



*CITY OF RICHMOND, VIRGINIA*

# *Comprehensive Annual Financial Report*

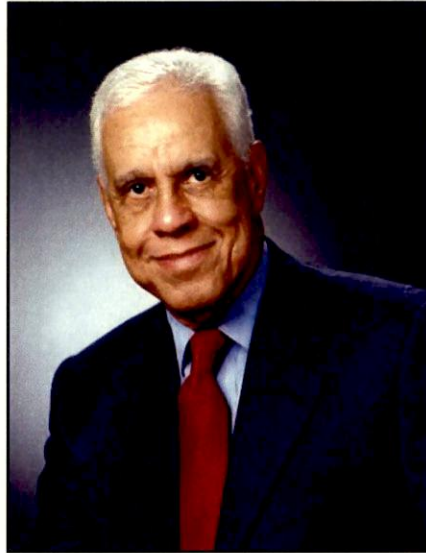
*For The Fiscal Year Ended June 30, 2007*



*City Of The Future*

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

For Fiscal Year Ended June 30, 2007



MAYOR  
L. Douglas Wilder

DEPUTY CHIEF ADMINISTRATIVE OFFICER  
AND CHIEF FINANCIAL OFFICER  
Harry E. Black

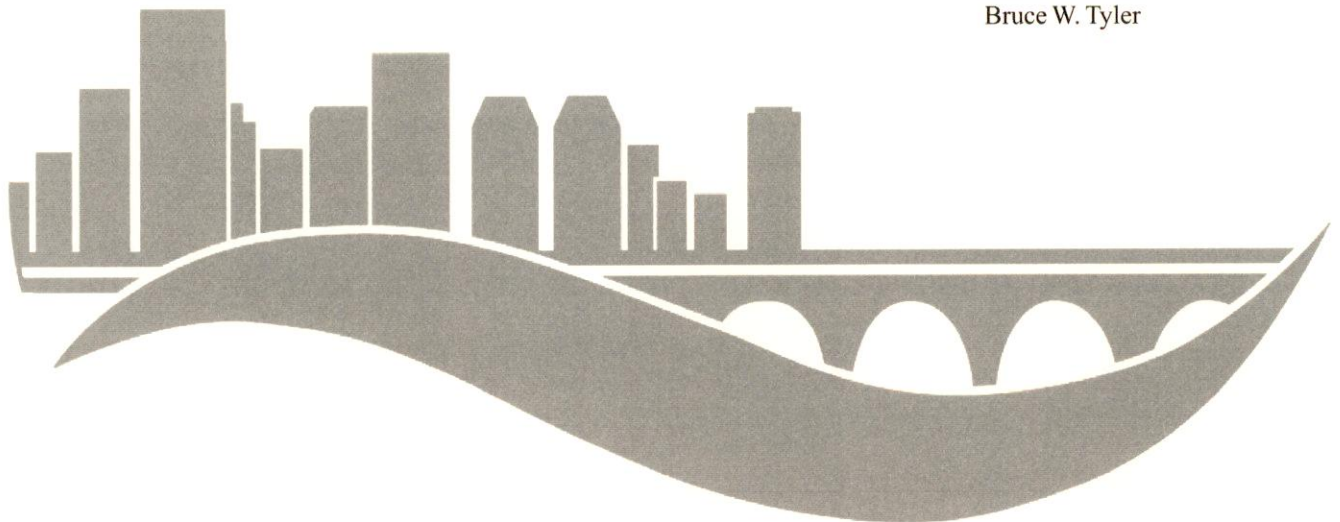
DEPUTY DIRECTOR OF FINANCE  
Michael W. Terry

ACTING CITY CONTROLLER  
Kellie S. High-Foster, MPA

*CITY COUNCIL*

William J. Pantele  
*President*  
Delores L. McQuinn  
*Vice President*

Douglas G. Conner  
Kathy Graziano  
Chris A. Hilbert  
E. Martin Jewell  
Ellen F. Robertson  
Reva M. Trammel  
Bruce W. Tyler



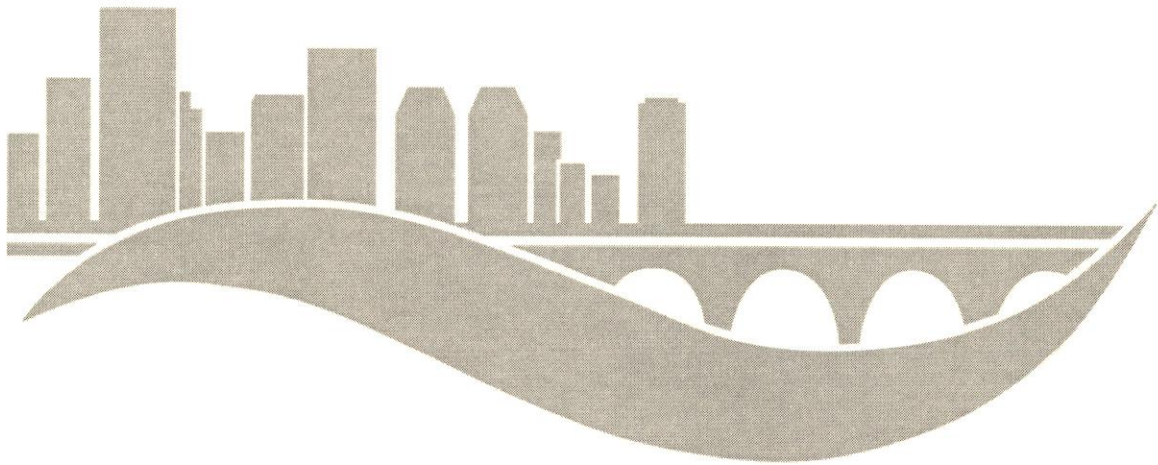
THE CITY OF RICHMOND, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 TABLE OF CONTENTS

**INTRODUCTORY SECTION**

Letter of Transmittal .....	I
Management Report on Responsibility for Financial Reporting .....	XVII
Audit Committee Chairman's Letter .....	XIX
Certificate of Achievement .....	XXI
Mayoral Form of Government .....	XXIII
Organization Chart .....	XXV

**FINANCIAL SECTION**

Independent Auditors' Report .....	1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b> (required supplementary information) .....	4
<b>B. BASIC FINANCIAL STATEMENTS</b>	
<b>1. Government-wide Financial Statements</b>	
Exhibit A: Statement of Net Assets .....	23
Exhibit B: Statement of Activities .....	25
<b>2. Governmental Funds Financial Statements</b>	
Exhibit C: Balance Sheet .....	26
Reconciliation of the Statement of Net Assets to the Balance Sheet of Governmental Funds .....	27
Exhibit D: Statement of Revenues, Expenditures, and Changes in Fund Balances .....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund Balances of Governmental Funds to the Statement of Activities-Governmental Funds .....	29
<b>3. Proprietary Funds Financial Statements</b>	
Exhibit E-1: Statement of Net Assets-Proprietary Funds .....	30
Exhibit E-2: Reconciliation of the Proprietary Funds' Statement of Fund Net Assets to the Government-wide Statement of Net Assets .....	31
Exhibit E-3: Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds .....	32
Exhibit E-4: Reconciliation of the Proprietary Funds' Statement of Revenues, Expenses and Changes in Fund Net Assets to the Government-wide Statement of Activities .....	33
Exhibit E-5: Statement of Cash Flows - Proprietary Funds .....	34
<b>4. Fiduciary Funds Financial Statements</b>	
Exhibit F-1: Statement of Fiduciary Net Assets .....	36
Exhibit F-2: Statement of Changes in Fiduciary Net Assets .....	37
<b>5. Component Units Financial Statements</b>	
Exhibit G-1: Statement of Net Assets .....	39
Exhibit G-2: Statement of Activities .....	41
<b>6. Notes to Financial Statements</b> .....	43



THE CITY OF RICHMOND, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

**C. REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit H-1: Budgetary Comparison Schedule – General Fund .....	88
Exhibit H-2: Note to Budgetary Comparison Schedule – General Fund .....	92

**D. SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS**

**1. NonMajor Governmental Funds**

Exhibit I-1: Combining Balance Sheet .....	97
Exhibit I-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	99
Exhibit I-3: Budgetary Comparison Schedule – Debt Service Fund .....	100
Exhibit I-4: Budgetary Comparison Schedule – Special Revenues Funds .....	101
Exhibit I-5: Budgetary Comparison Schedule – Capital Projects Funds .....	102

**2. NonMajor Proprietary Funds**

Exhibit J-1: Combining Statement of Net Assets .....	104
Exhibit J-2: Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	105
Exhibit J-3: Combining Statement of Cash Flows .....	106

**3. Internal Service Funds**

Exhibit K-1: Combining Statement of Net Assets .....	108
Exhibit K-2: Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	109
Exhibit K-3: Combining Statement of Cash Flows .....	110

**4. Fiduciary Funds**

Exhibit L-1: Combining Statement of Fiduciary Net Assets .....	112
Exhibit L-2: Combining Statement of Changes in Fiduciary Net Assets .....	113
Exhibit L-3: Statement of Changes in Assets and Liabilities – Agency Funds .....	114

**STATISTICAL SECTION**

Date of Incorporation .....	117
Area of City .....	117
Population .....	117
Form of Government .....	117
Segregation of Taxable Subjects for Local Taxation Only .....	117
Assessments .....	118
Tax Rates .....	118
Taxes Due .....	120
Delinquent Taxes .....	120
Overlapping Areas and Debt .....	120
City Indebtedness .....	121
Debt Management Policies .....	121
Fund Balance Policy .....	122
Net Assets by Component for the Last Five Years .....	123
Changes in Net Assets for the Last Five Years .....	124
Governmental Activities Tax Revenue by Source for the Last Five Years .....	126
Fund Balances of Governmental Funds for the Last Ten Years .....	127



**THE CITY OF RICHMOND, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS**

Changes in Fund Balance of Governmental Funds for the Last Ten Years .....	128
General Governmental Tax Revenues by Source for the Last Ten Years .....	129
Assessed Value and Estimated Actual Value of Taxable Property for the Last Ten Years .....	130
Principal Property Taxpayers.....	132
Principal Employers.....	133
Real Estate Tax Levies and Collections for the Last Ten Years.....	134
Personal Property Tax Levies and Collections for the Last Ten Years.....	134
Ratios of Outstanding Debt by Type for the Last Ten Years.....	135
Ratios of General Bonded Debt Outstanding.....	135
Legal Debt Margin Information for the Last Ten Years.....	136
Pledged-Revenue Coverage for the Last Ten Years.....	137
Demographic and Economic Statistics for the Last Ten Years.....	138
Full-Time Equivalent City Government Employees by Function for the Last Five Years.....	139
Operating Indicators by Function for the Last Five Years.....	141
Capital Assets Statistics by Function for the Last Five Years.....	142
Acknowledgements.....	145



**BLANK PAGE**



# City of Richmond



L. DOUGLAS WILDER  
MAYOR

"SIC ITUR AD ASTRA"  
SUCH IS THE WAY TO THE STARS

December 14, 2007

Members of the Governing Council, and the Citizens of the City of Richmond, Virginia:

The Comprehensive Annual Financial Report (CAFR) of the City of Richmond, Virginia (City) for the fiscal year ended June 30, 2007 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 (CAFR) have been prepared in conformance with U.S. 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 basic financial statements. The unqualified auditors' report expresses their opinion that the City's basic 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 Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information (which is unaudited) and supplemental combining fund financial statements (which are audited in relation to the basic financial statements taken as a whole).

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.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Overview of the City**

The City of Richmond is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City of Richmond was incorporated in 1782. It currently occupies 62.55 square miles and serves a population of 192,913 as of 2006. 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 of Richmond is empowered to levy a property tax on both real and personal property located within its boundaries. The City provides a full range of services, including police and fire protection, sanitation services, the construction and maintenance of highways, streets and infrastructure, recreational activities and cultural events. In addition to general government activities, the City provides gas, water and wastewater services to its citizens, as well as street lighting service.

At June 30, 2007, the City government was organized under the Strong Mayor-Council form of government with the City Council (Council) setting policies for the administration of the City. Under the strong Mayor form of government, the Mayor serves as the Chief Executive Officer of the City and is responsible for the proper administration of City government. Former Virginia Governor L. Douglas Wilder was elected at large for a four-year term in November 2004. The Mayor appoints a Chief Administrative Officer, subject to the consent of a majority of the members of Council. The Chief Administrative Officer serves at the pleasure of the Mayor, carries out the City Council's policies, directs daily operations, and appoints administrative department heads as well as other officers and employees of the administration. The Council is composed of nine members elected from single member districts. The President of Council and the Vice-President are selected by a majority vote of its members every two years. The Council appoints the City Assessor, the City Auditor, and 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.

The financial reporting entity includes all funds 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 as a separate column in the government-wide 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 of Richmond (School Board), Richmond Ambulance Authority, Hospital Authority of Richmond, Port of Richmond Commission, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, the Broad Street Community Development Authority, and Richmond Advantage Corporation.

## **Local Economy**

Richmond is the capital of Virginia and is located in the central part of the state. Located halfway between Boston and Miami, Richmond is ideally situated as the focal point of economic development along the east coast. During fiscal year 2007, the City 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 the City provide a unique foundation for its financial stability. Richmond has a thriving and diverse economic base with manufacturing, retail, services, distribution, finance, biosciences research and technology, and state government comprising the major components of economic activity within the City. Now regarded as an industrial and financial center, the City is emerging into one of the country's newest high-technology locations. The array of industries includes semiconductor, biotechnology, pharmaceutical, food processing, and distribution.

The City has a variety of economic development initiatives and projects that will serve to bolster the tax base and overall financial strength of the City. The unique presence of the newly restored State Capitol, the Commonwealth's main state offices, Virginia Commonwealth University, Virginia Commonwealth University Health Systems, Virginia Union University, and University of Richmond, as well as the Fortune 500 companies headquartered in the City, has enabled the City to continue to serve as a focal point for business and jobs in central Virginia. There are a total of eight Fortune 500 companies in the Greater Richmond area.

The Greater Richmond area is a center of financial activity serving as the location of the Fifth Federal Reserve District Bank and the major operations of Capital One and SunTrust Bank, in addition to numerous securities and investments firms.

There are many exciting developments that will add jobs and investments to the City. MeadWestvaco Corp., one of America's foremost packaging companies, decided to move its corporate headquarters from Stamford, Connecticut and Dayton, Ohio into a new building in downtown Richmond. The relocation of MeadWestvaco to Richmond brings an eighth Fortune 500 company headquarters to the region, the most since 1998. This development includes a transfer of 500 of the company's positions. The Richmond headquarters will consolidate corporate and administrative positions from other offices located in Stamford (1,000) and Dayton (500). MeadWestvaco states this movement will make its packaging operations, the corporation's largest business, more efficient – expanding its market in high-volume consumer packaging.



**MeadWestvaco Headquarters**

Along with the relocation of the corporate headquarters, Richmond will become one of the company's global business service units, focusing on the corporation's internal services – human resources, finance, procurement, and information technology.

The Greater Richmond area's civilian work force increased from last year's size by approximately 1.9 percent or 11,300 individuals, creating a workforce of over 621,000 that draws from more than 40 localities statewide. The City's best job advancements were approximately 3,300 individuals in professional/business services and approximately 3,200 in private education and health care. The City's unemployment rate for September 2007 is 4.3%, coinciding with the Commonwealth of Virginia's unemployment rate of 2.8% – one of the lowest rates in the country and lower than the national unemployment rate of 4.5%. Additionally, the per capita personal income of Virginia is at \$37,503 – an income healthier than the national per capita personal income of \$34,471.

Several projects, such as the reconstruction of the Willow Lawn Shopping Center and the extension of the Westminster Canterbury along with the development of the vacant Miller & Rhoads department store into a Hilton Hotel, have greatly enhanced the City's construction and contracting market. Also, the new Federal Courthouse in the City Center area of downtown reflects an investment from the Federal General Services Administration (GSA) in excess of \$120 million. The impact of this project is the increase in the workforce of approximately 663 local full-time workers. The majority of commercial vacant space remains in the office, office warehouse, retail, and industrial classes. The office vacancy rates have increased from the end of 2004. Companies continue to shift operations from Class C to Class A and B space; these corporate relocations result in an increase from the end of the calendar year 2004 (82.5%) to 84.0% as of the end of the first quarter of the 2007 calendar year. The occupancy rate of retail was steady at 92.2% as of the end of the first quarter of the 2007 calendar year. The occupancy rate of the industrial classes also experienced an increase, ending at 86.1% as of the end of the first quarter of the 2007 calendar year.



**Federal Courthouse**

The City continues to grow stronger fiscally and become more economically diverse. The City's objective is to maintain this trend while continuing to make investments in capital improvements, which will sustain the City's encouraging economic condition and positive outlook.

### **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, Council and the 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 major service initiatives, along with a number of ongoing reforms being undertaken by the Chief Financial Officer, follows.

### ***Human Services Initiatives***

In July 2005, a citizen-led Human Services Committee commissioned by Mayor L. Douglas Wilder issued a Vision 2020 report with bold recommendations to turn around negative trends facing Richmond's residents. The Mayor's Vision is that in the year 2020, Richmond citizens will be safe in their homes, streets and communities; public schools will be of high quality; and the endless cycle of poverty, violence, crime, and joblessness will be broken. The Vision 2020 report identified strategies to improve the safety, health, and well-being of Richmond residents. Several key areas were targeted: Early Childhood Development, Child and Adolescent Health, School Success, At-Risk Male Intervention and Success, Well Being of Seniors, Prevention of Homelessness, and Increased Efficiency and Coordination. The Office of the Deputy Chief Administrative Officer for Human Services and a Human Services Cabinet were created for interagency coordination to implement the Mayor's Vision 2020 plan and to provide oversight and leadership for Human Services.

#### ***Early Childhood Development***

The objectives in this area are to increase access to health care for infants and young children; assist parents and caretakers to develop the skills to assure healthy growth and development for their children; and expand access to the number of quality child care opportunities through a citywide public-private partnership. The primary goal is for all Richmond City children, from birth to age five, to be healthy, well cared for, and ready to succeed in school. Many community partners are teaming with the City on a five-point strategy to enhance the lives of our youngest citizens. A new website provides information on early childhood development and services for families with young children. A calendar identifies workshops that help parents and grandparents with the sometimes challenging job of raising children. The quality of child care is increasing because of child care provider training on brain development and techniques that encourage children's social-emotional and intellectual growth. Infant and toddler child care is more readily available because of a child care expansion project. Home visiting services are being enhanced through home visitor training, a home visiting directory, development of a citywide screening and referral process for these valuable services, and other efforts to increase the number of pregnant women and families served. Books, tapes, and videos in the Family Resource Centers in the public libraries have been upgraded and expanded, and the Raising a Reader program is encouraging children's brain development as well as family interaction.

#### ***Child and Adolescent Health***

The objectives in this area are to improve access to health care; provide teen pregnancy and STD prevention education and information; and provide positive activities to young people that are proven to reduce the risks of teen pregnancy for children and adolescents. The Department of Parks, Recreation and Community Facilities started a new health and nutrition initiative entitled the "Walk it Out" program to provide more access to health and fitness programs to City youth. Youth in the before and after school and recreation center programs are all participants. The program focuses on daily physical activity and tracks good nutrition choices as they relate to the food pyramid. This project is offered as a joint effort with Richmond Parks, Recreation and Community Facilities; Richmond Public Schools; the Richmond Health District; Bon Secours Hospitals; the Virginia Cooperative Extension; the Food Bank; and the American Cancer Society.

The City's human service agencies teamed up with Bon Secours Richmond Health System to increase access to health care for uninsured and underinsured youth and families. As a result of the partnership, Bon Secours dedicated resources for the City to utilize the Bon Secours Care-A-Van in targeted areas of the city, aligned with the Vision 2020 priorities. Through the Care-A-Van program, over 4,000 residents were served. This included 2,982 immunizations for contagious diseases administered to children and adults, 454 sports physicals, and 437 children enrolled into FAMIS.

In an effort to provide teen pregnancy prevention education and information to City youth, the Teen Pregnancy Prevention Initiative team reached 1,708 students in Richmond Public Middle and High Schools. Also, in conjunction with the Virginia Department of Education, 52 elective teachers received family life education training. To increase awareness about the issue of teen pregnancy, a new 20-member Teen Pregnancy Prevention Steering Committee developed the first phase of a public awareness campaign featuring a Teen Pregnancy Prevention documentary and Speaker's Bureau.

During the spring of 2007, the Casey Strategic Consulting Group (CSCG) committed to working with Richmond's Department of Social Services (DSS), in order to help facilitate successful, sustainable child welfare system transformations. As a subsidiary of the Annie E. Casey Foundation, CSCG is helping Richmond DSS create strategies that will minimize the use of congregate care placements and help keep foster care youth in the community. Since the Richmond Approach initiative parallels with the First Lady of Virginia's initiative, For Keeps, CSCG is working on both a state and local level to ensure strong family connections and community support for youth in care.

### ***Senior Well Being***

The objective of this area is to improve access and availability of services to the elderly and disabled. The Deputy Chief Administrative Officer for Human Services appointed a Senior Needs Advocate, implemented a senior help line to assist elderly residents in accessing City services, and identified outside agencies offering additional resources for seniors. The Senior Advocate developed a City of Richmond Resource Guide for Older Adults to highlight City services designed for persons 55 and older. In October 2006, 5,000 resource guides became available to City residents. Immediately following the initial launch, a large number of requests were documented. The guides were distributed to senior organizations, individuals, City departments, and outside agencies. Additionally, the guides can be downloaded from the City's website. The Senior Navigator program, an internet service for health and age-related issues, was implemented through the City's Web site and Senior Navigator Centers within the community.

### ***School Success***

The objective of this area is to support student learning and achievement in school and provide young people with positive out-of-school activities that enrich learning and development. The Department of Justice Services and Richmond Police Department provided a two-pronged approach that blanketed the city's neighborhoods with daily truancy sweeps and produced a concentrated presence in high crime neighborhoods with skyrocketing truancy rates. Teams of law enforcement officers, attendance officers, and case managers ensured that young people and their parents were held responsible for school attendance, as well as gave the support to help ensure that all students were in school on a timely basis and ready for classroom instruction. In FY 2006, the City's truancy rate was 13.56%; however, due to the truancy initiative, the truancy rate dropped to 8.91% in FY 2007.

To effectively reach Richmond Public School youth, Parks, Recreation and Community Facilities sponsored an after school program that was held at 20 elementary school sites throughout Richmond. Youth in kindergarten through fifth grade who attended participating schools were engaged in structured before and after school activities such as tutoring, homework help, and a blend of standard recreational activities such as arts and crafts, educational games, health, fitness, and sports.

The Attorney General's Office funded a Gang Reduction and Intervention Program (GRIP) Grant which allowed youth at George Wythe High school to partake in gang intervention tactics through artistic expression. Life Stage, an experiential youth theater and life skills program facilitated by Parks, Recreation and Community Facilities and the Youth and Workforce Summer Youth Employment program, trained 26 youth employees to act, sing, dance and draw during the summer. In addition, the Richmond City Health District taught youth about safe sex, teen pregnancy, gangs, and other related topics.

Through a collaborative effort, the Youth and Workforce Development Division - with assistance from other city and community partners - provided summer employment to 381 city youth. The goal of the 2007 Summer Youth Employment Program was to give participants basic employability and financial skills needed to survive upon entering the workforce. Youth attended more than 30 hours of employability and financial literacy training and completed more than 400 service hours at their respective work sites. Feedback received about the program included: (1) more than 95% of returning employers reported that participants this year were more "ready to work" than in prior years; (2) close to 60% of this year's placements were in the private sector, up 50% from last year; and (3) site supervisors expressed that they were overwhelmingly satisfied with the maturity, attention to detail, professionalism, and work ethic of this summer's participants.

### ***At-Risk Youth Male Intervention***

The objective of this area is to reduce juvenile delinquency and anti-social behavior among young men through a targeted pilot initiative based on effective practices. In an effort to address the "at risk" teen population, Parks, Recreation and Community Facilities created the Extreme Teen Program for Youth Offenders and Substance Abusers that are involved in the Drug Court Program and currently working with the Department of Juvenile Services. This program was designed for at-risk youth 13-17 years old with the goal to transition these youth back into the main stream as contributing citizens within our community. The target population includes youth that have been given the option to complete a 6-18 month program in exchange for their charges being dismissed, thus giving them a fresh start.

To further increase programs to city youth, the "Teen Entrepreneurial Program" was designed to acquaint at-risk teens to the world of free enterprise by creating a business from the ground up. Tee's by Teens is a tee shirt printing business that employs six teenagers. The ultimate goal is to have participating teens use the skills acquired from the program to start their own business.

### ***Efficiency and Effectiveness***

The objectives of this area are to improve automation coordinate with human services agencies; exceed federal and state quality standards; and increase visibility, access, and attractiveness of services and facilities for customers. With a focus to improve City operations, the Richmond City Health Department re-affiliated with the Virginia Department of Health in June 2006 and became the Richmond City Health District. The transition maximized resources and improved effectiveness of health service delivery.

In October 2006, a re-organization of the Department of Social Service divisions of Economic Support and Independence, Social Work, Administration and Finance was fully implemented, resulting in clearer lines of authority and accountability. The Department of Justice Services implemented an automated detention intake system, developed in partnership with the Department of Information Technology, that allows staff to process admissions electronically, complete with histories, photographs, and medical data. The system has significantly reduced the amount of admissions time allotted for each client.

Lastly, in an effort to align the expenditures of Non-Departmental City General Funds with the Vision 2020 priorities, and to ensure that Non-Departmental Human Services organizations receiving funds have clear and measurable objectives, a new application process and monitoring system were put into effect, including site visits and quarterly reports. The new system has effectively enhanced and improved the reporting process and coordinated funding in priority areas.

### ***Hispanic Liaison Office***

The Hispanic Liaison Office moved into the Southside Community Services Building, providing more visibility as a City agency and increasing its connection to other City agencies, in order to provide swift guidance and assistance to its clients. Bilingual customer service representatives now staff the Call Center.

### ***Department of Parks, Recreation and Community Facilities***

The Department successfully negotiated the contract to host the Colonial Athletic Association's basketball championship games at the Richmond Coliseum through 2012, making the City the longest running host to a NCAA Division I men's basketball tournament. In 2005, the four-day event, held in Richmond continuously since 1990, attracted 30,000 attendees with gross ticket sales totaling more than \$287,000. The Cultural Arts Division celebrated Dogwood Dell's 50th anniversary of the Festival of Arts. This free, family-oriented event welcomed close to 100,000 people over the summer.

### ***Department of Social Services***

The Department of Social Services continues its exemplary performance in maintaining a high number of children adopted from the City's foster care system in calendar years 2005 and 2006, with 44 finalized adoptions in 2005 and 41 projected adoptions in 2006. The U.S. Department of Agriculture, Food, and Nutrition Services recognized the Department of Social Services as one of the four national Food Stamp Hunger Champions. The award, given for superior commitment to the mission of the Food Stamp Program and the fight against hunger, focused on Richmond's customer service and positive client and public relations.

### ***Vacant and Abandoned Property Cleanup***

The City of Richmond is taking a more proactive approach in dealing with the many vacant buildings throughout our City. To that end, a Vacant Building Registration Program was initiated in October 2006. Through that program, all vacant buildings are being inspected by Property Maintenance Inspection personnel. Through this enforcement action, the City is seeking voluntary or court-compelled rehabilitation of vacant structures. In addition, there is a continued focused effort to board the open and vacant structures, as well as to demolish those buildings that cannot be rehabilitated.

### ***Public Safety***

During FY 2007, the Police Department continued the implementation and development of its Sector Policing concept instituted in August of 2005. The goal of this significant reorganization and redistribution of resources remains the actual reduction of crime and, of near equal importance, a reduction in the perception of crime by those who live in, work in, or visit the city of Richmond. Crime is at a 25-year low. These efforts have resulted in a 21% decrease in major crime in 2006 and a 12% decrease, to date, in 2007. The City has received national acclaim for its crime reduction efforts and, even more importantly, residents have become actively involved in enforcement through the provision of information, and prevention through their participation in problem solving activities. The Department operates on three primary tenets: focused enforcement, partnership, and systemic solutions to problems. These tenets are supported by aggressive goal setting, meticulous measurement of achievement, and individual and collective accountability.

Focused enforcement is exemplified by the continual development and implementation of action plans and initiatives by each of the Department's twelve Sector Commanders, to address specific crime or quality of life issues that are unique to the individual neighborhood or sector. The development of these plans is aided by new technologies that help identify historical problems and current trends, and also provide predictive analysis. These action plans often emphasize the Department's commitment to "alternative patrol" techniques. These techniques include foot patrol, bicycle patrol, small motorcycle patrol, and the deployment of light trailers, speed trailers and command vehicles to specific, targeted neighborhoods. While addressing the targeted problem, these alternative patrol techniques also foster greater personal engagement between officers and community members. The success of the action plans developed is measured and evaluated at weekly "Target Review" meetings where, on a rotating basis, sector commanders and other unit commanders describe their targeted problems, the initiatives implemented to address those problems, the success of those initiatives, and a plan for the next reporting period. These meetings are attended by all senior staff and peers who assist in the evaluation and provide feedback.

Focused enforcement and partnership are exemplified by the Department's creation of and participation in the "Cooperative Violence Reduction Partnership". This partnership includes all local, state and federal law enforcement, prosecutorial, and correctional agencies that operate within the city of Richmond. It was created and continues for the purpose of bringing collective focused violence reduction enforcement to specific neighborhoods impacted by violence. The partnership includes: the Richmond Police Department, the Richmond Redevelopment Housing Authority Police, the Virginia State Police, the Bureau of Alcohol Tobacco and Firearms, the Federal Bureau of Investigation, the Drug Enforcement Administration, the U.S. Marshal's Service, the Richmond Commonwealth Attorney, the Virginia Attorney General, the United States Attorney, Virginia Probation and Parole, and U.S. Probation and Parole. This partnership was acknowledged in 2007 by the International Association of Chiefs of Police as a finalist for its prestigious Webber-Seavey Award, citing its methodology and accomplishments.

Partnership, focused enforcement, and systemic problem solving are exemplified by the Department's organization of and continued participation in community based problem solving workshops. These workshops are conducted once each year in every precinct or sector throughout the city. At these workshops, police officers, city government departments, community groups, and individual citizens come together for a one-day problem identification and action plan development session. At the session, a specific neighborhood problem is identified and a plan created for its resolution. All members are assigned responsibilities in the resolution process and the activity is monitored until resolution is achieved. More than 1,000 citizens have participated since inception.

The Department's participation in the federally funded and Virginia Attorney General administered Gang Reduction and Intervention Program (GRIP) has been a great benefit to the targeted Southside community. The Department's initial involvement was primarily geared toward enforcement as the Southwood community was stabilized. The participation has evolved into a holistic partnership of multiple agencies and service providers, bringing to the community a broad range of quality of life improving services. The focus of these efforts has been the establishment of a one-stop service center. The Department has taken on a primary role in its establishment. Along with the multiple benefits provided to community members, violent crime has been reduced by 20%.

The Department has partnered with the Virginia Commonwealth University and others to develop a Police Cadet Program for graduating seniors from the City's high schools. This program will provide ten deserving students each year both an educational and a work opportunity. Cadets will work for the Police Department while continuing their education both at VCU and within the Department. After three years, they will be eligible for appointment as Richmond Police Officers and will be well on their way to obtaining their undergraduate degrees. Along with the benefit to the cadets, the Department and City will benefit greatly by having a continual replenishment of its workforce by well-trained, Richmond-bred, diverse, and committed new police officers.

To support its ever-changing service delivery and business models, the Department has embarked on a number of technological improvements. A new Computer Assisted Dispatch (CAD) system has been installed at the communications center. This system replaces the previous antiquated system and provides marked improvements in timeliness of dispatch, most appropriate unit dispatching, officer and citizen safety, and record and report generation to increase efficiency.

To enhance its crime fighting efforts directly, the Department has partnered with others in the development of several technologies. In partnership with federal agencies, a crime intelligence database has been developed for sharing intelligence information in the multiple areas of mutual operations. The Department has joined its surrounding county law enforcement agencies in the development of a regional LINKS records management system database sharing. For the first time, information on incidents, arrested persons, suspects and a number of other topics will be available regionally and instantaneously. Finally, the Department has been engaged with several international data management firms in the development of predictive analysis software for use in law enforcement. Law Enforcement Analytics (LEA) will permit police managers at all levels to view, on a user-friendly computer dashboard, the crime history and trends of their areas. The program will also be predictive of future crime, based on multiple variables, and will assess the impact of varying law enforcement strategies on the predicted crime trends. This project was the recipient of the prestigious Gartner BI Excellence Award.

### ***Neighborhood Focus / Infrastructure & Improvements***

The City's Neighborhood in Bloom (NIB) program is a focused and aggressive neighborhood investment partnership to restore and beautify neighborhoods. This plan pools Federal, City, and other funds in six targeted City neighborhoods. 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 will benefit from a better image, improvements in public safety, a restoration in pride, investment in neighborhoods, an increase in home ownership, and an increase in revenue by returning structures to productive use.



Through June 2007, the program has resulted in the construction and sale to new homeowners of 205 new single family homes; the rehabilitation of 153 vacant houses that have been sold for homeownership; substantial rehabilitation of 90 owner occupied houses; repairs addressing safety code violations to 136 homes; and financial assistance to 97 families to purchase homes. In addition, over 1,900 housing and environmental code violations have been resolved.

### ***Battery Park Reconstruction***

On August 31 and October 6, 2006, two significant storms hit the Richmond area, bringing with them heavy rains and winds. The severe flooding caused by these storms required two separate mandatory evacuations of homes and apartment buildings in the Battery Park, southern Barton Heights and Brookfield Gardens neighborhoods. These events, coupled with a collapse of the City's drainage system, caused severe flooding and damage to properties located in the affected areas.

In an effort to eliminate blight and restore the neighborhood, the Administration made the determination that certain properties would be considered for acquisition by the City at pre-flood values, and major infrastructure improvements be made in order to prevent recurrence of these problems. Since February 2007, after obtaining City Council approval of the acquisitions and project funding, thirteen of the fourteen identified properties have been acquired through voluntary sales. Meanwhile, approximately \$40 million worth of drainage improvements are being made by the Department of Public Utilities, primarily addressed with federal and state disaster assistance funds.

The City has now begun an important step towards the revitalization and reconstruction of this community. At least eight condemned and blighted structures left uninhabitable will be demolished to make way for a new, community-friendly green space. Plans are now under way to design a public green space that will enhance the area and serve as an amenity to its residents. The Department of Parks and Recreation will take the lead in hosting community forums to listen and discuss ideas for the new green space. Community input is imperative in order to ensure that the future of this property meets the needs of the citizens and neighborhoods surrounding it.

### **Chief Financial Officer Reform Initiatives**

#### ***Richmond Supply Schedule***

An analysis of City procurement activities concluded that approximately 98% of resources are being utilized to acquire routine and recurring small purchases (with a value of approximately \$120 million), while only 2% of the Department's resources acquire and manage all large dollar contracted items or services (valued at \$263 million). The City's response to correct this inequitable utilization of resources was the development and implementation of the Richmond Supply Schedule, a new program designed to streamline the City's purchasing and acquisition operations, and ensure that resources are reallocated, as much as practicable, to large dollar procurements. The schedule has been patterned after the federal government's General Services Administration Federal Supply Schedule, which has been proven to be extremely successful in the management of small purchases.

Announced in October 2006, this new process simplifies small purchases and reduces unneeded inventories, while improving City pricing and quality control. Requests for Proposals are being issued, and contracts awarded, for the acquisition of: (1) office supplies; (2) paper and paper-related products; (3) industrial supplies; (4) automotive supplies; (5) public safety (fire and police) supplies; (6) temporary services; (7) information technology products; and (8) child and youth care services. Implementation of the schedule is expected to save taxpayers \$13 million over a five-year period.

### ***Post-employment Healthcare Benefits***

Effective July 1, 2007, new statements for accounting and financial reporting for post-employment benefits other than pensions, known as GASB 45, were in effect from the Governmental Accounting Standards Board. After reviewing the fiscal impact of GASB 45, the City developed a plan to retool its benefits package with a focus on thoughtful, long-term solutions. Seventeen (17) scenarios aimed at mitigating the City's unfunded obligations related to OPEB were evaluated. Careful analysis of these options and benefits policy changes yielded a four-pronged approach to lowering the burgeoning liability while maintaining the city's competitive ability to attract, hire, and retain good employees. The four elements are: (1) clearly define and limit the employee group to which prior promises apply; (2) freeze future contributions for retiree insurance premiums at current levels; (3) implement retiree education programs and initiatives aimed at transitioning Medicare-eligible retirees to the federal Medicare Advantage program, Medicare Part D program, and commercial supplements; and (4) establish alternative programs to assist future retirees with healthcare expenses.

The City's revised guidelines would limit future eligibility for a contribution toward monthly healthcare premiums to employees who retire during FY 2008. Contributions would only be granted to retirees under the age of 65 and would be computed based on healthcare enrollment and years of service. During FY 2008, the City would establish and fund Retiree Health Savings accounts for all other future retirees. City contributions would be based on age, years of service, type of retirement, and conversion of unused sick leave. Retirees under the age of 65 who are currently receiving a monthly contribution towards healthcare premiums would continue to receive a contribution. However, contributions were capped at FY 2007 levels. This group of retirees account for the City's future OPEB obligation. As these retirees attain Medicare eligibility at 65, the City's liability will diminish. Active employees over 65 will receive the City's contribution to their Retiree Health Savings account in accordance with the adopted funding formula.

The City discontinued its supplemental Medicare insurance program on June 30, 2007, and discontinued monthly contributions to Medicare-eligible retirees. Under Medicare changes enacted by Congress in 2003, private insurers are authorized and paid to administer Medicare. Under these privately administered Medicare Advantage plans, participants realize substantial monthly savings in health insurance premiums and achieve coverage features not currently offered by most employer-sponsored plans. The City continues to provide briefings on the recently implemented Medicare Advantage program to retirees as they reach Medicare eligibility. Initial actuarial analysis indicates that these benefit changes should reduce the City's OPEB obligation by 66%, from approximately \$194.4 million to \$58.7 million.

### ***Retirement System Funding***

The Richmond Retirement System (RRS) has sufficient funds to pay all benefits for all current retirees indefinitely. The system also has sufficient funds to pay out near-term new retiree benefits indefinitely. Despite these facts, RRS, like most other pension funds, is currently experiencing a long term funding shortfall. However, even a short-term decrease does not necessarily indicate a plan is in financial decline, as changes in actuarial assumptions can significantly impact the system's actuarial liability up or down. Despite the current shortfall, the RRS's funded status has improved during FY 2007 from 69.47% to 71.1%, as a result of improving investment market conditions, newly implemented liability-reducing programmatic changes, and despite a cost of living allowance (COLA) that was given, effective July 1, 2007 (with a partial offset budgeted in FY 2008). The System's current financial condition is largely attributed to the fact that investment market conditions from years 2001 – 2005 were unfavorable, lowering the funded status from a healthy 98.6% to 60.2%.

A number of initiatives were undertaken by the City Administration under the direction of the Chief Financial Officer during FY 2007 in order to help address the long term funded status of the retirement system. The programmatic changes included: (1) directing all new hires into the City's Defined Contribution plan, which has a (lower) fixed cost and no liability growth; (2) increasing the employee co-pay for the Enhanced Benefit plan to enable full cost recovery; (3) not granting a COLA effective July 1, 2006 because no source was identified to pre-fund a corresponding increase in liabilities; (4) increasing the City's contribution rate (fringe percentage of applicable salary) for the Defined Benefit plan from the prior year; and (5) the implementation of an employee co-pay for the Defined Benefit plan amounting to 1% of salary for general employees and 1.5% for sworn Police Officers and Firefighters.

While there is no immediate short-term concern about the ability to pay member benefits, continued favorable investment returns, improvement in the funding structure, and/or fewer benefit improvements will be needed over the long run. City Administration is working closely with City Council to determine what changes are necessary to best support the System over the long term, including the funding of the System at or above the required funding level, the continued receipt of employee contributions, and the implementation of a COLA policy that ties benefits to the System's funded status.

### ***RichmondWorks Initiative***

In early 2007, the City began to lay the groundwork for establishing a formal program to assess the quality of service delivery and to more effectively manage performance. After evaluating several methodologies, Richmond adopted the CitiStat approach to performance management, which has been successfully introduced in Baltimore, Cleveland, Buffalo and elsewhere. The City's program is called RichmondWorks and was officially introduced on July 13, 2007.

RichmondWorks is a management tool that will dramatically strengthen the performance management capabilities of the City. RichmondWorks emphasizes access, action, and accountability, and features highly organized, systemic monitoring and analysis of performance data. Analysis is augmented by the use of technology, especially GIS (Geographic Information Systems). Agencies and departments included in the pilot phase of RichmondWorks include: 311 Call Center, Human Services, Fleet Management, Code Enforcement, Animal Care & Control, and Solid Waste Management. Phase Two of RichmondWorks was implemented in the fall of 2007.

### ***Economic Vitality***

Richmond is a city of monuments that has become a monument itself to America's mid-Atlantic and 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 James River and Kanawha Canal allow visitors easy access to the only metropolitan, central business district Class IV white water rafting river in the country. Buildings including the historic Tredegar Iron Works, the modern Federal Reserve, and Main Street Station - the multi-modal transportation hub - are at the center of the River District, a popular entertainment and dining enclave. Entertainment, dining, and nightlife activity continues to grow in Shockoe Slip and Shockoe Bottom.

The unprecedented development boom in Richmond would come as no surprise to Richmond's founding fathers, because the City has always had commerce at its very center. When William Byrd and William Mayo laid the original plans for Richmond, they started with Shockoe Bottom and expanded from there. Today, the City of Richmond has succeeded in returning to its roots, facilitating over \$2.5 billion in projects that bring more businesses and residents to downtown Richmond, including a massive revitalization of the canal and river fronts and a considerable public investment into Shockoe Bottom. As a result, the Shockoe Bottom area is the fastest growing census tract in the City.

To serve this influx of urban residents, Main Street Station - a National Historic Landmark anchor property within Shockoe Bottom - will be developed in phases to serve as the Capital City's Multimodal Transportation Center. Phase I renovation, completed in 2003, allows passenger rail to return to downtown Richmond. Phase I includes the construction of the Plaza at Main Street Station, a \$3 million passenger drop-off plaza and associated parking lot, including 100 parking spaces. The Plaza will host an official tourism origination point enabling chartered tours to easily visit the Shockoe Bottom District and orientation for tourism in the entire region. Phase II brings \$1.9 million in improvements to the storm water management infrastructure to better protect this area and a \$2 million realignment and improvement to the I-95 off-ramp serving Shockoe Bottom at 15<sup>th</sup> and E. Main Streets. Phase III includes the redevelopment of the Main Street Station train shed and surrounding 11 acres. This development phase will expand rail service at the Main St. Station and will establish the city's first public heliport on the site, further strengthening Richmond's rich network of transit. To date, the aforementioned projects associated with the Main Street Station development, represent a public investment of \$57.4 million. These funds were received through federal and state grants with less than 1% provided through "local match" funding.

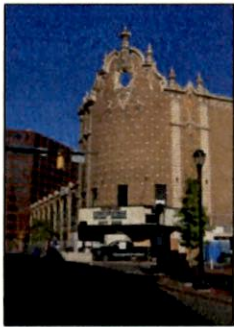
Within a short walk from the Main Street Station, there are dozens of new and established restaurants and retail opportunities in Richmond's Historic River District. Within this District, the Canal Walk offers a glimpse into Richmond's past and a taste of Richmond's future. From beautiful views of the river while aboard a historic canal boat, to the massive commercial development of Riverside on the James, the canal is a center for mixed-use development. Riverside on the James represents a 640,000 square foot mixed-use development that has generated approximately 1,050 permanent jobs. Additionally, Dominion Partners, formerly part of Daniel Corporation, has completed a second residential mid-rise tower in the heart of the Riverfront Canal District. Tobacco Row, an adaptive mixed-use development, represents an outstanding model of over 500,000



**Lucky Strike Apartment Building**

square feet of residential and commercial use which includes the River Lofts apartments, the Class A offices known as the Edgeworth Building and the residential Canal Walk Lofts. The Lucky Strike Apartment building is currently under renovation and represents the last segment of the Forest City Enterprises portfolio of market rate multi-family dwellings in the Tobacco Row district. The Cutter's Ridge Townhouses is an in-fill project consisting of 12 above market rate single family residences adding the first "for sale" product to Forest City's master development initiative.

Further east and downstream is the Village at Rocketts Landing, a two million square foot and \$250 million mixed-use riverfront development, located in both the City and Henrico County. Described as an "urban village", the project includes townhomes, condominiums, apartments, retail, office, and recreational amenities. Its greatest amenity, however, is the James River. Within the Rocketts Landing development, the City will construct a public marina that takes advantage of this navigable waterway accessible to major ports along the Atlantic Coast and beyond. Rocketts Landing also provides private boat slips.



**CenterStage**

Heading north up the hill from the river towards Broad Street reveals one of the most creative initiatives in the City of Richmond's history. In May of 2003, The Broad Street Community Development Authority (CDA) sold \$67 million in revenue bonds. The CDA Phase I project is complete and includes the massive overhaul of the area surrounding the new 680,000 square foot \$167 million Convention Center. Phase II will include the future development of additional parking decks with first level retail fronting the Broad St. and Grace St. corridors. The project focuses on beautiful streetscapes, utility improvements and the sense of unity and grandeur that Broad Street deserves. The project has inspired ancillary development including the renovation of the former Miller and Rhoads department store into an \$80 million Hilton Hotel. This development includes 240 hotel rooms and 130 condominiums. The CDA project has also inspired the former Thalhimers department store site's metamorphosis into a mixed-use development opportunity to include a renovated Carpenter Center, known as CenterStage.

Just as the CDA has made a major impact along Broad St. in the vicinity of the Convention Center, VCU has taken charge of Broad Street's revitalization to the east and west. As the second largest real estate holder in Richmond, occupying over 78 acres and 162 buildings, VCU provides the Region with over 32,000 students and over 15,000 jobs through its 162 baccalaureate, master's, doctoral, professional, and certificate degree programs. In the past 10 years, VCU's Capital investments exceeded \$589 million, and the University has committed an additional \$199 million to their current project underway, the 10.8 acre Monroe Park Campus expansion along the Belvidere Gateway Corridor to include the Business and Engineering Schools. Further north and west, Virginia Union University and the University of Richmond continue to invest in their campuses as well as maintain a continued interest in developing educational opportunities in Downtown. J. Sargeant Reynolds, enrolling over 17,000 students and representing the third largest community college in the State, continues to expand their downtown campus. While providing an educated workforce to the Region, this rich network of colleges and universities strengthens the local economy through their presence, their populace, and their public-private investments.

There are additional city-wide development and redevelopment projects which represent multi-million dollar private investments. For example, Phillip Morris USA completed their corporate headquarters relocation from Manhattan to Richmond in 2004. The corporation continues to foster growth in all areas of research, development, and manufacturing in the City of Richmond. There has been an estimated \$300 million in the Southside facility and approximately \$350 million in the new research and technology park located in the downtown campus of the Virginia Bio-Technology Research Park.



**Philip Morris Research  
& Technology Park**

Because Richmond's government takes an active role in encouraging development, the Capital City continues to attract national and regional developer interest, from multi-family residential development to corporate headquarters, hotel and hospitality, and neighborhood shops. Established City incentive programs include the Enterprise Zone program, the C.A.R.E. program, and the Real Estate Tax Abatement program. As aforementioned, Richmond's government has established development authorities to creatively finance revitalization projects which promote private development. The City of the Future initiative is the ultimate example of the City government's aggressive response to its self-realized needs in infrastructure, schools, and cultural development.

In summary, the economic outlook for Richmond is positive. Real estate development is booming in the City. The unemployment rate remains lower than the national average. The region continues to attract Fortune 500 Company Headquarters and associated jobs. Commercial corridors and districts are being revitalized with residents, restaurants, and retail. Meeting the demands and expectations of the national trend towards urbanism, Richmond, Virginia has become a mixed-use development in itself, creating a quality of life unique to the Region that is rich with history, culture, diversity, skyline views, architectural interest, and new opportunities to embrace and live along the river that runs through her.

To further encourage economic development, the City, by the action of Council, began a substantially expanded Tax Abatement for the 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. Originally established as a five-year program, it has been extended for an additional five years due to its success. The program provides real estate tax abatements for up to 7 years for owners of commercial/industrial properties, and up to 10 years of abatement for residential or Enterprise Zone properties. During 2007, 3,941 properties qualified for the tax abatement program.

### **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's 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 Council. Council is required to adopt a final budget by no later than the close of the fiscal year. 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 at the department level 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 statement of budgetary comparisons in the required supplementary information section of this report, the City continues meeting its responsibility for sound financial management. (Refer to Exhibit H-1 for the City's General Fund revenues and expenditures by function).

### ***Financial Condition***

The City continues to have strong credit ratings as indicated in publications by all three bond rating agencies, Moody's, Standard and Poor's, and Fitch, which during the year reaffirmed their Aa3, AA, and AA ratings, respectively, of the City's new and outstanding general obligation bond debt. On November 21, 2006 the City successfully issued \$44,550,000 of General Obligation Public Improvement Bonds, Series 2006, to finance various public capital expenditures.

On December 20, 2006 the City also established a \$150,000,000 Bond Anticipation Commercial Paper Note facility with a local bank to provide interim financing for the City of the Future capital improvement projects. Under this credit facility, the City will issue Commercial Paper Notes to finance the City of the Future capital projects as they get underway. When the Commercial Paper is issued, it will be remarketed under a Commercial Paper Dealer Agreement dated December 1, 2006 between the City of Richmond and Banc of America Securities, LLC. The Notes are supported by a Standby Note Purchase Agreement (liquidity facility) between the City and Bank of America. During the year ended June 30, 2007, the City paid interest rates on the outstanding balance of the notes ranging from 3.58% to 3.95%.

On April 25, 2007 the City successfully completed the largest bond issue in its history by issuing \$323,180,000 of Public Utility Revenue and Refunding Bonds, Series 2007A, to refund certain maturities of existing outstanding utility debt, and to provide additional new funds for various capital projects of the City's natural gas, water, and wastewater utilities. The refunding generated \$20,037,960 in debt service savings (\$9,549,327 in Net Present Value Savings) over the remaining twenty-six year life of the bonds. At the time of the debt offering, the bond rating agency, Moody's, upgraded its credit rating of the City's Public Utility Revenue Bond debt from A1 to Aa3.

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

In conjunction with the adoption of an annual Operating Budget in May of each year, the Mayor presents and the City Council adopts a five-year Capital Improvement Plan ("the CIP"). At the time of the adoption of the CIP, the first year of the plan constitutes the Adopted Capital Projects Budget for the fiscal year, and the remaining four years of the CIP serve as a planning guide for capital improvements to the public facilities of the City. The annual Capital Projects Budget includes both general-purpose capital improvement projects, including school capital improvement building projects, and utility capital projects. The adopted 2008 through 2012 Capital Budget include the Mayor's City of the Future Plan, a program involving significant capital investments by the City in new and remodeled schools, parks, transportation and cultural facilities. The five-year Capital Budget includes \$369,301,863 of general-purpose projects funded largely by the utilization of \$294,427,500 in Commercial Paper Credit, described above. The remaining funding of general-purpose projects comes from State and Federal grants and other external sources of reimbursement.

The City Council has adopted internal debt management policies, which are an integral part of the budgeting process. These internal policies serve to limit the total amount of general obligation debt which can be issued, by establishing ratios of debt to assessed values of taxable real estate, debt to income, and debt service as a percentage of the annual operating budget. In addition, an established policy requires debt structuring, such that 60% of overall general obligation debt is repaid in ten years. These debt management policies are discussed in greater detail in the Statistical Section of this document.

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

The City's enterprise operations are comprised of three separate and distinct activities: Water, Wastewater, and Gas. The Gas and Water utilities are regional in scope, providing services to the City and the surrounding Counties of Chesterfield, Henrico, and Hanover. Henrico County has built a water treatment plant, which has reduced the maximum daily water use demands on the City's system from approximately 59 MGD in the year 2004 to approximately 44 MGD in 2006. The reduced demand from Henrico is being offset by gradually increasing water sales to Chesterfield and Hanover counties over the next several years. The Water utility also provides water indirectly to Goochland County. The Wastewater utility serves all of the City and small portions of Chesterfield and Henrico Counties that lie at the city/county line. The City has a wastewater contract with Goochland to provide up to 5 MGD of wastewater treatment. Service to Goochland County began in 2006.

In fiscal year 2005, the City entered into the third Special Order with the Virginia Water Control Board and Department of Environmental Quality that outlines the implementation of Phase III of the City's Combined Sewer Overflow (CSO) Program. The order requires the City to construct 10 projects with a projected combined cost of approximately \$24 million on a stipulated schedule over the next 12 years. The first three of these projects are currently under construction. Phase III also includes seven additional major CSO projects that are contingent upon resolution of water quality standards issues and would be constructed over an unspecified period of time based on the City's financial capability. The Commonwealth of Virginia provided the City with \$2.0 million of grant funding in 2005, \$3.75 million in 2006, and \$3.05 million in 2007 for the City's CSO program. The United States Army Corps of Engineers received \$750,000 in 2006 for engineering and design work in support of the City's CSO program.

The Huguenot Road 36" Water Transmission Main was placed into service in 2005 and has resulted in increased potable water volume to the southern service area. This project is the first new City water main across the James River in over 15 years, and represents an important investment in our water distribution infrastructure. Over the past two years, the City has made significant upgrades to the filters and chemical systems (eliminating gas chlorine disinfectant with the safer sodium hypochlorite liquid disinfectant) at the Water Treatment Plant which will enable the plant to continue to produce high quality drinking water in complete compliance with the Safe Drinking Water Act. Also, in 2007, the City provided standby emergency power at the Water Treatment Plant for additional reliability during natural and manmade disasters. In calendar year 2005, the Commonwealth of Virginia State Water Control Board enacted new regulations designed to further protect the Chesapeake Bay and its tributaries. These regulations will require the City of Richmond Wastewater Treatment Plant to implement improvements to meet more restrictive nitrogen and phosphorus limits in the discharge to the James River by 2011.

During calendar year 2006, the City of Richmond's Wastewater Treatment Plant was awarded the Platinum Peak Performance Award from the National Association of Clean Water Agencies. The Platinum Awards recognize member agencies that have achieved 100% compliance with their National Pollutant Discharge Elimination System (NPDES) permit for five consecutive calendar years. This is the second time the City has received the Platinum Award. In addition, the City has now received seven Gold Awards for 100% compliance measured annually.

During calendar year 2007, the U.S. Centers for Disease Control & Prevention and the U.S. Department of Health & Human Services recognized the Department of Public Utilities Water Treatment Plant for exceptional performance in the area of fluoridation monitoring. The Water Fluoridation Quality Award was presented for successfully maintaining optimal fluoride levels and meeting state fluoridation monitoring requirements for all 12 months of 2006.

### ***Pending Changes in Water, Wastewater, and Stormwater Services***

The Department of Public Utilities (DPU) recently completed a cost of service study for the Water and Wastewater Utilities. The objectives of the study were to derive and fairly apply equitable rates for all classes of customers while providing adequate funding for the continued operations of these utilities. It was revealed that revenue from some customer classes is insufficient to fully recover costs related to those sales while revenue from other classes is in excess of what is actually needed to cover their costs.

Several recommendations for each utility came from the study. If implemented, those recommendations will adjust the revenue from each customer class to meet the objectives of the study. Highlights of the recommendations for the Water Utility

include: phasing out the "declining block" rate structure to provide an increasing cost for high-volume water usage and promoting water conservation, increasing water "connection fees" to cover actual costs, adjusting the monthly service charge to cover actual costs, and implementing a Conservation Rate to provide a disincentive for excessive water usage during times of drought. Wastewater Utility recommendations include: increasing wastewater "connection fees" to cover actual costs, adjusting the monthly service charge to recover actual costs, and reducing the winter usage period from six to three months to accurately reflect those seasons when customers are watering their landscapes. The net effect of these changes will produce a cost savings for approximately 70% of the residential customers in both the Water and Wastewater Utilities.

The City is now considering the implementation of a Stormwater Utility that will be operated as an enterprise activity in the DPU. The utility will charge a fee for service affecting all owners of improved property within the City limits. The dedicated revenue source will provide the necessary funding for complying with regulatory water quality mandates, protecting public health and safety, and controlling flooding. Proposed fees for the Stormwater Utility will be offset by savings in the Water and Wastewater rates for approximately 70% of the citizens. Citizens with low water usage will have their Stormwater fees completely offset with these savings.

#### **Awards and Acknowledgements**

##### ***Reporting Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Richmond for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the 23rd 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.

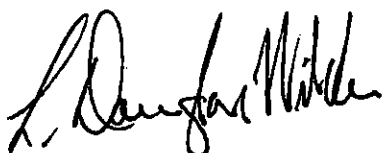
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

##### ***Acknowledgments***

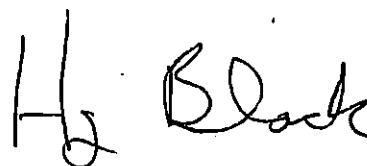
The preparation of the CAFR was made possible by the dedicated service of the entire staff of the Controller's Division of the Finance Department. All individuals who assisted in this effort have our sincere appreciation for the contributions made in the preparation of this report.

Appreciation is also expressed to the City Council, City Department Directors, and Bureau Chiefs for their leadership and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,



L. Douglas Wilder  
Mayor



Harry E. Black  
Deputy Chief Administrative Officer  
and Chief Financial Officer



# City of Richmond



L. DOUGLAS WILDER  
MAYOR

"SIC ITUR AD ASTRA"  
SUCH IS THE WAY TO THE STARS

## MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

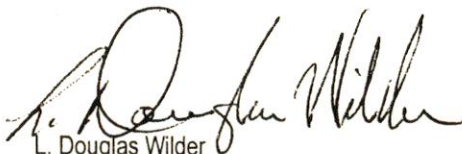
The management of the City of Richmond has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Richmond Ambulance Authority, Richmond Coliseum, Hospital Authority of Richmond, Port of Richmond Commission, Richmond Behavioral Health Authority, Richmond Redevelopment and Housing Authority, and the Broad Street Community Development Authority are under the direct control of their respective governing boards and management. The financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), 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 judgments. Management also prepared the statistical information in this annual report and is responsible for its accuracy and consistency with the financial statements.

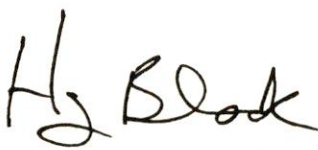
The City's financial statements have been audited by KPMG LLP (KPMG), independent certified public accountants, selected by the City Council. Management has made available to KPMG all of the City's financial records and related data as well as the minutes of the City Council meetings. Furthermore, management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

Management of the City is responsible for establishing and maintaining a system of internal controls 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 should provide for appropriate division of responsibility that 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. As a result of the restatements identified in the notes to the financial statements (footnote 17), Management has identified areas for improvement in our system of internal controls. With the implementation of an action plan to improve upon internal controls, we believe that the City's internal accounting controls will continue to adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

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. 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 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.

  
L. Douglas Wilder  
Mayor

  
Harry E. Black  
Deputy Chief Administrative Officer  
and Chief Financial Officer





CITY OF RICHMOND

CITY AUDITOR

November 30, 2007

### **AUDIT COMMITTEE CHAIRMAN'S LETTER**

The Audit Committee of the City of Richmond is composed of three citizen members and two Council members. The members of the Audit Committee during the fiscal year ended June 30, 2007 were Barry C. Faison, CPA, Chairman; George E. Calvert, Jr., Vice Chairman; Joseph R. Jenkins, CPA; The Honorable Ellen Robertson and The Honorable William J. Pantele. The Committee held three meetings during the fiscal year ended June 30, 2007.

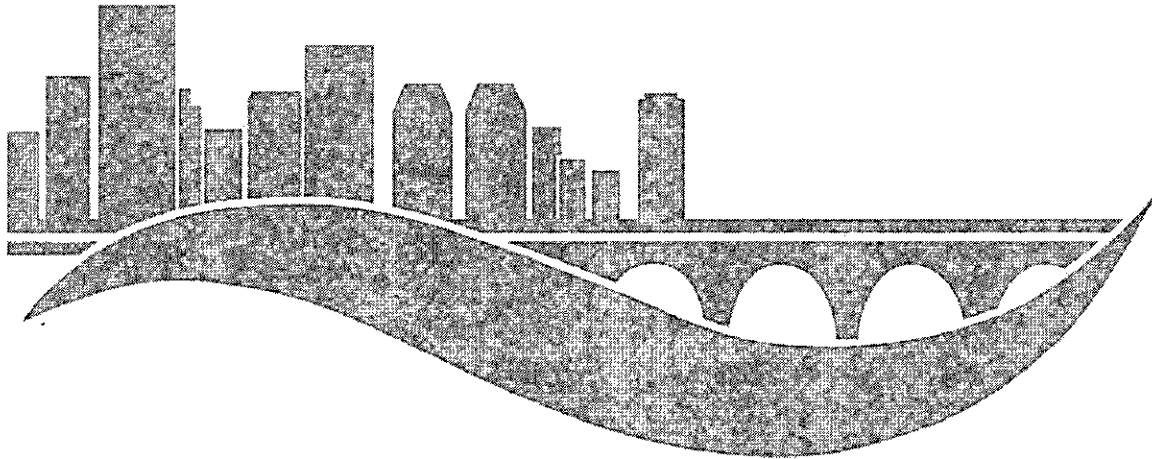
The Audit Committee assists City Council in the Council's discharge of its responsibilities for the financial management of the City, specifically in the areas under the charge of the City Chief Financial Officer and Director of Finance. The School Board of the City of Richmond, Richmond Ambulance Authority, Port of Richmond Commission, Richmond Behavioral Health Authority, Hospital Authority of Richmond, Broad Street Community Development Authority and the Richmond Redevelopment and Housing 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 public accountants the overall scope and specific plans for their respective audits. The Committee also discussed the City's Comprehensive Annual Financial Report (CAFR) and the adequacy of the City's internal controls. During the year, the Committee has monitored the contract with the independent certified public accountants.

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. The Committee has been informed of the restatement described in Note 17 to the financial statements and the financial reporting internal control deficiencies related to the year-end financial reporting closing process and the accounting for capital assets. Additionally, the Committee has been informed of the corrective actions planned by management to improve the financial reporting internal control environment and will be monitoring the progress of the plan.

A handwritten signature in black ink, appearing to read "Barry C. Faison", followed by a horizontal line extending to the right.

Barry C. Faison, CPA, Chairman  
Audit Committee



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond  
Virginia

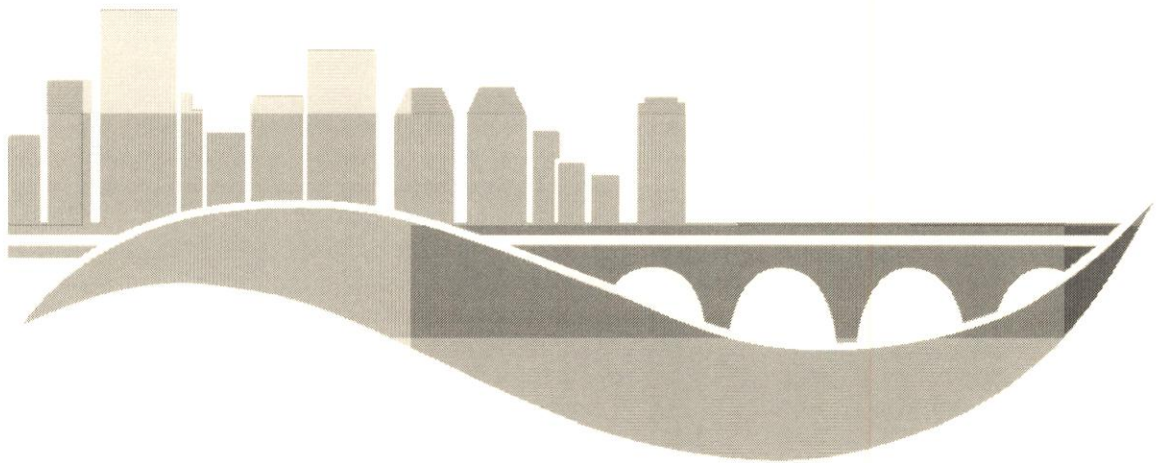
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.



President

Executive Director



# CITY OF RICHMOND, VIRGINIA

## STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2007

### CITY MAYOR

L. Douglas Wilder

### DEPUTY CHIEF ADMINISTRATIVE OFFICER

Harry E. Black

### CITY COUNCIL

William J. Pantele – President  
Delores L. McQuinn – Vice President  
Douglas G. Conner, Jr.  
Kathy C. Graziano  
Chris A. Hilbert

E. Martin Jewell  
Ellen F. Robertson  
Reva M. Trammell  
Bruce W. Tyler

### CITY AUDITOR

Umesh V. Dalal, CPA, CIA, CA

### CITY ATTORNEY

Norman Sales, Esquire

### SUPERINTENDENT OF SCHOOLS

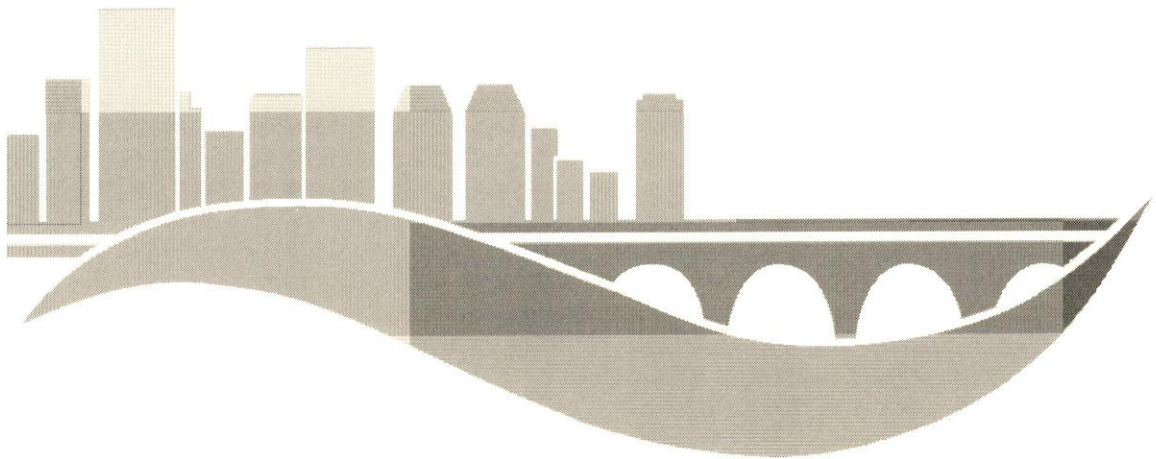
Deborah Jewell-Sherman, Ed.D

### DEPARTMENT OF FINANCE

Harry E. Black, *Chief Financial Officer*  
Michael W. Terry, *Deputy Director of Finance*  
Kellie High-Foster, MPA, *Acting City Controller*

### INDEPENDENT AUDITORS

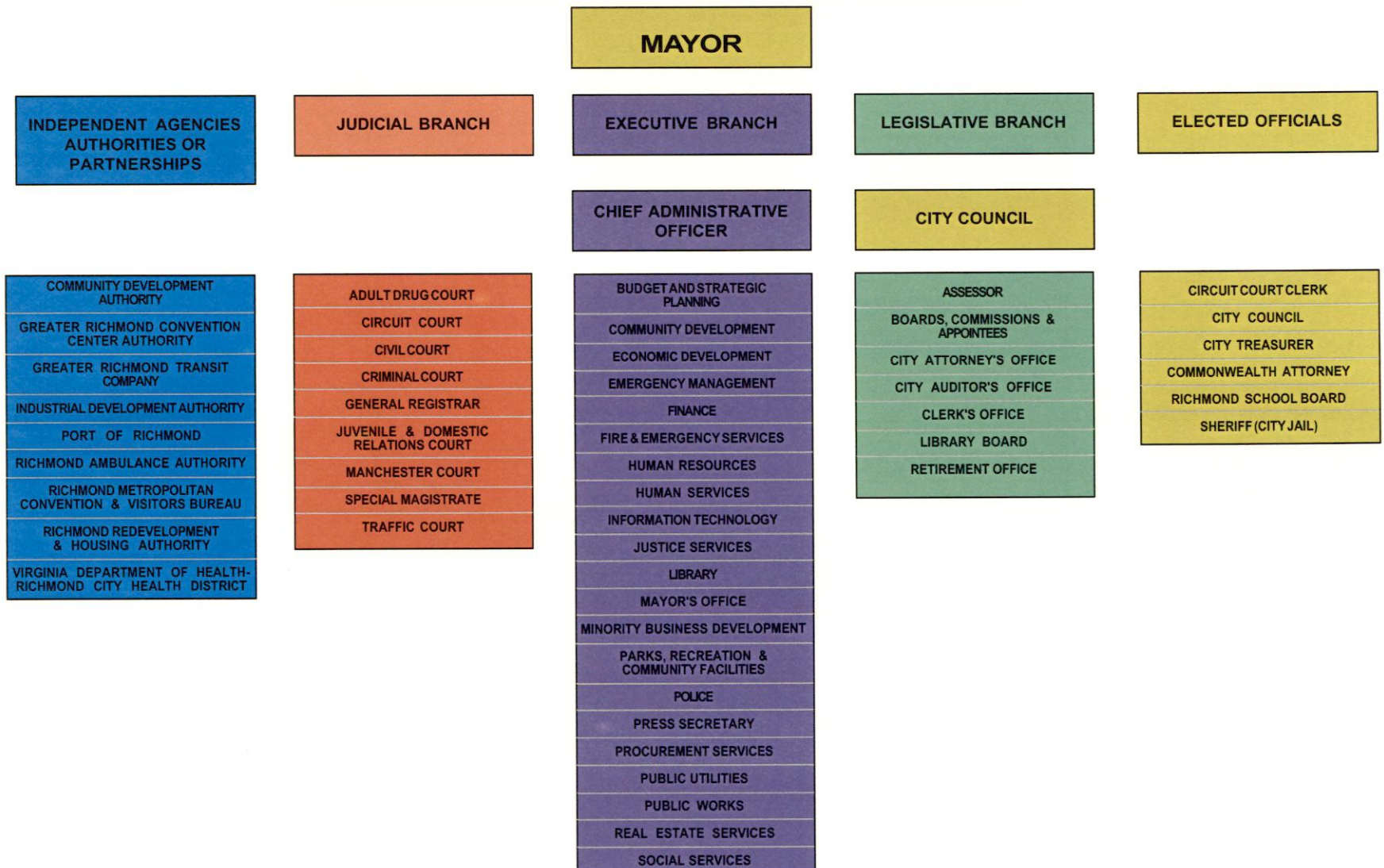
KPMG LLP

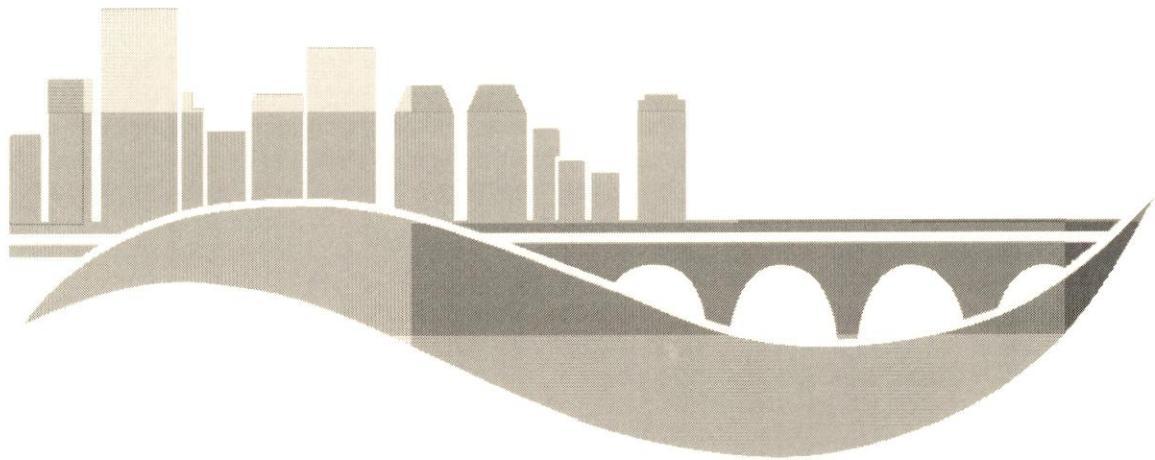






# CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT 2007







**KPMG LLP**  
Suite 2000  
1021 East Cary Street  
Richmond, VA 23219-4023

## Independent Auditors' Report

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

The Honorable Mayor of the  
City of Richmond, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Richmond Coliseum (a non-major enterprise fund), which represents 1.68%, 1.42%, and 0.001%, respectively, of the total assets, revenues, and net assets of the aggregate remaining fund information and 1.42%, 1.22%, and 0.002%, respectively, of the total assets, revenues, and net assets of the business-type activities. We also did not audit the financial statements of the Richmond Behavioral Health Authority, the Hospital Authority of Richmond, and the Richmond Redevelopment and Housing Authority, which represent 60.35%, 24.15% and 88.47%, respectively, of the total assets, revenues, and net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions insofar as they relate to the amounts included for the Richmond Coliseum, the Richmond Behavioral Health Authority, the Hospital Authority of Richmond, and the Richmond Redevelopment and Housing Authority are 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 (specifications). Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

As discussed in note 17 to the financial statements, the net assets as of June 30, 2006 of the governmental activities, business-type activities, debt service major fund, aggregate discretely presented component units, and the aggregate remaining fund information have been restated.



In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

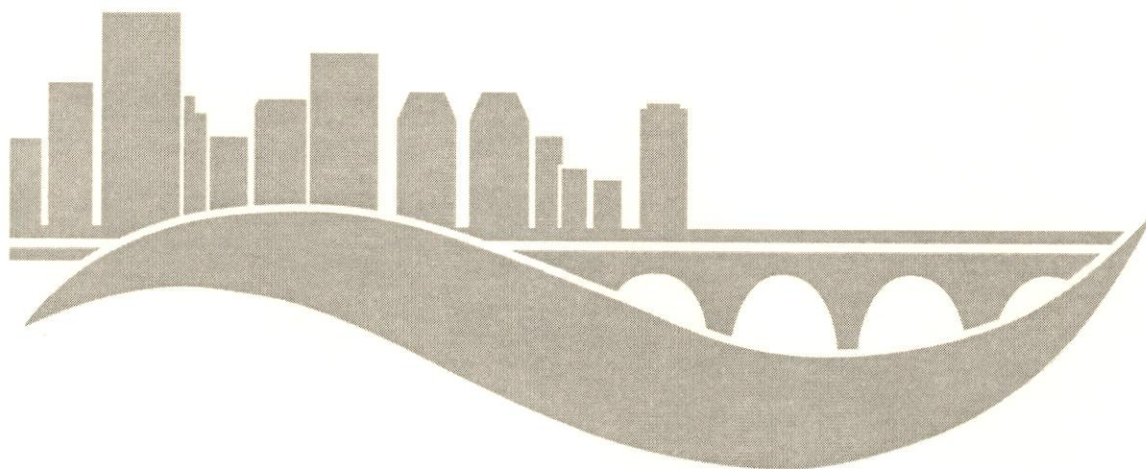
In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 20, the budgetary comparison schedules on pages 88 through 92, and the schedule of funding progress in note 12 on page 78, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richmond's basic financial statements. The Introductory Section, Statistical Section and Supplementary Information – Combining Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Financial Statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 30, 2007





**CITY OF RICHMOND, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2007**

The City of Richmond, Virginia's (the "City") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

**Financial Highlights**

**Government-wide Financial Statements**

- At the close of the fiscal year, the assets of the City exceeded its liabilities by \$700.8 million. Of this amount, \$106.3 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's Business-type Activities closed on June 30, 2007 with \$382.6 million in net assets, an increase of \$7.4 million in comparison with the prior year. A total of \$79.8 million of net assets is reported as unrestricted. The increase in Business-type Activities net assets is due to revenues exceeding expenses by \$28.3 million, offset by \$20.9 million of transfers to Governmental Activities.
- As of the close of the current fiscal year, the City's Governmental Activities reported net assets of \$318.2 million, an increase of \$22.9 million. The reported balance as of June 30, 2006 has been restated to reflect corrections made by the City to the classification of certain assets and liabilities detailed in footnote 17 on page 82. A total of \$26.4 million of net assets is reported as unrestricted governmental net assets and is available to meet obligations to citizens and creditors.

**Fund Financial Statements**

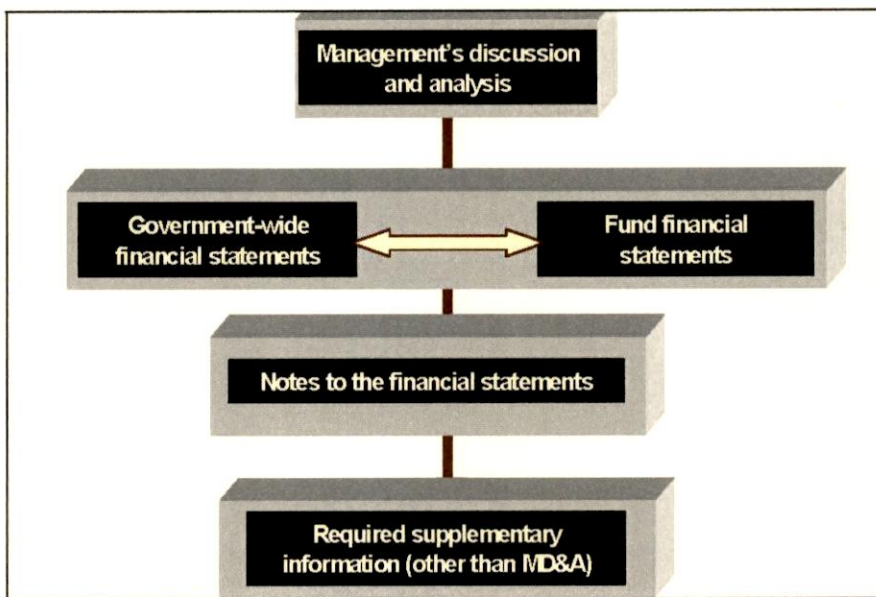
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$119.5 million, an increase of \$26.6 million. Forty percent of this total amount, \$47.5 million, is available for spending at the government's discretion (unreserved fund balance). City governmental funds had an increase in fund balance mainly as a result of an increase in real estate taxes.

**Debt Offering**

- The City's total debt, excluding premiums and compensated absences, increased by approximately \$90.3 million (9.16%) during the fiscal year ending June 30, 2007, largely due to increased borrowing to fund utility capital projects.
- The City issued \$44.5 million of General Obligation Bonds, Series 2006 and \$500,000 of General Obligation Commercial Paper to fund various capital projects. At the time of these bond issues, Moody's, Standard & Poor's, and Fitch Ratings all reaffirmed their respective Aa3, AA, and AA credit ratings of the City's General Obligation Bond debt.
- The City also issued its Public Utility Revenue Bonds, Series 2007A, in the amount of \$323.2 million to provide \$90.0 million of financing for new utility capital projects, with the remainder of the debt proceeds being used to refinance existing utility bond debt at lower interest rates. The refinancing produced \$20.0 million of debt service savings over the remaining twenty-six year life of the bonds. Prior to the issuance, Moody's upgraded its credit rating of the City's Utility Revenue bond from A1 to Aa3, while Standard & Poor's and Fitch ratings reaffirmed their respective AA- and AA- ratings.
- Commonwealth of Virginia statutes limit the amount of General Obligation debt a government may issue to 10% of the municipality's total taxable real estate valuation. At June 30, 2007, the City had a legal debt limit of \$1,904,252,245 and a remaining legal debt margin for issuing additional debt of \$1,270,394,281. The City has other self imposed debt management policies which are discussed in the Statistical section of this report
- Additional detailed information on the City's long-term debt can be found in Note 8 beginning on page 67 of this report.

**Overview of the Financial Statements**

The following is narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) government-wide financial statements, (3) fund financial statements, and (4) notes to the financial statements. The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the City's accountability.



**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all the City's assets and liabilities, with the difference between assets and liabilities reported as net assets. Net assets are reported in three classifications: invested in capital assets – net of related debt, restricted, and unrestricted. Over time, the increases or decreases in the City's net assets can be an indicator as to whether the financial position of the City is improving or deteriorating. To accurately use changes in net assets as an indicator of the City's overall health, the underlying factors contributing to the increase or decrease must be analyzed, as well as other non-financial factors (such as changes in the property tax base and the condition of infrastructure and other capital assets).

The Statement of Activities presents information showing how the net assets changed during the year. All changes in net assets are recognized as the underlying event occurs, regardless of the timing of the related cash flow. As a result, revenues and expenses are reported in this statement for some items that will not impact cash flows until future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City includes the City's basic services including Police, Fire, Economic Development, Recreation and Parks, Social Services, Community Development, and the General Administration. These activities are supported primarily by property



taxes, other local taxes, state and Federal grants, and contributions from the City's Utility Departments (Gas, Water, and Wastewater). The business-type activities reflect private-sector type operations (e.g. Gas, Water, Wastewater, Coliseum, Landmark Theatre, and Cemeteries) where the City charges a fee to customers to cover all or most of the costs associated with providing these services.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. As is the case with other state and local governments, the City ensures and demonstrates compliance with legal requirements through its use of fund accounting. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar than the government-wide financial statements. The City has three types of funds:

#### **Governmental Funds**

The Governmental Funds report essentially the same functions as the governmental activities in the government-wide financial statements. However, the Governmental Fund financial statements focus on the near-term cash inflows and outflows and the amount of spendable resources available at the end of the fiscal year. This information is useful when evaluating the City's near-term financing needs. Because the focus of the fund statements is narrower than that of the government-wide statements, it is useful to compare the information presented in both the fund and the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between Governmental Funds and governmental activities.

The City maintains nine individual Government Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Debt Service Funds, both of which are considered major funds. Data from the other seven Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Non-major Governmental Funds is provided in the form of combining statements elsewhere in this report.

#### **Proprietary Funds**

The City maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as the business-type activities in the government-wide financial statements. Information is presented separately in the Proprietary Statement of Net Assets and in the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Gas, Water, and Wastewater operations, all of which are considered major funds. Data from the other three Enterprise Funds are combined into a single, aggregated presentation. Individual fund data for each of these Non-major Enterprise funds is provided in the form of combining statements elsewhere in this report.

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 to other governments on a cost reimbursement basis. Information is presented separately in the Proprietary Funds Statement of Net Assets and in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets in a single, aggregated presentation. The City maintains seven Internal Service Funds: 1) Fleet Management, 2) Radio Maintenance, 3) Risk Management, 4) Public Works Stores, 5) Electric Utility, 6) Stores and Transportation and 7) Richmond Advantage Corporation. Individual fund data for each of these Non-major Internal Service Funds is provided as supplementary information in the combining statements section in this report.

While the total column on the Proprietary Funds financial statements may be the same as the business-type activities column on the government-wide financial statements, the governmental funds total column requires a reconciliation to the governmental activities column on the government-wide financial statements because of the different measurement focuses (current financial resources *versus* total economic resources) utilized by the two statements. Specifically, the





flow of current financial resources measurement focus reflects bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation between the two bases of accounting takes into account these and other differences (e.g. capital assets and long-term obligations). Reconciliation adjustments between the business-type activities (government-wide and enterprise funds totals) occurs because of the need to redistribute excess income/loss for the Stores Internal Service Fund that serves only the Gas, Water, Wastewater, and Electric Utilities.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains two Fiduciary Funds: 1) Trust Funds and 2) Agency Funds. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

#### **Notes to the Financial Statements**

The notes to the financial statements provide information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes also present certain required supplementary information.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budget execution process, and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 88 of this report. The combining statements referred to earlier in connection with Non-major Governmental Funds, Enterprise and Internal Service Funds are presented immediately following the required supplementary information.

#### **Government-wide Financial Analysis**

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$700.8 million at the June 30, 2007. This is a \$30.2 million increase over the previous year. For governmental activities, this increase is due to the fact that current and other assets are up \$37.3 million over the past year mainly due to Cash and Restricted Assets-Cash and Investments increasing \$21 million and Due From Other Governments increasing \$18.3 million. Also, Governmental Activities Capital Assets, Net, are up \$2.4 million from the prior year. For the Business-type Activities, current and other assets are up \$76.7 million mainly due to Cash and Restricted Assets-Cash and Investments increasing \$59.5 million and Accounts Receivable increasing \$15.9 million. For Business-type Activities, Capital Assets are up \$32.4 million, mainly due to new asset additions for the Department of Public Utilities. Current and Other Liabilities are up \$39.7 million government-wide mainly due to Accounts Payable increasing by \$11.3 million and Due to Component units increasing by \$7.6 million.

The largest portion of the City's Net Assets (82.7%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (2.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets (15.2%), which may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate Governmental and Business-type Activities.



**Table 1**  
**City of Richmond's Schedule of Net Assets**  
**as of the Fiscal Year Ended June 30, 2007 and 2006**  
**(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 240.8	\$ 203.5	\$ 293.6	\$ 216.9	\$ 534.4	\$ 420.4
Capital Assets, Net	<u>678.6</u>	<u>676.2</u>	<u>891.6</u>	<u>859.2</u>	<u>1,570.2</u>	<u>1,535.4</u>
<b>Total Assets</b>	<b>\$ 919.4</b>	<b>\$ 879.7</b>	<b>\$ 1,185.2</b>	<b>\$ 1,076.1</b>	<b>\$ 2,104.6</b>	<b>\$ 1,955.8</b>
Current and Other Liabilities	135.3	117.0	149.3	127.9	284.6	244.9
Long-Term Debt Outstanding	<u>465.9</u>	<u>467.7</u>	<u>653.3</u>	<u>573.3</u>	<u>1,119.2</u>	<u>1,041.0</u>
<b>Total Liabilities</b>	<b>\$ 601.2</b>	<b>\$ 584.7</b>	<b>\$ 802.6</b>	<b>\$ 701.2</b>	<b>\$ 1,403.8</b>	<b>\$ 1,285.9</b>
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	276.8	258.0	302.8	304.6	579.6	562.6
Restricted	15.0	12.4	-	-	15.0	12.4
Unrestricted	<u>26.4</u>	<u>24.9</u>	<u>79.8</u>	<u>70.6</u>	<u>106.2</u>	<u>95.5</u>
<b>Total Net Assets</b>	<b>\$ 318.2</b>	<b>\$ 295.3</b>	<b>\$ 382.6</b>	<b>\$ 375.2</b>	<b>\$ 700.8</b>	<b>\$ 670.5</b>

These 2006 amounts have been restated in a manner that is consistent with the matters discussed in Note 17.



**Table 2**  
**City of Richmond's Schedule of Activities**  
**For the Fiscal Year Ended June 30, 2007 and 2006**  
**(In Millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 75.5	\$ 76.8	\$ 334.5	\$ 359.5	\$ 410.0	\$ 436.3
Operating Grants and Contributions	159.2	147.1	4.8	4.9	164.0	152.0
Capital Grants and Contributions	18.9	3.7	--	--	18.9	3.7
General Revenues:						
Property Taxes	253.6	242.5	--	--	253.6	242.5
Intergovernmental	--	6.1	--	--	--	6.1
Other Taxes	155.6	106.0	--	--	155.6	106.0
Investment Income	2.4	1.8	5.6	4.2	8.0	6.0
Miscellaneous	30.6	35.9	4.6	3.4	35.2	39.3
Total Revenues	<u>\$ 695.8</u>	<u>\$ 619.9</u>	<u>\$ 349.5</u>	<u>\$ 372.0</u>	<u>\$ 1,045.3</u>	<u>\$ 991.9</u>
<b>Expenses:</b>						
Primary Government:						
General Government	108.4	108.6	--	--	108.4	108.6
Public Safety and Judiciary	175.2	159.9	--	--	175.2	159.9
Highway, Street, Sanitation, and Refuse	72.7	75.5	--	--	72.7	75.5
Human Services	95.3	90.3	--	--	95.3	90.3
Culture and Recreation	24.3	22.0	--	--	24.3	22.0
Education	166.0	152.6	--	--	166.0	152.6
Transportation	9.4	8.2	--	--	9.4	8.2
Interest and Fiscal Charges	42.1	40.1	--	--	42.1	40.1
Business-type Activities	--	--	321.2	343.3	321.2	343.3
Total Expenses	<u>\$ 693.4</u>	<u>\$ 657.2</u>	<u>\$ 321.2</u>	<u>\$ 343.3</u>	<u>\$ 1,014.6</u>	<u>\$ 1,000.5</u>
Increase (Decrease) in Net Assets Before Transfers, and Extraordinary Item						
	\$ 2.4	\$ (37.3)	\$ 28.3	\$ 28.7	30.7	\$ (8.6)
Transfers	20.9	20.2	(20.9)	(20.2)	--	--
Extraordinary Item - Disaster Costs, Net	(0.4)	(0.3)	--	--	(0.4)	(0.3)
Changes in Net Assets	<u>\$ 22.9</u>	<u>\$ (17.4)</u>	<u>\$ 7.4</u>	<u>\$ 8.5</u>	<u>\$ 30.3</u>	<u>\$ (8.9)</u>
Net Assets, Beginning of Year, As Restated	295.3	312.7	375.2	366.7	670.5	679.4
Net Assets, End of Year	<u>\$ 318.2</u>	<u>\$ 295.3</u>	<u>\$ 382.6</u>	<u>\$ 375.2</u>	<u>\$ 700.8</u>	<u>\$ 670.5</u>

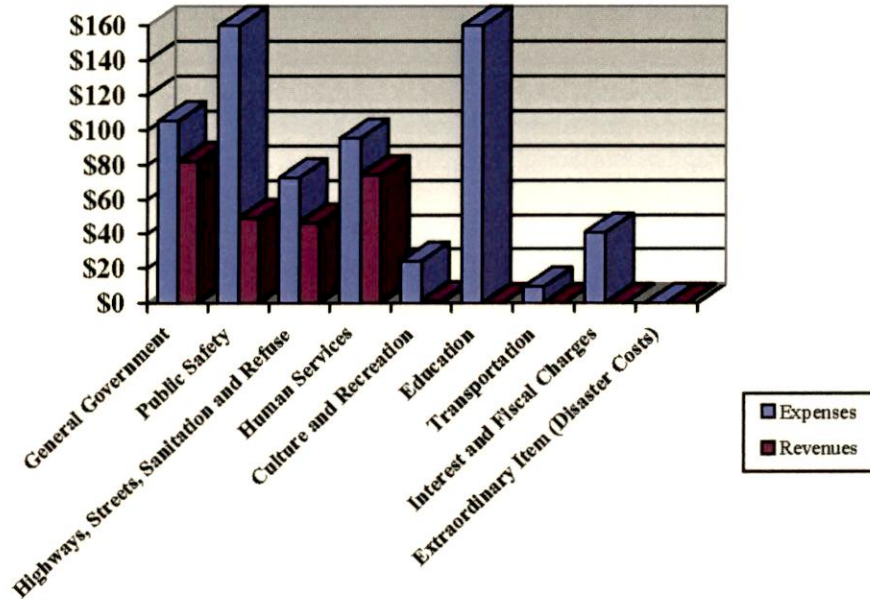
These 2006 amounts have been restated in a manner that is consistent with the matters discussed in Note 17.

### Governmental Activities

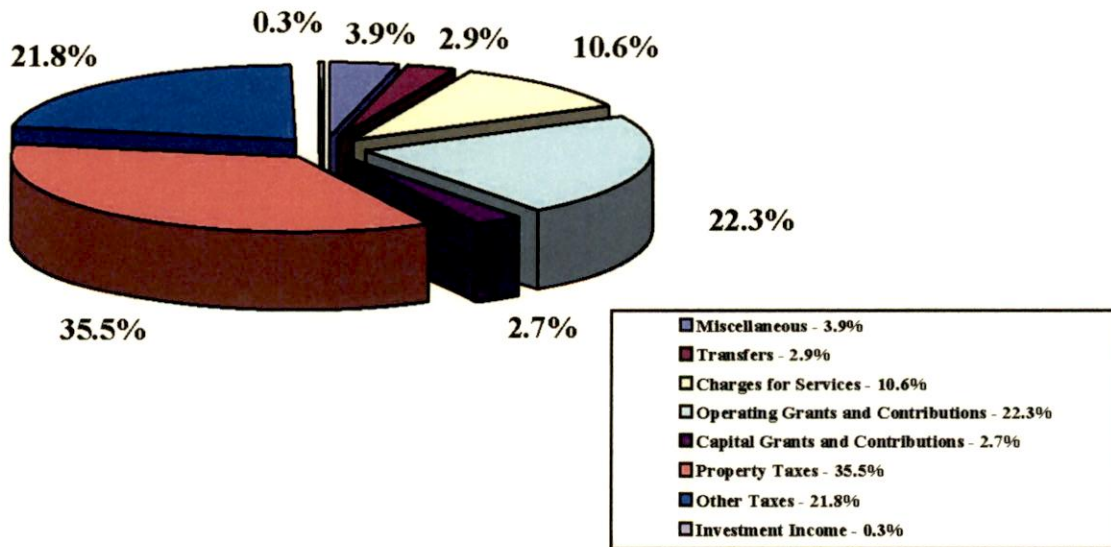
Governmental Activities increased the City's net assets by \$22.9 million. Revenues from Governmental Activities, including transfers, was \$716.7 million for fiscal year 2007, with property taxes (37%), other local taxes (22%), and operating grants (23%) being the major revenue sources contributing over \$568.5 million of the City's revenues. Expenses, including net extraordinary disaster costs, for Governmental Activities were \$693.0 million for fiscal year 2007, of which 37 percent was supported from program revenues and 63 percent from general revenues. Expenses for Public Safety (25%), Education (24%), General Government (15%), Human Services (14%), and Highways, Streets, Sanitation, and Refuse (11%) make up eighty-nine percent of the total governmental expenses.



**Expenses and Program Revenues – Governmental Activities (In Millions)**



**Revenues by Source – Governmental Activities**





Revenues from Governmental Activities, including transfers, increased by \$76.6 million from prior year. Some of the key factors were:

- Charges for services decreased by approximately \$1.3 mainly as the result of a decrease in the Department of Community Development (\$1.1 million).
- Property taxes increased by \$11.1 million as a result of an increase in assessed property values, which averaged an increase of 6.7%.
- Other increases/decreases were noted as follows:
  1. Capital grants and contributions increased by \$15.2 million, primarily due to revenues received for General Government and Public Safety.
  2. Intergovernmental revenues decreased by \$6.1 million, primarily a result of a reduction in revenues recognized for the Virginia Department of Transportation (VDOT) Urban Program.
  3. Operating Grants and contributions increased by 12.1 million.

Expenses for governmental activities increased by \$36.2 million from prior year. Some of the key factors were:

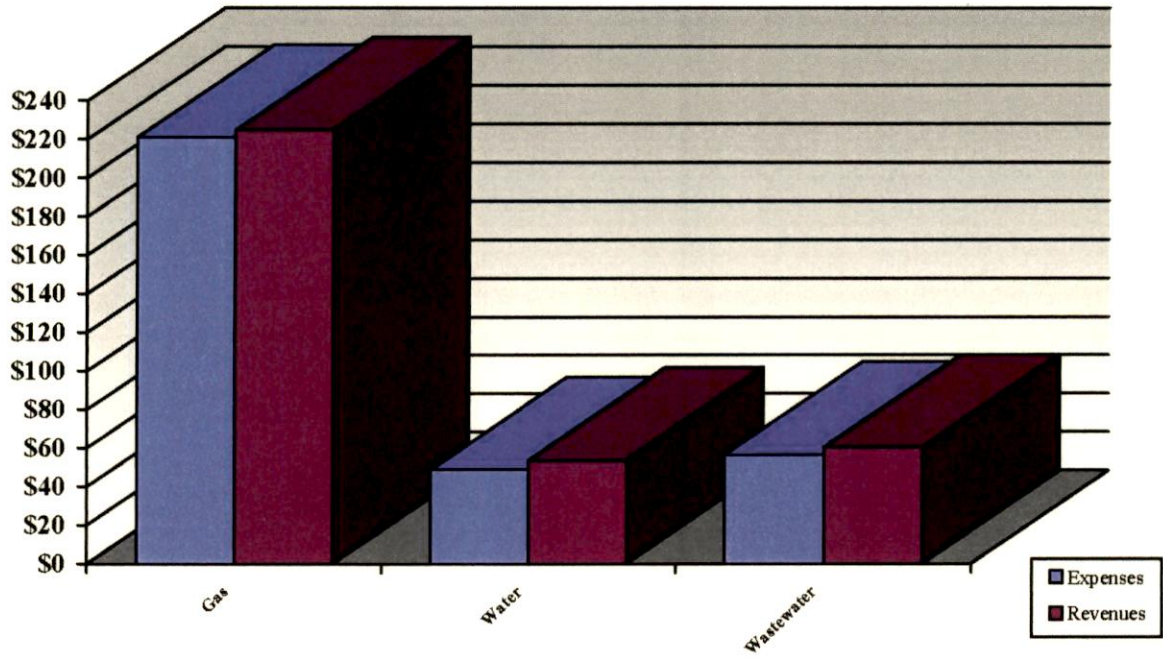
1. Public Safety and Judiciary expenses increased \$15.3 million, primarily in Department of Police spending.
2. General Government expenses decreased \$.2 million, primarily as a result of a decrease in the Department of Real Estate Services.
3. Education expenses increased by \$13.4 million, primarily due to operations for schools.

### **Business-type Activities**

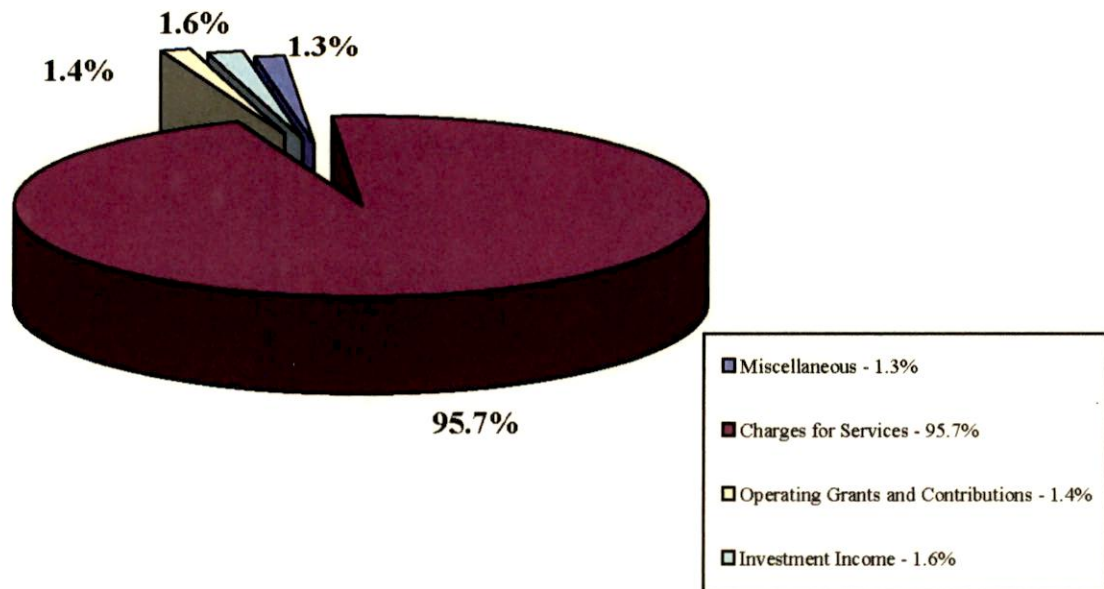
Business-type activities increased the City's government wide net assets by \$7.4 million. At June 30, 2007, total Business-type net assets were \$382.6 million with \$79.8 million being unrestricted. Revenues totaled \$349.5 million of which 95.7% percent is from charges for services (program revenue). Total expenses were \$321.2 million and transfers out were \$20.9 million. Charges for Services Revenue were down \$25 million, which was offset by Business-type activities expenses decreasing \$22.1 million from the prior fiscal year. Thus, the Change of Net Assets prior to transfers was \$28.3 million and was consistent with the prior year. After transfers, the total change in Net Assets for Business-type Activities was \$7.4 million. Additional discussions of the Utility Enterprise Funds (which make up the majority of Business-type Activities) is found on page 14.



**Expenses and Program Revenues – Business-Type Activities (In Millions)**



**Revenues by Source – Business-Type Activities**





## Financial Analysis of the Fund Financial Statements

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

### Governmental Funds

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

As of the end of the current fiscal year, the City governmental funds reported combined ending fund balances of \$119.5 million, an increase of \$26.6 million in comparison with the prior year. Forty percent (\$47.5 million) constituted unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$72.0 million) is reserved to indicate that it is not available for new spending because it has already been committed to activities such as to 1) liquidate contracts, purchase orders, and other obligations of the prior period (\$10.2 million), 2) to pay debt service (\$932 thousand), 3) capital projects (\$47.2 million), or 4) a variety of restricted purposes (\$13.7 million).

The General Fund is the chief operating fund of the City and as of June 30, 2007, the unreserved fund balance in the general fund was \$47.5 million and the total fund balance was \$63.4 million. The General Fund's liquidity can be measured by comparing both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.3 percent of the total General Fund expenditures, while total fund balance represents 11.1 percent of that same amount. When transfers out are added to expenditures, the unreserved fund balance represents 7.6 percent of expenditures plus transfers, while the total fund represents 10.1 percent of this amount. Transfers out to other funds (\$56.6 million) include General Fund support of Debt Service (\$46.9 million) and Grants (\$10 million).

The City's General Fund revenue increased to \$624.5 million in fiscal year 2007 (see Exhibit H-1), compared to \$562.5 million in fiscal year 2006. This represents a net increase of \$62.0 million. Some of the key factors were:

- Real estate tax collections increased by \$16.7 million, due to an increase in taxable assessed values and collection percentage partially offset by a reduction in the tax rate from \$1.29 per \$100 assessed value to \$1.23.
- Local option (1%) sales taxes increased by \$3.9 million, due to an increase in applicable sales within the City.
- Sales Taxes for Education represented \$27.6 million in revenue in fiscal year 2007; this source, and the corresponding pass through payments to the Richmond Public Schools, was not considered a source of revenue or an expenditure in prior years.
- Prepared food taxes reflected an increase of \$5.7 million in revenue in fiscal year 2007 from the full 6% tax. Specifically, much of the increase is due to the fact that fiscal year 2006 General Fund receipts were from 5% of the tax, while the remaining 1% portion was part of a special fund during fiscal year 2006.
- Lodging taxes represented \$5.3 million in revenue in fiscal year 2007. This source was not part of the General Fund in fiscal year 2006; as it was budgeted for in the Special Revenue Funds in prior years.

The City's General Fund expenditures, excluding transfers, increased to \$571.7 million in fiscal year 2007 (see Exhibit H-1), compared to \$514.9 million in fiscal year 2006. This represents a net increase of \$56.8 million. Some of the key factors were:

- Education spending increased by \$17.6 million, primarily due to including Sales Taxes for Education as part of the General Fund expense to Richmond Public Schools and removing debt service for school facilities from that allocation.
- Public safety spending increased by \$15.2 million, primarily due to salary increases granted during fiscal year 2007 and one-time equipment spending by the Police Department.
- General government spending increased by \$5.5 million, primarily due to the inclusion of over \$3.1 million in storm-related costs in the Real Estate (General) Services category in fiscal year 2007.
- Public Works spending increased by \$4.2 million due to salary increases and the inclusion of additional programs such as Animal Control in fiscal year 2007.
- Department of Social Services spending increased by \$7.0 million, primarily due to growth in reimbursed benefit program costs.
- Non-Departmental spending increased by \$8.0 million, primarily due to the inclusion of \$5.3 million in lodging tax revenue among payments to other government entities (see revenue comment above).



The Debt Service Fund has a total fund balance of \$.9 million which is reserved for payment of debt service requirements. Retirement of debt increased during the current period (\$4.3 million).

The Capital Projects Funds have a total fund balance of \$47.2 million, all of which is reserved for capital projects. The net increase in fund balance during the current year in the Capital Projects funds was \$26.4 million.

**Utility Proprietary Funds**

The City Department of Public Utilities (DPU) overall financial results remained consistent when compared to the prior year. Though total fiscal year 2007 revenues decreased when compared to the prior year, this decrease was offset by a corresponding reduction in operating expenses.

In fiscal year 2007, operating income decreased \$1.6 million or 2.8% from the prior year. Combined operating revenues increased \$11.5 million or 7.3% (net of gas purchases), which was offset by an increase in total operating expenses of \$13.1 million or 13.2% (net of gas costs).

Operating and maintenance (O&M) expenses increased in a variety of categories, primarily led by increasing rate stabilization funds totaling \$6.4 million. Spending due to Gaston, Ernesto and Battery Park storm-related expenses increased \$4.7 million over fiscal year 2006, and payroll related costs increased \$1.2 million. Depreciation expense also increased in fiscal year 2007 by \$1.1 million as it includes the first full year of \$24.8 million of net additions to plant placed in service during fiscal year 2006 and a partial year's depreciation on \$36.6 million of net additions to plant placed in service during fiscal year 2007.

Gas revenues (net of gas purchases) increased \$5.0 million or 8.3% from fiscal year 2006. This was due primarily to an increase in both volume and customer base of 1.6% and 1.3%, respectively. This increase was partially offset by an increase in operating expenses from the prior year of \$3.2 million or 8.7%. Most of this increase was related to a \$1.9 million increase in rate stabilization. Contractor and paving costs also increased \$500k while payroll expenses rose \$350k.

Water revenues increased \$2.4 million or 5.1% from fiscal year 2007. This increase was attributable to a rate increase of 6.0%. Water also saw an increase in operating expenses from the prior year of \$3.6 million or 12.4%. Almost all of this increase is related to an increase in the rate stabilization account of \$3.5 million.

Wastewater revenues increased \$4.1 million or 8.1% from fiscal year 2007. This increase was mainly due to a rate increase of 5.5%. Wastewater operating expenses increased from the prior year by \$6.3 million or 18.6%. This was largely attributable to the previously mentioned storm-related expenses. Rate stabilization also increased \$1.0 million from the prior year.

**General Fund Budgetary Highlights**

Differences between original and final amended budgets are the result of an increase of \$15.8 million in additional appropriations. Of this increase, \$8.3 million was funded from FY 2006 appropriations for obligations incurred in FY 2006 with final payments in FY 2007. An additional \$1.1 million from fiscal year 2006 excess funds was appropriated for various programs in fiscal year 2007. Additionally, \$5.16 million from FY2006 fund balance and Department of Utilities revenue was added to the FY2007 budget related to Ernesto storm expense. Other miscellaneous revenue increases of \$1.2 million were due to various state and grant related revenue increases.

The increases to the City agencies appropriations are indicated below.

General Government	\$	7,639,385
Public Safety and Judiciary		1,608,251
Highways, Streets, Sanitation and Refuse		2,279,910
Human Services		970,474
Culture and Recreation		384,530
Non-Departmental		2,906,668
	\$	<u>15,789,218</u>





**Table 3**  
**City of Richmond's Budgetary Comparison**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007 and 2006**  
**(In Millions)**

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>								
Property Taxes	\$ 244.6	\$ 226.6	\$ 244.6	\$ 229.6	\$ 253.9	\$ 238.9	\$ 9.3	\$ 9.3
Other Taxes	152.3	111.3	152.3	111.3	155.5	111.6	3.2	0.3
Intergovernmental	119.3	122.1	120.5	122.9	119.3	117.2	(1.2)	(5.7)
Investment Income	0.1	0.1	0.1	0.1	-	0.1	(0.1)	-
Miscellaneous	92.4	85.5	92.4	87.0	95.7	95.1	3.3	8.1
Other Financing Sources	8.9	12.3	8.9	24.3	5.7	3.5	(3.2)	(20.8)
Extraordinary Item, net - Disaster Recovery	-	-	-	-	-	(0.2)	-	(0.2)
<b>Total Revenues</b>	<b>\$ 617.6</b>	<b>\$ 557.9</b>	<b>\$ 618.8</b>	<b>\$ 575.2</b>	<b>\$ 630.1</b>	<b>\$ 566.2</b>	<b>\$ 11.3</b>	<b>\$ (9.0)</b>
<b>Expenses:</b>								
General Government	54.6	56.6	62.2	58.6	59.9	54.3	2.3	(4.3)
Public Safety and Judiciary	150.6	141.1	152.2	140.2	161.0	145.4	(8.8)	5.2
Highway, Street, Sanitation, and Refuse	57.8	55.2	60.1	57.0	61.5	57.3	(1.4)	0.3
Human Services	70.4	74.2	71.4	74.6	68.2	64.1	3.2	(10.5)
Culture and Recreation	19.4	19.0	19.7	18.5	20.0	18.2	(0.3)	(0.3)
Education	161.3	142.3	161.3	142.3	159.9	142.3	1.4	-
Non-Departmental	43.1	22.5	46.0	50.8	41.2	33.4	4.8	(17.4)
Other Financing Uses	60.4	47.0	60.4	48.8	56.6	57.1	3.8	8.3
<b>Total Expenses</b>	<b>\$ 617.6</b>	<b>\$ 557.9</b>	<b>\$ 633.3</b>	<b>\$ 590.8</b>	<b>\$ 628.3</b>	<b>\$ 572.1</b>	<b>\$ 5.0</b>	<b>\$ (18.7)</b>

The City's General Fund revenues and other financing sources were above the amended budgeted appropriations by \$11.3 million (See Exhibit H-1). Some of the key factors were:

- City taxes were above budget estimates by \$12.5 million. This is primarily the result of additional real estate (\$10.3 million) and prepared food taxes (\$2.2 million).
- Licenses, Permits, and Privilege Fees were above estimates by \$2.1 million. This is primarily the result of Business and Professional Fees being \$2.6 million higher than budget.
- Service Charges were above budget estimates by \$1.2 million. This is primarily a result of Community Development fees (\$.7 million).
- Intergovernmental revenues were below budget estimates by \$1.2 million. This is primarily the result of Social Services revenues being less than budget by \$.9 million.
- Fines and Forfeitures were below budget estimates by \$.6 million primarily due to a decline in collections from Parking Violations.

The City's General Fund expenditures and other financing uses were under the amended budgeted appropriations by \$5 million. (See Exhibit H-1). Some of the key factors were:

- General government expenditures were lower than planned by \$2.3 million. This is primarily the result of budgets in excess of expenditures for the Department of Real Estate Services (\$2 million), in which additional funds were



appropriated, but not totally expended, for property acquisitions that were necessitated after Tropical Storm Gaston. The net variances among the remaining general government agencies resulted in under expenditures of \$.4 million versus the amended budget. Generally, agency savings were the result of vacancy savings from unfilled positions in several agencies. Conversely, the Department of Economic Development exceeded the amended budget (\$.2 million) due to a reorganization resulting in additional positions and salary adjustments. Also, the Department of Information Technology incurred additional costs (\$.7 million) due to unanticipated equipment purchases and the need to utilize additional contract personnel to fill vacancies. Public Safety and Judiciary expenditures exceeded the budget by \$.8 million. The overages were notable in the City Sheriff and Jail budget (\$1.9 million), primarily due to inmate medical and overtime costs, and the Department of Police budget (\$6.3 million), primarily due to overtime cost and sworn officer vacancies being filled sooner than anticipated with the budget. The Fire Department expenditures exceeded the budget by \$1.6 million due to overtime necessitated to maintain minimal staffing levels.

- Human Services expenditures were lower than planned by \$3.2 million. This is primarily due to a budget in excess of \$2.6 million of expenditures for the Department of Social Services and \$.6 million for Public Health. Social Services was under budget primarily due to vacancies. It should be noted that there was also revenue offset in state reimbursements.
- The Richmond Public Schools budget allocation was under expended by \$1.4 million. This was directly due to a shortfall in State Share Sales Tax coming from the Commonwealth of Virginia.
- Non-Departmental expenditures were lower than planned by \$4.8 million. This is primarily due to a budget in excess of expenditures for payments to other government agencies (\$8 million). Funds for the E-911/CAD implementation were unexpected during the fiscal year due to the timing of the project. Funds appropriated for Fund Balance contributions were not expended and thus will by default add to the Fund Balance. Also, some of the salary adjustment funds and Retiree Healthcare funds were not expended.
- Transfers Out – Other Funds were lower than planned by \$3.8 million. This is primarily the result of transfers from the General Fund to Special Revenue funds. The majority of the transfers were planned expenditures.

## **Capital Assets and Debt Administration**

### **Capital Assets**

As of June 30, 2007, the City's investment in capital assets for governmental and business type activities amounted to \$1.57 billion (net of accumulated depreciation). Included in the capital assets investments are land, buildings and system improvements, machinery and equipment, works of art/historical treasures, improvements other than buildings, park facilities, roads, sidewalks, highways, and bridges.

The total increase in the City's investment in capital assets, net of depreciation, for the current fiscal year was approximately \$35 million (more than a .4% increase for governmental activities and a 3.8 % increase for business type activities).

Some of the major capital asset expenditures during the year 2007 included the following:

- Renovation of the Main Street Multi-Modal Center of \$2.5 million.
- Improvements to streets in the Belvidere and Broad Streets area of \$1.1 million.
- City owned building renovations of \$1.4 million.
- Planning and design for a new courts facility \$1.3 million.
- Improvements to streets in the Commerce and Bells Road area of \$1.1 million.
- Renovations to Richmond Public School Buildings of \$1.4 million.



- Realignment of 15<sup>th</sup> Street of \$.5 million.
- Capital improvements to the City Jail of \$.8 million.
- Improvements to cemetery roads and walls of \$.9 million.
- Improvements to parks buildings of \$.7 million.

**Table 4**  
**City of Richmond's Capital Assets**  
**For the Fiscal Year Ended June 30, 2007 and 2006**  
**(In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Capital Assets Not Being Depreciated:</b>						
Land and Land Improvements	\$ 30.7	\$ 28.1	\$ 12.8	\$ 8.2	\$ 43.5	\$ 36.3
Construction In Progress	38.2	56.8	155.3	133.9	193.5	190.7
Works of Art / Historical Treasures	6.9	6.9	--	--	6.9	6.9
<b>Total Assets Not Being Depreciated</b>	<b>75.8</b>	<b>91.8</b>	<b>168.1</b>	<b>142.1</b>	<b>243.9</b>	<b>233.9</b>
<b>Capital Assets Being Depreciated:</b>						
Infrastructure	716.1	683.5	--	--	716.1	683.5
Buildings and Structures	428.8	419.5	1,113.4	1,060.4	1,542.2	1,479.9
Equipment	104.3	99.9	9.2	6.4	113.5	106.3
Improvements Other Than Buildings	6.9	6.0	--	--	6.9	6.0
<b>Total Other Assets</b>	<b>1,256.1</b>	<b>1,208.9</b>	<b>1,122.6</b>	<b>1,066.8</b>	<b>2,378.7</b>	<b>2,275.7</b>
<b>Less Accumulated Depreciation For:</b>						
Infrastructure	397.3	384.5	--	--	397.3	384.5
Buildings and Structures	188.8	177.2	395.4	347.2	584.2	524.4
Equipment	65.9	61.9	3.7	2.5	69.6	64.4
Improvements Other Than Buildings	1.3	0.9	--	--	1.3	0.9
<b>Total Accumulated Depreciation</b>	<b>653.3</b>	<b>624.5</b>	<b>399.1</b>	<b>349.7</b>	<b>1,052.4</b>	<b>974.2</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>602.8</b>	<b>584.4</b>	<b>723.5</b>	<b>717.1</b>	<b>1,326.3</b>	<b>1,301.5</b>
<b>Total Capital Assets, Net</b>	<b>\$ 678.6</b>	<b>\$ 676.2</b>	<b>\$ 891.6</b>	<b>\$ 859.2</b>	<b>\$ 1,570.2</b>	<b>\$ 1,535.4</b>

These 2006 amounts have been restated in a manner that is consistent with the matters discussed in Note 17.

### Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding, exclusive of compensated absences, of \$1,102,991,000 which is comprised primarily of General Obligation Bonds of \$624,693,000, Public Utility Revenue Bonds of \$414,195,000, Notes Payable of \$9,165,000, Certificates of Participation of \$16,230,000, a Lease Revenue Bond of \$11,556,000, and \$27,153,000 of long term debt payable that is due to a component unit.



**Table 5**  
**City of Richmond's Long-Term Obligations**  
**For the Fiscal Year Ended June 30, 2007**

**Primary Government - Governmental Activities**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
General Obligation Bonds/BANs	\$ 372,722,944	\$ 44,550,000	\$ 33,230,269	\$ 384,042,675	\$ 32,148,620
Premium on Debt Issued	10,333,052	2,144,332	655,684	11,821,700	762,900
Accreted Value - Capital Appreciation					
General Obligation Bonds	211,818	-	90,195	121,623	66,240
General Obligation Serial Equipment Notes Payable	5,600,000	-	1,400,000	4,200,000	1,400,000
Certificates of Participation	16,920,000	-	690,000	16,230,000	720,000
Commercial Paper Bond Anticipation Notes	-	500,000	-	500,000	-
Qualified Zone Academy Bonds	3,372,213	-	192,480	3,179,733	192,480
Virginia Public Service Authority Bonds	2,820,514	-	223,226	2,597,288	224,935
Advantage Richmond Lease Revenue Bonds	12,100,000	-	544,420	11,555,580	573,773
Section 108 Notes Payable	5,020,000	-	555,000	4,465,000	555,000
Bond Anticipation Notes					
Note payable to Component Unit RRHA	28,707,878	-	1,555,000	27,152,878	1,620,000
Compensated Absences	13,857,505	1,417,189	1,363,519	13,911,175	10,568,144
Capital Leases	292,221	-	144,735	147,486	147,486
<b>Total Long-Term Obligations</b>	<b>\$ 471,958,145</b>	<b>\$ 48,611,521</b>	<b>\$ 40,644,528</b>	<b>\$ 479,925,138</b>	<b>\$ 48,979,578</b>

**Primary Government - Business-Type Activities**

General Obligation Bonds:					
Gas	\$ 102,038,310	\$ -	\$ 4,417,498	\$ 97,620,812	\$ 4,516,533
Water	78,839,538	-	3,146,825	75,692,713	3,270,119
Wastewater	48,886,119	-	2,679,386	46,206,733	2,837,366
Other Nonmajor Enterprise Funds	16,328,453	-	1,268,568	15,059,885	1,221,251
Accreted Value - Capital Appreciation:					
Gas	1,484,766	-	632,235	852,531	464,319
Water	2,375,420	-	1,011,489	1,363,931	742,846
Wastewater	971,354	-	413,618	557,736	303,763
Revenue Bonds:					
Gas	121,101,838	134,297,449	113,320,317	142,078,970	2,930,675
Water	90,926,904	77,886,380	37,076,153	131,737,131	2,194,851
Wastewater	108,485,101	115,663,901	83,770,554	140,378,448	4,813,157
Other Enterprise Funds	-	-	-	-	-
Capital Leases:					
Other Nonmajor Enterprise Funds	1,862,880	-	216,989	1,645,891	227,353
Compensated Absences:					
Gas	659,469	482,343	486,374	655,438	482,343
Water	512,920	422,636	376,506	559,050	422,636
Wastewater	512,920	465,779	400,372	578,327	465,779
Other Nonmajor Enterprise Funds	146,548	112,991	100,267	159,272	121,817
<b>Total Long-Term Obligations</b>	<b>\$ 575,132,540</b>	<b>\$ 329,331,479</b>	<b>\$ 249,317,151</b>	<b>\$ 655,146,868</b>	<b>\$ 25,014,808</b>

In November 2006, credit analysts from the three major bond-rating agencies met with the City prior to the issuance of the Series 2006 General Obligation bonds. Moody's, Standard and Poor's, and Fitch Ratings all reaffirmed their respective General Obligation debt ratings of Aa3, AA, and AA for the City's outstanding and to be issued General Obligation debt. Sited in the credit reports were the City's diverse economy, effective management, consistent financial performance, and prudent debt and financial policies.

In March 2007, the City again met with the three bond credit rating firms prior to issuing the Series 2007A Public Utility Revenue Refunding bonds. Moody's upgraded the City's outstanding and to be issued Public Utility Revenue bond debt from A1 to Aa3, while both Standard & Poor's and Fitch Ratings reaffirmed their respective AA- and AA- credit rating of the City's utility debt.



The City's Governmental and Business-type 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 and obligations under capital leases are payable from related General and Internal Service Fund revenues, respectively. The full faith and credit of the City pledges the payment of notes payable. The Revenue Bonds are limited obligations of the City, payable solely from certain revenues derived by the City from its natural gas, water, and wastewater utilities, and Internal Service Funds pledged for their repayment under the terms of a Master Indenture.

During the 2007 fiscal year, the City issued the following debt:

- \$44.6 million of General Obligation Refunding Bonds - Series 2006 to finance various public capital improvements.
- \$500,000 of Commercial Paper under a newly established \$150.0 million Commercial Paper Bond Anticipation Note Facility to finance certain public capital improvements.
- \$323.2 million of Public Utility Revenue and Refunding Bonds – Series 2007A to finance \$90.0 million of new Gas, Water and Wastewater Utility capital projects with the remainder of the bond proceeds being used to refinance outstanding Utility bond debt.
- \$4.7 million Public Utility Revenue Bonds – Series 2006A to finance capital improvements to the City's wastewater treatment plant.

Enterprise Funds and Internal Service Funds pay, from user fees, the principal of and interest on certain General Obligation Bonds, Revenue and Refunding Bonds, and Serial Equipment Notes issued for the program purposes of each fund. All other monies for the principal of and interest on such debt are appropriated in the General Fund budget. No long-term bonds are sold to finance current operations.

Additional detailed information on the City's long-term debt can be found in Note 8 beginning on page 67 of this report.

### **Economic Factors and Next Year's Budget Rates**

During the fiscal year ended June 30, 2007, the City experienced improvement in the regional economy, and discretionary spending in general, with growth in real estate revenue resulting from increasing real estate market. Real estate tax collections were approximately \$16.7 million more than collections for FY 2006. The growth in assessed real estate values allowed the City to lower the real estate tax rate from \$1.29 per \$100 in assessed value to \$1.23 per \$100 during FY 2007. Meanwhile, revenue shortfalls relative to budget were recognized in machinery and tools taxes (approximately \$2.1 million) and Sales Tax for Education (\$1.7 million).

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, (GASB 45) addresses how state and local governments should account for and report their costs and obligations related to OPEB benefits. GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. GASB 45 requires disclosure of the annual OPEB costs. Under GASB 45, based on an actuarial valuation, an annual required contribution ("ARC") has been determined for the City. The ARC is the normal cost for the year (the present value of future benefits being earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If the City contributes an amount less than the ARC, a net incremental OPEB obligation will result, which is required to be recorded as a liability on its financial statements. GASB 45 does not require that the unfunded liabilities actually be funded, only that employers account for unfunded accrued liability and compliance in reporting the ARC. Actuarial valuations will be required every two years for the City. The City has recently engaged a consultant to assist in estimating its costs and actuarial unfunded OPEB liabilities (for all beneficiaries, including retirees of the City government and Richmond Public Schools) based on existing plan benefits and certain assumptions. These assumptions include: (i) 4.0% discount rate, (ii) 30 year amortization period, (iii) various increases in medical trend rates, (iv) demographic assumptions as to mortality, disability, turnover and retirement, (v) all active employees and retirees currently opting out of the health insurance coverage are assumed to continue this election, (vi) an assumption that, effective July 1, 2007, the City will end its Medicare eligible program and no new entrants will enter into its greater than 65 year old program.



Also, the City assumes that a small portion of employees will be grandfathered in under the old plan, (vii) that once a retiree reaches age 65, they will no longer be eligible for coverage, (viii) rates are blended at 100% for retirees less than age 65, (ix) current City employees who retire after July 1, 2007 will not enter into a City contribution formula, (x) and future retirees would be given a Retiree health Savings accounts (RHS) funded while they are active employees; no city funds for healthcare will be provided after they retire.

While the initial analysis is preliminary and is still being reviewed by the City, the report provides preliminary estimates for the unfunded actuarial OPEB obligation of approximately \$58.7 million and ARC of approximately \$4.7 million. This initial analysis is subject to further review and adjustment based in part on further examination of the relevant assumptions, funding approaches and measures which the City may consider to manage plan benefits, address Medicare Part D alternatives, and ongoing changes in health care costs and the delivery of health care services. The City expects that as this process continues, estimates of its actuarial unfunded OPEB obligation may vary substantially based in part on costs and assumptions used over which the City may have limited or no control. From time to time, the City may consider the legal and economic feasibility of financing all or a portion of annual OPEB cost and liabilities, as well as available options for managing plan benefits; however, the City has not yet adopted any financing plan for its OPEB liabilities. Although GASB 45 encourages earlier adoption, implementation by the City is required for the fiscal year commencing July 1, 2007.

#### **Request for Information**

This financial report is designed to provide a general overview of the City of Richmond's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report for additional financial information should be addressed to the City of Richmond, Director of Finance, 900 East Broad Street, Richmond, Virginia 23219.



---

## *Basic Financial Statements*



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents (Note 3)	\$ 70,928,607	\$ 114,925,306	\$ 185,853,913	\$ 34,644,617
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	53,134,146	-	53,134,146	-
Accounts	11,212,306	40,799,799	52,012,105	14,715,794
Internal Balances, Net	6,925,632	(6,925,632)	-	-
Due From Primary Government	-	-	-	34,490,330
Due From Component Units	978,668	-	978,668	-
Due From Other Governments (Note 5)	54,105,897	10,965,350	65,071,247	14,752,077
Inventories of Materials and Supplies	841,252	25,739,450	26,580,702	328,975
Prepaid Assets	692,282	5,028,771	5,721,053	1,607,020
<b>Total Current Assets</b>	<b>198,818,790</b>	<b>190,533,044</b>	<b>389,351,834</b>	<b>100,538,813</b>
<b>Non-Current Assets:</b>				
Restricted Assets - Cash and Investments (Note 3)	25,628,696	75,742,263	101,370,959	10,201,961
Deferred Expenses	2,180	27,300,964	27,303,144	-
Note Receivable (Note 6)	543,100	-	543,100	-
Due From Component Units	15,824,066	-	15,824,066	-
Mortgage Loans Receivable and Other Non-Current Assets	-	-	-	87,686,209
Capital Assets, Net (Note 7):				
Land and Works of Art/Historical Treasures	37,645,654	12,815,550	50,461,204	20,669,350
Infrastructure, Net	318,599,344	-	318,599,344	272,597
Buildings, Structures, and Equipment, Net	284,130,451	723,514,999	1,007,645,450	125,437,540
Construction in Progress	38,194,046	155,311,306	193,505,352	14,231,042
<b>Total Capital Assets, Net</b>	<b>678,569,495</b>	<b>891,641,855</b>	<b>1,570,211,350</b>	<b>160,610,529</b>
<b>Total Non Current Assets</b>	<b>720,567,537</b>	<b>994,685,082</b>	<b>1,715,252,619</b>	<b>258,498,699</b>
<b>Total Assets</b>	<b>\$ 919,386,327</b>	<b>\$ 1,185,218,126</b>	<b>\$ 2,104,604,453</b>	<b>\$ 359,037,512</b>

(Continued)





EXHIBIT A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 13,256,326	\$ 34,219,227	\$ 47,475,553	\$ 17,292,669
Accrued Liabilities	4,359,191	8,441,404	12,800,595	26,946,706
Due To Primary Government	-	-	-	978,668
Due To Other Governments	1,074,746	-	1,074,746	1,577,575
Due To Various Agents	636,619	-	636,619	-
Due To Component Units	34,490,330	-	34,490,330	-
Note Payable To Component Unit (Note 8)	1,620,000	-	1,620,000	-
Accrued Interest on Bonds and Notes Payable	14,309,523	10,413,932	24,723,455	-
Unearned Revenue	26,611,508	-	26,611,508	4,237,789
Accreted Interest on Bonds Payable (Note 8)	66,240	1,510,928	1,577,168	-
General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8)	36,151,421	12,072,622	48,224,043	3,428,284
Revenue Bonds Payable (Note 8)	573,773	9,938,683	10,512,456	-
Compensated Absences (Note 8)	10,568,144	1,492,575	12,060,719	37,581
Other Liabilities and Claims Payable (Note 10)	6,114,227	-	6,114,227	-
<b>Total Current Liabilities</b>	<b>149,832,048</b>	<b>78,089,371</b>	<b>227,921,419</b>	<b>54,499,272</b>
Non-Current Liabilities (Notes 8 and 10):				
Liabilities to be Paid From Restricted Assets:				
Customers' Deposits	-	5,716,497	5,716,497	1,840,704
Accreted Interest on Bonds Payable	55,383	1,263,270	1,318,653	-
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases	391,032,461	224,153,412	615,185,873	117,125,503
Due To Primary Government	-	-	-	15,824,066
Note Payable To Component Unit (Note 8)	25,532,878	-	25,532,878	-
Revenue Bonds Payable	10,981,807	404,255,866	415,237,673	-
Unearned Revenue	-	-	-	151,436
Compensated Absences	3,343,031	459,512	3,802,543	12,962,073
Other Liabilities and Claims Payable	20,423,542	88,622,467	109,046,009	5,712,035
Early Retirement Plan Net Pension Obligation	-	-	-	3,010,761
<b>Total Non-Current Liabilities</b>	<b>451,369,102</b>	<b>724,471,024</b>	<b>1,175,840,126</b>	<b>156,626,578</b>
<b>Total Liabilities</b>	<b>601,201,150</b>	<b>802,560,395</b>	<b>1,403,761,545</b>	<b>211,125,850</b>
<b>Net Assets</b>				
Invested In Capital Assets, Net of Related Debt	276,834,506	302,815,193	579,649,699	99,727,444
Restricted for:				
Capital Projects	13,510,253	-	13,510,253	6,673,607
Debt Service	932,575	-	932,575	127,665
Customers' Deposits	-	-	-	701,561
Permanent Funds:				
Expendable	32,303	-	32,303	752,637
Nonexpendable	436,558	-	436,558	203,471
Unrestricted	26,438,982	79,842,538	106,281,520	39,725,277
<b>Total Net Assets</b>	<b>\$ 318,185,177</b>	<b>\$ 382,657,731</b>	<b>\$ 700,842,908</b>	<b>\$ 147,911,662</b>

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



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2007**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental:</b>				
General Government	\$ 108,443,704	\$ 48,008,623	\$ 30,135,491	\$ 3,816,360
Public Safety and Judiciary	175,163,038	11,383,686	31,918,113	6,066,339
Highways, Streets, Sanitation and Refuse	72,673,872	15,943,372	21,387,537	9,046,530
Human Services	95,346,598	40,953	74,485,438	--
Culture and Recreation	24,350,136	109,692	1,342,441	--
Education	165,971,219	--	--	--
Transportation	9,405,588	--	--	--
Interest and Fiscal Charges	42,083,543	--	--	--
<b>Total Governmental Activities</b>	<b>693,437,698</b>	<b>75,486,326</b>	<b>159,269,020</b>	<b>18,929,229</b>
<b>Business-type:</b>				
Gas	216,255,114	225,162,779	544,831	--
Water	44,232,832	49,995,955	1,477,940	--
Wastewater	51,596,901	55,541,836	55,267	--
Coliseum	5,968,440	2,149,644	2,069,500	--
Landmark Theater	1,788,114	255,549	559,021	--
Cemeteries	1,399,208	1,395,957	72,592	--
<b>Total Business-type Activities</b>	<b>321,240,609</b>	<b>334,501,719</b>	<b>4,779,151</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 1,014,678,307</b>	<b>\$ 409,988,045</b>	<b>\$ 164,048,171</b>	<b>\$ 18,929,229</b>
<b>Component Units:</b>				
School Board	316,830,326	3,798,613	93,934,673	3,768,429
Richmond Ambulance Authority	13,388,750	12,079,489	--	--
Hospital Authority of Richmond	10,052,672	9,158,621	--	--
Port of Richmond Commission	1,620,908	1,095,931	--	--
Richmond Behavioral Health Authority	34,418,072	19,553,559	14,535,038	--
Richmond Redevelopment and Housing Authority	59,728,921	13,967,455	42,876,201	2,956,111
Broad Street Community Development Authority	7,835,706	4,757,025	--	--
<b>Total Component Units</b>	<b>\$ 443,875,355</b>	<b>\$ 64,410,693</b>	<b>\$ 151,345,912</b>	<b>\$ 6,724,540</b>

**General Revenues:**

City Taxes
Real Estate
Sales-1% Local
Sales Tax for Education
Personal Property
Machinery and Tools
General Utility Sales
Bank Stock
Prepared Food
Lodging Tax
Admissions
Delinquent Tax Payments-All Classes
Private Utility Poles and Conduits
Penalties and Interest
Titling Tax-Mobile Home
State Recordation
Property Rental 1%
Vehicle Rental Tax
Rolling Stock Tax
<b>Total City Taxes</b>
Intergovernmental Revenue Not Restricted to Specific Programs
Payment From Primary Government - Unrestricted
Investment Earnings
Miscellaneous
Gain(Loss) on Sale of Property
Transfers
Extraordinary Item - Disaster Costs (Note 16)
<b>Total General Revenues, Transfers, and Extraordinary Item</b>

Changes in Net Assets

Net Assets - Beginning of Year, As Restated (Note 17)

Net Assets - End of Year

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

(Continued)



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (26,483,230)	\$ --	\$ (26,483,230)	\$ --
(125,794,900)	--	(125,794,900)	--
(26,296,433)	--	(26,296,433)	--
(20,820,207)	--	(20,820,207)	--
(22,898,003)	--	(22,898,003)	--
(165,971,219)	--	(165,971,219)	--
(9,405,588)	--	(9,405,588)	--
(42,083,543)	--	(42,083,543)	--
(439,753,123)	--	(439,753,123)	--
--	9,452,496	9,452,496	--
--	7,241,063	7,241,063	--
--	4,000,202	4,000,202	--
--	(1,749,296)	(1,749,296)	--
--	(973,544)	(973,544)	--
--	69,341	69,341	--
--	18,040,261	18,040,261	--
(439,753,123)	18,040,261	(421,712,862)	--
--	--	--	(215,328,611)
--	--	--	(1,309,261)
--	--	--	(894,051)
--	--	--	(524,977)
--	--	--	(329,475)
--	--	--	70,846
--	--	--	(3,078,681)
--	--	--	(221,394,210)
211,480,260	--	211,480,260	--
31,019,396	--	31,019,396	--
27,558,938	--	27,558,938	--
42,095,364	--	42,095,364	--
13,149,199	--	13,149,199	--
31,586,945	--	31,586,945	--
3,085,172	--	3,085,172	--
23,154,114	--	23,154,114	--
5,272,618	--	5,272,618	--
1,073,673	--	1,073,673	--
11,812,062	--	11,812,062	--
95,067	--	95,067	--
5,319,892	--	5,319,892	--
5,800	--	5,800	--
843,137	--	843,137	--
136,469	--	136,469	--
1,004,229	--	1,004,229	--
416,003	--	416,003	--
409,108,338	--	409,108,338	--
--	--	--	86,827,361
--	--	--	137,117,924
2,425,883	5,628,435	8,052,318	2,093,269
30,585,867	4,603,438	35,189,305	879,227
3,701	--	3,701	(4,296,257)
20,884,181	(20,884,181)	--	--
(402,390)	--	(402,390)	--
462,605,580	(10,654,308)	451,951,272	222,621,524
22,852,457	7,385,953	30,238,410	1,227,314
295,332,720	375,271,778	670,604,498	146,684,348
\$ 318,185,177	\$ 382,657,731	\$ 700,842,908	\$ 147,911,662



**CITY OF RICHMOND, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007**

	General	Debt Service	Other Governmental Funds	Total
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 39,232,140	\$ 614,066	\$ 28,944,077	\$ 68,790,283
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	53,134,146	-	-	53,134,146
Accounts	5,298,902	-	1,919,051	7,217,953
Due From Other Funds (Note 4)	18,988,010	-	15,156,437	34,144,447
Due From Component Unit	16,802,734	-	-	16,802,734
Due From Other Governments (Note 5)	36,371,803	-	14,929,824	51,301,627
Restricted Assets - Cash and Investments (Note 3)	-	932,575	24,082,055	25,014,630
Note Receivable (Note 6)	543,100	-	-	543,100
Total Assets	<u>\$ 170,370,835</u>	<u>\$ 1,546,641</u>	<u>\$ 85,031,444</u>	<u>\$ 256,948,920</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 7,607,581	\$ -	\$ 2,687,065	\$ 10,294,646
Accrued Liabilities	1,818,083	-	101,089	1,919,172
Due To Other Funds (Note 4)	23,050,328	614,066	15,561,736	39,226,130
Due To Other Governments (Note 5)	1,007,655	-	67,091	1,074,746
Due To Various Agents	636,619	-	-	636,619
Due To Component Units	34,490,330	-	-	34,490,330
Unearned Revenues	38,358,552	-	11,399,423	49,757,975
Total Liabilities	<u>106,969,148</u>	<u>614,066</u>	<u>29,816,404</u>	<u>137,399,618</u>
<b>Fund Balances:</b>				
Fund Balance - Reserved (Note 9):				
General Fund	15,894,601	-	-	15,894,601
Debt Service Fund	-	932,575	-	932,575
NonMajor - Capital Projects Funds	-	-	47,244,074	47,244,074
NonMajor - Permanent Funds	-	-	468,861	468,861
Fund Balance - Unreserved:				
Designated for Specific Projects (Note 9):				
NonMajor Special Revenue Funds	-	-	7,502,105	7,502,105
Undesignated:				
General Fund	47,507,086	-	-	47,507,086
Total Fund Balances	<u>63,401,687</u>	<u>932,575</u>	<u>55,215,040</u>	<u>119,549,302</u>
Total Liabilities and Fund Balances	<u>\$ 170,370,835</u>	<u>\$ 1,546,641</u>	<u>\$ 85,031,444</u>	<u>\$ 256,948,920</u>

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

(Continued)



EXHIBIT C, Concluded

CITY OF RICHMOND, VIRGINIA  
RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances for governmental funds		\$	119,549,302
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$	34,547,654	
Infrastructure, net		318,599,344	
Buildings, structures, and equipment, net		231,080,757	
Construction in progress		<u>36,320,207</u>	620,547,962
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.			23,155,819
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:			
Accrued interest		(10,843,000)	
Governmental bonds and capital lease payable		(414,739,605)	
Compensated absences		(13,595,086)	
Due to Component Unit		<u>(27,152,878)</u>	(466,330,569)
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net assets of internal service funds are reported as components of governmental activities.			<u>21,262,663</u>
Net Assets of governmental activities		\$	<u>318,185,177</u>

See note 1 (b) for discussion of internal service fund allocations to governmental and business-type activities.



EXHIBIT D

**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	General	Debt Service	Other Governmental Funds	Total
<b>Revenues</b>				
City Taxes				
Real Estate	\$ 211,744,174	\$ --	\$ --	\$ 211,744,174
Sales-1% Local	31,019,396	--	--	31,019,396
Sales Tax for Education	27,558,938	--	--	27,558,938
Personal Property	42,147,896	--	--	42,147,896
Machinery and Tools	13,165,608	--	--	13,165,608
General Utility Sales	31,586,945	--	--	31,586,945
Bank Stock	3,085,172	--	--	3,085,172
Prepared Food	23,154,114	--	--	23,154,114
Lodging Tax	5,272,618	--	--	5,272,618
Admission	1,073,673	--	--	1,073,673
Delinquent Tax Payments-All Classes	11,812,062	--	--	11,812,062
Private Utility Poles and Conduits	95,067	--	--	95,067
Penalties and Interest	5,319,892	--	--	5,319,892
Titling Tax-Mobile Home	5,800	--	--	5,800
State Recordation	843,137	--	--	843,137
Property Rental 1%	136,469	--	--	136,469
Vehicle Rental Tax	1,004,229	--	--	1,004,229
Telephone Commissions	416,003	--	--	416,003
Total City Taxes	<u>409,441,193</u>	<u>--</u>	<u>--</u>	<u>409,441,193</u>
Licenses, Permits and Privilege Fees	37,543,533	--	--	37,543,533
Intergovernmental	119,332,750	--	44,804,672	164,137,422
Service Charges	21,119,157	--	--	21,119,157
Fines and Forfeitures	11,023,780	--	--	11,023,780
Payment in Lieu of Taxes	18,635,494	--	--	18,635,494
Investment Income	--	--	2,425,882	2,425,882
Miscellaneous	7,371,816	40,411,847	17,036,527	64,820,190
Total Revenues	<u>624,467,723</u>	<u>40,411,847</u>	<u>64,267,081</u>	<u>729,146,651</u>
<b>Expenditures</b>				
Current:				
General Government	59,887,910	--	17,013,153	76,901,063
Public Safety and Judiciary	161,030,155	--	14,202,096	175,232,251
Highways, Streets, Sanitation and Refuse	61,471,455	--	933,405	62,404,860
Human Services	68,204,721	--	28,675,349	96,880,070
Culture and Recreation	20,042,241	--	1,357,547	21,399,788
Education	159,927,313	--	--	159,927,313
Non-Departmental	41,164,869	--	--	41,164,869
Capital Outlay	--	--	26,247,426	26,247,426
Debt Service:				
Principal Retirement	--	48,020,086	--	48,020,086
Interest Payments	--	38,490,977	--	38,490,977
Issuance Costs	--	846,451	--	846,451
Total Expenditures	<u>571,728,664</u>	<u>87,357,514</u>	<u>88,428,976</u>	<u>747,515,154</u>
Excess of Revenues Over (Under) Expenditures	<u>52,739,059</u>	<u>(46,945,667)</u>	<u>(24,161,895)</u>	<u>(18,368,503)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Issuance of Bonds	2,000,000	--	40,194,332	42,194,332
Transfers In-Other Funds	3,704,131	46,945,667	10,041,448	60,691,246
Transfers Out-Other Funds	<u>(56,626,341)</u>	<u>--</u>	<u>(873,534)</u>	<u>(57,501,875)</u>
Total Other Financing Sources (Uses), Net	<u>(50,924,210)</u>	<u>46,945,667</u>	<u>49,362,246</u>	<u>45,383,703</u>
<b>Extraordinary Item</b>				
Extraordinary Item - Disaster Costs (Note 16)	--	--	(402,390)	(402,390)
Total Extraordinary Item	<u>--</u>	<u>--</u>	<u>(402,390)</u>	<u>(402,390)</u>
Net Change in Fund Balances	1,814,849	--	24,797,961	26,612,810
Fund Balances - Beginning of Year, as Restated (Note 17)	61,586,838	932,575	30,417,079	92,936,492
Fund Balances - End of Year	<u>\$ 63,401,687</u>	<u>\$ 932,575</u>	<u>\$ 55,215,040</u>	<u>\$ 119,549,302</u>

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

(Continued)



EXHIBIT D, Concluded

**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

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

Net change in fund balances - total governmental funds	\$	26,612,810
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Purchases of assets	\$	30,584,386
Depreciation expense		<u>(26,921,145)</u>
		3,663,241
The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds of borrowing	(42,194,332)	
Principal payments of bonds, net	32,949,394	
Amortization of bond premium	<u>655,684</u>	(8,589,254)
Some revenues in the Statement of Activities do not provide the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		
		(329,244)
Some expenditures in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest	(627,045)	
Compensated absences	<u>(120,492)</u>	(747,537)
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.		
		<u>2,242,441</u>
Change in net assets of governmental activities	\$	<u>22,852,457</u>

See note 1 (b) for discussion of internal service fund allocations to governmental and business-type activities.



EXHIBIT E-1

CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2007

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents (Note 3)	\$ 443,041	\$ 42,641,739	\$ 35,289,824	\$ 1,698,211	\$ 80,072,815	\$ 37,604,881
Accounts Receivables (Net of Allowance for Doubtful Accounts)	21,929,106	11,249,133	7,188,077	433,483	40,799,799	3,994,353
Due From Other Funds (Note 4)	69,842	6,405,962	5,595,291	202,008	12,273,093	17,181,960
Due From Other Governments (Note 5)	-	-	10,965,360	-	10,965,360	33,577
Inventories of Materials and Supplies	22,381,160	235,761	60,714	48,837	22,726,472	3,854,230
Prepaid Expenses and Other Current Assets	2,067,466	1,389,408	1,280,660	77,664	4,815,196	872,278
<b>Total Current Assets</b>	<b>46,890,615</b>	<b>61,921,993</b>	<b>60,379,916</b>	<b>2,460,203</b>	<b>171,652,727</b>	<b>63,541,279</b>
<b>Noncurrent Assets:</b>						
Restricted Assets - Cash and Investments (Note 3)	30,188,896	18,958,608	26,594,759	-	75,742,263	-
Advances To Other Funds (Note 4)	19,605,111	19,081,068	21,534,342	-	60,220,521	3,294,908
Deferred Expenses	14,032,123	6,811,419	6,457,422	-	27,300,964	2,180
<b>Capital Assets (Note 7):</b>						
Land	-	-	-	12,815,550	12,815,550	3,098,000
Buildings and Structures	-	-	-	44,377,481	44,377,481	110,797,729
Equipment	-	-	-	6,229,418	6,229,418	62,162,269
Plant-in-Service	334,008,544	263,527,043	226,470,066	-	824,005,653	-
Completed Construction	29,550,865	39,131,143	121,676,935	-	190,358,943	-
Less: Accumulated Depreciation	(111,455,653)	(86,400,518)	(129,482,413)	(32,747,995)	(360,086,579)	(101,280,221)
Construction in Progress	34,356,481	50,126,686	62,229,644	-	146,712,811	10,472,334
<b>Total Capital Assets, Net Accumulated Depreciation</b>	<b>286,460,237</b>	<b>266,384,354</b>	<b>280,894,232</b>	<b>30,674,454</b>	<b>864,413,277</b>	<b>85,250,111</b>
<b>Total Noncurrent Assets</b>	<b>350,286,367</b>	<b>311,235,449</b>	<b>335,480,755</b>	<b>30,674,454</b>	<b>1,027,677,025</b>	<b>88,547,199</b>
<b>Total Assets</b>	<b>\$ 397,176,982</b>	<b>\$ 373,157,442</b>	<b>\$ 395,860,671</b>	<b>\$ 33,134,657</b>	<b>\$ 1,199,329,752</b>	<b>\$ 152,088,478</b>
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts Payable	\$ 14,421,539	\$ 6,588,197	\$ 8,920,660	\$ 2,535,196	\$ 32,465,592	\$ 3,765,329
Accrued Liabilities	2,697,360	2,390,062	1,757,550	1,596,432	8,441,404	2,440,019
Due To Other Funds (Note 4)	11,701,678	-	-	4,202,139	15,903,817	6,615,270
Due to Other Governments (Note 5)	-	-	-	-	-	9,351
Accrued Interest on Bonds Payable	3,790,315	3,724,897	2,477,230	421,490	10,413,932	3,466,523
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	4,516,533	3,270,119	2,837,366	1,448,604	12,072,622	2,640,406
Accrued Interest (Note 8)	464,319	742,846	303,763	-	1,510,928	66,240
Revenue Bonds Payable (Note 8)	2,930,675	2,194,851	4,813,157	-	9,938,683	573,773
Notes Payable (Note 8)	-	-	-	-	-	1,000,000
Compensated Absences (Note 8)	482,343	422,636	465,779	95,481	1,466,239	158,973
Other Liabilities and Claims Payable (Note 10)	-	-	-	-	-	6,114,227
<b>Total Current Liabilities</b>	<b>41,004,762</b>	<b>19,333,608</b>	<b>21,575,505</b>	<b>10,299,342</b>	<b>92,213,217</b>	<b>26,850,111</b>
<b>Noncurrent Liabilities:</b>						
<b>Liabilities to be Repaid from Restricted Assets:</b>						
Customers' Deposits	4,701,779	1,014,718	-	-	5,716,497	-
Accrued Interest on Bonds Payable (Note 8)	-	-	-	-	-	55,383
General Obligation Bonds, Capital Lease Liabilities (Note 8)	93,104,279	72,422,594	43,369,367	15,257,172	224,153,412	7,035,271
Revenue Bonds Payable (Note 8)	139,148,296	129,542,280	135,565,291	-	404,255,866	10,981,807
Notes Payable (Note 8)	-	-	-	-	-	1,768,600
Accrued Interest (Note 8)	388,212	621,085	253,973	-	1,263,270	-
Compensated Absences (Note 8)	173,095	136,414	112,548	25,235	447,292	195,672
Other Liabilities and Claims Payable (Note 10)	18,303,987	46,954,734	23,363,746	-	88,622,467	20,423,542
Advances from Other Funds (Note 4)	-	-	-	-	-	63,515,429
<b>Total Noncurrent Liabilities</b>	<b>255,819,647</b>	<b>250,691,825</b>	<b>202,664,925</b>	<b>15,282,407</b>	<b>724,458,804</b>	<b>103,975,704</b>
<b>Total Liabilities</b>	<b>296,824,409</b>	<b>270,025,433</b>	<b>224,240,430</b>	<b>25,581,749</b>	<b>816,672,021</b>	<b>130,825,815</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	72,656,096	73,103,296	115,858,546	13,968,677	275,586,615	61,128,631
Unrestricted	27,696,477	30,028,713	55,761,695	(6,415,769)	107,071,116	(39,865,968)
<b>Total Net Assets</b>	<b>\$ 100,352,573</b>	<b>\$ 103,132,009</b>	<b>\$ 171,620,241</b>	<b>\$ 7,552,908</b>	<b>\$ 382,657,731</b>	<b>\$ 21,262,663</b>

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





EXHIBIT E-2

**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF FUND NET ASSETS TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2007**

	Total Enterprise Funds	Internal Service Fund	
		Stores and Transportation Division	Business-Type Activities Statement of Net Assets
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents (Note 3)	\$ 80,072,815	\$ 34,852,491	\$ 114,925,306
Accounts Receivables (Net of Allowance for Doubtful Accounts)	40,799,799	--	40,799,799
Due From Other Government (Note 5)	10,965,350	--	10,965,350
Due From Other Funds (Note 4)	12,273,093	--	12,273,093
Inventories of Materials and Supplies	22,726,472	3,012,978	25,739,450
Prepaid Expenses and Other Current Assets	4,815,198	213,573	5,028,771
<b>Total Current Assets</b>	<b>171,652,727</b>	<b>38,079,042</b>	<b>209,731,769</b>
<b>Noncurrent Assets:</b>			
Restricted Assets - Cash and Investments (Note 3)	75,742,263	--	75,742,263
Advances To Other Funds	60,220,521	(63,515,429)	(3,294,908)
Deferred Expenses	27,300,964	--	27,300,964
<b>Capital Assets (Note 7):</b>			
Land	12,815,550	--	12,815,550
Buildings and Structures	44,377,481	57,816,275	102,193,756
Equipment	6,229,418	--	6,229,418
Plant-in-Service	824,005,653	--	824,005,653
Completed Construction	190,358,943	--	190,358,943
Less Accumulated Depreciation	(360,086,579)	(39,186,192)	(399,272,771)
Construction in Progress	146,712,811	8,598,495	155,311,306
<b>Total Capital Assets, Net Accumulated Depreciation</b>	<b>864,413,277</b>	<b>27,228,578</b>	<b>891,641,855</b>
<b>Total Noncurrent Assets</b>	<b>1,027,677,025</b>	<b>(36,286,851)</b>	<b>991,390,174</b>
<b>Total Assets</b>	<b>\$ 1,199,329,752</b>	<b>\$ 1,792,191</b>	<b>\$ 1,201,121,943</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 32,465,592	\$ 1,753,635	\$ 34,219,227
Accrued Liabilities	8,441,404	--	8,441,404
Due To Other Funds (Note 4)	15,903,817	--	15,903,817
Accrued Interest on Bonds Payable	10,413,932	--	10,413,932
General Obligation Bonds and Capital Leases (Note 8)	12,072,622	--	12,072,622
Accreted Interest (Note 8)	1,510,928	--	1,510,928
Revenue Bonds Payable (Note 8)	9,938,683	--	9,938,683
Compensated Absences (Note 8)	1,466,239	26,336	1,492,575
<b>Total Current Liabilities</b>	<b>92,213,217</b>	<b>1,779,971</b>	<b>93,993,188</b>
<b>Noncurrent Liabilities:</b>			
<b>Liabilities to be Repaid from Restricted Assets:</b>			
Customers' Deposits	5,716,497	--	5,716,497
General Obligation Bonds and Capital Leases (Note 8)	224,153,412	--	224,153,412
Revenue Bonds Payable (Note 8)	404,255,866	--	404,255,866
Other Liabilities and Claims Payable	88,622,467	--	88,622,467
Accreted Interest (Note 8)	1,263,270	--	1,263,270
Compensated Absences (Note 8)	447,292	12,220	459,512
<b>Total Noncurrent Liabilities</b>	<b>724,458,804</b>	<b>12,220</b>	<b>724,471,024</b>
<b>Total Liabilities</b>	<b>816,672,021</b>	<b>1,792,191</b>	<b>818,464,212</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	275,586,615	27,228,578	302,815,193
Unrestricted	107,071,116	(27,228,578)	79,842,538
<b>Total Net Assets</b>	<b>\$ 382,657,731</b>	<b>\$ --</b>	<b>\$ 382,657,731</b>

Amounts related to interfund activity have been eliminated prior to presenting this reconciliation's amounts in Exhibit A  
The accompanying notes are an integral part of the basic financial statements.



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
<b>Operating Revenues</b>						
Charges for Goods and Services	\$ 222,608,143	\$ 49,428,714	\$ 54,911,673	\$ 3,801,150	\$ 330,749,680	\$ 48,933,297
<b>Operating Expenses</b>						
Purchased Gas	157,593,633	-	-	-	157,593,633	-
Intragovernmental Goods and Services Sold	-	-	-	-	-	12,071,854
Salaries and Wages & Benefits	8,228,528	6,813,482	7,049,211	2,810,937	24,902,158	3,274,108
Data Processing	694,380	243,033	219,887	-	1,157,300	86,740
Materials and Supplies	649,476	1,189,718	769,876	423,214	3,032,284	637,628
Rents and Utilities	246,413	3,349,960	2,094,533	952,500	6,643,406	2,482,632
Maintenance and Repairs	7,021,688	4,716,101	10,130,123	643,297	22,511,209	909,831
Depreciation and Amortization	11,009,162	6,015,546	8,892,109	2,498,777	28,415,594	9,909,362
Claims and Settlements	-	-	-	-	-	11,166,679
Uncollectible Expense	3,492,506	840,095	866,388	-	5,198,989	-
Miscellaneous Operating Expenses	16,222,768	15,509,496	16,384,263	679,932	48,796,459	6,219,753
Total Operating Expenses	205,158,554	38,677,431	46,406,390	8,008,657	298,251,032	46,758,587
Operating Income (Loss)	17,449,589	10,751,283	8,505,283	(4,207,507)	32,498,648	2,174,710
<b>Non-Operating Revenues (Expenses)</b>						
Intergovernmental Grants and Contributions	544,831	1,477,940	55,267	2,701,113	4,779,151	1,206,335
Interest on Long-Term Debt	(11,184,057)	(8,169,763)	(7,076,614)	-	(26,430,434)	(1,465,481)
Interest Income	1,064,760	937,901	3,582,879	40,905	5,626,445	-
Interest Expense	(13,673)	(2,315)	-	(936,538)	(952,526)	-
Amortization of Debt Discount and Expense	(4,548,587)	(1,787,698)	(3,042,107)	-	(9,378,392)	-
Miscellaneous Revenues	532,032	1,780,669	1,667,783	622,944	4,603,428	591,753
Miscellaneous Expenses	-	-	-	(210,567)	(210,567)	(343,796)
Total Non-Operating Revenues (Expenses), Net	(13,604,694)	(5,763,266)	(4,812,792)	2,217,857	(21,962,895)	(11,189)
Net Income (Loss) Before Transfers	3,844,895	4,988,017	3,692,491	(1,989,650)	10,535,753	2,163,521
Capital Contributions	-	-	-	-	-	118,491
Transfers Out-Other Funds	(1,301,600)	(724,100)	(1,124,100)	-	(3,149,800)	(39,571)
Change In Net Assets	2,543,295	4,263,917	2,568,391	(1,989,650)	7,385,953	2,242,441
Net Assets - Beginning of Year, as Restated (Note 17)	97,809,278	98,868,092	169,051,850	9,542,558	375,271,778	19,020,222
Net Assets - End of Year	\$ 100,352,573	\$ 103,132,009	\$ 171,620,241	\$ 7,552,908	\$ 382,657,731	\$ 21,262,663

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



EXHIBIT E-4

**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET ASSETS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2007

	Enterprise Funds			
	Gas	Water	Wastewater	Total
<b>Operating Revenues</b>				
Charges for Goods and Services	\$ 222,608,143	\$ 49,428,714	\$ 54,911,673	\$ 326,948,530
Internal Service Fund Allocation -				
Stores and Transportation Division	<u>2,554,636</u>	<u>567,241</u>	<u>630,163</u>	<u>3,752,039</u>
Charges for Services - Statement of Activities	<u>225,162,779</u>	<u>49,995,955</u>	<u>55,541,836</u>	<u>330,700,569</u>
<b>Operating Expenses</b>				
Purchased Gas	157,593,633	-	-	157,593,633
Salaries and Wages	8,228,528	6,813,482	7,049,211	22,091,221
Data Processing	694,380	243,033	219,887	1,157,300
Materials and Supplies	649,476	1,189,718	769,876	2,609,070
Rents and Utilities	246,413	3,349,960	2,094,533	5,690,906
Maintenance and Repairs	7,021,688	4,716,101	10,130,123	21,867,912
Depreciation and Amortization	11,009,162	6,015,546	8,892,109	25,916,817
Uncollectible Expense	3,492,506	840,095	866,388	5,198,989
Miscellaneous Operating Expenses	<u>16,222,768</u>	<u>15,509,496</u>	<u>16,384,263</u>	<u>48,116,527</u>
Total Operating Expenses	<u>205,158,554</u>	<u>38,677,431</u>	<u>46,406,390</u>	<u>290,242,375</u>
<b>Non-Operating Expenses</b>				
Interest on Long-Term Debt	11,184,057	8,169,763	7,076,614	26,430,434
Interest Expense	13,673	2,315	-	15,988
Amortization of Debt Discount and Expense	<u>4,548,587</u>	<u>1,787,698</u>	<u>3,042,107</u>	<u>9,378,392</u>
Total Expenses	<u>220,904,871</u>	<u>48,637,207</u>	<u>56,525,111</u>	<u>326,067,189</u>
Internal Service Fund Allocation -				
Stores and Transportation Division	<u>2,541,941</u>	<u>559,666</u>	<u>650,432</u>	<u>3,752,039</u>
Reclass As Transfers to Governmental Activities -				
Payments In Lieu of Taxes	<u>(7,191,698)</u>	<u>(4,964,041)</u>	<u>(5,578,642)</u>	<u>(17,734,381)</u>
Program Expenses - Statement of Activities	<u>\$ 216,255,114</u>	<u>\$ 44,232,832</u>	<u>\$ 51,596,901</u>	<u>\$ 312,084,847</u>

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



**CITY OF RICHMOND, VIRGINIA  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2007**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
<b>Cash Flows From Operating Activities</b>						
Receipts from Customers	\$ 220,288,700	\$ 46,848,896	\$ 55,055,868	\$ 4,281,550	\$ 326,475,014	\$ 46,533,695
Payments to Suppliers	(171,014,566)	(13,997,783)	(16,744,652)	(1,761,566)	(203,518,567)	(24,881,347)
Payments to Employees	(7,839,477)	(6,086,440)	(7,028,230)	(2,807,217)	(23,761,364)	(7,928,757)
Payments to Other Funds	4,081,015	(11,929,128)	(11,311,166)	(202,008)	(19,361,287)	(17,051,769)
Other Receipts or (Payments)	(1,578,154)	1,955,653	4,109,577	213,920	4,700,996	134,142
Net Cash Provided By (Used In) Operating Activities	43,937,518	16,791,198	24,081,397	(275,321)	84,534,792	(3,194,036)
<b>Cash Flows From Noncapital Financing Activities</b>						
Transfers In and Government Subsidies	544,831	1,477,940	55,267	1,651,375	3,729,413	1,206,335
Transfers Out - Other Funds	(1,301,600)	(724,100)	(1,124,100)	--	(3,149,800)	(39,571)
Net Cash Provided By (Used In) Noncapital Financing Activities	(756,769)	753,840	(1,068,833)	1,651,375	579,613	1,166,764
<b>Cash Flows From Capital and Related Financing Activities</b>						
Acquisition of Capital Assets	(25,070,675)	(23,609,742)	(22,633,114)	(264,347)	(71,577,878)	(10,186,343)
Contributions in Aid of Construction	(3,714)	--	--	--	(3,714)	--
Proceeds From Bond Sale	134,297,449	77,886,380	115,663,900	--	327,847,729	5,000,000
Repayments of Capital Leases	--	--	--	(394,504)	(394,504)	--
Proceeds from Issuance of Notes Payable	--	--	--	(255,117)	(255,117)	--
Repayments of Revenue and General Obligation Bonds	(122,286,402)	(42,010,676)	(89,492,046)	--	(253,789,124)	(4,039,221)
Repayments of Notes Payables	--	--	--	--	--	(1,544,420)
Interest Paid on Long-Term Debt	(13,233,859)	(9,290,859)	(8,626,403)	--	(31,151,121)	(1,061,064)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(26,297,201)	2,975,103	(5,087,663)	(913,968)	(29,323,729)	(11,831,048)
<b>Cash Flows From Investing Activities</b>						
Interest Earned on Operating Funds	1,064,760	937,901	1,567,641	40,903	3,611,205	--
Interest Paid on Customers' Deposits	(13,673)	(2,315)	--	--	(15,988)	--
Net Cash Provided By Investing Activities	1,051,087	935,586	1,567,641	40,903	3,595,217	--
Net Increase (Decrease) in Cash and Cash Equivalents	17,934,635	21,455,727	19,492,542	502,989	59,385,893	(13,858,320)
Cash and Cash Equivalents at July 1, 2006	12,697,302	40,144,620	42,392,041	1,195,222	96,429,185	51,463,201
Cash and Cash Equivalents at June 30, 2007	\$ 30,631,937	\$ 61,600,347	\$ 61,884,583	\$ 1,698,211	\$ 155,815,078	\$ 37,604,881
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>						
Operating Income (Loss)	\$ 17,449,589	\$ 10,751,283	\$ 8,505,283	\$ (4,207,507)	\$ 32,498,648	\$ 2,174,710
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Depreciation	11,009,162	6,015,546	8,892,109	2,498,777	28,415,594	9,909,362
Miscellaneous Income	532,032	1,780,668	3,683,029	264,820	6,260,549	245,862
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:						
Accounts Receivable	(2,319,443)	(2,579,818)	144,195	(131,607)	(4,886,673)	(1,504,188)
Due From Other Funds	81,861	(6,175,442)	(4,942,931)	--	(11,036,512)	(17,181,960)
Due From Other Governments	--	--	--	--	--	(2,377)
Inventories of Material and Supplies	27,777	(68,963)	--	21,307	(19,879)	(483,263)
Prepaid Expenses	(162,495)	(141,415)	152,901	(26,618)	(177,627)	18,906
Deferred Expenses	(1,974,907)	128,361	426,547	--	(1,419,999)	(1,816)
Accounts Payable	4,134,843	828,486	5,003,790	934,374	10,901,493	1,598,175
Accrued Liabilities	458,418	809,213	(52,266)	568,406	1,783,771	124,704
Deferred Revenue	--	--	--	--	--	856
Customers' Deposits	(135,279)	46,622	--	--	(88,657)	--
Due To Other Funds	11,701,678	--	--	(202,008)	11,499,670	1,270,302
Compensated Absences	(4,031)	46,130	65,407	4,735	112,241	(64,903)
Outstanding Liabilities and Claims	3,138,313	5,350,527	2,203,333	--	10,692,173	701,594
Total Adjustments	26,487,929	6,039,915	15,576,114	3,932,186	52,036,144	(5,368,746)
Net Cash Provided By (Used In) Operating Activities	\$ 43,937,518	\$ 16,791,198	\$ 24,081,397	\$ (275,321)	\$ 84,534,792	\$ (3,194,036)
<b>Supplemental Cash Flow Information</b>						
Non-cash Transactions:						
GO Bonds Principal payments made by City Debt Service Fund on behalf of Fund	\$ --	--	--	1,090,947	1,090,947	\$ --
GO Bonds Interest payments made by City Debt Service Fund on behalf of Fund	--	--	--	711,146	711,146	--
Capital Lease Principal payments made by City Debt Service Fund on behalf of Fund	--	--	--	156,233	156,233	--
Capital Lease Interest payments made by City Debt Service Fund on behalf of Fund	--	--	--	54,032	54,032	--
Capital Assets Acquired on Behalf of Fund	--	--	--	--	--	118,491
Capital Assets Transferred	--	--	--	--	--	797,681
Disposal of Capital Assets related to Tropical Storm Ernesto	--	--	10,965,350	--	10,965,350	--
Amortization of Debt Discount and Expense	4,548,587	1,787,698	3,042,107	--	9,378,392	--

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





EXHIBIT F-1

CITY OF RICHMOND, VIRGINIA  
STATEMENT OF FIDUCIARY NET ASSETS  
June 30, 2007

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments (Note 3)	\$ 23,175,286	\$ 254,672
Receivables:		
Due from Other Funds	-	949,987
Due from Brokers on Sale of Securities	16,143,135	-
Interest and Dividends	1,985,317	-
Employee Loans Receivable	1,991,257	-
Investments, at Fair Value (Note 3):		
U.S. Government and Agency Securities	115,608,655	-
Corporate Bonds	50,696,630	-
Common Stock	260,038,772	-
International Stocks	113,158,605	-
International Bonds	33,906,487	-
Real Estate Investment Trusts	24,828,479	-
Cash Collateral Received - Security Lending Program	90,264,208	-
Total Investments, at Fair Value	688,501,836	-
Total Assets	731,796,831	1,204,659
Liabilities:		
Accounts Payable	22,826,490	-
Refundable Deposits	-	34,934
Payable for Collateral Received - Security Lending Program	90,264,208	-
Due to Other Funds	2,804,270	-
Due to Various Agents	-	1,169,725
Total Liabilities	115,894,968	1,204,659
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 615,901,863	\$ -

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



EXHIBIT F-2

CITY OF RICHMOND, VIRGINIA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
For the Fiscal Year Ended June 30, 2007

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 34,902,789
Richmond Behavioral Health Authority	856,395
Richmond Public Schools	312,989
Plan members	2,545,123
Investment Income:	
Net Appreciation in Fair Value of Investments	66,278,519
Interest	14,640,283
Dividends	10,249,121
Net Increase in the Fair Value of Investments	<u>91,167,923</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	3,915,818
Securities Lending Expense	<u>(3,825,350)</u>
Total Net Income Earned On Securities Lending Transactions	<u>90,468</u>
Investment Income	91,258,391
Less: Investment Expense	<u>2,042,661</u>
Net Investment Income	<u>89,215,730</u>
Total Additions	<u>127,833,026</u>
Deductions:	
Benefits	56,371,920
Administrative Expenses	<u>1,123,414</u>
Total Deductions	<u>57,495,334</u>
Net Increase	70,337,692
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>545,564,171</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 615,901,863</u>

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







EXHIBIT G-1

CITY OF RICHMOND, VIRGINIA  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
June 30, 2007

	School Board	Richmond Ambulance Authority	Hospital Authority of Richmond	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
<b>Assets</b>								
Cash and Cash Equivalents	\$ 11,174,796	\$ 2,063,721	\$ 1,454,902	\$ 300	\$ 5,710,185	\$ 14,240,713	\$ -	\$ 34,644,617
Due From Primary Government	29,983,239	-	-	4,507,091	-	-	-	34,490,330
Due From Other Governments	13,655,119	-	-	-	-	1,096,958	-	14,752,077
Accounts Receivable	(176,748)	4,807,778	1,900,863	88,213	2,937,203	4,339,986	818,499	14,715,794
Inventories of Materials and Supplies	168,761	120,643	39,571	-	-	-	-	328,975
Prepaid Expenses and Other Current Assets	-	111,487	214,701	-	91,316	1,189,516	-	1,607,020
Restricted Assets	-	-	78,763	-	-	1,383,879	8,739,319	10,201,961
Mortgage Loans Receivable and Other Non-Current Assets	-	-	-	-	-	87,686,209	-	87,686,209
Capital Assets:								
Land	-	-	107,000	157,337	-	15,613,913	4,791,100	20,669,350
Infrastructure	-	-	-	272,597	-	-	-	272,597
Buildings and Structures	-	1,953,949	8,334,591	3,459,762	-	127,140,408	50,872,893	191,761,603
Plant-in-Service	-	-	-	14,864,510	-	-	-	14,864,510
Other Improvements	-	-	-	-	435,508	-	-	435,508
Equipment	4,548,199	6,655,331	2,024,852	2,769,036	1,782,459	2,929,363	-	20,709,240
Less: Accumulated Depreciation	-	(5,510,878)	(6,697,247)	(13,103,479)	(1,297,427)	(70,009,151)	(5,715,139)	(102,333,321)
Construction in Progress	-	-	-	279,256	-	13,951,786	-	14,231,042
Total Capital Assets	4,548,199	3,098,402	3,769,196	8,699,019	920,540	89,626,319	49,948,854	160,610,529
Total Assets	59,353,366	10,202,031	7,457,996	13,294,623	9,659,244	199,563,580	59,506,672	359,037,512
<b>Liabilities</b>								
Accounts Payable	12,279,601	-	918,363	76,222	1,799,403	1,827,378	391,702	17,292,669
Accrued Liabilities	20,286,244	1,082,674	-	5,283	-	5,158,184	414,321	26,946,706
Due To Primary Government	-	-	-	-	-	978,668	-	978,668
Due To Other Governments	1,477,698	-	-	-	-	99,877	-	1,577,575
Unearned Revenue	4,062,256	40,511	-	-	105	134,917	-	4,237,789
Liabilities to be Paid From Restricted Assets:								
Customers' Deposits	-	-	78,763	-	1,761,941	-	-	1,840,704
Bonds, Notes Payable and Capital Leases	-	54,756	11,879	-	-	3,361,649	-	3,428,284
Compensated Absences	-	-	-	37,581	-	-	-	37,581
Non-Current Liabilities:								
Bonds, Notes Payable and Capital Leases	-	204,945	21,544	-	-	51,747,396	66,740,000	118,713,885
Less Discount on Revenue Bonds Payable	-	-	-	-	-	-	(1,588,382)	(1,588,382)
Due To Primary Government	-	-	-	-	-	15,824,066	-	15,824,066
Compensated Absences	11,002,356	-	-	7,534	864,366	1,087,817	-	12,962,073
Deferred Revenue	-	-	-	-	-	151,436	-	151,436
Workers' Compensation	3,731,936	-	-	-	-	-	-	3,731,936
Incurred But Not Reported Claims	1,980,099	-	-	-	-	-	-	1,980,099
Early Retirement Plan Net Pension Obligation	3,010,761	-	-	-	-	-	-	3,010,761
Total Liabilities	57,830,951	1,382,886	1,030,549	126,620	4,425,815	80,371,388	65,957,641	211,125,850
<b>Net Assets</b>								
Invested In Capital Assets, Net of Related Debt	4,548,199	2,838,701	3,735,773	8,699,019	920,540	85,448,657	(6,463,445)	99,727,444
Restricted for:								
Capital Projects	3,149,973	-	-	-	-	3,523,634	-	6,673,607
Debt Service	-	-	-	-	-	127,665	-	127,665
Customers' Deposits	-	-	-	-	-	701,561	-	701,561
Permanent Funds:								
Expendable	752,637	-	-	-	-	-	-	752,637
Nonexpendable	203,471	-	-	-	-	-	-	203,471
Unrestricted	(7,131,865)	5,980,444	2,691,674	4,468,964	4,312,889	29,390,675	12,476	39,725,277
Total Net Assets	\$ 1,522,415	\$ 8,819,145	\$ 6,427,447	\$ 13,168,003	\$ 5,233,429	\$ 119,192,192	\$ (6,450,969)	\$ 147,911,662

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



CITY OF RICHMOND, VIRGINIA  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
For the Fiscal Year Ended June 30, 2007

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 316,830,326	\$ 3,798,613	\$ 93,934,673	\$ 3,768,429
Richmond Ambulance Authority	13,388,750	12,079,489	-	-
Hospital Authority of Richmond	10,052,672	9,158,621	-	-
Port of Richmond Commission	1,620,908	1,095,931	-	-
Richmond Behavioral Health Authority	34,418,072	19,553,559	14,535,038	-
Richmond Redevelopment and Housing Authority	59,728,921	13,967,455	42,876,201	2,956,111
Broad Street Community Development Authority	7,835,706	4,757,025	-	-
<b>Total Component Units</b>	<b>\$ 443,875,355</b>	<b>\$ 64,410,693</b>	<b>\$ 151,345,912</b>	<b>\$ 6,724,540</b>

General Revenues:

- Payment From Primary Government
- Intergovernmental Revenue Not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous
- Total General Revenues

Loss on Sale of Property

Changes in Net Assets

Net Assets - Beginning of Year, as Restated (Note 17)

Net Assets - End of Year

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

(Continued)



EXHIBIT G-2

**Net (Expenses) Revenues and Changes in Net Assets**

School Board	Richmond Ambulance Authority	Hospital Authority of Richmond	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
\$ (215,328,611)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (215,328,611)
--	(1,309,261)	--	--	--	--	--	(1,309,261)
--	--	(894,051)	--	--	--	--	(894,051)
--	--	--	(524,977)	--	--	--	(524,977)
--	--	--	--	(329,475)	--	--	(329,475)
--	--	--	--	--	70,846	--	70,846
--	--	--	--	--	--	(3,078,681)	(3,078,681)
<u>(215,328,611)</u>	<u>(1,309,261)</u>	<u>(894,051)</u>	<u>(524,977)</u>	<u>(329,475)</u>	<u>70,846</u>	<u>(3,078,681)</u>	<u>(221,394,210)</u>
132,032,424	3,450,000	--	--	1,635,500	--	--	137,117,924
84,994,277	--	37,276	--	--	1,795,808	--	86,827,361
--	128,615	74,175	220,073	220,394	1,012,322	437,691	2,093,270
<u>134,836</u>	<u>40,208</u>	<u>6,795</u>	<u>2,014</u>	<u>695,374</u>	<u>--</u>	<u>--</u>	<u>879,227</u>
<u>217,161,537</u>	<u>3,618,823</u>	<u>118,246</u>	<u>222,087</u>	<u>2,551,268</u>	<u>2,808,130</u>	<u>437,691</u>	<u>226,917,782</u>
--	--	--	--	--	(4,296,257)	--	(4,296,257)
1,832,925	2,309,562	(775,805)	(302,890)	2,221,793	(1,417,281)	(2,640,990)	1,227,314
<u>(310,510)</u>	<u>6,509,583</u>	<u>7,203,252</u>	<u>13,470,893</u>	<u>3,011,636</u>	<u>120,609,473</u>	<u>(3,809,979)</u>	<u>146,684,348</u>
<u>\$ 1,522,415</u>	<u>\$ 8,819,145</u>	<u>\$ 6,427,447</u>	<u>\$ 13,168,003</u>	<u>\$ 5,233,429</u>	<u>\$ 119,192,192</u>	<u>\$ (6,450,969)</u>	<u>\$ 147,911,662</u>





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 Mayor-Council form of government and provides all municipal services to its residents. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable 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 reporting entity is defined and its financial statements are presented in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, which 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, hereafter referred to as the Reporting Entity. The City has two types of component units – blended and discrete. The blended component units are separate legal entities, in substance, that are part of the City's operations; thus, financial data from these units are combined with that of the City and reported in the appropriate fund type. Each blended component unit has a June 30 fiscal year-end. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit has a June 30 fiscal year-end except for the Richmond Redevelopment and Housing Authority, which has a September 30 year-end.

**Component Units:**

**Blended Component Units:**

The City reports two component units as a blended component unit, the Richmond Retirement System (RRS), and the Advantage Richmond Corporation (ARC). These component units are reported as a Fiduciary Pension Trust Fund and an Internal Service Fund respectively.

**The Richmond Retirement System (RRS)**

The purpose of the RRS is to manage the retirement plan for the City. Complete financial statements for RRS may be requested at 900 East Broad Street, Richmond, Va. 23219.

**Advantage Richmond Corporation**

The purpose of the ARC is to assist the City when authorized by the City Council in acquiring, constructing, renovating, equipping, maintaining and operating public buildings and other public structures for or on behalf of the City and in providing financing for such activities. Complete financial statements for Advantage Richmond Corporation may be requested at 900 East Broad Street, Richmond, Va. 23219.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**Discretely Presented Component Units:**

The Component Unit columns in the government-wide financial statements comprise financial data on the City's discretely presented component units. The governing bodies of all Component Units are appointed by the City Council, except the School Board of the City of Richmond, which is elected. 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. Complete financial statements of the School Board may be obtained from the administrative offices located at 301 North Ninth Street, Richmond, VA 23219.

**Proprietary Component Units**

**Richmond Ambulance Authority (RAA)**

RAA provides emergency and non-emergency medical care and transportation services for the City. The City annually provides significant operating subsidies to RAA. Complete financial statements for RAA may be requested at Post Office Box 26286, Richmond, VA 23260.

**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. Complete financial statements for HAR may be obtained from the administrative offices located at 1900 Cool Lane, Richmond, VA 23223.

**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. Complete financial statements for the Port may be obtained from the administrative offices located at 5000 Deepwater Term. Rd., Richmond, VA 23234.

**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 RBHA may be obtained from the administrative offices located at 501 S. 5th Street, Richmond, VA 23224.

**Richmond Redevelopment and Housing Authority (RRHA)**

RRHA is responsible for operating a low-rent housing program, which provides housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The City Council appoints the Commissioners of RRHA and has some financial responsibility for RRHA's operations. RRHA's September 30, 2006 year-end financial statements are included within the City's component unit combining financial statements. Complete financial statements for RRHA may be obtained from the administrative offices located at 901 Chamberlayne Avenue, Richmond, VA 23220.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

**Broad Street Community Development Authority (CDA)**

The CDA is responsible for financing certain improvements in connection with the proposed development and redevelopment within the downtown area that will benefit the citizens of the City, such as parking and street improvements. The CDA is governed by a board of five voting directors and three ex-officio, nonvoting directors, all of whom are appointed by the City Council. Complete financial statements for the CDA may be obtained from the administrative offices located at One James Center, 901 East Cary Street, Richmond, Va. 23219.

**Related Organizations**

The City Council is also responsible for appointing the members of the boards 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 the RMA are appointed by City Council. The City has no financial responsibility for the operations of the RMA.
- Economic Development Authority of the City of Richmond (EDA) - The Commissioners of the IDA are appointed by the City Council, but the City provides no funding, has no obligation for the debt issued by the IDA, and cannot impose its will upon the IDA.

**Joint Venture**

**Greater Richmond Transit Co. (GRTC)**

The City retains an ongoing and financial responsibility for the GRTC, which under a joint venture agreement between the City and the County of Chesterfield, Virginia, provides mass transportation for passengers on a regional basis for the purpose of providing continuous service within and between jurisdictions. GRTC, a public service corporation incorporated on April 12, 1973, is governed by a six-member board of directors of which three are appointed by the City and three by the County of Chesterfield.

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

The City expended \$9,537,000 for subsidies for bus routes within the City for the year ended June 30, 2007. Complete financial statements for the GRTC can be obtained from the GRTC at 101 S. Davis Avenue, Richmond, VA 23220.

**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.



---

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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 submit 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 provided \$13,500 in funding to the Commission during the fiscal year ended June 30, 2007.

*Central Virginia Waste Management Authority (CVWMA)* was created pursuant to the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the Code of Virginia (1950), as amended). CVWMA's purpose is to plan acquire, construct, reconstruct, improve, extend, operate, contract for and maintain any garbage and refuse collection, transfer and disposal program or system, including waste reduction, waste material recovery, recycling as mandated by law or otherwise, resource recovery, waste incineration, landfill operation, ash management, sludge disposal from water and wastewater treatment facilities, household hazardous waste management and disposal and similar programs within one or more political subdivisions which are members of the CVWMA. The City is a member of the CVWMA. The 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 twenty member board of directors. The City's contribution and direct payments for the fiscal year ended June 30, 2007 were \$1,790,000.

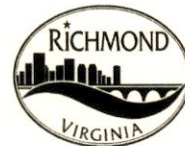
The *Greater Richmond Partnership (GRP)* is comprised of members from the City of Richmond and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City of Richmond has one member on the board that is an elected official (Pantele is currently serving), and one alternate member (the chief administrative officer of the city). The City's contribution for FY2007 was \$390,000 per year.

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* 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 three representatives serving on RMCVB's Board of Directors and contributed \$895,000 to the RMCVB for the year ended June 30, 2007.

The *Richmond Regional Planning District Commission (RRPDC)* is comprised of representatives from the local jurisdictions which include Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of local member governments; resolve service delivery challenges 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 \$116,000 for the year ended June 30, 2007.

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*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center. 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 \$5,273,000 in transient occupancy tax revenue and \$2,059,000 of general funds for the year ending June 30, 2007.





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**B. Basis of Presentation**

**Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the City as a whole) and the fund financial statements, including the major individual funds of the governmental funds (General and Debt Service Funds) and proprietary funds (Gas, Water, and Wastewater Funds), as well as the fiduciary funds, and the Component Units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on an aggregated basis by column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (Public Safety, Public Works, Human Services, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by directly related program revenues, operating and capital grants, and contributions. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. The City does not allocate indirect expenses. Operating grants presented include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements and detailed in the combining statements. The governmental fund financial statements are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

Internal Service Funds of the City (which traditionally provide services primarily to other funds of the government) are presented in summary form as part of the Proprietary Fund financial statements. In the government-wide financial statements, assets, liabilities, revenues and expenses of the funds are allocated to either the governmental or business-type activities, based on their predominate use of the fund's services. See Exhibit E-2 and E-4 for specific allocation to the business-type activities. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety and Judiciary, Human Services, etc.).

The City's Fiduciary Funds are presented in the fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements. The following is a brief description of the specific funds used by the City.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The City reports the following Governmental Funds:

- *General Fund (Major 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.
- *Debt Service Fund (Major Fund)* – Debt Service Fund accounts for the resources accumulated and payments made by principal and interest on long-term general obligation debt of Governmental Funds.
- *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.
- *Capital Projects Funds* – 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.
- *Permanent Funds* – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City programs.

**Proprietary Funds**

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 reports the following Proprietary Funds:

- *Enterprise Funds* – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains six Enterprise Funds consisting of the gas, water and wastewater operations, all of which are considered major funds, and the Cemeteries, Landmark, and the Richmond Coliseum (Coliseum), which are combined into a single, aggregated presentation as "non-major proprietary funds". Description of the major funds are as follows:
  - *Gas Utility* – The Gas Utility provides natural gas service to the City and surrounding counties. Operation of the Gas Utility is designed to be self-supporting through user charges.
  - *Water Utility* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.
  - *Wastewater Utility* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.
- *Internal Service Funds* – Internal Service Funds account for operations that provide services to City departments/agencies on a cost-reimbursement basis. The City maintains seven internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Risk Management, 4) Public Works Stores, 5) Electric Utility, 6) Stores and Transportation, and 7) Advantage Richmond Corporation.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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 business-type activities and enterprise funds. 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.

**Fiduciary Funds**

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

- *Trust Funds* – For accounting measurement purposes, the Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. The Trust Funds consist of the City's Retirement Plan and the City's Deferred Compensation Plan.
- *Agency Funds* – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. The Agency Funds consist of the assets and liabilities of several organizations for which the City serves as fiscal agent, such as the Department of Welfare, the Department of Recreation and Parks, the Department of Public Works and the Law Department.

**Reconciliation of Government-wide and Fund Financial Statements**

A summary reconciliation of the difference between total fund balances as reflected on the Governmental Funds Balance Sheet and total net assets for governmental activities as shown on the government-wide Statement of Net Assets is presented in a schedule accompanying the Governmental Funds Balance Sheet. The asset and liability elements which comprise the reconciliation differences stem from Governmental Funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the differences between net change in total fund balances as reflected on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net assets for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus wherein only current assets and current liabilities are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of Government Funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Governmental Funds financial statements (General, Debt Service and Other) are reported on the flow of current financial resources measurement focus and the modified accrual basis of accounting wherein the focus is on the determination of, and changes in, financial position and only current assets and current liabilities are included on the balance sheet.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within two months after the fiscal year end. Revenue from categorical and other grants are generally considered available when all eligibility criteria have been met and if received within one year. Expenditures are recorded



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

when the related liability is incurred and payment is due, except for principal and interest on long-term debt and compensated absences.

The government-wide financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting, which include all assets and liabilities associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City either gives or receives value without directly, receiving or giving equal value in exchange, include sales and income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales and income taxes are recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Operating revenues and expenses in the Proprietary Funds result from providing goods and services in connection with their principal ongoing operations (e.g., charges for services). Operating expenses for the Enterprise and Internal Service Funds include the cost of services, administrative expenses, contractual services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Pension Trust Fund's contributions from members, recorded under the full accrual basis of accounting, are recorded when the employer makes payroll payments on behalf of Plan members. The Agency Funds use the full accrual basis of accounting and do not measure the results of operations.

**D. Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost, which approximates fair value. 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).

**E. Investments**

Investments of the Fiduciary Funds are reported at fair value as determined by management based on quotations obtained from readily available sources.

**F. Allowances for Doubtful Accounts**

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



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

Allowances for doubtful accounts at June 30, 2007 were as follows:

General Fund and Governmental Activities - Tax and Licenses	<u>\$ 17,661,860</u>
Enterprise Funds:	
Nonmajor Enterprise Funds (Landmark and Cemeteries)	<u>132,171</u>
Utilities:	
Gas Utility	2,493,908
Water Utility	402,442
Wastewater Utility	285,812
Electric	<u>11,495</u>
Total Utilities Funds	<u>\$ 3,193,657</u>
Total Enterprise Funds	<u>\$ 3,325,828</u>

**G. Inventories**

Inventories on hand at June 30, 2007 have been reported on the government-wide Statement of Net Assets. Inventories of consumable supplies are recorded at cost determined on a first in, first out basis. 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.

**H. Capital Assets**

Capital assets and improvements include substantially all land and works of art/historical treasures, buildings, equipment, water distribution and sewage collection systems, and other elements of the City's infrastructure having a minimum useful life of 3 years and having an initial cost of more than \$5,000. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, parkland and improvements.

Capital assets are stated at historical cost or estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Infrastructure acquired prior to fiscal years ended after June 30, 1980 is reported. Donated capital assets are stated at their fair market value as of the date of the donation. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the discounted present value of net minimum lease payments at the inception of the lease. Accumulated depreciation and amortization are reported as reductions of capital assets.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

Capital asset depreciation has been provided over the estimated useful lives using the straight-line method as follows:

Governmental:	
Infrastructure	20 to 50 years
Buildings and structures	20 to 50 years
Equipment and other assets	3 to 20 years
Enterprise Funds:	
Gas production, distribution, equipment	17 to 34 years
Water pumping, treatment, distribution, equipment	20 to 50 years
Sewage gathering and treatment equipment	20 to 50 years
Coliseum	3 to 20 years
Landmark Theatre	3 to 20 years
Cemeteries	3 to 20 years
Enterprise Funds:	
Buildings and structures	20 to 50 years
Equipments and other assets	3 to 20 years

**I. Construction Period Interest**

The City capitalizes, during the construction period only, the net interest costs associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2007, net interest costs of approximately \$26,940,000 were incurred with approximately \$4,012,000 being capitalized.

**J. Compensated Absences**

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 sick pay at the same 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.

Earning rates for vacation pay and 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 accumulated hours is payable at the date of separation or available for use 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 City and School Board accrue compensated absences (annual and sick leave benefits) when vested. The current portions of the Governmental Activities' compensated absences liabilities are recorded as accrued liabilities when they are expected to be liquidated within the next year. The current and noncurrent portions are recorded in the government-wide financial statements. The amount of vacation recognized as expense is the amount earned



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

during the year. Compensated absences are reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

**K. Bond Discounts/Issuance Costs**

In Governmental Funds, bond discounts and issuance costs are recognized as expenditures in the period incurred. Bond discounts and issuance costs in the government-wide financial statements units are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred expenses.

**L. Judgment and Claims**

The City is self-insured with respect to risks including, but not limited to, property damage and personal injury. The City is self-insured with respect to payments for workers' compensation, general liability, automobile liability, public officials or police professional liability claims. 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. In the financial statements, expenses for judgments and claims including estimates of claims that have been incurred but not reported are recorded in the Risk Management Internal Service Fund.

**M. 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, unexpended bond proceeds or by grantor's requirements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

**N. 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 9).

**O. Internal and Intra-entity Activity**

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds have been eliminated or reclassified. Eliminations are made in the Statement of Net Assets to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the Primary Government. Amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the government-wide financial statements, except for net residual amounts due between governmental and business type activities, which are presented as internal balances. Also, eliminations are made in the Statement of Activities to remove the "doubling-up" effect of Internal Service Fund activity.

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as operating transfers. Such payments include transfers for debt service and capital construction. In the government-wide financial statements, resource flows between the Primary Government and the discretely presented Component Units are reported as if they were external transactions.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**P. Advances to Other Funds**

Noncurrent advances to other funds are reported on the Governmental Funds Balance Sheet. Noncurrent advances are offset by a reservation of fund balance since they do not represent "expendable available financial resources."

**Q. Rate Stabilization**

City ordinances authorize the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to 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, 2007, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$6,400,000 to the rate stabilization fund in the Gas, Water and Wastewater Utilities. The Wastewater Utility used \$675,000 from its rate stabilization fund. The net effect of these transactions is reflected in the Other Liabilities and Claims Payable balance on the Proprietary Funds' Statement of Net Assets. Specifically, at June 30, 2007, this liability balance in the Gas, Water, and Wastewater Utilities included approximately \$12.8 million, \$22.0 million and \$21.5 million, respectively for rate stabilization funds.

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

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

**S. Estimates and Assumptions**

A number of estimates and assumptions relating to the reporting of revenues, expenses, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

**T. Identification of Major Revenue Sources Susceptible to Accrual**

In the Governmental Funds, property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

**U. Permanent Funds**

Principal portion of permanent funds are reported as non-expendable while the net revenue of permanent funds are reported as expendable. Authorization for spending the investment income is derived from the specifications as prescribed by the donor.

**V. Unearned Revenue**

Unearned revenue represents payments and or revenue received not yet recognized since it has not been earned. At the government-wide level, unearned revenue is primarily comprised of receivables from component units and money received from Federal and/or State grants in advance of services to be provided. At the fund





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

level, unearned revenue is primarily comprised of deferred taxes and receivables from component units and money received from Federal and/or State grants in advance of services to be provided.

**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 (location where property is principally parked or garaged) 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, or 60 days from the date the vehicle acquired situs in Richmond. 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 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, 2007 are intended to finance operations of the fiscal year ended June 30, 2007.

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

**A. Cash and Cash Equivalents**

*Primary Government*

At June 30, 2007, cash on hand, cash items and petty cash totaled approximately \$24,000 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$2,249,000 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$15,201,000, was covered by Federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposit Act (the 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. All cash classified as restricted are related to grantor or debtor requirements.

**B. Richmond Retirement System**

*Cash and Investments*

On June 30, 2007, the carrying amount of the System's deposits with financial institutions was \$4,052,331 and the bank balance was \$5,272,247. All funds deposited in banks are protected under the provisions of the Virginia Securities for Public Deposit Act (the Act). This Act requires financial institutions holding public deposits in excess of amounts insured by the Federal Deposit Insurance Corporation to pledge collateral in the amount of 50 percent of excess deposits, and savings and loans to pledge collateral in the amount of 100 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default, and is



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

responsible for: (1) monitoring compliance with the collateralization; (2) reporting requirements of the Act and (3) for notifying local governments of compliance by financial institutions.

*Authorized Investments*

The System invests in obligations of the U.S. government or its agencies, approved money market funds, other banks and savings and loan associations, not exceeding federal insurance coverage, and commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. The System is also authorized to invest in corporate bonds and notes rated A, or better, by Moody's or Standard & Poor's. The System is authorized to invest in both U.S. and international equities as well as Real Estate Investment Trusts (REITs). Each investment manager is authorized to invest no more than 5% of its holdings, at cost, in equity securities of a single issuer at the time of purchase. The System has six types of investments: U.S. government and agency obligations, domestic bonds and notes, domestic stocks, international stocks, international bonds and notes and REITs.

	Cost	Fair Value
U.S. Government and Agency obligations	\$ 61,135,237	\$ 60,582,299
Domestic bonds	51,047,442	50,696,630
Domestic stocks	183,778,066	260,038,772
International stocks	63,618,732	113,158,605
International bonds and notes	32,535,468	33,906,487
REITs	22,676,588	24,828,479
Cash collateral received under securities lending program	90,264,208	90,264,208
Total	\$ 505,055,741	\$ 633,475,480

The net change in fair value of investments for the year ended June 30, 2007 is as follows:

	Change in Fair Value
U.S. Government and Agency obligations	\$ 646,450
Domestic bonds	1,002,194
Domestic stocks	40,338,490
International stocks	22,748,298
International bonds and notes	(281,630)
REITs	1,824,717
Total	\$ 66,278,519



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

*Custodial Credit Risk*

The System does not have exposure to custodial credit risk because 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. At June 30, 2007, the market value of securities on loan and cash collateral, that is included in the above amounts, was as follows:

	Securities on Loan	Cash Collateral
U.S. Government securities	\$ 26,041,124	\$ 26,440,880
Corporate bonds	5,905,718	6,007,040
Common stocks	56,330,241	57,816,288
Total	<u>\$ 88,277,083</u>	<u>\$ 90,264,208</u>

*Concentration of Credit Risk*

The System does not have exposure to concentration of credit risk. The System does not have any investment in any one issuer that represents 5 percent or more of the total investments.

*Credit Risk*

The System has an investment policy for credit risk. The domestic fixed income investments should emphasize high-quality and reasonable diversification. Investments shall not be rated below BBB-, unless specifically allowed in the managers' guidelines. For purposes of calculating compliance with the credit constraints, if split rated, the lowest rating will apply. The table on the following page details the System's credit risk at June 30, 2007.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

Investment Type	Moody Rating	Fair Value
Asset Backed Securities	A3	\$ 39,995.35
Asset Backed Securities	AA3	117,577.59
Asset Backed Securities	AAA	3,805,706.11
Asset Backed Securities	BA1	53,207.06
Asset Backed Securities	BA2	25,198.56
Asset Backed Securities	BAA2	15,025.72
Asset Backed Securities	NA	67,161.56
Convertible Bonds	B1	176,400.00
Convertible Bonds	B2	24,718.75
Convertible Bonds	B3	98,625.00
Convertible Bonds	BA1	12,650.00
Convertible Bonds	BA2	133,000.00
Convertible Bonds	CAA2	465,800.00
Convertible Bonds	CAA3	337,925.00
Convertible Bonds	NA	1,483,035.00
Convertible Bonds	NR	295,281.25
Corporate Bonds	A1	1,630,371.56
Corporate Bonds	A2	3,119,524.56
Corporate Bonds	A3	1,245,162.73
Corporate Bonds	AA1	698,834.39
Corporate Bonds	AA2	873,952.38
Corporate Bonds	AA3	2,160,632.80
Corporate Bonds	AAA	1,445,231.84
Corporate Bonds	B1	2,170,193.54
Corporate Bonds	B2	2,434,357.85
Corporate Bonds	B3	2,437,268.75
Corporate Bonds	BA1	1,665,288.95
Corporate Bonds	BA2	2,240,963.60
Corporate Bonds	BA3	1,462,904.50
Corporate Bonds	BAA1	1,661,480.37
Corporate Bonds	BAA2	1,877,414.99
Corporate Bonds	BAA3	1,603,669.24
Corporate Bonds	CAA1	3,164,350.15
Corporate Bonds	NA	302,575.50
Corporate Bonds	NR	91,167.45
Corporate Bonds	WR	78,206.65
Limited Partnership Units	NA	207,363.15
Mortgage Backed Agencies	AAA	30,043,938.72
Mortgage Backed Agencies	NA	3,459,187.77
Mortgage Backed Agencies	NR	8,580,386.80
Municipals	AA2	50,514.50
Mutual Funds	NR	239,955,026.48
Real Estate Inv Trust	BAA3	30,952.02
Real Estate Inv Trust	NA	12,663,221.12
Real Estate Inv Trust	NR	9,689,512.96
Short-Term	NR	18,319,050.78
U.S. Agencies	A2	458,140.76
U.S. Agencies	AA1	4,060,073.82
U.S. Agencies	AAA	25,491,670.68
U.S. Agencies	NA	110,606.77
U.S. Agencies	NR	8,367,995.73
U.S. Treasury	AAA	24,678,118.41
U.S. Treasury	NA	369,905.44

NR – Not Rated  
NA – Not Available



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

*Foreign Currency Risk*

The System has an investment policy for international investments; however, it does not have a policy specifically for foreign currency risk. At June 30, 2007, the System's foreign currency exposure was as follows:

Investment Type	Local Currency	Market Value
Corporate bonds	Euro Currency	998,508.99
Foreign currency	Australian Dollar	33.17
Foreign currency	Euro Currency	238,474.47
Foreign currency	Japanese Yen	(122.58)
Foreign currency	Mexican Peso	18,815.46
Foreign currency	Pound Sterling	128,032.05
Foreign currency	South Korean Won	0.03
Foreign currency	Swiss Franc	0.01
Government issues	Canadian Dollar	1,028,598.82
Government issues	Danish Krone	482,525.14
Government issues	Euro Currency	19,885,946.01
Government issues	Japanese Yen	7,933,195.67
Government issues	Mexican Peso	225,909.13
Government issues	Polish Zloty	409,168.27
Government issues	Pound Sterling	1,867,783.66
Government issues	Swedish Krona	686,212.12
Other asset backed	Euro Currency	277,231.09



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

*Interest Rate Risk*

The System does not have a specific investment policy governing interest rate risk. At June 30, 2007, the System's interest rate exposure was as follows:

Investment Type	Fair Value	Effective Duration
<b>Agincoourt Capital Management</b>		
Agency	\$ 815,061	2.54
Asset backed	31,362	3.38
CMBS	1,291,708	3.41
CMO	1,114,446	2.21
Corporate	3,709,013	5.75
Mortgage pass-through	4,876,387	4.85
Municipal	15,026	0.09
U.S. Treasury	746,656	12.42
Yankees	59,620	7.40
Fixed Income Total	\$ 12,659,279	5.07
<b>Blackrock</b>		
Agency	\$ 110,607	10.99
Asset backed	2,631,235	0.60
CMBS	6,604,958	3.59
CMO	2,002,326	(2.28)
Corporate	4,214,133	4.43
Mortgage pass-through	23,227,493	6.48
U.S. Treasury	20,153,010	5.18
Yankees	215,237	0.25
Fixed Income Total	\$ 59,158,999	5.02
<b>Fischer, Francis, Trees &amp; Watts</b>		
Asset backed	277,231	1.06
CMBS	2,008,316	6.47
Foreign	33,517,848	7.18
Futures	(14,068)	0.00
U.S. Treasury	726,585	10.40
Fixed Income Total	\$ 36,515,912	7.15
<b>Loomis Sayles</b>		
Agency	\$ 535,067	5.17
Corporate	17,491,104	7.98
Preferred stock	314,038	3.17
U.S. Treasury	2,712,347	15.14
Yankees	168,994	4.05
Fixed Income Total	\$ 21,221,550	8.78
<b>Richmond Capital Management</b>		
Agency	\$ 420,200	4.66
CMBS	774,261	4.03
CMO	195,409	2.85
Corporate	5,683,363	4.88
Mortgage pass-through	5,295,953	4.93
U.S. Treasury	709,426	8.19
Fixed Income Total	\$ 13,078,612	5.00



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**C. Investments**

*Investment Policy:*

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (the Virginia LGIP, a 2a-7 like pool), and the State Non-Arbitrage Program ("SNAP"). As of June 30, 2007, all non-System investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market and mutual funds. At no time, shall more than 35% of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single entity.

The City does not have a formal policy for credit risk, foreign currency risk, or interest rate risk but does have a policy for custodial credit risk and concentration of credit risk.

*Custodial credit risk for deposits:*

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits and are considered insured. At June 30, 2007, the City did not have any deposits that were not covered by depository insurance or collateralized under the Virginia Security for Public Deposits Act.

*Custodial credit risk for investments:*

At June 30, 2007, the City holds its investment securities primarily in external investments pools and thus is not subject to custodial credit risk disclosure.

*Concentration Risk:*

At June 30, 2007, the City does not have concentration of credit risk as no investments are with any one issuer representing more than 5% of total investments.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

Primary Government (000's omitted):

	Total
U.S. Government securities	\$ 60,582
Corporate bonds	50,697
Common stocks	260,039
International bonds	33,906
International stocks	113,159
Real Estate Investment Trusts	24,828
	543,211
Cash collateral received under securities lending program	90,264
Deferred compensation plan mutual funds	55,026
Cash and money market funds	69,496
LGIP	147,221
SNAP	93,938
Total Cash and Investments	\$ 999,156

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 185,854	\$ 23,430	\$ 209,284
Investments	-	688,501	688,501
Restricted assets	101,371	-	101,371
Total	\$ 287,225	\$ 711,931	\$ 999,156

**D. Securities Lending Program**

RRS lends securities to firms on a temporary basis through its custodian bank, State Street Bank & Trust Company (Custodian). During the fiscal year, the Custodian loaned, at the direction of RRS, its securities and received cash, U.S. 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 during the fiscal year on the amount of the loans that the Custodian made 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 security. There were no such failures by any borrowers during the year, nor were there any losses during the fiscal 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, 2007 was 68 days, with an average weighted maturity of 532 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 fair value of the securities on loan as of June 30, 2007 was \$90,264,208 and \$88,277,083, respectively. The cash collateral is recorded as both an asset and a liability on RRS's financial statements. Securities and letters of credit received as collateral at June 30, 2007 are not recorded in the Statement of Plan Net Assets, as the RRS cannot sell or pledge the collateral received absent a borrower default.





**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

At year-end, the RRS has no credit risk by borrowers because the amounts the RRS owes the borrowers exceed the amounts the borrowers owe the RRS. The gross earnings for securities lending were \$3,915,818 and the related expenses were \$3,765,066 in borrower's rebates and \$60,284 in agent fees, netting \$90,468 in securities lending income.

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

The City reports interfund balances between many of its funds, as follows:

		Due from						
		General	Debt	NonMajor	Enterprise	Internal	Fiduciary	Total
		Fund	Service	Governmental	Fund	Service	Fund	
Due to	General Fund	\$ -	\$ 614,086	\$ 12,386,289	\$ 4,202,139	\$ -	\$ 1,785,536	\$ 18,988,010
	Non-Major Government	10,962,236	-	3,175,467	-	-	1,018,734	15,156,437
	Gas	-	-	-	-	69,842	-	69,842
	Water	-	-	-	6,256,169	149,783	-	6,405,952
	Waste	-	-	-	5,445,509	149,782	-	5,595,291
	Non-Major Proprietary Government	202,008	-	-	-	-	-	202,008
	Internal Service Funds-Risk	10,936,097	-	-	-	6,245,863	-	17,181,960
	Agency	949,967	-	-	-	-	-	949,967
	<b>Total</b>	<b>\$ 23,060,328</b>	<b>\$ 614,086</b>	<b>\$ 15,561,736</b>	<b>\$ 15,903,817</b>	<b>\$ 6,615,270</b>	<b>\$ 2,804,270</b>	<b>\$ 64,549,487</b>

Net Internal Services of \$10,936,097 consists of Risk Management \$17,181,960 offset by Fleet, Radio, and Public Works of \$5,353,103, \$872,267, and \$20,493, respectively.

The \$3,175,467 Non-Major Government Due To amount above consists of \$936,375 due between the Capital Fund and the Permanent Public Improvement Fund; \$2,238,202 is due from the VDOT Urban Program Fund and \$890 is due from the J. Fulmer Bright Park Fund to the General Fund, respectively.

The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended June 30, 2007 consisted of the following:

		Transfer from						
		General	Major Proprietary Funds			NonMajor	Internal	Total
		Fund	Gas	Water	Wastewater	Governmental	Service	
Transfer to	General Fund	\$ -	\$ 1,301,600	\$ 724,100	\$ 1,124,100	\$ 514,760	\$ 39,571	\$ 3,704,131
	Debt Service	46,945,667	-	-	-	-	-	46,945,667
	NonMajor Governmental	9,682,674	-	-	-	358,774	-	10,041,448
	<b>Total</b>	<b>\$ 56,628,341</b>	<b>\$ 1,301,600</b>	<b>\$ 724,100</b>	<b>\$ 1,124,100</b>	<b>\$ 873,534</b>	<b>\$ 39,571</b>	<b>\$ 60,691,246</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due or (3) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



CITY OF RICHMOND, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2007

Advance To	Advance From				
	Major Proprietary Funds			Internal Service	Total
	Gas	Water	Wastewater	Fund	
Internal Service	\$ 19,605,111	\$ 19,081,068	\$ 21,534,342	\$ 3,294,908	\$ 63,515,429

**5. DUE FROM AND DUE TO OTHER GOVERNMENTS**

Amounts due from other governments at June 30, 2007 are as follows:

Primary Government	Federal	State	Total
General Fund	\$ --	\$ 36,371,803	\$ 36,371,803
Non-major Governmental Funds	8,604,549	6,325,275	14,929,824
Business-type Activities-Enterprise Fund	10,965,350	--	10,965,350
	<u>\$ 19,569,899</u>	<u>\$ 42,697,078</u>	<u>\$ 62,266,977</u>

Amounts due to other governments totaled \$1,007,655 for the General Fund, \$67,091 for the non-major Governmental funds and \$9,351 for Internal Service Funds at June 30, 2007. At the government-wide level, a due from the Fiduciary Fund is considered as a due from other governments in the amount of \$2,804,270.

**6. NOTE RECEIVABLE**

Note receivable in the General Fund consists of:

A non-interest bearing promissory note from Greater Richmond Transit Company	<u>\$ 543,100</u>
---	-------------------



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

**7. CAPITAL ASSETS**

**Primary Government - Governmental Activities**

	Balance July 1, 2006, As Restated	Additions	Deletions	Balance June 30, 2007
<b>Capital Assets Not Being Depreciated:</b>				
Land and Land Improvements	\$ 28,054,368	\$ 2,668,605	\$ -	\$ 30,722,973
Construction In Progress	56,848,864	20,337,787	38,992,605	38,194,046
Works of Art/Historical Treasures	6,922,681	-	-	6,922,681
<b>Total Capital Assets Not Being Depreciated</b>	<u>91,825,913</u>	<u>23,006,392</u>	<u>38,992,605</u>	<u>75,839,700</u>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	683,510,091	32,458,275	-	715,968,366
Building and Structures	419,573,499	9,262,005	-	428,835,504
Equipment	99,858,526	10,058,809	5,637,771	104,279,564
Improvements Other Than Buildings	6,010,449	935,617	-	6,946,066
<b>Total Other Capital Assets</b>	<u>1,208,952,565</u>	<u>52,714,706</u>	<u>5,637,771</u>	<u>1,256,029,500</u>
<b>Less Accumulated Depreciation For:</b>				
Infrastructure	384,570,048	12,798,974	-	397,369,022
Building and Structures	177,263,098	11,545,393	-	188,808,491
Equipment	61,906,621	9,586,693	5,634,070	65,859,244
Improvements Other Than Buildings	857,105	405,843	-	1,262,948
<b>Total Accumulated Depreciation</b>	<u>624,596,872</u>	<u>34,336,903</u>	<u>5,634,070</u>	<u>653,299,705</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>584,355,693</u>	<u>18,377,803</u>	<u>3,701</u>	<u>602,729,795</u>
<b>Governmental Activities, Capital Assets, Net</b>	<u>\$ 676,181,606</u>	<u>\$ 41,384,195</u>	<u>\$ 38,996,306</u>	<u>\$ 678,569,495</u>

**Depreciation expense was charged to functions as follows:**

General Government	\$ 5,897,721
Public Safety and Judiciary	3,641,365
Highways, Streets, Sanitation and Refuse	10,143,625
Human Services	99,502
Culture and Recreation	1,833,058
Education	5,308,539
<b>Subtotal</b>	<u>34,336,903</u>
Allocation related to Internal Services Funds	7,415,758
<b>Total</b>	<u>\$ 26,921,145</u>

For further details on the 2006 restatement, see footnote #17.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

**Primary Government - Business-type Activities**

	Balance July 1, 2006 As Restated	Additions	Deletions	Balance June 30, 2007
<b>Gas Utility:</b>				
Capital Assets Not Being Depreciated -				
Construction in Progress	\$ 32,093,160	\$ 23,833,610	\$ 21,570,289	\$ 34,356,481
Capital Assets Being Depreciated -				
Plant-in-service	<u>341,175,643</u>	<u>22,383,766</u>	<u>—</u>	<u>363,559,409</u>
Total Capital Assets Being Depreciated	<u>341,175,643</u>	<u>22,383,766</u>	<u>—</u>	<u>363,559,409</u>
Less - Accumulated Depreciation For:				
Plant-in-service	<u>100,870,079</u>	<u>10,585,574</u>	<u>—</u>	<u>111,455,653</u>
Total Accumulated Depreciation	<u>100,870,079</u>	<u>10,585,574</u>	<u>—</u>	<u>111,455,653</u>
Total Capital Assets Being Depreciated, Net	<u>240,305,564</u>	<u>11,798,192</u>	<u>—</u>	<u>252,103,756</u>
Gas Utility, Capital Assets, Net	<u>272,398,724</u>	<u>35,631,802</u>	<u>21,570,289</u>	<u>286,460,237</u>
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated -				
Construction in Progress	38,888,381	27,881,930	16,643,625	50,126,686
Capital Assets Being Depreciated -				
Plant-in-service	<u>290,510,308</u>	<u>12,147,878</u>	<u>—</u>	<u>302,658,186</u>
Total Capital Assets Being Depreciated	<u>290,510,308</u>	<u>12,147,878</u>	<u>—</u>	<u>302,658,186</u>
Less - Accumulated Depreciation For:				
Plant-in-service	<u>80,608,531</u>	<u>5,791,987</u>	<u>—</u>	<u>86,400,518</u>
Total Accumulated Depreciation	<u>80,608,531</u>	<u>5,791,987</u>	<u>—</u>	<u>86,400,518</u>
Total Capital Assets Being Depreciated, Net	<u>209,901,777</u>	<u>6,355,891</u>	<u>—</u>	<u>216,257,668</u>
Water Utility, Capital Assets, Net	<u>248,790,158</u>	<u>34,237,821</u>	<u>16,643,625</u>	<u>266,384,354</u>
<b>Wastewater Utility:</b>				
Capital Assets Not Being Depreciated -				
Construction in Progress	55,123,275	7,940,065	833,696	62,229,644
Capital Assets Being Depreciated -				
Plant-in-service	<u>343,585,606</u>	<u>4,561,395</u>	<u>—</u>	<u>348,147,001</u>
Total Capital Assets Being Depreciated	<u>343,585,606</u>	<u>4,561,395</u>	<u>—</u>	<u>348,147,001</u>
Less - Accumulated Depreciation For:				
Plant-in-service	<u>120,590,304</u>	<u>8,892,109</u>	<u>—</u>	<u>129,482,413</u>
Total Accumulated Depreciation	<u>120,590,304</u>	<u>8,892,109</u>	<u>—</u>	<u>129,482,413</u>
Total Capital Assets Being Depreciated, Net	<u>222,995,302</u>	<u>(4,330,714)</u>	<u>—</u>	<u>218,664,588</u>
Wastewater Utility, Capital Assets, Net	<u>278,118,577</u>	<u>3,609,351</u>	<u>833,696</u>	<u>280,894,232</u>
<b>Other Business-type Activity:</b>				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	12,815,550	—	—	12,815,550
Capital Assets Being Depreciated -				
Buildings and Structures	44,377,481	—	—	44,377,481
Equipment and Other Capital Assets	<u>5,965,071</u>	<u>264,347</u>	<u>—</u>	<u>6,229,418</u>
Total Capital Assets Being Depreciated	<u>50,342,552</u>	<u>264,347</u>	<u>—</u>	<u>50,606,899</u>
Less - Accumulated Depreciation For:				
Buildings and Structures	27,035,177	1,971,810	—	29,006,987
Equipment and Other Capital Assets	<u>3,214,041</u>	<u>526,967</u>	<u>—</u>	<u>3,741,008</u>
Total Accumulated Depreciation	<u>30,249,218</u>	<u>2,498,777</u>	<u>—</u>	<u>32,747,995</u>
Total Capital Assets Being Depreciated, Net	<u>20,093,334</u>	<u>(2,234,430)</u>	<u>—</u>	<u>17,858,904</u>
Other Business-type Activity, Capital Assets, Net	<u>32,908,884</u>	<u>(2,234,430)</u>	<u>—</u>	<u>30,674,454</u>
Business-type Activities, Capital Assets, Net	<u>\$ 832,216,343</u>	<u>\$ 71,244,544</u>	<u>\$ 39,047,610</u>	<u>\$ 864,413,277</u>
Internal Service Fund - Stores Utility, Net (Exhibit E-2)	<u>\$ 27,027,106</u>	<u>\$ 201,472</u>	<u>\$ —</u>	<u>\$ 27,228,578</u>
	<u>\$ 859,243,449</u>	<u>\$ 71,446,016</u>	<u>\$ 39,047,610</u>	<u>\$ 891,641,855</u>

For further details on the 2006 restatement, see footnote #17.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**8. OBLIGATIONS**

Changes in the short-term liabilities during the fiscal year ended June 30, 2007 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
General Obligation Revenue Anticipation Notes	\$ --	\$ 65,000,000	\$ 65,000,000	\$ --

Changes in the long-term liabilities during the fiscal year ended June 30, 2007 are summarized below:

**Primary Government -  
Governmental Activities**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
General Obligation Bonds (GO)	\$ 372,722,944	\$ 44,550,000	\$ 33,230,269	\$ 384,042,675	\$ 32,148,620
Commercial Paper Bond Anticipation Notes	-	500,000	-	500,000	-
General Obligation Serial Equipment Notes	5,600,000	-	1,400,000	4,200,000	1,400,000
Virginia Public Schools Authority Bonds	2,820,514	-	223,226	2,597,288	224,935
Qualified Zone Academy Bonds	3,372,213	-	192,480	3,179,733	192,480
HUD Section 108 Notes	5,020,000	-	555,000	4,465,000	555,000
Total General Obligation Bonds and Notes	<u>389,535,671</u>	<u>45,050,000</u>	<u>35,600,975</u>	<u>398,984,696</u>	<u>34,521,035</u>
Accreted Value - Capital Appreciation Bonds	211,818	-	90,195	121,623	66,240
Premium on Debt Issued	10,333,052	2,144,332	655,684	11,821,700	762,900
Certificates of Participation	16,920,000	-	690,000	16,230,000	720,000
Advantage Richmond Lease Revenue Bond	12,100,000	-	544,420	11,555,580	573,773
Capital Leases	292,221	-	144,735	147,486	147,486
Note Payable to Component Unit	28,707,878	-	1,555,000	27,152,878	1,620,000
Compensated Absences	13,857,505	1,417,189	1,363,519	13,911,175	10,568,144
Totals	<u>\$ 471,958,145</u>	<u>\$ 48,611,521</u>	<u>\$ 40,644,528</u>	<u>\$ 479,925,138</u>	<u>\$ 48,979,578</u>

The Notes Payable to Component Unit represents the City's obligation to pay the debt service due on two bond issues undertaken, at the City's request, by the City's Component Unit, the RRHA. Under the Old Manchester Cooperation Agreements between the City and RRHA, the City has agreed to annually budget for and make payment to RRHA to service this debt.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

**Primary Government -  
Business-Type Activities**

	Balance			Due	
	July 1, 2006	Additions	Deletions	Balance June 30, 2007	Within One Year
<b>General Obligation Bonds:</b>					
Gas	\$ 102,038,310	\$ --	\$ 4,417,498	\$ 97,620,812	\$ 4,516,533
Water	78,839,538	--	3,146,825	75,692,713	3,270,119
Wastewater	48,886,119	--	2,679,386	46,206,733	2,837,366
Other NonMajor Enterprise Funds	16,328,453	--	1,268,568	15,059,885	1,221,251
<b>Accreted Value - Capital Appreciation</b>					
<b>General Obligation Bonds:</b>					
Gas	1,484,766	--	632,235	852,531	464,319
Water	2,375,420	--	1,011,489	1,363,931	742,846
Wastewater	971,354	--	413,618	557,736	303,763
<b>Revenue Bonds:</b>					
Gas	121,101,838	134,297,449	113,320,317	142,078,970	2,930,675
Water	90,926,904	77,886,380	37,076,153	131,737,131	2,194,851
Wastewater	108,485,101	115,663,901	83,770,554	140,378,448	4,813,157
<b>Total Bonded Debt</b>	<b>571,437,803</b>	<b>327,847,730</b>	<b>247,736,643</b>	<b>651,548,890</b>	<b>23,294,880</b>
<b>Capital Leases:</b>					
Other NonMajor Enterprise Funds	1,862,880	--	216,989	1,645,891	227,353
<b>Total Capital Leases</b>	<b>1,862,880</b>	<b>--</b>	<b>216,989</b>	<b>1,645,891</b>	<b>227,353</b>
<b>Compensated Absences:</b>					
Gas	659,469	482,343	486,374	655,438	482,343
Water	512,920	422,636	376,506	559,050	422,636
Wastewater	512,920	465,779	400,372	578,327	465,779
Other NonMajor Enterprise Funds	146,548	112,991	100,267	159,272	121,817
<b>Total Compensated Absences</b>	<b>1,831,857</b>	<b>1,483,749</b>	<b>1,363,519</b>	<b>1,952,087</b>	<b>1,492,575</b>
<b>Totals</b>	<b>\$ 575,132,540</b>	<b>\$ 329,331,479</b>	<b>\$ 249,317,151</b>	<b>\$ 655,146,868</b>	<b>\$ 25,014,808</b>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Also, for the Governmental Activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

General Obligation Bonds and Notes 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 and obligations under capital leases are payable from General Fund and Internal Service Fund revenues. The Revenue Bonds are limited obligations of the City, payable solely from certain revenues derived by the City from its natural gas, water, and wastewater utilities, and other funds pledged for their repayment under the terms of a Master Indenture. The allocation of debt between Governmental Activities and Business-type Activities is recorded on a debt by debt basis and the specific needs of the City at the time and are disclosed in the related offering document.

**Legal Debt Limit**

Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for cities for issuing General Obligation debt is ten (10) percent of the last preceding assessment for real estate taxes. As of June 30, 2007, the City had a legal debt limit of \$1,904,252,245 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,270,394,281 of additional General Obligation debt (remaining debt margin). The City has no



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

overlapping debt with other jurisdictions. As of June 30, 2007, the City had a total of \$206,227,198 of general obligation and revenue bonds authorized, but not issued, for funding additional Capital Improvement Projects. Of these authorized but not issued bonds, \$95,398,000 is earmarked for self-supporting Public Utility projects and \$110,829,198 for various General Fund supported capital projects and equipment.

Details of Bonds and Notes Outstanding:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Balance at June 30, 2007	
					Governmental Activities	Enterprise Funds
<b>General Obligation Bonds</b>						
Public Improvement Bonds 1989A	6.80% - 7.55%	1/15/1989	1/15/2009	\$ 24,520,000	\$ 1,225,130	\$ 37,101
Public Improvement Bonds 1989B	5.80% - 6.70%	7/15/1989	1/15/2010	65,674,506	3,078,289	1,407,000
Public Improvement Refunding Bonds 1993A	3.00% - 6.50%	6/1/1993	1/15/2022	175,125,000	16,444,977	2,540,906
Public Improvement Bonds 1993B	3.00% - 6.50%	6/1/1993	7/15/2023	91,700,000	4,070,041	5,679,959
Public Improvement Bonds 1999A	4.00% - 5.375%	6/1/1999	1/15/2024	98,145,000	9,231,080	253,920
Public Improvement Refunding Bonds 1999B	4.00% - 5.125%	6/1/1999	1/15/2016	35,740,000	9,711,710	10,174,138
Public Improvement Refunding Bonds 2000A	4.50% - 5.50%	10/18/2000	1/15/2018	122,730,000	-	96,190,000
Public Improvement Bonds 2001	4.00% - 5.50%	12/15/2001	7/15/2022	116,400,000	55,451,239	633,761
Public Improvement Bonds 2002A	3.00% - 5.25%	11/15/2002	7/15/2023	50,455,000	31,513,725	6,541,275
Public Improvement Refunding Bonds 2002B	4.00% - 5.25%	11/15/2002	7/15/2023	96,220,000	49,918,967	46,024,601
Public Improvement Bonds 2003	4.42%	11/13/2003	7/15/2018	13,500,000	11,535,000	-
Public Improvement Bonds 2004A	3.00% - 5.50%	6/15/2004	7/15/2024	55,655,000	48,285,000	-
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/15/2004	7/15/2015	9,300,000	7,367,780	1,832,220
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	91,042,187	2,127,813
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	617,550	61,137,450
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	44,550,000	-
<b>Virginia Public School Authority Bonds</b>						
VPSA Bonds 1997A	4.35% - 5.35%	11/15/1997	7/15/2017	4,578,704	2,597,288	-
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,799,732	-
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	1,380,001	-
<b>General Obligation Notes</b>						
Serial Equipment Notes Series 2005	2.95%	6/29/2005	6/15/2010	7,000,000	4,200,000	-
Commercial Paper BAN	Variable	12/20/2006	12/1/2011	-	500,000	-
<b>HUD Section 108 Notes</b>						
HUD Section 108 Note Series 1997	5.87% - 6.98%	10/28/1997	8/1/2014	2,445,000	1,070,000	-
HUD Section 108 Note Series 2000	6.56% - 7.76%	6/14/2000	8/1/2014	4,500,000	2,400,000	-
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	520,000	-
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	475,000	-
<b>Revenue Bonds</b>						
Public Utility Revenue Bonds 1998A	4.20% - 5.25%	4/2/1998	7/15/2028	114,740,000	-	2,535,000
Public Utility Revenue Bonds 1998C - VRA	3.00%	9/27/1996	7/15/2018	10,000,000	-	6,583,053
Public Utility Revenue Bonds 1998D - VRA	3.00%	8/27/1997	7/15/2019	8,600,000	-	5,694,374
Public Utility Revenue Bonds 2003 - VRA	2.10% - 3.82%	12/4/2003	10/1/2008	3,730,000	-	1,560,000
Public Utility Revenue Bonds 2004	2.00% - 5.00%	6/15/2004	1/15/2024	67,655,000	-	65,210,000
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	9,432,121	-	9,432,121
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	-	323,180,000
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	11,555,580	-
Certificates of Participation Series 2001A	4.00% - 5.15%	6/1/2001	8/1/2022	18,840,000	16,230,000	-
<b>Total Outstanding Bonded Debt</b>					<b>\$ 426,770,276</b>	<b>\$ 648,774,692</b>
Premium on Debt Issued					\$ 11,821,700	\$ -
Accreted Value - Capital Appreciation Bonds					121,823	2,774,198
					<b>\$ 438,713,599</b>	<b>\$ 651,548,890</b>



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

The annual requirements to amortize to maturity all long-term debt outstanding (General Obligation Bonds, General Obligation Serial Equipment Notes, Virginia Public School Authority Bonds, Qualified Zone Academy Bonds, Public Utility Revenue Bonds, Certificates of Participation and Section 108 Promissory Notes Payable), including interest payable is as follows:

**Governmental Activities:**

Fiscal Year (000's omitted)	General Obligation Bonds and Notes		VPSA Bonds		HUD Section 108 Notes		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 34,315	\$ 23,077	\$ 225	\$ 130	\$ 555	\$ 278	\$ 720	\$ 744
2009	29,799	22,642	227	118	555	243	750	715
2010	32,545	18,257	229	106	555	208	780	684
2011	28,129	14,264	232	93	555	172	810	651
2012	25,079	12,951	234	81	555	135	845	615
2013-2017	111,948	47,999	1,202	223	1,690	176	4,820	2,461
2018-2022	102,926	21,271	248	7	-	-	6,095	1,144
2023-2027	38,737	2,575	-	-	-	-	1,410	35
Subtotal	403,478	163,036	2,597	758	4,465	1,212	16,230	7,049
Premium	11,822	-	-	-	-	-	-	-
Accreted Value - Capital Appreciation Bonds	122	-	-	-	-	-	-	-
Total	\$ 415,422	\$ 163,036	\$ 2,597	\$ 758	\$ 4,465	\$ 1,212	\$ 16,230	\$ 7,049

**Business Activities:**

Fiscal Year (000's omitted)	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 11,845	\$ 13,806	\$ 9,939	\$ 14,103
2009	13,924	11,939	6,246	18,621
2010	14,627	11,986	7,484	17,823
2011	15,842	9,922	7,741	17,570
2012	16,406	9,028	8,010	17,302
2013-2017	91,949	31,537	44,905	81,650
2018-2022	60,439	8,419	54,010	70,898
2023-2027	9,548	456	93,081	55,865
2028-2032	-	-	126,228	31,265
2033-2037	-	-	56,550	5,844
Subtotal	234,580	97,093	414,194	330,941
Accreted Value - Capital Appreciation Bonds	2,774	-	-	-
Total	\$ 237,354	\$ 97,093	\$ 414,194	\$ 330,941





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

Management believes that the City is in compliance with all significant financial debt covenants.

The City has several lease agreements for equipment under non-cancelable capital leases. They are as follows:

- A \$700,000 equipment 10-year lease purchase agreement to finance a portion of the costs of upgrades and replacements to the heating, ventilation, and air conditioning systems of the Landmark Theatre.
- A \$1,670,000 equipment lease purchase agreement to finance upgrades and replacements to the heating, ventilation, and air conditioning systems of the Richmond Coliseum.
- A five-year \$716,298 equipment lease purchase agreement for computer equipment.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and Equipment	\$ 716	\$ 2,370
Less: Accumulated Depreciation	569	724
Total assets acquired through capital lease payments	\$ 147	\$ 1,646

Future minimum lease payments are as follows:

	Governmental Activities	Business-type Activities
<u>Fiscal Year ( \$000's Omitted)</u>		
2008	\$ 150	\$ 299
2009	--	299
2010	--	299
2011	--	299
2012	--	300
2013-2017	--	420
Total minimum capital lease payments	150	1,916
Less amounts representing interest	3	270
Present value of minimum capital lease payments	\$ 147	\$ 1,646

***Debt issued during the fiscal year ended June 30, 2007***

On June 29, 2006, the City entered into an \$11,000,000 Public Utility Revenue Bond Financing Agreement with the Virginia Resources Authority, the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. Proceeds of the borrowing facility, Series 2006 Utility Revenue Bond, are being used to finance up to \$11.0 million of improvements to the City's Wastewater Treatment Facility. During the fiscal year, the City drew an additional \$4,667,729 under this Agreement bringing the total amount of draws on this facility to \$9,432,121 as of June 30, 2007. The remaining available proceeds are expected to be drawn during the first six months of Fiscal Year 2008, at which time the amortization of the debt will begin. The revenue bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities. Serial principal and interest payments on this debt are expected to begin in January 2008 and will be due each January 15 and July 15 through January 15, 2028. Interest on the bonds will be payable semi-annually at a 3.10% interest rate.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

On November 21, 2006, the City issued \$44,550,000 of General Obligation Public Improvement Bonds, Series 2006, to finance various public capital expenditures. At the time of the debt offering, the credit rating agencies Moody's, Standard and Poors, and Fitch affirmed their credit ratings of the City's General Obligation bond debt at Aa3, AA, and AA, respectively. The Series 2006 GO bonds have coupon interest rates ranging from 4.00% to 5.00% with interest payable on January 15 and July 15 of each year. Annual principal amounts due of between \$1,400,000 and \$3,495,000 are payable on July 15 of each year with a final maturity due on July 15, 2026.

On December 7, 2006, the City sold \$65,000,000 of seasonal General Obligation Revenue Anticipation Notes through a competitive bid. Lehman Brothers was the purchaser of the Notes. Prior to issue, Moody's, Standard & Poors and Fitch Ratings gave these notes their highest short-term credit ratings of MIG-1, SP-1+, and F1+, respectively. The coupon interest rate of these notes was 4.00% however; the City received an upfront premium of \$166,400 thereby making the effective true interest rate cost on the Notes a rate of 3.51%. Proceeds of these notes were used to fund ongoing operations. The notes were repaid in full on June 21, 2007.

On December 20, 2006, the City established a \$150,000,000 Bond Anticipation Commercial Paper Note facility to provide interim financing for certain capital improvement projects of the City. As of June 30, 2007, the City has issued \$ 500,000 of Commercial Paper Notes under this facility. The Notes were issued and remarketed under a Commercial Paper Dealer Agreement dated December 1, 2006 between the City of Richmond and Banc of America Securities, LLC. The Notes are supported by a Standby Note Purchase Agreement (liquidity facility) between the City and Bank of America. During the year ended June 30, 2007, the City paid interest rates on the outstanding balance of the notes ranging from 3.58% to 3.95%.

On April 25, 2007, the City issued \$323,180,000 of Public Utility Revenue and Refunding Bonds, Series 2007A to current refund and advance refund certain maturities of existing outstanding utility debt, as well as, to provide new money financing for various capital projects of the City's natural gas, water, and wastewater utilities. At the time of the debt offering, Moody's upgraded its credit rating of the City's Public Utility Revenue Bond debt from A1 to Aa3. Standard and Poor's, and Fitch reaffirmed their credit ratings of the Utility revenue bond debt at AA- and AA-, respectively.

A portion of the Series 2007A bond proceeds, along with other Utility funds, were used to refund certain principal maturities totaling \$89,885,000 of the outstanding Series 1998A Public Utility Revenue Bonds and all of the outstanding \$139,015,000 Series 2002 Public Utility Revenue Bonds. The refunding proceeds were used to establish an irrevocable trust with an escrow agent to provide for all future principal, premium, and interest payments due on the refunded Series 1998A and 2002 bonds. The refunding of these two bond issues was undertaken to reduce the total debt service payments over the next 26 years by \$20,038,000 and to obtain an economic gain equal to \$9,549,000. The rest of the proceeds not used in the refunding will be used to fund certain capital improvement projects of the City's Gas, Water and Wastewater Utilities. The new Series 2007A Utility Revenue bond debt was issued as parity debt under an existing Master Indenture of Trust dated April 1, 1998, which secures a pledge of the net revenues of the City's Gas, Water and Wastewater Utilities.

The Series 2007A Public Utility Revenue and Refunding Bonds have coupon interest rates ranging from 3.50% to 5.00% with interest being payable on January 15 and July 15 of each year. Serial annual principal amounts of between \$4,470,000 and \$25,005,000 are payable on January 15 of each year with a final maturity on the debt due on January 15, 2037.

The City maintains a \$15.0 million Line with the U.S. Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program. This Program allows communities, such as the City of Richmond, to borrow against future Community Development Block Grants made available by HUD. These HUD Guaranteed loan funds are used for eligible housing rehabilitation projects in programs administered by the RRHA. No additional borrowings were made under the line during the fiscal year ending June 30, 2007. The City has outstanding four amortizing fixed rate notes, with an aggregate principal balance of \$4,465,000 as of June 30, 2007.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**Defeasance of Debt**

On July 28, 2005, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2005A to advance refund \$69,595,000 and \$23,425,000 of the City's General Obligation Public Improvement Bonds, Series 1999A and Series 2001, respectively. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 1999A and 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$69,595,000 defeased Series 1999A bonds is January 15, 2010 and the call date for the \$23,425,000 defeased Series 2001 GO bonds is July 15, 2011. As of June 30, 2007, the City has an aggregate \$93,020,000 of defeased General Obligation bond debt.

On April 25, 2007 the City used a portion of its Series 2007A Public Utility Revenue and Refunding Bond proceeds, along with other available Utility funds, to purchase U.S. Government Securities to refund \$89,885,000 of its outstanding Series 1998A Public Utility Revenue Bonds and \$139,015,000 of its Series 2002 Public Utility Revenue Bonds. At closing, these U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 1998A and Series 2002 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$89,885,000 of defeased Series 1998A bonds is January 15, 2008 and the call date for the \$139,015,000 of defeased Series 2002 bonds is January 15, 2012. As of June 30, 2007, the City has an aggregate \$228,900,000 of defeased Public Utility Revenue bond debt.

**9. FUND EQUITY BALANCES**

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds. 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 funds' fund balances. Fund balances reserved at June 30, 2007 are composed of the following:

	General Fund	Debt Service	Other NonMajor Governmental Funds
Encumbrances	\$ 10,150,201	\$ --	\$ --
Advances to Component Units	1,300	--	--
Debt Service	--	932,575	--
Trust Corpus	--	--	468,861
Notes Receivable	543,100	--	--
Other	5,200,000	--	47,244,074
<b>Totals</b>	<b>\$ 15,894,601</b>	<b>\$ 932,575</b>	<b>\$ 47,712,935</b>

Other reservations for the General Fund are comprised of the funding for economic development incentives (\$2,000,000), technology upgrades (\$1,200,000), and to reserve for future reductions in governmental funding (\$2,000,000).



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

Fund balances designated at June 30, 2007 are composed of the following:

	<u>Other NonMajor Governmental Funds</u>
Completion of approved or specified projects and activities	<u>\$ 7,502,105</u>

The Risk Management and Radio Maintenance Internal Service Funds had deficit net assets of \$8,623,101 and \$637,557, respectively, at June 30, 2007. City management anticipates eliminating the deficits over the next ten years (see Note 10). In addition, the Coliseum and the Landmark Enterprise Funds had deficit net assets of \$7,775 and \$533,762, respectively, at June 30, 2007.

**10. 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 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 coverage 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 \$10,000,000 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 by the Risk Management Internal Service Fund.

The City-owned Utilities (Gas, Water and Wastewater Proprietary 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 \$1,000,000 per occurrence for General and Employers' Liability, and \$1,000,000 per occurrence for Pollution Liability. The utilities are also a member of Energy Insurance Mutual Ltd, which provides excess liability coverage with limits of \$100 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.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

During the fiscal year ended June 30, 2007, 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 Governmental and Proprietary Funds, respectively.

In conformity with GASB No. 10, as amended by GASB No. 30, the City's aggregate liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2007 was \$31,953,547 (undiscounted) and \$26,163,545 (discounted at 5.5%) as recommended by a firm of consulting actuaries. Changes in the aggregate for these liabilities for fiscal years 2006 and 2007 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claims and Premium Payments	Balance at Fiscal Year end
2006	\$ 23,835,562	\$ 6,999,497	\$ (5,385,249)	\$ 25,449,810
2007	\$ 25,449,810	\$ 5,518,878	\$ (4,805,143)	\$ 26,163,545

**11. HEALTH CARE 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	POS	PPO	Indemnity	City
	Semi-Monthly	Semi-Monthly	Semi-Monthly	Semi-Monthly	Monthly
Single	\$ 20.51	\$ 40.62	\$ 20.51	\$ 20.51	\$ 293.92
Plus One	\$ 144.95	\$ 190.18	\$ 144.95	\$ 144.95	\$ 463.65
Family	\$ 244.53	\$ 309.83	\$ 244.53	\$ 244.53	\$ 599.45

Healthcare related costs for the City as of June 30, 2007 approximated \$16,925,000 for active City employees and approximated \$3,110,000 for retired City employees.

**12. RETIREMENT PLANS**

**A. General**

The City maintains an agent multiple-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), which offers both an agent and a cost sharing multiple-employer retirement plan options to Virginia localities and 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 financial reporting entity and is included in the City's financial statements as a Pension Trust Fund. The payrolls for the fiscal



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

year ended June 30, 2007 for the employees covered by the City Plan and VRS were approximately \$149,860,000 and \$179,960,000, respectively. The total payrolls for the fiscal year ended June 30, 2007 were approximately \$216,931,878 for the City and \$185,455,000 for the School Board.

**B. Richmond Retirement System**

**I. Plan Description**

The RRS Board of Trustees administers the City Plan. City Council is responsible for establishing benefit provisions and funding requirements. Current membership in the City Plan at June 30, 2007 is as follows:

Retirees and beneficiaries currently receiving benefits	3,841
Vested Terminated Employees	1,864
Current Employees	
Vested	2,324
Nonvested	732
DC Plan Participants with Frozen Benefits	<u>1,059</u>
Total	<u>9,820</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. All income from the assets of the System is credited to this account. All System benefits are paid from this account.

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).

Police and fire employees may retire at age 50 with five or more years of service; however, the benefit amount will be reduced by 5/12% for each 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. 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.

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% (2% Enhanced Plan) 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.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

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 System provisions (including the granting of cost-of-living increases) or actuarial gains or losses amortized over a closed period not to exceed 30 years, with payments increasing up to 4% per year.

The following is a schedule of the City's contributions for fiscal years ended June 30, 2005 through 2007 :

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	23,386,747	100.00%
2006	30,712,306	100.00%
2007	30,889,221	100.00%

The overall employer contribution rate increased .57% for the fiscal year ending June 30, 2007.

**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 GASB Statements 25, 27, and 34. For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings (assuming an 8% return) is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90% or more than 110% of market value. For purposes of determining the City Plan's funded status and other required disclosures, assets are valued at market.

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 0.5% to 4.0% per year. 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. Due to the "fresh start" of the actuarial asset valuation method, the actuarial values of assets is equal to the market value of assets as of June 30, 2006 thus fully recognizing all prior gains and losses. A smoothing method will be utilized in order to smooth the impact of market fluctuations going forward.

As of the July 1, 2007 valuation date, the actuarial cost method utilized is the projected unit credit actuarial cost method. The amortization method used for General employees is a level dollar method over a closed period not to exceed 30 years. The amortization method used for Police & Fire employees is a level percent of pay method over a closed period not to exceed 30 years. For purposes of determining asset valuation, the



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

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.

There were several legislative changes during the fiscal year ending June 30, 2007, which had a financial impact on RSS:

1. Introduction of member contributions to the Defined Benefit Plan and additional contributions to the Enhanced Defined Benefit Plan, effective September 1, 2006. These contributions are as follows:
  - a. 1% of creditable compensation for General Employees
  - b. 1.5% of creditable compensation for Police/Fire Employees

Member contributions do not impact the accrued liability, but are used in conjunction with City contributions to fund RSS.

2. Provisions for an election period from July 1 through August 31, 2006 in which members had the opportunity to move from the Enhanced Defined Benefit Plan to the Defined Benefit Plan or the Defined Contribution Plan, or from the Defined Benefit Plan to the Defined Contribution Plan. The impact of this change was a decrease of \$3,385,228 in accrued liability.
3. General employees hired or rehired on or after July 1, 2006 are not longer eligible to participate in either the Enhanced Defined Benefit Plan or the Defined Benefit Plan.
4. Effective July 1, 2007, a 0.79% COLA was granted to members who retired on or before July 1, 2006. The impact of this change was an increase of \$3,157,901 in accrued liability

**IV. Required Supplemental Information - Schedule of Funding Progress (Unaudited)**

A Schedule of Funding Progress is presented below for the current and preceding two 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 June 30	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
2005	419,185,192	696,702,794	277,517,602	60.17%	159,048,796	174.49%
2006	497,450,211	716,031,378	218,581,167	69.47%	163,193,191	133.94%
2007	526,201,340	740,465,173	214,263,833	71.06%	147,897,543	144.87%

\*Prior to the change in actuarial asset valuation method as of June 30, 2006, the actuarial value of assets would have been \$447,705,190. The unfunded liability would have been \$268,326,188 and the percentage funded ratio would have been 62.53%.





**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In addition to the pension benefits in Note 12, the City provides health, dental and life insurance benefits to retirees. The City pays a portion of the cost of health insurance benefits for retirees under the City's group plans through one provider, CIGNA Healthcare. Any employee who retires from active service and has participated continuously in the health insurance plan the five years prior to retirement may participate as a retiree. The monthly health insurance premium for retirees is based upon years of service. The actual cost to the City for health insurance benefits for retirees in fiscal year 2007 approximated \$3,703,050, with 1,172 retirees participating. The City offers two dental insurance providers: Dominion Dental Services, Inc. and United Concordia Companies. The retirees pay the total cost for dental insurance benefits, with 906 retirees participating. The cost to retirees for fiscal year 2007 for both health and dental benefits approximated \$4,258,477. Group life insurance, minus accidental death and dismemberment coverage, continues after retirement at no cost to the retiree.

**14. 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 100% of salary with a maximum deferral of \$15,000 for calendar year 2006, which ever is less. In calendar year 2007, the maximum deferral amount will be \$15,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is less than \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution. 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 Other Employee Benefits Trust Fund.

At June 30, 2007 the fair value of the plan investments was \$55,026,356.

**15. OPERATING LEASES**

**Operating Leases**

The City leases 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. At June 30, 2007, the annual operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Primary Government</u>
2008	\$ 1,504,579
2009	1,289,445
2010	1,049,492
2011	1,000,309
2012	646,850
Total minimum lease payments	<u>5,490,675</u>
Lease expense/expenditures for the year ended June 30, 2007	<u>\$ 4,148,832</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**A. Combined Sewer Overflow (CSO)**

The City operates an advanced wastewater treatment facility with a service area of 81.3 square miles that collects and treats a dry weather flow up to 45 million gallons per day (MGD) and a combination of dry weather flow and storm water at flows up to 75 MGD within the service area. 35 % of main line and interceptor sewers are combined sewers. A system of retention facilities, storage tunnels, intercepting and trunk sewers links the separate and combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-nine (29) CSO outfalls and each has capacity to divert to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III has begun and will continue into the future.

The City has been cooperating with the Virginia State Water Control Board (Board) since the mid-1970s to address combined sewer overflow impacts, the discharge of partially treated sewage, on the James River. The City developed a CSO control plan to meet CSO Policy (EPA's April 19, 1994 CSO Control Policy, published at 59 Fed Reg 18688, and incorporated into the Clean Water Act pursuant to the Wet Weather Water Quality Act, Section 402(q) of the Clean Water Act, 33 U.S.C sec. 1342) and most recently updated that control plan in 2007. The Board adopted the technical components of the CSO Plan, and continues to regulate and monitor the City's program through the current Virginia Pollutant Discharge Elimination System (VPDES) permit and CSO Special Order issued by the Virginia Department of Environmental Quality (DEQ) with oversight from the Environmental Protection Agency (EPA).

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$665 million in 2007 dollars (\$256 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City's financial capability for water quality spending is capped at a typical annual residential wastewater bill of at least 1.25% of median household income supplemented by the availability of federal, state and local grant and zero interest loan funding. Wastewater rates are designed to meet that cap in 2010.

**B. Grants**

Federal grant programs in which the City participates have been 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 in January of 1999. The construction cost of the project was \$23.8 million and was 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. 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



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

service agreement. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2007, the City contributed \$1,408,395 for its share of costs.

**D. RMA's Subordinated Notes Payable**

In 1970, the RMA and the City entered into a contract requiring the RMA to issue subordinated notes to the City for all amounts paid into a reserve fund by the City. The contract also required the RMA to issue subordinated notes to the City equal to the value of all easements, permits, licenses or other interests in land conveyed by the City to the RMA for use by the RMA as part of the Expressway System. The contract provides for the payment of the notes and interest prior to maturity, subject to certain requirements as specified in the bond documents.

The RMA made approximately \$77,000 in interest payments related to the \$22,772,022 in subordinated notes during the fiscal year ended June 30, 2007. Accrued interest approximated \$33.6 million on June 30, 2007.

The RMA issued a subordinated note in the amount of \$409,500 to the City in December 1974. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired. Accordingly, no interest payments have been made on the note. Accrued interest related to this note approximated \$832,000 at June 30, 2007.

The collectibility of these notes is contingent on certain events that have not yet occurred; therefore, the notes are not considered to be realizable and have not been recorded in the financial statements.

**E. 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 \$488 million at June 30, 2007.

**F. Claims and Judgments**

The City is a defendant in lawsuits pertaining to matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes but is not limited to: actions commenced and claims asserted against the City arising out of alleged torts; alleged breaches of contracts; alleged violations of law; and condemnation proceedings. As discussed in Note 10, the estimate of the liability for certain unsettled claims has been reported in the government-wide Statement of Net Assets. The liability was estimated by categorizing the various claims and applying a historical average percentage, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and supplemented by information provided by the City Attorney's Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**17. CORRECTION OF ERRORS AND CHANGE IN ACCOUNTING POLICY**

The restatements presented below represent corrections to certain accounts as described in items A through E. In addition, the City changed its accounting policy related to the Coliseum, as described in item F.

- A. RRHA's third party appraiser overstated the historical value of certain capital assets held by the City and the RRHA. The City and RRHA corrected this error by reducing the carrying value of certain capital assets by \$67,904,060, which includes \$6,879,750 for the Coliseum building (see F below), and \$452,424, respectively, with a related reduction in accumulated depreciation of \$13,635,565 and \$25,734,986, respectively. These adjustments resulted in a net reduction in Governmental Activities Net Assets of \$54,268,495 and a net increase in Discretely Presented Component Units' Net Assets of \$26,187,410. In addition to the restatement in capital assets, the RRHA Discretely Presented Component Unit restated its accounts receivable in the amount of \$1,193,986, ending with a total increase in net assets of \$27,381,396.
- B. Certain City capital projects were completed in a prior year but had not been transferred from Construction in Process (CIP) to the proper capital asset category to be depreciated. As a result of this discovery, management undertook a review of its CIP processes and discovered that items that should have been capitalized into CIP were expensed. As a result of this review, certain items in the City's Governmental Activities and Landmark (a non-major Enterprise fund) reporting units required corrections in the following areas:
- Reduction to Governmental Activities' CIP of \$14,895,413.
  - Increase in Governmental Activities' capital asset categories by \$31,144,132, with a corresponding increase to accumulated depreciation of \$399,889.
  - A reclassification of Business-type Activities' CIP to Buildings and Structures of \$1,144,069 with a corresponding increase to accumulated depreciation of \$99,988.

The overall impact of these corrections was an increase in Governmental Activities' Net Assets of \$15,848,830 and a decrease in Business-type Activities' and Other Enterprise funds' Net Assets of \$99,988.

- C. As a result of the review initiated in B above, Management also reviewed its other Capital Assets, including various repairs, maintenance and other expenditure categories and discovered that other City capital assets had not been recorded properly. The City corrected these errors by recording capital assets in the amount of \$32,626,063 with a related decrease in accumulated depreciation in the amount of \$15,724,832, resulting in an increase in Governmental Activities' Net Assets of \$48,350,895.
- D. Certain grant receivables were overstated. The City corrected this through the following reductions:
- Grant Revenue Special Revenue Fund (a non-major Governmental Fund) reduction of Other Governmental Funds' fund balance and a corresponding reduction in Governmental Activities' Net Assets of \$3,764,890.
  - Consolidated HUD Funds Special Revenue Fund (a non-major Governmental Fund) reduction of Other Governmental Funds' fund balance and a corresponding reduction in Governmental Activities' Net Assets of \$49,293.

The total decrease in non-major governmental funds for these reductions was \$3,814,813.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

- E. The Debt Service fund, Cemetery Fund, a non-major Enterprise Fund, and the Fleet Management and Radio Maintenance Funds, which are Internal Service Funds, overstated amounts of prior year capital assets and expenditures/expenses. The City corrected this through the following reductions:
- Debt Service Fund reduction of fund balance and a corresponding reduction in Governmental Activities' Net Assets of \$559,387.
  - Cemetery Fund reduction of non-major Other Enterprise fund Net Assets and a corresponding reduction of Business-type Activities' Net Assets of \$362,189.
  - Fleet Management Fund reduction of Governmental Activities Internal Service Fund Net Assets and a corresponding reduction of Governmental Activities' Net Assets' of \$1,750,377. The changes consisted of a reduction in capital assets of \$1,421,206, an increase in depreciation expense of \$4,517 and a decrease in accounts payable of \$324,654.
  - Radio Maintenance Fund reduction of Governmental Activities Internal Service Fund accounts payable and a corresponding reduction of Governmental Activities' Net Assets' of \$9,410.
- F. The City determined that the Coliseum building previously reported in Governmental Activities would be more appropriately accounted for in the Coliseum Fund (a non-major Enterprise fund), which also accounts for the operations of the Coliseum. This accounting policy change resulted in a reduction in Governmental Activities' Net Assets of \$6,879,750, as discussed in A above, and a net increase in Business-type Activities' Net Assets' and Other Non-Major Enterprise Fund Net Assets of \$6,879,750, respectively.



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

	<b>June 30, 2006 As Previously Reported</b>	<b>Restatement</b>	<b>June 30, 2006 As Restated</b>
<b><u>Statement of Net Assets - City - Governmental Activities:</u></b>			
Capital Assets:			
Land and Land Improvements	\$ 27,237,661	\$ (2,920,193) A 5,950 C	B \$ 28,054,368
Construction in Progress	71,744,277	(14,895,413) B	56,848,864
Works of Art/Historical Treasures	5,747,932	1,174,749 C	6,922,681
Subtotal	104,729,870	(12,903,957)	91,825,913
Infrastructure	664,501,876	1,057,866 C 17,950,349 B	683,510,091
Buildings and Structures	449,024,774	(64,983,867) A 26,218,142 C 9,327,260 B (12,810) E	419,573,499
Equipment	98,684,477	2,524,552 C (1,350,503) E	99,858,526
Improvements Other Than Buildings	4,287,965	135,573 B (57,893) E 1,644,804 C	6,010,449
Subtotal	1,216,499,092	(7,546,527)	1,208,952,565
Accumulated Depreciation for Infrastructure	(383,853,594)	(31,803) B (684,651) C	(384,570,048)
Accumulated Depreciation for Buildings and Structures	(208,478,714)	13,635,565 A 17,925,317 C (345,266) B	(177,263,098)
Accumulated Depreciation for Equipment	(60,388,514)	(1,513,590) C (4,517) E	(61,906,621)
Accumulated Depreciation for Improvements Other than Buildings	(832,041)	(2,244) C (22,820) B	(857,105)
Subtotal	(653,552,863)	28,955,991	(624,596,872)
Accounts Receivable	33,109,553	(559,387) E	32,550,166
Due from Other Governments	35,807,801	(3,814,183) D	31,993,618
Account Payable	13,712,521	(324,654) E (9,410) E	13,378,457
<b><u>Statement of Activities - City - Governmental Activities:</u></b>			
Net Assets	\$ 291,534,847	\$ 3,797,873	\$ 295,332,720
<b><u>Statement of Net Assets - Business-type Activities:</u></b>			
Capital Assets (Coliseum):			
Land	\$ --	\$ 4,582,160 F	\$ 4,582,160
Buildings and Structures	--	18,380,950 F	18,380,950
Accumulated Depreciation	(10,077,944)	(16,083,360) F	(26,161,304)
Capital Assets (Landmark):			
Buildings and Structures	9,294,597	1,144,069 B	10,438,666
Construction in Progress	1,144,069	(1,144,069) B	--
Accumulated Depreciation	(3,595,327)	(99,988) B	(3,695,315)
<b><u>Statement of Activities - Business-type Activities:</u></b>			
Net Assets	\$ 368,854,205	\$ (362,189) E	\$ 375,271,778



**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

	<u>June 30, 2006 As Previously Reported</u>	<u>Restatement</u>	<u>June 30, 2006 As Restated</u>
<b>Statement of Activities - Discretely Presented</b>			
<b>Component Units</b>			
Net Assets	\$ 119,302,952	\$ 27,381,396 A	\$ 146,684,348
<b>Statement of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund</b>			
Fund Balance	\$ 1,491,962	\$ (559,387) E	\$ 932,575
<b>Statement of Revenues, Expenditures and Changes in Fund Balance - Other Governmental Funds</b>			
	<u>Grant Revenue</u>	<u>Consolidated HUD</u>	<u>Total - Other Governmental Funds</u>
Fund Balance, as previously reported	\$ 12,845,320	\$ 49,293	\$ 34,231,262
Restatement	(3,764,890) D	(49,293) D	(3,814,183)
Fund Balance, as restated	\$ 9,080,430	\$ -	\$ 30,417,079
<b>Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds</b>			
	<u>June 30, 2006 As Previously Reported</u>	<u>Restatement</u>	<u>June 30, 2006 As Restated</u>
<b>Non-major Enterprise Funds:</b>			
		6,879,750 F	
		(99,988) B	
Net Assets	\$ 3,124,985	(362,189) E	\$ 9,542,558
<b>Governmental Activities Internal Service Funds:</b>			
	<u>Fleet Management</u>	<u>Radio Maintenance</u>	<u>Total - Governmental Activities Internal Service Funds</u>
Net Assets, as previously reported	\$ 9,674,158	\$ (406,285)	\$ 20,780,009
Restatement	(1,750,377) E	(9,410) E	(1,759,787)
Net Assets, as restated	\$ 7,923,781	\$ (415,695)	\$ 19,020,222







---

***Required Supplementary Information***



**CITY OF RICHMOND, VIRGINIA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>City Taxes</b>				
Real Estate	\$ 201,407,353	\$ 201,407,353	\$ 211,744,174	\$ 10,336,821
Sales-1% Local	29,268,976	29,268,976	31,019,396	1,750,420
Sales Tax for Education	29,268,976	29,268,976	27,558,938	(1,710,038)
Personal Property	43,203,269	43,203,269	42,147,896	(1,055,373)
Machinery and Tools	15,267,027	15,267,027	13,165,608	(2,101,419)
General Utility Sales	31,938,823	31,938,823	31,586,945	(351,878)
Bank Stock	2,600,000	2,600,000	3,085,172	485,172
Prepared Food	21,003,214	21,003,214	23,154,114	2,150,900
Lodging Tax	5,047,122	5,047,122	5,272,618	225,496
Admission	1,300,000	1,300,000	1,073,673	(226,327)
Delinquent Tax Payments-All Classes	10,175,000	10,175,000	11,812,062	1,637,062
Private Utility Poles and Conduits	98,000	98,000	95,067	(2,933)
Penalties and Interest	4,253,000	4,253,000	5,319,892	1,066,892
Titling Tax-Mobile Home	10,000	10,000	5,800	(4,200)
State Recordation	600,000	600,000	843,137	243,137
Property Rental 1%	125,000	125,000	136,469	11,469
Vehicle Rental Tax	865,000	865,000	1,004,229	139,229
Telephone Commissions	475,000	475,000	416,003	(58,997)
<b>Total City Taxes</b>	<b>396,905,760</b>	<b>396,905,760</b>	<b>409,441,193</b>	<b>12,535,433</b>
<b>Licenses, Permits and Privilege Fees</b>				
Business and Professional	28,379,000	28,379,000	30,893,790	2,514,790
Vehicle	3,500,000	3,500,000	2,655,009	(844,991)
Dog	22,500	22,500	29,636	7,136
Transfers, Penalties, Interest & Delinquent Collections	3,000	3,000	1,662,794	1,659,794
Department of Social Services	57,000	57,000	52,839	(4,161)
Department of Finance	2,057,967	2,057,967	1,033,064	(1,024,903)
Department of Public Works	1,377,000	1,377,000	1,216,401	(160,599)
<b>Total Licenses, Permits and Privilege Fees</b>	<b>35,396,467</b>	<b>35,396,467</b>	<b>37,543,533</b>	<b>2,147,066</b>
<b>Intergovernmental</b>				
Richmond Public Library	208,149	225,626	225,758	132
Juvenile and Domestic Relations District Court	8,600	8,600	750	(7,850)
Juvenile Justice Service	1,897,735	1,985,635	2,023,021	37,386
Department of Social Services	53,125,982	53,125,982	52,176,637	(949,345)
Department of Public Works-Street Maintenance	20,555,886	20,555,886	20,521,229	(34,657)
General Registrar	88,567	88,567	92,200	3,633
Department of Fire and Emergency Services	-	-	2,806	2,806
Department of Finance	881,044	881,044	755,630	(125,414)
City Treasurer	175,700	175,700	184,221	8,521
Attorney for the Commonwealth	2,600,861	2,628,861	2,700,629	71,768
City Sheriff	18,519,307	19,544,307	19,722,672	178,365
State Aid to Localities	17,388,383	17,388,383	17,388,384	1
Service Charges on Tax Exempt Property	2,935,232	2,935,232	2,592,534	(342,698)
Administrative Costs - Federal Grants	625,000	625,000	615,697	(9,303)
ABC Distribution	237,492	237,492	237,492	-
Rolling Stock Distribution	102,000	102,000	93,090	(8,910)
<b>Total Intergovernmental</b>	<b>119,349,938</b>	<b>120,508,315</b>	<b>119,332,750</b>	<b>(1,175,565)</b>

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Service Charges</b>				
Assessor of Real Estate	\$ 47,500	\$ 47,500	\$ 98,163	\$ 50,663
Richmond Public Library	2,131	2,131	1,505	(626)
City Sheriff	240,000	240,000	142,618	(97,382)
Department of Community Development	4,181,516	4,181,516	4,928,926	747,410
Department of General Services	258,130	258,130	563,491	305,361
Department of Finance	184,500	184,500	185,676	1,176
Departments of Police, Fire and Emergency Services	96,500	96,500	326,980	230,480
Department of Public Works	14,724,901	14,724,901	14,726,971	2,070
Department of Parks, Recreation and Community Facilities	162,500	162,500	141,741	(20,759)
Procurement Services	9,000	9,000	1,822	(7,178)
Press Secretary's Office	--	--	1,264	1,264
Total Service Charges	19,906,678	19,906,678	21,119,157	1,212,479
<b>Fines and Forfeitures</b>				
Richmond Public Library	97,000	97,000	109,692	12,692
Circuit Court	6,712,000	6,712,000	6,766,851	54,851
General District Court	1,149,945	1,149,945	1,296,727	146,782
Juvenile and Domestic Relations District Court	10,500	10,500	10,118	(382)
Parking Violations	3,600,000	3,600,000	2,840,392	(759,608)
License Code Violations	20,000	20,000	--	(20,000)
Total Fines and Forfeitures	11,589,445	11,589,445	11,023,780	(565,665)
<b>Payment in Lieu of Taxes</b>				
Gas Utility	18,767,777	18,767,777	7,191,698	(11,576,079)
Wastewater Utility	--	--	5,578,642	5,578,642
Water Utility	--	--	4,964,041	4,964,041
Electric Utility	56,111	56,111	440,992	384,881
Stores and Transportation Division	--	--	460,121	460,121
Total Payment in Lieu of Taxes	18,823,888	18,823,888	18,635,494	(188,394)
<b>Miscellaneous Revenue</b>				
Overhead Costs-Port of Richmond Commission	75,000	75,000	71,000	(4,000)
Department of Public Utilities Payment-City Service	2,835,810	2,835,810	2,835,772	(38)
Utilities Payment for Collection Service	450,000	450,000	530,540	80,540
Richmond Metropolitan Authority Payment	95,000	95,000	77,000	(18,000)
Department of Information Technology Charges	1,276,300	1,276,300	1,304,288	27,988
Administrative Payments to the General Fund	1,397,154	1,397,154	901,977	(495,177)
Sundries	582,331	599,331	1,651,239	1,051,908
Total Miscellaneous Revenues	6,711,595	6,728,595	7,371,816	643,221
Total General Fund Revenues	608,683,771	609,859,148	624,467,723	14,608,575

(Continued)



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2007**

Expenditures	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Current</b>				
<b>General Government</b>				
City Council and City Clerk	\$ 2,444,534	\$ 2,477,540	\$ 2,437,849	\$ 39,691
Department of Community Development	7,054,858	7,208,324	6,864,347	343,977
Assessor of Real Estate	2,938,303	3,023,770	2,817,835	205,935
City Auditor	1,245,721	1,259,528	1,407,586	(148,058)
Department of Law	2,183,341	2,232,038	2,438,204	(206,166)
Board of Review of Real Estate Assessments	32,146	32,146	27,519	4,627
General Registrar	824,991	832,570	920,953	(88,383)
Self - Insurance Cost	8,610,000	8,610,000	8,610,000	-
Department of Information Technology	10,591,641	11,401,007	12,125,267	(724,260)
Chief Administrative Officer	1,370,420	1,734,361	1,333,167	401,194
Budget and Strategic Planning	1,347,062	1,367,908	1,250,032	117,876
Department of Real Estate Services	324,511	5,488,755	3,491,403	1,997,352
Department of Human Resources	2,985,854	3,033,639	2,881,439	152,200
Department of Finance	7,872,127	8,520,385	8,379,735	140,650
Procurement Services	926,095	998,091	1,000,004	(1,913)
Office of Press Secretary to Mayor	590,613	595,262	520,507	74,755
City Treasurer	176,887	180,633	183,029	(2,396)
Economic Development	1,222,782	1,270,861	1,514,252	(243,391)
Legislative services	339,207	339,207	283,923	55,284
Minority Business Development	437,069	444,380	412,567	31,813
City Mayor's Office	1,088,278	1,195,420	988,292	207,128
<b>Total General Government</b>	<u>54,606,440</u>	<u>62,245,825</u>	<u>59,887,910</u>	<u>2,357,915</u>
<b>Public Safety and Judiciary</b>				
Judiciary	8,325,840	8,365,257	7,922,712	442,545
Juvenile and Domestic Relations District Court	478,051	533,068	320,423	212,645
City Sheriff	26,502,047	27,549,308	29,423,584	(1,874,276)
Juvenile Justice Services	7,137,127	7,269,960	6,862,413	407,547
Department of Police	71,389,394	71,609,120	77,957,925	(6,348,805)
Department of Fire and Emergency Services	36,780,090	36,894,087	38,543,098	(1,649,011)
<b>Total Public Safety and Judiciary</b>	<u>150,612,549</u>	<u>152,220,800</u>	<u>161,030,155</u>	<u>(8,809,355)</u>
<b>Highways, Streets, Sanitation and Refuse</b>				
Department of Public Works	57,820,791	60,100,701	61,471,455	(1,370,754)
<b>Human Services</b>				
Human Services Advocacy	1,070,336	1,095,741	1,086,802	8,939
Department of Social Services	66,161,851	66,435,043	63,794,424	2,640,619
Department of Public Health	3,210,014	3,881,891	3,323,495	558,396
<b>Total Human Services</b>	<u>70,442,201</u>	<u>71,412,675</u>	<u>68,204,721</u>	<u>3,207,954</u>
<b>Culture and Recreation</b>				
Richmond Public Library	5,161,979	5,256,220	5,028,885	227,335
Department of Parks, Recreation and Community Facilities	14,189,065	14,479,354	15,013,356	(534,002)
<b>Total Culture and Recreation</b>	<u>19,351,044</u>	<u>19,735,574</u>	<u>20,042,241</u>	<u>(306,667)</u>
<b>Education</b>				
Richmond Public Schools	161,295,463	161,295,463	159,927,313	1,368,150

(Continued)



EXHIBIT H-1, Concluded

CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Non-Departmental</b>				
Old Manchester Projects (formerly Crestar)	2,805,075	2,805,075	2,805,079	(4)
Payments to Other Government Agencies	25,962,916	29,049,584	24,222,200	4,827,384
Tax Relief for the Elderly	1,980,000	1,980,000	1,980,000	-
Greater Richmond Transit Company	9,405,660	9,405,660	9,405,580	80
Retiree's Health Care	2,970,000	2,790,000	2,752,010	37,990
<b>Total Non-Departmental</b>	<b>43,123,651</b>	<b>46,030,319</b>	<b>41,164,869</b>	<b>4,865,450</b>
<b>Total General Fund Expenditures</b>	<b>557,252,139</b>	<b>573,041,357</b>	<b>571,728,664</b>	<b>1,312,693</b>
<b>Excess of Revenues Over Expenditures</b>	<b>51,431,632</b>	<b>36,817,791</b>	<b>52,739,059</b>	<b>15,921,268</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Issuance of Bonds	1,969,117	1,969,117	2,000,000	30,883
Transfers In - Other Funds	6,988,832	6,988,832	3,704,131	(3,284,701)
Transfers Out - Other Funds	(60,389,581)	(60,389,581)	(56,628,341)	3,761,240
<b>Total Other Financing (Uses), Net</b>	<b>(51,431,632)</b>	<b>(51,431,632)</b>	<b>(50,924,210)</b>	<b>507,422</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>(14,613,841)</b>	<b>1,814,849</b>	<b>16,428,690</b>
<b>Fund Balance - Beginning of Year</b>	<b>61,586,838</b>	<b>61,586,838</b>	<b>61,586,838</b>	<b>-</b>
<b>Fund Balance- End of Year</b>	<b>\$ 61,586,838</b>	<b>\$ 46,972,997</b>	<b>\$ 63,401,687</b>	<b>\$ 16,428,690</b>



**CITY OF RICHMOND, VIRGINIA  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended June 30, 2007**

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements.

- The General Fund, Special Revenue, and Debt Service Funds 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 Mayor submits 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. The Special Revenue Fund consists of multiple funds; however, the Fund is budgeted in total rather than by individual funds. In addition, the Capital Projects Fund is budgeted the same as the Special Revenue Fund. 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 Mayor and Chief Administrative Officer are 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.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General Fund, Debt Service Fund, Special Revenue Fund, and Capital Projects Funds are principally prepared on the modified accrual basis of accounting.
- Project budgets are utilized in the City Capital Projects Funds. All appropriations not encumbered lapse at year-end for the General Fund. Appropriations for the 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.

The Budgetary Comparison Schedule for the General Fund reflects the original budget, revised budget and actual amounts for the City's General Fund. The General Fund revenues and other financing sources were above budget by \$11.4 million for fiscal year ended June 30, 2007 which is primarily due to real estate tax collections exceeding the budget by \$10.3 million. Also, the prepared food tax and business and professional licenses exceeded budget by \$2.2 and \$2.5 million respectively, while machinery and tools taxes were below budget by \$2.1 million. The General Fund expenditures and other financing uses were under budget by \$5.1 million for fiscal year ended June 30, 2007. This is primarily due to payments not made to Other Government Agencies during FY 2007. However, certain departments/agencies' expenditures exceeded appropriations for this fiscal year. The City Auditor's expenditures exceeded appropriations by \$148,058. The Department of Law's (City Attorney's) expenditures exceed the appropriations by \$206,166. The General Registrar's Office expenditures exceeded appropriations by \$88,383. The Department of Information Technology's expenditures exceeded appropriations by \$724,260. The Department of Economic Development's expenditures exceeded appropriations by \$243,391. The City Sheriff's expenditures exceeded appropriations by \$1,874,276. The Department of Police's expenditures exceeded appropriations by \$6,348,805. The Department of Fire and Emergency Services' expenditures exceeded appropriations by \$1,649,011. The Department of Public Works expenditures exceeded appropriations by \$1,370,754. The Department of Parks, Recreation, and Community Facilities' expenditures exceed the appropriations by \$534,002. Procurement Services expenditures exceeded appropriations by \$1,913. The City Treasurer expenditures exceeded appropriations by \$2,396.



---

## *Supplementary Information*



## **Non-major Governmental Funds**

### **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**

*These funds are used to account for federal and state grants, private donations and other program revenue.*

### **Consolidated HUD Grants**

*These funds account for activities for 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.*

### **Capital Projects Funds**

#### **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.*

#### **Virginia Department of Transportation (VDOT) Urban Program**

*The VDOT Urban Program is used to provide for resurfacing, restoration, rehabilitation and reconstruction or various city streets and bridges. The source of the funds is federal and state urban funds that are approved for the City by allocations of formulas.*

### **Permanent Funds**

*Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City programs.*

#### **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 and use of the income by the City for specific memorial purposes.*



CITY OF RICHMOND, VIRGINIA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2007

	Special Revenue		Capital Projects		
	Grant Revenue Funds	Consolidated Funds	HUD Capital Fund	Reserve Fund for Permanent Public Improvements	VDOT Urban Program
<b>Assets</b>					
Cash and Cash Equivalents	\$ 99	\$ -	\$ 28,943,978	\$ -	\$ -
Accounts Receivable, Net	1,139,673	779,378	-	-	-
Due From Other Funds	6,742,324	-	6,249,536	2,163,745	-
Due From Other Governments	12,543,340	2,386,484	-	-	-
Restricted Assets	-	-	-	91,146	23,521,990
Total Assets	<u>\$ 20,425,436</u>	<u>\$ 3,165,862</u>	<u>\$ 35,193,514</u>	<u>\$ 2,254,891</u>	<u>\$ 23,521,990</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 602,114	\$ 1,544,944	\$ 539,591	\$ -	\$ 416
Accrued Liabilities	92,071	9,018	-	-	-
Due To Other Funds	10,774,369	1,611,900	-	936,375	2,238,202
Due To Other Governments	67,091	-	-	-	-
Deferred Revenue	1,387,686	-	-	-	10,011,737
Total Liabilities	<u>12,923,331</u>	<u>3,165,862</u>	<u>539,591</u>	<u>936,375</u>	<u>12,250,355</u>
<b>Fund Balances:</b>					
Fund Balance-Reserved	-	-	34,653,923	1,318,516	11,271,635
Fund Balance-Unreserved	7,502,105	-	-	-	-
Total Fund Balances	<u>7,502,105</u>	<u>-</u>	<u>34,653,923</u>	<u>1,318,516</u>	<u>11,271,635</u>
Total Liabilities and Fund Balances	<u>\$ 20,425,436</u>	<u>\$ 3,165,862</u>	<u>\$ 35,193,514</u>	<u>\$ 2,254,891</u>	<u>\$ 23,521,990</u>



EXHIBIT I-1

Permanent Funds				
J. Flumer Bright Park Fund	Memorial	Recreation	Richmond Public Library	Total
\$ --	\$ --	\$ --	\$ --	\$ 28,944,077
--	--	--	--	1,919,051
--	--	832	--	15,156,437
--	--	--	--	14,929,824
<u>399,618</u>	<u>32,303</u>	<u>25,000</u>	<u>11,998</u>	<u>24,082,055</u>
<u>\$ 399,618</u>	<u>\$ 32,303</u>	<u>\$ 25,832</u>	<u>\$ 11,998</u>	<u>\$ 85,031,444</u>
\$ --	\$ --	\$ --	\$ --	\$ 2,687,065
--	--	--	--	101,089
890	--	--	--	15,561,736
--	--	--	--	67,091
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,399,423</u>
<u>890</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>29,816,404</u>
398,728	32,303	25,832	11,998	47,712,935
--	--	--	--	7,502,105
<u>398,728</u>	<u>32,303</u>	<u>25,832</u>	<u>11,998</u>	<u>55,215,040</u>
<u>\$ 399,618</u>	<u>\$ 32,303</u>	<u>\$ 25,832</u>	<u>\$ 11,998</u>	<u>\$ 85,031,444</u>



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Special Revenue		Capital Projects		
	Grant Revenue Funds	Consolidated HUD Funds	Capital Fund	Reserve Fund for Permanent Public Improvements	VDOT Urban Program
<b>Revenues</b>					
Intergovernmental	\$ 28,180,977	\$ 7,577,165	\$ 6,983,390	\$ --	\$ 2,063,140
Investment Income	167,332	--	1,160,197	--	1,095,509
Miscellaneous	14,060,826	1,848,952	11,387	1,114,530	--
Total Revenues	<u>42,409,135</u>	<u>9,426,117</u>	<u>8,154,974</u>	<u>1,114,530</u>	<u>3,158,649</u>
<b>Expenditures</b>					
Current:					
General Government	7,692,009	9,318,696	--	--	--
Public Safety and Judiciary	14,202,096	--	--	--	--
Highways, Streets, Sanitation and Refuse	933,405	--	--	--	--
Human Services	28,675,349	--	--	--	--
Culture and Recreation	1,357,547	--	--	--	--
Capital Outlay	--	--	23,157,211	--	3,090,215
Total Expenditures	<u>52,860,406</u>	<u>9,318,696</u>	<u>23,157,211</u>	<u>--</u>	<u>3,090,215</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,451,271)</u>	<u>107,421</u>	<u>(15,002,237)</u>	<u>1,114,530</u>	<u>68,434</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Issuance of General Obligation Bonds and Notes	--	--	40,194,332	--	--
Transfers In-Other Funds	9,790,851	--	250,000	--	--
Transfers Out-Other Funds	(515,515)	(107,421)	--	(250,000)	--
Total Other Financing Sources (Uses), Net	<u>9,275,336</u>	<u>(107,421)</u>	<u>40,444,332</u>	<u>(250,000)</u>	<u>--</u>
<b>Extraordinary Item</b>					
Extraordinary Item - Disaster Recovery	(402,390)	--	--	--	--
Total Extraordinary Item	<u>(402,390)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures, Other Financing Uses, and Extraordinary Item	<u>(1,578,325)</u>	<u>--</u>	<u>25,442,095</u>	<u>864,530</u>	<u>68,434</u>
Fund Balance - Beginning of Year, as Restated	<u>9,080,430</u>	<u>--</u>	<u>9,211,828</u>	<u>453,986</u>	<u>11,203,201</u>
Fund Balance - End of Year	<u>\$ 7,502,105</u>	<u>\$ --</u>	<u>\$ 34,653,923</u>	<u>\$ 1,318,516</u>	<u>\$ 11,271,635</u>



EXHIBIT I-2

Permanent Funds					
J. Flumer Bright Park Fund	Memorial	Recreation	Richmond Public Library	Total	
\$ --	\$ --	\$ --	\$ --	\$	44,804,672
2,214	35	500	95		2,425,882
--	--	832	--		17,036,527
<u>2,214</u>	<u>35</u>	<u>1,332</u>	<u>95</u>		<u>64,267,081</u>
2,391	57	--	--		17,013,153
--	--	--	--		14,202,096
--	--	--	--		933,405
--	--	--	--		28,675,349
--	--	--	--		1,357,547
--	--	--	--		26,247,426
<u>2,391</u>	<u>57</u>	<u>--</u>	<u>--</u>		<u>88,428,976</u>
<u>(177)</u>	<u>(22)</u>	<u>1,332</u>	<u>95</u>		<u>(24,161,895)</u>
--	--	--	--		40,194,332
--	597	--	--		10,041,448
--	(3)	(500)	(95)		(873,534)
<u>--</u>	<u>594</u>	<u>(500)</u>	<u>(95)</u>		<u>49,362,246</u>
--	--	--	--		(402,390)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>		<u>(402,390)</u>
(177)	572	832	--		24,797,961
<u>398,905</u>	<u>31,731</u>	<u>25,000</u>	<u>11,998</u>		<u>30,417,079</u>
\$ <u>398,728</u>	\$ <u>32,303</u>	\$ <u>25,832</u>	\$ <u>11,998</u>	\$	<u>55,215,040</u>



EXHIBIT I-3

CITY OF RICHMOND, VIRGINIA  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Principal Payments</b>				
<b>General Obligation Bonds</b>				
General Government	\$ 19,427,464	\$ 19,427,464	\$ 19,427,464	\$ --
Streets and Bridges	2,956,662	2,956,662	2,956,662	--
Schools Capital Improvements	4,609,023	4,609,023	4,609,023	--
Schools Virginia Public Schools Authority Bonds	223,226	223,226	223,226	--
Schools Qualified Zone Academy Bonds	267,480	267,480	192,480	75,000
Landmark Theatre	326,980	326,980	326,980	--
Richmond Convention Center	501,986	501,986	501,986	--
Coliseum	901,297	901,297	901,296	1
Cemeteries	40,290	40,290	40,290	--
Public Utilities	10,313,275	10,313,275	10,313,275	--
Richmond Metropolitan Authority - Expressway Deck	650,725	650,725	650,725	--
Theater Row Office Building Project	1,043,094	1,043,094	1,043,094	--
Hospital Authority of Richmond	12,713	12,713	12,713	--
Richmond Ambulance Authority	54,617	54,617	54,617	--
Internal Service Fund - Fleet Management	3,971,750	3,971,750	3,971,750	--
<b>Total General Obligation Bonds</b>	<b>45,300,582</b>	<b>45,300,582</b>	<b>45,225,581</b>	<b>75,001</b>
<b>General Obligation Notes</b>				
Serial Equipment Notes - General Fund	800,000	800,000	400,000	400,000
Serial Equipment Notes - Internal Service Funds	2,000,000	2,000,000	1,000,000	1,000,000
<b>Total General Obligation Notes</b>	<b>2,800,000</b>	<b>2,800,000</b>	<b>1,400,000</b>	<b>1,400,000</b>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	555,000	555,000	555,000	--
Certificates of Participation - 800 Megahertz Project	690,000	690,000	690,000	--
Capital Lease - Coliseum HVAC System	149,506	149,506	149,505	1
<b>Total Other Debt Instruments</b>	<b>1,394,506</b>	<b>1,394,506</b>	<b>1,394,505</b>	<b>1</b>
<b>Total Principal Payments</b>	<b>49,495,088</b>	<b>49,495,088</b>	<b>48,020,086</b>	<b>1,475,002</b>
<b>Interest Payments</b>				
<b>General Obligation Bonds</b>				
General Government	16,042,124	16,042,124	12,779,765	3,262,359
Streets and Bridges	2,785,723	2,785,723	2,285,723	500,000
Schools Capital Improvements	4,395,078	4,395,078	3,895,077	500,001
Schools Virginia Public Schools Authority Bonds	141,775	141,775	141,775	--
Landmark Theatre	232,041	232,041	232,041	--
Richmond Convention Center	820,696	820,696	820,695	1
Coliseum	618,057	618,057	618,056	1
Cemeteries	32,302	32,302	32,302	--
Public Utilities	12,948,118	12,948,118	12,948,118	--
Richmond Metropolitan Authority - Expressway Deck	861,275	861,275	861,274	1
Theater Row Office Building Project	1,041,817	1,041,817	1,041,816	1
Hospital Authority of Richmond	26,343	26,343	26,343	--
Richmond Ambulance Authority	16,162	16,162	16,162	--
Internal Service Fund - Fleet Management	238,306	238,306	238,306	--
<b>Total General Obligation Bonds</b>	<b>40,199,817</b>	<b>40,199,817</b>	<b>35,937,453</b>	<b>4,262,364</b>
<b>General Obligation Notes</b>				
Serial Equipment Notes - General Fund	97,200	97,200	47,200	50,000
Serial Equipment Notes - Internal Service Funds	368,000	368,000	118,000	250,000
<b>Total General Obligation Notes</b>	<b>465,200</b>	<b>465,200</b>	<b>165,200</b>	<b>300,000</b>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	311,818	311,818	311,818	--
Certificates of Participation - 800 Megahertz Project	772,513	772,513	772,513	--
Capital Lease - Coliseum HVAC System	60,760	60,760	60,759	1
<b>Total Other Debt Instruments</b>	<b>1,145,091</b>	<b>1,145,091</b>	<b>1,145,090</b>	<b>1</b>
<b>Interest - Short Term Debt</b>	<b>1,875,000</b>	<b>1,875,000</b>	<b>1,243,234</b>	<b>631,766</b>
<b>Total Interest Payments</b>	<b>43,685,108</b>	<b>43,685,108</b>	<b>38,490,977</b>	<b>5,194,131</b>
<b>Issuance and Legal Costs</b>				
	1,000,000	1,000,000	846,451	153,549
<b>Total</b>	<b>\$ 94,180,196</b>	<b>\$ 94,180,196</b>	<b>\$ 87,357,514</b>	<b>\$ 6,822,682</b>



EXHIBIT I-4

**CITY OF RICHMOND, VIRGINIA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Intergovernmental</b>				
Intergovernmental Revenues	\$ 78,892,491	\$ 84,202,924	\$ 35,758,142	\$ (48,444,782)
Investment Earnings and Contributions	-	-	167,332	167,332
Miscellaneous Revenue	<u>13,430,856</u>	<u>13,160,856</u>	<u>15,909,778</u>	<u>2,748,922</u>
Total Revenues	<u>92,323,347</u>	<u>97,363,780</u>	<u>51,835,252</u>	<u>(45,528,528)</u>
<b>Expenditures</b>				
General Government	41,100,165	41,688,547	17,010,705	(24,677,842)
Public Safety and Judiciary	15,658,578	18,794,769	14,202,096	(4,592,673)
Highways, Streets, Sanitation and Refuse	1,436,719	2,495,575	933,405	(1,562,170)
Human Services	29,217,974	29,474,978	28,675,349	(799,629)
Culture and Recreation	<u>4,909,911</u>	<u>4,909,911</u>	<u>1,357,547</u>	<u>(3,552,364)</u>
Total Expenditures	<u>92,323,347</u>	<u>97,363,780</u>	<u>62,179,102</u>	<u>(35,184,678)</u>
Excess of Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>(10,343,850)</u>	<u>(10,343,850)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In-Other Funds	-	-	9,790,851	9,790,851
Transfers Out-Other Funds	-	-	<u>(622,936)</u>	<u>(622,936)</u>
Total Other Financing Sources, Net	<u>-</u>	<u>-</u>	<u>9,167,915</u>	<u>9,167,915</u>
<b>Extraordinary Items</b>				
Extraordinary Item - Disaster Cost	-	-	<u>(402,390)</u>	<u>(402,390)</u>
Total Extraordinary Item	<u>-</u>	<u>-</u>	<u>(402,390)</u>	<u>(402,390)</u>
Excess of Revenues and Other Financing Sources, Net Over Expenditures, Other Financing Uses, and Extraordinary Item	<u>-</u>	<u>-</u>	<u>(1,578,325)</u>	<u>(1,578,325)</u>
Fund Balance - Beginning of Year, as Restated	<u>12,894,613</u>	<u>12,891,613</u>	<u>9,080,430</u>	<u>(3,811,183)</u>
Fund Balance- End of Year	<u>\$ 12,894,613</u>	<u>\$ 12,891,613</u>	<u>\$ 7,502,105</u>	<u>\$ (5,389,508)</u>



**CITY OF RICHMOND, VIRGINIA  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUNDS  
For the Fiscal Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Intergovernmental Revenue</b>				
Regional STP Funds (TEA-21)	\$ 1,023,000	\$ 1,023,000	\$ 6,983,390	\$ 5,960,390
VDOT Urban Funds	12,886,000	12,886,000	2,063,140	(10,822,860)
Total Intergovernmental Revenue	<u>13,909,000</u>	<u>13,909,000</u>	<u>9,046,530</u>	<u>(4,862,470)</u>
<b>Investment Earnings and Contributions</b>				
Interest Earned on Restricted Funds	--	--	2,255,706	2,255,706
Local Matches and Contributions	--	--	--	--
Total Investment Earnings	<u>--</u>	<u>--</u>	<u>2,255,706</u>	<u>2,255,706</u>
<b>Miscellaneous Revenue</b>	<u>1,532,000</u>	<u>1,532,000</u>	<u>1,125,917</u>	<u>(406,083)</u>
Total Revenues	<u>15,441,000</u>	<u>15,441,000</u>	<u>12,428,153</u>	<u>(3,012,847)</u>
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
School Board	3,360,000	3,360,000	1,608,858	1,751,142
Infrastructure	23,042,420	23,042,420	11,522,322	11,520,098
Economic Development	416,666	416,666	1,731,976	(1,315,310)
Neighborhood Development	2,825,043	2,825,043	2,509,507	315,536
City Facilities	23,063,290	23,063,290	8,874,763	14,188,527
Total Expenditures	<u>52,707,419</u>	<u>52,707,419</u>	<u>26,247,426</u>	<u>26,459,993</u>
Excess of Revenues Over (Under) Expenditures	<u>(37,266,419)</u>	<u>(37,266,419)</u>	<u>(13,819,273)</u>	<u>23,447,146</u>
<b>Other Financing Sources</b>				
Proceeds from Issuance of General Obligation Bonds	20,470,333	20,470,333	37,550,000	17,079,667
Premium on Issuance of Bonds	--	--	2,144,332	2,144,332
Proceeds From Issuance of General Obligation Notes	15,000,000	15,000,000	500,000	(14,500,000)
Transfers In-Other Funds	1,796,086	1,796,086	--	(1,796,086)
Total Other Financing Sources	<u>37,266,419</u>	<u>37,266,419</u>	<u>40,194,332</u>	<u>2,927,913</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>--</u>	<u>--</u>	<u>26,375,059</u>	<u>26,375,059</u>
Fund Balance - Beginning of Year	<u>20,869,015</u>	<u>20,869,015</u>	<u>20,869,015</u>	<u>--</u>
Fund Balance- End of Year	<u>\$ 20,869,015</u>	<u>\$ 20,869,015</u>	<u>\$ 47,244,074</u>	<u>\$ 26,375,059</u>



## **Non-major Proprietary Funds**

*Non-major proprietary 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 Non-major Proprietary Funds are:*

**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.*



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**June 30, 2007**

	Coliseum	Landmark Theatre	Cemeteries	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 1,698,211	\$ --	\$ --	\$ 1,698,211
Accounts Receivable, Net	237,823	67,787	127,873	433,483
Inventories of Material and Supplies	48,837	--	--	48,837
Prepaid Expenses and Other Current Assets	77,664	--	--	77,664
Due from Other Funds	--	--	202,008	202,008
Total Current Assets	<u>2,062,535</u>	<u>67,787</u>	<u>329,881</u>	<u>2,460,203</u>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Land	4,582,160	44,690	8,188,700	12,815,550
Buildings and Structures	33,337,386	10,438,666	601,429	44,377,481
Equipment	5,152,294	963,644	113,480	6,229,418
Less Accumulated Depreciation	<u>(28,289,790)</u>	<u>(4,044,789)</u>	<u>(413,416)</u>	<u>(32,747,995)</u>
Total Noncurrent Assets	<u>14,782,050</u>	<u>7,402,211</u>	<u>8,490,193</u>	<u>30,674,454</u>
Total Assets	<u>\$ 16,844,585</u>	<u>\$ 7,469,998</u>	<u>\$ 8,820,074</u>	<u>\$ 33,134,657</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 2,517,145	\$ 1,979	\$ 16,072	\$ 2,535,196
Accrued Liabilities	1,565,205	25,877	5,350	1,596,432
Due To Other Funds	500,000	3,702,139	--	4,202,139
Compensated Absences	30,966	17,072	47,443	95,481
Accrued Interest on Bonds and Notes Payable	296,552	110,645	14,293	421,490
General Obligation Bonds and Capital Leases	<u>1,046,792</u>	<u>363,180</u>	<u>38,632</u>	<u>1,448,604</u>
Total Current Liabilities	<u>5,956,660</u>	<u>4,220,892</u>	<u>121,790</u>	<u>10,299,342</u>
<b>Noncurrent Liabilities:</b>				
Compensated Absences	--	14,788	10,447	25,235
General Obligation Bonds and Capital Leases	<u>10,895,700</u>	<u>3,768,080</u>	<u>593,392</u>	<u>15,257,172</u>
Total Noncurrent Liabilities	<u>10,895,700</u>	<u>3,782,868</u>	<u>603,839</u>	<u>15,282,407</u>
Total Liabilities	<u>16,852,360</u>	<u>8,003,760</u>	<u>725,629</u>	<u>25,581,749</u>
<b>Net Assets</b>				
Invested In Capital Assets, Net of Related Debt	2,839,558	3,270,950	7,858,169	13,968,677
Unrestricted	<u>(2,847,333)</u>	<u>(3,804,712)</u>	<u>236,276</u>	<u>(6,415,769)</u>
Total Net Assets	<u>\$ (7,775)</u>	<u>\$ (533,762)</u>	<u>\$ 8,094,445</u>	<u>\$ 7,552,908</u>



EXHIBIT J-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Coliseum	Landmark Theatre	Cemeteries	Total
<b>Operating Revenues</b>				
Charges for Goods and Services	\$ 2,149,644	\$ 255,549	\$ 1,395,957	\$ 3,801,150
<b>Operating Expenses</b>				
Salaries and Wages	1,143,455	688,075	979,407	2,810,937
Materials and Supplies	329,037	34,247	59,930	423,214
Rents and Utilities	670,593	266,310	15,597	952,500
Maintenance and Repairs	439,838	170,347	33,112	643,297
Depreciation and Amortization	2,128,486	349,474	20,817	2,498,777
Miscellaneous Operating Expenses	389,112	31,950	258,870	679,932
Total Operating Expenses	5,100,521	1,540,403	1,367,733	8,008,657
Operating Income (Loss)	(2,950,877)	(1,284,854)	28,224	(4,207,507)
<b>Non-Operating Revenues (Expenses)</b>				
Government Subsidies and Contributions	2,069,500	559,021	72,592	2,701,113
Interest Income	40,905	-	-	40,905
Interest Expense	(657,352)	(247,711)	(31,475)	(936,538)
Miscellaneous Revenue	-	622,944	-	622,944
Miscellaneous (Expenses)	(210,567)	-	-	(210,567)
Total Non-Operating Revenues, Net	1,242,486	934,254	41,117	2,217,857
Change In Net Assets	(1,708,391)	(350,600)	69,341	(1,989,650)
Net Assets - Beginning of Year, as Restated	1,700,616	(183,162)	8,025,104	9,542,558
Net Assets - End of Year	\$ (7,775)	\$ (533,762)	\$ 8,094,445	\$ 7,552,908



EXHIBIT J-3

**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Coliseum	Landmark Theatre	Cemeteries	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from Customers	\$ 2,631,794	\$ 310,881	\$ 1,338,875	\$ 4,281,550
Payments to Suppliers	(878,379)	(501,224)	(381,963)	(1,761,566)
Payments to Employees	(1,132,156)	(685,331)	(989,730)	(2,807,217)
Payments to Other Funds	--	--	(202,008)	(202,008)
Other Receipts	--	213,920	--	213,920
Net Cash Provided By (Used In) Operating Activities	<u>621,259</u>	<u>(661,754)</u>	<u>(234,826)</u>	<u>(275,321)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Government Subsidies and Contributions	340,000	1,311,375	--	1,651,375
Net Cash Provided By Noncapital Financing Activities	<u>340,000</u>	<u>1,311,375</u>	<u>--</u>	<u>1,651,375</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(264,347)	--	--	(264,347)
Repayments of GO Bonds and Capital Leases	--	(394,504)	--	(394,504)
Repayments of Capital Leases	--	(255,117)	--	(255,117)
Net Cash Used In Capital and Related Financing Activities	<u>(264,347)</u>	<u>(649,621)</u>	<u>--</u>	<u>(913,968)</u>
<b>Cash Flows From Investing Activities</b>				
Interest Earned on Operating Funds	40,903	--	--	40,903
Net Cash Provided By Investing Activities	<u>40,903</u>	<u>--</u>	<u>--</u>	<u>40,903</u>
Net Increase (Decrease) in Cash and Cash Equivalents	737,815	--	(234,826)	502,989
Cash and Cash Equivalents at July 1, 2006	960,396	--	234,826	1,195,222
Cash and Cash Equivalents at June 30, 2007	<u>\$ 1,698,211</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,698,211</u>
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ (2,950,877)	\$ (1,284,854)	\$ 28,224	\$ (4,207,507)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation	2,128,486	349,474	20,817	2,498,777
Miscellaneous Expenses	--	264,820	--	264,820
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:				
Accounts Receivable	(129,858)	55,332	(57,081)	(131,607)
Inventories of Material and Supplies	21,307	--	--	21,307
Prepaid Expenses	(26,618)	--	--	(26,618)
Due from Other Funds	--	--	(202,008)	(202,008)
Accounts Payable	955,512	(6,682)	(14,456)	934,374
Accrued Liabilities	612,008	(42,588)	(1,014)	568,406
Compensated Absences	11,299	2,744	(9,308)	4,735
Total Adjustments	<u>3,572,136</u>	<u>623,100</u>	<u>(263,050)</u>	<u>3,932,186</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 621,259</u>	<u>\$ (661,754)</u>	<u>\$ (234,826)</u>	<u>\$ (275,321)</u>
<b>Supplemental Cash Flow Information</b>				
Non-cash Transactions:				
GO Bonds Principal payments made by City Debt Service Fund on behalf of Fund	1,050,656	--	40,291	1,090,947
GO Bonds Interest payments made by City Debt Service Fund on behalf of Fund	678,844	--	32,302	711,146
Capital Lease Principal payments made by City General Fund on behalf of Fund	156,233	--	--	156,233
Capital Lease Interest payments made by City General Fund on behalf of Fund	54,032	--	--	54,032

## **Internal Service Funds**

*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 management and insurance activities for the City.*

### **Public Works Stores**

*provides supplies primarily for Schools, Department of Public Works, and Utilities departments of a bulk nature such as sand, bricks and construction materials.*

### **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 departments.*



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2007**

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Assets</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ 67,997	\$ -	\$ 1,693,583	\$ 990,810	\$ 34,852,491	\$ 37,604,881
Accounts Receivable, Net	1,228,222	161,337	-	-	-	2,604,794	-	3,994,353
Due From Other Funds	-	-	17,181,960	-	-	-	-	17,181,960
Due From Other Governments	33,577	-	-	-	-	-	-	33,577
Inventory	14,878	40,904	-	785,470	-	-	3,012,978	3,854,230
Prepaid Expenses	-	-	486,000	-	33,466	139,239	213,573	872,278
<b>Total Current Assets</b>	<b>1,276,677</b>	<b>202,241</b>	<b>17,735,957</b>	<b>785,470</b>	<b>1,727,049</b>	<b>3,734,843</b>	<b>38,079,042</b>	<b>63,541,279</b>
<b>Noncurrent Assets:</b>								
Advances to Other Funds	-	-	-	-	-	3,294,908	-	3,294,908
Deferred Expenses	-	-	-	-	-	2,180	-	2,180
<b>Capital Assets:</b>								
Land	98,000	-	-	-	3,000,000	-	-	3,098,000
Buildings and Structures	1,211,217	-	-	-	9,000,000	42,770,237	57,816,275	110,797,729
Equipment	61,929,312	210,821	-	22,136	-	-	-	62,162,269
Less Accumulated Depreciation	(39,425,052)	(93,839)	-	(22,136)	(407,426)	(22,145,576)	(39,186,192)	(101,280,221)
Construction in Progress	-	-	-	-	-	1,873,839	8,598,495	10,472,334
<b>Total Capital Assets</b>	<b>23,813,477</b>	<b>116,982</b>	<b>-</b>	<b>-</b>	<b>11,592,574</b>	<b>22,498,500</b>	<b>27,228,578</b>	<b>85,250,111</b>
<b>Total Noncurrent Assets</b>	<b>23,813,477</b>	<b>116,982</b>	<b>-</b>	<b>-</b>	<b>11,592,574</b>	<b>25,795,588</b>	<b>27,228,578</b>	<b>88,547,199</b>
<b>Total Assets</b>	<b>\$ 25,090,154</b>	<b>\$ 319,223</b>	<b>\$ 17,735,957</b>	<b>\$ 785,470</b>	<b>\$ 13,319,623</b>	<b>\$ 29,530,431</b>	<b>\$ 65,307,620</b>	<b>\$ 152,088,478</b>
<b>Liabilities</b>								
<b>Current Liabilities:</b>								
Accounts Payable	\$ 1,529,361	\$ 46,693	\$ 84,913	\$ 28,187	\$ 87,545	\$ 234,995	\$ 1,753,635	\$ 3,765,329
Accrued Liabilities	36,432	4,928	70,520	839	750	2,326,550	-	2,440,019
Due To Other Funds	5,353,103	872,267	-	20,493	-	369,407	-	6,615,270
Unearned Revenue	-	9,351	-	-	-	-	-	9,351
Accrued Interest on Bonds and Notes Payable	189,051	-	-	-	106,667	3,170,805	-	3,466,523
General Obligation Bonds Payable	2,568,600	-	-	-	-	71,806	-	2,640,406
Accrued Interest	-	-	-	-	-	66,240	-	66,240
Revenue Bonds Payable	-	-	-	-	573,773	-	-	573,773
Notes Payable	1,000,000	-	-	-	-	-	-	1,000,000
Compensated Absences	37,992	5,998	22,207	4,115	-	62,325	26,336	158,973
Other Liabilities and Claims	-	-	6,114,227	-	-	-	-	6,114,227
<b>Total Current Liabilities</b>	<b>10,714,539</b>	<b>939,237</b>	<b>6,291,867</b>	<b>53,634</b>	<b>768,735</b>	<b>6,302,128</b>	<b>1,779,971</b>	<b>26,850,111</b>
<b>Noncurrent Liabilities:</b>								
Accrued Interest	-	-	-	-	-	55,383	-	55,383
General Obligation Bonds Payable	5,431,400	-	-	-	-	1,603,871	-	7,035,271
Revenue Bonds Payable	-	-	-	-	10,981,807	-	-	10,981,807
Notes Payable	1,768,600	-	-	-	-	-	-	1,768,600
Compensated Absences	101,377	17,543	17,873	12,596	-	34,063	12,220	195,672
Other Liabilities and Claims	-	-	20,049,318	-	-	374,224	-	20,423,542
Advances from Other Funds	-	-	-	-	-	-	63,515,429	63,515,429
<b>Total Noncurrent Liabilities</b>	<b>7,301,377</b>	<b>17,543</b>	<b>20,067,191</b>	<b>12,596</b>	<b>10,981,807</b>	<b>2,067,541</b>	<b>63,527,649</b>	<b>103,975,704</b>
<b>Total Liabilities</b>	<b>18,015,916</b>	<b>956,780</b>	<b>26,359,058</b>	<b>66,230</b>	<b>11,750,542</b>	<b>8,369,669</b>	<b>65,307,620</b>	<b>130,825,815</b>
<b>Net Assets</b>								
Invested In Capital Assets, Net of Related Debt	13,044,877	116,982	-	-	36,994	20,701,200	27,228,578	61,128,631
Unrestricted	(5,970,639)	(754,539)	(8,623,101)	719,240	1,532,087	459,562	(27,228,578)	(39,865,968)
<b>Total Net Assets</b>	<b>\$ 7,074,238</b>	<b>\$ (637,557)</b>	<b>\$ (8,623,101)</b>	<b>\$ 719,240</b>	<b>\$ 1,569,081</b>	<b>\$ 21,160,762</b>	<b>\$ -</b>	<b>\$ 21,262,663</b>



EXHIBIT K-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Operating Revenues</b>								
Charges for Goods and Services	\$ 19,644,316	\$ 769,011	\$ 13,540,024	\$ 940,212	\$ 2,416,407	\$ 7,527,492	\$ 4,095,835	\$ 48,933,297
<b>Operating Expenses</b>								
Cost of Goods and Services Sold	10,968,847	558,469	-	544,538	-	-	-	12,071,854
Salaries and Wages and Benefits	1,075,086	160,258	345,625	185,477	-	1,143,328	364,334	3,274,108
Data Processing	86,740	-	-	-	-	-	-	86,740
Materials and Supplies	94,974	28,652	4,666	450	-	450,446	58,440	637,628
Rents and Utilities	223,617	28,544	8,009	22,522	-	2,184,103	15,837	2,482,632
Maintenance and Repairs	160,342	5,765	77	633	-	547,228	195,786	909,831
Depreciation and Amortization	5,748,723	12,985	-	-	242,500	1,411,550	2,493,604	9,909,362
Claims and Settlements	-	-	11,166,679	-	-	-	-	11,166,679
Miscellaneous Operating Expenses	1,865,831	196,200	1,543,448	-	829,480	1,160,756	624,038	6,219,753
Total Operating Expenses	20,224,160	990,873	13,068,504	753,620	1,071,980	6,897,411	3,752,039	46,758,587
Operating Income (Loss)	(579,844)	(221,862)	471,520	186,592	1,344,427	630,081	343,796	2,174,710
<b>Non-Operating Revenues (Expenses)</b>								
Government Subsidies and Contributions	-	-	-	-	-	1,206,335	-	1,206,335
Interest on Long-Term Debt	(388,190)	-	-	-	(568,893)	(508,398)	-	(1,465,481)
Miscellaneous Revenue	-	-	558,226	-	-	33,527	-	591,753
Miscellaneous (Expense)	-	-	-	-	-	-	(343,796)	(343,796)
Total Non-Operating Revenues (Expenses), Net	(388,190)	-	558,226	-	(568,893)	731,464	(343,796)	(11,189)
Net Income (Loss) Before Transfers	(968,034)	(221,862)	1,029,746	186,592	775,534	1,361,545	-	2,163,521
Capital Contributions	118,491	-	-	-	-	-	-	118,491
Transfers Out-Other Funds	-	-	-	-	-	(39,571)	-	(39,571)
Change In Net Assets	(849,543)	(221,862)	1,029,746	186,592	775,534	1,321,974	-	2,242,441
Net Assets - Beginning of Year, as Restated	7,923,781	(415,695)	(9,652,847)	532,648	793,547	19,838,788	-	19,020,222
Net Assets - End of Year	\$ 7,074,238	\$ (637,557)	\$ (8,623,101)	\$ 719,240	\$ 1,569,081	\$ 21,160,762	\$ -	\$ 21,262,663



**CITY OF RICHMOND, VIRGINIA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2007**

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Cash Flows From Operating Activities</b>								
Receipts from Customers	\$ 18,117,132	\$ 636,147	\$ 13,540,024	\$ 940,211	\$ 2,416,407	\$ 6,785,679	\$ 4,098,095	\$ 46,533,695
Payments to Suppliers	(12,536,249)	(809,256)	(7,180,087)	(594,227)	--	(3,746,138)	(15,390)	(24,881,347)
Payments to Employees	(1,130,497)	(157,128)	(5,048,822)	(183,586)	--	(1,009,505)	(399,219)	(7,928,757)
Receipts From Other Funds	1,504,908	410,067	(17,181,960)	--	--	(1,265,487)	(519,297)	(17,051,769)
Other Receipts or (Payments)	846,828	--	558,226	(214,798)	(741,934)	29,616	(343,796)	134,142
Net Cash Provided By (Used In) Operating Activities	6,802,122	79,830	(15,312,619)	(52,400)	1,674,473	794,165	2,820,393	(3,194,036)
<b>Cash Flows From Capital and Related Financing Activities</b>								
Acquisition of Fixed Assets	(6,474,067)	(79,830)	--	--	--	(937,370)	(2,695,076)	(10,186,343)
Proceeds from Issuance of GO Bonds	5,000,000	--	--	--	--	--	--	5,000,000
Repayments of Revenue and GO Bonds	(3,971,750)	--	--	--	--	(67,471)	--	(4,039,221)
Repayments of Notes Payable	(1,000,000)	--	--	--	(544,420)	--	--	(1,544,420)
Interest Paid on Long-Term Debt	(356,305)	--	--	--	(621,039)	(83,720)	--	(1,061,064)
Net Cash Used In Capital and Related Financing Activities	(6,802,122)	(79,830)	--	--	(1,165,459)	(1,088,561)	(2,695,076)	(11,831,048)
<b>Cash Flows From Noncapital Financing Activities</b>								
Government Subsidies and Contributions	--	--	--	--	--	1,206,335	--	1,206,335
Transfers - Out Other Funds	--	--	--	--	--	(39,571)	--	(39,571)
Net Cash Provided By Noncapital Financing Activities	--	--	--	--	--	1,166,764	--	1,166,764
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	(15,312,619)	(52,400)	509,014	872,368	125,317	(13,858,320)
Cash and Cash Equivalents at July 1, 2006	--	--	15,380,616	52,400	1,184,569	118,442	34,727,174	51,463,201
Cash and Cash Equivalents at June 30, 2007	\$ --	\$ --	\$ 67,997	\$ --	\$ 1,693,583	\$ 990,810	\$ 34,852,491	\$ 37,604,881
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>								
Operating Income (Loss)	\$ (579,844)	\$ (221,862)	\$ 471,520	\$ 186,592	\$ 1,344,427	\$ 630,081	\$ 343,796	\$ 2,174,710
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:								
Depreciation	5,748,723	12,985	--	--	242,500	1,411,560	2,483,604	9,909,362
Miscellaneous Revenues (Expenses)	--	--	558,226	--	--	31,432	(343,796)	245,862
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:								
Accounts Receivable	(677,979)	(133,720)	47,064	--	--	(741,813)	2,260	(1,504,188)
Due From Other Funds	--	--	(17,181,960)	--	--	--	--	(17,181,960)
Due From Other Governments	(2,377)	--	--	--	--	--	--	(2,377)
Inventories of Material and Supplies	7,104	(11,051)	--	(235,293)	--	--	(244,023)	(483,263)
Prepaid Expenses	--	--	--	--	--	(12,858)	31,764	18,906
Deferred Expenses	--	--	--	--	--	(1,816)	--	(1,816)
Accounts Payable	856,998	19,425	84,913	(26,082)	87,546	(2,541)	577,916	1,598,175
Accrued Liabilities	2,392	1,805	(7,097)	(309)	--	170,960	(43,047)	124,704
Due To Other Funds	1,504,908	410,067	--	20,493	--	(665,166)	--	1,270,302
Unearned Revenue	--	856	--	--	--	--	--	856
Compensated Absences	(57,803)	1,325	980	2,199	--	(13,523)	1,919	(64,903)
Other Liabilities and Claims	--	--	713,735	--	--	(12,141)	--	701,594
Total Adjustments	7,381,966	301,692	(15,784,139)	(238,992)	330,046	164,084	2,476,597	(5,368,746)
Net Cash Provided By (Used In) Operating Activities	\$ 6,802,122	\$ 79,830	\$ (15,312,619)	\$ (52,400)	\$ 1,674,473	\$ 794,165	\$ 2,820,393	\$ (3,194,036)
<b>Supplemental Cash Flow Information</b>								
Non-cash Transactions:								
Capital Assets Acquired on Behalf of Fund	\$ 118,491	--	--	--	--	--	--	\$ 118,491
Capital Assets Transferred	\$ --	797,681	--	--	--	--	--	\$ 797,681



## **Fiduciary Funds**

*Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The City maintains two Fiduciary Fund types: 1) Trust Funds and 2) Agency Funds. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.*

*The Fiduciary Funds are:*

### **Trust Funds**

#### ***The Richmond Retirement System***

*provides retirement and disability benefits for all vested permanent full time employees.*

#### ***Other Employee Benefits***

*is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years on up to 25% of salary with a maximum deferral of \$7,500 per year.*

### **Agency Funds**

*Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. The Agency Funds consist of the assets and liabilities of several organizations for which the City serves as fiscal agent, such as the Department of Welfare, the Department of Recreation and Parks, the Department of Public Works and the Law Department.*



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2007**

	Richmond Retirement System	Other Employee Benefits	Total
<b>Assets:</b>			
Cash and Short-term Investments	\$ 23,175,286	\$ --	\$ 23,175,286
Receivables:			
Due from Brokers on Sale of Securities	16,143,135	--	16,143,135
Interest and Dividends	1,985,317	--	1,985,317
Employee Loans Receivable	644,530	1,346,727	1,991,257
Investments, at Fair Value:			
U.S. Domestic and Agency	60,582,299	55,026,356	115,608,655
Corporate Bonds	50,696,630	--	50,696,630
Common Stock	260,038,772	--	260,038,772
International Stocks	113,158,605	--	113,158,605
International Bonds	33,906,487	--	33,906,487
Real Estate Investment Trusts	24,828,479	--	24,828,479
Cash Collateral Received - Security Lending Program	90,264,208	--	90,264,208
Total Investments, at Fair Value	633,475,480	55,026,356	688,501,836
Total Assets	675,423,748	56,373,083	731,796,831
<b>Liabilities:</b>			
Accounts Payable	22,826,490	--	22,826,490
Payable for Collateral Received - Security Lending Program	90,264,208	--	90,264,208
Due to Other Funds	2,804,270	--	2,804,270
Total Liabilities	115,894,968	--	115,894,968
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 559,528,780	\$ 56,373,083	\$ 615,901,863



EXHIBIT L-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Richmond Retirement System	Other Employee Benefits	Total
<b>Additions:</b>			
<b>Contributions:</b>			
City of Richmond	\$ 29,719,837	\$ 5,182,952	\$ 34,902,789
Richmond Behavioral Health Authority	856,395	--	856,395
Richmond Public Schools	312,989	--	312,989
Plan members	2,545,123	--	2,545,123
Total Contributions	<u>33,434,344</u>	<u>5,182,952</u>	<u>38,617,296</u>
<b>Investment Income:</b>			
Appreciation in fair value of investments	66,278,519	--	66,278,519
Interest	7,829,095	6,811,188	14,640,283
Dividends	10,117,454	131,667	10,249,121
<b>Net Income Earned On Securities Lending Transactions:</b>			
Securities Lending Income	3,915,818	--	3,915,818
Securities Lending Expense	<u>(3,825,350)</u>	<u>--</u>	<u>(3,825,350)</u>
Total Net Income Earned on Securities Lending Transactions	<u>90,468</u>	<u>--</u>	<u>90,468</u>
Investment Income	84,315,536	6,942,855	91,258,391
Less Investment Expense	<u>2,042,661</u>	<u>--</u>	<u>2,042,661</u>
Net Investment Income	<u>82,272,875</u>	<u>6,942,855</u>	<u>89,215,730</u>
Total Additions	<u>115,707,219</u>	<u>12,125,807</u>	<u>127,833,026</u>
<b>Deductions:</b>			
Benefits	52,119,231	4,252,689	56,371,920
Administrative Expenses	<u>1,113,554</u>	<u>9,860</u>	<u>1,123,414</u>
Total Deductions	<u>53,232,785</u>	<u>4,262,549</u>	<u>57,495,334</u>
Net Increase	62,474,434	7,863,258	70,337,692
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>497,054,346</u>	<u>48,509,825</u>	<u>545,564,171</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 559,528,780</u>	<u>\$ 56,373,083</u>	<u>\$ 615,901,863</u>



**CITY OF RICHMOND, VIRGINIA**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Fiscal Year June 30, 2007**

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,670,244	\$ 6,575,473	\$ 7,991,045	\$ 254,672
Due From Other Funds	-	949,987	-	949,987
Total Assets	<u>\$ 1,670,244</u>	<u>\$ 7,525,460</u>	<u>\$ 7,991,045</u>	<u>\$ 1,204,659</u>
<b>Liabilities:</b>				
Refundable Deposits	\$ 501,958	\$ 686,335	\$ 1,153,359	\$ 34,934
Due to Various Agents	1,168,286	6,839,125	6,837,686	1,169,725
Total Liabilities	<u>\$ 1,670,244</u>	<u>\$ 7,525,460</u>	<u>\$ 7,991,045</u>	<u>\$ 1,204,659</u>

## **Statistical Section**

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

### **Contents**

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

#### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*





**CITY OF RICHMOND, VIRGINIA  
MISCELLANEOUS STATISTICAL DATA  
June 30, 2007**

**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 1990 <sup>(1)</sup>	.....	203,056
United States Census 2000 <sup>(1)</sup>	.....	197,790
United States Census 2004 <sup>(1)</sup>	.....	192,494
United States Census 2005 <sup>(1)</sup>	.....	193,777
United States Census 2006 <sup>(1)</sup>	.....	192,913

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

**FORM OF GOVERNMENT**

Richmond is organized under the Mayoral-Council form of government. The mayoral form consists of a City Mayor, elected at-large, and a City Council which serves as the municipality's legislative body. The Council is composed of nine members elected on a single member district basis. The Vice-Mayor and Assistant Mayor are chosen by a majority vote of all members of Council from their own members. The Mayor appoints, with the consensus of council, a Chief Administrative Officer to act as the chief administrator of the City. He serves at the pleasure of the City Mayor, carries out the City's administrative and policy-related duties, 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. By doing so, the City benefits from professional management, allowing the City Mayor and City Council to focus greater attention on policy development and political leadership roles.

**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:

- \$1.23 per \$100 of Assessed Value: 2007
- \$1.29 per \$100 of Assessed Value: 2006
- \$1.33 per \$100 of Assessed Value: 2005
- \$1.37955 per \$100 of Assessed Value: 2003 - 2004
- \$1.38975 per \$100 of Assessed Value: 2002
- \$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

### Tangible Personal Property:

- \$3.70 per \$100 of Assessed Value: 1992 - 2007
- \$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 - 2007
- \$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
  - Competitive Telephone – 4% of the first \$625; 5% of excess of \$625





- 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- \$ 120.00 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, Professional, and Occupational Licenses:

##### For Business with Gross 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  
Receipts greater than \$100,000, rate per merchant classification multiplied by amount of receipts

##### 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 7% of any charge for admission of a place of amusement or entertainment where such charge is \$.50 or more



Bank Franchise Tax:

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

Sales and Use Tax:

- 4% State and 1% Local: 2006-2007
- 3 1/2% State and 1% Local

Prepared Meals Tax:

- A tax of 6% on prepared meals sold in the City in addition to the Sales Tax, effective January 1, 2004. The 1% increase from the prior meals tax is deposited into a Special Revenue Fund for the development of a downtown performing arts center.

Lodging Tax:

- A tax of 8% of the charge made for each room rented by a transient in a hotel or motel
- 100% of the City's transient lodging tax revenue is allocated to the 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 on or before 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 61 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's revenue and refunding bonds, are a direct obligation, and the full 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 debt (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 MANAGEMENT POLICIES

The City Council adopted a resolution in 1989 that was amended in 1991, establishing guidelines for the planning, issuance and management of debt, for and on behalf of, the City of Richmond. The City will issue debt for the purpose of acquiring or constructing capital projects and for making major renovations to existing capital projects. It is the policy of the City to provide operating funds to the extent possible for projects that are perennial and/or primarily of an on-going maintenance type activity.

### **General Obligation Debt:**

It is the policy of the City that general fund supported debt, including bonds authorized and unissued, will be limited by any one of the following:

- The amount required for general obligation bond debt service will not exceed 10% of the total general fund budget.
- Per capita general fund supported debt will not exceed 7% of per capita income.
- The City will not incur general obligation debt in excess of 7.5% of its total taxable real estate value.
- To the extent that general obligation issued and authorized debt does not exceed 7.5% of the total assessed valuation of the City, the general obligation authority may be used for enterprise fund capital projects. When the general obligation authority is used in lieu of revenue bonds, coverage will be maintained and provisions of capitalized interest will be met as though the bonds are on a parity basis with the outstanding revenue bonds.
- The City will issue general fund supported debt with an average life that is consistent with the useful life of the project with a maximum of maturity of 30 years.
- General Fund supported debt will be structured in a manner such that not less than 60% of the outstanding debt will be retired within 10 years.



---

## FUND BALANCE POLICY

The City Council adopted a Fund Balance Policy on March 14, 1988, which established major policy goals. On October 26, 1992, the City Council amended the Fund Balance Policy, raising the required level of the undesignated fund balance from 3% to 5% of budgeted General Fund expenditures over a period of years. Implementation of the increased fund balance goal began July 1, 1993. On November 26, 2001 the City Council approved a further increase of the required level of undesignated fund balance to 7% of budgeted General Fund expenditures. The Fund Balance Policy states:

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses on one-half of one percent of expenditures until the Undesignated Fund Balance reaches at least 7% of budgeted expenditures. As of June 30, 2007, the Undesignated Fund Balance was \$48.2 million, which is 8.3% of budgeted General Fund 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 Mayor in the submission of the General Fund budget.
- The City will not appropriate any amount from the Undesignated Fund Balance until at least one year subsequent to the accumulation of the 7% Undesignated Fund Balance, and then only if faced with an unusual, unanticipated and otherwise seemingly insurmountable hardship.



**CITY OF RICHMOND, VIRGINIA  
NET ASSETS BY COMPONENT  
Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	<u>2003</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>					
Invested In Capital Assets, Net of Related Debt	\$ 199,865,572	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506
Restricted	46,983,399	68,923,046	50,038,794	11,902,266	14,911,689
Unrestricted	<u>31,375,839</u>	<u>(10,050,293)</u>	<u>40,670,738</u>	<u>25,435,347</u>	<u>26,438,982</u>
Total Governmental Activities Net Assets	<u>\$ 278,224,810</u>	<u>\$ 250,429,748</u>	<u>\$ 239,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>
<b>Business-type Activities</b>					
Invested In Capital Assets, Net of Related Debt	\$ 280,898,657	\$ 274,968,276	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193
Restricted	49,509,466	8,650,941	40,067,236	-	-
Unrestricted	<u>21,266,273</u>	<u>69,315,730</u>	<u>43,272,098</u>	<u>69,958,764</u>	<u>79,842,538</u>
Total Business-type Activities Net Assets	<u>\$ 351,674,396</u>	<u>\$ 352,934,947</u>	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>
<b>Primary Government</b>					
Invested In Capital Assets, Net of Related Debt	-\$ 480,764,229	\$ 466,525,271	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699
Restricted	96,492,865	77,573,987	90,106,030	11,902,266	14,911,689
Unrestricted	<u>52,642,112</u>	<u>59,265,437</u>	<u>83,942,836</u>	<u>95,394,111</u>	<u>106,281,520</u>
Total Primary Government Activities Net Assets	<u>\$ 629,899,206</u>	<u>\$ 603,364,695</u>	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>



**CITY OF RICHMOND, VIRGINIA  
CHANGES IN NET ASSETS  
Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2003	2005	2005	2006	2007
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 85,220,510	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704
Public Safety and Judiciary	141,560,046	147,054,040	150,077,017	159,938,162	175,163,038
Highways, Streets, Sanitation and Refuse	76,549,273	76,654,334	80,327,346	75,459,598	72,673,872
Human Services	89,294,156	91,316,190	93,480,016	90,316,536	95,346,598
Culture and Recreation	26,127,447	24,856,175	14,914,204	21,978,162	24,350,136
Education	138,209,993	137,780,535	131,661,501	152,646,701	165,971,219
Transportation	6,114,308	6,699,852	6,766,376	8,216,356	9,405,588
Interest and Fiscal Changes	35,659,959	40,538,281	42,868,983	40,153,584	42,083,543
Extraordinary Item <sup>1</sup>	-	14,728,475	4,020,240	-	-
Total Governmental Activities Expenses	<u>598,735,692</u>	<u>641,809,981</u>	<u>607,013,480</u>	<u>657,248,057</u>	<u>693,437,698</u>
Business-type Activities:					
Gas	167,936,098	178,520,751	207,682,064	248,535,630	216,255,114
Water	34,294,537	36,523,533	39,004,189	41,362,442	44,232,832
Wastewater	37,587,401	40,115,362	45,976,722	44,944,833	51,596,901
Coliseum	4,066,451	4,152,274	4,973,332	5,249,095	5,968,440
Landmark Theatre	1,580,618	1,876,343	1,730,408	1,835,924	1,788,114
Cemeteries	1,602,606	1,389,982	1,344,285	1,416,174	1,399,208
Total Business-type Activities Expenses	<u>247,067,712</u>	<u>262,578,246</u>	<u>300,711,000</u>	<u>343,344,098</u>	<u>321,240,609</u>
Total Primary Government Expenses	<u>\$ 845,803,404</u>	<u>\$ 904,388,227</u>	<u>\$ 907,724,480</u>	<u>\$ 1,000,592,155</u>	<u>\$ 1,014,678,307</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 40,875,918	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623
Culture and Recreation	663,061	611,105	561,893	759,632	109,692
Other Activities	20,715,420	27,671,318	20,602,746	29,109,017	27,368,011
Operating Grants and Contributions	143,710,347	133,650,110	149,167,449	147,151,168	159,269,020
Capital Grants and Contributions	10,610,426	10,516,738	8,227,292	3,714,468	18,929,229
Total Governmental Activities Program Revenues	<u>\$ 216,575,172</u>	<u>\$ 209,816,762</u>	<u>\$ 220,195,818</u>	<u>\$ 227,621,615</u>	<u>\$ 253,684,575</u>
Business-type Activities:					
Charges for Services:					
Gas	\$ 173,251,482	\$ 187,051,036	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779
Water	42,239,247	45,205,312	44,853,864	47,689,474	49,995,955
Wastewater	44,784,105	46,317,014	48,599,478	51,484,083	55,541,836
Coliseum	2,337,854	2,358,184	2,068,567	2,284,149	2,149,644
Landmark Theatre	318,101	724,250	390,879	594,775	255,549
Cemeteries	1,386,577	1,440,051	1,412,205	1,458,283	1,395,957
Operating Grants and Contributions	7,048,589	3,578,979	5,607,052	4,928,275	4,779,151
Capital Grants and Contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>271,365,955</u>	<u>286,674,826</u>	<u>324,241,481</u>	<u>364,433,375</u>	<u>339,280,870</u>
Total Primary Government Program Revenues	<u>\$ 487,941,127</u>	<u>\$ 496,491,588</u>	<u>\$ 544,437,299</u>	<u>\$ 592,054,990</u>	<u>\$ 592,965,445</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (382,160,520)	\$ (431,993,219)	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)
Business-type Activities	24,298,243	24,096,580	23,530,481	21,089,277	18,040,261
Total Primary Government Net Expense	<u>\$ (357,862,277)</u>	<u>\$ (407,896,639)</u>	<u>\$ (363,287,181)</u>	<u>\$ (408,537,165)</u>	<u>\$ (421,712,862)</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA  
CHANGES IN NET ASSETS  
Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:					
Real Estate	\$ 165,361,803	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260
Sales-1% Local	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396
Sales Tax For Education	-	-	-	-	27,558,938
Personal Property	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945
Bank Stock	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172
Prepared Food	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114
Lodging Tax	-	-	-	-	5,272,618
Admissions	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673
Delinquent Tax Payments-All Classes	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067
Penalties and Interest	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892
Titling Tax-Mobile Home	10,402	7,324	16,942	7,197	5,800
State Recordation	675,810	605,153	609,343	749,102	843,137
Property Rental 1%	236,383	158,960	120,684	144,979	136,469
Vehicle Rental Tax	955,513	868,115	864,415	752,941	1,004,229
ABC Board Receipts	400,770	-	-	-	-
Rolling Stock Tax	33,591	2,018,645	466,562	6,029,547	416,003
Intergovernmental Revenue Not Restricted to Specific Programs	112,628	575,697	13,860,051	6,159,363	-
Investment Earnings	669,795	360,647	1,501,725	1,764,937	2,425,883
Miscellaneous	45,050,330	47,259,923	53,846,842	35,950,451	30,585,867
Transfers	17,219,836	17,993,646	21,130,671	20,165,228	20,884,181
Special Item <sup>2</sup>	174,264	-	773,106	-	3,701
Extraordinary Item <sup>1</sup>	-	12,754,707	-	(323,858)	(402,390)
<b>Total Governmental Activities</b>	<b>381,747,720</b>	<b>404,198,157</b>	<b>425,611,390</b>	<b>412,295,135</b>	<b>462,605,580</b>
Business-type Activities:					
Investment Earnings	\$ 1,855,899	\$ 750,057	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435
Miscellaneous	2,771,621	3,045,762	3,793,064	3,350,736	4,603,438
Transfers	(17,219,836)	(17,993,646)	(21,130,671)	(20,165,228)	(20,884,181)
<b>Total Business-type Activities</b>	<b>(12,592,316)</b>	<b>(14,197,827)</b>	<b>(16,052,294)</b>	<b>(12,648,206)</b>	<b>(10,654,308)</b>
<b>Total Primary Government</b>	<b>\$ 369,155,404</b>	<b>\$ 390,000,330</b>	<b>\$ 409,559,096</b>	<b>\$ 399,646,929</b>	<b>\$ 451,951,272</b>
<b>Change in Net Assets</b>					
Governmental Activities	\$ (412,800)	\$ (27,795,062)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457
Business-type Activities	11,705,927	9,898,753	7,478,187	8,441,071	7,385,953
<b>Total Primary Government</b>	<b>\$ 11,293,127</b>	<b>\$ (17,896,309)</b>	<b>\$ 46,271,915</b>	<b>\$ (8,890,236)</b>	<b>\$ 30,238,410</b>

**\*Extraordinary Item:**

Fiscal Year 2004 - Disaster Costs from Hurricane Isabel.  
Fiscal Year 2005 - Disaster Costs

**\*Special Item:**

Fiscal Year 2003 and 2007 - Gain on Sale of Land.  
Fiscal Year 2005 - Disaster Recovery

Note: The changes in net assets for both Governmental and Business -type activities are explained in the Management's Discussion and Analysis Section.



**CITY OF RICHMOND, VIRGINIA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	<u>2003</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>City Taxes</b>					
Real Estate	\$ 165,361,803	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260
Sales-1% Local	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396
Sales Tax for Education	-	-	-	-	27,558,938
Personal Property	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945
Bank Stock	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172
Prepared Food	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114
Transient Lodging	-	-	-	-	5,272,618
Admissions	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673
Delinquent Tax Payments-All Classes	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067
Penalties and Interest	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892
Titling Tax-Mobile Home	10,402	7,324	16,942	7,197	5,800
State Recordation	675,810	605,153	609,343	749,102	843,137
Property Rental 1%	236,383	158,960	120,684	144,979	136,469
Vehicle Rental Tax	955,513	868,115	864,415	752,941	1,004,229
ABC Board Receipts	400,770	-	-	-	-
Rolling Stock Tax	33,591	2,018,645	466,562	6,029,547	416,003
<b>Total Primary Government</b>	<u>\$ 318,520,867</u>	<u>\$ 325,253,537</u>	<u>\$ 334,498,995</u>	<u>\$ 348,579,014</u>	<u>\$ 409,108,338</u>

Note: Data not available for pre-GASB 34 implementation years.





CITY OF RICHMOND, VIRGINIA  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year										
	1998	1999	2000	2001	2002	2003	2004	2005	2005	2006	2007
General Fund											
Reserved	\$ 10,493,132	\$ 10,344,860	\$ 9,388,800	\$ 8,821,969	\$ 18,597,316	\$ 21,328,801	\$ 14,150,287	\$ 22,216,671	\$ 16,144,418	\$ 15,894,601	
Unreserved	\$ 25,083,292	\$ 23,744,704	\$ 28,308,160	\$ 42,440,905	\$ 40,845,634	\$ 40,552,729	\$ 47,690,533	\$ 45,278,440	\$ 45,442,420	\$ 47,507,086	
Total General Fund	\$ 35,576,424	\$ 34,089,564	\$ 37,676,960	\$ 51,262,874	\$ 59,242,950	\$ 61,881,530	\$ 61,840,820	\$ 67,495,111	\$ 61,586,838	\$ 63,401,687	
All Other Governmental Funds											
Reserved	\$ --	\$ --	\$ --	\$ --	\$ 25,281,516	\$ 46,983,399	\$ 68,923,046	\$ 50,413,044	\$ 22,277,282	\$ 48,645,510	
Unreserved, reported in:											
Special Revenue Funds	\$ 3,112,673	\$ 2,614,199	\$ 2,697,447	\$ 16,817,411	\$ 19,581,096	\$ 20,589,668	\$ 12,249,538	\$ 11,473,432	\$ 9,080,430	\$ 7,502,105	
Capital Project Funds	\$ (4,453,182)	\$ (8,097,147)	\$ 22,365,817	\$ 27,756,774	\$ 34,500	\$ 34,500	\$ --	\$ --	\$ --	\$ --	
Debt Service Fund	\$ --	\$ --	\$ --	\$ 2,041,583	\$ --	\$ 11,461	\$ 11,461	\$ 11,461	\$ (8,058)	\$ --	
Total All Other Governmental Funds	\$ (1,340,509)	\$ (5,482,948)	\$ 25,063,264	\$ 46,615,768	\$ 44,897,112	\$ 67,619,028	\$ 81,184,045	\$ 61,897,937	\$ 31,349,654	\$ 56,147,615	

Note: The changes in fund balances are explained in Management's Discussion and Analysis.



**CITY OF RICHMOND, VIRGINIA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 274,117,048	\$ 265,002,918	\$ 276,103,556	\$ 282,646,985	\$ 299,399,915	\$ 306,292,418	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 406,441,193
Licenses, Permits and Privilege Fees	26,679,229	28,133,557	29,873,435	30,799,567	32,890,826	33,259,137	34,821,328	35,302,960	37,275,652	37,543,533
Intergovernmental	148,463,349	150,485,792	172,423,975	188,769,821	149,159,095	154,433,332	146,970,902	173,750,992	158,577,638	164,137,422
Service Charges	14,776,154	16,370,280	17,277,579	16,251,466	16,866,068	17,924,528	14,933,169	16,343,955	20,421,258	21,119,157
Fines and Forfeitures	5,173,020	6,018,244	6,194,670	6,376,530	8,646,605	7,774,458	8,559,606	10,328,752	11,429,454	11,023,780
Sales of Land	--	569,158	11,603,469	393,597	638,321	--	--	--	--	--
Payment in Lieu of Taxes	18,249,604	18,801,872	17,120,170	16,179,103	16,518,950	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494
Investment Income	1,321,755	1,692,578	3,624,616	2,023,562	703,044	669,795	365,825	1,501,725	1,764,937	2,425,982
Miscellaneous	48,454,383	51,675,521	50,698,229	54,567,917	55,309,546	57,211,587	72,862,719	64,284,540	70,850,022	64,820,160
<b>Total Revenues</b>	<b>537,234,542</b>	<b>538,739,920</b>	<b>584,889,699</b>	<b>608,008,548</b>	<b>580,132,370</b>	<b>595,083,718</b>	<b>610,820,162</b>	<b>655,622,701</b>	<b>669,683,338</b>	<b>729,146,651</b>
<b>Expenditures</b>										
General Government	40,668,372	43,434,202	48,427,718	56,789,037	60,464,041	66,113,349	68,978,772	72,082,519	80,895,144	76,901,083
Public Safety and Judiciary	114,947,369	126,630,270	135,110,701	133,327,945	138,466,136	139,318,995	145,509,707	151,733,594	157,743,772	175,232,251
Highways, Streets, Sanitation and Refuse	40,143,964	40,906,693	40,107,568	43,149,174	44,018,321	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860
Human Services	89,082,344	90,439,735	96,726,253	96,478,164	81,967,017	87,637,237	89,044,511	90,924,428	88,715,030	96,880,070
Culture and Recreation	17,417,421	17,485,368	19,972,427	20,999,465	21,604,557	22,101,310	23,539,612	19,628,688	19,540,997	21,399,788
Education	207,548,817	213,297,750	219,953,535	239,213,047	126,689,753	128,823,925	131,762,289	129,041,941	142,303,624	159,927,313
Non-Departmental	25,750,340	29,219,373	31,017,235	32,195,041	26,410,541	23,461,527	25,153,039	26,211,317	33,373,394	41,164,869
Capital Outlay	38,563,925	53,532,545	36,168,455	26,224,080	38,628,063	35,347,332	58,260,207	43,109,362	35,531,064	26,247,426
Debt Service:										
Principal Retirement	32,447,484	34,142,892	36,382,328	39,822,931	36,896,795	37,206,080	41,473,735	43,743,522	48,081,126	48,020,086
Interest Payments	39,942,133	36,880,670	35,431,775	37,113,785	34,692,049	34,974,162	40,304,483	40,812,004	38,385,830	38,490,977
Insurance Costs	319,781	1,391,078	990,023	891,949	1,054,532	382,904	683,283	625,909	671,476	846,451
<b>Total Expenditures</b>	<b>646,751,970</b>	<b>687,360,574</b>	<b>703,288,016</b>	<b>728,204,018</b>	<b>609,061,805</b>	<b>621,371,692</b>	<b>668,753,780</b>	<b>672,286,694</b>	<b>704,095,828</b>	<b>747,515,154</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	38,566,728	34,594,732	44,967,931	40,598,584	44,620,298	47,449,811	53,904,655	57,680,867	61,784,636	60,691,246
Transfers Out	(37,264,163)	(28,816,908)	(37,896,247)	(40,388,749)	(41,729,562)	(46,073,628)	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)
Proceeds from Refunding Bonds	--	101,450,000	--	--	74,300,000	36,630,116	9,300,000	--	90,847,799	--
Payment to Escrow Agent	--	--	--	--	(74,300,000)	(36,630,116)	(9,300,000)	--	(90,822,799)	--
Proceeds from Issuance of Bonds	3,650,000	31,757,040	--	--	31,845,867	50,097,993	68,297,167	3,536,671	--	42,194,332
Premium on Issuance of Bonds	--	--	--	--	2,905,526	--	2,905,526	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>4,942,565</b>	<b>138,984,864</b>	<b>7,111,684</b>	<b>208,935</b>	<b>34,736,603</b>	<b>51,474,176</b>	<b>73,431,693</b>	<b>6,279,310</b>	<b>2,623,363</b>	<b>45,383,703</b>
<b>Special Item</b>										
Gain on Sale of Land	--	--	--	--	638,321	174,264	--	--	--	--
Disaster Recovery	--	--	--	--	--	--	12,754,707	773,106	--	--
<b>Total Special Item</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>638,321</b>	<b>174,264</b>	<b>12,754,707</b>	<b>773,106</b>	<b>--</b>	<b>--</b>
<b>Extraordinary Item</b>										
Disaster Costs	--	--	--	--	--	--	(14,728,475)	(4,020,240)	(323,858)	(402,390)
<b>Total Extraordinary Item</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(14,728,475)</b>	<b>(4,020,240)</b>	<b>(323,858)</b>	<b>(402,390)</b>
<b>Net Change in Fund Balances</b>	<b>\$(104,514,863)</b>	<b>\$(9,635,790)</b>	<b>\$(11,286,633)</b>	<b>\$(119,965,635)</b>	<b>\$ 6,445,489</b>	<b>\$ 25,360,496</b>	<b>\$ 13,524,307</b>	<b>\$ (13,631,817)</b>	<b>\$ (32,082,965)</b>	<b>\$ 26,612,810</b>
Debt Service as a Percentage of Noncapital Expenditures	10.7%	10.1%	10.3%	10.7%	11.9%	14.6%	12.3%	12.7%	12.5%	11.7%

Note: The changes in fund balances are explained in Management's Discussion and Analysis.



**CITY OF RICHMOND, VIRGINIA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Real Estate	\$ 123,180,174	\$ 130,504,242	\$ 139,920,593	\$ 151,824,518	\$ 159,003,009	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	
Sales-1% Local	25,190,141	25,685,234	24,977,517	22,202,874.00	20,123,954	24,067,131	26,302,100	27,116,326	31,019,396	
Sales - State Distribution	16,740,743	-	-	-	-	-	-	-	-	
Sales Tax for Education	-	-	-	-	-	-	-	-	-	
Personal Property	39,276,463	42,335,471	42,719,428	42,133,029.00	41,488,407	41,918,417	45,091,878	43,819,129	42,147,896	
Machinery and Tools	14,444,052	19,166,096	18,208,204	17,010,104.00	15,674,402	14,831,660	14,618,256	14,729,382	13,165,608	
General Utility Sales	26,359,565	27,508,352	32,327,821	32,439,687.00	32,415,856	30,272,507	31,124,964	30,413,522	31,586,945	
Bank Stock	3,713,414	4,005,723	5,135,665	5,161,545.00	2,854,562	2,362,154	2,904,338	2,891,777	3,085,172	
Prepared Food	12,441,463	13,323,757	13,337,315	13,294,593.00	13,111,219	14,548,707	16,028,083	17,404,622	23,154,114	
Lodging Tax	2,226,264	555,107	1,049,342	-	-	-	-	-	5,272,618	
Admission	1,118,259	1,306,473	1,423,044	1,391,847.00	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	
Delinquent Tax Payments-All Classes	4,501,450	6,736,271	7,892,623	7,956,401.00	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	
Private Utility Poles and Conduits	90,911	91,154	91,814	91,538.00	93,137	93,506	150,549	94,894	95,067	
Penalties and Interest	2,804,374	3,293,668	3,990,062	4,450,781.00	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	
Titling Tax-Mobile Home	9,305	33,980	19,726	10,345.00	10,402	7,324	16,942	7,197	5,800	
State Recordation	1,222,211	693,905	727,681	702,350.00	675,810	605,153	609,343	749,102	843,137	
Property Rental 1%	-	-	-	-	236,383	158,960	120,684	144,979	136,469	
Vehicle Rental Tax	798,259	584,372	926,150	730,303.00	955,513	868,115	864,415	752,941	1,004,229	
ABC Board Receipts	-	-	-	-	400,770	-	-	-	-	
Rolling Stock Tax	-	-	-	-	33,591	-	-	-	-	
Telephone Commissions	-	-	-	-	-	547,411	466,562	356,249	416,003	
<b>Total General Governmental Tax Revenues</b>	<b>\$ 274,117,048</b>	<b>\$ 285,002,918</b>	<b>\$ 292,646,985</b>	<b>\$ 299,399,915</b>	<b>\$ 306,292,416</b>	<b>\$ 317,204,260</b>	<b>\$ 334,498,995</b>	<b>\$ 350,466,022</b>	<b>\$ 409,441,193</b>	



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

Calendar Year	Real Property		Personal Property	Machinery & Tools	Tax Exempt Real Property	Total Taxable Assessed Value	Tax Rate Per \$100 of Assessed Value		Machinery & Tools	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					Real Property	Personal Property			
1998	\$ 5,078,635,472	\$ 5,961,876,424	\$ 1,338,184,516	\$ 657,256,317	\$ 2,049,790,645	\$ 10,986,162,084	1.43	\$ 2.30	\$ 10,986,162,084	100.00%	
1999	5,173,535,701	6,073,281,040	1,360,589,993	809,994,254	2,006,465,050	11,410,935,938	1.43	2.30	11,410,935,938	100.00%	
2000	5,408,964,656	6,349,654,161	1,457,324,132	829,049,430	2,240,265,650	11,804,726,729	1.43	2.30	11,804,726,729	100.00%	
2001	5,745,580,736	6,744,788,690	1,478,905,318	821,122,856	2,210,297,652	12,580,079,947	1.41	2.30	12,580,079,947	100.00%	
2002	6,473,254,985	7,599,038,460	1,507,088,801	790,901,800	2,892,351,707	13,477,932,339	1.39	2.30	13,477,932,339	100.00%	
2003	7,396,450,777	8,358,905,035	1,393,327,487	678,681,056	3,103,519,875	14,723,744,480	1.38	2.30	14,723,744,480	100.00%	
2004	7,930,422,754	8,649,174,035	1,172,806,822	631,645,652	3,344,887,395	15,039,161,868	1.38	2.30	15,039,161,868	100.00%	
2005	9,448,941,200	9,291,733,951	1,330,154,149	670,556,827	3,661,451,800	17,079,934,327	1.33	2.30	17,079,934,327	100.00%	
2006	10,739,603,660	9,246,483,112	1,522,890,436	637,469,276	3,914,052,202	18,232,384,282	1.29	2.30	18,232,384,282	100.00%	
2007	12,273,304,550	11,495,448,724	1,418,934,404	647,387,014	4,726,230,820	21,108,843,872	1.23	2.30	21,108,843,872	100.00%	

Source: Assessor's Office





**CITY OF RICHMOND, VIRGINIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 2007 Assessed Values as of January 1, 2007

		2007			1998		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>
Philip Morris, Inc. & Philip Morris, USA	\$ 384,757,300	2.02%	1	Philip Morris, Inc. & Philip Morris, USA	\$ 214,058,100	2.38%	1
Hines Riverfront Plaza LP	255,200,000	1.34%	2	Boston Properties	153,000,000	1.70%	2
James Center Property LLC	186,737,000	0.98%	3	Crestar Bank	125,672,500	1.40%	3
SunTrust Bank	181,534,700	0.95%	4	Federal Reserve Bank of Richmond	84,000,000	0.93%	4
Chippenharn Hospital, Inc	114,976,300	0.60%	5	NationsBank	68,666,400	0.76%	5
Dominion Resources, Inc	107,631,400	0.57%	6	One James Center Associates	63,570,000	0.71%	6
Federal Reserve Bank of Richmond	95,498,200	0.50%	7	Ethyl Corporation	63,168,920	0.70%	7
Riverside Owner LLC	80,830,000	0.42%	8	Chippenharn Hospital, Inc	57,017,500	0.63%	8
Story Point Fashion Park Associates LLC	78,388,000	0.41%	9	AAPOP, LLP	50,000,000	0.56%	9
Ethyl Corporation	70,473,200	0.37%	10	Two James Center Associates	49,900,000	0.56%	10
First States Invest 3500 LLC	60,402,000	0.32%	11	Dominion Resources Inc	45,000,000	0.50%	11
Media General	48,691,000	0.26%	12	Alleghany Warehouse Co, Inc	35,074,000	0.39%	12
AAPOP I LP	47,219,000	0.25%	13	ARC Imperial Services	33,540,000	0.37%	13
Robins A H Co, Inc	45,916,700	0.24%	14	S J W Limited Partnership	25,310,000	0.28%	14
American Retirement Corp	44,975,000	0.24%	15	Comm Research & Development Group	21,201,500	0.24%	15
Alleghany Warehouse Co, Inc	38,054,400	0.20%	16	Marriott Corporation	20,243,000	0.23%	16
SJW Limited Partnership	38,565,000	0.20%	17				
<b>Total of Taxpayer</b>	<b>1,879,849,200</b>	<b>9.87%</b>		<b>Total of Taxpayer</b>	<b>1,109,421,920</b>	<b>12.34%</b>	
<b>All Other Properties</b>	<b>17,162,673,254</b>	<b>90.13%</b>		<b>All Other Properties</b>	<b>7,881,299,331</b>	<b>87.66%</b>	
<b>Totals</b>	<b>\$ 19,042,522,454</b>	<b>100.00%</b>		<b>Totals</b>	<b>\$ 8,990,721,251</b>	<b>100.00%</b>	

Source: City's Real Estate Assessor



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

	2007			1998		
	Approximate Number of Employees	Percentage of Principal Employment	Rank	Approximate Number of Employees	Percentage of Principal Employment	Rank
Commonwealth of Virginia	26,463	14.44%	1	26,000	33.48%	1
Federal Government	15,100	8.24%	2	9,133	11.76%	2
Chesterfield County	10,826	5.91%	3	8,000	10.30%	3
Henrico County	10,124	5.52%	4	4,414	5.68%	4
Richmond City	8,940	4.88%	5	4,069	5.24%	5
HCA, Inc.	7,719	4.21%	6	3,938	5.07%	6
Capital One Financial Corp	7,389	4.03%	7	3,036	3.91%	7
Virginia Commonwealth University Health System	6,990	3.81%	8	2,965	3.82%	8
Philip Morris, USA	6,100	3.33%	9	2,950	3.80%	9
Wal-mart Stores, Inc.	5,862	3.20%	10	2,600	3.35%	10
Wachovia Corporation	5,349	2.92%	11	1,850	2.38%	11
Dominion Resources Inc	5,114	2.79%	12	1,631	2.10%	12
Bon Secours Richmond Health System	5,021	2.74%	13	1,514	1.95%	13
Hanover County	3,960	2.16%	14	1,400	1.80%	14
Sun Trust Banks, Inc.	3,674	2.00%	15	1,400	1.80%	15
Ukrop's Super Markets Inc	3,563	1.94%	16	1,153	1.48%	16
DuPont	3,200	1.75%	17	984	1.27%	17
Bank of America Corp	3,100	1.69%	18	617	0.79%	18
<b>Total of Principal Employers</b>	<b>138,494</b>	<b>75.56%</b>		<b>77,654</b>	<b>100.00%</b>	
Other Principal Employers <sup>1</sup>	44,803	24.44%		-	-	
<b>Totals</b>	<b>183,297</b>	<b>100.00%</b>		<b>77,654</b>	<b>100.00%</b>	

**Other Principal Employers :** These numbers represent the amount and percentage of the remaining top 50 employers for the citizens within the Richmond Metropolitan Statistical Area.

<sup>1</sup>Information was not available for 1998.

Source: Richmond Times-Dispatch



**CITY OF RICHMOND, VIRGINIA  
REAL ESTATE TAX LEVIES AND COLLECTIONS  
Last Ten Years**

Tax Year	Tax Rate	Total Tax Levy	Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1998	1.43	\$ 129,118,215	\$ 125,300,720	97.0%	\$ 2,107,690	\$ 127,408,410	98.7%
1999	1.43	132,833,908	128,308,498	96.6%	1,451,563	129,760,061	97.7%
2000	1.43	136,171,412	131,041,226	96.2%	7,940,112	138,981,338	102.1%
2001	1.41	147,235,718	139,820,593	95.0%	4,336,433	144,157,026	97.9%
2002	1.39	162,359,912	153,719,867	94.7%	5,221,188	158,941,055	97.9%
2003	1.38	175,100,400	165,330,253	94.4%	9,488,935	174,829,188	99.8%
2004	1.38	184,806,582	179,024,489	96.9%	7,715,852	186,740,341	101.0%
2005	1.33	201,274,826	191,839,265	95.3%	7,619,922	199,459,187	99.1%
2006	1.29	214,819,901	206,416,778	96.1%	6,901,572	213,318,350	99.3%
2007	1.23	224,815,976	218,210,831	97.1%	5,696,407	223,907,238	99.6%

Source: City of Richmond - Department of Finance

**CITY OF RICHMOND, VIRGINIA  
PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Years**

Tax Year	Tax Rate	Total Tax Levy	Current Tax Collections <sup>1</sup>		Delinquent Tax Collections <sup>2</sup>	Total Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1998	3.70	\$ 43,833,317	\$ 40,399,621	92.2%	\$ 3,038,805	\$ 43,438,426	99.1%
1999	3.70	43,204,634	39,211,559	90.8%	3,577,421	42,788,980	99.0%
2000	3.70	48,336,851	43,201,233	89.4%	4,865,852	48,067,085	99.4%
2001	3.70	50,255,928	42,719,428	85.0%	5,835,595	48,555,023	96.6%
2002	3.70	49,798,693	42,133,029	84.6%	4,985,632	47,118,661	94.6%
2003	3.70	45,967,435	41,662,589	90.6%	3,504,544	45,167,133	98.3%
2004	3.70	43,892,886	42,080,193	95.9%	2,596,456	44,676,649	101.8%
2005	3.70	43,410,392	43,739,697	100.8%	3,326,636	47,066,333	108.4%
2006	3.70	45,328,852	43,230,723	95.4%	5,056,628	48,287,352	106.5%
2007	3.70	46,251,490	44,112,841	95.4%	4,805,114	48,917,955	105.8%

**Current Tax Collections<sup>1</sup>:** These columns represent the amount and percentage on the tax levy within the respective tax year reporting period.  
**Delinquent Tax Collections<sup>2</sup>:** This column represents delinquent taxes collected within the respective reporting period.

Source: City of Richmond - Department of Finance





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

Fiscal Year	Governmental Activities					Business-Type Activities					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation 2001A	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government			
1998	\$ 259,675,407	\$ 4,359,845	\$ 28,332,974	\$ 5,065,000	\$ -	\$ 5	\$ 314,402,449	\$ 138,328,925	\$ 750,162,600	14.21%	3,897	
1999	287,165,620	4,359,845	28,579,221	6,760,000	-	5	307,659,579	145,608,624	780,152,889	14.57%	4,078	
2000	330,677,656	4,140,564	28,146,923	7,495,000	-	5	294,081,149	151,520,200	816,061,492	13.84%	4,126	
2001	328,958,449	3,921,755	21,666,666	6,985,000	-	18,840,000	342,554,106	128,453,301	851,379,277	13.53%	4,311	
2002	350,618,669	3,703,159	12,983,333	6,475,000	-	18,840,000	284,116,304	264,061,852	940,798,317	14.60%	4,791	
2003	376,693,205	3,483,946	5,290,000	6,765,000	-	18,840,000	278,982,829	260,504,754	950,559,734	14.26%	4,870	
2004	418,075,775	3,263,521	1,820,000	6,125,000	-	18,225,000	270,503,062	256,891,626	974,903,984	13.49%	5,027	
2005	392,957,068	3,042,389	7,000,000	5,595,000	-	17,585,000	259,195,982	320,815,598	1,006,191,037	13.23%	5,193	
2006	376,095,157	2,820,514	5,600,000	5,020,000	12,100,000	16,920,000	246,092,420	320,513,843	985,161,934	N/A	5,107	
2007	387,222,408	2,597,288	4,700,000	4,465,000	11,555,580	16,230,000	234,580,147	414,194,548	1,075,544,971	N/A	N/A	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

Fiscal Year	Governmental Activities					Business-Type Activities					Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation 2001A	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government			
1998	\$ 259,675,407	\$ 4,359,845	\$ 28,332,974	\$ 5,065,000	\$ -	\$ 5	\$ 314,402,449	\$ 138,328,925	\$ 750,162,600	2.71%	1,545	
1999	287,165,620	4,359,845	28,579,221	6,760,000	-	5	307,659,579	145,608,624	780,152,889	2.86%	1,709	
2000	330,677,656	4,140,564	28,146,923	7,495,000	-	5	294,081,149	151,520,200	816,061,492	3.14%	1,873	
2001	328,958,449	3,921,755	21,666,666	6,985,000	-	18,840,000	342,554,106	128,453,301	851,379,277	3.02%	1,926	
2002	350,618,669	3,703,159	12,983,333	6,475,000	-	18,840,000	284,116,304	264,061,852	940,798,317	2.91%	1,999	
2003	376,693,205	3,483,946	5,290,000	6,765,000	-	18,840,000	278,982,829	260,504,754	950,559,734	2.79%	2,106	
2004	418,075,775	3,263,521	1,820,000	6,125,000	-	18,225,000	270,503,062	256,891,626	974,903,984	2.98%	2,308	
2005	392,957,068	3,042,389	7,000,000	5,595,000	-	17,585,000	259,195,982	320,815,598	1,006,191,037	2.50%	2,199	
2006	376,095,157	2,820,514	5,600,000	5,020,000	12,100,000	16,920,000	246,092,420	320,513,843	985,161,934	2.30%	2,170	
2007	387,222,408	2,597,288	4,700,000	4,465,000	11,555,580	16,230,000	234,580,147	414,194,548	1,075,544,971	2.02%	N/A	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.



**CITY OF RICHMOND, VIRGINIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**

	Fiscal Year										
	1998	1999	2000	2001	2002	2003	2004	2005	2005	2006	2007
Debt Limit	\$ 889,072,125	\$ 924,035,169	\$ 947,995,253	\$ 1,028,005,177	\$ 1,117,994,174	\$ 1,196,677,008	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 1,904,252,245
Total net applicable to limit	576,663,610	650,789,848	678,232,520	629,602,521	681,368,153	689,578,088	738,231,520	665,384,668	635,988,545	633,857,964	633,857,964
Legal Debt Margin	\$ 322,408,515	\$ 273,245,321	\$ 269,762,733	\$ 398,402,656	\$ 436,626,021	\$ 507,098,920	\$ 587,614,219	\$ 822,538,667	\$ 1,029,282,007	\$ 1,270,394,281	\$ 1,270,394,281
Total net debt applicable to the limit as a percentage of debt limit	64.14%	70.43%	71.54%	61.25%	60.95%	57.62%	55.68%	45.45%	38.19%	33.29%	33.29%

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed Value (Taxable)	\$ 19,042,522,454
Debt limit (10% of total assessed value)	1,904,252,245
Debt applicable to limit:	
General Obligation Bonds	633,857,964
Legal Debt Margin	\$ 1,270,394,281

Source: City of Richmond - Department of Finance



**CITY OF RICHMOND, VIRGINIA  
PLEDGED-REVENUE COVERAGE  
Last Ten Years**

Fiscal Year	Gross Revenue	Less: Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 191,538,000	\$ 142,658,000	\$ 48,880,000	\$ 10,757,962	\$ 22,249,280	\$ 33,007,242	1.48
1999	185,353,000	133,333,000	52,020,000	9,540,395	23,621,157	33,161,552	1.57
2000	199,211,000	148,082,000	51,129,000	9,783,218	22,590,361	32,373,579	1.58
2001	250,206,000	202,824,000	47,382,000	11,369,282	20,070,628	31,439,910	1.51
2002	222,446,000	174,450,000	47,996,000	9,089,518	21,153,721	30,243,239	1.59
2003	257,454,000	199,971,000	57,483,000	18,358,000	20,795,000	39,153,000	1.47
2004	280,923,000	216,656,000	64,267,000	18,456,000	20,606,000	39,062,000	1.65
2005	318,975,000	252,034,000	66,941,000	22,143,000	25,151,000	47,294,000	1.42
2006	362,023,688	292,267,371	69,756,317	23,620,146	23,431,845	47,051,991	1.48
2007	339,886,000	268,852,000	71,034,000	20,940,000	22,339,000	43,279,000	1.64

**Debt Service Coverage Covenant**

Net Revenues and Balances Available for the Payment of Debt Service will be at least 1.15 times the Debt Service Requirement in each Fiscal Year

Source: City of Richmond - Department of Public Utilities



**CITY OF RICHMOND, VIRGINIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Years**

Fiscal Year	Population(1)	Personal Income (Amounts expressed in thousands)	Per Capita Personal Income(2)	Median Age	School Enrollment(3)	Unemployment	
						City Rate(5)	State Rate(5)
1998	192,500	\$ 5,280,853	27,433	N/A	27,621	3.8%	2.8%
1999	191,300	\$ 5,353,531	27,985	N/A	27,332	3.3%	2.7%
2000	197,790	\$ 5,895,329	29,806	N/A	27,237	2.6%	2.3%
2001	197,484	\$ 6,291,248	31,857	N/A	26,840	4.2%	3.2%
2002	196,387	\$ 6,442,083	32,803	N/A	26,136	5.7%	4.2%
2003	195,200	\$ 6,664,323	34,141	37.5	25,266	5.8%	4.1%
2004	193,915	\$ 7,228,957	37,279	36.7	25,054	5.6%	3.7%
2005	193,777	\$ 7,604,778	39,245	35.9	24,726	5.2%	3.5%
2006	192,913	\$ 7,294,041	37,810	35.4	24,247	4.5%	3.0%
2007	192,490	\$ 7,052,449	36,638	34.0	23,987	4.3%	3.0%

(1) Source: U.S. Census Bureau, Population Estimates Program  
 (2) Source: U.S. Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis  
 (3) Source: The School Board of the City of Richmond, Virginia, Fall Membership collected on September 30th.  
 (5) Source: Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics



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

Function	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>					
General Government	553	554	583	502	650
Public Safety and Judiciary					
Police	793	846	905	982	979
Firefighters and Officers	241	416	423	426	425
Others	652	671	690	658	588
Highways, Streets, Sanitation and Refuse					
Engineering & Maintenance	540	521	532	551	538
Human Services					
Human Services Advocacy	28	21	37	47	26
Social Services	465	461	466	411	455
Public Health	98	104	112	0	0
Culture and Recreation	283	247	266	235	295
Transportation	8	8	7	5	0
<b>Business-type Activities:</b>					
Gas Utility	333	314	304	213	320
Water Utility	92	90	81	214	101
Wastewater Utility	100	98	90	61	108
Electric Utility	21	19	18	32	15
Stores and Transportation Division	14	14	13	11	12
Coliseum	25	25	25	28	25
Landmark Theatre	9	7	7	0	5
Cemeteries NCO	22	18	18	21	20
<b>Total</b>	<b>4,277</b>	<b>4,434</b>	<b>4,577</b>	<b>4,397</b>	<b>4,562</b>

Source: Various City departments

Note: Data not available for pre-GASB 34 implementation years.





**CITY OF RICHMOND, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Five Fiscal Years**

Function	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>					
Police					
Physical Arrests	14,252	15,911	17,536	17,034	19,210
Parking Violations	96,079	101,813	103,594	19,455	73,335
Traffic Violations	23,150	21,224	30,516	22,474	25,047
Fire					
Number of calls answered	25,817	28,258	30,956	31,746	28,234
Inspections	2,774	3,662	1,853	2,104	2,660
Highways and Streets					
Street resurfacing (miles)	95	82	70	102	85
Potholes repaired	14,833	12,167	21,011	10,691	7,500
Sanitation and Refuse					
Refuse collected (tons/day)	317	307	N/A	338	293
Recyclables collected (tons/day)	40.8	39.2	38.3	37.3	35.2
Culture and Recreation					
Parks permits issued	505	482	539	610	584
<b>Business-type Activities:</b>					
Gas					
Maximum daily sendout (MCF)	162,574	151,823	163,129	129,755	151,996
Annual Sendout (MCF)	19,168,315	17,952,764	18,500,224	16,620,288	16,551,672
Water					
Average daily consumptions (MGD)	77.6	88.2	74.8	66.8	63.1
Maximum daily consumptions (MCD)	127.3	104.7	94.8	98.0	98.3
Water in Storage (gallons)	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Wastewater					
Average daily sewage treatment (MGD)	53.7	59.8	64.0	51.1	59.2
Maximum daily sewage treatment (MGD)	78.3	85.0	85.0	83.0	84.0
Coliseum					
Average daily attendance per activity	1,010	1,013	883	921	1,220
Average daily number of events	0.35	0.37	0.33	0.38	0.29
Landmark Theatre					
Total tickets sold for all activities	145,296	141,726	129,598	140,097	150,596
Total attendances for all activities	217,171	202,645	221,602	220,615	180,155
Cemeteries					
Number of interments	1,079	1,080	1,050	973	777
Number of lot sales	20	24	22	17	23
Number of single grave sales	688	700	646	382	664
Number of foundations	645	649	637	627	525

Note: Data not available for pre-GASB 34 implementation years

Source: Various City departments



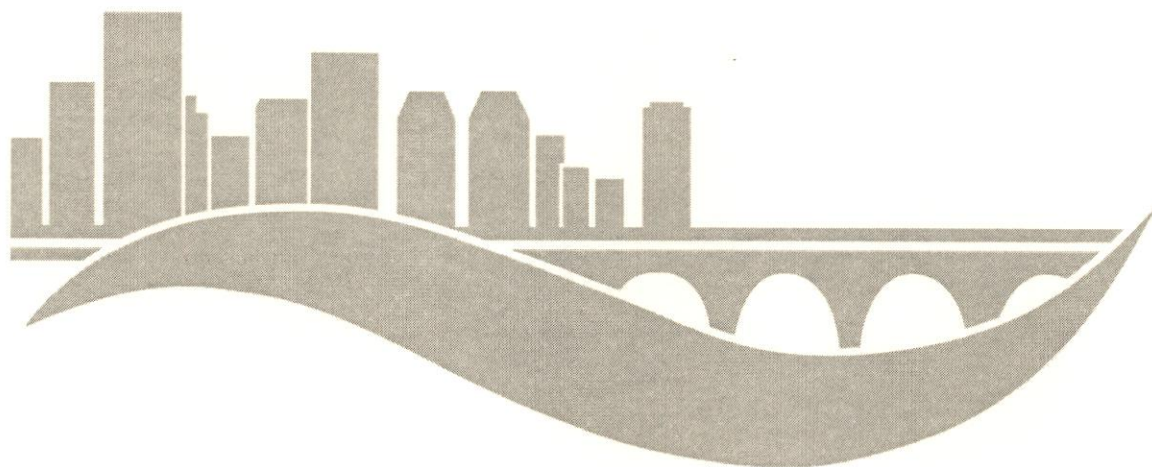
**CITY OF RICHMOND, VIRGINIA  
CAPITAL ASSETS STATISTICS BY FUNCTION  
Last Five Fiscal Years**

Function	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police					
Stations	7	7	7	7	10
Patrol Units	133	132	128	232	222
Fire					
Stations	20	20	20	20	20
Fire trucks	46	46	46	46	55
Highways and Streets					
Streets (miles)	1,867	1,867	1,865	1,857	1,865
Streetlights	32,977	33,063	33,184	32,900	33,188
Traffic Signals	453	456	460	502	511
Sanitation and Refuse					
Collection Trucks	N/A	33	38	45	38
Culture and Recreation					
Parks acreage	2,801	2,801	2,801	2,807	2,805
Parks	58	58	58	67	71
Baseball/Softball Diamonds	54	54	54	55	48
Athletic Fields	25	25	25	27	31
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1
Swimming Pools	10	9	9	9	9
Tennis Courts	141	141	138	138	130
Community Centers	18	18	18	24	24
Theatres	2	2	2	2	1
Coliseums	1	1	1	1	1
Gas					
Miles of Service Lines	1,766	1,777	1,796	1,818	1,850
Number of Gate Stations	8	8	8	8	8
Water					
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	12	12	13	13	12
Wastewater					
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	42	42	47	47	47
Sewer Pumping Stations	3	3	3	3	5

Note: Data not available for pre-GASB 34 implementation years

Source: Various City departments









## ACKNOWLEDGEMENTS

This report was prepared by the City of Richmond Department of Finance under the direction of Harry Black, CFO, and Director of Finance and Michael Terry, Deputy Director of Finance. It was prepared under the leadership of Kellie High-Foster, MPA, Acting Controller and Vera Pleasants, MBA, Assistant Controller and RSM McGladrey with assistance from:

Byron Coleman	Beverly Harris	Jeffrey Hamer
Yolanda Booker, CGFM	Sonya Howell	Jeannine McConnell, MBA
Paul Bowers, CPA, MBA	Michael Hulsey	Shaneya Chisley, MBA
Ramona Pankey	Betty Johnson	Shanna Taylor
James P. Duval, Jr	Carlton Johnson	David Severin
Kevin Ervin	Michael Johnson	Denise Short
Ronald English	Eunice Lee	Wayne Lassiter
David Porter	Frank Lomax	George Spires
Marcellus Grooms	David Mack, CGFM	Cheryl Stewart
Monica Chambers, CPA	LaToya Jones, MBA	Glenda Taylor
Danielle Clarke, MBA	Royce McCargo	Ron Bergman

The Department of Finance wishes to express its appreciation to all City of Richmond Departments, component units of the City, and other related organizations, for their cooperation and assistance. We extend a special thanks to the City's General Services Department for printing this document.

Additional copies of this report may be viewed on the City's website at [www.richmondgov.com](http://www.richmondgov.com) or by writing to:

City of Richmond, Department of Finance  
900 E. Broad Street, 10<sup>th</sup> Floor  
Richmond, Virginia 23219

