u>	<u>\$ 7,381,292</u>

**6. NOTES RECEIVABLE**

Notes receivable in the General Fund are as follows:

In connection with a legal settlement, six notes with interest at 5% per annum, principal due in years 2004 and 2006	\$ 4,500,000
A non-interest bearing promissory note due on demand from Greater Richmond Transit Co.	543,100
	<u>\$ 5,043,100</u>

**7. FIXED ASSETS**

**A. General Fixed Assets Account Group - City**

A summary of changes in general fixed assets follows:

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
Land	\$ 20,782,521	\$ --	\$ --	\$ 20,782,521
Building and structures	276,791,641	17,164,077	107,897	293,847,821
Equipment and other fixed assets	26,284,569	22,288,665	8,334,529	40,238,705
Construction in progress	40,679,417	9,759,044	9,921,818	40,516,643
	<u>\$ 364,538,148</u>	<u>\$ 49,211,786</u>	<u>\$ 18,364,244</u>	<u>\$ 395,385,690</u>



**CITY OF RICHMOND**  
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**B. Component Units - School Board**

A summary of changes in fixed assets follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
General Fixed Assets				
Vehicles	\$ 15,144,153	\$ 1,327,535	\$ 198,218	\$ 16,273,470
Other equipment	5,508,006	1,278,340	2,961,390	3,824,956
<b>Total Assets</b>	<b>\$ 20,652,159</b>	<b>\$ 2,605,875</b>	<b>\$ 3,159,608</b>	<b>\$ 20,098,426</b>
		Vehicles and Equipment	Accumulated Depreciation	Net Assets
Proprietary Fund Types:				
Enterprise Funds	\$ 1,664,584	\$ 1,522,747	\$ 141,837	
Internal Service Funds	\$ 169,441	\$ 157,507	\$ 11,934	

**8. PROPRIETARY FUND FIXED ASSETS - CITY**

A summary of fixed assets in the proprietary fund types as of June 30, 2001 follows:

*Component Units*

	Enterprise Funds	Internal Service Funds
Land	\$ 12,815,550	\$ 98,000
Buildings and structures	37,719,301	672,062
Equipment	2,647,453	54,543,432
Plant held for future use	272,277	--
Plant in service	788,296,233	--
Completed construction-not classified	80,800,203	--
<b>Total</b>	<b>922,551,017</b>	<b>55,313,494</b>
Less accumulated depreciation	(257,472,884)	(26,314,532)
<b>Total</b>	<b>665,078,133</b>	<b>28,998,962</b>
Plus construction in progress	63,100,961	--
<b>Net fixed assets</b>	<b>\$ 728,179,094</b>	<b>\$ 28,998,962</b>



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	<u>Balance</u> <u>June 30, 2001</u>
<i>Richmond Ambulance Authority</i>	
Vehicles	\$ 2,642,993
Buildings and improvements	103,912
Communications center and equipment	2,298,512
Medical equipment	913,231
Office furniture and equipment	632,813
Shop equipment	45,726
Station furniture and equipment	189,374
	<u>6,826,561</u>
Less accumulated depreciation and amortization	(4,493,419)
Net fixed assets	<u>\$ 2,333,142</u>
<i>Hospital Authority of Richmond</i>	
Land	\$ 111,508
Building	6,225,944
Building improvements	595,461
Furniture and equipment	1,272,588
	<u>8,205,501</u>
Less accumulated depreciation	(4,499,701)
Net fixed assets	<u>\$ 3,705,800</u>
<i>Port of Richmond</i>	
Land	\$ 123,030
Building and fixtures	3,472,674
Equipment	20,051
Plant-in-service	15,128,640
Construction in progress	2,252,489
	<u>20,996,884</u>
Less accumulated depreciation	(7,453,295)
Net fixed assets	<u>\$ 13,543,589</u>
<i>Richmond Behavioral Health Authority</i>	
Furniture and equipment	\$ 1,277,499
Vehicles	554,954
Leasehold improvements	82,143
	<u>1,914,596</u>
Less accumulated depreciation	(1,061,061)
Net fixed assets	<u>\$ 853,535</u>



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**9. LONG-TERM OBLIGATIONS**

At June 30, 2001, the City's long-term debt and other obligations consisted of:

	Amount Outstanding at <u>June 30, 2001</u>
<b>General Long-Term Obligations:</b>	
General Obligation Bonds / BANs	\$ 254,658,449
General Obligation Serial Equipment Notes Payable	4,001,948
Certificates of Participation	18,840,000
	<u>277,500,397</u>
Literary Fund Loans	\$ 266,666
Virginia Public School Authority (VPSA) Bonds	3,921,755
Notes Payable - Chase Manhattan Bank (HUD Section 108)	6,985,000
Bond Anticipation Notes Payable	74,300,000
Other Notes Payable	225,000
Total General Obligation Bonds and Notes	<u>\$ 363,198,818</u>
Obligations Under Capital Leases	373,680
Vacation Pay Liability	\$ 12,699,321
Total General Long-Term Obligations Account Group	<u>\$ 376,271,819</u>
<b>Enterprise Funds:</b>	
General Obligation Bonds / BANs	\$ 342,544,106
Revenue Bonds / VRDN Revenue BANs	128,453,301
Total Enterprise Funds	<u>\$ 470,997,407</u>
<b>Internal Service Funds:</b>	
General Obligation Serial Equipment Notes Payable	\$ 17,173,052
Total Internal Service Funds	<u>\$ 17,173,052</u>
<b>RMA Related Organization / Other Component Units:</b>	
General Obligation Bonds	<u>\$ 19,153,164</u>



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A summary of the changes in the City's Long-Term Debt and Other Obligations for the year ended June 30, 2001 follows:

	General Long-Term Obligations Account Group	Enterprise Funds	Internal Service Funds	RMA Related Organization/ Component Units	Total
Long-Term Obligations at July 1, 2000	\$ 364,335,354	\$ 445,601,349	\$ 21,720,690	\$ 19,530,264	\$ 851,187,657
Increases:					
Proceeds from General Obligation Bonds-2000A	--	122,730,000	--	--	122,730,000
Proceeds from Certificates of Participation-2001A	18,840,000	--	--	--	18,840,000
Proceeds of VRDN GO BANs/VRDN Revenue BANs	19,300,000	30,000,000	--	--	49,300,000
Accreted Value of Capital Appreciation Bonds	--	1,678,177	--	--	1,678,177
Decreases:					
Bonds and Note Payments	(23,307,015)	(12,652,119)	(4,547,638)	(377,100)	(40,883,872)
Refunding of Debt	--	(116,360,000)	--	--	(116,360,000)
Vacation Pay Liability	(2,896,520)	--	--	--	(2,896,520)
Long-Term Obligations at June 30, 2001	<u>\$ 376,271,819</u>	<u>\$ 470,997,407</u>	<u>\$ 17,173,052</u>	<u>\$ 19,153,164</u>	<u>\$ 883,595,442</u>

The General Long-Term Obligations Account Group and Enterprise Fund General Obligation Bonds are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City. General Obligation Serial Equipment Notes payable and obligations under capital leases recorded in the General Long-Term Obligations Account Group and Internal Service Funds are payable from General Fund and Internal Service Fund revenues, respectively. The full faith and credit of the City pledge the payment of notes payable.

The City issued promissory notes payable to Chase Manhattan Bank (formerly Chemical Bank) on February 1, 1995, on October 28, 1997, and on June 14, 2000 in amounts equal to \$1,135,000, \$2,445,000, and \$4,500,000, respectively, under the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program Series 11995A (Guaranteed Loan Funds). The note repayments began August 1, 1995 at interest ranging from 6.11% to 9.03% with final payment due on August 1, 2014. The notes are included with those issued by other borrowers to guarantee trust certificates issued by HUD under Section 108 in a public offering. In accordance with the Letter Agreement with HUD, the City is authorized to make withdrawals from this account for the payment of approved Section 108 activities and allowable investment activities. At June 30, 2001, the balance of the three notes outstanding were \$805,000, \$1,980,000, and \$4,200,000, respectively.

The City has no overlapping debt with other jurisdictions. At June 30, 2001, the City had a legal debt limit of \$1,028,005,177 and a remaining debt margin of \$430,754,213. As of June 30, 2001, the City had a total of \$420,477,017 general obligation or revenue bonds and notes authorized but not issued. Of these authorized but not issued bonds, \$368,992,017 is earmarked for self-supporting Public Utility projects and \$51,485,000 for various General Fund supported capital projects.





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Details of Bonds and Notes Outstanding:

	Issue Date	Maturity Date	Amount of Original Issue	Amount Outstanding at June 30, 2001			
				General Long-Term Obligations Account Group	Enterprise Funds	Internal Service Funds	Component Units & Related Organizations
Public Improvement Bonds 1989A	1/15/89	1/15/09	\$ 24,520,000	\$ 5,778,310	\$ 2,392,904	\$ --	\$ --
Public Improvement Bonds 1989B	7/15/89	1/15/10	65,674,506	9,056,039	3,271,604	--	91,863
Public Improvement Bonds 1991A	2/1/91	1/15/11	154,835,000	1,990,675	2,500,163	--	19,162
Public Improvement Bonds 1992A	11/1/91	1/15/21	25,030,000	1,125,000	--	--	--
Public Improvement Bonds 1992B	11/1/92	7/15/12	35,000,000	546,670	2,663,330	--	290,000
Public Improvement Bonds 1993B	6/1/93	7/15/23	91,700,000	16,280,162	52,709,838	--	--
Public Improvement Bonds 1995A	11/1/95	1/15/16	35,000,000	12,452,003	3,297,997	--	--
Public Improvement Bonds 1999A	6/1/99	1/15/24	98,145,000	92,116,150	2,533,850	--	--
Public Improvement Refunding Bonds 1993A	6/1/93	1/15/22	175,125,000	92,324,507	10,749,627	--	--
Public Improvement Refunding Bonds 1995B	12/15/95	1/15/21	82,270,000	6,885,227	74,088,497	--	17,890,866
Public Improvement Refunding Bonds 1999B	6/1/99	1/15/16	35,740,000	16,103,706	17,641,297	--	66,276
Public Improvement Refunding Bonds 2000A	10/18/00	1/15/18	122,730,000	--	120,695,000	--	794,997
Certificates of Participation Series 2001A	6/1/01	8/1/22	18,840,000	18,840,000	--	--	--
VPSA Bonds 1997A	11/15/97	7/15/17	4,578,704	3,921,755	--	--	--
Literary Loan 1987A	7/1/87	7/1/02	2,000,000	266,666	--	--	--
Hilton Note	7/1/83	7/1/03	1,500,000	225,000	--	--	--
Serial Equipment Notes 1997	6/1/97	5/15/02	5,895,000	273,537	--	1,016,463	--
Serial Equipment Notes 1998	6/1/98	5/15/03	19,500,000	849,230	--	7,430,770	--
Serial Equipment Notes 1999	6/1/99	5/15/04	7,630,000	1,246,395	--	3,508,605	--
Serial Equipment Notes 2000	6/1/00	5/15/05	8,365,000	1,632,786	--	5,217,214	--
HUD Section 108 Note Payable	2/1/95	7/15/15	1,135,000	805,000	--	--	--
HUD Section 108 Note Payable	10/28/97	7/15/15	2,445,000	1,980,000	--	--	--
HUD Section 108 Note Payable	6/14/00	8/1/14	4,500,000	4,200,000	--	--	--
Public Utility Revenue Bonds 1998A	4/2/98	7/15/28	114,740,000	--	105,595,000	--	--
Public Utility SWCB-VRA Revenue Bonds 1989A	4/15/89	1/15/09	10,000,000	--	5,662,033	--	--
Public Utility SWCB-VRA Revenue Bonds 1996A	9/27/96	7/15/18	10,000,000	--	9,220,494	--	--
Public Utility SWCB-VRA Revenue Bonds 1997A	8/27/97	7/15/19	8,600,000	--	7,975,773	--	--
Variable Rate Demand BANs:							
Public Utility BANs 1998A (as amended)	11/1/98	6/30/03	74,300,000	--	50,000,000	--	--
General Obligation BANs 1999 (amended 5-23-01)	11/18/99	6/30/04	74,300,000	74,300,000	--	--	--
				\$ 363,198,818	\$ 470,997,407	\$ 17,173,052	\$ 19,153,164

The annual requirements to amortize to maturity all long-term debt outstanding (General Obligation Bonds, Revenue Bonds, Variable Rate Demand General Obligation BANs / BANs, General Obligation Serial Equipment Notes Payable and Section 108 Promissory Notes Payable), including interest payable is as follows:



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Fiscal Year (000's omitted)	General Long-Term Obligations				Enterprise		Internal	RMA
	Account Group				Funds		Service	Related
	General Obligation Bonds and Notes	Literary Loans	VPSA Bonds	HUD Section 108 Notes Payable	General Obligation Bonds	Revenue Bonds	Equipment Notes	Organization/ Component Units
2002	\$ 110,799	\$ 141	\$ 415	\$ 999	\$ 72,341	\$ 9,550	\$ 7,726	\$ 1,340
2003	33,312	137	405	964	22,259	9,557	6,728	1,341
2004	32,548	--	395	928	26,981	9,427	2,728	1,382
2005	31,154	--	385	892	26,906	9,422	1,454	1,450
2006	31,929	--	375	856	25,065	9,423	--	1,669
Thereafter	278,109	--	3,720	5,945	357,381	179,073	--	25,552
Total	517,851	278	5,695	10,584	530,933	226,452	18,636	32,734
Less: Interest Payable	165,826	11	1,773	3,599	188,389	97,999	1,463	13,581
Total	\$ 352,025	\$ 267	\$ 3,922	\$ 6,985	\$ 342,544	\$ 128,453	\$ 17,173	\$ 19,153

The above table excludes claims and vacation liabilities because they are not possible to determine when they will be paid.

The City is in compliance with all significant financial debt covenants.

The City leases equipment under non-cancelable capital leases. Leased property and related lease obligations are accounted for in the General Fixed Assets Account Group and General Long-Term Obligations Account Group, respectively. Future minimum lease payments are as follows:

Fiscal Year	
2002	\$ 107,983
2003	107,983
2004	107,983
2005	107,983
Total minimum capital lease payments	\$ 431,932
Less amounts representing interest	58,252
Present value of minimum capital lease payments	<u>\$ 373,680</u>

Debt Issued during the Fiscal Year Ended June 30, 2001 is as follows:

During Fiscal Year 2001, the City issued an additional \$30,000,000 Variable Rate Demand Public Utility Revenue Bond Anticipation Notes Series A (VRDN Utility Revenue BANs) in a private placement with Bank of America, (formerly NationsBank, N.A.) bringing the total Utility BANs outstanding to \$50,000,000. Proceeds of the VRDN Utility Revenue BANs have been recorded to the Utilities Enterprise Fund to finance the fund's capital expenditures program. All VRDN BANs principal amounts bear interest at a rate established by the bank from time to time in accordance with the method stipulated in the private placement agreements not to exceed 10% per year. The interest amounts are payable monthly in arrears on the first day of each month, commencing January 1, 1999. Also, effective May 23, 2001, the City increased its authorization to issue General Obligation Bond Anticipation Notes from \$60,950,000 to \$74,300,000. On June 1, 2001, the additional \$19,300,000 of Variable Rate Demand Note General Obligation Bond Anticipation Notes Series A (VRDN GO BANs) were issued in a private placement with Bank of America, (formerly NationsBank, N.A.) bringing the total GO BANs outstanding to \$74,300,000. Proceeds of VRDN GO BANs have been allocated to Capital Projects Funds. As



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liquidity backup to the BANs the City renewed two separate agreements establishing liquidity revolving credit facilities with a group of banks in the aggregate amount of \$150,000,000.

On June 26, 2001, the City issued \$18,840,000 in Public Facility Certificates of Participation, (COPs) Series 2001A, to finance a portion of the cost of acquisition, construction, improvement and equipment purchases associated with the City's 800 Megahertz Communication Project. The COPs evidence the direct and proportionate interests of registered certificate holders in lease payments the City will make as rent for an Emergency Communications System, pursuant to a Lease Agreement dated June 1, 2001. Payments on the COPs, due annually commencing on August 1, 2003, are in amounts ranging from \$615,000 to \$1,410,000 annually and bear interest rates ranging from 4.00% to 5.00% per annum. Interest on the Certificates is due and payable on February 1 and August 1 of each year. The payment amounts due on the COPs are appropriated annually in the City's Annual Budget; however, the City is not obligated to make appropriations. The obligation of the City to make payments under the Agreement is limited to amounts lawfully available and does not constitute a debt of the City within the meaning of any constitutional or statutory limitation or otherwise pledge the faith and credit or taxing power of the City.

*Current Year Defeasance of Debt*

On October 18, 2000, the City issued \$122,730,000 in General Obligation Public Improvement Refunding Bonds, Series 2000A, to refund the outstanding General Obligation Public Improvement Bonds, Series 1991B, maturing January 15, 2004 through 2018. This refunding falls within the provisions of GASB Statement No. 23, *Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. Proceeds from these bonds were used to advance refund the outstanding Series 1991B General Obligation Bonds, maturing on January 15, 2004 through January 15, 2018 in the aggregate principal amount of \$116,360,000 and to pay certain issuance costs. The Series 2000A bonds are payable in amounts ranging from \$555,000 to \$11,255,000 annually and bear interest rates ranging from 4.50% to 5.59% per year. Interest and principal are due and payable on January 15 and July 15 commencing January 15, 2001 with a final payment due on January 15, 2018. The debt service cashflow savings related to this refunding was \$6,661,162 and an economic gain of \$6,257,846 was realized.

The refunding was accomplished by depositing proceeds from 2000A Bonds in an escrow fund with SunTrust Bank, acting as Escrow Agent, in the form of cash and non-callable securities sufficient to pay all principal, premium and interest due on the Series 1991B Bonds effective January 15, 2001, when they were irrevocably called for redemption by the City. The Refunded 1991B Bonds were redeemed in full on January 15, 2001.

*Prior Year Defeasance of Debt*

In prior years, the City purchased U.S. Government Securities from proceeds of the General Obligation (G.O.) Public Improvement Refunding Bonds Series, 1993A and 1999B to advance refund the City's General Obligation Public Improvement Bonds, Series 1992A, Series 1992B, Series 1993B and Series 1995A, prior to their scheduled maturity/call dates in the outstanding principal amount(s) aggregating \$25,880,000 and \$33,265,00, respectively. These U.S. Government Securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2001, \$59,145,000 of bonds outstanding are considered defeased.



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*Component Units*

*School Board*

At June 30, 2001, School Board long-term obligations consisted of the following:

	Amounts Payable at <u>July 1, 2000</u>	<u>Increases</u>	<u>Decreases</u>	Amounts Payable at <u>June 30, 2001</u>
Workers' compensation liability	\$ 162,115	\$ 493,756	\$ --	\$ 655,871
Vacation pay liability	1,079,321	1,414,929	216,297	2,277,953
Sick pay liability	8,314,433	1,709,631	1,672,868	8,351,196
Incurred but not reported health claims liability	408,591	131,502	--	540,093
Early retirement benefits liability	73,304	--	55,108	18,196
Net pension obligation	--	868,620	--	868,620
<b>Total</b>	<b>\$ 10,037,764</b>	<b>\$ 3,749,818</b>	<b>\$ 1,944,273</b>	<b>\$ 12,711,929</b>

**School Board Proprietary Fund Type**

	Amounts Payable at <u>July 1, 2000</u>	<u>Increases</u>	<u>Decreases</u>	Amounts Payable at <u>June 30, 2001</u>
Workers' compensation liability	\$ 26,484	\$ --	\$ 8,770	\$ 17,714
Vacation pay liability	9,509	29,637	--	39,146
Sick pay liability	401,704	60,742	19,899	442,547
Incurred but not reported health claims liability	56,640	12,194	--	68,834
<b>Total</b>	<b>\$ 494,337</b>	<b>\$ 102,573</b>	<b>\$ 28,669</b>	<b>\$ 568,241</b>

*Richmond Ambulance Authority*

Long-term debt comprises \$508,923 of various General Obligation Bonds issued and backed by the full faith and credit of the City of which \$41,521 is current.

*Hospital Authority of Richmond*

Long-term debt comprises \$181,268 of various General Obligation Bonds issued and backed by the full faith and credit of the City of which \$43,183 is current.

*Richmond Behavioral Health Authority*

RBHA has a \$1 million unsecured line of credit agreement with a financial institution, payable on demand with interest based on the London Interbank Offered Rate (LIBOR) plus 1.25%. The line of credit commitment expires January 31, 2002. RBHA did not draw upon this line of credit during the fiscal year ended June 30, 2001.



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**10. FUND EQUITY BALANCES**

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

**A. Contributed Capital and Contributions in Aid of Construction**

The following are changes for the year ended June 30, 2001 in contributed capital and contributions in aid of construction for the proprietary funds:

	Enterprise Funds		Internal Service Fund	Component Unit Proprietary Funds			
	Contributed Capital	Contributions in Aid of Construction	Contributed Capital	Richmond Ambulance Authority Contributed Capital	Hospital Authority of Richmond Contributed Capital	Port of Richmond Commission Contributed Capital	Richmond Behavioral Health Authority Contributed Capital
Balance, July 1, 2000	\$ 38,064,670	\$ 93,581,562	\$ 6,860,919	\$ 1,125,147	\$ 4,418,632	\$ 7,044,177	\$ 2,119,810
Less Depreciation on Assets Acquired with Contributed Capital	--	--	--	--	--	(360,409)	--
Balance, June 30, 2001	\$ 38,064,670	\$ 93,581,562	\$ 6,860,919	\$ 1,125,147	\$ 4,418,632	\$ 6,683,768	\$ 2,119,810

**B. Investment in General Fixed Assets**

The City's equity in owned general fixed assets which have been capitalized is reflected as investments in general fixed assets.

**C. Retained Earnings**

Retained earnings represent the City's equity in the cumulative earnings of the proprietary funds.

**Deficits**

The following individual deficits existed at June 30, 2001:

<u>Enterprise Funds</u>	
Coliseum	\$ (4,578,659)
Landmark Theatre	(810,619)
<u>Internal Service Funds</u>	
Radio Maintenance	(371,486)
Risk Management	(10,186,917)
Public Works Stores	(678,655)

The deficits in Coliseum and Landmark Theatre resulted because user fees were not sufficient to cover the costs of their operations, primarily depreciation. Operations are not expected to be profitable in the near future, but management is reviewing the pricing structures in an effort to fully recoup the operating costs of these funds.

The deficit in the Radio Maintenance Internal Service Fund arose because in previous years the rates charged to users have not been sufficient to cover all costs of operations. It is anticipated that rate adjustments and improved operations will result in a reduction in these deficits in future years.



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The deficit in the Risk Management Fund resulted from the transfer of Reserve for Outstanding Liabilities and Claims from General Long Term Obligations Account Group, certain Enterprise Funds and Internal Service Funds to the Risk Management Internal Service Fund as of July 1, 1993 in accordance with GASB No. 10. The City management anticipates eliminating the deficit over a period not exceeding ten years (See Note 12).

The deficit in Public Works Stores resulted from inventory adjustments in prior years. It is anticipated that rate adjustments and improved operations will result in reduction in this deficit in future years.

**D. Fund Balances**

Reserved fund balance represents that portion of fund balance not available for appropriation or expenditure.

Designated fund balance represents amounts that are tentatively planned for financial resource utilization in a future period.

Undesignated fund balance represents the remainder of the City's equity in governmental fund type fund balances.

Fund balances reserved at June 30, 2001 are composed of the following:

	General Fund	Fiduciary Fund Types	Component Unit School Board
Encumbrances	\$ 3,515,569	\$ --	\$ 4,680,300
Advances to Component Units	263,300	--	--
Restricted Assets	--	--	986,585
Trust Corpus	--	38,928	203,472
Notes Receivable	5,043,100	--	--
Early Retirement Incentive Plan Pension Benefits	--	--	14,472,352
Employee Retirement System and Employee Benefit Payments	--	481,407,802	--
	<u>\$ 8,821,969</u>	<u>\$ 481,446,730</u>	<u>\$ 20,342,709</u>

Fund balances designated at June 30, 2001 are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Fiduciary Fund Types	School Board
Completion of approved or specified projects and activities	<u>\$ 6,888,176</u>	<u>\$ 16,817,411</u>	<u>\$ 2,041,583</u>	<u>\$ 917,097</u>	<u>\$ 415,324</u>	<u>\$ 12,758,517</u>





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**11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains four utilities, which provide gas, water, wastewater and electric services and a stores and transportation division. Segment information for City utilities and the other enterprise funds included in this report as of and for the fiscal year ended June 30, 2001 is as follows:

	Utilities				Stores and Transportation Division
	Gas Utility	Water Utility	Wastewater Utility	Electric Utility	
Operating Revenues	\$ 167,418,955	\$ 40,202,531	\$ 39,358,502	\$ 6,524,123	\$ 4,194,954
Depreciation	7,583,826	4,802,936	6,872,629	1,124,273	3,058,452
Operating Income (Loss)	9,007,571	7,524,480	8,367,417	383,283	(206,724)
Operating Transfers In (Out)	(1,142,000)	--	(981,000)	--	--
Net Income (Loss)	(652,994)	1,566,639	11,843,924	75,029	--
Fixed Assets Additions	21,917,730	9,525,432	21,684,148	606,102	3,354,951
Working Capital (Deficit)	45,203,557	2,561,255	24,257,828	(4,886,004)	34,246,611
Total Assets	320,951,659	239,238,420	294,839,989	27,459,132	64,039,881
Long-Term Portion of Bonds Payable from Operating Revenues	202,080,740	109,707,935	135,446,321	1,230,293	--
Fund Equity	88,214,613	83,430,070	132,805,028	18,096,973	--

	Landmark			Total Enterprise Funds
	Coliseum	Theatre	Cemeteries	
Operating Revenues	\$ 1,468,581	\$ 325,498	\$ 1,300,713	\$ 260,793,857
Depreciation	1,156,515	210,376	20,960	24,829,967
Operating Income (Loss)	(1,757,720)	(509,746)	57,736	22,866,297
Operating Transfers In (Out)	1,071,545	793,846	50,149	(207,460)
Net Income (Loss)	(1,170,937)	522,795	97,425	12,281,881
Fixed Assets Additions	11,581	405,737	--	57,505,681
Working Capital (Deficit)	(1,522,478)	(1,639,097)	(137,106)	98,084,566
Total Assets	15,939,198	8,194,420	8,698,237	979,360,936
Long-Term Portion of Bonds Payable from Operating Revenues	7,598,484	4,650,730	182,962	460,897,465
Fund Equity	6,328,194	1,842,025	8,293,880	339,010,783

**12. RISK MANAGEMENT**

The City's risk management activities are conducted through the Self Insurance Internal Service Fund and have been accounted for in accordance with GASB Statement No. 10, as amended by GASB Statement No. 30 *Risk Financing Omnibus*.

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant



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reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

For workers' compensation, the City assumes the first \$1,000,000 of any accident and pays claims filed directly from appropriations to various agencies. Excess workers' compensation coverages provides protection for accidents exceeding \$1,000,000. Claims for indemnity benefits may be paid over a maximum period of 500 weeks with the exception of certain legally defined cases which may be paid for the lifetime of the claimant.

The City is self-insured for the first \$1,000,000 of any general liability, automobile liability, public officials or police professional liability claim. The City has purchased \$9,000,000 in excess liability coverage over a \$1,000,000 self insured retention from States Self-Insurers Risk Retention Group (States), a public entity risk pool domiciled in the State of Vermont. Claims under the \$1,000,000 self-insured retention are paid through budget appropriations.

The City-owned Utilities (Enterprise Funds) are a member of the Associated Electric Gas and Insurance Services, Ltd., a member-owned company based in New Jersey. In exchange for an annual premium, the Utilities are provided insurance coverage to a limit of \$35 million per occurrence for excess liability with self insured retention of \$500,000 per occurrence for General and Employers' Liability, and \$500,000 per occurrence for Pollution Liability. The Utilities are also a member of Energy Insurance Mutual Ltd (EIM) which provides excess liability coverage with limits of \$75 million in excess of the \$35 million underlying coverage.

The City also carries commercial insurance in a number of smaller, more defined risk areas such as employees' faithful performance, money and securities and medical professional liability.

During the fiscal year ended June 30, 2001, premiums for excess coverage and claims paid for self insured coverage were recognized as revenue in the Risk Management Fund and recorded as expenditures (expenses) in the appropriate funds, respectively.

In conformity with GASB No. 10, as amended by GASB No. 30, the City's reserve for uninsured workers' compensation, general liability, and automobile liability at June 30, 2001 was \$22,252,243 (undiscounted) and \$18,024,637 (discounted at 20%) as recommended by a firm of consulting actuaries. Changes in the reserve for these liabilities for fiscal years 2000 and 2001 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2000	\$ 16,346,674	\$ 6,335,509	\$ (5,437,414)	\$ 17,244,769
2001	17,244,769	5,044,035	(4,264,167)	18,024,637

*Component Unit*

The School Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Board reports all of its risk management activities in its General Fund, and pays all claims for retained risks from General Fund resources. The School Board maintains a comprehensive property and casualty policy, a commercial general liability policy, a comprehensive liability vehicle fleet policy, and coverage for School Board errors and omissions, workers' compensation and employer's liability, and certain other risks with commercial insurance companies. The General Fund retains the risk up to \$275,000 for each worker's compensation claim and \$100,000 for each property damage claim, and retains the full risk for unemployment compensation and health care benefits. All unemployment and health care claims are paid through a third-party administrator from General Fund resources. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can



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be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2001 the amount of claim liabilities was \$3,910,214, which consisted of incurred but not reported health claims of \$2,698,840, and workers' compensation liabilities of \$1,211,374.

Changes in the reported liability since June 30, 2000 resulted from the following:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2000	\$ 4,528,357	\$ 20,833,572	\$ (22,238,128)	\$ 3,123,801
2001	3,123,801	26,417,874	(25,631,461)	3,910,214

**13. HEALTHCARE PLAN**

The City offers all active employees a Healthcare program to include a Health Maintenance Organization (HMO), a Point of Service Program (POS) and a Preferred Provider Organization (PPO) through the CIGNA organization. Under the HMO, employees must see network physicians, hospital, pharmacies and other network providers for all services.

Networks are not guaranteed and may change during the contract year. Flat dollar co-payments apply to this program. The POS program has the same network as the HMO; however, there is an out-of-network benefit plan that allows employees under the plan to use any provider. Deductibles apply to this program as well as flat dollar and percentage co-payments, depending on the service.

The PPO is only available to employees who live outside the CIGNA service area. If an employee is not eligible for PPO, a companion indemnity program is available. Rates for each program are as follows:

Status	HMO Semi- Monthly	POS Semi- Monthly	PPO Semi- Monthly	Indemnity Semi- Monthly	City Monthly
Single	\$ 12.41	\$ 23.97	\$ 50.59	\$ 123.35	\$ 167.80
Plus One	\$ 57.70	\$ 83.71	\$ 143.60	\$ 307.32	\$ 317.99
Family	\$ 93.94	\$ 131.50	\$ 218.02	\$ 454.49	\$ 438.14

**14. RETIREMENT PLANS**

**A. General**

The City maintains a single-employer, defined benefit pension plan, Richmond Retirement System (the City Plan), which covers substantially all City employees, certain School Board employees and all RBHA employees, and certain Hospital Authority and Port of Richmond Commission employees. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), an agent and cost sharing multiple-employer retirement plan that acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia. The City Plan is considered part of the City



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financial reporting entity and is included in the City's financial statements as a Pension Trust Fund. The payrolls for the fiscal year ended June 30, 2001 for the employees covered by the City Plan and VRS were \$158,111,509 and \$101,126,144, respectively. The total payrolls for the fiscal year ended June 30, 2001 were \$174,976,372 for the City and \$105,676,821 for the School Board.

**B. Richmond Retirement System**

**I. Plan Description**

The City Plan is administered by the RRS Board of Trustees. City Council is responsible for establishing benefit provisions and funding requirements. Current membership in the City Plan at June 30, 2001 is as follows:

Retirees and beneficiaries currently receiving benefits	3,333
Vested Terminated Employees	1,849
Current Employees	
Vested	2,806
Nonvested	1,304
Total	<u>9,292</u>

The City's plan provides retirement benefits as well as disability benefits. All permanent full time employees must participate in RRS. All benefits vest after 5 years of credited service. All of the funds and assets of the System are credited to a single retirement account. To this account all income from the assets of the System is credited. All System benefits are paid from this account.

As of the July 1, 2001 valuation date, the actuarial cost method utilized is the projected unit credit actuarial cost method. The amortization method utilized is a level percent of pay over a closed period of 20 years. The remaining amortization period is 20 years for initial unfunded accrued liability. For purposes of determining asset valuation, the realized and unrealized gains and losses are recognized over a five year period with the restriction that the resulting asset value cannot be less than 90% or greater than 110% of market value.

A member is eligible for normal retirement on his normal retirement date. Early retirement is permitted at any time within the ten-year period prior to normal retirement date, provided the member has completed five or more years of creditable service or at any age with 30 years of creditable service (general employees) or 25 years of creditable service (police/fire employees).

Upon service retirement, a member becomes eligible to receive an annual allowance, payable in equal monthly installments. The annual allowance is computed as follows:

An amount equal to:

- a. General Employees - 1.75% of the member's average final compensation, multiplied by the number of years of creditable service up to 35 years.
- b. Police & Fire Employees - 1.65% of the member's average final compensation, multiplied by his number of years of creditable service up to 35 years. In addition, a supplement of .75% of the member's average final compensation, multiplied by the number of years of creditable service up to 25 years is payable from retirement to age 65.

The City Plan permits early retirement. Police and fire employees may retire at any age with unreduced benefits upon the completion of 25 years of service. Police and fire employees may also retire at age 50 with five or more years of service; however, the benefit amount will be reduced by 5/12% for each



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complete month by which retirement precedes the earlier of age 60 or the date on which the employee would have completed 25 years of service.

Effective July 1, 1991, an ordinance was adopted to provide retirement benefits for City Council members who leave City Council with ten years or more of service. This provision was repealed for active members of City Council, effective February 2, 1996.

General employees with 30 years of service may retire at any age with unreduced benefits. General employees may retire at age 55 with 5 or more years of service; however, in this instance the benefit will be reduced by 5/12% for each complete month by which retirement precedes the earlier of age 65 or the date on which the employee would have completed 30 years of service.

Effective March 1, 1997, certain City officials and department heads can make contributions to the RRS. The City contribution, authorized by City Council, is actuarially determined and consists of current costs and amortization of prior service costs over a 20-year period.

RRS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Richmond Retirement System, 900 East Broad Street, Room 400, Richmond, Virginia 23219 or by calling (804) 646-5958.

**II. Funding Policy**

The City Code of 1993, as amended, requires the City to contribute to the City Plan, annually, an amount as determined by the actuary (expressed as a percentage of payroll) equal to the sum of the "normal contribution" and the "accrued liability contribution." The accrued liability contribution is determined as that amount necessary to amortize the unfunded actuarial accrued liability and any increase or decrease in the unfunded actuarial accrued liability in future years due to changes in actuarial assumptions, changes in the City Plan provisions (including the granting of cost-of-living increases) or actuarial gains or losses amortized over a period of 20 years with payment increasing 4% per year.

The following is a schedule of the City's contributions for fiscal years ended June 30, 1999 through 2001 (unaudited):

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
1999	\$ 17,513,160	100.00%
2000	16,522,673	100.00%
2001	14,152,226	100.00%

**III. Actuarial Method, Significant Assumptions and Legislative Changes**

The actuarial cost method utilized is the projected unit credit actuarial cost method. This method is an acceptable method for determining the annual required contribution in accordance with Governmental Accounting Standards Board Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans". For purposes of determining contribution rates and asset valuation, the net realized and unrealized appreciation or depreciation in the market value of assets is recognized over a three year period with the restriction that the actuarial asset value cannot be less than 90% or greater than 110% of the market value of assets. For purposes of determining the City Plan's funded status and other required disclosures, assets are valued at market.



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Significant actuarial assumptions used in determining the actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8.0% per annum compounded annually, (b) projected salary increases ranging from approximately 6.5% per year at age 25 to 3% per year at age 60. Salary increases include a 2.5% component for inflation and a variable component for merit increases and (c) the assumption that benefits will not increase after retirement. There have been no changes in actuarial assumptions and methods during the fiscal year ended June 30, 2000.

Effective April 1, 1999, RRS entered into a reciprocal agreement with the Virginia Retirement System for the purposes of portability of benefits between the two systems.

There were several legislative changes during the fiscal year ending June 30, 2001, which had a financial impact on the RRS. Specifically, effective June 30, 2001, a 3.5% COLA was granted to members who retired on or before July 1, 2000. The impact of this change was an increase of \$9,055,310 in accrued liability.

**IV. Schedule of Funding Progress (Unaudited)**

A Schedule of Funding Progress is presented below for the current and preceding five fiscal years. This information is intended to help users assess the funded status of the City Plan and the progress made in accumulating sufficient assets to pay benefits when due.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/99	\$ 465,103,794	\$ 490,583,104	\$ 25,479,400	94.81%	\$ 142,065,283	17.93%
6/30/00	527,666,622	534,981,233	7,314,611	98.63%	154,573,238	4.73%
6/30/01	467,662,106	569,347,610	101,685,504	82.10%	158,111,509	64.31%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the City Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the City Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the City Plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the City Plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the City Plan.

RRS does not have investments (other than U.S. Government and agency obligations) in any one organization that represent 5% or more of net assets held in trust for pension benefits.

During the fiscal year ended June 30, 2001, the School Board contributed 7.40% of annual covered payroll. The School Board's contributions to the RRS for the years ended June 30, 2001, 2000 and 1999 were \$264,188, \$350,111, and \$381,835, respectively, equal to the required contributions for each year.





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**C. School Board - Virginia Retirement System**

**I. Plan Description**

The School Board contributes to VRS, an agent and cost-sharing multiple-employer defined benefit pension plan administered by VRS. Professional and nonprofessional employees of Richmond School Board are covered by the VRS. All full-time, salaried permanent employees must participate in the VRS. The School Board's professional employees participate in the cost-sharing multiple-employer plan, and non-professional employees participate as a separate group in the agent multiple-employer plan. Benefits vest after five years of service. All employees who retire with or after age 55 with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) up to \$13,200 plus 1.65 percent of AFS of \$13,200 for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. Employees with 35 years or more of credited service are entitled to an annual benefit equal to 1.65 percent of AFS for each year of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing VRS at P.O. Box 2500, Richmond, VA 23218-2500.

**II. Funding Policy**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5 percent of their annual salary to the VRS; however, the School Board has assumed the full amount of the member contributions. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. For professional employees participating in the VRS cost-sharing multiple employer plan, the School Board's contributions for the years ended June 30, 2001, 2000 and 1999 were \$8,953,710, \$10,493,385, and \$9,605,878, respectively, equal to the required contributions. The School Board's contribution rate applicable to non-professional employees for the fiscal year ended June 30, 2001 was 3.85 percent of annual covered payroll.

**III. Annual Pension Cost - Non-professional Employees**

For the fiscal year ended June 30, 2001, the School Board's annual pension cost applicable to School Board non-professional employees of \$368,838 was equal to the School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 8 percent investment rate of return, (b) projected salary increases of 4.25 percent per year, and (c) 3.0 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4 percent. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over a five-year period.



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Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/98	\$ 345,872	100%	\$ --
6/30/99	350,864	100%	--
6/30/00	341,157	100%	--
6/30/01	363,838	100%	--

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Actuarial Accrued Liability (FAAL)	Funded Ratio	Covered Payroll	FAAL as a Percentage of Covered Payroll
06/30/94	\$ 5,554,823	\$ 5,369,250	\$ 185,573	103.5%	\$ 6,434,051	2.8%
06/30/96	8,172,694	8,014,175	158,519	102.2%	7,422,140	2.1%
06/30/98	12,385,862	11,807,643	578,219	104.9%	8,139,156	7.1%
06/30/99	14,868,332	13,906,401	961,931	106.9%	8,858,067	10.9%
06/30/00	17,804,755	14,417,856	3,386,899	123.5%	9,580,201	35.4%

**School Board - Early Retirement Incentive Plan**

**I. Plan Description**

The Early Retirement Incentive Plan (Plan) is a legally separate single-employer defined benefit pension plan established in fiscal 1995 under the *Code of Virginia* (1950), as amended, to provide early retirement benefits for eligible School Board employees. The School Board is the sole participating employer in the Plan, functions as the Plan administrator, and has authority to establish and amend its contribution requirements and benefit provisions. The Plan does not issue a stand-alone annual financial report.

Membership in the Plan consisted of the following at July 1, 2000, the date of the latest biennial actuarial valuation:

Retirees currently receiving benefits	248
Retirees completing their service option	105
Active plan members	
Non-vested	2,958
Total	<u>3,311</u>

The Plan provides early retirement benefits only. All employees are eligible to participate in the Plan. Participants in the Plan become eligible for benefits when they meet the following basic requirements and have provided services immediately following their early retirement date in accordance with one of the three service options described below. Basic requirements prescribe that employees must (1) be an eligible retiree under either VRS or RRS, (2) be between 55 and 62 years of age, (3) have completed 10 years of service with Richmond Public Schools, at least 5 of which must immediately precede the date of retirement, and (4) meet other plan provisions. Monthly benefits are paid based on one of the following service options as elected by the participant:



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Option A - The participant must provide services for 1 full academic year (175 days) and will receive 25% of final annual compensation each year for 7 years.

Option B - The participant must provide services for 1 full academic year (175 days) and will receive 35% of final annual compensation each year for 5 years.

Option C - The participant must provide services for 1/2 an academic year (105 days) and will receive 35% of final annual compensation each year for 3 years.

The Plan does not provide for postretirement benefit increases. During the required service period, benefits are paid by the School Board's General Fund based on services rendered. Thereafter, vested benefits are paid by the pension trustee. All benefits vest after completion of the required service option. School Board contributions are recognized by the Plan when received. Benefits are recognized when due and payable. Investments are valued as discussed in Note 2.

**II. Funding Policy**

The entire cost of Plan benefits is borne by the School Board. The School Board's policy is to make Plan contributions based on actuarially determined amounts sufficient to provide the required Plan benefits. Generally, this has resulted in the School Board making annual contributions to the plan which over time should approximate the cumulative annual required contributions determined by biennial actuarial valuations. However, in any one year, the actual contribution made may differ from the annual required contribution based on budget constraints. Most administrative costs of the Plan are borne by the School Board's General Fund.

The following is a schedule of School Board contributions for fiscal years ended June 30, 1996 through 2001:

Fiscal Year Ended June 30	Annual Required Contributions	Actual Contribution	Percentage Contributed
1996	\$ 4,509,739	\$ 3,780,000	83.8%
1997	3,010,612	3,226,166	107.2%
1998	2,956,655	2,829,048	95.7%
1999	3,154,806	3,300,000	104.6%
2000	2,978,841	2,600,000	87.3%
2001	3,899,673	3,000,000	76.9%

**III. Annual Pension Cost**

The School Board's annual pension cost and net pension obligation to the Plan for the year ended June 30, 2001 were as follows:

Annual required contribution	\$ 3,899,673
Interest on net pension obligation	(2,333)
Adjustment to annual required contribution	2,384
Annual pension cost	<u>3,899,724</u>
Contributions made	<u>3,000,000</u>
Increase in net pension obligation	899,724
Net pension asset, beginning of year	(31,104)
Net pension obligation, end of year	<u><u>\$ 868,620</u></u>



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The annual required contribution (ARC) for the current year was actuarially computed at June 30, 2000, the date of the latest biennial actuarial valuation, using the entry age actuarial cost method. The actuarial value of the Plan's assets was determined using a market value method. The Plan's unfunded actuarial accrued liability is being amortized using the level dollar method over an open amortization period of 40 years.

Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.5% per year, of which 3.0% annually is attributable to inflation.

**Trend Information**

Fiscal Year Ended June 30	Annual Pension Cost APC	Percentage of APC Contribution	Net Pension Asset
1996	\$ 4,548,870	83.1%	\$ (231,130)
1997	3,019,656	106.8%	(437,640)
1998	2,973,780	95.1%	(292,908)
1999	3,166,268	104.2%	(426,640)
2000	2,995,536	86.8%	(31,104)
2001	3,899,724	76.9%	868,620

**IV. Schedule of Funding Progress (Unaudited)**

A Schedule of Funding Progress is presented below for the current and preceding years since the Plan's inception in fiscal 1995. This information is intended to help users assess the funded status of the Plan and the progress made in accumulating sufficient assets to pay benefits when due.

Actual Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/96	\$ 5,345,286	\$ 32,405,757	\$ 27,060,471	16.5%	\$ 89,149,880	30.4%
06/30/97	9,394,249	35,017,356	25,623,107	26.8%	91,824,376	27.9%
06/30/98	12,192,725	39,469,894	27,277,169	30.9%	93,878,996	29.1%
06/30/99	15,156,236	40,793,236	25,637,608	37.2%	99,692,276	26.5%
06/30/00	13,970,521	47,266,277	33,295,756	29.6%	101,126,144	32.9%
06/30/01	14,472,352	48,533,523	34,061,171	29.8%	105,676,821	32.2%

At June 30, 2001, the Plan had investments representing more than 5% of Plan net assets in the Wellington Management Company (a registered investment company) Enhanced Bond Market Portfolio; totaling \$7,071,673. The Wellington Management Company Enhanced Bond Market Portfolio (Portfolio) is a collective investment fund which invests in a diversified portfolio of U.S. Government, mortgage backed, asset backed and corporate debt securities. The Plan's share of any one underlying security in the Portfolio did not exceed 5% of Plan net assets at June 30, 2001.



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**E. Richmond Behavioral Health Authority (RBHA) - Richmond Retirement System**

**I. Plan Description**

RBHA participates in RRS defined benefit pension plan, which covers substantially all its employees. Prior to the creation of RBHA on July 1, 1998, substantially all employees were City of Richmond employees and pursuant to the Agreement of Transfer, RBHA employees continue to be members of the RRS.

The retirement benefit provisions are the same as those provided the City of Richmond employees (See Section B. I).

**II. Contributions and Funding Policy**

RBHA contributed \$646,032 as its annual required contribution equal to 100% of the contribution for the initial plan year ended June 30, 2001 as determined by the RRS actuarial valuation.

**F. Other Component Units**

*Richmond Ambulance Authority*

The RAA provides pension benefits for all its eligible full-time employees (18 employees at June 30, 2001) through a single employer defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completion of one-half year of service. RAA contributes an amount equal to 9% of each eligible employee's compensation each month. RAA's contributions for each employee (and interest allocated to the employee's account) are vested ratably over the first three years of service. Interest forfeited by employees who leave employment before the one-half year of service is completed is used to reduce RAA's contribution requirement. RAA's payroll for 2001 and 2000 for employees covered under the plan was \$698,657 and \$724,589, respectively, and total payroll for 2001 and 2000 was \$799,438 and \$747,607, respectively. RAA made the required 9% contribution of \$62,879 and \$65,213 in 2001 and 2000, respectively.

*Hospital Authority of Richmond*

Under the terms of the June 30, 1993 Agreement of Transfer, the City agreed to continue to contribute to the RRS for all of the employees of the HAR that were vested in the City's retirement plan as of June 30, 1993. The retirement plan expense for the years ended June 30, 2001 was 2000 was \$37,663 and \$47,964, respectively and is included as a part of the unrestricted operating subsidy.

*Port of Richmond Commission*

Substantially all employees of the Port of Richmond Commission are members of the RRS.

**15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In addition to the pension benefits described in Note 13, the City pays a portion of the cost of health-related insurance benefits, in accordance with an administrative decision made by City management. Only retirees enrolled before January 1, 2000 are eligible to participate in various health care plans. Retirees, their spouses, and eligible unmarried dependents can obtain coverage. Retirees totaling 2,417, their spouses, and eligible unmarried dependents were receiving such benefits at June 30, 2001. The City's and the retirees' shares of health-related premium contributions for the year ended June 30, 2001 were \$2,368,980 and \$3,553,648, respectively. The City's share of contributions, funded on a pay-as-you-go basis, was charged to the General fund through annual budget appropriations. For out-of-



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state participants, coverage was available through one carrier only and two carriers for in state retirees. The obligations, which could be substantial, are not funded nor included in the General Long-Term Debt Account Group.

*Component Units*

The School Board provides certain postretirement health care benefits to retired employees. Substantially all of the employees may become eligible for those benefits if they retire while working for the School Board. Coverage is provided through the School Board for retirees covered under the VRS plans and through RRS for retirees under the RRS plan. (The School Board then reimburses RRS for the employer portion of these payments.) Under the School Board's policy, 1,933 retirees are currently receiving benefits at June 30, 2001. For coverage provided through RRS, 143 retirees are currently receiving benefits at June 30, 2001. The School Board's share of contributions is between 64% and 73% of the total insurance premiums. Expenditures for retiree health care benefits are recognized on a pay-as-you-go basis as insurance premiums are due. For the fiscal year ended June 30, 2001, the School Board's share of premiums approximated \$4,200,000. The obligations, which could be substantial, are not funded nor included in the General Long-Term Debt Account Group.

Under the terms of the June 30, 1993 Agreement of Transfer, the City provided postretirement healthcare benefits to Hospital Authority of Richmond (HAR) retirees. The postretirement healthcare benefits expense, paid on a pay-as-you-go basis, by the City for the year ended June 30, 2001 was \$49,397.

RBHA pays a portion of the cost of health-related insurance benefits to all employees who retire from RBHA. The benefits comprise health-related group insurance policies through which retirees, their spouses, and eligible unmarried dependents can obtain coverage. Retirees totaling 18, their spouses, and eligible unmarried dependents were receiving such benefits at June 30, 2001. RBHA's share of health-related premium contributions for the year ended June 30, 2001, was \$18,494. The RBHA's share of contributions was charged to expense based on premium cost allocable to the fiscal year period.

**16. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (the plan) created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years of up to 25% of salary with a maximum deferral of \$7,500 per year. The compensation deferred is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of IRC Section 457 which were enacted into law in August 1996 and their subsequent adoption by the City, all assets and income of the plan were transferred to a trust during December 1996, and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with Governmental Accounting Standards Board Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" as an Expendable Trust Fund.

At June 30, 2001 the fair value of the plan investments was \$34,577,393.

*Component Unit*

RBHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all RBHA's employees and permits deferral until future years of 25% of salary up to a maximum of \$7,500 per year. The compensation deferred is not available to employees until termination, retirement, death, or an unforeseeable emergency. The plan is administered by a nongovernmental third party administrator and is accounted for as a restricted investment asset in trust, because the Authority did not report the deferred plan as a part of the financial statement.



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**17. RELATED-PARTY TRANSACTIONS**

*Richmond Redevelopment and Housing Authority (RRHA)*

During the year ended June 30, 2001, the City provided pass-through funding of \$2,847,832 in Federal Funds (comprising Community Development Block Grant, Home Investment Partnership Program, and Section 108 monies - all accounted for in the Special Revenue Funds) to RRHA for specific projects. The City provided \$1,898,907 to RRHA during the year ended June 30, 2001 for the operation of Richmond Festival Marketplace Limited Partnership's Sixth Street Marketplace.

**18. OPERATING LEASES**

*Lessee*

The City and RBHA lease office space, business machines, clinics, apartments for residential programs and vehicles under various operating lease agreements. Except for office space for the City, all City operating lease obligations are subject to annual appropriation of funds. Operating leases, those which are not recorded as capital leases, as required by FASB Statement No. 13, are not recorded in the City's combined Balance Sheet.

At June 30, 2001, the annual operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Richmond Behavioral Health Authority</u>
2002	\$ 3,649,915	\$ 1,229,811
2003	3,209,205	1,160,700
2004	3,328,985	1,150,072
2005	2,661,123	1,028,113
2006 and thereafter	442,428	2,571,770
Total minimum lease payments	<u>13,291,656</u>	<u>7,140,466</u>
Rental expenditures for the year ended June 30, 2001	<u>\$ 3,616,848</u>	<u>\$ 1,046,390</u>

**19. CONTINGENCIES, COMMITMENTS AND OTHER MATTERS**

The City is a defendant in lawsuits concerning various matters; in the opinion of the City Attorney, the resulting liability with respect to these matters would not be material to the individual funds affected.

**A. Combined Sewer Overflow**

The City has completed construction of certain improvements to the City's wastewater treatment plant and has thereby fulfilled its obligation pursuant to a May 5, 1986 consent decree among the City, the County of Henrico, and the State Water Control Board (the Board).

The City is partially served by combined sewer lines that carry both stormwater and wastewater. Those combined sewer lines overflow after certain precipitation events, discharging combined stormwater and sanitary sewage into the James River. The City completed a study of methods of controlling combined sewer overflows into the James River and submitted its final report on the study to the Board on October 1, 1988. The report adopted a Combined Sewer Overflow Control Plan (the CSO Plan) with an estimated total capital cost of \$294 million in 1987 dollars. However, the total included \$73 million in costs for the wastewater treatment plant improvement completed pursuant to the May 5, 1986 consent decree.





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The Board has adopted the technical components of the CSO Plan, and approved on January 6, 1992 (with the concurrence of the U.S. Environmental Protection Agency, Region III) reissuance of the City's wastewater discharge permit as well as issuance of a consent administrative order which, among other things, provides for the implementation of Phase II of the CSO Plan over a ten-year compliance schedule.

As part of the consent administrative order's requirements, the City must test CSO control system's operations after completion of the facilities included in the next phase of the CSO Plan and submit a report to the Board proposing a plan and schedule for a capital program for the implementation of additional elements of the CSO Plan, taking into account the City's financial capability and the availability of federal, state, and local funding.

Phase II of the CSO Plan, other wastewater control projects required by the reissued permit, and other wastewater control projects planned by the City have a total capital cost of approximately \$131 million, which has been inflated to the time of anticipated expenditure. To date, the Department of Public Utilities has obtained \$26.8 million in federal and state grants to offset the costs of Phase II in service, and was issued a notice to proceed with construction in August 2000 for the remaining project.

At the City's request, a new Special Order was issued by the Board October 8, 1999, which adjusts some schedule requirements and deletes the swirl concentrator element. It also partially incorporates the impact of the national CSO Policy. However, some uncertainty regarding the ultimate impact remains due to the continuing absence of EPA guidance on implementation of the policy.

The construction claims against Department of Public Utilities for costs associated with CSO Phase 3 and the southside CSO conveyance system that were noted in previous financial reports have been largely settled through negotiation without adverse effect on the financial situation. In management's opinion, the few remaining issues will have no material effect on the financial statements.

**B. Grants**

Federal grant programs in which the City participates were audited in accordance with the provisions of the Office of Management and Budget Circular A-133. In addition, these grant programs are subject to financial and compliance audits by the federal government, which may result in disallowed expenditures. Based on prior experience, City management believes such disallowances, if any, will be immaterial.

**C. The Peumansend Creek Regional Jail Authority**

The City Council, through an ordinance adopted on October 3, 1994, authorized the City to join The Peumansend Creek Regional Jail Authority (the Authority). Consequently, the City, along with five other local political jurisdictions in Virginia, signed a service agreement to construct and operate a regional correctional facility in Caroline County, Virginia. The land for this facility was donated by the United States Government to Caroline County, which agreed to lease the land to the Authority for the construction of the facility. The initial construction phase comprised space for 336 prisoner beds and began to house prisoners by January of 1999. The construction cost is estimated at \$23.8 million and will be funded through \$10,220,000 Regional Jail Facility Revenue Bonds Series 1997 and \$12,000,000 Regional Jail Facility Grant Anticipation Notes Series 1997 issued March 15, 1997. The Authority anticipates an annual contribution by the Commonwealth of Virginia to help meet operating expenses including debt service from 1999 through 2002. At completion, the City guaranteed to accept space for 100 prisoner beds. Annual operating costs of the facility are to be shared among the participating jurisdictions based on a formula set forth in the service agreement. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2001, the City contributed \$1,200,710 for its share of costs.



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**D. Gas Utility Enterprise Fund**

To ensure continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2017. The aggregate commitments under these contracts amounted to approximately \$324 million at June 30, 2001.

**E. Component Units**

*The School Board* participates in a number of federal assistance programs. Although the School Board is audited annually in accordance with the provisions of the Office of Management and Budget Circular A-133, these programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency in the event that any expenditures were to be disallowed under terms of the grants. Based on prior experience, the School Board's management believes such disallowances, if any, will be immaterial.

RAA has a contract with American Medical Response, Inc. (AMR) for all emergency and nonemergency ambulance services for RAA through June 30, 2005. These services include establishing and paying salaries of operational personnel and maintaining vehicles and equipment. The agreement provides that AMR receive a minimum monthly payment plus additional payments for certain other services provided. Management fees paid in 2001 under this agreement amounted to \$7,464,431.

The minimum future annual payment under this contract with AMR ranges from \$4,809,300 for the contractual period ending June 30, 2002 to \$5,334,463 for the contract period ending June 30, 2005 and totals approximately \$25,305,000 for the period under contract.

HAR is managed by BEP Services, LP (BEP). Management fees expensed by HAR amounted to \$351,304 for the year ended June 30, 2001.

On May 1, 2000, HAR extended their contract with BEP to provide management services. The contract commenced on May 1, 2000 and will extend for a three-year period. The contract provides for an automatic renewal of additional one-year terms unless either party terminates this agreement, with or without cause and without penalty at any time upon sixty- (60) days prior written notice.

BEP has filed petitions for relief under Chapter II of the federal bankruptcy laws. On August 28, 2001, BEP notified HAR that they will discontinue providing management services as of June 2002. HAR is currently considering other management arrangements.

HAR provides a substantial portion of its services to beneficiaries of state and federal programs. These programs use cost related reimbursement methods, which are subject to audit and retroactive adjustments. Such audits could lead to requests for reimbursement from HAR. Based on prior experience, HAR management believes such requests, if any, will not be significant.

The Agreement of Transfer from the City to HAR dated June 30, 1993, provides the City with a reversionary right to the transferred assets upon HAR's dissolution.

*The Richmond Behavioral Health Authority (RBHA)* operates programs which are typically funded by grants received from federal, state or local sources. Expenditures financed by grants are subject to audit by the grantor. If expenditures are disallowed due to noncompliance with grant program regulations, RBHA may be required to reimburse the grantor. RBHA believes that the likelihood of disallowance of expenditures and subsequent reimbursement is remote and would not have a material effect on the overall financial position of RBHA.



**CITY OF RICHMOND**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2001**

The reimbursement office of the RBHA is periodically reviewed by representatives of Federal and State authorities regarding its billing of Medicaid and Medicare. These reviews may result in RBHA refunding certain collections on prior claims to Medicare and Medicaid. The impact of these reviews cannot be presently determined. However, RBHA's management believes that any liability for reimbursement which may arise as the result of these audits is not believed to be material to the financial position of RBHA.

**20. SURETY BONDS (Unaudited)**

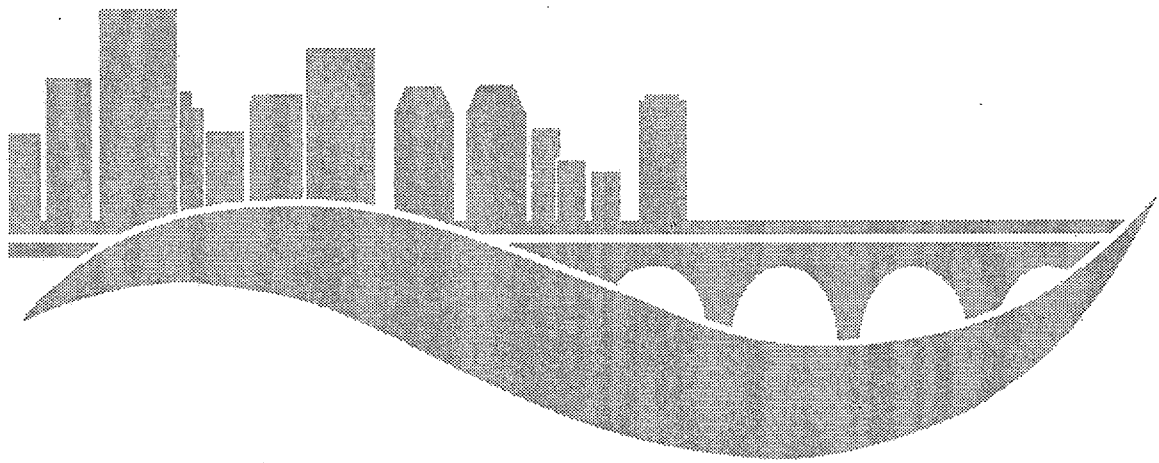
Surety bond coverage for City and Schools is as follows:

City	
Fidelity and Deposit Company of Maryland-Surety	
Faithful Performance Blanket Bond	\$ 1,000,000
(All employees except Police and Social Services)	
Clerk of Court Employees Honesty Bond	800,000
Individual Bond - Director of Finance	
Faithful Performance Bond	700,000
Public Employees Blanket Bond - Police	
Honesty Blanket Bond	990,000
Faithful Performance Blanket Bond	10,000
Public Employees Blanket Bond - Social Services	
Honesty Blanket Bond	900,000
Faithful Performance Blanket Position Bond	100,000
Money & Securities Policies	
Money & Securities - Loss Inside Premises	100,000
Money & Securities - Loss Outside Premises	100,000
Depositor's Forgery	100,000
Money Orders & Counterfeit Paper Currency	50,000
Richmond School Board	
Kemper - Surety	
Employee Dishonesty Insurance	
(\$1,000 deductible per occurrence)	
All School Board Employees	100,000
Clerk of the School Board	100,000
Deputy Clerk of the School Board	100,000



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***Combining and Individual Fund  
And  
Account Group  
Financial Statements and Schedules***





## ***General Fund***

***Governmental Fund Type***

***The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.***

***Generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board, require that the City present comparisons of the legally adopted budget with actual data. Accordingly, Exhibit H presents actual data on a GAAP basis and therefore, does not include encumbrances for the General Fund as compared to the budget as adopted and amended by City Council.***



EXHIBIT H

CITY OF RICHMOND, VIRGINIA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2001

Revenues	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>City Taxes</b>			
Real Estate	\$ 138,809,023	\$ 139,820,593	\$ 1,011,570
Sales-1% Local	26,484,073	24,977,517	(1,506,556)
Personal Property	40,942,039	42,719,428	1,777,389
Machinery and Tools	19,065,068	18,208,204	(856,864)
General Utility Sales	27,856,349	32,327,821	4,471,472
Bank Stock	4,378,141	5,135,665	757,524
Prepared Food	13,075,538	13,337,315	261,777
Transient Lodging	1,028,874	1,049,342	20,468
Admission	1,370,511	1,423,044	52,533
Delinquent Tax Payments-All Classes	8,621,733	7,892,623	(729,110)
Private Utility Poles and Conduits	90,950	91,814	864
Penalties and Interest	3,529,600	3,990,062	460,462
Titling Tax-Mobile Home	20,000	19,726	(274)
State Recordation	806,850	727,681	(79,169)
Vehicle Rental Tax	1,196,029	926,150	(269,879)
<b>Total City Taxes</b>	<u>287,274,778</u>	<u>292,646,985</u>	<u>5,372,207</u>
<b>Licenses, Permits and Privilege Fees</b>			
Business and Professional	23,146,305	23,985,178	838,873
Vehicle	3,290,000	3,414,385	124,385
Dog	75,000	32,204	(42,796)
Transfers, Penalties, Interest & Delinquent Collections	-	1,118,534	1,118,534
Department of Assessor of Real Estate	68,000	55,393	(12,607)
Department of Social Services	-	841	841
Department of Finance	1,620,065	1,586,387	(33,678)
Department of Public Works	652,100	573,667	(78,433)
Department of Parks, Recreation and Community Facilities	38,000	32,978	(5,022)
<b>Total Licenses, Permits and Privilege Fees</b>	<u>28,889,470</u>	<u>30,799,567</u>	<u>1,910,097</u>
<b>Intergovernmental</b>			
Richmond Public Library	308,860	308,263	(597)
Juvenile and Domestic Relations District Court	3,966,801	4,366,007	399,206
Department of Social Services	45,077,115	44,290,370	(786,745)
Department of Public Health	3,587,987	3,193,066	(394,921)
Department of Public Works-Street Maintenance	15,753,307	16,014,857	261,550
ABC Board Receipts	783,485	824,912	41,427
Rolling Stock Tax	121,148	112,105	(9,043)
General Registrar	78,320	82,299	3,979
Department of Finance	910,494	940,003	29,509
Attorney for the Commonwealth	2,307,381	2,348,520	41,139
City Sheriff	18,231,798	17,479,705	(752,093)
State Aid to Localities	11,969,029	11,969,031	2
Administrative Costs - Federal Grants	450,089	423,748	(26,341)
<b>Total Intergovernmental</b>	<u>103,545,814</u>	<u>102,352,886</u>	<u>(1,192,928)</u>

(Continued)





EXHIBIT H

**CITY OF RICHMOND, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2001**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Service Charges</b>			
Assessor of Real Estate	\$ 24,000	\$ 21,534	\$ (2,466)
Richmond Public Library	3,000	3,260	260
City Sheriff	609,801	696,990	87,189
Department of Community Development	3,072,132	2,641,760	(430,372)
Department of General Services	925,394	1,063,256	137,862
Department of Finance	110,150	102,980	(7,170)
Department of Health	271,958	290,118	18,160
Internal Service Funds (ISF)-Indirect Costs	203,313	205,072	1,759
ISF Payment for Accounting Services	83,715	83,715	-
Departments of Police, Fire and Emergency Services	180,000	162,695	(17,305)
Department of Public Works	8,050,900	7,745,065	(305,835)
Department of Parks, Recreation and Community Facilities	685,310	442,367	(242,943)
Service Charges on Tax Exempt Property	3,013,907	2,792,654	(221,253)
Total Service Charges	17,233,580	16,251,466	(982,114)
<b>Fines and Forfeitures</b>			
Richmond Public Library	129,000	99,908	(29,092)
Circuit Court	2,834,048	2,834,485	437
Attorney for the Commonwealth	8,619	3,569	(5,050)
General District Court	1,313,283	1,343,070	29,787
Juvenile and Domestic Relations District Court	3,159	7,219	4,060
Parking Violations	2,141,687	2,049,624	(92,063)
License Code Violations	25,035	38,655	13,620
Total Fines and Forfeitures	6,454,831	6,376,530	(78,301)
<b>Payment in Lieu of Taxes</b>			
Gas Utility	15,984,900	5,913,613	(10,071,287)
Wastewater Utility	-	5,313,420	5,313,420
Water Utility	-	3,961,689	3,961,689
Electric Utility	55,582	442,087	386,505
Stores and Transportation Division	-	548,294	548,294
Total Payment in Lieu of Taxes	16,040,482	16,179,103	138,621
<b>Miscellaneous Revenue</b>			
Overhead Costs-Port of Richmond Commission	89,029	99,419	10,390
Project I Payments	170,000	11,538	(158,462)
Interest Income - Hilton	225,000	225,000	-
Department of Public Utilities Payment-City Service	1,783,300	1,645,853	(137,447)
Utilities Payment for Collection Service	414,200	459,822	45,622
Richmond Metropolitan Authority Payment	87,615	87,800	185
Department of Information Technology Charges	1,351,500	1,048,588	(302,912)
Paving and Lot Clearance	15,863	21,906	6,043
Sundries	2,038,653	4,966,057	2,927,404
Total Miscellaneous Revenue	6,175,160	8,565,983	2,390,823
Total General Fund Revenues	465,614,115	473,172,520	7,558,405

(Continued)



EXHIBIT H

CITY OF RICHMOND, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2001

Expenditures	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Current</b>			
<b>General Government</b>			
City Council and City Clerk	\$ 2,235,822	\$ 1,893,538	\$ 342,284
Department of Community Development	5,577,489	5,107,176	470,313
Assessor of Real Estate	2,503,603	2,323,908	179,695
City Auditor	584,350	554,410	29,940
Department of Law	2,085,659	2,144,854	(59,195)
Board of Review of Real Estate Assessments	10,931	10,864	67
General Registrar	612,542	611,076	1,466
Office of Management Services	502,154	444,502	57,652
Department of Information Technology	9,449,057	8,875,823	573,234
City Manager	965,668	961,932	3,736
Budget and Strategic Planning	578,168	575,478	2,690
Department of General Services	1,632,953	1,555,917	77,036
Department of Human Resources	2,175,659	1,994,330	181,329
Department of Finance	6,262,705	6,287,846	(25,141)
Office of Citizen Services	944,015	935,607	8,408
Economic Development	1,172,697	1,154,060	18,637
Total General Government	<u>37,293,472</u>	<u>35,431,321</u>	<u>1,862,151</u>
<b>Public Safety and Judiciary</b>			
Judiciary	6,192,089	6,135,139	56,950
Juvenile and Domestic Relations District Court	351,424	305,877	45,547
City Sheriff	22,458,455	22,413,043	45,412
Youth Services Commission	291,199	294,822	(3,623)
Juvenile Justice Services	6,838,691	6,627,105	211,586
Department of Police	50,691,204	49,208,089	1,483,115
Department of Fire and Emergency Services	29,343,749	28,922,182	421,567
Total Public Safety and Judiciary	<u>116,166,811</u>	<u>113,906,257</u>	<u>2,260,554</u>
<b>Highways, Streets, Sanitation and Refuse</b>			
Department of Public Works	44,447,368	43,046,276	1,401,092
<b>Human Services</b>			
Department of Social Services	51,769,910	49,014,597	2,755,313
Department of Public Health	6,887,211	6,438,364	448,847
Total Human Services	<u>58,657,121</u>	<u>55,452,961</u>	<u>3,204,160</u>
<b>Culture and Recreation</b>			
Richmond Public Library	4,012,627	4,015,347	(2,720)
Department of Parks, Recreation and Community Facilities	16,094,086	16,077,083	17,003
Total Culture and Recreation	<u>20,106,713</u>	<u>20,092,430</u>	<u>14,283</u>

(Continued)

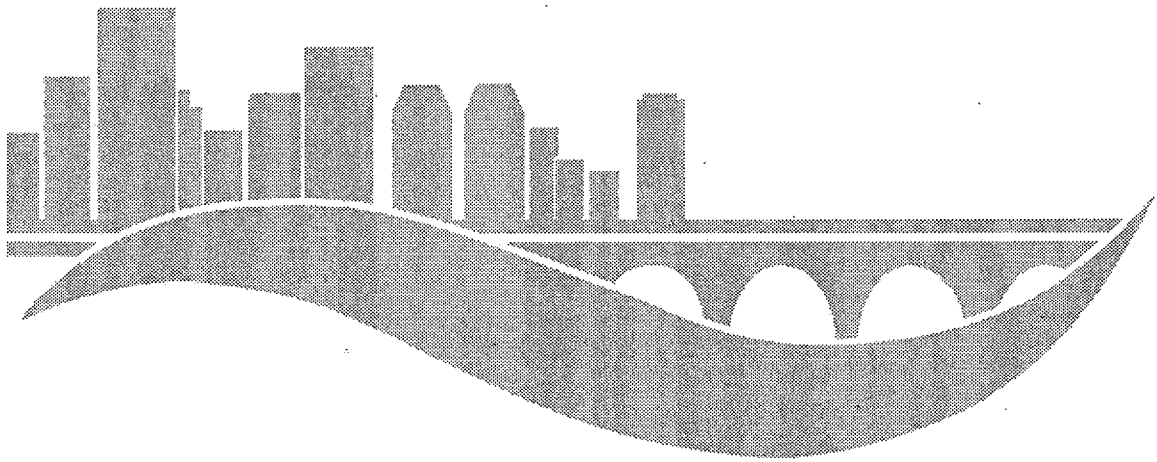


**EXHIBIT H  
(Concluded)**

**CITY OF RICHMOND, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2001**

	Revised <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
<b>Non-Departmental</b>			
Crestar Projects	\$ 2,631,735	\$ 2,821,205	\$ (189,470)
Civic and Cultural Activities	5,626,694	1,741,867	3,884,827
Payments to Other Government Agencies	5,044,855	7,130,857	(2,086,002)
Tax Relief for the Elderly	1,680,000	1,289,495	390,505
Tax Relief for Rehabilitated Property	4,282,770	4,417,211	(134,441)
Self-Insurance Cost	7,050,205	7,050,205	-
Y2K Compliance	14,783	14,783	-
Greater Richmond Transit Company	5,554,982	5,552,649	2,333
Health Care	400,000	264,355	135,645
Retiree's Health Care	2,355,999	1,912,414	443,585
Other Non-Departmental Expenses	540,758	-	540,758
Total Non-Departmental	<u>35,182,781</u>	<u>32,195,041</u>	<u>2,987,740</u>
Total Expenditures	<u>311,854,266</u>	<u>300,124,286</u>	<u>11,729,980</u>
Excess of Revenues Over Expenditures	<u>153,759,849</u>	<u>173,048,234</u>	<u>19,288,385</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Notes Payable	2,000,000	-	(2,000,000)
Operating Transfers In - Other Funds	2,373,000	3,062,706	689,706
Operating Transfers Out - Component Units	(131,575,825)	(123,671,474)	7,904,351
Operating Transfers Out - Other Funds	(31,637,434)	(38,853,552)	(7,216,118)
Total Other Financing Uses	<u>(158,840,259)</u>	<u>(159,462,320)</u>	<u>(622,061)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,080,410)	13,585,914	18,666,324
Fund Balance - July 1, 2000	15,079,214	37,676,960	22,597,746
Fund Balance- June 30, 2001	<u>\$ 9,998,804</u>	<u>\$ 51,262,874</u>	<u>\$ 41,264,070</u>

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





## ***Special Revenue Funds***

*Governmental Fund Types*

### **Special Revenue Funds**

*Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes. Each fund is established on a functional basis and may include one or more grants or other funding sources.*

### **Grant Revenue Funds**

*Approximately 72.3 million in Grant Revenue Funds expenditures were incurred. \$38.9 million or 58.3% of expenditures were incurred for welfare benefits and administrative costs, food stamps and commodities programs. \$16.8 million or 23.2% of expenditures were incurred in the performance of grants under the Comprehensive Services Act. \$1.3 million or 1.8% of expenditures were incurred in performance of grants under the Training and Assistance to Needy Families Welfare to Work Program. The remaining \$15.3 million or 21.2% of expenditures were incurred for all other federal and state grant funded programs.*

### **Consolidated HUD Grants**

*Approximately \$9 million expenditures were incurred in performance of the Community Development Block Grant, Emergency Shelter, H.O.M.E. Investment Partnerships and Section 108 Loan Program administered by the Department of Community Development.*



**EXHIBIT I-1**

**CITY OF RICHMOND, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001**

	Grant Revenue Funds	Consolidated HUD Grants	Totals
<b>Assets</b>			
Cash and Cash Equivalents	\$ 631,059	\$ 1,105,759	\$ 1,736,818
Accounts Receivable	1,789,278	851,511	2,640,789
Due From Federal Government	3,384,569	1,179,980	4,564,549
Due From State Governments	12,781,449	--	12,781,449
Total Assets	<u>\$ 18,586,355</u>	<u>\$ 3,137,250</u>	<u>\$ 21,723,605</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,428,734	\$ 2,823,776	\$ 4,252,510
Accrued Liabilities	150,872	32,650	183,522
Due to Other Governments	30,602	--	30,602
Deferred Revenue	439,560	--	439,560
Total Liabilities	<u>2,049,768</u>	<u>2,856,426</u>	<u>4,906,194</u>
<b>Fund Balance</b>			
Designated for Grants and Special Projects	<u>16,536,587</u>	<u>280,824</u>	<u>16,817,411</u>
Total Fund Balance	<u>16,536,587</u>	<u>280,824</u>	<u>16,817,411</u>
Total Liabilities and Fund Balance	<u>\$ 18,586,355</u>	<u>\$ 3,137,250</u>	<u>\$ 21,723,605</u>

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



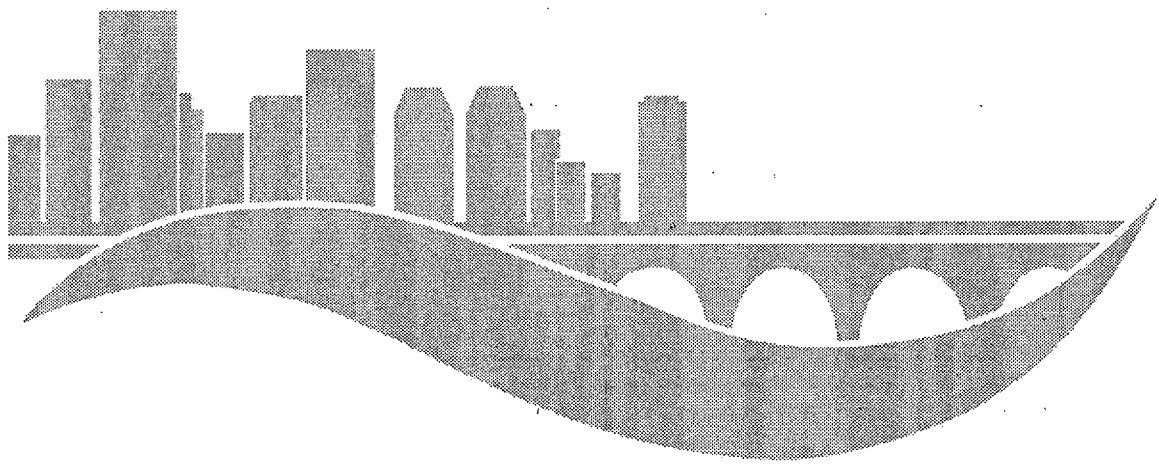
**EXHIBIT I-2**

**CITY OF RICHMOND, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2001**

	Grant Revenue Funds	Consolidated HUD Grants	Totals
<b>Revenues</b>			
Intergovernmental	\$ 65,346,475	\$ 9,184,395	\$ 74,530,870
Total Revenues	<u>65,346,475</u>	<u>9,184,395</u>	<u>74,530,870</u>
<b>Expenditures</b>			
Current			
General Government	8,883,059	9,006,240	17,889,299
Public Safety and Judiciary	19,421,388	--	19,421,388
Highways, Streets, Sanitation and Refuse	102,898	--	102,898
Health and Human Services	43,025,203	--	43,025,203
Culture and Recreation	907,035	--	907,035
Total Expenditures	<u>72,339,583</u>	<u>9,006,240</u>	<u>81,345,823</u>
Revenues Over Expenditures	<u>(6,993,108)</u>	<u>178,155</u>	<u>(6,814,953)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Certificates of Participation	18,840,000	--	18,840,000
Operating Transfers In - Other Funds	5,671,697	--	5,671,697
Operating Transfers Out - Other Funds	<u>(622,593)</u>	<u>(912,604)</u>	<u>(1,535,197)</u>
Total Other Financing Sources (Uses)	<u>23,889,104</u>	<u>(912,604)</u>	<u>22,976,500</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	16,895,996	(734,449)	16,161,547
Fund Balance-July 1, 2000	1,682,174	1,015,273	2,697,447
Residual Equity Transfer Out- Other Funds	<u>(2,041,583)</u>	--	<u>(2,041,583)</u>
Fund Balance - June 30, 2001	<u>\$ 16,536,587</u>	<u>\$ 280,824</u>	<u>\$ 16,817,411</u>

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







## ***Capital Projects Funds***

*Governmental Fund Types*

### **Capital Fund**

*The Capital Fund is used to account for budgeted capital projects (acquisition or construction of major facilities, other than those financed by Proprietary Funds and Trust Funds) approved by City Council. Its principal sources of funding are the sale of General Obligation Bonds and transfers from the Reserve Fund for Permanent Public Improvements.*

### **The Reserve Fund for Permanent Public Improvements**

*The Reserve Fund for Permanent Public Improvements may only be used as funding for the Capital Projects Fund. Its sources are transfers from the General Fund, sales of capital assets, and other governmental (mainly state or federal) capital grants.*



EXHIBIT J-1

CITY OF RICHMOND, VIRGINIA  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2001

	<u>Capital Fund</u>	Reserve Fund for Permanent Public <u>Improvements</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 27,403,045	\$ 779,747	\$ 28,182,792
Accounts Receivable	-	137,350	137,350
<b>Total Assets</b>	<u>\$ 27,403,045</u>	<u>\$ 917,097</u>	<u>\$ 28,320,142</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 563,368	-	\$ 563,368
<b>Total Liabilities</b>	<u>563,368</u>	<u>-</u>	<u>563,368</u>
<b>Fund Balance</b>			
<b>Unreserved</b>			
Designated for Specific Projects	-	917,097	917,097
Undesignated	26,839,677	-	26,839,677
<b>Total Fund Balance</b>	<u>26,839,677</u>	<u>917,097</u>	<u>27,756,774</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 27,403,045</u>	<u>\$ 917,097</u>	<u>\$ 28,320,142</u>

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

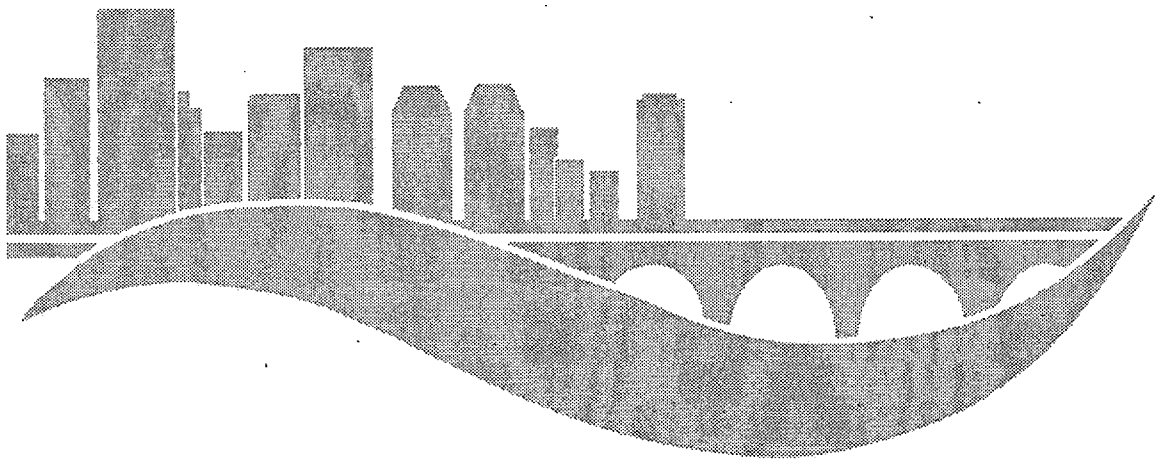


EXHIBIT J-2

**CITY OF RICHMOND, VIRGINIA  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2001**

	<u>Capital Fund</u>	Reserve Fund for Permanent Public <u>Improvements</u>	<u>Totals</u>
<b>Revenues</b>			
Sales of Land	\$ --	\$ 393,597	\$ 393,597
Intergovernmental-Federal Grants	5,387,733	--	5,387,733
Intergovernmental-State Grants	6,498,332	--	6,498,332
Miscellaneous	35,375	--	35,375
Total Revenues	<u>11,921,440</u>	<u>393,597</u>	<u>12,315,037</u>
<b>Expenditures</b>			
Capital Outlay	26,224,080	--	26,224,080
Total Expenditures	<u>26,224,080</u>	<u>--</u>	<u>26,224,080</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,302,640)</u>	<u>393,597</u>	<u>(13,909,043)</u>
<b>Other Financing Sources</b>			
Proceeds from VRDN BANs	19,300,000	--	19,300,000
Total Other Financing Sources	<u>19,300,000</u>	<u>--</u>	<u>19,300,000</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	4,997,360	393,597	5,390,957
Fund Balance - July 1, 2000	21,842,317	523,500	22,365,817
Fund Balance - June 30, 2001	<u>\$ 26,839,677</u>	<u>\$ 917,097</u>	<u>\$ 27,756,774</u>

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





## ***Enterprise Funds***

### ***Proprietary Fund Types***

*Enterprise Funds are used for operations (a) that are financed and operated in a manner similar to private business enterprise—when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.*

*The City's Department of Public Utilities provides the following:*

- ◆ *Gas Utility provides natural gas to the City and surrounding areas.*
- ◆ *Water Utility provides water to the City and surrounding areas.*
- ◆ *Wastewater Utility provides sewer and wastewater collection services.*
- ◆ *Electric Utility provides street lighting and other electric service to part of the City.*
- ◆ *Stores and Transportation Division provides supplies and vehicles for the utilities.*

*Richmond Coliseum (Coliseum) promotes and operates the Coliseum facility.*

*Richmond Landmark Theatre (Landmark Theatre) promotes and operates a theater for performing arts.*

*Cemeteries maintains and operates cemeteries.*



EXHIBIT K-1

CITY OF RICHMOND, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001

	Utilities	Coliseum	Landmark Theatre	Cemeteries	Totals
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 93,527,938	\$ 227,856	\$ --	\$ --	\$ 93,755,794
Receivables					
Accounts	33,001,994	161,064	62,568	84,289	33,309,915
Estimated Unbilled Services Revenues	714,272	--	--	--	714,272
Due From Other Funds	5,175,312	--	--	--	5,175,312
Inventories of Material and Supplies	14,281,138	71,146	--	--	14,352,284
Prepaid Expenses and Other Current Assets	4,684,294	29,976	--	--	4,714,270
<b>Total Current Assets</b>	<b>151,384,948</b>	<b>490,042</b>	<b>62,568</b>	<b>84,289</b>	<b>152,021,847</b>
<b>Restricted Assets</b>					
Cash	471,922	--	--	--	471,922
<b>Total Restricted Assets</b>	<b>471,922</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>471,922</b>
Advances to Other Funds	63,515,429	--	--	--	63,515,429
Deferred Expenses (Primarily Debt Issuance Costs)	35,172,644	--	--	--	35,172,644
<b>Fixed Assets</b>					
Land	--	4,582,160	44,690	8,188,700	12,815,550
Buildings and Structures	--	27,935,586	9,294,597	489,118	37,719,301
Equipment	--	2,205,347	334,933	107,173	2,647,453
Plant Held for Future Use	272,277	--	--	--	272,277
Plant-in-Service	788,296,233	--	--	--	788,296,233
Completed Construction-Not Classified	80,800,203	--	--	--	80,800,203
<b>Total Fixed Assets</b>	<b>869,368,713</b>	<b>34,723,093</b>	<b>9,674,220</b>	<b>8,784,991</b>	<b>922,551,017</b>
Less Accumulated Depreciation	(236,485,536)	(19,273,937)	(1,542,368)	(171,043)	(257,472,884)
Construction in Progress	63,100,961	--	--	--	63,100,961
<b>Net Fixed Assets</b>	<b>695,984,138</b>	<b>15,449,156</b>	<b>8,131,852</b>	<b>8,613,948</b>	<b>728,179,094</b>
<b>Total Assets</b>	<b>\$ 946,529,081</b>	<b>\$ 15,939,198</b>	<b>\$ 8,194,420</b>	<b>\$ 8,698,237</b>	<b>\$ 979,360,936</b>
<b>Liabilities and Fund Equity</b>					
<b>Current Liabilities (Payable From Current Assets)</b>					
Accounts Payable	\$ 22,442,885	\$ 1,081,467	\$ 25,051	\$ 9,700	\$ 23,559,103
Accrued Liabilities	7,245,841	290,143	203,636	99,399	7,839,019
Due To Other Funds	5,175,312	--	971,590	94,686	6,241,588
Accrued Interest on Bonds and Notes Payable	9,454,595	--	104,907	4,216	9,563,718
Bonds/Notes Payable	5,683,068	640,910	396,481	13,394	6,733,853
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>50,001,701</b>	<b>2,012,520</b>	<b>1,701,665</b>	<b>221,395</b>	<b>53,937,281</b>
<b>Current Liabilities (Payable From Restricted Assets)</b>					
Customers' Deposits	2,004,872	--	--	--	2,004,872
Revenue Bonds Payable	3,366,089	--	--	--	3,366,089
Accrued Interest on Bonds Payable	2,991,931	--	--	--	2,991,931
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>8,362,892</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8,362,892</b>
Advances From Other Funds	63,515,429	--	--	--	63,515,429
Deferred Liabilities	53,637,086	--	--	--	53,637,086
General Obligation Bonds Payable	323,378,077	7,598,484	4,650,730	182,962	335,810,253
Revenue Bonds Payable	125,087,212	--	--	--	125,087,212
<b>Total Liabilities</b>	<b>623,982,397</b>	<b>9,611,004</b>	<b>6,352,395</b>	<b>404,357</b>	<b>640,350,153</b>
<b>Fund Equity</b>					
Contributed Capital	16,276,109	10,906,853	2,652,644	8,229,064	38,064,670
Contributions in Aid of Construction	93,581,562	--	--	--	93,581,562
Retained Earnings (Deficit) - Unreserved	212,689,013	(4,578,659)	(810,619)	64,816	207,364,551
<b>Total Fund Equity</b>	<b>322,546,684</b>	<b>6,328,194</b>	<b>1,842,025</b>	<b>8,293,880</b>	<b>339,010,783</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 946,529,081</b>	<b>\$ 15,939,198</b>	<b>\$ 8,194,420</b>	<b>\$ 8,698,237</b>	<b>\$ 979,360,936</b>

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





EXHIBIT K-2

CITY OF RICHMOND, VIRGINIA  
 UTILITIES ENTERPRISE FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2001

	Gas Utility	Water Utility	Wastewater Utility	Electric Utility	Stores and Transportation Division	Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 34,663,320	\$ 4,371,078	\$ 23,715,128	\$ --	\$ 30,778,412	\$ 93,527,938
<b>Receivables</b>						
Accounts	16,870,055	7,595,130	5,833,504	2,702,467	838	33,001,994
Estimated Unbilled Service Revenues	286,128	169,960	258,184	--	--	714,272
Due From Other Funds	2,729,047	327,389	2,118,876	--	--	5,175,312
Inventories of Material and Supplies	10,427,536	122,280	60,714	--	3,670,608	14,281,138
Prepaid Expenses	1,621,194	1,293,819	1,304,225	143,851	321,205	4,684,294
<b>Total Current Assets</b>	<b>66,597,280</b>	<b>13,879,656</b>	<b>33,290,631</b>	<b>2,846,318</b>	<b>34,771,063</b>	<b>151,384,948</b>
<b>Restricted Assets</b>						
Cash	150,622	125,767	195,533	--	--	471,922
<b>Advances to Other Funds</b>						
Deferred Expenses (Primarily Debt Issuance Costs)	19,605,111	19,081,068	21,534,342	3,294,908	--	63,515,429
	17,756,546	8,881,146	8,567,876	2,324	(35,248)	35,172,644
<b>Fixed Assets</b>						
Plant Held For Future Use	25,813	--	207,075	39,389	--	272,277
Plant-in-Service	257,972,827	240,607,142	214,044,829	29,138,988	46,532,447	788,295,233
Completed Construction-Not Classified	8,357,860	827,113	68,013,497	3,601,733	--	80,800,203
<b>Total Fixed Assets</b>	<b>266,356,500</b>	<b>241,434,255</b>	<b>282,265,401</b>	<b>32,780,110</b>	<b>46,532,447</b>	<b>869,368,713</b>
Less Accumulated Depreciation	(60,886,605)	(56,488,142)	(81,518,217)	(14,425,061)	(23,167,511)	(236,485,536)
Construction in Progress	11,372,205	12,324,670	30,504,423	2,960,533	5,939,130	63,100,961
<b>Net Fixed Assets</b>	<b>216,842,100</b>	<b>197,270,783</b>	<b>231,251,607</b>	<b>21,315,582</b>	<b>29,304,066</b>	<b>695,984,138</b>
<b>Total Assets</b>	<b>\$ 320,951,659</b>	<b>\$ 239,238,420</b>	<b>\$ 294,839,989</b>	<b>\$ 27,459,132</b>	<b>\$ 64,039,881</b>	<b>\$ 946,529,081</b>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities</b>						
<b>Current Liabilities (Payable From Current Assets)</b>						
Accounts Payable	\$ 14,464,732	\$ 4,679,903	\$ 2,820,690	\$ 47,842	\$ 429,718	\$ 22,442,885
Accrued Liabilities	981,125	1,505,743	2,977,661	1,686,578	94,734	7,245,841
Due To Other Funds	--	--	--	5,175,312	--	5,175,312
Accrued Interest on Bonds and Notes Payable	3,603,155	2,836,434	2,321,073	693,933	--	9,454,595
Bonds and Notes Payable	2,344,711	2,296,321	913,379	128,657	--	5,683,068
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>21,393,723</b>	<b>11,318,401</b>	<b>9,032,803</b>	<b>7,732,322</b>	<b>524,452</b>	<b>50,001,701</b>
<b>Current Liabilities (Payable From Restricted Assets)</b>						
Customers' Deposits	2,004,872	--	--	--	--	2,004,872
Revenue Bonds Payable	759,104	63,395	2,543,590	--	--	3,366,089
Accrued Interest on Bonds Payable	972,830	122,786	1,896,315	--	--	2,991,931
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>3,736,806</b>	<b>186,181</b>	<b>4,439,905</b>	<b>--</b>	<b>--</b>	<b>8,362,892</b>
<b>Advances From Other Funds</b>						
Deferred Liabilities	--	--	--	--	63,515,429	63,515,429
General Obligation Bonds Payable	5,525,777	34,595,833	13,115,932	399,544	--	53,637,086
Revenue Bonds Payable	163,642,980	106,497,885	52,006,919	1,230,293	--	323,378,077
Revenue Bonds Payable	38,437,760	3,210,050	83,439,402	--	--	125,087,212
<b>Total Liabilities</b>	<b>232,737,046</b>	<b>155,808,350</b>	<b>162,034,961</b>	<b>9,362,159</b>	<b>64,039,881</b>	<b>623,982,397</b>
<b>Fund Equity</b>						
Contributed Capital	3,008,279	3,394,985	7,707,625	2,165,220	--	16,276,109
Contributions in Aid of Construction	6,441,137	23,607,637	54,709,030	8,823,758	--	93,581,562
Retained Earnings-Unreserved	78,765,197	56,427,448	70,388,373	7,107,995	--	212,689,013
<b>Total Fund Equity</b>	<b>88,214,613</b>	<b>83,430,070</b>	<b>132,805,028</b>	<b>18,096,973</b>	<b>--</b>	<b>322,546,684</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 320,951,659</b>	<b>\$ 239,238,420</b>	<b>\$ 294,839,989</b>	<b>\$ 27,459,132</b>	<b>\$ 64,039,881</b>	<b>\$ 946,529,081</b>

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



EXHIBIT K-3

**CITY OF RICHMOND, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS (DEFICITS)  
For the Fiscal Year Ended June 30, 2001**

	Utilities	Coliseum	Landmark Theatre	Cemeteries	Totals
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 257,699,065	\$ 1,468,581	\$ 325,498	\$ 1,300,713	\$ 260,793,857
<b>Operating Expenses</b>					
Purchased Gas	120,528,785	-	-	-	120,528,785
Salaries and Wages	23,091,617	965,720	312,740	1,031,880	25,401,957
Data Processing	871,294	-	-	-	871,294
Materials and Supplies	2,816,733	257,654	16,407	29,926	3,120,720
Rents and Utilities	7,088,940	609,796	212,861	88,210	7,999,807
Maintenance and Repairs	10,381,625	48,999	6,642	17,162	10,454,428
Depreciation and Amortization	23,442,116	1,156,515	210,376	20,960	24,829,967
Payments in Lieu of Taxes and Licenses	17,632,865	-	-	-	17,632,865
Miscellaneous Operating Expenses	26,769,063	187,617	76,218	54,839	27,087,737
<b>Total Operating Expenses</b>	<b>232,623,038</b>	<b>3,226,301</b>	<b>835,244</b>	<b>1,242,977</b>	<b>237,927,560</b>
Operating Income (Loss)	25,076,027	(1,757,720)	(509,746)	57,736	22,866,297
<b>Non-Operating Revenues (Expenses)</b>					
Government Subsidies and Contributions	9,727,506	-	384,657	-	10,112,163
Interest on Customers' Deposits	(2,988)	-	-	-	(2,988)
Interest on Long-Term Debt	(23,460,199)	(446,986)	(262,204)	(10,460)	(24,179,849)
Interest Income	3,225,739	11,077	-	-	3,236,816
Amortization of Debt Discount and Expense	(2,130,866)	-	-	-	(2,130,866)
Miscellaneous Revenue (Expenses)	2,520,379	(48,853)	116,242	-	2,587,768
<b>Total Non-Operating Expenses</b>	<b>(10,120,429)</b>	<b>(484,762)</b>	<b>238,695</b>	<b>(10,460)</b>	<b>(10,376,956)</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>14,955,598</b>	<b>(2,242,482)</b>	<b>(271,051)</b>	<b>47,276</b>	<b>12,489,341</b>
Operating Transfers In-Other Funds	-	1,071,545	793,846	50,149	1,915,540
Operating Transfers Out-Other Funds	(2,123,000)	-	-	-	(2,123,000)
<b>Net Income (Loss)</b>	<b>12,832,598</b>	<b>(1,170,937)</b>	<b>522,795</b>	<b>97,425</b>	<b>12,281,881</b>
Retained Earnings (Deficit)-July 1, 2000	199,856,415	(3,407,722)	(1,333,414)	(32,609)	195,082,670
Retained Earnings (Deficit)-June 30, 2001	<b>\$ 212,689,013</b>	<b>\$ (4,378,659)</b>	<b>\$ (810,619)</b>	<b>\$ 64,816</b>	<b>\$ 207,364,551</b>

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



EXHIBIT K-4

CITY OF RICHMOND, VIRGINIA  
 UTILITIES ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 For the Fiscal Year Ended June 30, 2001

	Gas Utility	Water Utility	Wastewater Utility	Electric Utility	Stores and Transportation Division	Totals
<b>Operating Revenues</b>						
Charges for Goods and Services	\$ 167,418,955	\$ 40,202,531	\$ 39,358,502	\$ 6,524,123	\$ 4,194,954	\$ 257,699,065
<b>Operating Expenses</b>						
Purchased Gas	120,528,785	--	--	--	--	120,528,785
Salaries and Wages	8,744,081	6,208,893	6,416,893	1,316,893	404,857	23,091,617
Data Processing	531,489	174,259	165,546	--	--	871,294
Materials and Supplies	843,652	837,645	628,432	491,665	15,339	2,816,733
Rents and Utilities	228,895	2,923,111	1,817,128	2,104,874	14,932	7,088,940
Maintenance and Repairs	5,682,582	2,347,194	1,819,518	532,331	--	10,381,625
Depreciation	7,583,826	4,802,936	6,872,629	1,124,273	3,058,452	23,442,116
Payments in Lieu of Taxes and Licenses	6,360,105	4,355,407	5,806,990	570,804	539,559	17,632,865
Miscellaneous Operating Expenses	7,907,969	11,028,606	7,463,949	--	368,539	26,769,063
Total Operating Expenses	158,411,384	32,678,051	30,991,085	6,140,840	4,401,678	232,623,038
Operating Income (Loss)	9,007,571	7,524,480	8,367,417	383,283	(206,724)	25,076,027
<b>Non-Operating Revenues (Expenses)</b>						
Government Subsidies and Contributions	192,276	446,752	9,086,778	1,700	--	9,727,506
Interest on Customers' Deposits	(2,988)	--	--	--	--	(2,988)
Interest on Long-Term Debt	(9,682,847)	(5,870,337)	(7,496,119)	(410,896)	--	(23,460,199)
Interest Income	1,624,403	(300,274)	1,901,610	--	--	3,225,739
Amortization of Debt Discount and Expense	(852,561)	(685,224)	(580,907)	(12,174)	--	(2,130,866)
Miscellaneous Revenue	203,152	451,242	1,546,145	113,116	206,724	2,520,379
Total Non-Operating Revenue (Expenses)	(8,518,565)	(5,957,841)	4,457,507	(308,254)	206,724	(10,120,429)
Net Income Before Operating Transfers	489,006	1,566,639	12,824,924	75,029	--	14,955,598
Operating Transfers Out - Other Funds	(1,142,000)	--	(981,000)	--	--	(2,123,000)
Net Income (Loss)	(652,994)	1,566,639	11,843,924	75,029	--	12,832,598
Retained Earnings - July 1, 2000	79,418,194	54,860,805	58,544,451	7,032,965	--	199,856,415
Retained Earnings - June 30, 2001	\$ 78,765,200	\$ 56,427,444	\$ 70,388,375	\$ 7,107,994	\$ --	\$ 212,689,013

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



EXHIBIT K-5

CITY OF RICHMOND, VIRGINIA  
 ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2001

	Utilities	Coliseum	Landmark Theatre	Cemeteries	Totals
<b>Cash Flows from Operating Activities</b>					
Operating Income (Loss)	\$ 25,076,027	\$ (1,757,720)	\$ (509,746)	\$ 57,736	\$ 22,866,297
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities</b>					
Depreciation and Amortization	23,442,116	1,156,515	210,376	20,960	24,829,967
Miscellaneous Income (Expenses)	2,487,656	--	116,242	--	2,603,898
Other	--	(1,120,498)	(666,133)	(23,844)	(1,810,475)
<b>Change in Assets and Liabilities</b>					
(Increase) Decrease in Accounts Receivable	(9,084,830)	125,477	22,647	24,356	(8,912,350)
Decrease in Estimated Unbilled Service Revenues	344,851	--	--	--	344,851
Increase in Due From Other Funds	(542,469)	--	--	--	(542,469)
Increase in Inventories of Material and Supplies	(3,320,080)	(6,861)	--	--	(3,326,941)
Increase in Prepaid Expenses and Other Current Assets	(242,982)	(184)	--	--	(243,166)
Increase in Deferred Expenses	(8,283,537)	--	--	--	(8,283,537)
Increase in Accounts Payable	7,466,189	640,894	22,914	1,165	8,131,162
Increase (Decrease) in Accrued Liabilities	1,948,526	22,432	59,158	(18,957)	2,011,159
Increase (Decrease) in Due To Other Funds	542,469	--	(35,986)	(111,872)	394,611
Increase (Decrease) in Deferred Liabilities	6,932,891	(48,347)	--	--	6,884,544
Increase in Other Liabilities	--	--	7,762	307	8,069
Increase in Customer's Deposits	299,820	--	--	--	299,820
<b>Total Adjustments</b>	<b>21,990,620</b>	<b>769,428</b>	<b>(263,020)</b>	<b>(107,885)</b>	<b>22,389,143</b>
<b>Net Cash Provided by Operating Activities</b>	<b>47,066,647</b>	<b>(988,292)</b>	<b>(772,766)</b>	<b>(50,149)</b>	<b>45,255,440</b>
<b>Cash Flows from Non-Capital Financing Activities</b>					
Government Subsidies and Contributions	9,727,506	--	384,657	--	10,112,163
Operating Transfers In-Primary Government	--	1,071,545	793,846	50,149	1,915,540
Operating Transfers Out-Other Funds	(2,123,000)	--	--	--	(2,123,000)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>7,604,506</b>	<b>1,071,545</b>	<b>1,178,503</b>	<b>50,149</b>	<b>9,904,703</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and Construction of Capital Assets	\$ (57,088,363)	\$ (11,581)	\$ (405,737)	\$ --	\$ (57,505,681)
Proceeds From Bond Sale	153,983,513	--	--	--	153,983,513
Repayments of Revenue and General Obligation Bonds	(127,780,565)	--	--	--	(127,780,565)
Interest Paid on Long-Term Debt	(21,581,515)	--	--	--	(21,581,515)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(52,466,930)</b>	<b>(11,581)</b>	<b>(405,737)</b>	<b>--</b>	<b>(52,884,248)</b>

(Continued)



**EXHIBIT K-5**  
*(Concluded)*

**CITY OF RICHMOND, VIRGINIA**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2001**

	<u>Utilities</u>	<u>Coliseum</u>	<u>Landmark Theatre</u>	<u>Cemeteries</u>	<u>Totals</u>
<b>Cash Flows from Investing Activities</b>					
Interest Earned on Operating Funds	\$ 3,225,739	\$ 11,077	\$ --	\$ --	\$ 3,236,816
Interest Paid on Customers' Deposits	(2,988)	--	--	--	(2,988)
Net Cash Provided by Investing Activities	<u>3,222,751</u>	<u>11,077</u>	<u>--</u>	<u>--</u>	<u>3,233,828</u>
Net Increase in Cash and Cash Equivalents	5,426,974	82,749	--	--	5,509,723
Cash and Cash Equivalents at July 1, 2000	<u>88,572,886</u>	<u>145,107</u>	<u>--</u>	<u>--</u>	<u>88,717,993</u>
Cash and Cash Equivalents at June 30, 2001	<u>\$ 93,999,860</u>	<u>\$ 227,856</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 94,227,716</u>
<b>Supplemental Cash Flow Information</b>					
<b>Noncash Transactions</b>					
Principal Payments Made by the City Debt					
Service Fund on Behalf of Fund	\$ --	\$ 624,559	\$ 388,719	\$ 13,087	\$ 1,026,365
Interest Payments on Behalf of Fund	--	446,986	269,651	10,704	727,341

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



EXHIBIT K-6

CITY OF RICHMOND, VIRGINIA  
 UTILITIES ENTERPRISE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For the Fiscal Year Ended June 30, 2001

	Gas Utility	Water Utility	Wastewater Utility	Electric Utility	Transportation Division	Totals
<b>Cash Flows from Operating Activities</b>						
Operating Income (Loss)	\$ 9,007,571	\$ 7,524,480	\$ 8,367,417	\$ 383,283	\$ (206,724)	\$ 25,076,027
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>						
Depreciation	7,583,826	4,802,936	6,872,629	1,124,273	3,058,452	23,442,116
Miscellaneous Income	173,860	480,531	1,513,425	113,116	206,724	2,487,656
<b>Changes in Assets and Liabilities</b>						
(Increase) Decrease in Accounts Receivable	(5,762,728)	(1,113,270)	(338,879)	(1,871,484)	1,531	(9,084,830)
Decrease in Estimated Unbilled Service Revenues	123,281	76,358	145,212	--	--	344,851
(Increase) Decrease in Due from Other Funds	(795,289)	217,076	35,744	--	--	(542,469)
(Increase) Decrease in Inventories of Materials and Supplies	(3,415,627)	93,243	--	--	2,304	(3,320,080)
(Increase) Decrease in Prepaid Expenses	(149,292)	(75,923)	14,243	7,696	(39,706)	(242,982)
(Increase) Decrease in Deferred Expenses	(4,069,055)	(1,743,017)	(2,543,842)	72,473	(96)	(8,283,537)
Increase (Decrease) in Accounts Payable	6,926,919	465,744	274,855	(274,058)	72,729	7,466,189
Increase (Decrease) in Accrued Liabilities	(11,392)	168,486	633,526	1,151,954	5,952	1,948,526
Increase in Due to Other Funds	--	--	--	542,469	--	542,469
Increase (Decrease) in Deferred Liabilities	2,248,200	3,707,715	1,000,930	(23,954)	--	6,932,891
Increase in Customers' Deposits	299,820	--	--	--	--	299,820
<b>Total Adjustments</b>	<b>3,152,523</b>	<b>7,079,879</b>	<b>7,607,843</b>	<b>842,485</b>	<b>3,307,890</b>	<b>21,990,620</b>
<b>Net Cash Provided by Operating Activities</b>	<b>12,160,094</b>	<b>14,604,359</b>	<b>15,975,260</b>	<b>1,225,768</b>	<b>3,101,166</b>	<b>47,066,647</b>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Government Subsidies and Contributions	192,276	446,752	9,086,778	1,700	--	9,727,506
Operating Transfers Out-Other Funds	(1,142,000)	--	(981,000)	--	--	(2,123,000)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(949,724)</b>	<b>446,752</b>	<b>8,105,778</b>	<b>1,700</b>	<b>--</b>	<b>7,604,506</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition and Construction of Capital Assets	\$ (21,917,730)	\$ (9,525,432)	\$ (21,684,148)	\$ (606,102)	\$ (3,354,951)	\$ (57,088,363)
Proceeds From Bond Sale	69,077,232	32,744,364	52,161,917	--	--	153,983,513
Repayments of Revenue and General Obligation Bonds	(40,710,562)	(33,988,578)	(52,904,891)	(176,534)	--	(127,780,565)
Interest Paid on Long-Term Debt	(9,217,022)	(5,411,137)	(6,895,224)	(58,132)	--	(21,581,515)
Advances (To) From Other Funds	(2,229,400)	(2,345,700)	(2,998,400)	(386,700)	7,960,200	--
<b>Net Cash Provided By (Used for) Capital and Related Financing Activities</b>	<b>(4,997,482)</b>	<b>(18,526,483)</b>	<b>(32,320,746)</b>	<b>(1,227,468)</b>	<b>4,605,249</b>	<b>(52,466,930)</b>
<b>Cash Flows from Investing Activities</b>						
Interest Earned on Operating Funds	1,624,403	(300,274)	1,901,610	--	--	3,225,739
Interest Paid on Customer's Deposits	(2,988)	--	--	--	--	(2,988)
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>1,621,415</b>	<b>(300,274)</b>	<b>1,901,610</b>	<b>--</b>	<b>--</b>	<b>3,222,751</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>7,834,303</b>	<b>(3,775,646)</b>	<b>(6,338,098)</b>	<b>--</b>	<b>7,706,415</b>	<b>5,426,974</b>
Cash and Cash Equivalents at July 1, 2000	26,979,639	8,272,491	30,248,759	--	23,071,997	88,572,886
<b>Cash and Cash Equivalents at June 30, 2001</b>	<b>\$ 34,813,942</b>	<b>\$ 4,496,845</b>	<b>\$ 23,910,661</b>	<b>\$ --</b>	<b>\$ 30,778,412</b>	<b>\$ 93,999,860</b>

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



## ***Internal Service Funds***

### ***Proprietary Fund Types***

*Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or other governments, on a cost-reimbursement basis.*

*The Internal Service Funds are:*

- ◆ *Fleet Management provides for repairs and maintenance to City-owned vehicles and related equipment, as well as monthly and daily leasing services.*
- ◆ *Radio Maintenance provides for installation, repairs and maintenance of radio and other emergency communication equipment in City-owned vehicles.*
- ◆ *Risk Management provides for the accumulation and allocation of costs associated with risk and insurance for the City.*
- ◆ *Public Works Stores provides supplies primarily for Schools, Department of Public Works and Utilities of a bulk nature such as sand, bricks and construction materials.*



**EXHIBIT L-1**

**CITY OF RICHMOND, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001**

	<u>Fleet Management</u>	<u>Radio Maintenance</u>	<u>Risk Management</u>	<u>Public Works Stores</u>	<u>Totals</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ --	\$ --	\$ 7,503,147	\$ 112,129	\$ 7,615,276
Accounts Receivable	91,853	--	--	--	91,853
Due From Component Units	246,135	27,880	--	--	274,015
Due From Other Governments	8,070	527	--	--	8,597
Inventory of Material and Supplies	7,544	80,869	--	418,193	506,606
Prepaid Expenses and Other Current Assets	--	--	486,000	--	486,000
<b>Total Current Assets</b>	<b>353,602</b>	<b>109,276</b>	<b>7,989,147</b>	<b>530,322</b>	<b>8,982,347</b>
Land	98,000	--	--	--	98,000
Buildings and Structures	660,562	11,500	--	--	672,062
Equipment	54,381,954	141,625	8,192	11,661	54,543,432
<b>Total Fixed Assets</b>	<b>55,140,516</b>	<b>153,125</b>	<b>8,192</b>	<b>11,661</b>	<b>55,313,494</b>
Less: Accumulated Depreciation	(26,168,795)	(134,054)	(3,908)	(7,775)	(26,314,532)
<b>Net Fixed Assets</b>	<b>28,971,721</b>	<b>19,071</b>	<b>4,284</b>	<b>3,886</b>	<b>28,998,962</b>
<b>Total Assets</b>	<b>\$ 29,325,323</b>	<b>\$ 128,347</b>	<b>\$ 7,993,431</b>	<b>\$ 534,208</b>	<b>\$ 37,981,309</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 2,376,533	\$ 8,896	\$ 45,810	\$ 32,611	\$ 2,463,850
Accrued Liabilities	104,218	13,132	58,152	8,224	183,726
Due To Other Funds	3,176,418	445,614	--	--	3,622,032
Notes Payable	6,146,875	--	--	--	6,146,875
<b>Total Current Liabilities</b>	<b>11,804,044</b>	<b>467,642</b>	<b>103,962</b>	<b>40,835</b>	<b>12,416,483</b>
Advance From Other Funds	650	--	--	--	650
Notes Payable	11,026,177	--	--	--	11,026,177
Vacation Pay Liability	163,508	32,191	51,749	42,302	289,750
Outstanding Liabilities and Claims	--	--	18,024,637	--	18,024,637
<b>Total Liabilities</b>	<b>22,994,379</b>	<b>499,833</b>	<b>18,180,348</b>	<b>83,137</b>	<b>41,757,697</b>
<b>Fund Equity (Deficit)</b>					
Contributed Capital	5,731,193	--	--	1,129,726	6,860,919
Retained Earnings (Deficit)	599,751	(371,486)	(10,186,917)	(678,655)	(10,637,307)
<b>Total Fund Equity (Deficit)</b>	<b>6,330,944</b>	<b>(371,486)</b>	<b>(10,186,917)</b>	<b>451,071</b>	<b>(3,776,388)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 29,325,323</b>	<b>\$ 128,347</b>	<b>\$ 7,993,431</b>	<b>\$ 534,208</b>	<b>\$ 37,981,309</b>

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





EXHIBIT L-2

CITY OF RICHMOND, VIRGINIA  
 INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS (DEFICITS)  
 For the Fiscal Year Ended June 30, 2001

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Totals
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 13,661,155	\$ 699,505	\$ 8,960,370	\$ 1,277,716	\$ 24,598,746
<b>Operating Expenses</b>					
Cost of Goods and Services Sold	6,153,612	566,350	--	996,343	7,716,305
Salaries and Wages	957,186	113,915	401,534	173,379	1,646,014
Data Processing	125,445	--	--	--	125,445
Materials and Supplies	121,025	7,683	13,502	1,085	143,295
Rents and Utilities	221,287	12,743	9,114	--	243,144
Maintenance and Repairs	48,647	713	694	37,605	87,659
Depreciation	4,602,448	10,377	3,691	1,609	4,618,125
Claims and Settlements	--	--	4,264,167	--	4,264,167
Miscellaneous	1,056,273	27,202	2,810,870	--	3,894,345
Total Operating Expenses	13,285,923	738,983	7,503,572	1,210,021	22,738,499
Operating Income (Loss)	375,232	(39,478)	1,456,798	67,695	1,860,247
<b>Nonoperating Revenues (Expenses)</b>					
Revenue Recoveries	--	--	767,936	--	767,936
Interest Expense on Long-Term Debt	(923,506)	--	--	--	(923,506)
Indirect Cost	(205,000)	(72)	--	--	(205,072)
Miscellaneous Revenues (Expenses)	668,020	--	--	--	668,020
Total Non-Operating Revenues (Expenses)	(460,486)	(72)	767,936	--	307,378
Net Income (Loss)	(85,254)	(39,550)	2,224,734	67,695	2,167,625
Retained Earnings (Deficit)-July 1, 2000	685,005	(331,936)	(12,411,651)	(746,350)	(12,804,932)
Retained Earnings (Deficit)-June 30, 2001	\$ 599,751	\$ (371,486)	\$ (10,186,917)	\$ (678,655)	\$ (10,637,307)

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



**EXHIBIT L-3**

**CITY OF RICHMOND, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2001**

	<u>Fleet Management</u>	<u>Radio Maintenance</u>	<u>Risk Management</u>	<u>Public Works Stores</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>					
Operating Income (Loss)	\$ 375,232	\$ (39,478)	\$ 1,456,798	\$ 67,695	\$ 1,860,247
<b>Adjustments to Reconcile Operating Income</b>					
to Net Cash Provided by (Used for) Operating Activities					
Depreciation and Amortization	4,602,448	10,377	3,691	1,609	4,618,125
Miscellaneous Revenues (Expenses)	(317,375)	(72)	767,937	-	450,490
<b>Change in Assets and Liabilities</b>					
(Increase) Decrease in Accounts Receivable	24,311	-	(5,984)	-	18,327
Increase in Due From Component Units	(36)	(27,880)	-	-	(27,916)
Decrease in Due From Other Governments	13,730	15,090	-	-	28,820
(Increase) Decrease in Inventories of Material and Supplies	(1,627)	24,459	-	(42,100)	(19,268)
Increase (Decrease) in Accounts Payable	1,855,771	-	(21,948)	(46,843)	1,786,980
Increase (Decrease) in Accrued Liabilities	(7,986)	(96,054)	52,012	(2,723)	(54,751)
Increase in Due To Other Funds	3,662,519	-	-	4,299	3,666,818
Increase (Decrease) in Vacation Pay Liabilities	(13,278)	16,035	28,178	17,256	48,191
Increase in Outstanding Liabilities and Claims	-	97,523	779,868	-	877,391
Total Adjustments	<u>9,818,477</u>	<u>39,478</u>	<u>1,603,754</u>	<u>(68,502)</u>	<u>11,393,207</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>10,193,709</u>	<u>-</u>	<u>3,060,552</u>	<u>(807)</u>	<u>13,253,454</u>
<b>Cash Flows from Capital and Related</b>					
<b>Financing Activities</b>					
Acquisition and Construction of Capital Assets	(5,518,932)	-	-	-	(5,518,932)
Repayments on Notes	(4,547,781)	-	-	-	(4,547,781)
Proceeds from the Sale of Capital Assets	310,409	-	-	-	310,409
Interest Paid on Notes	(923,506)	-	-	-	(923,506)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(10,679,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,679,810)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(486,101)</u>	<u>-</u>	<u>3,060,552</u>	<u>(807)</u>	<u>2,573,644</u>
Cash and Cash Equivalents at July 1, 2000	486,101	-	4,442,595	112,936	5,041,632
Cash and Cash Equivalents at June 30, 2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,503,147</u>	<u>\$ 112,129</u>	<u>\$ 7,615,276</u>

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



## ***Fiduciary Fund Types***

### ***Trust and Agency Funds***

*Trust and Agency Funds are used to account for held assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.*

*The City maintains the following funds:*

### **Trust Funds**

- ◆ Recreation. *A gift to be used to maintain cemeteries. The principal of the gift is carried as a nonexpendable trust and the accumulated net revenue is the expendable trust.*
- ◆ Richmond Public Library. *Certain bequests compose the nonexpendable trust, and the net revenue accumulated is classified as the expendable trust.*
- ◆ J. Fulmer Bright Park Fund. *The J. Fulmer Bright Park Fund was established to construct and maintain a park in honor of J. Fulmer Bright, a former City Mayor.*
- ◆ Memorial. *These bequests provide specific reservation of the principal (nonexpendable trust) and use of the income by the City for specific memorial purposes (expendable trust).*
- ◆ Deferred Compensation Plan. *The Deferred Compensation Plan is a compensation plan, which is available to City employees. It was created in accordance with Internal Revenue Code Section 457.*

### **Pension Trust Funds**

- ◆ *The Richmond Retirement System represents the City's Pension and Trust Funds.*

### **Agency Funds**

- ◆ *The Agency Funds represent the Deposits being held for future disposition.*



**EXHIBIT M-1**

**CITY OF RICHMOND, VIRGINIA  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001**

	Trust Funds		Pension Trust Fund	Agency Funds	
	Non- Expendable	Expendable	Richmond Retirement System	Deposits	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 1,180,010	\$ 1,180,010
Investments	27,421	34,578,574	510,290,159	20,037	544,916,191
Accounts Receivable	--	--	5,868,851	--	5,868,851
Accrued Interest	--	--	1,975,946	--	1,975,946
Due from Other Funds	--	--	1,149,714	--	1,149,714
Restricted Assets-Cash	11,507	414,143	--	--	425,650
<b>Total Assets</b>	<b>\$ 38,928</b>	<b>\$ 34,992,717</b>	<b>\$ 519,284,670</b>	<b>\$ 1,200,047</b>	<b>\$ 555,516,362</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	--	--	780,710	103,442	884,152
Payable for Collateral Received Under Securities Lending Program	--	--	20,698,447	--	20,698,447
Refundable Deposits	--	--	--	268,604	268,604
Due to Other Funds	--	--	2,860,098	--	2,860,098
Due to Various Agents	--	--	13,537,613	828,001	14,365,614
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>37,876,868</b>	<b>1,200,047</b>	<b>39,076,915</b>
<b>Fund Balance</b>					
<b>Reserved:</b>					
Trust Corpus Employment	38,928	--	--	--	38,928
Benefit Payments	--	--	481,407,802	--	481,407,802
<b>Unreserved:</b>					
Designated for Specific Projects	--	415,324	--	--	415,324
Undesignated	--	34,577,393	--	--	34,577,393
<b>Total Fund Balance</b>	<b>38,928</b>	<b>34,992,717</b>	<b>481,407,802</b>	<b>--</b>	<b>516,439,447</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 38,928</b>	<b>\$ 34,992,717</b>	<b>\$ 519,284,670</b>	<b>\$ 1,200,047</b>	<b>\$ 555,516,362</b>

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



**EXHIBIT M-2**

**CITY OF RICHMOND, VIRGINIA  
NONEXPENDABLE TRUST FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001**

	<u>Recreation</u>	<u>Richmond Public Library</u>	<u>Memorial</u>	<u>Total</u>
<b>Assets</b>				
Investments	\$ 17,000	\$ 9,491	\$ 930	\$ 27,421
Restricted Assets-Cash	8,000	2,507	1,000	11,507
<b>Total Assets</b>	<u>25,000</u>	<u>11,998</u>	<u>1,930</u>	<u>38,928</u>
<b>Fund Balance</b>				
Reserved for Trust Corpus	25,000	11,998	1,930	38,928
<b>Total Fund Equity</b>	<u>\$ 25,000</u>	<u>\$ 11,998</u>	<u>\$ 1,930</u>	<u>\$ 38,928</u>

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

**EXHIBIT M-3**

**NONEXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
For the Fiscal Year Ended June 30, 2001**

	<u>Recreation</u>	<u>Richmond Public Library</u>	<u>Memorial</u>	<u>Total</u>
<b>Operating Income</b>				
Investment income	\$ 847	\$ 1,435	\$ 93	\$ 2,375
<b>Operating Expenses</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Operating Income, Net	847	1,435	93	2,375
Operating Transfers Out - Other Funds	<u>(847)</u>	<u>(1,435)</u>	<u>(93)</u>	<u>(2,375)</u>
<b>Net Income</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Equity-July 1, 2000	25,000	11,998	1,930	38,928
Fund Equity-June 30, 2001	<u>\$ 25,000</u>	<u>\$ 11,998</u>	<u>\$ 1,930</u>	<u>\$ 38,928</u>

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



**CITY OF RICHMOND, VIRGINIA  
NONEXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2001**

**EXHIBIT M-4**

	<u>Recreation</u>	Richmond Public <u>Library</u>	<u>Memorial</u>	<u>Total</u>
<b>Operating Income</b>	\$ 847	\$ 1,435	\$ 93	\$ 2,375
Deduct: Investment Income	(847)	(1,435)	(93)	(2,375)
Net Cash Provided by Operating Activities	-	-	-	-
<b>Cash Flows From Non-Capital Financing Activities</b>				
Operating Transfers Out	(847)	(1,435)	(93)	(2,375)
<b>Cash Flows From Investing Activities</b>				
Investment Income	847	1,435	93	2,375
Net Increase in Restricted Cash	-	-	-	-
Restricted Cash at July 1, 2000	8,000	2,507	1,000	11,507
Restricted Cash at June 30, 2001	<u>\$ 8,000</u>	<u>\$ 2,507</u>	<u>\$ 1,000</u>	<u>11,507</u>

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



**EXHIBIT M-5**

**CITY OF RICHMOND, VIRGINIA  
EXPENDABLE TRUST FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001**

	The J. Fulmer Bright Park Fund	Memorial	Deferred Compensation Plan	Total
<b>Assets</b>				
Investments	\$ --	\$ 1,181	\$ 34,577,393	\$ 34,578,574
Restricted Assets-Cash	388,563	25,580	--	414,143
Total Assets	<u>\$ 388,563</u>	<u>\$ 26,761</u>	<u>\$ 34,577,393</u>	<u>\$ 34,992,717</u>
<b>Liabilities</b>				
Accounts Payable	--	--	--	--
<b>Fund Balance</b>				
Unreserved				
Designated for Specific Projects	388,563	26,761	--	415,324
Undesignated	--	--	34,577,393	34,577,393
Total Fund Balance	<u>388,563</u>	<u>26,761</u>	<u>34,577,393</u>	<u>34,992,717</u>
Total Liabilities and Fund Balance	<u>\$ 388,563</u>	<u>\$ 26,761</u>	<u>\$ 34,577,393</u>	<u>\$ 34,992,717</u>

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

**EXHIBIT M-6**

**EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2001**

	The J. Fulmer Bright Park Fund	Memorial	Deferred Compensation Plan	Total
<b>Revenues</b>				
Employee Contributions, Net of Transfers and Distributions	\$ --	\$ --	\$ 2,023,562	\$ 2,023,562
Investment Income	14,859	--	--	14,859
	<u>14,859</u>	<u>--</u>	<u>2,023,562</u>	<u>2,038,421</u>
<b>Expenditures</b>				
Current - General Government	295	--	3,468,122	3,468,417
Excess of Revenues Over (Under) Expenditures	14,564	--	(1,444,560)	(1,429,996)
Other Financing Sources-Operating Transfers In	--	2,375	--	2,375
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>14,564</u>	<u>2,375</u>	<u>(1,444,560)</u>	<u>(1,427,621)</u>
Fund Balance July 1, 2000	373,999	24,386	36,021,953	36,420,338
Fund Balance June 30, 2001	<u>\$ 388,563</u>	<u>\$ 26,761</u>	<u>\$ 34,577,393</u>	<u>\$ 34,992,717</u>

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



EXHIBIT M-7

**CITY OF RICHMOND, VIRGINIA  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2001**

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
<b>Deposits</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,320,761	\$ 6,690,828	\$ 7,831,579	\$ 1,180,010
Investments	18,955	1,082	--	20,037
<b>Total Assets</b>	<u>\$ 2,339,716</u>	<u>\$ 6,691,910</u>	<u>\$ 7,831,579</u>	<u>\$ 1,200,047</u>
<b>Liabilities</b>				
Accounts Payable	386,374	103,442	386,374	103,442
Refundable Deposits	235,165	1,275,600	1,242,161	268,604
Due To Various Agents	1,718,177	5,312,868	6,203,044	828,001
<b>Total Liabilities</b>	<u>\$ 2,339,716</u>	<u>\$ 6,691,910</u>	<u>\$ 7,831,579</u>	<u>\$ 1,200,047</u>

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





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## ***General Fixed Assets Account Group***

*This account group is used to account for the fixed assets used in governmental type funds. Public domain (infrastructure) general fixed assets consisting of bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized.*



EXHIBIT N-1

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF GENERAL FIXED ASSETS  
BY SOURCE  
June 30, 2001**

**BY SOURCE**

**General Fixed Assets**

Land	\$	20,782,521
Buildings and Structures		293,847,821
Equipment and Other Fixed Assets		40,238,705
Construction in Progress		40,516,643
Total General Fixed Assets	\$	<u>395,385,690</u>

**Investment in General Fixed Assets from**

Capital Projects Funds -		
General Obligation Bonds	\$	347,964,078
Special Revenue Funds:		
Certificates of Participation		18,840,000
Federal Grants		500,000
General Fund Revenues -		28,081,612
Total Investment in General Fixed Assets	\$	<u>395,385,690</u>

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



EXHIBIT N-2

**CITY OF RICHMOND, VIRGINIA**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**June 30, 2001**

	Land	Building and Structures	Equipment and Other Fixed Assets	Total
<b>Human Services</b>				
Department of Social Services	\$ 322,099	\$ 783,560	\$ 1,684,829	\$ 2,790,488
Department of Public Health	130,296	7,026,302	547,592	7,704,190
Human Services Commission	--	--	24,407	24,407
Total Human Services	<u>452,395</u>	<u>7,809,862</u>	<u>2,256,828</u>	<u>10,519,085</u>
<b>Public Safety and Judiciary</b>				
Judiciary	--	3,124,445	718,769	3,843,214
Juvenile and Domestic Relations District Court	--	14,310,299	290,141	14,600,440
City Sheriff	--	106,790	1,232,169	1,338,959
Public Safety (Police, Fire and Emergency Services, Emergency Communications)	322,130	19,682,198	7,152,578	27,156,906
Total Public Safety and Judiciary	<u>322,130</u>	<u>37,223,732</u>	<u>9,393,657</u>	<u>46,939,519</u>
<b>Public Works</b>				
800 Megahertz Project	--	7,242,259	16,701,716	23,943,975
Highways, Streets, Sanitation and Refuse	4,509,095	2,896,225	1,088,497	8,493,817
	<u>4,509,095</u>	<u>10,138,484</u>	<u>17,790,213</u>	<u>32,437,792</u>
<b>Culture and Recreation</b>				
Richmond Public Library	18,000	68,810	661,128	747,938
Department of Parks, Recreation and Community Facilities	960,980	9,957,617	839,153	11,757,750
Total Culture and Recreation	<u>978,980</u>	<u>10,026,427</u>	<u>1,500,281</u>	<u>12,505,688</u>
Education	4,746,336	174,582,217	--	179,328,553
<b>General Government</b>				
City Council and City Clerk	--	--	72,541	72,541
Department of Community Development	--	3,145,514	297,163	3,442,677
Assessor of Real Estate	--	--	253,420	253,420
City Auditor	--	--	44,255	44,255
Department of Law	1,582,922	--	81,080	1,664,002
General Registrar	--	--	493,874	493,874
Economic Development	--	--	39,213	39,213
Department of Information Technology	--	--	5,998,669	5,998,669
City Manager	--	--	31,742	31,742
Department of General Services	8,148,097	50,921,585	1,289,848	60,359,530
Human Resources and Employee Relations	--	--	182,261	182,261
Retirement	--	--	30,943	30,943
Budget and Strategic Planning	--	--	192,825	192,825
Department of Finance	42,566	--	289,892	332,458
Total General Government	<u>9,773,585</u>	<u>54,067,099</u>	<u>9,297,726</u>	<u>73,138,410</u>
Construction in Progress	--	--	--	40,516,643
Total General Fixed Assets Allocated to Functions	<u>\$ 20,782,521</u>	<u>\$ 293,847,821</u>	<u>\$ 40,238,705</u>	<u>354,869,047</u>
Total General Fixed Assets				<u>\$ 395,385,690</u>

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



EXHIBIT N-3

**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY  
For the Fiscal Year Ended June 30, 2001**

	General Fixed Assets July 1, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
<b>Human Services</b>				
Department of Social Services	\$ 2,749,202	\$ 64,401	\$ (23,115)	\$ 2,790,488
Department of Public Health	7,649,774	54,416	--	7,704,190
Human Services Commission	24,407	--	--	24,407
Total Human Services	<u>10,423,383</u>	<u>118,817</u>	<u>(23,115)</u>	<u>10,519,085</u>
<b>Public Safety and Judiciary</b>				
Judiciary	3,562,987	294,896	(14,669)	3,843,214
Juvenile and Domestic Relations District Court	14,564,852	35,588	--	14,600,440
City Sheriff	643,549	695,410	--	1,338,959
Public Safety (Police, Fire and Emergency Services, Emergency Communications)	22,324,892	5,069,521	(237,507)	27,156,906
Total Public Safety and Judiciary	<u>41,096,280</u>	<u>6,095,415</u>	<u>(252,176)</u>	<u>46,939,519</u>
<b>Public Works</b>				
800 Megahertz	--	23,943,975	--	23,943,975
Highways, Streets, Sanitation and Refuse	8,549,442	72,508	(128,133)	8,493,817
Total Public Works	<u>8,549,442</u>	<u>24,016,483</u>	<u>(128,133)</u>	<u>32,437,792</u>
<b>Culture and Recreation</b>				
Richmond Public Library	418,388	329,550	--	747,938
Department of Parks, Recreation and Community Facilities	9,991,300	1,848,024	(81,574)	11,757,750
Total Culture and Recreation	<u>10,409,688</u>	<u>2,177,574</u>	<u>(81,574)</u>	<u>12,505,688</u>
Education	<u>174,930,593</u>	<u>4,397,960</u>	<u>--</u>	<u>179,328,553</u>
<b>General Government</b>				
City Council and City Clerk	48,172	24,369	--	72,541
Department of Community Development	3,496,607	36,308	(90,238)	3,442,677
Assessor of Real Estate	220,998	32,422	--	253,420
City Auditor	62,510	--	(18,255)	44,255
Department of Law	1,668,964	9,294	(14,256)	1,664,002
General Registrar	492,223	39,651	(38,000)	493,874
Economic Development	--	39,213	--	39,213
Department of Information Technology	11,145,312	1,963,725	(7,110,368)	5,998,669
City Manager	44,698	17,000	(29,956)	31,742
Department of General Services	60,280,096	195,085	(115,651)	60,359,530
Human Resources and Employee Relations	180,632	1,629	--	182,261
Retirement	24,943	6,000	--	30,943
Budget and Strategic Planning	78,681	141,556	(27,412)	192,825
Department of Finance	705,509	140,241	(513,292)	332,458
Total General Government	<u>78,449,345</u>	<u>2,646,493</u>	<u>(7,957,428)</u>	<u>73,138,410</u>
Construction in Progress	<u>40,679,417</u>	<u>9,759,044</u>	<u>(9,921,818)</u>	<u>40,516,643</u>
Total General Fixed Assets	<u>\$ 364,538,148</u>	<u>\$ 49,211,786</u>	<u>\$ (18,364,244)</u>	<u>\$ 395,385,690</u>

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



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***General  
Long-Term Obligations  
Account Group***

*Long-term liabilities expected to be financed from governmental funds are accounted for in this account group. These include bonds, notes and accrued vacation.*



**EXHIBIT O**

**CITY OF RICHMOND, VIRGINIA  
STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP  
For the Fiscal Year Ended June 30, 2001**

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Principal Reductions</u>	<u>Balance June 30, 2001</u>
Amount to Be Provided for Retirement of General Long-Term Obligations	\$ 364,335,354	\$ 38,513,680	\$ 26,577,215	\$ 376,271,819
General Long-Term Debt:				
General Obligation Bonds	280,260,089	--	21,679,885	258,580,204
Certificates of Participation	--	18,840,000	--	18,840,000
Variable Rate Demand GO BANs, Series A	55,000,000	19,300,000	--	74,300,000
Notes Payable	13,479,424	--	2,000,810	11,478,614
<b>Total General Long-Term Debt Payable</b>	<b>348,739,513</b>	<b>38,140,000</b>	<b>23,680,695</b>	<b>363,198,818</b>
Obligations under Capital Leases	--	373,680	--	373,680
Compensated Absences Including Vacation Pay Liability	15,595,841	--	2,896,520	12,699,321
<b>Total General Long-Term Obligations</b>	<b>\$ 364,335,354</b>	<b>\$ 38,513,680</b>	<b>\$ 26,577,215</b>	<b>\$ 376,271,819</b>

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



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*Director of Finance's  
Accountability*

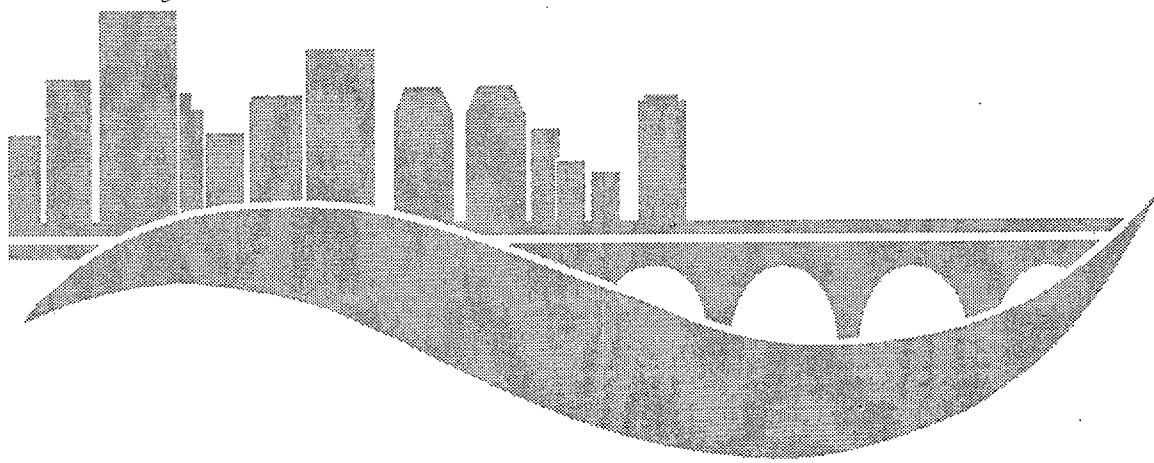






EXHIBIT P-1

CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF THE DIRECTOR OF FINANCE'S ACCOUNTABILITY  
June 30, 2001

<b>Credits</b>	
Balance of City funds-Schedule P-2	<u>\$ 735,810,712</u>
<b>Debits</b>	
Petty cash in custody of City departments	\$ 24,909
Cash on Deposit with:	
General Accounts:	
Wachovia Bank, Richmond, Virginia	
Regular	22,402
Bank of America, Richmond, Virginia	
Repurchase Agreements	186,154,117
Bank of America, Richmond, Virginia	
Time Deposits	10,000
SunTrust Bank, Richmond, Virginia	
Repurchase Agreements	479,179
Time Deposits	10,900
State Street Bank and Trust, Boston, MA	
RRS Investments	259,595,592
ICMA-Deferred Compensation	34,577,393
Common Stock-RRS	250,694,567
May C. Dabney	300
Industrial Development Authority	
Consolidated Bank, Richmond, Virginia	
Regular	3,307,566
Bank of America, Richmond, Virginia	
Regular	70,583
First Union Bank, Richmond, Virginia	
Regular	75,970
F&M, Richmond, Virginia	
Regular	6,607
First Market Bank, Richmond, Virginia	
Regular	382,160
SunTrust Bank, Richmond, Virginia	
Regular	<u>398,467</u>
	<u>\$ 735,810,712</u>

See Accompanying Independent Auditors' Report.



**CITY OF RICHMOND, VIRGINIA**  
**SCHEDULE OF THE DIRECTOR OF FINANCE'S ACCOUNTABILITY TO THE CITY - ALL CITY FUNDS**  
**Fiscal Year Ended June 30, 2001**

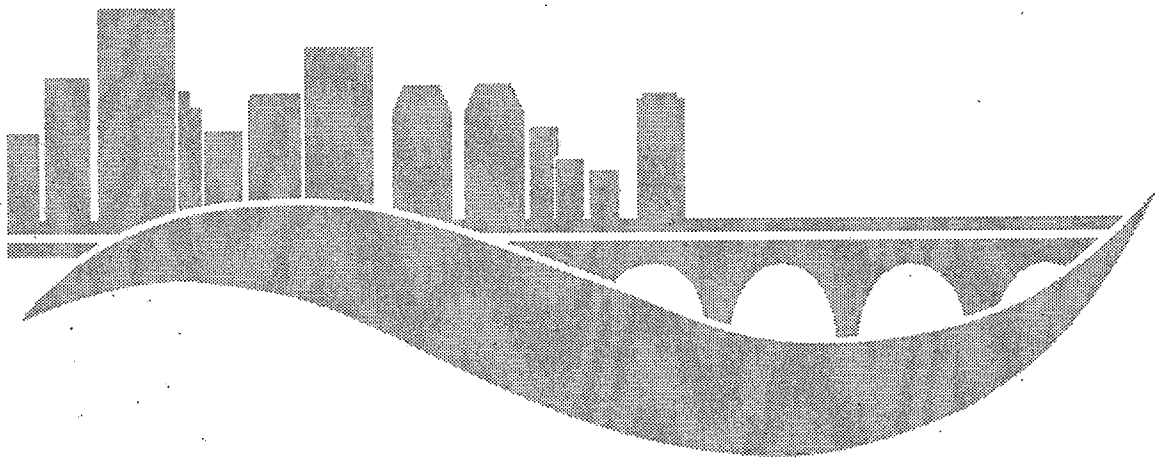
	<u>Balance</u> <u>July 1, 2000</u>	<u>Regular</u> <u>Receipts</u>	<u>Transfer</u> <u>From Other</u> <u>Funds</u>	<u>Total</u> <u>Receipts</u> <u>Bal. Forward</u>
<b>Governmental Fund Types</b>				
General Fund	\$ 30,282,361	\$ 484,452,924	\$ 3,062,706	\$ 517,797,991
Special Revenue Funds	--	93,370,870	5,671,697	99,042,567
Debt Service Funds	--	45,966,559	33,903,389	79,869,948
Capital Projects Funds	22,812,084	31,526,061	--	54,338,145
<b>Proprietary Fund Types</b>				
Enterprise Funds *	88,572,886	259,261,404	843,995	348,678,285
Internal Service Funds	5,041,632	25,778,511	--	30,820,143
<b>Fiduciary Fund Types</b>				
Trust and Agency Funds	673,212,060	6,777,697	2,375	679,992,132
<b>Related Organization</b>				
Industrial Development Authority	3,031,571	4,418,916	--	7,450,487
<b>Component Unit</b>				
Port of Richmond Commission	2,106,391	1,574,746	--	3,681,137
	<u>\$ 825,058,985</u>	<u>\$ 953,127,688</u>	<u>\$ 43,484,162</u>	<u>\$ 1,821,670,835</u>

\* Does not include Coliseum cash balance of \$227,856



**EXHIBIT P-2**

<u>Regular Checks Issued</u>	<u>Repayment of Indebtedness</u>	<u>Interest and Other Debt Costs</u>	<u>Transfer To Other Funds</u>	<u>Total Disbursements</u>	<u>Balance June 30, 2001</u>
\$ 305,958,821	\$ --	\$ --	\$ 162,525,026	\$ 468,483,847	\$ 49,314,144
95,770,553	--	--	1,535,196	97,305,749	1,736,818
--	39,822,931	38,005,434	--	77,828,365	2,041,583
26,155,353	--	--	--	26,155,353	28,182,792
228,736,360	1,998,440	21,820,625	2,123,000	254,678,425	93,999,860
15,650,974	6,630,387	923,506	--	23,204,867	7,615,276
133,467,906	--	--	2,375	133,470,281	546,521,851
3,209,134	--	--	--	3,209,134	4,241,353
1,524,102	--	--	--	1,524,102	2,157,035
<u>\$ 810,473,203</u>	<u>\$ 48,451,758</u>	<u>\$ 60,749,565</u>	<u>\$ 166,185,597</u>	<u>\$ 1,085,860,123</u>	<u>\$ 735,810,712</u>





**CITY OF RICHMOND, VIRGINIA  
MISCELLANEOUS STATISTICAL DATA  
June 30, 2001**

**DATE OF INCORPORATION**

Richmond was founded by William Byrd in 1737, established as a town in May 1742, and incorporated as a City on July 19, 1782.

**AREA OF CITY**

The area of the City consists of 62.55 square miles.

**POPULATION**

United States Census 1980 <sup>(1)</sup> .....	219,214
United States Census 1990 <sup>(1)</sup> .....	202,798
United States Census 2000 <sup>(1)</sup> .....	197,790

<sup>(1)</sup> Source: U.S. Department of Commerce. U.S. Census Bureau.

**FORM OF GOVERNMENT**

Richmond is organized under the Council-Manager form of government. The governing body is City Council that makes policies for proper administration of the City. The Council is composed of nine members elected on a single member district basis. The Mayor and Vice-Mayor are chosen by a majority vote of all members of Council from their own members. The Council appoints a City Manager to act as chief executive and administrative officer of the City. He serves at the pleasure of Council, carries out its policies, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as other officers and employees of the administration. Council has the right of removal of all agency heads and employees appointed by it.

**SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY**

By an Act of the General Assembly of Virginia, approved March 31, 1926, all real estate, tangible personal property, and machinery used for manufacturing and mining purposes, were segregated to the City, and these subjects are not liable to any general tax except the City tax.

During the year 1926, the Commonwealth of Virginia turned over to the City the state tax rate of 25 cents per \$100 of valuation on real estate and tangible personal property then existing.

**ASSESSMENTS**

The City Assessor of Real Estate assesses real estate annually at "fair market value". This value is currently estimated to be 98% of recorded sales.

Areas, vaults, marquees, gasoline tanks, electric wires and conduits on, above and under public property are assessed by the City Assessor of Real Estate, as certified to the Assessor by the Department of Public Works, since taxes on these subjects are included in the real estate tax bill.

Special assessments for sidewalk and alley paving, demolition of unsafe structures, and lot clearance, if not paid during the current year, are added to the real estate tax bill of the ensuing year and become a lien upon the property.

The Director of Finance as required by the State Code assesses tangible personal property and machinery and tools in manufacturing and mining. The City prorates personal property taxes on a monthly basis.



## TAX RATES

### Real Estate:

- \$1.410 per \$100 of Assessed Value: 2001
- \$1.430 per \$100 of Assessed Value: 1997 - 2000
- \$1.445 per \$100 of Assessed Value: 1994 - 1996
- \$1.45 per \$100 of Assessed Value: 1992 - 1993
- \$1.46 per \$100 of Assessed Value: 1990 - 1991
- \$1.53 per \$100 of Assessed Value: 1988 - 1989

### Tangible Personal Property:

- \$3.70 per \$100 of Assessed Value: 1992 - 1999
- \$3.65 per \$100 of Assessed Value: 1990 - 1991
- \$3.59 per \$100 of Assessed Value: 1988 - 1989

### Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 1999
- \$2.10 per \$100 of Assessed Value: 1991
- \$2.00 per \$100 of Assessed Value: 1990
- \$1.90 per \$100 of Assessed Value: 1988 - 1989

### Utility Consumers' Tax:

- **Monthly Residential Billing**
  - Electricity - \$1.40 plus .015116 per kilowatt-hour and the amount of tax shall not exceed \$ 4.00 per month.
  - Gas- \$1.78 plus .010091 per 100 CCF delivered per month and the amount of tax shall not exceed \$ 4.00 per month.
  - Telephone- 25% of first \$20; no tax on amount over \$20
- **Monthly Commercial and Industrial Billing**
  - Commercial Metered Electricity- \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
  - Industrial Metered Electricity- \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,232, .001837 per kWh in excess of 1,232 kWh.
  - Commercial Gas - \$2.88 plus \$.01739027 per CCF delivered (small volume).
  - Commercial Gas- \$ 24.00 plus \$.07163081 per CCF delivered (large volume).
  - Industrial Metered Gas- \$ 125.00 plus \$.0011835 per CCF delivered.

Commercial Telephone - 25% of first \$625; 5% of excess of \$625
- **Electric Utility Consumption Tax:**
  - Less than 2,500 kWh per month .00038 per kWh
  - Excess of 2,501 kWh per month but not in excess of 50,000 kWh per month .00024 per kWh
  - All excess of 50,000 kWh per month .00018 per kWh



**Business and Professional Licenses:**

**For Business with Receipts Exceeding Threshold:**

- Wholesale Merchants  
\$.22 per \$100 of gross purchases
- Retail Merchants  
\$.20 per \$100 of gross receipts
- Professional Occupations  
\$.58 per \$100 of gross receipts
- Contractors  
\$.19 per \$100 gross contracts and/or 1.50% of fees from contracts on a fee basis
- Personal Service Contracts  
\$.36 per \$100 gross receipts
- Threshold  
Receipts less than \$5,000, no tax, no \$30 fee  
Receipts greater than \$5,000, less than \$100,000, \$30 fee only

**Motor Vehicle License:**

- Private passenger vehicles - \$23 on 4,000 lbs. or less; \$28 on 4,001 lbs. or more
- Trucks - Rates graduated in accordance with gross weight
- Minimum rate \$24; maximum rate \$250

**Admission Tax:**

- A tax of 6% of any charge for admission of a place of amusement or entertainment where such charge is \$.50 or more

**Bank Stock Tax:**

- \$.80 on each \$100 of value of bank stock

**Sales and Use Tax:**

- 3 1/2% State and 1% Local: 1988 – 1999

**Prepared Meals Tax:**

- A tax of 5% on prepared meals sold in the City in addition to the Sales Tax

**Lodging Tax:**

- A tax of 8% of the charge made for each room rented by a transient in a hotel or motel
- 3% goes to Greater Richmond Convention Center Authority

**Cable TV Tax:**

- A tax of 5% of the charge made for Cable TV services



## **TAXES DUE**

Real estate taxes are assessed as of the first day of January of each year. The full tax bill must be paid prior to June 15th to avoid penalty and interest. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are assessed as of the first day of January of each year. Personal property taxes on motor vehicles are prorated on a monthly basis for vehicles acquiring taxable situs in the City after January 1.

## **DELINQUENT TAXES**

Real estate taxes are reported as delinquent on June 16th of the tax year for which assessed. Personal property taxes are reported as delinquent on May 2nd of the tax year for which assessed or 31 days after acquiring taxable situs. A penalty of 10% is added to all delinquent taxes. Interest at the rate of 10% per annum is added to the delinquent tax.

## **OVERLAPPING AREAS AND DEBT**

The City of Richmond is autonomous and entirely independent of any county or any other political subdivision of the state, being a separate and distinct political unit.

It is not coterminous with, nor subject to any county or school district taxation, and is not liable for any indebtedness other than its own. It has the power to levy taxes on all real estate and tangible personal property without limitation of rate or amount.

## **CITY INDEBTEDNESS**

All indebtedness of the City with the exception of the Enterprise Fund revenue and refunding bonds, are a direct obligation, and the faith and credit of the City is pledged for the payment of all its obligations.

Enterprise Funds, and Internal Service Funds pay the principal and interest on certain general obligation bonds, revenue and refunding bonds and serial equipment notes, issued for the program purposes of each fund, from user fees. All other debt redemption and interest requirements are appropriated in the General Fund budget. No long-term bonds are sold to finance current operations.

There are neither special assessments nor special revenue bonds issued or outstanding.

Bonds of the City are legal investments for savings banks and trust funds in New York.

## **DEBT POLICY**

In 1982, the City adopted a debt policy to control the future issuance of its bonded debt. It is the policy of the City to limit general fund supported debt so that the following provisions will be met:

- The amount of general fund supported debt service will not exceed 10 percent of the total General Fund budgeted revenue;
- Per capita General Fund supported debt will not exceed 7 percent of per capital income;
- Total outstanding general obligation debt will not exceed 7.5 percent of total taxable real estate value;
- General Fund supported debt will not exceed the useful life of the project to be funded with a maximum maturity of 30 years; and
- General Fund supported debt will be structured in a manner such that not less than 60 percent of the outstanding debt will be retired within 10 years.





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## FUND BALANCE POLICY

The City Council adopted changes in the Fund Balance policy subsequent to the close of fiscal year ended June 30, 2001 that established the following goals:

- The City Manager will prepare and administer General Fund budgets that will provide operating surpluses on one-half of one percent if expenditures until the Undesignated Fund Balance reaches at least 7 percent of budgeted expenditures;
- The City Council, in adoption of a General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Manager in the submission of the General Fund budget;
- No appropriations will be made from the Undesignated Fund Balance until the 7 percent goal had been reached;
- The City will not in any instance, appropriate from the Undesignated Fund Balance until at least one year subsequent to the accumulation of the 7 percent Undesignated Fund Balance, and then only if faced with an unusual, unanticipated, and other seemingly insurmountable hardship.



**CITY OF RICHMOND, VIRGINIA  
PERCENTAGE OF BONDED DEBT TO ASSESSED VALUES AND  
BONDED DEBT PER CAPITA FOR THE LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value of Real Estate</u>	<u>Bonded Debt</u>	<u>Percentage of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
			<u>General Fund Supported<sup>(1)</sup></u>	<u>General Fund Supported</u>	<u>General Fund Supported</u>
1992	200,100	\$ 8,153,187,219	\$ 245,253,674	3.01%	1,220
1993	200,500	8,212,947,319	266,975,053	3.25%	1,332
1994	197,700	8,351,160,673	284,275,000	3.40%	1,431
1995	196,200	8,460,573,384	267,470,585	3.16%	1,346
1996	193,000	8,472,296,789	282,617,124	3.34%	1,422
1997	193,700	8,702,958,300	290,771,757	3.34%	1,498
1998	192,500	8,990,721,251	286,774,537	3.19%	1,490
1999	191,300	9,240,351,691	366,882,248	3.97%	1,918
2000	197,790	9,518,353,167	400,086,680	4.20%	2,023
2001	N/A	10,280,051,773	394,167,997	3.83%	N/A

Source: Department of Finance.

<sup>(1)</sup> Does not include general obligation self supporting public utility debt totalling \$277,382,967. Includes General Obligation Bond Anticipation Notes.

**PERCENTAGE OF DEBT SERVICE TO TOTAL GENERAL FUND  
EXPENDITURES AND TRANSFERS FOR THE LAST TEN YEARS**

<u>Fiscal Year</u>	<u>General Fund Expenditures and Transfers</u>	<u>General Fund Supported Debt Service<sup>(1)</sup></u>	<u>Percentage of General Fund Debt Service to Total Expenditures and Transfers</u>
1992	\$ 373,999,565	\$ 30,571,499	8.18%
1993	375,601,575	32,531,153	8.67%
1994	379,206,960	29,554,964	7.79%
1995	391,371,470	30,791,873	7.87%
1996	393,277,961	29,570,455	7.52%
1997	414,735,667	31,189,392	7.52%
1998	429,713,847	26,911,503	6.26%
1999	428,312,535	22,433,170	5.24%
2000	451,550,625	30,624,711	6.78%
2001	462,649,312	31,873,548	6.89%

Source: Department of Finance.

<sup>(1)</sup> Excludes the net cost of short-term borrowing.



**CITY OF RICHMOND, VIRGINIA  
COMPARATIVE SCHEDULE OF DEBT  
FOR THE LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Debt at Beginning of Year</u>	<u>Bonds Issued in Year</u>	<u>Bonds Retired in Year</u>	<u>Debt at End of Year</u>
1991-92	\$ 587,760,844	\$ 32,455,000	\$ 31,027,503	\$ 589,188,341
1992-93	589,188,341	304,765,000	192,082,503	701,870,838
1993-94	701,870,838	4,900,000	36,858,729	669,912,109
1994-95	669,912,109	5,235,000	39,249,035	635,898,074
1995-96	635,898,074	122,720,000	111,197,550	647,420,524
1996-97	647,420,524	92,726,238	41,906,114	698,240,648
1997-98	698,240,648	173,923,026	155,347,732	716,815,942
1998-99	716,815,942	142,552,075	73,002,265	786,365,752
1999-00	786,365,752	83,395,000	38,743,689	831,017,063
2000-01	831,017,063	172,030,000	153,042,798	850,004,265

**BONDS AND NOTES AUTHORIZED BUT UNISSUED**

General Obligation Bonds and Notes Authorized but Unissued \$ 420,477,017 <sup>(1)</sup>

**SCHEDULE OF LEGAL DEBT MARGIN  
For the Fiscal Year Ended June 30, 2001**

**Legal Debt Limit**

10% of Assessed Value of Taxable

Real Estate as of January 1, 2001 (\$10,280,051,773) <sup>(2)</sup> \$ 1,028,005,177

**Deduct**

Bonds and Notes Payable <sup>(3)</sup>

Legal Margin for Creating Additional Debt \$ 430,754,213

<sup>(1)</sup> Including \$368,992,017 General Obligation Bonds or Revenue Bonds authorized but unissued to finance self-supporting public utility projects and \$51,485,000 for General Fund Supported activities.

<sup>(2)</sup> Source: City Assessor for Real Estate.

<sup>(3)</sup> Does not include \$128,453,301 City of Richmond Public Utility Revenue bonds and \$ 50,000,000 in Utility Bond Anticipation Notes, which, by State law are not required to be included in calculations for legal margin for creation of additional debt.

**GENERAL OBLIGATION BOND CREDIT RATING**

Moody's Investor's Service	A1
Standard and Poor's Ratings Group	AA
Fitch IBCA	AA



**CITY OF RICHMOND, VIRGINIA**  
**RETIREMENT SCHEDULE OF GENERAL OBLIGATION DEBT BY SOURCE**  
**06/30/2001**

Fiscal Year	Secured By Pledge Of Public Utility Revenue - Enterprise Funds			To be Paid From Project Revenue Enterprise Funds, RAA, RMA, RRHA, RPS Notes & HAR		
	Principal	Interest	Total	Principal	Interest	Total
2002	\$ 5,683,069	\$ 14,929,191	\$ 20,612,259	\$ 4,363,272	\$ 3,269,140	\$ 7,632,412
2003	5,962,336	14,605,090	20,567,426	4,300,240	3,025,766	7,326,006
2004	10,812,760	14,442,256	25,255,016	2,645,835	3,728,019	6,373,854
2005	11,381,934	13,858,761	25,240,695	2,438,221	3,575,091	6,013,312
2006	9,935,584	13,745,072	23,680,656	2,971,437	3,508,060	6,479,497
2007	10,375,715	13,353,796	23,729,511	3,026,901	3,416,763	6,443,664
2008	10,763,264	13,478,801	24,242,065	3,018,375	3,309,816	6,328,191
2009	12,868,459	11,646,217	24,514,676	2,903,439	3,199,817	6,103,256
2010	13,391,254	11,826,928	25,218,182	2,930,837	3,077,088	6,007,925
2011	14,656,739	9,955,422	24,612,161	2,952,257	1,977,401	4,929,658
2012	15,345,000	9,105,289	24,450,289	2,717,077	1,814,195	4,531,272
2013	16,260,000	8,273,908	24,533,908	2,882,292	1,665,881	4,548,173
2014	17,240,000	7,392,726	24,632,726	3,000,030	1,506,486	4,506,516
2015	16,549,173	6,534,881	23,084,054	3,341,528	1,343,394	4,684,922
2016	17,442,681	5,646,779	23,089,460	3,578,869	1,156,482	4,735,351
2017	20,275,000	4,618,040	24,893,040	3,024,592	956,390	3,980,982
2018	21,345,000	3,526,363	24,871,363	3,261,119	784,733	4,045,852
2019	10,620,000	2,380,350	13,000,350	3,468,191	605,882	4,074,073
2020	11,175,000	1,825,612	13,000,612	3,735,263	415,847	4,151,110
2021	11,755,000	1,241,825	12,996,825	1,718,013	210,971	1,928,984
2022	4,270,000	627,550	4,897,550	1,806,173	117,073	1,923,246
2023	4,510,000	386,100	4,896,100	174,603	18,357	192,960
2024	4,765,000	131,038	4,896,038	183,579	9,408	192,987
<b>Total</b>	<b>\$ 277,382,967</b>	<b>\$ 183,531,995</b>	<b>\$ 460,914,962</b>	<b>\$ 64,442,143</b>	<b>\$ 42,692,060</b>	<b>\$ 107,134,203</b>



Total Self Supporting Debt Service			Paid From Ad Valorem Taxes			Total Outstanding General Obligation Debt		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
\$ 10,046,341	\$ 18,198,331	\$ 28,244,671	\$ 27,643,768	\$ 13,550,477	\$ 41,194,245	\$ 37,690,109	\$ 31,748,808	\$ 69,438,916
10,262,576	17,630,856	27,893,432	24,822,049	12,930,739	37,752,788	35,084,625	30,561,595	65,646,219
13,458,595	18,170,275	31,628,870	18,619,418	15,145,241	33,764,659	32,078,013	33,315,516	65,393,529
13,820,155	17,433,852	31,254,007	17,080,434	14,245,784	31,326,217	30,900,589	31,679,636	62,580,224
12,907,021	17,253,132	30,160,153	16,879,274	13,223,276	30,102,550	29,786,295	30,476,408	60,262,703
13,402,616	16,770,559	30,173,175	16,233,717	12,599,264	28,832,981	29,636,333	29,369,823	59,006,156
13,781,639	16,788,617	30,570,256	16,729,844	11,396,952	28,126,796	30,511,483	28,185,569	58,697,052
15,771,898	14,846,034	30,617,932	13,671,741	12,079,418	25,751,160	29,443,639	26,925,453	56,369,092
16,322,091	14,904,016	31,226,107	13,650,131	8,697,609	22,347,740	29,972,222	23,601,625	53,573,847
17,608,996	11,932,823	29,541,819	11,886,070	5,558,253	17,444,323	29,495,066	17,491,076	46,986,142
18,062,077	10,919,484	28,981,561	9,057,501	4,896,903	13,954,404	27,119,578	15,816,387	42,935,965
19,142,292	9,939,789	29,082,081	9,259,340	4,413,365	13,672,705	28,401,632	14,353,154	42,754,786
20,240,030	8,899,212	29,139,242	7,868,885	3,918,027	11,786,912	28,108,915	12,817,239	40,926,155
19,890,701	7,878,275	27,768,976	7,934,188	3,535,861	11,470,049	27,824,889	11,414,136	39,239,025
21,021,550	6,803,261	27,824,811	8,266,055	3,116,759	11,382,814	29,287,605	9,920,020	39,207,625
23,299,592	5,574,430	28,874,022	5,938,037	2,690,233	8,628,270	29,237,629	8,264,663	37,502,292
24,606,119	4,311,096	28,917,215	6,224,521	2,386,974	8,611,495	30,830,640	6,698,070	37,528,710
14,088,191	2,986,232	17,074,423	6,284,052	2,074,217	8,358,269	20,372,243	5,060,449	25,432,692
14,910,263	2,241,459	17,151,722	6,592,091	1,758,640	8,350,731	21,502,354	4,000,099	25,502,453
13,473,013	1,452,796	14,925,809	6,929,462	1,420,814	8,350,276	20,402,475	2,873,610	23,276,085
6,076,173	744,623	6,820,796	7,286,430	1,065,648	8,352,078	13,362,603	1,810,271	15,172,874
4,684,603	404,457	5,089,060	7,658,132	692,143	8,350,275	12,342,735	1,096,600	13,439,335
4,948,579	140,446	5,089,025	6,569,297	336,676	6,905,973	11,517,876	477,122	11,994,998
<b>\$ 341,825,110</b>	<b>\$ 226,224,055</b>	<b>\$ 568,049,165</b>	<b>\$ 273,084,437</b>	<b>\$ 151,733,272</b>	<b>\$ 424,817,709</b>	<b>\$ 614,909,547</b>	<b>\$ 377,957,327</b>	<b>\$ 992,866,874</b>



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF UTILITY REVENUE BOND COVERAGE  
LAST TEN YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991	\$ 150,114,755	\$ 120,962,957	\$ 29,151,798	\$ 283,003	\$ 11,273,616	\$ 11,556,619	2.52
1992	156,724,921	122,998,698	33,726,223	283,003	18,572,122	18,855,125	1.79
1993	171,524,786	141,664,534	29,860,252	303,160	19,000,781	19,303,941	1.55
1994*	166,019,218	123,222,226	42,796,992	11,302,963	20,063,398	31,366,361	1.36
1995	164,264,564	117,472,186	46,792,378	11,341,798	20,810,595	32,152,393	1.46
1996	184,622,305	136,438,998	48,183,307	10,850,403	20,151,566	31,001,969	1.55
1997	190,484,595	143,085,020	47,399,575	10,984,814	19,711,880	30,696,694	1.54
1998	191,538,870	142,658,548	48,880,322	10,850,531	20,808,929	31,659,460	1.54
1999	191,320,575	137,714,447	53,606,128	9,540,396	22,318,631	31,859,027	1.68
2000	205,211,193	152,502,199	52,708,994	9,783,219	22,590,360	32,373,579	1.63
2001	256,742,259	207,777,182	48,965,077	11,369,282	20,070,628	31,439,910	1.56

\* Since 1994, the calculation for Utility Revenue Bond coverage for this schedule was revised to conform to the calculation provided for the bonded indentures.

**DEMOGRAPHIC STATISTICS  
FOR THE LAST TEN YEARS**

Fiscal Year	Population <sup>(1)</sup>	Per Capita Personal Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Percentage Unemployment Rate <sup>(4)</sup>		
				City	State	U.S.
1992	200,100	\$24,802	27,368	9.3%	6.4%	7.4%
1993	200,500	25,875	27,407	6.6%	5.1%	6.8%
1994	197,700	27,643	27,654	6.0%	4.9%	6.1%
1995	196,200	29,311	27,736	5.4%	4.5%	5.6%
1996	193,000	31,041	28,131	5.5%	4.4%	5.4%
1997	193,700	31,207	28,318	5.0%	4.0%	4.9%
1998	192,500	29,439	28,126	3.8%	2.9%	4.5%
1999	191,300	30,900	28,182	3.4%	2.8%	4.3%
2000	197,790	N/A	27,556	3.2%	2.6%	4.2%
2001	N/A	N/A	27,157	N/A	N/A	N/A

<sup>(1)</sup> Source: U.S. Census Bureau, Population Estimates Program, released June 30, 2000

<sup>(2)</sup> Source: U.S. Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis

<sup>(3)</sup> Source: The School Board of the City of Richmond, Virginia, Average Daily Membership at September 30.

<sup>(4)</sup> Source: Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics; as of June 2001



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF PRINCIPAL TAXPAYERS  
2001 Assessed Values as of January 1, 2001**

	Assessment	
Philip Morris, Inc. & Philip Morris, USA	\$ 220,125,800	2.32%
Boston Properties	153,000,000	1.61%
Crestar (Sun Trust Banks, Inc.)	140,353,500	1.48%
Federal Reserve Bank of Richmond	84,781,500	0.89%
Ethyl Corporation	70,675,300	0.75%
Bank of America	65,169,400	0.69%
One James Center Associates	63,570,000	0.67%
Whitehall Robins	61,886,000	0.65%
Chippenham Hospital, Inc.	57,859,000	0.61%
AAPOP 1 LP	50,000,000	0.53%
Two James Center Associates	49,900,000	0.53%
Dominion Resources Inc.	39,000,000	0.41%
ARC Imperial Services	33,540,000	0.35%
Alleghany Warehouse Co., Inc.	32,773,000	0.35%
S J W Limited Partnership	25,310,000	0.27%
SCDHC-Southwood, LLC	21,201,500	0.22%
Marriott Corporation	20,548,000	0.22%
Total	<u>1,189,693,000</u>	<u>12.55%</u>
All Other Properties	<u>8,290,259,527</u>	<u>87.45%</u>
Total Assessed Value	<u>\$ 9,479,952,527</u>	<u>100.00%</u>

Source: City Real Estate Assessor

**LARGEST EMPLOYERS\*  
As of August 31, 2001**

	Approximate No. of Employees
Commonwealth of Virginia	41,500
Federal Government	16,000
Capital One	9,878
City of Richmond	8,957
Philip Morris, USA	6,524
Circuit City	5,324
Columbia HCA Healthcare	4,780
Sun Trust Banks, Inc.	4,195
Dominion Resources	4,007
Ukrop's Super Markets, Inc.	3,716
Verizon Virginia, Inc.	3,340
Bon Secours Richmond Health System	3,337
DuPont	3,305
Bank of America	3,250
Trigon Healthcare	2,969
Honeywell International Inc.	2,839
First Union Corp.	2,500
Alcoa Inc.	2,144
Food Lion Inc.	2,103
Viasystems	2,050
Infineon Technologies	1,800
Federal Reserve Bank of Richmond	1,736
American Home Products	1,465
Media General	1,348
Westvaco Corp.	1,342
University of Richmond	1,290

Source: Department of Economic Development, City of Richmond & Greater Richmond Chamber of Commerce; Metropolitan Statistical Area



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF GENERAL FUND REVENUES AND OTHER SOURCES  
FOR THE LAST TEN YEARS**

<u>Source</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>
City Taxes	\$ 240,767,571	\$ 243,217,883	\$ 249,664,672	\$ 257,887,297
Licenses, Permits and Privilege Fees	25,606,133	27,096,657	27,173,911	25,790,501
Intergovernmental	58,397,429	59,257,283	58,626,823	62,231,400
Service Charges	14,116,003	13,358,683	16,602,892	17,427,439
Fines and Forfeitures	4,867,767	4,668,590	4,802,816	5,082,150
Investment Income	--	--	--	--
Miscellaneous	22,783,162	19,831,747	20,243,349	21,767,966
<b>Total Revenues</b>	<b>366,538,065</b>	<b>367,430,843</b>	<b>377,114,463</b>	<b>390,186,753</b>
Other Financing Sources	5,134,545	8,441,439	7,986,336	6,602,488
<b>Total Revenues and Financing Sources</b>	<b>\$ 371,672,610</b>	<b>\$ 375,872,282</b>	<b>\$ 385,100,799</b>	<b>\$ 396,789,241</b>

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER USES  
FOR THE LAST TEN YEARS**

<u>Function</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95<sup>(1)</sup></u>
General Government	\$ 30,989,710	\$ 31,662,595	\$ 30,443,863	\$ 30,513,806
Public Safety and Judiciary	90,486,267	88,284,905	87,020,620	91,063,881
Highways, Streets, Sanitation and Refuse	32,708,492	34,342,491	32,553,104	32,990,128
Human Services	42,234,521	38,257,150	31,380,272	32,005,123
Culture and Recreation	17,588,901	16,757,972	18,512,097	18,368,558
Non-departmental	7,277,557	7,660,989	15,892,582	18,557,495
Debt Service	30,617,422	--	--	--
<b>Total Expenditures</b>	<b>251,902,870</b>	<b>216,966,102</b>	<b>215,802,538</b>	<b>223,498,991</b>
Other Financing Uses	123,505,394	160,149,318	163,404,422	167,872,479
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 375,408,264</b>	<b>\$ 377,115,420</b>	<b>\$ 379,206,960</b>	<b>\$ 391,371,470</b>

<sup>(1)</sup> Beginning with Fiscal Year 1994-95, Debt Service expenditures are included in Other Financing Uses function.

Debt Service expenditures are as follows:

1994-95	\$ 30,791,873
1995-96	29,570,455
1996-97	31,189,392
1997-98	26,911,503
1998-99	22,433,170
1999-00	27,703,813
2000-01	31,861,806





	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>
\$	258,852,626	\$ 267,350,285	\$ 274,117,048	\$ 265,002,918	\$ 276,103,556	\$ 292,646,985
	26,119,721	26,068,055	26,679,229	28,133,557	29,873,435	30,799,567
	64,767,814	70,195,356	79,349,158	85,464,283	97,876,497	102,352,886
	17,621,351	17,021,893	14,776,154	16,370,280	17,277,579	16,251,466
	4,744,014	4,873,149	5,173,020	6,018,244	6,194,670	6,376,530
	--	--	--	18,801,872	17,120,170	16,179,103
	24,539,473	24,647,537	24,199,426	4,926,941	6,752,282	8,565,983
	396,644,999	410,156,275	424,294,035	424,718,095	451,198,189	473,172,520
	4,152,400	7,245,547	6,571,177	4,882,580	4,296,160	3,062,706
\$	<u>400,797,399</u>	<u>\$ 417,401,822</u>	<u>\$ 430,865,212</u>	<u>\$ 429,600,675</u>	<u>\$ 455,494,349</u>	<u>\$ 476,235,226</u>

	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>
\$	30,629,191	\$ 33,842,474	\$ 28,143,537	\$ 29,264,696	\$ 32,260,046	\$ 35,431,321
	91,260,162	97,298,435	104,723,624	111,644,647	117,959,864	113,906,257
	32,821,024	33,052,079	40,143,984	40,880,893	40,068,426	43,046,276
	33,681,283	38,187,379	44,005,632	47,168,525	53,709,928	55,452,961
	16,272,958	16,813,876	16,519,762	16,481,775	18,949,357	20,092,430
	23,420,261	26,794,101	29,074,152	29,219,373	31,017,235	32,195,041
	--	--	--	--	--	--
	228,084,879	245,988,344	262,610,691	274,659,909	293,964,856	300,124,286
	165,193,082	168,747,323	167,103,156	153,652,626	157,585,769	162,525,026
\$	<u>393,277,961</u>	<u>\$ 414,735,667</u>	<u>\$ 429,713,847</u>	<u>\$ 428,312,535</u>	<u>\$ 451,550,625</u>	<u>\$ 462,649,312</u>



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF REAL ESTATE TAX LEVIES AND  
COLLECTIONS FOR THE LAST TEN YEARS  
AS OF AUGUST 31, 2001**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1992	1.450	\$ 118,480,242	\$ 116,014,590	97.9%	\$ 3,431,610	\$ 119,446,200	100.8%	\$ 266,397	0.2%
1993	1.450	119,233,633	116,633,151	97.8%	3,147,330	119,780,481	100.5%	378,769	0.3%
1994	1.445	122,465,857	119,240,771	97.4%	3,445,183	122,685,954	100.2%	623,374	0.5%
1995	1.445	121,695,693	117,845,681	96.8%	3,769,217	121,614,898	99.9%	895,604	0.7%
1996	1.445	123,789,439	119,568,500	96.6%	3,902,346	123,470,846	99.7%	1,020,197	0.8%
1997	1.430	124,519,766	120,128,286	96.5%	2,898,599	123,026,885	98.8%	1,890,200	1.5%
1998	1.430	129,118,215	125,300,720	97.0%	2,107,690	127,408,410	98.7%	2,212,748	1.7%
1999	1.430	132,833,908	128,308,498	96.6%	1,451,563	129,760,061	97.7%	2,605,358	2.0%
2000	1.430	136,171,412	131,041,226	96.2%	7,940,112	138,981,338	102.1%	2,074,831	1.5%
2001	1.410	147,235,718	139,820,593	95.0%	4,336,433	144,157,026	97.9%	9,895,747	6.7%

**SCHEDULE OF PERSONAL PROPERTY TAX LEVIES AND  
COLLECTIONS FOR THE LAST TEN YEARS  
AS OF AUGUST 31, 2001**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1992	3.70	\$ 31,975,438	\$ 28,426,193	88.9%	\$ 2,787,495	\$ 31,213,688	97.6%	--	0.0%
1993	3.70	32,146,390	29,018,460	90.3%	2,218,778	31,237,238	97.2%	--	0.0%
1994	3.70	33,916,582	30,968,340	91.3%	2,559,211	33,527,551	98.9%	--	0.0%
1995	3.70	37,397,138	35,554,138	95.1%	1,382,403	36,936,541	98.8%	--	0.0%
1996	3.70	40,304,709	37,620,022	93.3%	1,527,719	39,147,741	97.1%	\$ 1,997,167	5.0%
1997	3.70	41,713,686	37,600,532	90.1%	3,199,894	40,800,426	97.8%	3,726,201	8.9%
1998	3.70	43,833,317	40,399,621	92.2%	3,038,805	43,438,426	99.1%	2,549,506	5.8%
1999	3.70	43,204,634	39,211,559	90.8%	3,577,421	42,788,980	99.0%	2,354,306	5.4%
2000	3.70	48,336,851	43,201,233	89.4%	4,865,852	48,067,085	99.4%	3,904,467	8.1%
2001	3.70	50,255,928	42,719,428	85.0%	5,835,595	48,555,023	96.6%	8,914,144	17.7%

- (1) This represents tax collections on the tax levy within the reporting period. This number does not include levy collected on behalf of other governments.
- (2) This represents delinquent taxes collected within the reporting period.
- (3) This represents outstanding delinquent taxes as reported on the balance sheet. The numbers are not cumulative.



**CITY OF RICHMOND, VIRGINIA  
SCHEDULE OF PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
FOR THE LAST TEN YEARS**

<u>Year</u>	<u>Property Values</u> <sup>(1)</sup>	<u>Construction</u> <sup>(2)</sup>	<u>Bank Deposits</u> <sup>(3)</sup>
1992	\$ 10,044,862,500	\$ 127,890,847	\$ 7,889,091,000
1993	10,182,462,219	148,688,242	8,671,650,000
1994	10,360,099,050	104,989,584	8,839,062,000
1995	10,550,731,984	35,635,600	9,473,138,000
1996	10,562,455,389	33,475,700	9,598,369,000
1997	10,762,128,460	68,624,039	12,191,000,000
1998	11,040,511,896	70,614,000	9,066,000,000
1999	11,246,816,741	109,816,650	10,285,328,000
2000	11,758,618,817	39,764,240 *	(4)
2001	12,490,349,425	12,589,260	

<sup>(1)</sup> Source: Real property valuations from City Assessor of Real Estate (total taxable and total tax exempt).

<sup>(2)</sup> Source: "Assessment of New Buildings, Repairs and Alterations" as provided by City Assessor of Real Estate.

<sup>(3)</sup> Source: Federal Deposit Insurance Corporation-FDIC

<sup>(4)</sup> Bank balances as of 6-30-00 are not available until the first week of December, per Federal Reserve Bank

<sup>\*</sup> Alterations and Repairs only. New construction included with General Reassessment Figure.

**SCHEDULE OF PROPERTY VALUATIONS  
ASSESSED VALUATIONS OF CITY PROPERTY  
FOR THE LAST TEN YEARS**

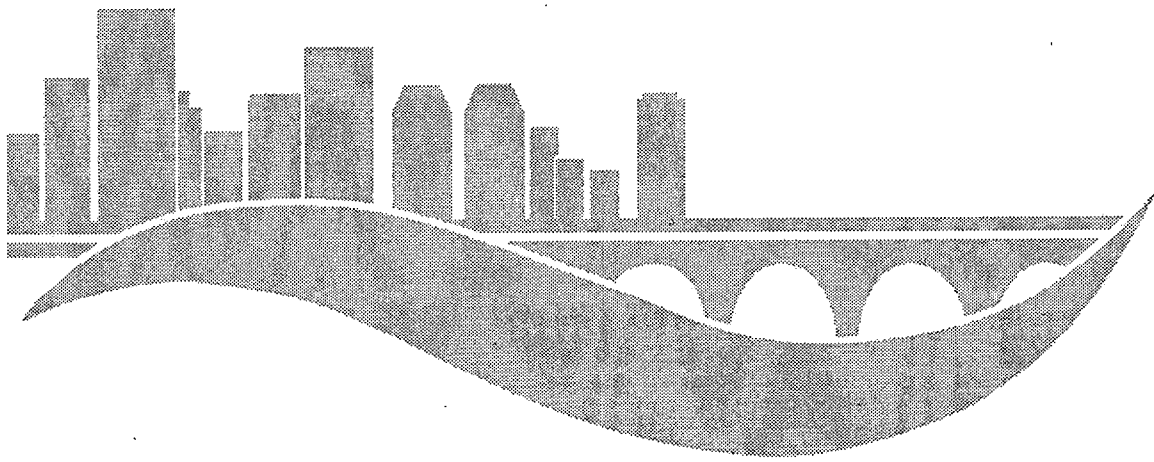
<u>Year</u>	<u>Real</u> <sup>(1)</sup>	<u>Personal</u> <sup>(2)</sup>	<u>Machinery</u>	<u>Total</u>
1992	\$ 8,153,187,219	\$ 1,063,867,603	\$ 667,050,935	\$ 9,884,105,757
1993	8,212,947,319	1,173,915,904	725,956,120	10,112,819,343
1994	8,351,000,000	1,262,043,894	693,826,961	10,306,870,855
1995	8,460,573,384	1,281,941,130	689,297,849	10,431,812,363
1996	8,472,296,789	1,444,297,466	636,780,506	10,553,374,761
1997	8,703,958,300	1,318,678,054	653,797,627	10,676,433,981
1998	8,990,721,251	1,338,184,516	657,256,317	10,986,162,084
1999	9,240,351,691	1,360,589,993	809,994,254	11,410,935,938
2000	9,518,353,167	1,457,324,132	829,049,430	11,804,726,729
2001	10,280,051,773	1,478,905,318	821,122,856	12,580,079,947

Source: Real Property valuations from City Assessor for Real Estate. Personal Property and Machinery valuations from the Office of the Director of Finance.

<sup>(1)</sup> Values for each fiscal year were determined as of January 1 of the respective calendar year.

Virginia law requires assessment at 100% of fair market value. Due to the lag between reassessments and inflation, the City Assessor estimates the current assessments approximate 96.5% of market value for real property.

<sup>(2)</sup> Taxable personal property is predominantly automobiles, trucks, boats and business furniture and fixtures.





### Acknowledgements

This report was compiled by the City of Richmond Department of Finance under the direction of Andrew T. Rountree, Director of Finance and Stacey Fayson, City Controller. It was prepared through the leadership of Melvinia P. Wilson, Chief of Accounting.

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Additional copies of this report may be obtained by writing to: City of Richmond, Department of Finance; 900 E. Broad Street, 10<sup>th</sup> Floor; Richmond, Virginia 23219

