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*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*



FOR THE FISCAL YEAR ENDED JUNE 30, 2009



CITY OF RICHMOND, VIRGINIA

CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2009



MAYOR
Dwight C. Jones

ACTING DEPUTY CHIEF ADMINISTRATIVE OFFICER AND
CHIEF FINANCIAL OFFICER AND DIRECTOR OF FINANCE
Michael W. Terry

DEPUTY DIRECTOR OF FINANCE
AND ACTING CITY CONTROLLER
Michael W. Terry

CITY COUNCIL

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President
Ellen F. Robertson
Vice President

Douglas G. Conner, Jr.
Chris A. Hilbert
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Betty L. Squire
Reva M. Trammell
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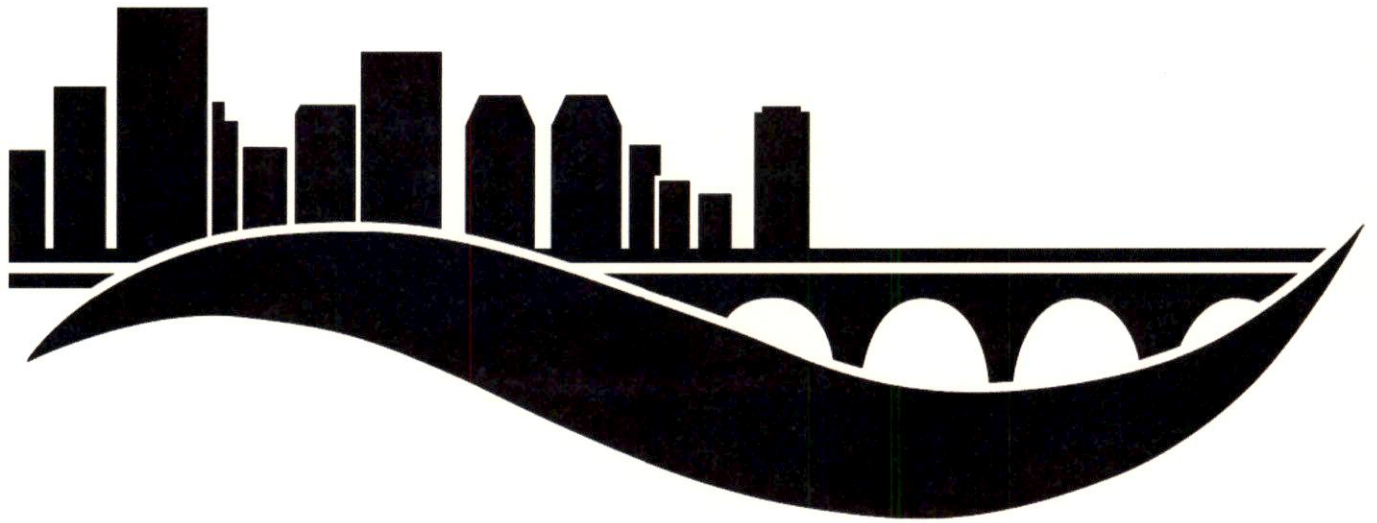
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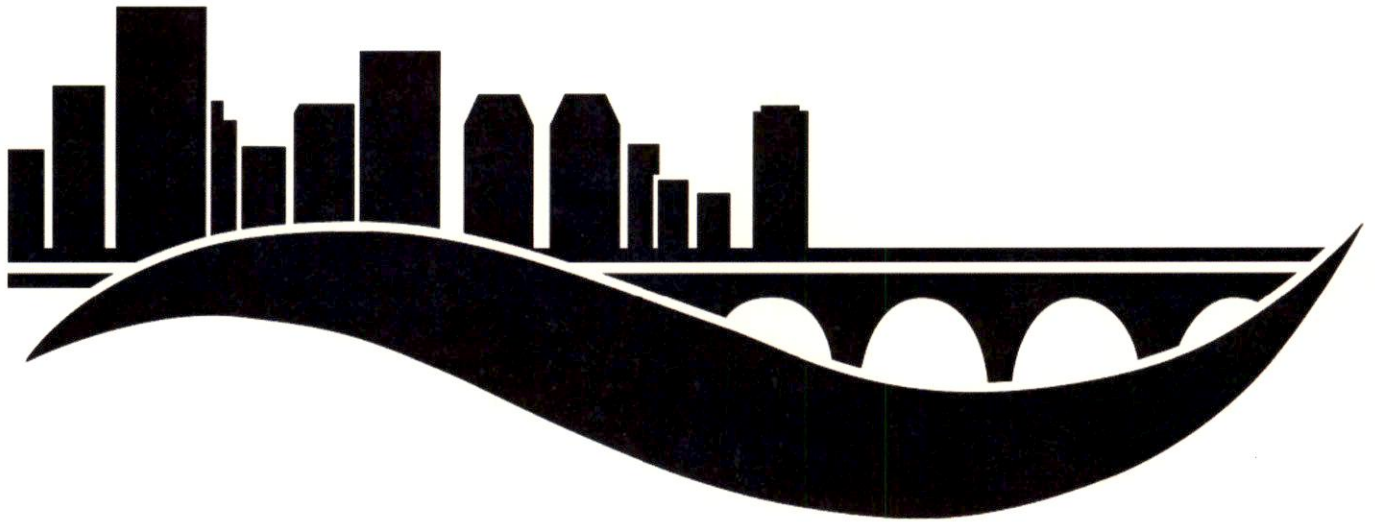
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City of Richmond



DWIGHT C. JONES
MAYOR

November 19, 2009

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, 2009 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 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, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. It occupies 62.55 square miles and serves a population of 202,002 as of the 2008 U.S. Census estimate. 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 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's gas, water and wastewater utilities are regional providers of services to customers in the City, as well as in the surrounding counties.

On January 1, 2005, 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

member of the House of Delegates, Dwight C. Jones was elected at large for a four-year term in November 2008. 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 to serve four year terms. 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, City Auditor, and City Attorney, who is the legal advisor to the Council, 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 Richmond Ambulance Authority, Port of Richmond Commission, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, Broad Street Community Development Authority, Advantage Richmond Corporation, and School Board of the City of Richmond (School Board).

The School Board is elected by popular vote from nine districts having the same boundaries as the City Council districts. The School Board has no taxing powers. Under the statutes of the Commonwealth of Virginia, all operations of the School Board are independent of the Council's oversight; however, the Council must make an annual appropriation in support of the School Board's operation. The appropriation may be in one total amount or by the following categories of expenditures: (i) instruction, (ii) administration, attendance and health, (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other non-instructional operations, (v) debt and fund transfers, and (vi) contingency reserves. The Council has no authority to control the expenditure of the appropriation. Debt is issued by the City to support the School Board's capital expenditures.

The Richmond Public Schools serve approximately 24,000 students who reside in the Richmond metropolitan area, representing the region's diverse socioeconomic mix. Richmond Public Schools is comprised of 28 elementary schools (with four annex buildings); 9 middle schools; 5 comprehensive high schools; 3 specialty high schools (Franklin Military, Open and Richmond Community); 2 schools serving students with exceptional needs (Amelia Street and Preschool Development Center); 2 programs for students with exceptional needs (REAL located at Henderson MS and Thirteen Acres located at Clark Springs ES); and 3 career and technical education, and alternative education schools and programs (Adult Career Development Center (ACDC), the Richmond Technical Center (RTC), and the Capital City Program (CCP)).

Local Economy and Economic Vitality

Richmond is the capital of Virginia and is centrally located in the state. The Capital City's diverse economic base, consisting of manufacturing, research and development, retail, services, distribution, banking, and state government, contributes to the positive business environment. Strategically located at the intersection of I-95 and I-64 and at the midpoint of the east coast, Richmond has many transportation advantages, including the Port of Richmond, Richmond International Airport (RIC) and passenger and freight rail service. Main Street Station is positioned as the southern terminus to the northeast corridor and will serve as the eventual connection point to the southeast rail corridor.

Richmond's desirable geographic location has positioned the City as a focal point of economic development along the east coast. The presence of the Commonwealth's main state offices, as well as several institutions of higher education including Virginia Commonwealth University, Virginia Commonwealth University Health System, Virginia Union University, and the University of Richmond, adds to the business diversity. Richmond is home to the Fifth District Federal Reserve Bank and the Fourth Circuit U.S. Court of Appeals. There are eight Fortune 1000 Companies in the Greater Richmond area which have added to the City's competitive advantages. These competitive advantages and the diversity of the labor force and business community have helped Richmond weather the downturn in the national economy experienced during the past fiscal year.

The City is currently undertaking a Comprehensive Economic Development Strategy (CEDS) planning effort, which will be an important tool for preparing Richmond for the next wave of growth and development as the economy recovers. The Administration is also seeking a redevelopment strategy for the Shockoe Bottom area, in order to best position the area around Main Street Station for the planned pursuit of high speed rail into Richmond from the northeast rail corridor.

At the end of the fiscal year, the City of Richmond experienced an unemployment rate of 10.8 percent; the national average was 9.5 percent. While the unemployment rate in Richmond was higher than the national average, it has increased substantially less by proportion than other major urban centers, including those in the region. The employment base remains diverse, anchored by the offices of the Commonwealth of Virginia, and VCU, the state's largest university. In the private sector, health care is responsible for more than seven percent of employment, and the bulk of the city's workforce is employed in an array of industries, with a very strong presence in professional and technical services, and executive management. More than half of the regions 50 largest employers are located in the city. These companies have not cut numbers to the extent of those in the surrounding counties.

Similar diversity can be seen in the City's tax base. The top 25 taxpayers are responsible for only approximately 12 percent of the City's total tax revenues, and are spread across a wide array of industries, including manufacturing, energy, banking, professional and creative services, and many others. While consumer spending has slowed across the country, the contraction in Richmond has been less pronounced. In addition, property values remain relatively stable, with the average sales price of homes staying well above the \$200,000 mark throughout the economic downturn. The residential foreclosure rate in the Richmond market is only 0.17 percent, well below the Virginia (0.20 percent) and National (0.28 percent) averages.

On the national front, 40 percent of U.S. banks continued to tighten credit standards through the fiscal year and construction loan delinquencies exceeded 17 percent. Limited access to capital slowed commercial spending, new development and business locations and expansions. The local commercial real estate market experienced vacancy rates of 6.6 percent for retail property and 15.6 percent for office property. In the central business district (CBD), Class A office space vacancy was 13 percent and was heavily impacted by the relocation of the Wachovia Securities headquarters to St. Louis.

Despite the economic challenges, multiple development, rehabilitation, retention and attraction projects were completed or under construction this past fiscal year. These projects included the Hilton Garden Inn and Residences at Miller & Rhoads, Richmond Center Stage, the MeadWestvaco corporate headquarters, the Williams Mullen Tower by Armada Hoffer, Bow-Tie Cinemas Movieland at Boulevard Square, Universal Leaf, HandCraft Services and the Spottswood R. Robinson, III and Robert R. Merhige, Jr. United States Courthouse. The capital investment in these projects exceeded \$470 million and approximately 1,000 jobs were created or retained. In addition to these projects, over 100 businesses, employing 500 people and investing more than \$16 million, benefited from neighborhood development programs. The significance of this continued development is that it comes despite the slower economic markets, credit tightening, and vacancy rates.

As an endorsement to the Richmond area's positive business climate and many assets, the following accolades were received during fiscal year 2009:

- **Carytown** was named the **South's ninth best shopping neighborhood** by *Southern Living*;
- **The fifth best metro center for business** by Dow Jones MarketWatch;
- **North America's 9th best small city and 4th best in foreign direct investment strategy** by *Foreign Direct Investment (fDi) Magazine's* North American Cities of the Future 2009/10;
- **One of the 20 best cities of its size for young professionals to live and work** by Next Generation Consulting;
- **The sixth-best place in the nation to start over** in a study by Manpower reported in *BusinessWeek*;
- **One of the nation's 40 best places for business and careers** among the 200 largest metro areas by *Forbes*;
- **A top 10 city for finding a job in 2009** in a study by Ajilon Professional Staffing reported in *Forbes.com*;
- **The ninth best city for women**, by *WomenCo.com*; and
- **One of the nation's seven top cities for trail runners** by *Trail Runner*.

Major Initiatives

The City of Richmond is a full-service city, providing police, fire and emergency management services, street and sidewalk management, refuse collection, landfill operation, recreation programs, parks management, libraries, planning and community development, social services, justice services (juvenile and adult), and jail and juvenile detention home operations. The City also operates several public utilities, operated as enterprise funds: water, wastewater, natural gas, streetlights, and a new stormwater utility. In addition, the City shares in the funding for such key services as housing, health, and mental health, mental retardation and substance abuse services.

In the first six months of the term of Mayor Dwight C. Jones, the City put a strong emphasis on its finances. The Mayor worked collaboratively with City Council to plot a course towards improving its financial standing - even in the face of the worst economy since the Great Depression. It has often been said that challenges provide opportunities.

A priority was placed on closing the FY 2009 year strong, with balances intact. City officials and employees at all levels were charged to find efficiencies and implement them immediately. Small changes were made, such as purchases of lower-priced commodities (paper and supplies), and moving away from desk-top printers. Larger measures were also implemented, such as non-essential personnel hiring freezes. But at all levels, employees were challenged to "watch the pennies."

The Mayor and City Council have agreed to strive for a AAA bond rating. This is not a task for the faint of heart, nor will it be an overnight accomplishment; however, focusing on a goal is the only way to begin to achieve it. The Mayor committed to protecting the City's fund balance, and indeed, City Council has supported this effort every step of the way.

Even in the face of economic constraints, the City government has rallied with several accomplishments:

Community Development

The Downtown Plan was completed during the FY 2009 year, and it was adopted unanimously in July 2009 by the City Planning Commission and the City Council. The plan received the 2009 Outstanding Plan Award from the American Planning Association. More importantly, the plan has been embraced by the community!

Smart Business Decisions

The City held one tax sale auction in May of 2009, with 17 delinquent properties generating \$128,500 in recovered revenue for the City. In addition, the City continued its management of leases for cell tower space, with four new leases and seventeen renewed leases generating almost \$1 million annually.

The City began its "Green Initiative," with an early accolade from the Virginia Municipal League for its efforts to implement specific environmental policies and practical actions that reduce carbon emissions.

In January of 2009, Mayor Jones announced the formation of the Real Estate Roundtable to enhance the coordination of the public's real estate property. Each month, representatives of fourteen public entities meet to discuss real estate projects and identify opportunities for collaboration and cooperation. Relationships formed through this group have helped a number of productive transactions, including discussion surrounding Dove Street Armory, VCU, J. Sargeant Reynolds Community College, and the Commonwealth of Virginia.

Capital Improvements

The slowing real estate market has produced opportunities for construction. Federal Stimulus money and City tax dollars can combine to produce jobs and improved infrastructure in hard financial times. The Mayor put forward his vision of improved infrastructure in his Capital Improvements program, which will pave the way for the next five years. Primary among the projects are new and renovated schools, the re-alignment of adult corrections services to expand alternative corrections and provide a humane jail, community development including implementation of the Downtown Plan, and several other improvements to City-owned infrastructure.

From top to bottom, City employees have a new spirit of collaboration and cooperation. We are intent on using our creative energies to emerge from this economic downturn well-positioned for the future.

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 has already strengthened the performance management capabilities of the City. RichmondWorks emphasizes organized, systemic collection, monitoring and analysis of performance data. Analysis is augmented by the use of technology, especially Geographic Information Systems.

Agencies and departments included in the pilot phase of RichmondWorks were the 311 Call Center, Human Services, Fleet Management, Code Enforcement, Animal Care & Control and Public Works (Operations). Phase two of RichmondWorks was implemented in the fall of 2007 and included Information Technology, Justice Services, Social Services, Human Resources and Permitting. Phase three was initiated in late 2008 and early 2009 and includes the Fire Department, Procurement Services, Economic Development, the Office of Emergency Management, Richmond Public Library and the Printing Services function in the Department of General Services. Additional departments will become involved in early 2010.

Human Services Initiatives

Early Childhood Development

Richmond's Early Childhood Development Initiative, launched in January 2007, teams with community partners on a five-point strategy to ensure Richmond children ages birth to five are healthy, well cared for and ready to succeed in school. Parenting workshops are offered in English and Spanish, with over 1,400 individuals voluntarily participating in FY 2009. Five community organizations have been trained through a newly-created *Nurturing Parenting Network* and partner with the Initiative to provide evidence-based parenting education. Parenting tips and information on services for families with young children are available through a website, messaging on the interior of GRTC "impact" buses, and over 13,500 brochures, parent kits and children's books distributed through community events and outreach displays during the year. The quality of child care is being improved through training that helps child care providers better prepare children to enter school ready to learn (548 participants in FY 2009), a quarterly newsletter for providers and creation of the "Orange Dot Collection" at the Richmond Public Library with extensive resource materials for early childhood educators. Home visiting services are being enhanced through monthly home visitor training, a home visiting directory, a home visitor work group that helps the programs coordinate their efforts, and the opening in October 2008 of the Richmond Home Visiting Referral Center to help families connect with the most appropriate home visiting service. Home visiting enrollment grew from 355 families in 2007 to 464 in June 2009.

Healthy Start and Healthy Families

The Richmond Healthy Start Initiative (RHSI) is a federally-funded program designed to eliminate racial and ethnic disparities in birth outcomes such as infant mortality, low birth weight and prematurity. In 2008, the overall infant mortality rate for Richmond City dropped from 12.4 to 10.9 per 1,000 live births and the African American rate dropped from 18.9 to 11.9 per 1,000 live births. The RHSI convenes a quarterly consortium meeting with 100+ members working to combat infant mortality. It is believed that these collaborative efforts, in addition to emphasizing early and continuous prenatal care, case management and promoting "Back to Sleep" with our target population, has helped reduce the rates. The initiative also served 118 pregnant women, 173 interconceptional women and 169 children during 2008. RHSI played a key role in the VCU School of Medicine's NIH P-60 grant which resulted in a public awareness campaign "One Tiny Reason to Quit". This campaign encourages pregnant African American women to call 1800QuitNow for assistance in quitting smoking. Also implemented were two new initiatives: "ABC's of Breastfeeding", a holistic approach to breastfeeding for urban women and "A Journey through Grief" a seven week non-traditional support group for

families dealing with the death of an infant. The RHSI project director was selected to serve on Virginia's Health Commissioner's statewide work group on infant mortality.

Healthy Families Richmond is a national program model that focuses on helping expectant and new parents get their children off to a healthy start. Program enrollees participate on a voluntary basis and receive intensive home visitation and referral services from trained staff. The program enrolls families with children under the age of three months and works with the families until their children reach three years of age. The program's target areas include the East District and Southside of the City. Strong relationships with community partners and expanded outreach efforts helped the program to increase its number of referral access points during the past year and to offer services to a greater number of families in the communities served by the program. Healthy Families Richmond served 78 families and provided 643 home visits during 2008.

Child Welfare Reform

The Department of Social Services (DSS) has been an active participant in the state's Council on Reform (CORE) for the Virginia Children Services System Transformation and has worked on the development and implementation of key state, regional, and local strategies supporting family-focused, child-centered, community-based care with a focus on permanence. Principal strategies include the establishment of a practice model, increasing the availability and utilization of relative care, and the creation of a performance monitoring/quality assurance system to measure outcomes, monitor quality, and improve accountability. In addition, CORE is a vehicle for City child-serving agencies (Social Services, Court Services, Schools, Juvenile Justice, Mental Health) to develop a collaborative partnership and shared accountability for measurable outcomes. The goal of CORE is for local child-serving agencies to share values, a vision, maximize resources, and take ownership for system outcomes.

Among Social Services' notable achievements was the reduction of the number of children in congregate care settings by 44% since July 2007. Congregate care is typically the most expensive and least beneficial placement. By reducing the number of children who are in congregate care settings, the city realized significant costs savings and better outcomes were facilitated for the children by returning them to families and communities. In addition, DSS reduced the number of children in foster care by 19%, and doubled the number of viable foster families to support foster children and prevent the use of costly group care.

School Success

The objective of this area is to support student learning and achievement in school and to provide young people with positive out-of-school activities that enrich learning and development. The Department of Justice Services (RDJS) and Richmond Police Department (RPD) 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 RDJS Truancy Officers, School Liaison Workers, Case Managers and RPD School Resource Officers provided support to help ensure that all students were in school on a timely basis and ready for classroom instruction, and ensured that young people and their parents were held responsible for school attendance.

The City's truancy initiative has been successful in efforts to reduce and prevent truancy and lower dropout rates under the collaborative efforts of RDJS, RPD and Richmond Public Schools (RPS). The focus has been to (1) respond to the City's overall truancy rate and (2) provide targeted intervention in selected neighborhoods where there are high truancy rates with attendant correlations to crime. The result is that the City's overall truancy rate has decreased from 22% in 2003-04 to 9% for the 2008-09 school year.

During the 2008-09 school year, RDJS truancy officers, in partnership with the RPD, conducted daily truancy sweeps which resulted in 1,289 pickups (854 total youth, 232 of which were picked up two or more times during the year). 73% of youth picked up did not reoffend.

The following initiatives have contributed to continued success of the City's Truancy Program: (1) Creation of a hotline number (646-ABCD) to report suspected truants. In FY 2008-09, a total of 892 hotline calls were received from citizens, schools and merchants; (2) Daily truancy sweeps performed with the assistance of the Richmond Police Department; (3) Implementation of a 3-Day Intervention approach in which parents who have children with three or four unexcused absences are called and letters are sent

in an effort to deter further absences which could possibly result in Court involvement; (4) Development a Truancy Oversight Committee which is made up of administrative staff from the Police Department, Justice Services, Court, Social Services, Schools and Community with the objective of resolving issues pertaining to truancy and attendance on a weekly basis. This has helped to strengthen partnerships and provide immediate action.

The City of Richmond Department of Information Technology (DIT) and RPS Information Communication & Technology Department also worked collaboratively to establish an automated exchange of the truancy data via a secure web service to improve data quality and provide additional information needed by Truancy Center case managers.

At-Risk Youth Male Intervention

The Richmond Department of Justice Services (RDJS) has continued to pursue funding opportunities to expand mentoring services to City of Richmond at-risk youth. In June 2009, RDJS partnered with local artists Lyric Ave., a Richmond based performance arts group (since 2004) and nationally acclaimed painter and graphic designer Sir James Thornhill to implement a new form of structured group mentoring, comprised of professional staff from various disciplines with a desire to teach, engage and educate at risk youth on the value of expression.

With the support of these local partnerships, RDJS implemented an 8-week pilot project to demonstrate the effectiveness of art therapy and mentoring in which at-risk youth participated in a series of "spoken word" workshops with the artist/mentors. At the conclusion of the pilot session youth presented, displayed and sold artwork and poetry to 125 family members and community supporters at a "spoken word" event.

Based on the therapeutic principles of art therapy and mentoring, the goal is to use this creative approach to help youth understand and communicate their thoughts, feelings, relationships, interests, and concerns in a healthy, non-threatening, and supportive environment as an alternative to engaging in risky behaviors often fueled by the lack of a positive external outlet for internal, emotional conflicts. Research has demonstrated that applying these two principles successfully can build confidence, improve self-esteem and create lasting cultural impressions.

The Richmond Department of Justice Services and Richmond Parks and Recreation and Community Facilities are collaborating to enhance and expand this "spoken word" mentoring pilot project to increase the opportunity for long term success. In addition, Justice Services is committed to securing permanent funding for this initiative.

Public Safety

The Department of Justice Services provides secure confinement for youth as well as community-based monitoring and surveillance services. The Juvenile Detention Center is a secure 60 bed facility for males and females, ranging in ages from 10 to 17, who are accused of committing a Class I misdemeanor or felony and are awaiting trial. The Detention Center also offers a wide range of programs that support the youth's physical, emotional and social developmental needs. Services include education, recreation, counseling, health care services and supervision. During FY09, 611 youth were admitted to the facility. Community Monitoring and Outreach Surveillance services provide community-based supervision for less serious offenders to deter future delinquency and improve functioning in school, at home and in the community. Services include close supervision, curfew checks, case management, therapeutic and recreational activities, and counseling. During FY09, 340 youth were served.

Adult services provided by the Department of Justice Services include pretrial investigations/supervisions as well as community-based probation services. Pretrial investigations include a report with record of convictions, an assessment of risk with all contributing factors reported, and recommendations for term and conditions of bail based on facts and factual conclusions. The goal of pretrial supervision is to ensure that the defendants return to Court and remains crime-free while under supervision by maintaining close contact with defendants through scheduled office visits, curfew enforcement and random drug testing. Pretrial Officers make referrals to treatment, education or support services as appropriate.

In FY 2009, the Department of Justice Services Division of Adult Pretrial had a total of 429 misdemeanor placements and 716 felony placements. Of those placed, 89% misdemeanor cases were successfully closed while 79% felony cases were

successfully closed. During FY 2009, the Division of Adult Pretrial took on new responsibilities by conducting mental health screenings and the Division of Adult Probation expanded its role in handling domestic violence cases.

Community-based probation provides the judicial system with sentencing alternatives for certain misdemeanants or persons convicted of felonies that are not felony acts of violence, convicted on or after July 1, 1995. Defendants are required to adhere to conditions of supervision. Failure to comply results in notification to the court for judicial consideration of bail revocation. In FY 2009, the Department of Justice Services Division of Probation had a total of 1,204 misdemeanor placements and 74 felony placements. Of those placed, 64% of misdemeanor cases were successfully closed while 48% of felony cases were successfully closed.

The City of Richmond's Family Violence and Prevention Program run by the Richmond Department of Social Services (DSS) was eliminated. In May of 2009, 39 of the 150 existing clients appeared before the Juvenile and Domestic Relations Court agreeing to transfer their supervision to the City of Richmond Department of Justice Services Adult Probation program. The transition is a result of budget cuts at DSS and the reorganization of the Richmond Division of Adult Probation. A total of 97 new domestic placements were made in the last quarter of the fiscal year.

Second Responders

In March 2009, the Second Responder Program was chosen as one of the "Top 50" programs for Innovation in American Government Awards by the Ash Institute for Democratic Governance and Innovation at the John F. Kennedy School of Government at Harvard University. Richmond's Second Responder Program unites social workers and police to provide on-the-scene assistance to family violence victims as well as on-the-scene support to families and individuals in crisis. The program delivers more effective child and family support services and decreases the chances of repeat incidents.

Senior Well Being & Special Needs

The Senior Help Line (804.646.1082) was designed to assist older adults in their quest for services within City departments as well as services with outside agencies. During the current fiscal year, 124 older adults have been assisted through the help line, receiving case management and the coordination of services. Calls received address such issues as housing, transportation, home repairs, financial assistance, companion services, grandparents raising grandchildren, real estate tax relief, safety and landlord/tenant issues.

Through a Memorandum of Agreement, Senior Connections has provided the Senior and Special Needs Initiative with the support of a full-time Senior and Special Needs Coordinator that has contributed to a 50% increase in home-visits for those older adults and caregivers unable to travel to Department of Social Services offices. During home visits, assessments are conducted and various applications for services such as Medicaid, fuel assistance, home repairs/weatherization and food stamps are completed. In addition, other services provided may consist of the coordination home delivered meals, identification of assisted living and independent housing facilities and facilitation needed include healthcare equipment.

In an effort to promote the services provided by the Senior and Special Needs Initiative, various outreach activities are conducted throughout the City. These activities consist of presentations to members of senior groups at churches, recreation centers, independent living facilities as well as participating in community fairs. Through the outreach efforts a total of 450 individuals received information regarding the City of Richmond's senior programs.

Economic Support and Self-Sufficiency

The Department of Social Services is charged with maximizing the economic independence, safety, and stability of individuals and families. During FY2009, the agency received an average of 2,000 applications for financial assistance programs each month. This was an increase of approximately 300 more applications per month over FY2008. Demand for nutrition assistance has increased the most. For example in June 2008, 1,044 residents submitted requests for SNAP (formerly known as food stamps) while in June 2009, the agency received 1,723 applications for SNAP, a 65% increase over the same point in the previous year. By the end of FY 2009, over \$5 million in SNAP benefits were issued each month, compared with \$3.5 million for the

same time last year. Despite the economic crisis and a citywide unemployment rate of 10.9%, in July 2009, the agency maintained a Federal Work Participation Rate above the state average through the assistance provided by the employment services of the TANF/VIEW program.

City of Richmond Hispanic Liaison Office

The Hispanic Liaison Office (HLO) provides technical assistance, interpretation, and translation services to City departments, as well as information and referral services to citizens. In partnership with the Office of the Minority Business Development (OMBD), the HLO provides Spanish language seminars to residents. In FY 09, twelve seminars total were held with a total of 75 participants. The HLO completed its fifth year of bilingual tax preparation, as part of the Greater Richmond Earned Income Tax Credit Coalition, serving 224 families and achieving approximately 1 million financial education media touches. The Imagine Festival, held in October 2008 at Broad Rock Park, highlighted Richmond's diverse community and promoted safety and community resources. Even though it rained on the day of the event, more than 700 individuals attended the event, which was organized and hosted by the HLO and other City departments. An ongoing partnership between HLO and the Richmond Police Department has included technical assistance, interpreting and translation assistance, as well as assistance in promoting community meetings, with the ultimate result in October 2008 of the appointment of a Hispanic Liaison Officer. As part of its Strategic Plan, the HLO coordinated and started monthly Spanish Exchange sessions where City staff that are learning Spanish on their own can come to practice their skills in a fun and informal setting with fluent Spanish speakers.

Department of Parks, Recreation and Community Facilities

Recreation

The City's 22 community centers continue to serve as the centerpiece of the numerous recreational and educational offerings to Richmond City residents. During FY 2009, community centers across the city played host to just under 1,900 total visits per day. In all, over 460,000 total visits were recorded at the centers during the fiscal year. Visitors took part in programming opportunities that included cultural enrichment, health and physical education, social recreation, personal and educational development, citizenship and leadership development and environmental education.

Many of these programming opportunities continue to have thriving popularity levels among the City's patrons. For example, over the course of FY2009, the City of Richmond offered 450 cultural art programs per month totaling 600 hours of programming. These programs averaged 700 youth registrations along with 200 adult and 70 senior registrants. On average there were over 3,600 visits per month to cultural arts programs.

The City continues to develop a strong senior programming base. The Department of parks, Recreation and Community Facilities (DPRC) offers over 120 senior programming opportunities per month with average monthly attendance over 2,500 to these events. Senior aquatics and tripping opportunities continue to be very popular, as do other special events. The Senior Prom held in May 2009 drew 500 participants.

The aquatics programming is also a core component of the recreation programming. DPRC operates eight outdoor pools. During the summer season of 2009, the pools drew 59,334 total visits which is a 35% increase from the previous summer. In addition, two indoor pools, Swansboro and Calhoun host diverse aquatic opportunities ranging from senior and adult aerobics to youth swim teams as well as many opportunities for swimming lessons. In total, aquatics programming attracted over 72,735 visits in FY2009.

The department continues to take great pride in supporting the academic achievement levels of Richmond City youth through its after school programs. In partnership with the Richmond Public Schools, operating under the licensure of the Virginia Department of Social Services, DPRC offered homework assistance and life skills development to over 600 youth per month at 21 school sites. Attendance for FY2009 totaled nearly 100,000 youth attendance days.

One of the key components of the after school programming at school sites, as well as similar programs at the City's community centers is the free and reduced meals program. In partnership with USDA and the Virginia Food Bank, the City is able to offer meals to the neediest youth to ensure they have a nutritious meal before going home for the evening. During the recently

completed school year, 99,000 such meals were served. In addition, the department has a "Summer Meals for Kids" program, which annually offers free meals to youth at various sites throughout the city. During the summer of 2009, 305,008 meals were served through the program.

Over 6,346 youth participated in various sports leagues and cheerleading in FY2009, a 20% increase over FY2008

Parks

DPRC works diligently to maintain and administer more than 57 parks totaling just over 2,800 acres. With FY2009 personnel and operating expenses projected at \$2 million dollars for park maintenance, that total represents a little over \$714 per acre per year to manage.

A major emphasis this year at parks and recreation sites in the system has been the restoration and improvement of various site amenities. Over the past twelve months, new playground apparatus has been installed at Oak Grove, Hickory Hill, Montrose, Gillies Creek, Westover, Federal Park, and Briel Street playgrounds. In the Recreation Centers, new HVAC systems have been installed at Hotchkiss Field and Bellemeade Community Centers as well as at the Chimborazo Parkhouse. A new roof has been completed at the Hickory Hill Community Center. Continuing DPRC's energy savings program, the following locations now have push button light systems which only activate between 6 PM and 10:30 PM daily if you push the button: Parker Field Annex, Pine Camp, Luck's Field, Broad Rock Sports Complex, Thompson Ball Diamond, T. B. Smith Playground and Ball Diamond, Westover Tennis Courts, Battery Park Tennis Courts, Chimborazo Playground, and Fonticello Playground.

Of special note is the adoption by various partners including two local foundations, the City and the Commonwealth, is the James River Park System Conservation Easement. This easement will forever protect these natural areas from commercial development, thereby saving them for not only today's generations, but for future generations to come. Based on research, it is believed that the City of Richmond may be the only urban locality in the nation to have a conservation easement on a portion of its developed urban parks system.

Community Facilities

The facilities management team is charged with responding to work order requests from our individual center and facility managers, as well as citizen requests submitted through the City's Citizen's Request System (CRS). The team averaged 100 total requests per month, with over 90% of the work orders completed within the target completion time of 24 hours for emergency requests, and 5-10 days for routine requests. It completed 100% of CRS requests within the target completion time.

Cemeteries

The department operates 7 municipal cemeteries. Revenue from sales, interments and other activities generated \$1.3 million in FY2009.

Development

The Department of Parks, Recreation and Community Facilities (DPRC) remains dedicated to developing partnerships with the community, including relationships with community businesses such as Carmax, who provided \$160,000 of support to the youth basketball program. In addition, DPRC recently completed a successful "Send a Kid to Camp" campaign that raised \$18,965 to support scholarships for youth who otherwise would not be able to afford the program.

Public Safety

During FY 2009, the Richmond Police Department (RPD), in partnership with citizens and other law enforcement agencies, made a significant difference in the reduction of crime within the City of Richmond. The sector policing strategy, implemented in 2006, has continued to improve quality of life and decrease overall criminal activity. This year, violent crime was reduced 14 percent, property crime was decreased 8 percent, and total major crime was reduced 9 percent. Since the inception of sector policing, overall crime has been reduced 37%.

This year, RPD Patrol Operations focused on the reduction of commercial and individual robberies and the reduction of firearms. With the utilization of the Violent Crime Initiative Grant, patrol operations focused on defined areas with a high propensity for robberies based on crime analysis. As a result commercial robberies decreased by 43 percent and the total number of individual robberies decreased by 14 percent. In partnership with the Virginia State Police and Richmond Redevelopment Housing Authority (RRHA) Police, RPD conducted a Firearm & Fugitive Initiative. The 18-week initiative began on May 1 and ended on September 5, 2008. During the initiative, 102 firearms were removed from the street of Richmond with 62 resulting in individuals being arrested for possession of those firearms. Other notable statistics from the initiative are 120 felony arrests, 211 misdemeanor arrests, 174 warrants executed, and 593 field contacts. During the initiative period, overall violent crime was reduced 20 percent, with reductions of 80 percent in homicides, 27 percent in robbery, 10 percent in aggravated assaults, and 28 percent in aggravated assaults with firearms.

The Major Crimes Division successfully made arrests in 29 of the 32 homicides in calendar year 2008, resulting in an 88 percent year-to-date clearance rate and a 90 percent conviction rate. These established partnerships within the community built a trust within neighborhoods that have resulted in citizens coming forward and providing information that assist the division in making arrests in a timely fashion, resulting in removing perpetrators from the community.

Continuing in the development of partnerships, RPD created the Domestic Violence Enforcement Response Team (DVERT). This team identifies victims of domestic violence and reduces recidivism. Through their partnerships, the team offers assistance to both the victims and the perpetrators of identified high risk cases. DVERT is partnered with the YMCA, the Department of Social Services Family Violence Prevention Program, MCV Forensic Nurses, and the Victim Witness program offered through the courts.

Youth and Family Crimes Unit was able to establish a collaborative effort with the Police Information Desk to begin using Live Scan to capture juvenile offenders' fingerprints. Additionally, a video conferencing station was developed to allow after hour accessibility to Juvenile Intake Workers.

The Major Crimes Division Fugitive Unit assisted in developing a media outreach program by partnering with nine central Virginia law enforcement agencies and the local media. As a result of this partnership, two websites (richmondareamostwanted.com and centralviriniamostwanted.com) were established. In addition, a partnership with Lamar Sign Company was established to showcase the most wanted fugitives in the area.

The Community Youth and Intervention Services (CYIS) increased active neighborhood watch groups by 34 percent and conducted the second annual Neighborhood Watch Conference. The Neighborhood Watch conference is a refresher for all Neighborhood Watch Block Captains to learn new crime fighting trends, get to know other block captains and share crime prevention methods. Also, there were anti-robbery training sessions, security assessments for local businesses, citizen police academies, and Hispanic citizen academies held to ensure the community is aware of crime prevention strategies and to broaden the communication and relationships built during this time. The division partnered with several City agencies to conduct the first Safe and Healthy Communities week during spring break. The focus was on at risk and low income communities, promoting awareness for the social stability of their neighborhoods in addition to having health care for overall positive well being. The CYIS Neighborhood Assistance Officer Unit comprised of citizen volunteers who receive rigorous training and dedicate their time to assist the department, was increased by 19.5 percent from 29 to 36 volunteers.

In addition to targeting truants, the CYIS School Resource Officer Unit (SRO) provided stop-bullying training, gang reduction training, and anti-victim training to youths. The SRO participated in daily truancy sweeps in each precinct along with curfew initiatives. During 2009, the CYIS division gave more than 1,000 students stop-bullying training and 966 students received gang resistance training. They also participated in and provided mentorship during weekly meetings for the Young Adult Police Commissioners, a group of 20 high school students who serve as youth ambassadors for the Richmond Police Department. Through CYIS, Police Athletic League has increased youth participation in recreational programs and positive image and mentoring of youth by 52 percent from 430 to 892 youth involved in outreach programs.

Vacant and Abandoned Property Cleanup

The City is continuing a proactive approach in dealing with vacant buildings throughout the City. When the Vacant Building Registry was initiated in October 2006, there were more than 3,000 properties listed. Since then, inspections have been conducted to verify vacant buildings and numerous violations have been served. Through these efforts, the number has been reduced to about 1,450 properties listed as vacant in October of 2009.

Once a vacant property is identified, inspections are scheduled on a 45-day cycle for monitoring. Inspectors cite violations and work to achieve total compliance in an effort to revitalize neighborhoods. Steps are taken by the City to secure open structures and to abate environmental issues on those properties for which the owners cannot be located. In fiscal year 2009, the City demolished 28 unsafe buildings, boarded and/or secured over 300 vacant buildings, and cleaned over 640 properties.

Neighborhood Focus/Infrastructure

Neighborhoods in Bloom

The City's Neighborhoods in Bloom 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; to ensure that all occupied housing units meet the housing maintenance code; and to ensure that all neighborhood infrastructures meet 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 2009, the program has resulted in the construction and sale of 256 new single family homes, the rehabilitation of 188 vacant houses that have been sold for homeownership, substantial rehabilitation of 115 owner-occupied houses, repairs addressing safety code violations to 136 homes, and financial assistance to 173 families to purchase homes.

Public Utilities

The Department of Public Utilities (DPU) is a municipally owned gas, water, wastewater and electric utility operation. Each utility is operated on a self-sustaining basis and follows the policies and directives of the City as provided by its charter.

The City provides gas service to Richmond, all of Henrico County, the northern part of Chesterfield County and parts of Hanover County. The City currently owns over 1,800 miles of gas distribution lines in the City and the counties of Chesterfield, Henrico and Hanover. During the last two years, approximately 8 miles of new gas main have been constructed in the City and Henrico County. The gas utility functions as a municipally owned local distribution company; therefore, its rates are not subject to regulation by the State Corporation Commission.

The City provides Henrico County with water under a 45-year contract that expires July 1, 2040. The contract will continue in force after July 1, 2040, unless it is replaced by a new contract or is canceled by either party. Under the contract, the City will provide Henrico County with up to 35 million gallons per day (MGD) peak day draw. The City provides Chesterfield County with water under a 50-year contract that expires July 1, 2045. The contract will continue in force after July 1, 2045 unless it is replaced by a new contract or is canceled by either party. Under the contract, the City will provide Chesterfield County with up to 27 MGD peak day draw. In 1994, the City entered into a 40-year contract with Hanover County which gave the county the right to receive 5 MGD at signing and to receive an additional 5 MGD each in 2000, 2004 and 2009 for a total of 20 MGD peak day draw.

The City's wastewater utility serves Richmond and parts of Henrico, Chesterfield and Goochland Counties. Located along the James River, the City's Wastewater Treatment facility treats sanitary sewage as well as storm water runoff. During FY 09 the wastewater utility completed Phase II of the Shockoe Bottom Drainage (SBD) project. Improvements in this phase involved separation of the East Gravity Outlet (EGO) from the Combined Sewer Overflow System (CSO). The EGO and the CSO System are interconnected at a Cross Over Chamber in the Shockoe system. The separation of the Cross Over Chamber eliminated the need for gate operations that minimized interior flooding, and increased the reliability of both the Flood Reduction system and

Environmental Protection system by operating in a fail safe mode. Phase I of the SBD, which was completed in February 2008, addressed sources of flooding in Shockoe Bottom. These upgrades provided both reliable and cost effective environmental benefits by reducing the discharge of combined sewage to the James River as well as improved the flood protection of Shockoe Bottom.

The electric utility purchases electricity from Dominion Virginia Power and distributes it to more than 33,000 streetlights in the municipal street lighting system. The electric utility operates the streetlight system north of the James River and pays Dominion Virginia Power to operate the system in the southwest area of the City. The City's General Fund supports the entire annual cost of operating the electric utility.

DPU maintains separate books of account for each utility, utilizing the accrual basis of accounting and following generally accepted accounting principles. Although DPU is not subject to such regulation, it uses the uniform system of accounts prescribed by the appropriate regulatory agencies for investor owned utility companies. Revenues are recognized when earned, and expenses are recorded in the month incurred. It is DPU's policy to capitalize interest on funds borrowed to finance construction of major facilities only during the construction period.

Each year DPU prepares separate operating and capital improvement budgets for each utility for the next fiscal year. Each utility's budget includes proposed expenses and a means of financing. These budgets are submitted to the City's budget director and in turn, the Mayor's office for review, comment, and approval. Once approved by the City Administration, they are submitted to Council for adoption as a part of the City's annual operating and capital budget process. After Council conducts public hearings, the budgets are enacted by the passage of ordinances by Council.

DPU reviews revenue requirements for each utility and recommends rate changes annually if needed during the annual budget process. Rates are set on a basis similar to that used for investor owned utilities regulated by public utility commissions. All operating costs, including operation and maintenance expenses, depreciation expenses, payments in lieu of taxes, and a reasonable return on rate base, are included in the calculation of total revenue requirements for each utility. Council is the sole rate setting authority.

A ten-year revenue requirements forecast is also prepared each year, estimating inflation in operating costs, plants to be constructed and placed in service each year, and financing requirements. Rate proposals for each utility are then submitted to Council to cover the next year's requirement or to begin a series of rate increases designed to minimize larger increases in future years. Amounts earned in excess of reasonable rates of return may be deposited in the rate stabilization fund of a utility to further mitigate the need for larger increases in the future.

As provided by the Charter, DPU charges all other City departments, boards, commissions, and agencies for all utility services rendered based on the cost to provide each service. DPU pays for services it receives from other City agencies. In addition, the Charter requires DPU to make payments in lieu of income and gross receipts taxes to the City in amounts equal to what would have accrued if the utility would have been investor owned. The City historically has issued general obligation bonds and revenue bonds to finance the utility capital projects of the system. The City has covenanted to fix, establish, and maintain rates in each fiscal year sufficient to pay (a) 1.15 times, or 115 percent, of the debt service requirement on all revenue bonds secured by a first priority lien on system revenues, and (b) 100 percent of the debt service requirement on general obligation bonds supported by system revenues.

Stormwater Utility

During FY 2009, the Administration proposed and City Council adopted an ordinance to create a Stormwater Utility within the Department of Public Utilities. The Stormwater Utility became effective on July 1, 2009 and provides stormwater management to city residents and business owners. Stormwater fees will be used to implement a comprehensive stormwater quality management plan as required by the U.S. Environmental Protection Agency and the Virginia Department of Conservation and Recreation. These agencies mandate stormwater practices, but do not fund stormwater management. The City is responsible for collecting the stormwater utility fees to provide this service. There are approximately 400 stormwater utilities nationwide and several in Virginia, including the cities of Portsmouth, Norfolk, Virginia Beach, Hampton, Chesapeake and Newport News.

Real Estate Services

The City of Richmond owns approximately 4,200 acres of land, including twenty fire stations, four police precincts, nine libraries and twenty-three community centers. The total square footage of city-owned space is approximately 4.6 million sq.ft. The Real Estate Services Department (RES) aims to strategically leverage the City's real estate assets through the acquisition, disposition and adaptive re-use of City-owned property to create long term value to the taxpayers.

Throughout the year, RES continued to hold auctions of tax delinquent properties, acquire and dispose of City-owned property, and maintain telecommunication leases. In addition, RES developed initiatives including the Richmond Real Estate Roundtable and pursued City-wide sustainability initiatives and federal funding.

In FY2009, 29 tax sale properties were sold at auction, resulting in over \$500,000 in proceeds and retrieved delinquent real estate taxes. In addition, through the tax sale process, an additional 23 delinquent properties were processed before going to auction. Total taxes recovered in FY09 equaled \$1,162,893.

In January of 2009, Mayor Jones announced the formation of the Richmond Real Estate Roundtable to share ideas and information about publicly held real estate throughout the City. These meetings are held each month between City of Richmond Administration and thirteen Richmond-area public sector owners of real estate to discuss real estate projects.

City Property Acquisitions

In September, 2008, the City acquired 1600 Chamberlayne Parkway for the purpose of operating an animal shelter. The City had been leasing the property from the Richmond SPCA and added the property to its portfolio through an option to purchase clause in order to achieve long term cost savings.

In June of 2009, City Council declared that a public necessity existed and authorized the acquisition of 3111 Water Street for the purpose of providing an open public space and public park along the river to complement the Virginia Capital Trail.

Sustainability Initiatives

RES supports a number of City-wide sustainability initiatives. RES helped identify and is managing the City's \$2.1 million Energy Efficiency Conservation Block Grant. Under the leadership of RES, the City is conducting its first greenhouse gas emissions inventory for government operations and the entire community. The inventory will help the City identify opportunities for operational efficiencies and cost savings. RES coordinated the City's participation in the Virginia Municipal League's Green Government Challenge. As a result, the City received its first Certification recognizing its implementation of sustainability initiatives.

Retirement System Funding

Few investors were immune from the global financial market turbulence including the Richmond Retirement System (System). However, while the System experienced significant losses in its assets like that of other public and private pension funds throughout the U.S., its performance still outpaced its peers. By June 30, 2009, the System's net assets were down \$125.7 million from the prior year balance of \$511.6 million or minus 18.5%. On a brighter note, the System outperformed its total fund benchmark by 70 basis points – gross of fees (negative 18.4% vs. 19.1%). Prudent management of assets and diversification of assets hedged returns losses to help the System outperform its public peers. Further, the System was ranked in the 11th percentile of similar pension funds since the beginning of calendar year 2009 (Independent Consultants Cooperative (ICC) median public fund universe).

City of Richmond Code Chapter 78 - 53 requires the System to prepare an annual statement to report the funded status of the System and the required employer contribution rates after an actuarial valuation of the System's assets and liabilities is performed. The valuation of the system was performed as of July 1, 2009. The System's actuary calculated a funded status (ratio of the actuarial value of assets to the actuarial accrued liability) of 54.4 percent, which is a decrease of 16.8 percent from 71.2 percent for the fiscal year ended June 30, 2008. The System's actuarial value of assets, which it uses to determine the

employer contribution rate for the following fiscal year, is determined using a method that "smoothes" the impact of market fluctuations on the employer contribution rate.

If the City continues to fund the System at or above the required funding level and member contributions continue at the appropriate rates, a return to favorable market conditions will marginally improve the System's financial condition into the foreseeable future.

Richmond Supply Schedule

An analysis of City procurement activities concluded that approximately 98 percent of resources were being used to acquire routine and recurring small purchases (with a value of approximately \$120 million), while only 2 percent of the Procurement Department's resources acquired and managed all large dollar contracted items or services (valued at \$263 million). The City's response to correct this misallocation of personnel resources was the development and implementation of the Richmond Supply Schedule (RSS) Program. The RSS is 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 RSS has been patterned after the Federal Supply Schedule, administered by the General Services Administration, which has been proven to be extremely successful in the management of small purchases.

Announced in October 2006, RSS simplifies small purchases and reduces unneeded inventories while improving City pricing and quality control. RSS contractors are required to provide "best customer" pricing. These prices become contract ceiling prices. Purchasers are expected to seek lower prices as requirements are identified to ensure that the City receives the benefit of economies of scale. Implementation of the RSS has already begun for office supplies, industrial supplies, paper and paper related products and temporary services. The upcoming fiscal year will expand the program to the reopening of the paper products contract for the City of Richmond's Green Initiative. Full implementation of the RSS is expected to save taxpayers \$13 million over a five-year period.

Department of Finance

In addition to the preparation of the CAFR, the Department of Finance completed several other mission-critical priorities in FY 2009. The Department prepared, submitted and presented the City's Comparative Cost Report (CCR) to the State Auditor of Public Accounts. For their efforts, the Department received the "Independent Accountants' Report on Applying Agreed-Upon Procedures" from KPMG, LLP.

The Department of Finance is responsible for managing the City's operating cash and issuing debt. During FY 2009, the City issued a \$75 million Revenue Anticipation Note, a \$2.0 million Equipment Note, \$146 million of Utility Revenue Bonds and entered into a \$32.0 million Public Utility Revenue Bond Financing Agreement with the Virginia Resources Authority. These financings are discussed in greater detail in Footnote 8 of the CAFR. During FY 2009, the Finance Department met with representatives of the three bond rating agencies. Each of the three (Moody's, Standard and Poor's, and Fitch) reaffirmed their Aa3, AA, and AA ratings, respectively, of the City's General Obligation bonds.

Financial Condition and Long-Term Debt

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. The City has a number of City Council adopted debt management policies which govern the structure, limitations, and affordability of outstanding General Fund supported debt. The City closely monitors its outstanding debt for compliance and has always adhered to the limits set by these policies.

On November 13, 2008, the City borrowed \$75 million on a seasonal General Obligation Revenue Anticipation Note from a commercial bank. Prior to the borrowing, Moody's and Standard & Poor's gave this note their highest short-term credit ratings of MIG-1 and SP-1+, respectively. The interest rate of the note was 3.90 percent and the proceeds were used to fund ongoing day to day operations. The seasonal note was repaid in full on June 25, 2009.

On December 20, 2006, the City established a \$150,000,000 General Obligation Bond Anticipation Commercial Paper Note facility to provide interim financing for certain capital improvement projects of the City. As of June 30, 2009, the City has issued \$ 56,000,000 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, 2009, the City paid interest on the outstanding balance of the notes at interest rates ranging from 0.35% to 4.00%. The City is planning a General Obligation Bond issue in the fall of 2009 to permanently finance the borrowings on the interim commercial paper facility.

On April 28, 2009, the City issued \$146,495,000 of Public Utility Revenue Bonds, Series 2009A to finance various capital projects of the City's Natural Gas, Water, and Wastewater Utilities. At the time of the debt offering, the bond ratings firm Standard and Poor's upgraded its credit rating of the City's Public Utility Revenue Bond debt from AA- to AA. Other rating firms, Moody's and Fitch, reaffirmed their credit ratings of the Utility revenue bond debt at Aa3 and AA-, respectively. The new Series 2009A 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 2009A bonds were issued at a True Interest Cost of 4.77%, with bond coupon interest rates ranging from 3.00% to 5.00%. Serial annual principal amounts of between \$2,590,000 and \$9,100,000 are payable on January 15 of each year with a final principal maturity due on January 15, 2040. Interest is payable semi-annually on January 15 and July 15 of each year.

On June 24, 2009, the City entered into a \$32,000,000 Public Utility Revenue Bond Financing Agreement – Series 2009B, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2009A Utility Revenue bond issue is an interest-free loan, and thus no interest will be due on this bond issue. Proceeds of this borrowing facility are being used to finance \$32.0 million of capital improvement to the City's Wastewater Treatment Plant. During the 2009 fiscal year, the City drew an initial reimbursement amount of \$3,301,448 of bond proceeds under this Agreement at closing and the outstanding amount due on the Series 2009A Utility Revenue Bonds was \$3,301,448 as of June 30, 2009. The remaining available proceeds are expected to be drawn during the next 18 months at which time the amortization of this debt will begin. Semi-annual principal payments of \$800,000 every six months are expected to begin on July 15, 2011 and will be due thereafter each January 15 and July 15, with the final payment due on July 15, 2030. The 2009B Utility 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.

On June 25, 2009, the City issued a \$2,000,000 five-year Note to finance the purchase of vehicles and equipment purchased by the City's Fleet Management Internal Service Fund during the fiscal year. Wells Fargo Brokerage placed the Note with an investor which provided the financing at a fixed interest rate of 3.09%. The Note calls for the City to make annual principal repayment of \$400,000 on June 15th of each year, with interest due semi-annually on December 15th and June 15th of each year.

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 Richmond Redevelopment and Housing Authority. No additional borrowings were made under the line during the fiscal year ending June 30, 2009. The City has outstanding four amortizing fixed rate notes, with an aggregate principal balance of \$3,355,000 as of June 30, 2009.

Long-Term Financial Planning

In conjunction with the adoption of an annual operating budget in May of each year, the Mayor presents and the Council adopts a five-year Capital Improvement Plan (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 2010 through 2014 capital budget includes a program of significant capital investments by the City in new and remodeled schools, renovation of the City jail facility, parks, transportation and cultural facilities. The five-year capital budget includes \$401,929,952 of general-purpose projects funded largely by the issuance of general obligation bonds. The remaining funding of general-purpose projects comes from state and federal grants and other external sources of reimbursement. The adopted 2010-2014 CIP also includes \$540,119,000 of public utility capital projects to be funded from a combination of grant funding, internally generated utility cash, and the issuance of utility revenue bonds.

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 General Fund operating budget. In addition, an established policy requires debt structuring such that 60 percent 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.

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 U.S. Generally Accepted Accounting Principles (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. Sections 6.10 and 6.11 of the City Charter specify the required Council actions relative to the budget. In general, the Council shall adopt budgets in which the total of expenditures are less than or equal to estimated revenues. Furthermore, not later than the thirty-first day of May, the Council shall adopt the budget and any such ordinances providing for additional revenues as may be necessary to put the budget in balance. 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 may be canceled at year's end, while open purchase orders and contract encumbrances may be 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.)

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 to the City of Richmond for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 25th consecutive year in which 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. The City believes that the 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

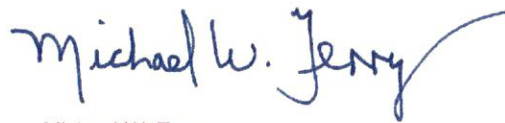
The preparation of the CAFR was made possible by the dedicated service of the entire staff of the Controller's Division of the Finance Department. All individuals who assisted in this effort have our sincere appreciation for the contributions made in the preparation of this report.

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,



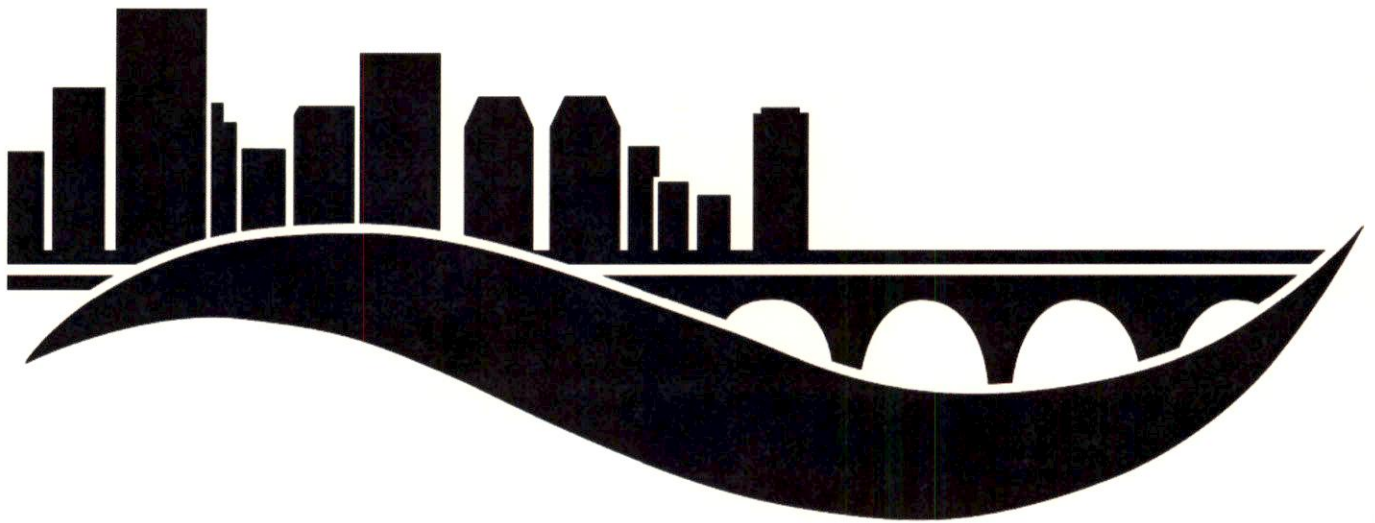
Dwight E. Jones
Mayor



Michael W. Terry
Acting Deputy Chief Administrative Officer and
Chief Financial Officer and Director of Finance



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City of Richmond



DWIGHT C. JONES
MAYOR

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, 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 accounting principles generally accepted in the United States of America, 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.

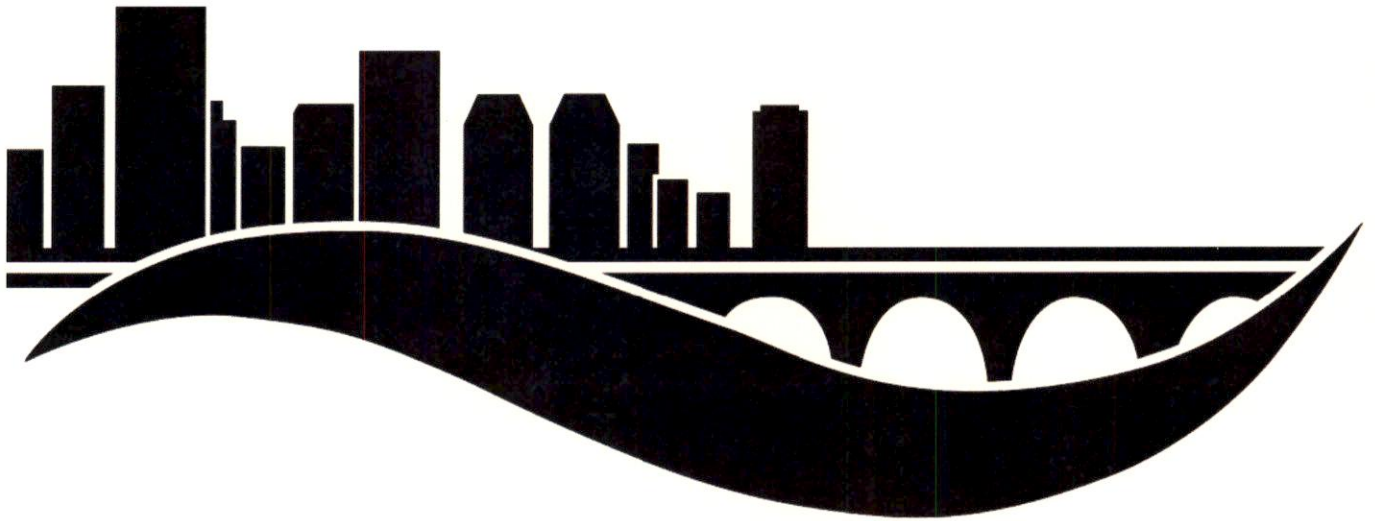
Management of the City is responsible for establishing and maintaining a system of internal controls that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition, and the prevention and detection of fraudulent 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.

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.

Dwight C. Jones
Mayor

Michael W. Terry
Acting Deputy Chief Administrative Officer,
Chief Financial Officer and Director of Finance





CITY OF RICHMOND
CITY AUDITOR

November 19, 2009

**AUDIT COMMITTEE
CHAIRMAN'S LETTER**

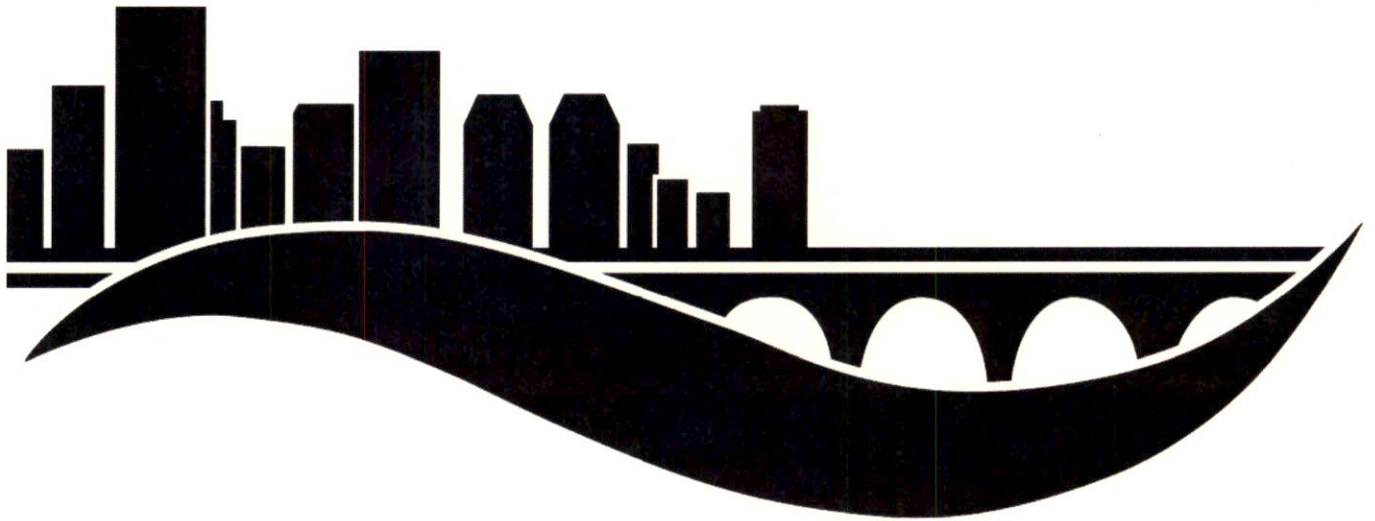
The Audit Committee of the City of Richmond is composed of three citizen members and two Council members. The members of the Audit Committee during the fiscal year ended June 30, 2009 were Barry C. Faison, CPA, Chairman; George E. Calvert, Jr., Vice Chairman; Joseph R. Jenkins, CPA; the Honorable Ellen F. Robertson and the Honorable Kathy C. Graziano. The Committee held four meetings during the fiscal year ended June 30, 2009.

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's 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, 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. During the year, the Committee also monitored the contract with the independent certified public accountants. The Committee will discuss the City's Comprehensive Annual Financial Report (CAFR) and the adequacy of the City's internal controls at its regular Audit Committee meeting in December.

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. At the December Audit Committee meeting, the Committee will be informed of accounting and reporting internal control deficiencies related to the overall year-end financial reporting closing processes. Additionally, the Committee will be informed of the corrective actions planned by management to improve the financial reporting internal control environment. The Committee will monitor the progress of the plan over the next year.


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, 2008

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.

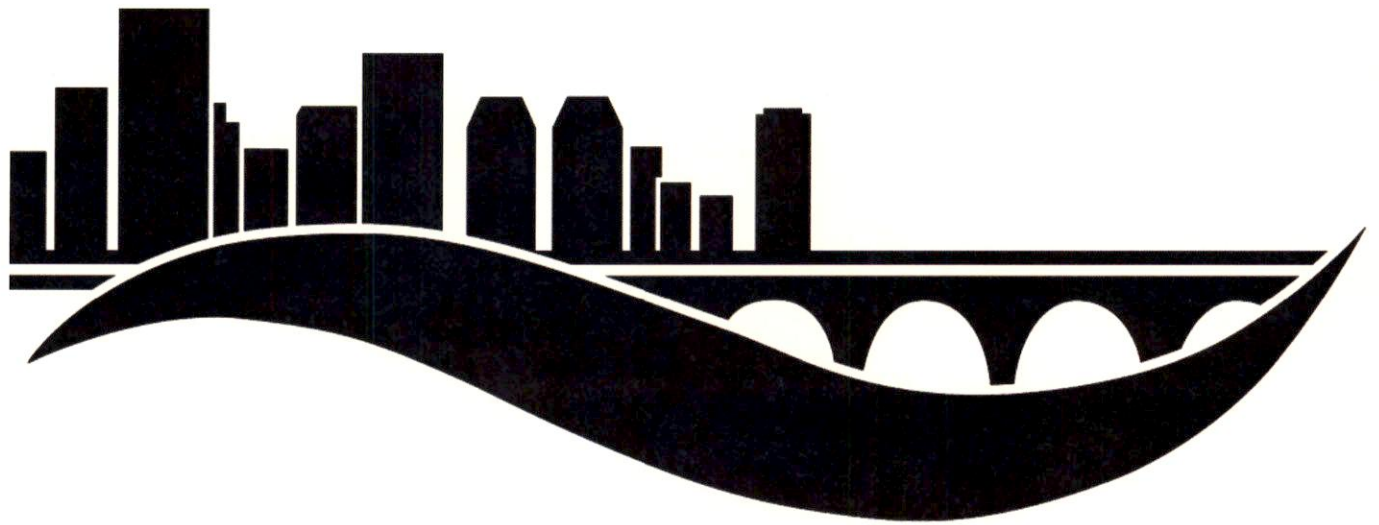


A handwritten signature in black ink, appearing to read "M. L. R. T.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan", written in a cursive style.

Executive Director



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CITY OF RICHMOND, VIRGINIA

STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2009

CITY MAYOR

Dwight C. Jones

ACTING CHIEF ADMINISTRATIVE OFFICER

Christopher Beschler

CITY COUNCIL

Kathy Graziano – President
Ellen F. Robertson – Vice President
Douglas G. Conner, Jr.
Chris A. Hilbert
E. Martin Jewell

Charles R. Samuels
Betty L. Squire
Reva M. Trammell
Bruce W. Tyler

CITY AUDITOR

Umesh V. Dalal, CPA, CIA, CA

CITY ATTORNEY

Norman Sales, Esquire

SUPERINTENDENT OF SCHOOLS

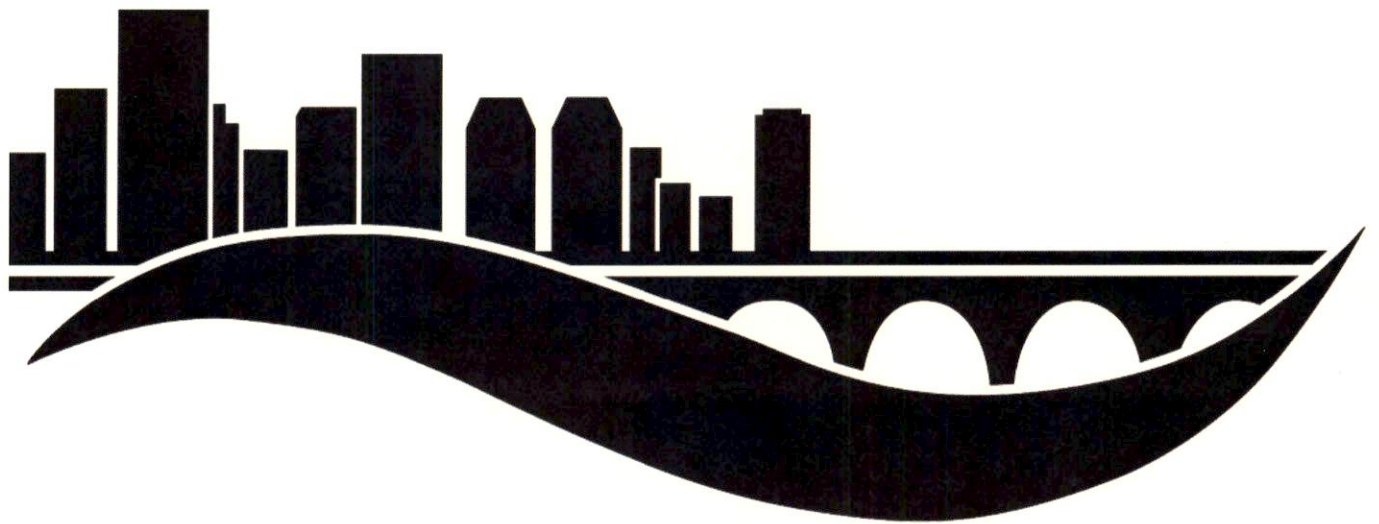
Dr. Yvonne Brandon

DEPARTMENT OF FINANCE

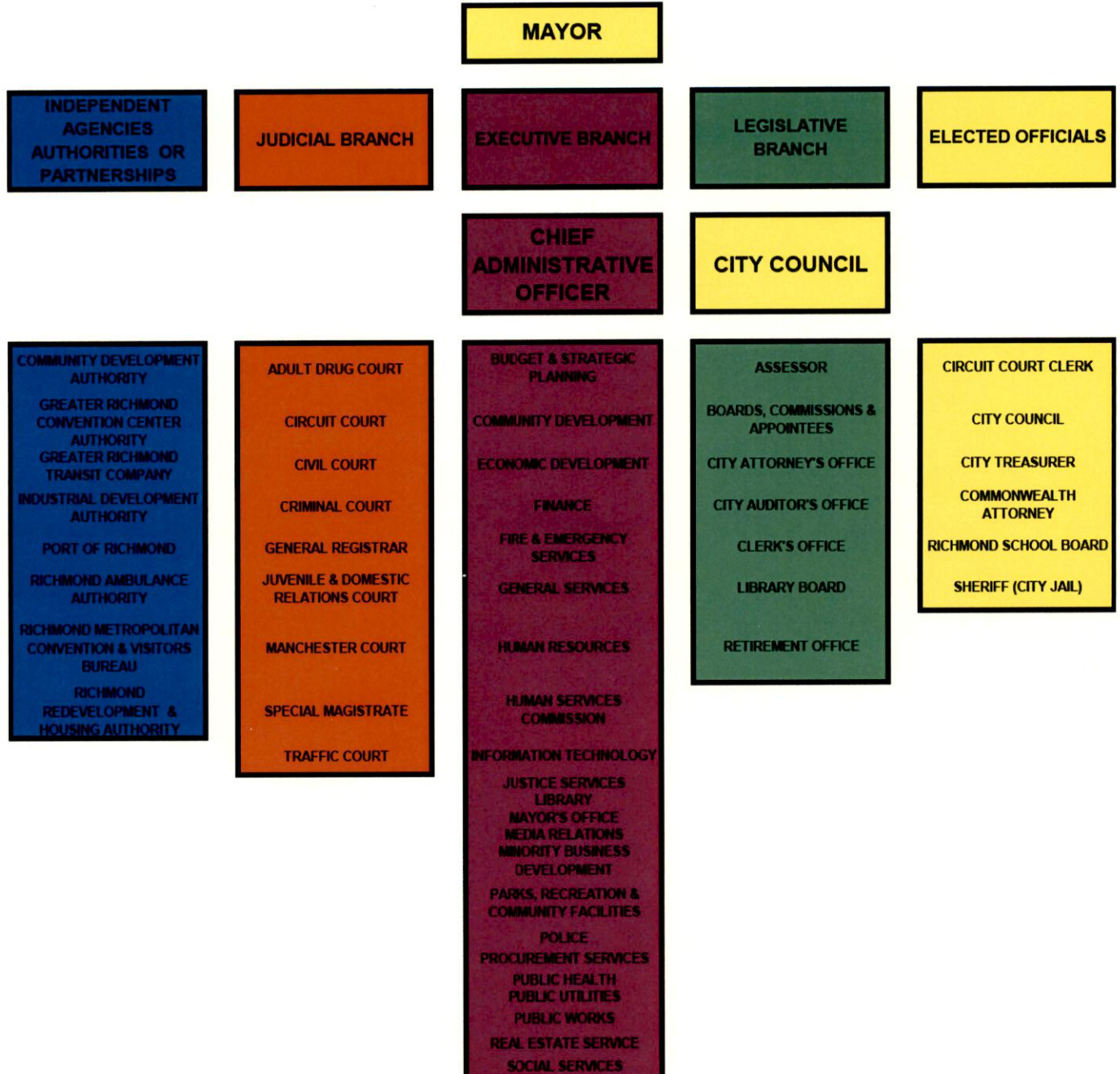
Michael W. Terry, *Acting Deputy Chief Administrative Officer and Chief Financial Officer and Director of Finance*
Michael W. Terry, *Deputy Director of Finance and Acting City Controller*

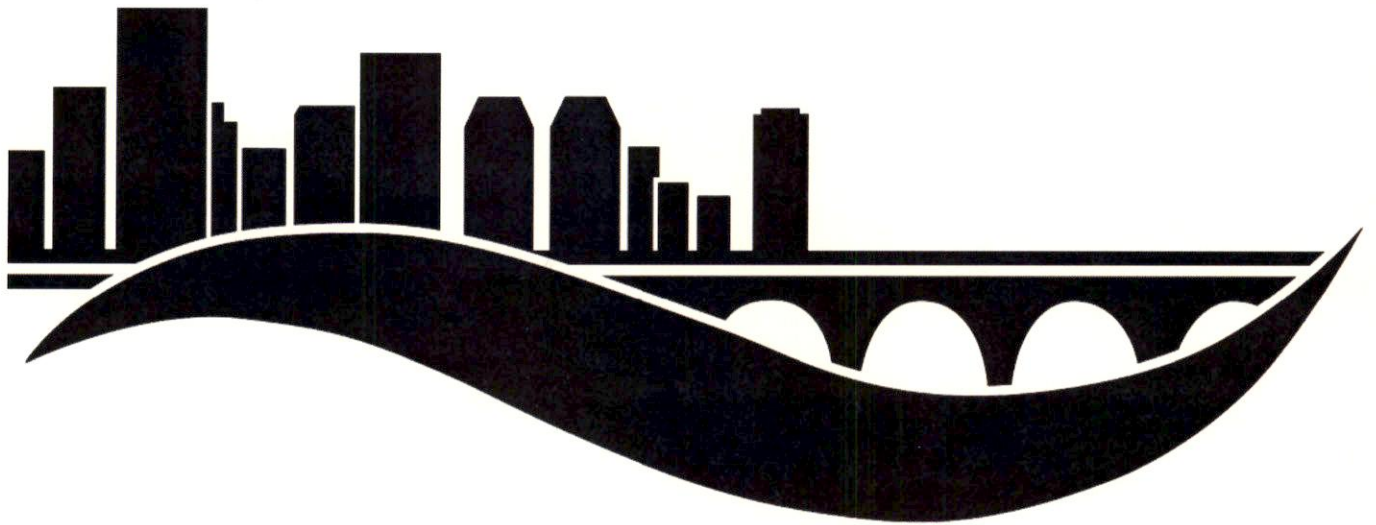
INDEPENDENT AUDITORS

KPMG LLP



CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT







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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City'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 Behavioral Health Authority and the Richmond Redevelopment and Housing Authority, which represent 54.16%, 22.54% and 85.40%, 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 Behavioral Health Authority 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 basic financial statements are free of material misstatement. The financial statements of the Broad Street Community Development Authority and the Richmond Ambulance Authority discretely presented component units were not audited in accordance with *Government Auditing Standards*. 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 basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the basic 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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.



As reflected in the notes to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009 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 21, the budgetary comparison schedules on pages 86 through 91, and certain funding progress information 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 Supplementary Information – 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 19, 2009



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**CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009**

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 \$755.7 million. Of this amount, \$77.3 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, 2009 with \$407.4 million in net assets, an increase of \$13.0 million in comparison with the prior year. A total of \$55.6 million of net assets is reported as unrestricted. The increase in Business-type Activities net assets is due to revenues exceeding expenses by \$34.6 million offset by \$21.6 of transfers to Governmental Activities.
- As of the close of the current fiscal year, the City's Governmental Activities reported net assets of \$348.4 million, a decrease of \$17.2 million. A total of \$21.7 million of net assets is reported as unrestricted.

Fund Financial Statements

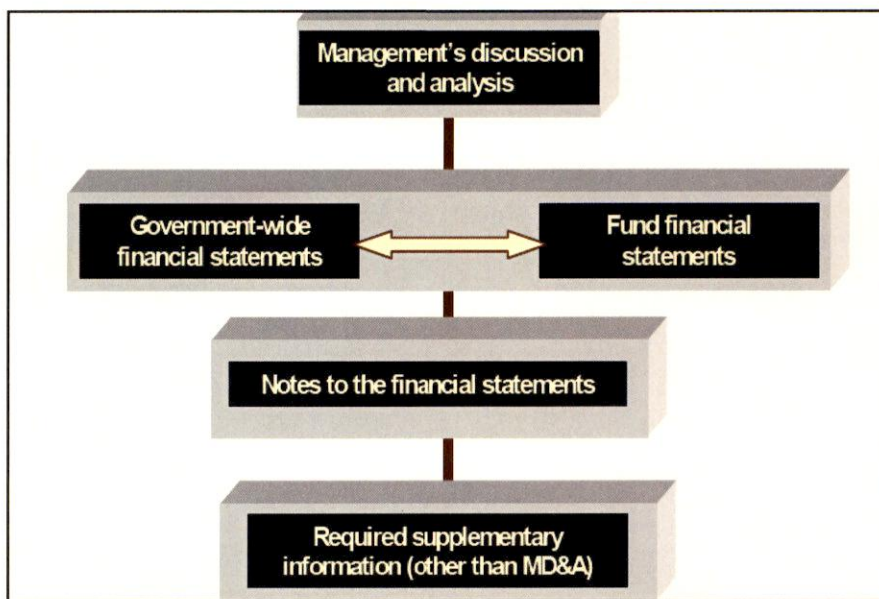
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8.7 million, a decrease of \$88.7 million. A major contributing factor to this decrease in combined ending fund balance was a \$(56.0) million deficit in undesignated fund balance in the Capital Projects Fund due to short-term financing in the current year. Due to the financing being categorized short-term because permanent financing was not in place at June 30, 2009 therefore, it was not considered a current financial resource and was reported as a current financial liability.

Debt Offering

- The City's total debt, excluding premiums and compensated absences, increased by approximately \$156.2 million (rounded) (15.2%) during the fiscal year ending June 30, 2009 due to the issuance of new debt.
- The City issued a \$2 million five-year Note to finance the purchase of vehicles and equipment by the City's Fleet Management Internal Service Fund.
- The City also established a \$6.9 million Utility Revenue Bond financing agreement with the Virginia Resources Authority to finance two Wastewater Utility capital projects. During fiscal year 2009, the City drew down a total of \$3 million on the Bond.
- 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, 2009, the City had a legal debt limit of \$2,109,902,904 and a remaining legal debt margin for issuing additional debt of \$1,504,765,133. 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, 2009. 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 Governmental 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, Debt Service Funds and Capital Projects Fund, are considered major funds. Data from the other nine 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) Advantage Richmond 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 and other post employment benefits (OPEB) 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 \$755.7 million at the June 30, 2009. This is a \$4.1 million decrease over the previous year. For governmental activities, net assets decreased by \$17.2 million. Current and other assets are down \$27.7 million over the past year mainly due to Cash and Restricted Assets-Cash and Investments decreasing \$19.9 million. Governmental Activities Capital Assets, Net, are up \$47.8 million from the prior year. For the Business-type Activities, current and other assets are up \$124.6 million mainly due to Cash and Restricted Assets-Cash and Investments increasing \$160.0 million, Due from Other Governments decreasing \$20.0 million, Inventories of Materials and Supplies decreasing \$9.9 million and Deferred Expense decreasing \$9.0 million compared to last fiscal year due to an increase of \$37.9 million in capital asset spending and a increase of \$27.4 million in long-term debt outstanding. For Business-type Activities, Capital Assets are up \$41.6 million, mainly due to new asset additions for the Department of Public Utilities.

The largest portion of the City's Total Net Assets (88.0%) 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 (2.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets (10.0%), 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, 2009 and 2008
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 236.6	\$ 264.3	\$ 373.9	\$ 249.3	\$ 610.4	\$ 513.5
Capital Assets, Net	744.1	696.3	964.0	922.4	1,708.1	1,618.7
Total Assets	\$ 980.7	\$ 960.6	\$ 1,337.9	\$ 1,171.7	\$ 2,318.6	\$ 2,132.3
Current and Other Liabilities	\$ 229.8	\$ 162.2	\$ 168.1	\$ 145.6	\$ 397.9	\$ 307.8
Long-Term Debt Outstanding	402.5	432.8	762.4	631.8	1,164.9	1,064.6
Total Liabilities	632.3	595.0	930.5	777.4	1,562.8	1,372.4
Net Assets:						
Invested in Capital Assets, Net of Related Debt	311.3	304.6	351.8	316.3	663.1	620.9
Restricted	15.4	15.0	—	—	15.4	15.0
Unrestricted	21.7	46.0	55.6	78.0	77.3	124.0
Total Net Assets	\$ 348.4	\$ 365.6	\$ 407.4	\$ 394.3	\$ 755.7	\$ 759.9



Table 2
City of Richmond's Schedule of Activities
For the Fiscal Year Ended June 30, 2009 and 2008
(In Millions)

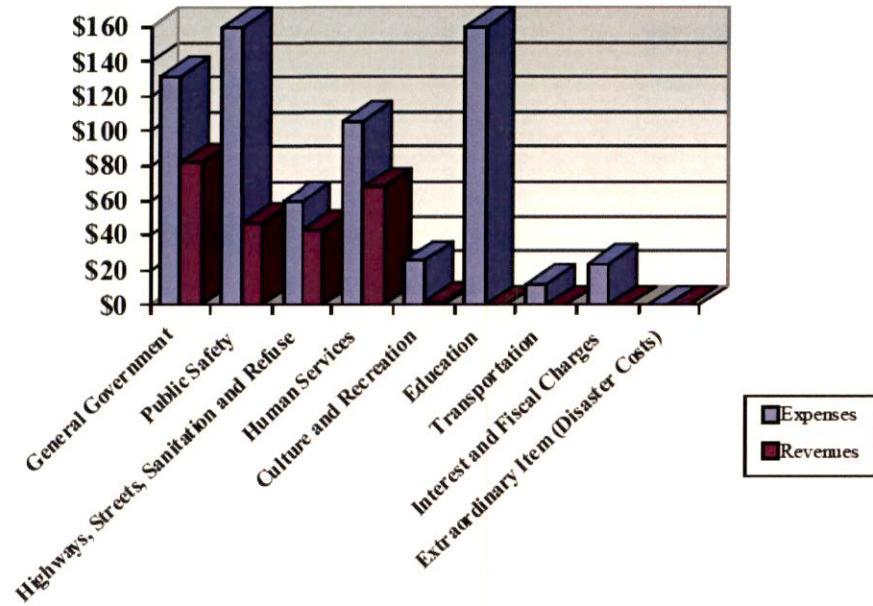
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 81.7	\$ 74.8	\$ 347.5	\$ 338.4	\$ 429.3	\$ 413.2
Operating Grants and Contributions	155.7	169.1	10.8	8.0	166.5	177.1
Capital Grants and Contributions	5.2	12.6	—	—	5.2	12.6
General Revenues:						
Property Taxes	277.3	280.6	—	—	277.3	280.6
Intergovernmental	2	0.2	—	—	2	0.2
Other Taxes	147.8	170.5	—	—	147.8	170.5
Investment Income	.1	2.1	5.6	4.6	5.7	6.7
Miscellaneous	2.3	2.2	1.8	4.9	4.1	7.1
Total Revenues	670.4	711.9	365.8	355.8	1,036.1	1,067.8
Expenses:						
Primary Government:						
General Government	132.0	82.1	—	—	132.0	82.1
Public Safety and Judiciary	185.5	170.5	—	—	185.5	170.5
Highway, Street, Sanitation, and Refuse	60.0	90.8	—	—	60.0	90.8
Human Services	105.6	110.4	—	—	105.6	110.4
Culture and Recreation	25.6	41.0	—	—	25.6	41.0
Education	164.4	158.9	—	—	164.4	158.9
Transportation	12.0	10.5	—	—	12.0	10.5
Interest and Fiscal Charges	23.9	25.0	—	—	23.9	25.0
Business-type Activities	—	—	331.1	319.9	331.1	319.9
Total Expenses	709.0	689.2	331.1	319.9	1,040.1	1,009.1
Decrease in Net Assets Before Transfers	\$ 38.6	22.8	34.6	35.9	\$ 4.0	58.7
Transfers	21.6	24.3	(21.6)	(24.3)	—	—
Extraordinary Item - Disaster Costs, Net	\$.1	0.3	—	—	\$.1	0.3
Changes in Net Assets	\$ 17.2	47.4	13.1	11.6	\$ 4.1	59.0
Net Assets, Beginning of Year	365.6	318.2	394.3	382.7	759.9	700.8
Net Assets, End of Year	\$ 348.4	\$ 365.6	\$ 407.4	\$ 394.3	\$ 755.7	\$ 759.8

Governmental Activities

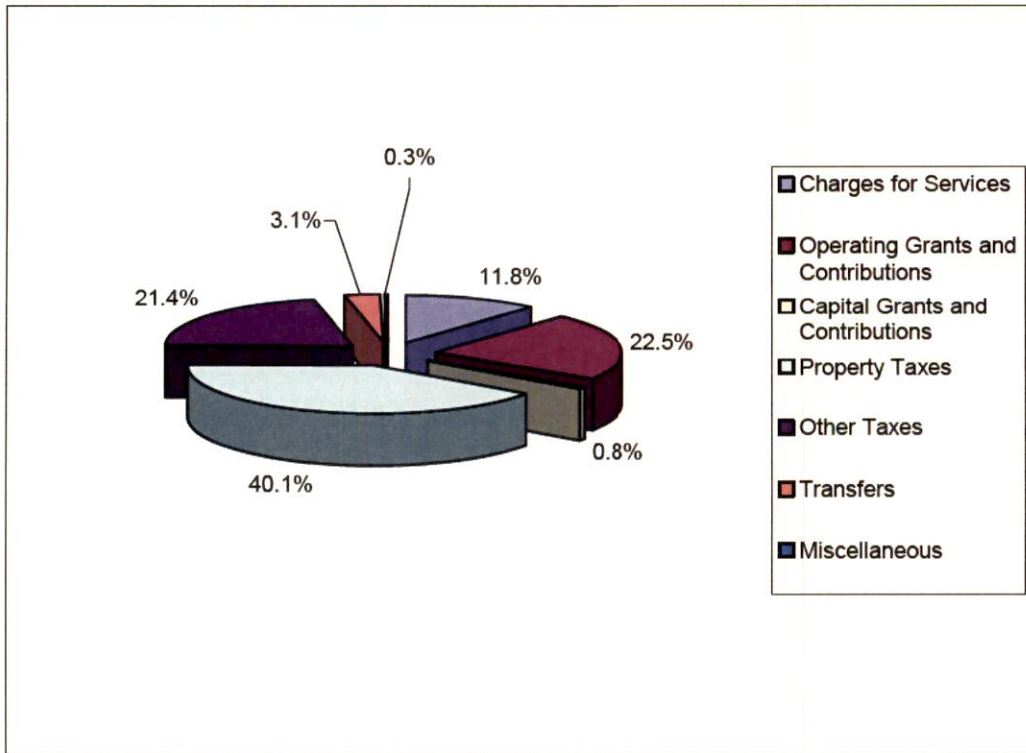
Governmental Activities decreased the City's net assets by \$17.2 million. Revenues from Governmental Activities, including transfers, was \$691.9 million for fiscal year 2009, with property taxes (40.1%), other local taxes (21.4%), and operating grants (22.5%) being the major revenue sources contributing over \$580.8 of the City's revenues. Expenses for Governmental Activities were \$709.0 for fiscal year 2009, of which 36.2 percent was supported from program revenues and 63.8 percent from general revenues. Expenses for Public Safety (26.2%), Education (23.2%), General Government (18.6%), Human Services (14.9%), and Highways, Streets, Sanitation, and Refuse (8.5%) make up ninety one 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, decreased by \$44.3 million from prior year. Some of the key factors were:

- Property taxes and other taxes decreased by \$26.0 million, primarily as a result of a decrease in total assessed property values in addition to shortfalls in Local Sales Tax, Sales tax for Education and Licenses and License, Permits and Privilege Fees.
- Other decreases were noted as follows:
 1. Capital grants and contributions decreased by \$7.4 million, primarily due to a reduction in grants for Highway, Streets, Sanitation and Refuse.
 2. Operating Grants and contributions decreased by \$13.4 million, primarily due to a reduction in revenues received for General Government, Public Safety, and Human Services.

Expenses for governmental activities increased by \$19.7 million from prior year. Some of the key factors were:

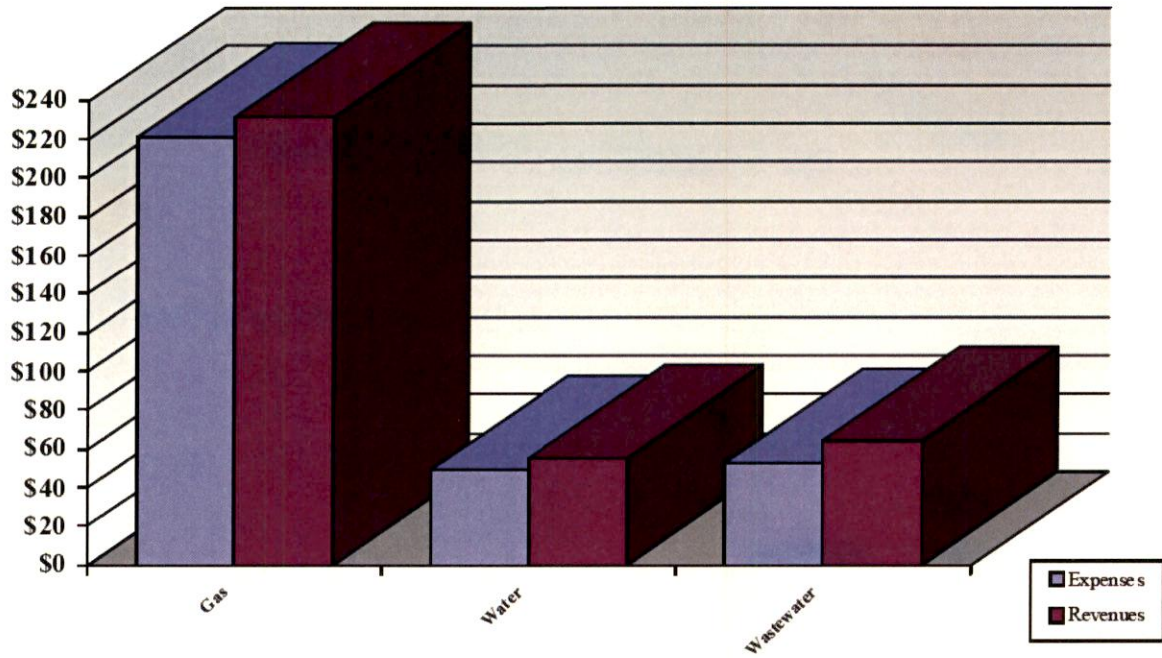
1. General Government expenses increased \$49.9 million, primarily due to certain reclassification within the functional categories and a reduction in spending.
2. Highway, Streets, Sanitation and Refuse decreased \$31.1 million partially due to departmental transfers.

Business-type Activities

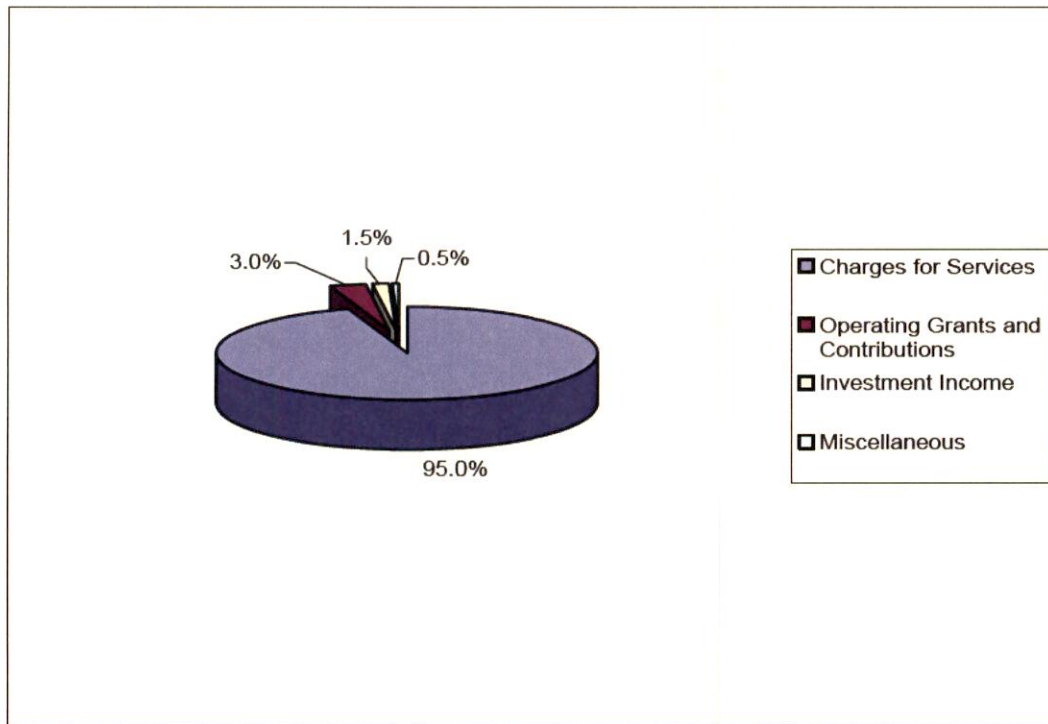
Business-type activities increased the City's government wide net assets by \$13.1 million. At June 30, 2009, total Business-type net assets were \$407.4 million with \$55.6 million being unrestricted. Revenues totaled \$365.8 million of which 95.0% percent is from charges for services (program revenue). Total expenses were \$331.1 million and transfers out were \$21.6 million. Charges for Services Revenue were up \$9.1 million and Business-type activities expenses increased \$11.2 million from the prior fiscal year. Thus, the Change of Net Assets prior to transfers was \$34.6 million and reflected a decrease of \$1.3 million from prior year. After transfers, the total change in Net Assets for Business-type Activities was \$13.1 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 close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8.7 million, a decrease of \$88.7 million. A major contributing factor to this decrease in combined ending fund balance was a \$(56.0) million deficit in undesignated fund balance in the Capital Projects Fund due to short-term financing in the current year. Due to the financing being short-term it was not considered a current financial resource and was reported as a current financial liability. The remainder of the fund balance (\$27.5 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 (\$2.1 million), 2) to pay debt service (\$1.2 million), 3) capital projects (\$15.5 million), or (4) a variety of restricted projects (\$8.7 million).

The General Fund is the chief operating fund of the City and as of June 30, 2009, the unreserved fund balance in the general fund was \$48.6 million and the total fund balance was \$50.7 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 8.1 percent of the total Budgeted General Fund expenditures (excluding transfers-out), while total fund balance represents 8.4 percent of that same amount. When transfers out are added to expenditures, the unreserved fund balance represents 7.3 percent of expenditures plus transfers, while the total fund represents 7.6 percent of this amount. Transfers out to other funds (\$64.6 million) primarily include General Fund support of Debt Service (\$52 million) and Grant Revenue (\$15 million).

The City's General Fund revenue decreased to \$635.6 million in fiscal year 2009 (see Exhibit D), compared to \$648.4 million in fiscal year 2008. This represents a net decrease of \$12.8 million. Some of the key factors were:

- City taxes were below budget estimates by \$0.3 million. This is primarily the result of shortfalls in Local Sales tax (\$1.8 million) and Sales Tax for Education (\$3.1 million) offset by additional revenue from Personal Property Taxes (\$1.6 million), Machinery and Tools (\$1.9 million) and Bank Franchise Taxes (1.5 million).
- Licenses, Permits, and Privilege Fees were below estimates by \$1.4 million. This is primarily the result of Business and Professional Licenses falling \$2.3 million short of the budget, offset by Transfers, Penalties, Interest & Delinquent Collections being \$1.1 million higher than budget.
- Intergovernmental revenues were below budget estimates by \$7.0 million. This is primarily the result of Social Services revenues being less than budget by \$9.0 million, offset by increase from City Sheriff (\$1.2 million) and Service Charges on Tax Exempt Property (\$0.9 million)
- Service Charges were below budget estimates by \$0.6 million. This is primarily a result of inspection fees to the Department of Community Development (\$0.7 million).
- Fines and Forfeitures were below budget estimates by \$2.0 million primarily due to a decline in Circuit Court fines and fees.

The City's General Fund expenditures, excluding transfers, increased to \$588.4 million in fiscal year 2009 (see Exhibit D), compared to \$582.6 million in fiscal year 2008. This represents a net increase of \$5.8 million. Some of the key factors were:

- Public Safety and Judiciary expenditures exceeded the budget by \$1.8 million. The overages were notable in the Department of Police budget (\$1.5 million) primarily due to overtime costs. Judiciary expenditures exceeded budget



(\$0.6 million), primarily due to increased salaries and associated retirement costs. Savings were recognized in the Emergency Management budget (\$0.3 million) due to personnel savings and other contract and professional services.

- General Government expenditures exceeded the budget by \$0.3 million. Some of the larger departmental variances were attributed to: General Services (over budget by \$2.2 million due to unanticipated expenditures resulting from several HVAC system failures at multiple facilities); Self Insurance (\$900 thousand less than budget due to less damage/claim costs); Community Development (less than budgeted by \$0.5 million due to personnel savings, fleet savings, and savings in several operating expenditures); City Council (under budget by \$0.3 million primarily due to savings in planning & consulting funds along with training savings and office furniture savings); the Chief Administrative Officer (\$0.2 million under budget due to personnel savings attributed to vacancies in several positions); and Information Technology (\$0.5 million over budget due to higher than anticipated salary costs and the delayed savings from the conversion to Voice Over Internet (VOIP). The net variances among the remaining general government agencies resulted in under expenditures of \$0.5 million versus the amended budget. Generally, agency savings were the result of a combination of personnel savings as well as operating efficiencies and savings due to programmatic changes or delays in purchases.
- Transfers In/Out – Other Funds, net, were higher than planned by \$0.9 million. This is as a result of transfers from the General Fund to Special Revenue funds. The majority of the transfers were planned expenditures.

The Debt Service Fund has a total fund balance of \$1.2 million which is reserved for payment of debt service requirements. Total Long-Term Debt outstanding, which includes premiums on debt, increased by \$156.2 million as compared to last year on a government-wide basis.

The Capital Projects Fund has a total fund deficit of \$(51.9) million, of which \$15.5 million is reserved for capital projects and \$(67.4) million is undesignated and primarily due to short-term financing. The net decrease in fund balance during the current year in the Capital Projects funds was \$75.6 million due to increase of capital spending during the current year.

Utility Proprietary Fund

The City of Richmond's Department of Public Utilities (DPU) overall financial results increased by 18% when compared to the prior year. This increase is primarily due to an increase in grants and contributions when compared to the prior year. Together, our customer base increase's as well as the continued strengthening of our leveraged position, which allowed the City to maintain its high bond rating.

In 2008-09, operating income saw a increase of \$0.7 million or 2% from the prior year. Combined operating revenues increased \$10.7 million or 6.3% (net of gas purchases), but this was offset by an increase in total operating expenses of \$10 million or 7.3% (net of gas costs). (NOTE: the cost of purchased gas is recovered dollar for dollar through the purchased gas adjustment (PGA); therefore, changes in the cost of gas from year to year do not impact net income.)

Gas revenues (net of gas purchases) increased \$5.6 million or 8.9% during the fiscal year 2009. This was due primarily to a increase in sales volume 5.6%. In addition, operating expenses increased from the prior year by \$5.3 million or 10.8%. Most of this increase was related to a \$0.9 million increase in payroll expenses, a \$1.1 million increase in miscellaneous operating expenses and a \$2 million increase in uncollectible expense.

Water revenues increased \$2.9 million or 5.7% during the fiscal year 2009. This increase was attributable to a rate increase of 6.0%. Water also saw an increase in operating expense's from the prior year of \$3.3 million or 8.2%. This increase is primarily related to a \$1.8 million increase in chemicals, \$0.6 million increase in power cost and \$1.0 million in salaries and wages.

Wastewater revenues increased \$2.2 million or 3.8% during fiscal year 2009. This increase was mainly due to a rate increase of 5.5%. Wastewater saw an increase in operating expenses from the prior year of \$1.4 million or 2.9%.

General Fund Budgetary Highlights

Differences between original and final amended budgets are the result of an increase of \$8.5 million in additional appropriations. Of this increase, \$7.2 million was funded from FY 2008 appropriations for obligations incurred in FY 2008 with final payments in



FY 2009. Other miscellaneous revenue increases of \$1.3 million were due to various state- and grant-related revenue increases and fund balance re-appropriations.

The increases to the City agencies appropriations are indicated below.

General Government	\$ 569,907
Public Safety and Judiciary	1,734,209
Highways, Streets, Sanitation and Refuse	(392,241)
Human Services	339,512
Culture and Recreation	(157,595)
Non-Departmental	6,450,087
	<u>\$ 8,543,879</u>

Note: Excluding Education

Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Year Ended June 30, 2009 and 2008
(In Millions)

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues:								
Property Taxes	\$ 284.2	\$ 262.9	\$ 277.5	\$ 262.9	\$ 279.0	\$ 265.0	\$ 1.5	\$ 2.2
Other Taxes	150.1	153.6	150.1	153.6	148.3	170.6	(1.8)	17.1
Intergovernmental	123.1	124.4	123.6	124.8	116.6	120.0	(7.0)	(4.8)
Miscellaneous	97.0	92.8	97.0	93.2	91.7	92.7	(5.4)	(0.4)
Other Financing Sources	3.7	5.6	3.7	5.6	3.5	7.8	(.1)	2.2
Total Revenues and Other Financing Sources	<u>\$ 658.1</u>	<u>\$ 639.2</u>	<u>\$ 652.0</u>	<u>\$ 640.0</u>	<u>\$ 639.2</u>	<u>\$ 656.1</u>	<u>\$ (12.8)</u>	<u>\$ 16.2</u>
Expenses:								
General Government	\$ 77.7	\$ 58.9	\$ 78.3	\$ 63.1	\$ 78.6	\$ 62.8	\$ (.3)	\$ 0.3
Public Safety and Judiciary	160.5	150.6	162.3	151.4	164.1	156.0	(1.8)	(4.6)
Highway, Street, Sanitation, and Refuse	46.2	60.0	45.8	60.4	43.5	60.2	2.3	0.2
Human Services	78.4	80.8	78.7	81.7	70.9	72.6	7.8	9.2
Culture and Recreation	21.1	20.0	20.9	20.2	21.3	20.9	(.4)	(0.7)
Education	161.0	160.0	159.2	160.0	159.2	158.9	.1	1.1
Non-Departmental	48.9	50.1	55.4	54.6	51.0	51.3	4.4	3.3
Other Financing Uses	64.3	58.8	63.9	58.8	64.6	72.4	(.7)	(13.6)
Total Expenses and Other Financing Sources	<u>\$ 658.1</u>	<u>\$ 639.2</u>	<u>\$ 664.4</u>	<u>\$ 650.2</u>	<u>\$ 653.0</u>	<u>\$ 655.0</u>	<u>\$ 11.4</u>	<u>\$ (4.8)</u>

The City's General Fund revenues and other financing sources were below the amended budgeted appropriations by \$12.8 million (rounded) (See Exhibit H-1). Some of the key factors were:

- City taxes were below budget estimates by \$0.3 million. This is primarily the result of shortfalls in Local Sales tax (\$1.8 million) and Sales Tax for Education (\$3.1 million) offset by additional revenue from Personal Property Taxes (\$1.6 million), Machinery and Tools (\$1.9 million) and Bank Franchise Taxes (1.5 million).



- Licenses, Permits, and Privilege Fees were below estimates by \$1.4 million. This is primarily the result of Business and Professional Licenses falling \$2.3 million short of the budget, offset by Transfers, Penalties, Interest & Delinquent Collections being \$1.1 million higher than budget.
- Intergovernmental revenues were below budget estimates by \$7.0 million. This is primarily the result of Social Services revenues being less than budget by \$9.0 million, offset by increase from City Sheriff (\$1.2 million) and Service Charges on Tax Exempt Property (\$0.9 million)
- Service Charges were below budget estimates by \$0.6 million. This is primarily a result of inspection fees to the Department of Community Development (\$0.7 million).
- Fines and Forfeitures were below budget estimates by \$2.0 million primarily due to a decline in Circuit Court fines and fees.

The City's General Fund expenditures and other financing uses were under the amended budgeted appropriations by \$11.4 million. (See Exhibit H-1). Some of the key factors were:

- General Government expenditures exceeded the budget by \$0.3 million. Some of the larger departmental variances were attributed to: General Services (over budget by \$2.2 million due to unanticipated expenditures resulting from several HVAC system failures at multiple facilities); Self Insurance (\$900 thousand less than budget due to less damage/claim costs); Community Development (less than budgeted by \$0.5 million due to personnel savings, fleet savings, and savings in several operating expenditures); City Council (under budget by \$0.3 million primarily due to savings in planning & consulting funds along with training savings and office furniture savings); the Chief Administrative Officer (\$0.2 million under budget due to personnel savings attributed to vacancies in several positions); and Information Technology (\$0.5 million over budget due to higher than anticipated salary costs and the delayed savings from the conversion to Voice Over Internet (VOIP). The net variances among the remaining general government agencies resulted in under expenditures of \$0.5 million versus the amended budget. Generally, agency savings were the result of a combination of personnel savings as well as operating efficiencies and savings due to programmatic changes or delays in purchases.
- Public Safety and Judiciary expenditures exceeded the budget by \$1.8 million. The overages were notable in the Department of Police budget (\$1.5 million) primarily due to overtime costs. Judiciary expenditures exceeded budget (\$0.6 million), primarily due to increased salaries and associated retirement costs. Savings were recognized in the Emergency Management budget (\$0.3 million) due to personnel savings and other contract and professional services.
- Human Services expenditures were lower than planned by \$7.8 million. This is due to budget savings of \$0.5 million in the City portion of Public Health payments to the Commonwealth and \$0.3 million in savings in the Office of the DCAO for Human Services, which was primarily due to contractual and other operating savings. Social Services was under budget primarily due to savings in various programs, purchased services and other expenditures that were allocated to grants and other special revenue subsidies. It should be noted that there was also companion revenue offset in State reimbursements.
- Non-Departmental expenditures were lower than planned by \$4.4 million. This is primarily due to a \$1.25 million economic incentive payment that did not become due until early FY 2010 because of condition timing. Also, payments for Tax Relief for the Elderly and Disabled were \$1.4 million less than budget. Other savings were noted in Retiree Healthcare costs, Greater Richmond Convention Center Authority (GRCCA) subsidy (\$0.8 million), Downtown Community Development Authority (CDA) subsidy (\$0.6 million).
- Transfers In/Out – Other Funds, net, were higher than planned by \$0.9 million. This is as a 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, 2009, the City's investment in capital assets for governmental and business type activities amounted to \$1.7 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 \$85.7 million.

Some of the major capital asset expenditures during the year 2009 included the following:

- Carpenter Center – City of the Future of \$24.8 million.
- New Court Facility of \$13.2 million.
- Landmark Theatre – City of the Future of \$1.2 million
- City owned building construction and renovations of \$14.7 million.
- Renovations to Richmond Public School Buildings of \$ 2.5 million.



Table 4
City of Richmond's Capital Assets
For the Fiscal Year Ended June 30, 2009 and 2008
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 34.9	\$ 34.6	\$ 16.5	\$ 12.8	\$ 51.4	\$ 47.4
Construction In Progress	130.4	62.5	181.5	176.6	311.9	239.1
Works of Art / Historical Treasures	6.9	6.9	—	—	6.9	6.9
Total Assets Not Being Depreciated	172.2	104.1	198.1	189.4	370.2	293.5
Capital Assets Being Depreciated:						
Infrastructure	733.0	726.2	—	—	733.0	726.2
Buildings and Structures	436.3	434.1	1,221.0	1,156.8	1,657.3	1,590.9
Equipment	95.0	103.9	6.3	6.3	101.4	110.2
Improvements Other Than Buildings	9.5	9.2	—	—	9.5	9.2
Total Other Assets	1,273.8	1,273.4	1,227.4	1,163.1	2,501.1	2,436.5
Less Accumulated Depreciation For:						
Infrastructure	422.5	411.0	—	—	422.5	411.0
Buildings and Structures	210.7	200.6	456.5	425.7	667.3	626.3
Equipment	66.1	67.8	4.8	4.3	70.9	72.1
Improvements Other Than Buildings	2.5	1.8	—	—	2.5	1.8
Total Accumulated Depreciation	701.8	681.2	461.4	430.1	1,163.2	1,111.2
Total Capital Assets Being Depreciated, Net	571.9	592.2	766.0	733.0	1,337.9	1,325.2
Total Capital Assets, Net	\$ 744.1	\$ 696.3	\$ 964.0	\$ 922.4	\$ 1,708.1	\$ 1,618.7

Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding, exclusive of compensated absences and Other Post Retirement Benefits, of \$1,217,750,971, comprised primarily of General Obligation Bonds of \$538,222,770, Public Utility Revenue Bonds of \$551,289,641, Notes Payable of \$66,915,000, Certificates of Participation of \$14,760,000, a Lease Revenue Bond of \$10,377,099, and \$23,737,878 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, 2009

Primary Government - Governmental Activities

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
General Obligation Bonds/BANs	\$ 351,894,055	\$ -	\$ 27,591,673	\$ 324,302,382	\$ 29,815,465
Premium on Debt Issued	11,058,800	-	762,902	\$ 10,295,898	762,901
Accreted Value - Capital Appreciation					
General Obligation Bonds	59,174	-	11,291	47,883	47,883
General Obligation Serial Equipment Notes Payable	8,000,000	2,000,000	2,440,000	7,560,000	2,840,000
Certificates of Participation	15,510,000	-	750,000	14,760,000	780,000
Qualified Zone Academy Bonds	2,987,253	-	192,480	2,794,773	192,480
Virginia Public Schools Authority Bonds	2,372,353	-	227,025	2,145,328	229,230
Advantage Richmond Lease Revenue Bonds	10,981,807	-	604,708	10,377,099	637,311
Section 108 Notes Payable	3,910,000	-	555,000	3,355,000	555,000
Bond Anticipation Notes					
Note payable to Component Unit RRHA	25,532,878	-	1,795,000	23,737,878	1,775,000
Compensated Absences	15,536,868	1,101,073	666,239	15,971,702	9,739,272
Net Other Postemployment Benefit Obligations	-	3,163,498	-	3,163,498	-
Total Long-Term Obligations	<u>\$ 447,843,188</u>	<u>\$ 6,264,571</u>	<u>\$ 8,004,645</u>	<u>\$ 418,511,441</u>	<u>\$ 47,374,542</u>

Primary Government - Business-type Activities

General Obligation Bonds:					
Gas	\$ 93,104,277	\$ -	\$ 5,570,706	\$ 87,533,571	\$ 6,125,388
Water	72,422,594	-	4,204,065	68,218,529	4,259,449
Wastewater	43,369,368	-	2,919,653	40,449,715	3,104,015
Other Non-major Enterprise Funds	13,838,844	-	1,229,173	12,609,471	1,137,750
Accreted Value - Capital Appreciation:					
Gas	414,791	-	79,147	335,644	335,644
Water	663,808	-	126,623	536,985	536,985
Wastewater	271,362	-	51,779	219,583	219,583
Revenue Bonds:					
Gas	139,148,297	55,741,348	2,039,065	192,850,580	2,118,060
Water	129,542,280	47,640,174	2,171,637	175,010,817	2,248,001
Wastewater	137,635,058	49,396,089	3,602,900	183,428,247	3,117,987
Capital Leases:					
Other Non-major Enterprise Funds	1,418,931	-	237,340	1,181,591	248,254
Compensated Absences:					
Gas	674,582	700,587	586,464	788,805	700,586
Water	575,464	547,536	450,196	672,804	547,536
Wastewater	595,307	531,446	430,749	696,004	531,446
Other Non-major Enterprise Funds	125,552	20,520	19,167	126,905	70,312
Total Long-Term Obligations	<u>\$ 633,800,215</u>	<u>\$ 154,577,700</u>	<u>\$ 23,718,664</u>	<u>\$ 764,659,251</u>	<u>\$ 25,300,996</u>

The three major bond-rating agencies, Moody's, Standard and Poor's and Fitch Ratings have reaffirmed their respective general Obligation debt ratings of Aa3, AA and AA for the City's outstanding 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.



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 2009 fiscal year, the City issued the following debt:

- \$75.0 million of General Obligation Revenue Anticipation Notes - Series 2008 to finance seasonal operations due to the timing of tax collections. This note was paid in full on June 24, 2009 from tax receipts.
- \$55.5 million of General Obligation Bond Anticipation Commercial Paper Notes to finance various capital projects of the City.
- \$2.0 million of General Obligation Notes – Series 2009, to finance vehicles and equipment.
- \$152.8 million Public Utility Revenue Bonds – Series 2008A, Series 2009A, Series 2009B to finance various capital improvement projects to the City's Gas, Water and Wastewater Utilities.

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

In preparing the biennial fiscal plan for FY2009, the City faced a number of increased demands for resources, most notably a need to diminish the unfunded liability for retirement costs, an increased need for Public Safety (particularly in Police), Public Works, infrastructure maintenance, and economic development initiatives. To address these needs without a planned increase in the real estate tax rate, a number of cost efficiencies are planned.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, (GASB 45) addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). 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. GAAP requires disclosure of the annual OPEB costs, not actual funding of the costs. Under GAAP, based on an actuarial valuation, an annual required contribution ("ARC") has been determined for the City. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) and (b) amortization of the unfunded liability (benefits already earned by current and future 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 in its financial statements. GAAP 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 engaged a consultant to assist in estimating its costs and actuarial unfunded OPEB liabilities (for all beneficiaries, including retirees of the City government) 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 ended its Medicare eligible program and with no new entrants entering 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)

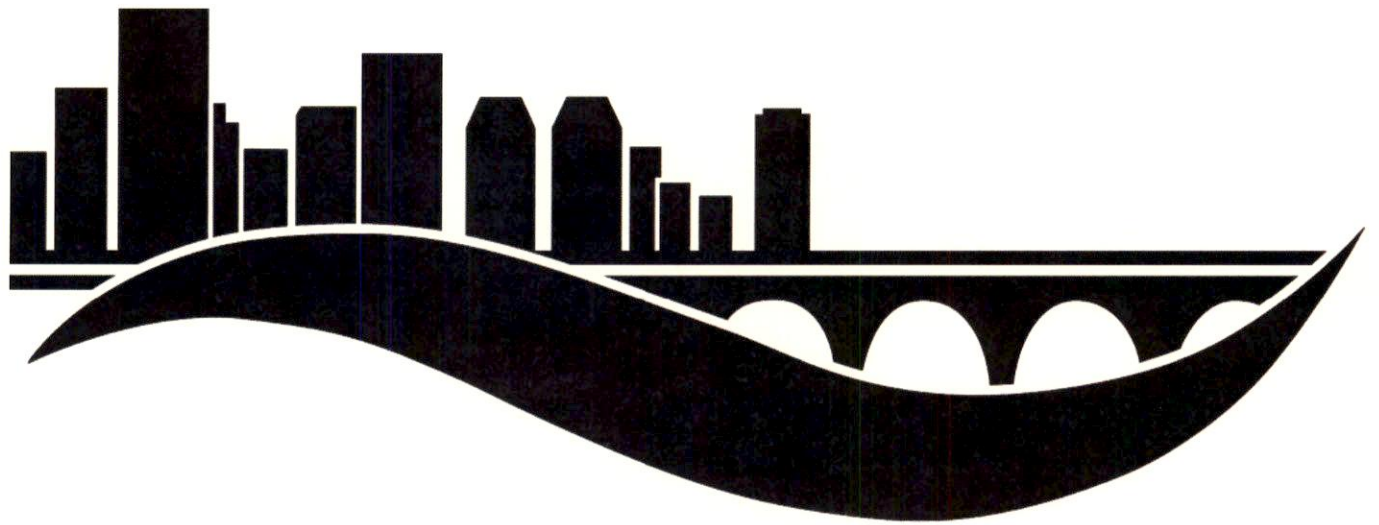


current City employees who retire after July 1, 2007 will not enter into a City contribution formula, (x) and future retirees would be given a Retiree Health Savings accounts funded while they are active employees with no City funds for healthcare provided after they retire.

While the ongoing analysis is being reviewed by the City, the actuarial report provides current estimates for the actuarial OPEB liability of approximately \$76 million and ARC of approximately \$4.6 million. This analysis shows a decrease in the liability from \$194.5 million and 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, addressing 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 liability 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.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information 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.



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Basic Financial Statements



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 74,036,652	\$ 131,013,345	\$ 205,049,997	\$ 28,248,249
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	36,413,581	-	36,413,581	-
Accounts	25,352,671	46,521,841	71,874,512	7,504,405
Internal Balances, Net	5,556,593	(5,556,593)	-	-
Due From Primary Government	-	-	-	51,892,746
Due From Component Unit	583,119	-	583,119	-
Due From Other Governments (Note 5)	50,756,032	-	50,756,032	23,102,517
Inventories of Materials and Supplies	887,943	20,979,660	21,867,603	494,739
Prepaid Assets	626,756	5,068,807	5,695,563	2,000,911
Total Current Assets	194,213,347	198,027,060	392,240,407	113,243,567
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	26,763,972	156,787,132	183,551,104	24,114,431
Deferred Expenses	-	19,037,250	19,037,250	-
Due From Component Unit	15,051,276	-	15,051,276	-
Note Receivable (Note 6)	543,100	-	543,100	-
Mortgage Loans Receivable and Other Non-Current Assets	-	-	-	54,004,596
Capital Assets, Net (Note 7):				
Land and Works of Art/Historical Treasures	41,780,535	16,520,497	58,301,032	14,881,812
Infrastructure, Net	310,446,159	-	310,446,159	289,353
Buildings, Structures, and Equipment, Net	261,491,406	765,973,860	1,027,465,266	127,039,629
Construction in Progress	130,394,604	181,537,187	311,931,791	14,843,623
Total Capital Assets, Net	744,112,704	964,031,544	1,708,144,248	157,054,417
Total Non Current Assets	786,471,052	1,139,855,926	1,911,275,702	235,173,444
Total Assets	\$ 980,684,399	\$ 1,337,882,986	\$ 2,318,567,385	\$ 348,417,011

(Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 23,210,729	\$ 25,806,123	\$ 49,016,852	\$ 18,583,910
Accrued Liabilities	14,589,119	10,309,071	24,898,190	25,911,862
Retainage Payable	—	—	—	18,281
Due To Primary Government	—	—	—	420,670
Due To Other Governments	2,988,551	—	2,988,551	3,895,523
Due To Various Agents	266,895	—	266,895	—
Due To Component Units	48,418,375	—	48,418,375	—
Note Payable (Note 8)	58,440,000	—	58,440,000	—
Note Payable To Component Unit (Note 8)	1,775,000	—	1,775,000	—
Accrued Interest on Bonds and Notes Payable	8,982,490	14,700,765	23,683,255	—
Unearned Revenue	24,973,882	—	24,973,882	3,651,917
Accreted Interest on Bonds Payable (Note 8)	47,883	1,092,212	1,140,095	—
General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8)	32,735,076	14,874,856	47,609,932	6,381,348
Revenue Bonds Payable (Note 8)	637,311	7,484,048	8,121,359	—
Compensated Absences (Note 8)	9,739,272	1,849,880	11,589,152	716,944
Other Liabilities and Claims Payable (Note 10)	3,918,789	—	3,918,789	—
Total Current Liabilities	230,723,372	76,116,955	306,840,327	59,580,455
Non-Current Liabilities (Notes 8, 10 and 13):				
Liabilities to be Paid From Restricted Assets:				
Customers' Deposits	—	6,676,059	6,676,059	808,595
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases	325,318,305	195,118,020	520,436,325	91,661,346
Due To Primary Government	—	—	—	12,776,082
Note Payable	4,720,000	—	4,720,000	—
Note Payable To Component Unit	21,962,878	—	21,962,878	—
Revenue Bonds Payable	9,739,788	543,805,595	553,545,383	—
Unearned Revenue	—	—	—	426,646
Compensated Absences	6,232,430	434,639	6,667,069	12,329,448
Other Liabilities and Claims Payable	30,464,275	108,353,068	138,817,343	5,708,594
Incurred But Not Reported Claims	—	—	—	3,024,904
Net Other Postemployment Benefit Obligations	3,163,498	—	3,163,498	7,574,968
Early Retirement Plan Net Pension Obligations	—	—	—	1,987,920
Total Non-Current Liabilities	401,601,174	854,387,381	1,255,988,555	136,298,503
Total Liabilities	632,324,546	930,504,336	1,562,828,882	195,878,958
Net Assets				
Invested In Capital Assets, Net of Related Debt	311,326,711	351,767,886	663,094,597	95,979,616
Restricted for:				
Capital Projects	15,021,771	—	15,021,771	25,410,339
Debt Service	—	—	—	189,255
Customers' Deposits	—	—	—	870,207
Permanent Funds:				
Expendable	33,021	—	33,021	615,943
Nonexpendable	301,414	—	301,414	203,471
Unrestricted	21,676,936	55,610,764	77,287,700	29,269,222
Total Net Assets	\$ 348,359,853	\$ 407,378,650	\$ 755,738,503	\$ 152,538,053

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, 2008 *2609*

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 132,001,804	\$ 51,086,930	\$ 30,976,206	\$ -
Public Safety and Judiciary	185,536,625	14,285,802	32,928,865	-
Highways, Streets, Sanitation and Refuse	59,964,571	15,238,471	22,930,579	5,228,211
Human Services	105,618,194	423,987	67,428,426	-
Culture and Recreation	25,635,473	686,911	1,425,208	-
Education	164,359,364	-	-	-
Transportation	11,950,000	-	-	-
Interest and Fiscal Charges	23,925,766	-	-	-
Total Governmental Activities	708,991,797	81,722,101	155,689,284	5,228,211
Business-type:				
Gas	221,285,311	231,136,014	124,497	-
Water	49,074,068	54,406,899	1,152,765	-
Wastewater	53,000,556	58,803,531	5,757,485	-
Coliseum	5,718,103	1,829,195	3,131,277	-
Landmark Theater	567,990	520	586,644	-
Cemeteries	1,472,725	1,368,588	67,051	-
Total Business-type Activities	331,118,753	347,544,747	10,819,719	-
Total Primary Government	\$ 1,040,110,550	\$ 429,266,848	\$ 166,509,003	\$ 5,228,211
Component Units:				
School Board	325,067,074	3,537,975	100,531,637	9,216,232
Richmond Ambulance Authority	15,201,828	10,778,218	-	-
Port of Richmond Commission	1,400,400	954,643	-	-
Richmond Behavioral Health Authority	38,864,765	22,145,136	16,206,857	-
Richmond Redevelopment and Housing Authority	60,111,242	14,181,130	41,793,361	6,851,921
Broad Street Community Development Authority	7,833,689	5,240,003	-	-
Total Component Units	\$ 448,478,998	\$ 56,837,105	\$ 158,531,855	\$ 16,068,153
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				
Private Utility Poles and Conduits				
Penalties and Interest				
Tifling Tax-Mobile Home				
State Recordation				
Property Rental 1%				
Vehicle Rental Tax				
Telephone Commissions				
Total City Taxes				
Intergovernmental Revenue Not Restricted to Specific Programs				
Payment From Primary Government - Unrestricted				
Investment Earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Changes in Net Assets:				
Net Assets - Beginning of Year				
Net Assets - End of Year				

(Continued)



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets

Governmental Activities	Business-type Activities	Totals	Component Units
\$ (49,938,668)	\$ --	\$ (49,938,668)	\$ --
(138,321,958)	--	(138,321,958)	--
(16,567,310)	--	(16,567,310)	--
(37,765,781)	--	(37,765,781)	--
(23,523,354)	--	(23,523,354)	--
(164,359,364)	--	(164,359,364)	--
(11,950,000)	--	(11,950,000)	--
(23,925,766)	--	(23,925,766)	--
<u>(466,352,201)</u>	<u>--</u>	<u>(466,352,201)</u>	<u>--</u>
--	9,975,199	9,975,199	--
--	6,485,596	6,485,596	--
--	11,560,461	11,560,461	--
--	(757,631)	(757,631)	--
--	19,174	19,174	--
--	(37,086)	(37,086)	--
--	<u>27,245,713</u>	<u>27,245,713</u>	<u>--</u>
<u>(466,352,201)</u>	<u>27,245,713</u>	<u>(439,106,488)</u>	<u>--</u>
--	--	--	(211,781,230)
--	--	--	(4,423,610)
--	--	--	(445,757)
--	--	--	(512,772)
--	--	--	2,715,170
--	--	--	<u>(2,593,686)</u>
--	--	--	<u>(217,041,885)</u>
231,467,579	--	231,467,579	--
30,935,300	--	30,935,300	--
25,312,005	--	25,312,005	--
45,878,338	--	45,878,338	--
13,762,378	--	13,762,378	--
35,253,745	--	35,253,745	--
4,494,835	--	4,494,835	--
24,489,056	--	24,489,056	--
5,366,015	--	5,366,015	--
1,604,376	--	1,604,376	--
96,164	--	96,164	--
4,570,206	--	4,570,206	--
10,635	--	10,635	--
710,115	--	710,115	--
126,534	--	126,534	--
626,040	--	626,040	--
449,292	--	449,292	--
<u>425,152,613</u>	<u>--</u>	<u>425,152,613</u>	<u>--</u>
166,361	--	166,361	\$1,445,528
--	--	--	136,971,875
89,955	5,601,170	5,691,125	(676,510)
2,319,473	1,788,086	4,107,559	697,139
<u>21,560,041</u>	<u>(21,560,041)</u>	<u>--</u>	<u>--</u>
<u>449,157,973</u>	<u>(14,170,785)</u>	<u>434,987,188</u>	<u>228,438,032</u>
(17,194,228)	13,074,928	(4,119,300)	11,396,147
<u>365,554,081</u>	<u>394,303,722</u>	<u>759,857,803</u>	<u>141,141,906</u>
<u>\$ 348,359,853</u>	<u>\$ 407,378,650</u>	<u>\$ 755,738,503</u>	<u>\$ 152,538,053</u>



CITY OF RICHMOND, VIRGINIA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2009

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents (Note 3)	\$ 71,047,276	\$ --	\$ --	\$ 137,296	\$ 71,184,572
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	36,413,581	--	--	--	36,413,581
Accounts	17,094,184	--	--	2,612,305	19,706,489
Due From Other Funds (Note 4)	16,718,723	--	1,802,329	5,249,368	23,770,420
Due From Component Unit	15,471,946	--	--	--	15,471,946
Due From Other Governments (Note 5)	42,176,833	--	--	8,470,250	50,647,083
Restricted Assets - Cash and Investments (Note 3)	--	1,481,247	24,949,615	333,110	26,763,972
Note Receivable (Note 6)	543,100	--	--	--	543,100
Total Assets	\$ 199,465,643	\$ 1,481,247	\$ 26,751,944	\$ 16,802,329	\$ 244,501,163
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 7,431,542	\$ 39,442	\$ 8,632,174	\$ 4,092,846	\$ 20,196,004
Accrued Liabilities	12,378,030	--	--	146,684	12,524,714
Notes Payable (Note 8)	--	--	56,000,000	--	56,000,000
Due To Other Funds (Note 4)	25,810,977	268,250	4,030,158	2,520,140	32,629,525
Due To Other Governments (Note 5)	2,957,949	--	--	30,602	2,988,551
Due To Various Agents	266,895	--	--	--	266,895
Due To Component Units	48,418,375	--	--	--	48,418,375
Deferred Revenues	51,463,205	--	10,011,737	1,292,201	62,767,143
Total Liabilities	148,726,973	307,692	78,674,069	8,082,473	235,791,207
Fund Balances:					
Fund Balance - Reserved (Note 9):					
General Fund	2,094,186	--	--	--	2,094,186
Debt Service Fund	--	1,173,555	--	--	1,173,555
Capital Projects Fund	--	--	15,521,771	--	15,521,771
Non-Major - Permanent Funds	--	--	--	334,435	334,435
Fund Balance - Unreserved:					
Designated for Specific Projects (Note 9):					
Non-Major Special Revenue Funds	--	--	--	8,385,421	8,385,421
Undesignated:					
General Fund	48,644,484	--	--	--	48,644,484
Capital Projects Fund	--	--	(67,443,896)	--	(67,443,896)
Total Fund Balances	50,738,670	1,173,555	(51,922,125)	8,719,856	8,709,956
Total Liabilities and Fund Balances	\$ 199,465,643	\$ 1,481,247	\$ 26,751,944	\$ 16,802,329	\$ 244,501,163



CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

Total fund balances for governmental funds \$ 8,709,956

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Table with 2 columns: Description and Amount. Rows include Land, Infrastructure, net, Buildings, structures, and equipment, net, and Construction in progress.

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. 37,793,261

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:

Table with 2 columns: Description and Amount. Rows include Accrued interest, Governmental bonds and capital lease payable, Compensated absences, Due to Component Unit, and Net Other Postemployment Benefit Obligations.

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. 14,869,305

Net Assets of governmental activities \$ 348,359,853

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 227,921,229	\$ --	\$ --	\$ --	\$ 227,921,229
Sales-1% Local	30,935,300	--	--	--	30,935,300
Sales Tax for Education	25,312,005	--	--	--	25,312,005
Personal Property	51,107,922	--	--	--	51,107,922
Machinery and Tools	14,265,110	--	--	--	14,265,110
General Utility Sales	35,253,745	--	--	--	35,253,745
Bank Stock	4,494,835	--	--	--	4,494,835
Prepared Food	24,489,056	--	--	--	24,489,056
Lodging Tax	5,366,015	--	--	--	5,366,015
Admission	1,604,376	--	--	--	1,604,376
Private Utility Poles and Conduits	96,164	--	--	--	96,164
Penalties and Interest	4,570,206	--	--	--	4,570,206
Titling Tax-Mobile Home	10,635	--	--	--	10,635
State Recordation	710,115	--	--	--	710,115
Property Rental 1%	126,534	--	--	--	126,534
Vehicle Rental Tax	626,040	--	--	--	626,040
Telephone Commissions	449,292	--	--	--	449,292
Total City Taxes	427,338,579	--	--	--	427,338,579
Licenses, Permits and Privilege Fees	36,190,387	--	--	--	36,190,387
Intergovernmental	116,625,329	--	4,976,481	34,705,423	156,307,233
Service Charges	21,451,494	--	--	--	21,451,494
Fines and Forfeitures	9,246,562	--	--	--	9,246,562
Payment in Lieu of Taxes	19,234,942	--	--	--	19,234,942
Investment Income	--	6,090	450,721	83,865	540,676
Miscellaneous	5,546,031	1,778,449	151,730	12,177,310	19,653,520
Total Revenues	635,633,324	1,784,539	5,578,932	46,966,598	689,963,393
Expenditures					
Current:					
General Government	78,553,401	--	--	12,383,106	90,936,507
Public Safety and Judiciary	164,080,296	--	--	12,977,023	177,057,319
Highways, Streets, Sanitation and Refuse	43,468,848	--	--	1,164,019	44,632,867
Human Services	70,865,380	--	--	30,290,679	101,156,059
Culture and Recreation	21,280,882	--	--	1,588,237	22,869,119
Education	159,155,815	--	--	--	159,155,815
Non-Departmental	50,990,595	--	--	--	50,990,595
Capital Outlay	--	--	81,224,196	--	81,224,196
Debt Service:					
Principal Retirement	--	28,077,064	--	--	28,077,064
Interest Payments	--	24,805,037	--	--	24,805,037
Bond Issuance Cost	--	955,068	--	--	955,068
Total Expenditures	588,395,217	53,837,169	81,224,196	58,403,064	781,859,646
Excess of Revenues Over (Under) Expenditures	47,238,107	(52,052,630)	(75,645,264)	(11,436,466)	(91,896,253)
Other Financing Sources (Uses)					
Transfers In-Other Funds	3,536,522	52,021,258	--	14,749,134	70,306,914
Transfers Out-Other Funds	(64,583,259)	--	--	(2,542,883)	(67,126,142)
Total Other Financing Sources (Uses), Net	(61,046,737)	52,021,258	--	12,206,251	3,180,772
Net Change in Fund Balances	(13,808,630)	(31,372)	(75,645,264)	769,785	(88,715,481)
Fund Balances - Beginning of Year	64,547,300	1,204,927	23,723,139	7,950,071	97,425,437
Fund Balances - End of Year	\$ 50,738,670	\$ 1,173,555	\$ (51,922,125)	\$ 8,719,856	\$ 8,709,956

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

(Continued)



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, 2009

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

Net change in fund balances - total governmental funds \$ (88,715,481)

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 \$ 78,436,832
Depreciation expense (28,157,375) 50,279,457

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.

Principal payments of bonds, net of payments on behalf of Component Units 29,872,064
Amortization of bond premium 762,902 30,634,966

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. (2,285,555)

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 1,834,339
Compensated absences (450,744)
Other Postemployment Benefit Obligations (3,163,498) (1,779,903)

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. (5,327,712)

Change in net assets of governmental activities \$ (17,194,228)

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds					Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
Assets						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 100,260	\$ 44,277,468	\$ 57,283,534	\$ --	\$ 101,661,262	\$ 32,204,163
Accounts Receivables (Net of Allowance for Doubtful Accounts)	25,555,280	10,740,359	9,277,425	948,777	46,521,841	5,646,182
Due From Component Unit	--	--	--	--	--	162,449
Due From Other Funds (Note 4)	261,253	3,223,243	3,886,920	--	7,371,416	20,027,121
Due From Other Governments (Note 5)	--	--	--	--	--	108,949
Inventories of Materials and Supplies	17,456,075	407,294	--	--	17,863,369	4,004,234
Prepaid Expenses and Other Current Assets	2,163,497	1,306,104	1,300,370	92,438	4,862,409	833,154
Total Current Assets	<u>45,536,365</u>	<u>59,954,468</u>	<u>71,748,249</u>	<u>1,041,215</u>	<u>178,280,297</u>	<u>62,986,252</u>
Noncurrent Assets:						
Restricted Assets - Cash and Investments (Note 3)	53,907,645	54,107,039	48,772,448	--	156,787,132	--
Advances To Other Funds (Note 4)	19,605,111	19,081,068	21,534,342	--	60,220,521	3,294,908
Deferred Expenses	7,629,948	5,857,075	5,550,227	--	19,037,250	--
Capital Assets (Note 7):						
Land	237,745	679,409	1,101,261	12,815,550	14,833,965	5,047,511
Buildings and Structures	--	--	--	44,408,419	44,408,419	114,488,455
Equipment	--	--	--	6,345,901	6,345,901	61,981,108
Plant-in-Service	366,194,773	289,508,271	226,047,518	--	881,750,562	--
Completed Construction	26,195,817	32,072,277	175,299,803	--	233,567,897	--
Construction in Progress	47,847,599	63,178,658	58,405,894	--	169,432,151	16,509,709
Less: Accumulated Depreciation	<u>(131,478,899)</u>	<u>(99,811,534)</u>	<u>(148,398,552)</u>	<u>(37,485,362)</u>	<u>(417,174,347)</u>	<u>(114,201,720)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>308,997,035</u>	<u>285,627,081</u>	<u>312,455,924</u>	<u>26,084,508</u>	<u>933,164,548</u>	<u>83,825,063</u>
Total Noncurrent Assets	<u>390,139,739</u>	<u>364,672,263</u>	<u>388,312,941</u>	<u>26,084,508</u>	<u>1,169,209,451</u>	<u>87,119,971</u>
Total Assets	<u>\$ 435,676,104</u>	<u>\$ 424,626,731</u>	<u>\$ 460,061,190</u>	<u>\$ 27,125,723</u>	<u>\$ 1,347,489,748</u>	<u>\$ 150,106,223</u>
Liabilities						
Current Liabilities:						
Accounts Payable	\$ 3,735,012	\$ 8,963,251	\$ 10,459,890	\$ 1,297,537	\$ 24,455,690	\$ 4,259,034
Accrued Liabilities	5,383,435	1,594,121	3,317,514	10,530	10,305,600	2,067,876
Due To Other Funds (Note 4)	6,132,853	--	--	4,874,213	11,007,066	7,638,490
Accrued Interest on Bonds Payable	5,492,616	4,804,577	4,038,443	365,129	14,700,765	249,643
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	6,125,388	4,259,449	3,104,015	1,386,004	14,874,856	1,674,963
Accreted Interest (Note 8)	335,644	536,985	219,583	--	1,092,212	47,883
Revenue Bonds Payable (Note 8)	2,118,060	2,248,001	3,117,987	--	7,484,048	637,311
Notes Payable (Note 8)	--	--	--	--	--	2,440,000
Compensated Absences (Note 8)	700,586	547,536	531,446	53,178	1,832,746	206,775
Other Liabilities and Claims Payable (Note 10)	--	--	--	--	--	3,918,789
Total Current Liabilities	<u>30,023,594</u>	<u>22,953,920</u>	<u>24,788,878</u>	<u>7,986,591</u>	<u>85,752,983</u>	<u>23,140,764</u>
Noncurrent Liabilities:						
Liabilities to be Repaid from Restricted Assets:						
Customers' Deposits	5,526,766	1,149,293	--	--	6,676,059	--
General Obligation Bonds, Capital Lease Liabilities (Note 8)	81,408,184	63,959,080	37,345,700	12,405,056	195,118,020	3,432,314
Revenue Bonds Payable (Note 8)	190,732,519	172,762,816	180,310,260	--	543,805,595	9,739,788
Notes Payable (Note 8)	--	--	--	--	--	4,720,000
Compensated Absences (Note 8)	88,219	125,268	164,558	27,328	405,373	224,348
Other Liabilities and Claims Payable (Note 10)	21,738,432	56,522,768	30,091,868	--	108,353,068	30,464,275
Advances from Other Funds (Note 4)	--	--	--	--	--	63,515,429
Total Noncurrent Liabilities	<u>299,494,120</u>	<u>294,519,225</u>	<u>247,912,386</u>	<u>12,432,384</u>	<u>854,358,115</u>	<u>112,096,154</u>
Total Liabilities	<u>329,517,714</u>	<u>317,473,145</u>	<u>272,701,264</u>	<u>20,418,975</u>	<u>940,111,098</u>	<u>135,236,918</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	76,658,119	94,818,496	137,130,827	12,293,448	320,900,890	61,132,804
Unrestricted	29,500,271	12,335,090	50,229,099	(5,586,700)	86,477,760	(46,263,499)
Total Net Assets	<u>106,158,390</u>	<u>107,153,586</u>	<u>187,359,926</u>	<u>6,706,748</u>	<u>407,378,650</u>	<u>14,869,305</u>

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



CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF FUND NET ASSETS TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 June 30, 2009

	<u>Total Enterprise Funds</u>	<u>Internal Service Fund Stores and Transportation Division</u>	<u>Business-type Activities Statement of Net Assets</u>
Assets			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 101,661,262	\$ 29,352,083	\$ 131,013,345
Accounts Receivables (Net of Allowance for Doubtful Accounts)	46,521,841	-	46,521,841
Due from Other Funds (Note 4)	7,371,416	1,373,965	8,745,381
Inventories of Materials and Supplies	17,863,369	3,116,291	20,979,660
Prepaid Expenses and Other Current Assets	4,862,409	206,398	5,068,807
Total Current Assets	<u>178,280,297</u>	<u>34,048,737</u>	<u>212,329,034</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	156,787,132	-	156,787,132
Advances To Other Funds (Note 4)	60,220,521	-	60,220,521
Deferred Expenses	19,037,250	-	19,037,250
Capital Assets (Note 7):			
Land	14,833,965	1,686,532	16,520,497
Buildings and Structures	44,408,419	61,281,725	105,690,144
Equipment	6,345,901	-	6,345,901
Plant-in-Service	881,750,562	-	881,750,562
Completed Construction	233,567,897	-	233,567,897
Construction in Progress	169,432,151	12,105,036	181,537,187
Less Accumulated Depreciation	(417,174,347)	(44,206,297)	(461,380,644)
Total Capital Assets, Net Accumulated Depreciation	<u>933,164,548</u>	<u>30,866,996</u>	<u>964,031,544</u>
Total Noncurrent Assets	<u>1,169,209,451</u>	<u>30,866,996</u>	<u>1,200,076,447</u>
Total Assets	<u>\$ 1,347,489,748</u>	<u>\$ 64,915,733</u>	<u>\$ 1,412,405,481</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 24,455,690	\$ 1,350,433	\$ 25,806,123
Accrued Liabilities	10,305,600	3,471	10,309,071
Due To Other Funds (Note 4)	11,007,066	-	11,007,066
Accrued Interest on Bonds Payable	14,700,765	-	14,700,765
General Obligation Bonds and Capital Leases (Note 8)	14,874,856	-	14,874,856
Accreted Interest (Note 8)	1,092,212	-	1,092,212
Revenue Bonds Payable (Note 8)	7,484,048	-	7,484,048
Compensated Absences (Note 8)	1,832,746	17,134	1,849,880
Total Current Liabilities	<u>85,752,983</u>	<u>1,371,038</u>	<u>87,124,021</u>
Noncurrent Liabilities:			
Liabilities to be Repaid from Restricted Assets:			
Customers' Deposits	6,676,059	-	6,676,059
General Obligation Bonds and Capital Leases (Note 8)	195,118,020	-	195,118,020
Revenue Bonds Payable (Note 8)	543,805,595	-	543,805,595
Compensated Absences (Note 8)	405,373	29,266	434,639
Other Liabilities and Claims Payable (Note 10)	108,353,068	-	108,353,068
Advances from other funds	-	63,515,429	63,515,429
Total Noncurrent Liabilities	<u>854,358,115</u>	<u>63,544,695</u>	<u>917,902,810</u>
Total Liabilities	<u>940,111,098</u>	<u>64,915,733</u>	<u>1,005,026,831</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	320,900,890	30,866,996	351,767,886
Unrestricted	86,477,760	(30,866,996)	55,610,764
Total Net Assets	<u>\$ 407,378,650</u>	<u>\$ -</u>	<u>\$ 407,378,650</u>

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.

Stores and Transportation Division serves only the major proprietary funds; thus, its assets, liabilities and net assets are included in the Business-type Activities totals at the government-wide level.



CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds					Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
Operating Revenues						
Charges for Goods and Services	\$ 229,196,556	\$ 53,950,372	\$ 58,310,112	\$ 3,198,303	\$ 344,655,343	\$ 47,062,310
Operating Expenses						
Purchased Gas	160,575,412	-	-	-	160,575,412	-
Intragovernmental Goods and Services Sold	-	-	-	-	-	12,681,401
Salaries and Wages & Benefits	9,884,949	8,147,117	8,377,113	1,032,105	27,441,284	3,005,666
Data Processing	491,732	168,834	162,665	-	823,231	147,647
Materials and Supplies	785,736	1,581,989	1,170,506	388,931	3,927,162	685,954
Rents and Utilities	50,825	4,471,295	4,110,882	887,568	9,520,570	3,568,677
Maintenance and Repairs	7,787,171	5,793,369	4,336,287	561,726	18,478,553	1,213,891
Depreciation and Amortization	11,872,978	6,944,047	9,972,299	2,275,357	31,064,681	9,600,993
Claims and Settlements	-	-	-	-	-	17,986,612
Claims and Settlement Expense	5,935,492	931,555	1,064,904	-	7,931,951	-
Miscellaneous Operating Expenses	17,808,737	16,130,850	19,186,127	1,786,996	54,912,710	3,786,221
Total Operating Expenses	215,193,032	44,169,056	48,380,783	6,932,683	314,675,554	52,677,062
Operating Income (Loss)	14,003,524	9,781,316	9,929,329	(3,734,380)	29,979,789	(5,614,752)
Non-Operating Revenues (Expenses)						
Intergovernmental Grants and Contributions	124,497	1,152,765	5,757,485	3,784,972	10,819,719	1,344,414
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	187,142
Interest on Long-Term Debt	(11,566,033)	(10,068,463)	(8,304,719)	-	(29,939,215)	(1,199,754)
Interest Income	797,393	2,159,119	2,644,658	-	5,601,170	-
Interest Expense	(14,582)	(2,472)	-	(826,135)	(843,189)	-
Amortization of Debt Discount and Expense	(364,734)	(305,103)	(527,386)	-	(1,197,223)	-
Miscellaneous Revenues	569,555	564,593	653,939	-	1,788,087	1,801
Total Non-Operating Revenues (Expenses), Net	(10,453,904)	(6,499,561)	223,977	2,958,837	(13,770,651)	333,603
Net Income (Loss) Before Transfers	3,549,620	3,281,755	10,153,306	(775,543)	16,209,138	(5,281,149)
Transfers Out-Other Funds	(990,019)	(1,053,023)	(1,091,167)	-	(3,134,209)	(46,563)
Change In Net Assets	2,559,601	2,228,732	9,062,139	(775,543)	13,074,929	(5,327,712)
Net Assets - Beginning of Year	103,598,789	104,924,854	178,297,787	7,482,291	394,303,721	20,197,017
Net Assets - End of Year	\$ 106,158,390	\$ 107,153,586	\$ 187,359,926	\$ 6,706,748	\$ 407,378,650	\$ 14,869,305

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



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, 2009

	Enterprise Funds			Total
	Gas	Water	Wastewater	
Operating Revenues				
Charges for Goods and Services	\$ 229,196,556	\$ 53,950,372	\$ 58,310,112	\$ 341,457,040
Internal Service Fund Allocation - Stores and Transportation Division	<u>1,939,458</u>	<u>456,527</u>	<u>493,419</u>	<u>2,889,404</u>
Charges for Services - Statement of Activities	<u>231,136,014</u>	<u>54,406,899</u>	<u>58,803,531</u>	<u>344,346,444</u>
Operating Expenses				
Purchased Gas	160,575,412	--	--	160,575,412
Salaries and Wages	9,884,949	8,147,117	8,377,113	26,409,179
Data Processing	491,732	168,834	162,665	823,231
Materials and Supplies	785,736	1,581,989	1,170,506	3,538,231
Rents and Utilities	50,825	4,471,295	4,110,882	8,633,002
Maintenance and Repairs	7,787,171	5,793,369	4,336,287	17,916,827
Depreciation and Amortization	11,872,978	6,944,047	9,972,299	28,789,324
Uncollectible Expense	5,935,492	931,555	1,064,904	7,931,951
Miscellaneous Operating Expenses	17,808,737	16,130,850	19,186,127	53,125,714
Total Operating Expenses	<u>215,193,032</u>	<u>44,169,056</u>	<u>48,380,783</u>	<u>307,742,871</u>
Non-Operating Expenses				
Interest on Long-Term Debt	11,566,033	10,068,463	8,304,719	29,939,215
Interest Expense	14,582	2,472	-	17,054
Amortization of Debt Discount and Expense	<u>364,734</u>	<u>305,103</u>	<u>527,386</u>	<u>1,197,223</u>
Total Expenses	<u>227,138,381</u>	<u>54,545,094</u>	<u>57,212,888</u>	<u>338,896,363</u>
Internal Service Fund Allocation - Stores and Transportation Division	<u>1,936,564</u>	<u>465,047</u>	<u>487,793</u>	<u>2,889,404</u>
Reclass As Transfers to Governmental Activities - Payments In Lieu of Taxes	<u>(7,789,634)</u>	<u>(5,936,073)</u>	<u>(4,700,125)</u>	<u>(18,425,832)</u>
Program Expenses - Statement of Activities	<u>\$ 221,285,311</u>	<u>\$ 49,074,068</u>	<u>\$ 53,000,556</u>	<u>\$ 323,359,935</u>

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

Stores and Transportation Division serves only the major proprietary funds; thus, its assets, liabilities and net assets are included in the Business-type Activities totals at the government-wide level.



**CITY OF RICHMOND, VIRGINIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009**

	Enterprise Funds					Internal Service Funds
	Gas	Water	Wastewater	Other	Total	
Cash Flows From Operating Activities						
Receipts from Customers	\$ 226,839,087	\$ 54,004,082	\$ 58,799,316	\$ 3,305,881	\$ 342,948,366	\$ 46,610,379
Payments to Suppliers	(172,415,933)	(19,413,165)	(18,889,308)	(3,965,464)	(214,683,870)	(33,641,412)
Payments to Employees	(7,914,712)	(7,578,434)	(5,878,042)	(1,054,667)	(22,425,855)	(3,520,068)
Payments to Other Funds	(25,426,340)	1,976,507	(4,483,873)	—	(27,933,706)	7,326,340
Other Receipts or (Payments)	8,668,131	695,493	403,870	—	9,767,494	(210,603)
Net Cash Provided By (Used In) Operating Activities	29,750,233	29,684,483	29,951,963	(1,714,250)	87,672,429	16,564,636
Cash Flows From Noncapital Financing Activities						
Transfers In and Government Subsidies	124,497	1,152,765	25,757,485	3,678,172	30,712,919	1,344,414
Transfers Out - Other Funds	(990,019)	(1,053,023)	(1,091,167)	—	(3,134,209)	1,684,199
Advances from Other Funds	—	—	—	482,170	482,170	—
Due From Other Funds	—	—	—	—	—	(1,836,006)
Miscellaneous Receipts	—	—	—	—	—	(46,563)
Net Cash Provided By (Used In) Noncapital Financing Activities	(865,522)	99,742	24,666,318	4,160,342	28,060,880	1,146,044
Cash Flows From Capital and Related Financing Activities						
Acquisition of Capital Assets	(22,208,839)	(17,249,046)	(25,225,301)	(127,309)	(64,810,495)	(9,352,899)
Proceeds from Bond Sale	55,741,348	47,640,174	49,396,089	—	152,777,611	2,000,000
Repayments of Revenue, General Obligation Bonds and Capital Leases	(7,609,771)	(6,375,702)	(6,522,553)	(1,466,513)	(21,974,539)	(1,696,594)
Repayments of Notes Payables	—	—	—	—	—	(2,644,708)
Interest Paid on Long-Term Debt	(11,316,094)	(9,898,838)	(8,425,530)	(852,270)	(30,492,732)	(4,867,952)
Net Cash Provided By (Used In) Capital and Related Financing Activities	14,606,644	14,116,588	9,222,705	(2,446,092)	35,499,845	(16,562,153)
Cash Flows From Investing Activities						
Interest Earned on Operating Funds	797,393	2,159,119	2,644,658	—	5,601,170	—
Interest Paid on Customers' Deposits	(14,582)	(2,472)	—	—	(17,054)	—
Net Cash Provided By Investing Activities	782,811	2,156,647	2,644,658	—	5,584,116	—
Net Increase in Cash and Cash Equivalents	44,274,166	46,057,460	66,485,644	—	156,817,270	1,148,527
Cash and Cash Equivalents at July 1, 2008	9,733,739	52,327,047	39,570,338	—	101,631,124	31,055,636
Cash and Cash Equivalents at June 30, 2009	\$ 54,007,905	\$ 98,384,507	\$ 106,055,982	\$ —	\$ 258,448,394	\$ 32,204,163
Adjustments to Reconcile Operating Income (Loss)						
To Net Cash Provided By (Used In) Operating Activities						
Operating Income (Loss)	\$ 14,003,524	\$ 9,781,316	\$ 9,929,329	\$ (3,734,380)	\$ 29,979,789	\$ (5,614,752)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Depreciation	11,872,978	6,944,047	9,972,299	2,275,357	31,064,681	9,600,993
Miscellaneous Income	569,555	564,593	653,939	—	1,788,087	(323)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:						
Accounts Receivable	(2,357,469)	53,710	489,204	107,579	(1,706,976)	(303,899)
Due From Other Funds	174,385	7,524,541	3,354,561	—	11,053,487	—
Due From Component Unit	—	—	—	—	—	(100,111)
Due From Other Governments	—	—	—	—	—	5,796,062
Inventories of Material and Supplies	10,148,909	(141,019)	—	3,283	10,011,173	(226,437)
Prepaid Expenses	(280,019)	28,072	16,713	—	(235,234)	16,195
Deferred Expenses	7,959,419	21,687	(250,069)	—	7,731,037	218,417
Accounts Payable	(351,166)	(482,457)	(529,839)	(96,135)	(1,459,597)	303,690
Accrued Liabilities	2,183,662	554,521	2,821,617	(264,595)	5,295,205	(599,212)
Customers' Deposits	139,157	109,213	—	—	248,370	—
Due To Other Funds	(17,346,208)	(148,601)	(1,235,792)	—	(18,730,601)	2,242,141
Compensated Absences	114,124	97,340	100,697	(5,359)	306,802	(9,198)
Outstanding Liabilities and Claims	2,919,382	4,777,520	4,629,304	—	12,326,206	5,241,070
Total Adjustments	15,746,709	19,903,167	20,022,634	2,020,130	57,692,640	22,179,388
Net Cash Provided By (Used In) Operating Activities	\$ 29,750,233	\$ 29,684,483	\$ 29,951,963	\$ (1,714,250)	\$ 87,672,429	\$ 16,564,636

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





CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments (Note 3)	\$ 12,541,076	\$ 816,357
Receivables:		
Due from Other Funds	-	106,124
Due from Brokers on Sale of Securities	2,356,847	-
Interest and Dividends	1,356,889	-
Employee Loans Receivable	2,667,453	-
Investments, at Fair Value (Note 3):		
U.S. Government and Agency Securities	97,760,672	-
Corporate Bonds	47,657,621	-
Common Stock	128,765,331	-
International Stocks	58,736,719	-
International Bonds	38,575,501	-
Real Estate Investment Trusts	12,895,260	-
Emerging Market Debt	4,352,498	-
Hedge Funds	36,231,434	-
Cash Collateral Received - Security Lending Program	31,863,099	-
Total Investments, at Fair Value	456,838,135	-
Total Assets	475,760,400	922,481
Liabilities:		
Accounts Payable	6,514,706	-
Refundable Deposits	-	278,920
Payable for Collateral Received - Security Lending Program	31,863,099	-
Due to Various Agents	-	643,561
Total Liabilities	38,377,805	922,481
 Net Assets Held in Trust for Pension Benefits and Other Purposes	 \$ 437,382,595	 \$ -

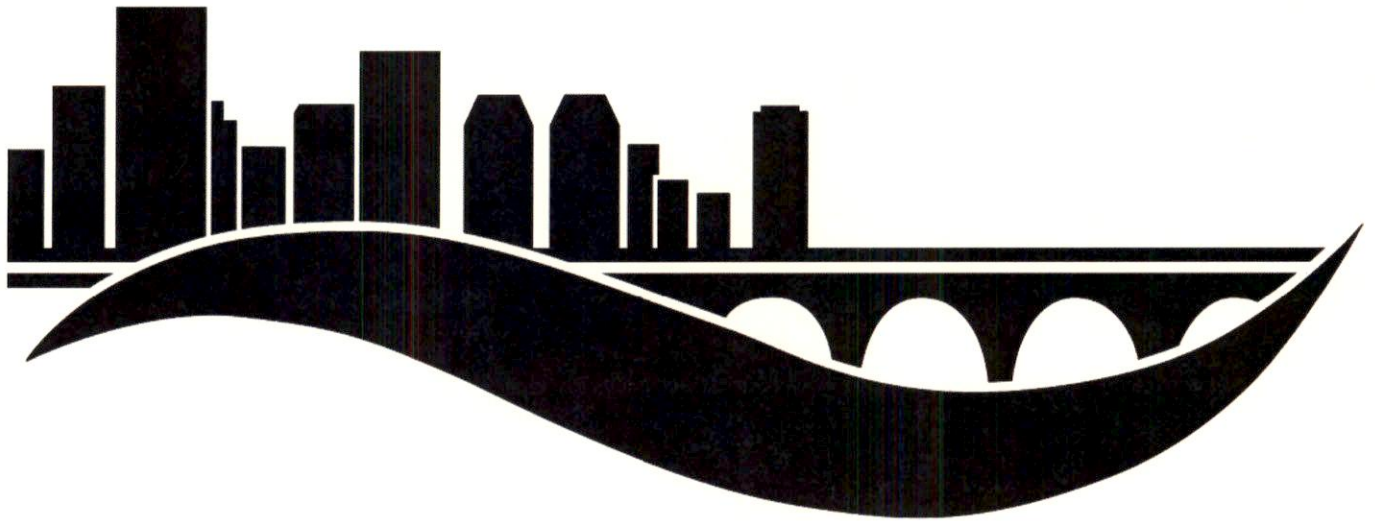
The accompanying notes are an integral part of the basic financial statements.



CITY OF RICHMOND, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 39,199,737
Richmond Behavioral Health Authority	847,241
Richmond Public Schools	348,440
Revenue for DC Plan Expense	49,140
Plan Members	2,579,439
Investment Income:	
Net Depreciation in Fair Value of Investments	(119,664,056)
Interest	6,622,529
Dividends	9,531,662
Net Decrease in the Fair Value of Investments	<u>(103,509,865)</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	1,258,786
Securities Lending Expense	<u>(879,009)</u>
Total Net Income Earned On Securities Lending Transactions	<u>379,777</u>
Investment Income	(103,130,088)
Less: Investment Expense	<u>1,676,480</u>
Net Investment Income	<u>(104,806,568)</u>
Total Additions, net	<u>(61,782,571)</u>
Deductions:	
Benefits	66,596,542
Administrative Expenses	<u>1,117,307</u>
Total Deductions	<u>67,713,849</u>
Net Decrease	(129,496,420)
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>566,879,015</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 437,382,595</u>

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





CITY OF RICHMOND, VIRGINIA
 STATEMENT OF NET ASSETS
 COMPONENT UNITS
 June 30, 2009

	School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
Assets							
Cash and Cash Equivalents	\$ 8,117,095	\$ 609,402	\$ 5,293,858	\$ 10,225,311	\$ 4,002,583	\$ --	\$ 28,248,249
Due From Primary Government	49,220,865	--	--	--	2,671,881	--	51,892,746
Due From Other Governments	20,297,593	--	--	--	2,804,924	--	23,102,517
Accounts Receivable	(354,654)	4,453,943	27,430	2,371,356	860,101	146,229	7,504,405
Inventories of Materials and Supplies	244,346	250,393	--	--	--	--	494,739
Prepaid Expenses and Other Current Assets	305,719	295,017	--	316,324	1,072,130	11,721	2,000,911
Restricted Assets	--	--	--	--	17,110,040	7,004,391	24,114,431
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	--	53,919,202	85,394	54,004,596
Capital Assets:							
Land	--	--	157,337	--	9,933,375	4,791,100	14,881,812
Infrastructure	--	--	289,353	--	--	--	289,353
Buildings and Structures	--	1,946,190	3,459,762	--	133,561,798	51,107,195	190,074,945
Plant-in-Service	--	--	14,864,510	--	--	--	14,864,510
Other Improvements	--	--	--	784,834	6,743,648	--	7,528,482
Equipment	23,010,805	7,506,472	2,769,036	2,449,714	5,179,917	--	40,915,944
Less: Accumulated Depreciation	(18,013,785)	(5,299,397)	(14,674,585)	(1,891,945)	(77,349,023)	(9,115,517)	(126,344,252)
Construction in Progress	--	--	891,840	--	13,951,783	--	14,843,623
Total Capital Assets	4,997,020	4,153,265	7,757,253	1,342,603	92,021,498	46,782,778	157,054,417
Total Assets	82,827,984	9,762,020	13,078,541	14,255,594	174,462,359	54,030,513	348,417,011
Liabilities							
Accounts Payable	12,962,059	--	80,951	2,419,612	2,955,290	165,998	18,583,910
Accrued Liabilities	22,009,306	797,173	4,456	--	2,686,614	414,313	25,911,862
Retainage Payable	18,281	--	--	--	--	--	18,281
Due To Primary Government	--	--	--	--	420,670	--	420,670
Due To Other Governments	2,902,734	--	--	--	992,789	--	3,895,523
Unearned Revenue	3,217,118	33,576	--	352,812	48,411	--	3,651,917
Liabilities to be Paid From Restricted Assets:							
Customers' Deposits	--	--	--	808,595	--	--	808,595
Bonds, Notes Payable and Capital Leases	--	55,192	--	--	5,726,156	600,000	6,381,348
Compensated Absences	--	--	18,844	--	698,100	--	716,944
Non-Current Liabilities:							
Bonds, Notes Payable and Capital Leases	870,786	312,090	--	--	26,180,476	65,740,000	93,103,352
Less Discount on Revenue Bonds Payable	--	--	--	--	--	(1,442,006)	(1,442,006)
Due To Primary Government	--	--	--	--	12,776,082	--	12,776,082
Compensated Absences	10,552,196	--	12,102	1,001,563	763,587	--	12,329,448
Deferred Revenue	--	--	--	--	426,646	--	426,646
Workers Compensation	5,708,594	--	--	--	--	--	5,708,594
Incurred But Not Reported Claims	3,024,904	--	--	--	--	--	3,024,904
Net Other Postemployment Benefit Obligations	7,377,968	--	--	197,000	--	--	7,574,968
Early Retirement Plan Net Pension Obligation	1,987,920	--	--	--	--	--	1,987,920
Total Liabilities	70,631,866	1,198,031	116,353	4,779,582	53,674,821	65,478,305	195,878,958
Net Assets							
Invested In Capital Assets, Net of Related Debt	4,997,020	3,994,669	7,757,254	1,342,603	88,998,895	(11,110,825)	95,979,616
Restricted for:							
Capital Projects	9,357,358	--	--	--	16,052,981	--	25,410,339
Debt Service	--	--	--	--	189,255	--	189,255
Customers' Deposits	--	--	--	--	870,207	--	870,207
Permanent Funds:							
Expendable	615,943	--	--	--	--	--	615,943
Nonexpendable	203,471	--	--	--	--	--	203,471
Unrestricted	(2,977,674)	4,569,320	5,204,934	8,133,409	14,676,200	(336,967)	29,269,222
Total Net Assets	\$ 12,196,118	\$ 8,563,989	\$ 12,962,188	\$ 9,476,012	\$ 120,787,538	\$ (11,447,792)	\$ 152,538,053



CITY OF RICHMOND, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2009

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 325,067,074	\$ 3,537,975	\$ 100,531,637	\$ 9,216,232
Richmond Ambulance Authority	15,201,828	10,778,218	--	--
Port of Richmond Commission	1,400,400	954,643	--	--
Richmond Behavioral Health Authority	38,864,765	22,145,136	16,206,857	--
Richmond Redevelopment and Housing Authority	60,111,242	14,181,130	41,793,361	6,851,921
Broad Street Community Development Authority	7,833,689	5,240,003	--	--
Total Component Units	<u>\$ 448,478,998</u>	<u>\$ 56,837,105</u>	<u>\$ 158,531,855</u>	<u>\$ 16,068,153</u>

General Revenues:

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

Changes in Net Assets

- Net Assets - Beginning of Year
- Net Assets - End of Year

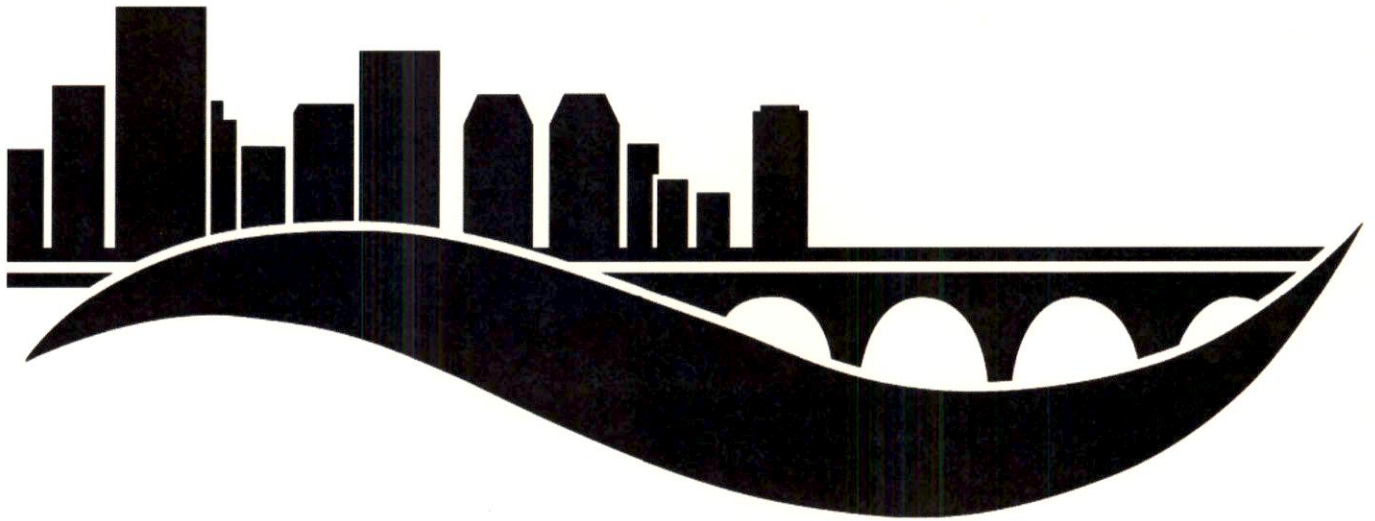
The accompanying notes are an integral part of the basic financial statements.



EXHIBIT G-2

Net (Expenses) Revenues and Changes in Net Assets

School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
\$ (211,781,230)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (211,781,230)
-	(4,423,610)	-	-	-	-	(4,423,610)
-	-	(445,757)	-	-	-	(445,757)
-	-	-	(512,772)	-	-	(512,772)
-	-	-	-	2,715,170	-	2,715,170
-	-	-	-	-	(2,593,686)	(2,593,686)
<u>(211,781,230)</u>	<u>(4,423,610)</u>	<u>(445,757)</u>	<u>(512,772)</u>	<u>2,715,170</u>	<u>(2,593,686)</u>	<u>(217,041,885)</u>
131,336,375	3,800,000	-	1,835,500	-	-	136,971,875
90,320,992	-	-	-	1,124,536	-	91,445,528
-	3,746	85,465	49,776	(815,497)	-	(676,510)
<u>206,778</u>	<u>229,942</u>	<u>-</u>	<u>260,419</u>	<u>-</u>	<u>-</u>	<u>697,139</u>
<u>221,864,145</u>	<u>4,033,688</u>	<u>85,465</u>	<u>2,145,695</u>	<u>309,039</u>	<u>-</u>	<u>228,438,032</u>
10,082,915	(389,922)	(360,292)	1,632,923	3,024,209	(2,593,686)	11,396,147
<u>2,113,203</u>	<u>8,953,911</u>	<u>13,322,480</u>	<u>7,843,089</u>	<u>117,763,329</u>	<u>(8,854,106)</u>	<u>141,141,906</u>
<u>\$ 12,196,118</u>	<u>\$ 8,563,989</u>	<u>\$ 12,962,188</u>	<u>\$ 9,476,012</u>	<u>\$ 120,787,538</u>	<u>\$ (11,447,792)</u>	<u>\$ 152,538,053</u>



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009



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 Strong Mayoral-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

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, 2009

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.

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, 2008 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.

RRHA and the City have different fiscal years, which can result in timing differences in transactions between RRHA and the City.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009



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 EDA are appointed by the City Council, but the City provides no funding, has no obligation for the debt issued by the EDA, and cannot impose its will upon the EDA.

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 \$11,950,000 for subsidies for bus routes within the City for the year ended June 30, 2009. Complete financial statements for the GRTC can be obtained from the GRTC at 101 S. Davis Avenue, Richmond, VA 23220.

Jointly Governed 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.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, if the Commission's budget contains estimated expenditures, which exceed estimated revenues, 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 \$1,000 in funding to the Commission during the fiscal year ended June 30, 2009.

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, 2009 were approximately \$1,687,000.

The *Greater Richmond Partnership (GRP)* is comprised of members from the City and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City of Richmond has one member on the board that is an elected official and one alternate member. The City's contribution for FY2009 was \$390,000.

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* serves the City and the Counties of Chesterfield, Hanover, Henrico and New Kent 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 approximately \$1,007,000 to the RMCVB for the year ended June 30, 2009.

The *Richmond Regional Planning District Commission (RRPDC)* is comprised of representatives from nine 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 approximately \$117,000 for the year ended June 30, 2009.

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 Authority 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 approximately \$5,013,000 in transient occupancy tax revenue and approximately \$1,491,000 of general funds for the year ending June 30, 2009.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009



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 of the Stores and Transportation Division Internal Service Fund results 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, 2009

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. For component units the City has assumed the responsibility for their debt service payments.
- *Capital Projects Fund (Major Fund)* – The Capital Projects Fund is used to account for budgeted capital projects (acquisition or construction of major facilities, other than those financed by Proprietary Funds) approved by City Council. Its principal sources of funding are the sale of General Obligation Bonds.
- *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.
- *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 1) gas, 2) water and 3) wastewater operations, all of which are considered major funds, and the 4) Cemeteries, 5) Richmond Landmark Theatre (Landmark Theatre), and the 6) 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) Advantage Richmond Corporation, 6) Electric Utility and 7) Stores and Transportation (which exclusively serves the City's major proprietary funds).

CITY OF RICHMOND, VIRGINIA
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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, Capital Projects 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.



CITY OF RICHMOND, VIRGINIA
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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 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, real estate and personal 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 Funds' 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.

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Allowances for doubtful accounts at June 30, 2009 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$ 15,269,104
Enterprise Funds:	
Non-major Enterprise Funds (Coliseum, Landmark Theatre and Cemeteries)	126,876
Utilities:	
Gas Utility	3,253,702
Water Utility	373,792
Wastewater Utility	279,871
Electric	27,535
Total Utilities Funds	3,934,900
Total Enterprise Funds	\$ 4,061,776

G. Inventories

Inventories on hand at June 30, 2009 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 2 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. 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.



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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	2 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	2 to 20 years
Landmark Theatre	2 to 20 years
Cemeteries	2 to 20 years
Enterprise Funds:	
Buildings and structures	20 to 50 years
Equipments and other assets	2 to 20 years

I. Construction Period Interest

The City capitalizes, during the construction period only, the net interest cost associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2009, interest costs of approximately \$30,210,000 were incurred with approximately \$1,405,000 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.

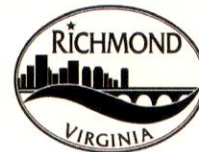
Earning rates for vacation pay and sick pay and maximum vacation accumulation hours are as follows:

	Vacation Pay Bi-weekly Earning Rate <u>Min-Max Hours</u>	Sick Pay Bi-weekly Earning Rate <u>Hours</u>	Maximum Vacation Accumulation <u>Hours</u>
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 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.

CITY OF RICHMOND, VIRGINIA
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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.

P. Advances to Other Funds

Noncurrent advances to other funds are reported on the Proprietary Funds' Statement of Net Assets.



CITY OF RICHMOND, VIRGINIA
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Q. Rate Stabilization

City Code section 106-37 authorizes 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, 2009, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$8,152,881 to the rate stabilization fund in the Gas, Water and Wastewater Utilities combined. The effect of this transaction is reflected in the Other Liabilities and Claims Payable balance on the Proprietary Funds' Statement of Net Assets and in Miscellaneous Operating Expenses on the Proprietary Funds' Statement of Revenue, Expenses and Changes in the Fund Net Assets. Specifically, at June 30, 2009, this liability balance in the Gas, Water, and Wastewater Utilities included approximately \$16.39 million, \$25.53 million and \$27.80 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.

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 basic 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 reserved while the net revenue of permanent funds is available for expenditure. 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 but 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 level, unearned revenue is primarily comprised of taxes, receivables from component units and money received from federal and/or state grants in advance of services to be provided.

W. Adoption of New Accounting Pronouncement

During the year ended June 30, 2009, the City adopted the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The City has determined there is no material impact on the financial statements as a result of implementing this pronouncement.

CITY OF RICHMOND, VIRGINIA
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2. REAL AND PERSONAL PROPERTY TAXES

Real and personal property taxes are levied on a calendar year basis on January 1, the assessment date, with an assessed value as of that date. Real property taxes become a lien on the property on the assessment date. 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. For partial months in situs, assessments, abatements and refunds are rounded to the nearest full month.

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.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Real and personal property taxes levied January 1, 2009 are intended to finance operations of the fiscal year ended June 30, 2009.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

Primary Government

At June 30, 2009, 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 \$3,593,182 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$10,422,311, 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, 2009, the carrying amount of the System's deposits with financial institutions was \$4,563,610 and the bank balance was \$6,550,455. 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 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.



CITY OF RICHMOND, VIRGINIA
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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. equities 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 eight types of investments: U.S. government and agency obligations, domestic bonds and notes, domestic stocks, international stocks, international bonds and notes, REITs, hedge funds, and emerging market debt.

	Cost	Fair Value
U.S. Government and agency obligations	\$ 46,502,301	\$ 47,983,291
Domestic corporate bonds and notes	52,188,406	47,657,621
Domestic stocks	155,573,188	128,765,331
International stocks	79,560,516	58,736,719
Global bonds and notes	37,968,650	38,575,501
REITs	17,477,213	12,895,260
Hedge funds	37,918,002	36,231,434
Emerging market debt	4,572,314	4,352,498
Collateral held for securities on loan	31,863,099	31,863,099
Total	<u>\$ 463,623,689</u>	<u>\$ 407,060,754</u>

The net change in fair value of investments for the year ended June 30, 2009 is as follows:

	Change in Fair Value
U.S. Government and agency obligations	\$ (1,802)
Domestic corporate bonds and notes	(1,287,211)
Domestic stocks	(24,095,637)
International stocks	(39,022,111)
Global bonds and notes	(269,799)
REITs	(3,617,482)
Hedge funds	(7,913,668)
Emerging market debt	(17,849)
Total	<u>\$ (76,225,559)</u>

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, 2009, 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 and agency obligations	\$ 1,189,357	\$ 1,212,619
Domestic stocks	24,408,818	-
Domestic bonds	5,496,107	30,650,480
Total	<u>\$ 31,094,282</u>	<u>\$ 31,863,099</u>

CITY OF RICHMOND, VIRGINIA
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Concentration of Credit Risk

The System does not have exposure to concentration of credit risk as the System does not have any investment in any one issuer representing 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 below details the System's credit risk at June 30, 2009.

Investment Type	Moody Rating	Fair Value
U.S. Government and agency obligations	AAA	\$ 44,048,974
U.S. Government and agency obligations	BA1-BA3	49,753
U.S. Government and agency obligations	NA	598,943
U.S. Government and agency obligations	NR	3,285,621
Corporate bonds and notes	AAA	4,838,062
Corporate bonds and notes	AA1-AA3	2,864,188
Corporate bonds and notes	A1-A3	10,917,613
Corporate bonds and notes	BAA1-BAA3	10,222,951
Corporate bonds and notes	BA1-BA3	6,614,616
Corporate bonds and notes	B1-B3	5,230,199
Corporate bonds and notes	Below BAA3	3,695,885
Corporate bonds and notes	NA	2,180,748
Corporate bonds and notes	NR	822,853
Corporate bonds and notes	WR	270,506
International bonds and notes	AA1-AA3	166,368
International bonds and notes	A1-A3	1,146,188
International bonds and notes	BAA1-BAA3	1,093,283
International bonds and notes	BA1-BA3	522,900
International bonds and notes	NR	35,622,962
International bonds and notes	WR	23,800
REITs	NA	7,758,044
REITs	NR	5,137,216
Hedge funds	NR	36,231,434

NR – Not Rated
 NA – Not Available
 WR – Withdrawn Rating

Foreign Currency Risk

The System has an investment policy for international investments. At June 30, 2009, the System has no foreign currency risk exposure.



CITY OF RICHMOND, VIRGINIA
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 June 30, 2009

Interest Rate Risk

The System does not have a specific investment policy governing interest rate risk. At June 30, 2009, the System's interest rate exposure was as follows:

Investment Type	Fair Value	Effective Duration
Agincourt Capital Management:		
Agency	\$ 1,185,982	5.44
Asset backed	783	8.97
CMBS	993,666	2.86
CMO	658,453	6.88
Corporate	5,829,256	5.04
Mortgage pass-through	5,289,923	2.53
U.S. Treasury	593,052	11.62
Yankees	23,188	6.69
Fixed Income Total	<u>\$ 14,574,303</u>	
Blackrock:		
Agency	\$ 132,487	9.44
CMO	52,908	6.69
U.S. Treasury	25,202,316	5.81
Fixed Income Total	<u>\$ 25,387,711</u>	
Loomis Sayles – High Yield:		
Agency	\$ 944,568	6.44
Asset backed	727,803	1.63
CMBS	992,918	5.55
CMO	350,919	3.83
Corporated	13,565,211	6.17
Municipal	4,084,745	5.66
Preferred Stock*	164,594	-
U.S. Treasury	677,397	4.23
YANKEE	413,387	8.67
Fixed Income Total	<u>\$ 21,921,542</u>	
Richmond Capital Management:		
Agency	\$ 228,490	5.92
Asset backed	436,176	1.07
CMBS	946,295	3.46
CMO	115,111	0.56
Corporate	8,106,801	4.79
Mortgage pass-through	4,718,443	2.69
U.S. Treasury	622,804	8.59
YANKEE	59,970	2.28
Fixed Income Total	<u>\$ 15,234,090</u>	
Stone Harbor Investments:		
Agency	\$ 105,958	1.37
Asset backed	649,130	1.28
CMBS	861,545	4.48
CMO	666,657	8.54
Corporate	8,936,061	5.99
Mortgage pass-through	9,056,481	2.85
Municipal	203,343	5.65
Private placement	50,354	7.26
SWAPS	(310,548)	4.98
U.S. Treasury	1,059,160	3.86
YANKEE	296,603	6.43
Fixed Income Total	<u>\$ 21,574,744</u>	
Brandywine		
Commingled Fund	\$ 35,524,023	7.78
Fixed Income Total	<u>\$ 35,524,023</u>	

* Preferred stocks do not pay interest and therefore are not impacted by effective duration.

CITY OF RICHMOND, VIRGINIA
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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, 2009, 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, 2009, 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, 2009, 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, 2009, 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
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 June 30, 2009

Primary Government (000's omitted):

	Total
U.S. Government securities	\$ 47,983
Corporate bonds	47,658
Common stocks	128,765
International bonds	38,576
International stocks	58,737
Real Estate Investment Trusts	12,895
Hedge funds	36,231
Emerging market debt	4,352
	375,197
Cash collateral received under securities lending program	31,863
Deferred compensation plan mutual funds	49,777
Cash and money market funds	56,800
LGIP	219,365
SNAP	125,794
Total Cash and Investments	\$ 858,796

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 205,050	\$ 13,357	\$ 218,407
Investments	-	456,838	456,838
Restricted assets	183,551	-	183,551
Total	\$ 388,601	\$ 470,195	\$ 858,796

D. Securities Lending Program

RRS lends securities to firms on a temporary basis through its custodian bank, State Street Corporation (the 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, 2009 was 43 days, with an average weighted maturity of 318 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, 2009 was \$31,863,099 and \$31,094,282, respectively. The cash collateral is recorded as both an asset and a liability on RRS's financial statements. Securities and letters of

CITY OF RICHMOND, VIRGINIA
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June 30, 2009



credit received as collateral at June 30, 2009 are not recorded in the Statement of Plan Net Assets, as the RRS cannot sell or pledge the collateral received absent a borrower default.

At year-end, the RRS has no credit risk 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 \$879,009 and the related expenses were \$633,135 in borrower's rebates and \$245,874 in agent fees, netting \$379,777 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	Capital	Non-Major	Gas	Non-Major	Internal	
		Fund	Service	Projects	Governmental	Fund	Proprietary	Service	Total
Due to	General Fund	\$ --	\$ 268,250	\$ 4,030,158	\$ 2,520,140	\$ --	\$ 4,874,213	\$ 5,025,962	\$ 16,718,723
	Capital Projects	1,802,329	--	--	--	--	--	--	1,802,329
	Non-Major Government	5,249,368	--	--	--	--	--	--	5,249,368
	Gas	--	--	--	--	261,253	--	--	261,253
	Water	--	--	--	--	3,223,243	--	--	3,223,243
	Wastewater	--	--	--	--	1,274,392	--	2,612,528	3,886,920
	Internal Service Funds	18,653,156	--	--	--	1,373,965	--	--	20,027,121
	Agency	106,124	--	--	--	--	--	--	106,124
	Total	\$ 25,810,977	\$ 268,250	\$ 4,030,158	\$ 2,520,140	\$ 6,132,853	\$ 4,874,213	\$ 7,638,490	\$ 51,275,081

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, 2009 consisted of the following:

		Transfer from						
		General	Major Proprietary Funds			Non-Major	Internal	
		Fund	Gas	Water	Wastewater	Governmental	Service	Total
Transfer to	General Fund	\$ --	\$ 990,019	\$ 1,053,023	\$ 1,091,167	\$ 355,750	\$ 46,563	\$ 3,536,522
	Debt Service	49,834,125	--	--	--	2,187,133	--	52,021,258
	Non-Major							
	Governmental	14,749,134	--	--	--	--	--	14,749,134
	Total	\$ 64,583,259	\$ 990,019	\$ 1,053,023	\$ 1,091,167	\$ 2,542,883	\$ 46,563	\$ 70,306,914



CITY OF RICHMOND, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

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.

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

The major proprietary funds have made working capital advances to the Stores and Transportation Division of the internal service fund over the years.

5. DUE FROM AND DUE TO OTHER GOVERNMENTS

Amounts due from and due to other governments (net) at June 30, 2009 are as follows:

Primary Government	Federal	State	Total
General Fund	\$ 89,371	\$ 39,129,513	\$ 39,218,884
Non-major Governmental Funds	3,475,020	4,964,628	8,439,648
Internal Service Funds	--	108,949	108,949
	<u>\$ 3,564,391</u>	<u>\$ 44,203,090</u>	<u>\$ 47,767,481</u>

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>
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CITY OF RICHMOND, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009



7. CAPITAL ASSETS

Primary Government - Governmental Activities

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 34,878,052	\$ 43,751	\$ 63,949	\$ 34,857,854
Construction In Progress	62,539,974	83,366,972	15,512,342	130,394,604
Works of Art/Historical Treasures	6,922,681	-	-	6,922,681
Total Capital Assets Not Being Depreciated	104,340,707	83,410,723	15,576,291	172,175,139
Capital Assets Being Depreciated:				
Infrastructure	725,926,962	9,146,618	2,105,306	732,968,274
Building and Structures	434,117,539	3,226,465	1,020,560	436,323,444
Equipment	103,945,731	7,419,559	16,336,141	95,029,149
Improvements Other Than Buildings	9,156,256	303,756	-	9,460,012
Total Other Capital Assets	1,273,146,488	20,096,398	19,462,007	1,273,780,879
Less Accumulated Depreciation For:				
Infrastructure	410,985,400	11,878,635	341,920	422,522,115
Building and Structures	200,597,598	10,791,567	646,595	210,742,570
Equipment	67,777,371	11,999,580	13,696,368	66,080,583
Improvements Other Than Buildings	1,821,372	676,674	-	2,498,046
Total Accumulated Depreciation	681,181,741	35,346,456	14,684,883	701,843,314
Total Capital Assets Being Depreciated, Net	591,964,747	(15,250,058)	4,777,124	571,937,565
Governmental Activities, Capital Assets, Net	\$ 696,305,454	\$ 68,160,665	\$ 20,353,415	\$ 744,112,704

Depreciation expense was charged to functions as follows:

General Government	\$ 8,327,222
Public Safety and Judiciary	4,551,659
Highways, Streets, Sanitation and Refuse	15,754,260
Human Services	101,135
Culture and Recreation	1,904,129
Education	4,708,051
Subtotal	35,346,456
Allocation related to Internal Services Funds	7,189,081
Total	\$ 28,157,375



CITY OF RICHMOND, VIRGINIA
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June 30, 2009

Primary Government - Business-type Activities

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Gas Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 237,745	\$ -	\$ -	\$ 237,745
Construction in Progress	38,159,747	22,228,938	12,541,086	47,847,599
Capital Assets Being Depreciated -				
Plant-in-service	381,227,623	12,541,086	1,378,119	392,390,590
Total Capital Assets Being Depreciated	381,465,368	12,541,086	1,378,119	392,628,335
Less - Accumulated Depreciation For -				
Plant-in-service	121,385,412	11,872,978	1,779,491	131,478,899
Total Accumulated Depreciation	121,385,412	11,872,978	1,779,491	131,478,899
Total Capital Assets Being Depreciated, Net	260,079,956	668,108	(401,372)	261,149,436
Gas Utility, Capital Assets, Net	298,239,703	22,897,046	12,139,714	308,997,035
Water Utility:				
Capital Assets Not Being Depreciated -				
Land	679,409	-	-	679,409
Construction in Progress	57,755,067	17,746,021	12,322,430	63,178,658
Capital Assets Being Depreciated -				
Plant-in-service	309,405,868	12,322,430	147,750	321,580,548
Total Capital Assets Being Depreciated	310,085,277	12,322,430	147,750	322,259,957
Less - Accumulated Depreciation For -				
Plant-in-service	93,046,754	6,944,047	179,267	99,811,534
Total Accumulated Depreciation	93,046,754	6,944,047	179,267	99,811,534
Total Capital Assets Being Depreciated, Net	217,038,523	5,378,383	(31,517)	222,448,423
Water Utility, Capital Assets, Net	274,793,590	23,124,404	12,290,913	285,527,081
Wastewater Utility:				
Capital Assets Not Being Depreciated -				
Land	1,101,261	-	-	1,101,261
Construction in Progress	70,635,821	29,878,497	42,108,424	58,405,894
Capital Assets Being Depreciated -				
Plant-in-service	359,779,326	42,567,995	-	401,347,321
Total Capital Assets Being Depreciated	359,880,587	42,567,995	-	402,448,582
Less - Accumulated Depreciation For -				
Plant-in-service	133,426,253	9,972,299	-	148,398,552
Total Accumulated Depreciation	133,426,253	9,972,299	-	148,398,552
Total Capital Assets Being Depreciated, Net	221,454,334	32,595,696	-	254,050,030
Wastewater Utility, Capital Assets, Net	292,090,155	62,474,193	42,108,424	312,455,924
Other Business-type Activity:				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	12,815,550	-	-	12,815,550
Capital Assets Being Depreciated -				
Buildings and Structures	44,395,627	12,792	-	44,408,419
Equipment and Other Capital Assets	5,264,225	114,517	32,841	6,345,901
Total Capital Assets Being Depreciated	50,659,852	127,309	32,841	50,754,320
Less - Accumulated Depreciation For:				
Buildings and Structures	30,894,623	1,754,607	-	32,649,230
Equipment and Other Capital Assets	4,348,223	520,750	32,841	4,836,132
Total Accumulated Depreciation	35,242,846	2,275,357	32,841	37,485,362
Total Capital Assets Being Depreciated, Net	15,417,006	(2,148,048)	-	13,268,958
Other Business-type Activity, Capital Assets, Net	28,232,556	(2,148,048)	-	26,084,508
Business-type Activities, Capital Assets, Net	893,356,004	106,347,595	66,539,051	933,164,548
Internal Service Fund - Stores Utility, Net	29,070,820	4,667,657	2,871,481	30,866,996
	<u>\$ 922,426,824</u>	<u>\$ 111,015,252</u>	<u>\$ 69,410,532</u>	<u>\$ 964,031,544</u>

CITY OF RICHMOND, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009



8. OBLIGATIONS

Changes in the short-term liabilities during the fiscal year ended June 30, 2009 are summarized below:

Primary Government - Governmental Activities

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Commercial Paper Bond Anticipation Notes	\$ 500,000	\$ 55,500,000	\$ —	\$ 56,000,000
General Obligation Revenue Anticipation Notes	—	75,000,000	75,000,000	—
Totals	\$ 500,000	\$ 130,500,000	\$ 75,000,000	\$ 56,000,000

Changes in the long-term liabilities during the fiscal year ended June 30, 2009 are summarized below:

**Primary Government -
 Governmental Activities**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
General Obligation Bonds (GO)	\$ 351,894,055	\$ —	\$ 27,591,673	\$ 324,302,382	\$ 29,815,465
General Obligation Serial Equipment Notes	8,000,000	2,000,000	2,440,000	7,560,000	2,840,000
Virginia Public Schools Authority Bonds	2,372,353	—	227,025	2,145,328	229,230
Qualified Zone Academy Bonds	2,987,253	—	192,480	2,794,773	192,480
HUD Section 108 Notes	3,910,000	—	555,000	3,355,000	555,000
Total General Obligation Bonds and Notes	369,663,661	2,000,000	31,006,178	340,157,483	33,632,175
Accreted Value - Capital Appreciation Bonds	59,174	—	11,291	47,883	47,883
Premium on Debt Issued	11,058,800	—	762,902	10,295,898	762,901
Certificates of Participation	15,510,000	—	750,000	14,760,000	780,000
Advantage Richmond Lease Revenue Bond	10,981,807	—	604,708	10,377,099	637,311
Note Payable Due to Component Unit	25,532,878	—	1,795,000	23,737,878	1,775,000
Compensated Absences	15,536,868	1,101,073	666,239	15,971,702	9,739,272
Net Other Postemployment Benefit Obligations	—	3,163,498	—	3,163,498	—
Totals	\$ 448,343,188	\$ 6,264,571	\$ 35,596,318	\$ 418,511,441	\$ 47,374,542

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, 2009

Primary Government -

	Balance			Balance		Due Within One Year
	July 1, 2008	Additions	Deletions	June 30, 2009		
Business-Type Activities						
General Obligation Bonds:						
Gas	\$ 93,104,277	\$ -	\$ 5,570,706	\$ 87,533,571	\$ 6,125,388	
Water	72,422,594	-	4,204,065	68,218,529	4,259,449	
Wastewater	43,369,368	-	2,919,653	40,449,715	3,104,015	
Other Non-Major Enterprise Funds	13,838,644	-	1,229,173	12,609,471	1,137,750	
Accreted Value - Capital Appreciation						
General Obligation Bonds:						
Gas	414,791	-	79,147	335,644	335,644	
Water	663,608	-	126,623	536,985	536,985	
Wastewater	271,362	-	51,779	219,583	219,583	
Revenue Bonds:						
Gas	139,148,297	55,741,348	2,039,065	192,850,580	2,118,060	
Water	129,542,280	47,640,174	2,171,637	175,010,817	2,248,001	
Wastewater	137,635,058	49,396,089	3,602,900	183,428,247	3,117,987	
Total Bonded Debt	630,410,279	152,777,611	21,994,748	761,193,142	23,202,862	
Capital Leases:						
Other Non-Major Enterprise Funds	1,418,931	-	237,340	1,181,591	248,254	
Total Capital Leases	1,418,931	-	237,340	1,181,591	248,254	
Compensated Absences:						
Gas	674,682	700,587	586,464	788,805	700,586	
Water	575,464	547,536	450,196	672,804	547,536	
Wastewater	595,307	531,446	430,749	696,004	531,446	
Other Non-Major Enterprise Funds	125,552	20,520	19,167	126,905	70,312	
Total Compensated Absences	1,971,005	1,800,089	1,486,576	2,284,518	1,849,880	
Totals	\$ 633,800,215	\$ 154,577,700	\$ 23,718,664	\$ 764,659,251	\$ 25,300,996	

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 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. At June 30, 2009, the City had a legal debt limit of \$2,109,902,904 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,504,765,000 of additional General Obligation debt (remaining debt margin).

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009



Authority to Issue Debt

As of June 30, 2009, the City had \$94,000,000 available to borrow under a previously authorized Commercial Paper Bond Anticipation Note Facility which is being used to finance various capital projects. The City also had a total of \$349,440,000 of general obligation and revenue bonds authorized, but not issued, for funding additional capital improvement projects. Of these authorized but not issued bonds, \$137,725,000 is earmarked for self-supporting Public Utility projects and \$211,715,000 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, 2009	
					Governmental Activities	Enterprise Funds
General Obligation Bonds						
Public Improvement Bonds 1989B	5.80% - 6.70%	7/15/1989	1/15/2010	65,674,506	\$ 913,927	\$ 483,338
Public Improvement Bonds 1993B	3.00% - 6.50%	6/1/1993	7/15/2009	91,700,000	1,356,680	2,073,321
Public Improvement Bonds 1999A	4.00% - 5.375%	6/1/1999	1/15/2024	98,145,000	3,221,388	88,612
Public Improvement Refunding Bonds 1999B	4.00% - 5.125%	6/1/1999	1/15/2016	35,740,000	6,264,915	6,552,921
Public Improvement Refunding Bonds 2000A	4.50% - 5.50%	10/18/2000	1/15/2018	122,730,000	—	82,590,000
Public Improvement Bonds 2001	4.00% - 5.50%	12/15/2001	7/15/2022	116,400,000	44,694,184	510,816
Public Improvement Bonds 2002A	3.00% - 5.25%	11/15/2002	7/15/2023	50,455,000	26,497,875	5,772,125
Public Improvement Refunding Bonds 2002B	4.00% - 5.25%	11/15/2002	7/15/2023	96,220,000	49,918,747	45,924,821
Public Improvement Bonds 2003	4.42%	11/13/2003	7/15/2018	13,500,000	10,005,000	—
Public Improvement Bonds 2004A	3.00% - 5.50%	6/15/2004	7/15/2024	55,655,000	40,920,000	—
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/15/2004	7/15/2015	9,300,000	7,262,780	1,832,220
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	90,882,186	2,127,814
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	614,700	60,855,300
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	41,750,000	—
Virginia Public School Authority Bonds						
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	2,145,328	—
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,571,442	—
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	1,223,331	—
General Obligation Notes						
Serial Equipment Notes Series 2005	2.95%	6/29/2005	6/15/2010	7,000,000	1,400,000	—
Serial Equipment Notes Series 2008	3.21%	6/19/2008	6/16/2013	5,200,000	4,160,000	—
Serial Equipment Notes Series 2009	3.09%	6/25/2009	6/15/2014	2,000,000	2,000,000	—
Commercial Paper BAN	Variable	12/20/2006	12/1/2011	—	56,000,000	—
HUD Section 108 Notes						
HUD Section 108 Note Series 1997	5.87% - 6.98%	10/28/1997	8/1/2014	2,445,000	800,000	—
HUD Section 108 Note Series 2000	6.56% - 7.76%	6/14/2000	8/1/2014	4,500,000	1,800,000	—
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	390,000	—
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	365,000	—
Revenue Bonds						
Public Utility Revenue Bonds 1998C - VRA	3.00%	9/27/1996	7/15/2018	10,000,000	—	5,593,870
Public Utility Revenue Bonds 1998D - VRA	3.00%	8/27/1997	7/15/2019	8,600,000	—	4,838,726
Public Utility Revenue Bonds 2004	2.00% - 5.00%	6/15/2004	1/15/2024	67,655,000	—	62,655,000
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	—	10,792,546
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	—	314,130,000
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	—	3,483,051
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/2040	146,495,000	—	146,495,000
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	—	3,301,448
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	10,377,099	—
Certificates of Participation Series 2001A	4.00% - 5.15%	6/1/2001	8/1/2022	18,840,000	14,760,000	—
Total Outstanding Bonded Debt					\$ 421,294,582	\$ 760,100,929
Premium on Debt Issued					\$ 10,295,898	\$ —
Accreted Value - Capital Appreciation Bonds					47,883	1,092,212
					\$ 431,638,363	\$ 761,193,141



CITY OF RICHMOND, VIRGINIA
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 June 30, 2009

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

Governmental Activities:

<u>Fiscal Year (000's omitted)</u>	<u>General Obligation Bonds and Notes</u>		<u>VPSA Bonds</u>		<u>HUD Section 108 Notes</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 33,485	\$ 18,451	\$ 229	\$ 106	\$ 555	\$ 208	\$ 780	\$ 684
2011	29,569	14,414	232	93	555	172	810	651
2012	26,519	13,055	234	81	555	135	845	615
2013	25,495	11,851	236	69	560	97	880	578
2014	22,367	10,703	237	58	560	59	920	538
2015-2019	109,447	37,134	977	103	570	19	5,285	1,984
2020-2024	89,432	11,762	—	—	—	—	5,240	540
2025-2029	8,720	467	—	—	—	—	—	—
Subtotal	345,034	117,837	2,145	510	3,355	690	14,760	5,590
Premium	10,296	—	—	—	—	—	—	—
Accreted Value - Capital Appreciation Bonds	48	—	—	—	—	—	—	—
Total	<u>\$ 355,378</u>	<u>\$ 117,837</u>	<u>\$ 2,145</u>	<u>\$ 510</u>	<u>\$ 3,355</u>	<u>\$ 690</u>	<u>\$ 14,760</u>	<u>\$ 5,590</u>

Business-type Activities:

<u>Fiscal Year (000's omitted)</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 14,627	\$ 11,986	\$ 7,547	\$ 22,849
2011	15,842	9,922	7,955	24,638
2012	16,406	9,028	10,901	24,366
2013	17,263	8,160	11,260	24,002
2014	18,212	7,241	11,665	23,605
2015-2019	89,005	21,503	65,502	110,189
2020-2024	37,456	3,508	83,811	94,572
2025-2029	—	—	137,457	70,741
2030-2034	—	—	147,372	36,421
2035-2039	—	—	58,720	10,128
2040-2044	—	—	9,100	455
Subtotal	208,811	71,348	551,290	441,966
Accreted Value - Capital Appreciation Bonds	1,092	—	—	—
Total	<u>\$ 209,903</u>	<u>\$ 71,348</u>	<u>\$ 551,290</u>	<u>\$ 441,966</u>

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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.

The assets acquired through capital leases are as follows:

	Business-type Activities
Asset:	
Machinery and Equipment	\$ 2,370
Less: Accumulated Depreciation	1,050
Total assets acquired through capital lease payments	\$ 1,320

Future minimum lease payments are as follows:

Fiscal Year (\$000's Omitted)	Business-type Activities
2010	\$ 299
2011	299
2012	302
2013	210
2014	210
Total minimum capital lease payments	1,320
Less amounts representing interest	139
Present value of minimum capital lease payments	\$ 1,181

New and Existing Debt during the fiscal year ended June 30, 2009

On December 20, 2006 the City established a \$150,000,000 General Obligation Bond Anticipation Commercial paper Note facility to provide interim financing for certain capital improvement projects of the City. As of June 30, 2009, the City has issued \$56,000,000 of Commercial paper Notes under this facility. The Notes were issued and remarked under a Commercial Paper Dealer Agreement dated December 1, 2006 between the City of Richmond and Bank 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, 2009, the City paid interest on the outstanding balance of the notes at interest rates ranging from 0.35% to 4.00%. The City intends to issue 20-Year amortizing General Obligation Bonds in the coming fiscal year 2010 to refund and payoff all outstanding Bond Anticipation Note Commercial Paper however, because financing agreements were not in place at June 30, 2009, this note is reflected as a liability of the Capital Projects Fund (Exhibit C).

On June 27, 2008 the City entered into a \$6,900,000 Public Utility Revenue Bond Financing Agreement – Series 2008A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. Interest on the Series 2008A bonds will be payable semi-annually to the VRA at a fixed 3.00% interest



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rate. Proceeds of this borrowing facility are being used to finance \$6.9 million of two capital improvement projects of the City's Wastewater Utility. During the 2009 fiscal year, the City drew an additional amount of \$2,981,163 of proceeds under this agreement bringing the outstanding amount due on the Series 2008A bonds to \$3,483,051 as of June 30, 2009. The remaining available 2008A bond proceeds are expected to be drawn during the next 12 months. Amortization of principal and interest payments on this debt are expected to begin in July 2009 and will be due thereafter each January 15 and July 15 through January 15, 2029. The 2008A Utility 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.

On April 28, 2009 the City issued \$146,495,000 of Public Utility Revenue Bonds, Series 2009A to finance various capital projects of the City's Natural Gas, Water and Wastewater Utilities. At the time of the debt offering, the bond rating firm, Standard and Poor's, upgraded its credit rating of the City's Public Utility Revenue Bond debt from AA- to AA. Other rating firms, Moody's and Fitch, reaffirmed their credit ratings of the Utility Revenue Bond debt at Aa3 and AA-, respectively. The new Series 2009A 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 2009A bonds were issued at a True Interest Costs of 4.77% with bond coupon interest rates ranging from 3.00% to 5.00%. Serial annual principal amounts of between \$2,590,000 and \$9,100,000 are payable on January 15 of each year with a final principal maturity due on January 15, 2040. Interest is payable semi-annually on January 15 and July 15 of each year.

On June 24, 2009 the City entered into a \$32,000,000 Public Utility Revenue Bond Financing Agreement – Series 2009B with the VRA. The Series 2009A Utility Revenue bond issue is an interest – free loan, and thus no interest will be due on this bond issue. Proceeds of this borrowing facility are being used to finance \$32.0 million of capital improvements to the City's Wastewater Treatment Plant. During the 2009 fiscal year, the City drew an initial reimbursement amount of \$3,301,448 of bond proceeds under this Agreement at closing and the outstanding amount due on the Series 2009A Utility Revenue Bond as \$3,301,448 as of June 30, 2009. The remaining available proceeds are expected to be drawn during the next 18 months at which time the amortization of this debt will begin. Semi-annual principal payments of \$800,000 every six months are expected to begin on July 15, 2011 and will be due thereafter, each January 15 and July 15 with the final payment due on July 15, 2030. The 2009B Utility 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.

On June 25, 2009, the City issued a \$2,000,000 five-year Note to finance the purchase of vehicles and equipment purchased by the City's Fleet Management Internal Service Fund during the fiscal year. Wells Fargo Brokerage placed the Note with an investor which provided the financing at a fixed interest rate of 3.09%. The Note calls for the City to make annual principal repayment of \$400,000 on June 15th of each year with interest due semi-annually on December 15th and June 15th each year.

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 Richmond Redevelopment and Housing Authority. No additional borrowings were made under the line during the fiscal year ending June 30, 2009. The City has outstanding four amortizing fixed rate notes, with an aggregate principal balance of \$3,355,000 as of June 30, 2009.

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

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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, 2009, 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 \$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 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 \$139,015,000 of defeased Series 2002 bonds is January 15, 2012. As of June 30, 2009, the City has a total of \$139,015,000 of defeased Public Utility Revenue Bond debt.

9. FUND BALANCES

The fund 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, 2009 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Encumbrances	\$ 1,549,786	\$ --	\$ --	\$ --
Advances to Component Units	1,300	--	--	--
Debt Service	--	1,173,555	--	--
Capital Projects	--	--	15,521,771	--
Trust Corpus	--	--	--	334,435
Notes Receivable	543,100	--	--	--
Totals	\$ 2,094,186	\$ 1,173,555	\$ 15,521,771	\$ 334,435

Fund balances designated at June 30, 2009 are composed of the following:

	Other Non-Major Governmental Funds
Completion of approved or specified projects and activities	<u>\$ 8,385,421</u>

The Capital Projects Fund had a deficit net assets \$51,922,125 due to the City using short-term financing, which will be replaced with long-term financing in the following years. The Risk Management and Radio Maintenance Internal Service Funds had deficit net assets of \$15,444,158 and \$2,138,142, respectively, at June 30, 2009. In addition, the Landmark and Coliseum Enterprise Fund had a deficit net assets of \$269,771 and \$931,365, respectively, at June 30, 2009. City management anticipates eliminating the deficits over the next ten years (see Note 10).



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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 Generally Accepted Accounting Principals (GAAP).

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 \$1,250,000 of any accident and pays claims filed directly from appropriations to various agencies. Excess workers' compensation coverage provides protection for accidents exceeding \$1,250,000. 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 \$1,500,000 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 \$1,500,000 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 \$1,500,000 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.

During the fiscal year ended June 30, 2009, 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 GAAP, the City's aggregate liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2009 was \$40,415,586 (undiscounted) and \$33,854,426 (discounted at 3.5%). Changes in the aggregate for these liabilities for fiscal years 2008 and 2009 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claims and Premium Payments	Balance at Fiscal Year end
2008	\$ 26,163,545	\$ 6,729,066	\$ (4,427,458)	\$ 28,465,153
2009	\$ 28,465,153	\$ 10,280,454	\$ (4,891,181)	\$ 33,854,426

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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 Southern Health 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 Southern Health 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	
	Semi-Monthly	City Monthly	Semi-Monthly	City Monthly	Semi-Monthly	City Monthly
Single	\$ 23.74	\$ 340.23	\$ 31.57	\$ 336.23	\$ 23.74	\$ 340.23
Plus One	\$ 152.23	\$ 567.92	\$ 169.33	\$ 559.92	\$ 152.23	\$ 567.92
Family	\$ 255.43	\$ 749.25	\$ 280.35	\$ 737.25	\$ 255.43	\$ 749.25

Healthcare related costs for the City as of June 30, 2009 approximated \$20,264,000 for active City employees and approximated \$1,623,000 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 year ended June 30, 2009 for the employees covered by the City Plan and VRS were approximately \$222,599,000 and \$190,322,000, respectively. The total payrolls for the fiscal year ended June 30, 2009 were approximately \$237,185,000 for the City and \$188,580,000 for the School Board.



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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, 2009 is as follows:

Retirees and beneficiaries currently receiving benefits	3,963
Vested Terminated Employees	1,781
Current Employees:	
Vested	2,238
Nonvested	544
DC Plan Participants with Frozen Benefits	<u>1,614</u>
Total	<u>10,140</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:

- 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.
- 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.

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, VA 23219 or by calling (804) 646-5958.

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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, 2007 through 2009:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	\$ 30,889,221	100.00%
2008	32,026,054	100.00%
2009	33,241,128	100.00%

III. Actuarial Method, Significant Assumptions and Legislative Changes

The actuarial cost method utilized is the projected unit credit actuarial cost method. This method is an acceptable method for determining the annual required contribution in accordance with GAAP. 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.

As of the July 1, 2009 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 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 was one legislative change during the fiscal year ending June 30, 2009, which had a financial impact on RSS:

A 1.50% COLA was paid retroactive to January 1, 2009 to members who retired on or before July 1, 2007. The impact of this change was reflected in the prior year's valuation.



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IV. Schedule of Funding Progress - Required Supplementary Information

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
2007	526,201,340	740,465,173	214,263,833	71.06%	147,897,543	144.87%
2008	544,771,727	765,417,461	220,645,734	71.17%	144,832,611	152.35%
2009	424,531,802	779,824,836	355,293,034	54.44%	145,867,862	243.57%

Note: Fiscal year 2007 is unaudited

13. POST-EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Plan Description. The City provides continuous medical insurance coverage for full-time employees who retire directly from the City, have continuously been enrolled in the health plans for 5 years prior to retirement, and are eligible to receive an early or regular retirement benefit from the City. In addition, they must be employed with the City for at least 10 years of creditable service at retirement. Dental insurance also continues after retirement at the retiree rate.

The plan has been changed to only value participants who are currently retired and active members that were hired prior to January 1, 1997. Members hired after this date are assumed to pay the full cost of the program with no implicit rate subsidy and; therefore, have no related liability. For pre-Medicare coverage, retirees pay a portion of the early retiree rates based on years of service at retirement. Currently, the plans offered to retirees are the Health Maintenance Organization (HMO), the Point-of-Service (POS), and the Preferred Provider Organization (PPO). Retirees that become Medicare eligible are no longer eligible for the City retiree medical plan. Surviving spouses of retirees may elect to remain in the deceased member's health insurance plan for up to 36 months after the death of the member paying the same rate as the retiree, but without the City's contribution.

The number of participants as of July 1, 2007, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active employees	1,787
Retired employees	<u>689</u>
Total	<u>2,476</u>

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Funding Policy. The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. Although the City is studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation. The City's other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Level Dollar Amortization	
Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method:	
ARC Normal Cost	\$ 1,441,480
Amortization	3,170,688
Annual required contribution	<u>4,612,168</u>
Contribution for fiscal year ended June 30, 2009	<u>(1,448,670)</u>
Increase in net OPEB	3,163,498
Net OPEB Obligation - beginning of year	--
Net OPEB Obligation - end of year	<u>\$ (3,163,498)</u>
Percent of annual OPEB cost contributed	31%

Benefit Obligation, Normal Cost and Funding Progress	
Actuarial Value of Assets	\$ --
Actuarial Accrued Liability:	
Retired Employees:	\$ 33,560,284
Active Employees:	42,594,368
Unfunded actuarial liability (UAAL)	<u>\$ 76,154,652</u>
Funded Ratio	(100)%
Normal Cost - Beginning of Year	\$ 1,413,487
Amortization factor based on 30 years	24
Annual Covered Payroll	\$ 102,430,176
UAAL as a Percentage of Covered Payroll	74%

For the Fiscal year ended June 30, 2008, the City's contribution was \$4,612,168, equal to its OPEB cost.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment,



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mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations

In the June 30, 2007 actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 9% healthcare cost trend increase for fiscal year 2007-2008, reduced by decrements to a rate of 5.5% after 6 years.

Funding Policy for Employees Hired after January 1, 1997. On January 1, 2008, the City established a retirement welfare benefits plan as authorized under state statutes, to reimburse the eligible retirees of the employer for medical and dental expenses incurred by them, their spouses and dependents pursuant to the employer's Vantage Care retirement health savings plan (RHS plan). All employees hired after January 1, 1997 are required to participate.

The RHS plan allows employees to accumulate funds to pay for future medical expenses, such as health insurance premiums, co-pays, prescription drugs, dental expenses, vision expenses and lenses at retirement or upon separation from City service on a tax-free basis. Funds are disbursed based upon claims submitted. Plan assets remaining at the time of the employee's death are not forfeited. The account can continue to be used for medical expenses by the spouse or dependents, or passed on to beneficiaries for their medical expenses.

The contribution to the RHS plan by the City is determined annually by the City's Department of Budget & Strategic Planning and subsequently approved and adopted through the City's biennial budget process.

The RHS plan may be modified by the City Administration as authorized under state statutes.

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 \$15,500 for calendar year 2008, whichever is less. In calendar year 2009, the maximum deferral amount will be \$16,500. 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 under \$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 GASB 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, 2009, the contributions and fair value of the plan investments was \$7,203,430 and \$49,777,381 respectively.

CITY OF RICHMOND, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009



Component Unit

RBHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all RBHA's employees and permits deferral until future years of 100% of salary with a maximum deferral of \$15,500 for calendar year 2008, which ever is less. In calendar year 2009, the maximum deferral amount is \$16,500. The compensation deferral 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 in 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 under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution.

The plan is administered by a non-governmental third party administrator and is accounted for as a restricted investment asset in trust.

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, 2009, the annual operating lease commitments are as follows:

Fiscal Year	Primary Government
2010	\$ 4,773,935
2011	4,440,226
2012	4,014,555
2013	3,704,003
2014	3,405,735
Total minimum lease payments	20,338,454
Lease expense/expenditures for the year ended June 30, 2009	\$ 5,214,479

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 combined storm water at flows up to 75 MGD. Within our service area 35 % of the main line and interceptor line 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 dry weather flow and some storm water flow 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 and 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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 permit and CSO Special Order issued by the Virginia Department of Environmental Quality 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 \$594 million (\$242 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 CSO spending is not required to exceed a typical annual residential wastewater bill of at least 1.25% of median household income (MHI) supplemented by the availability of federal, state and local grants and zero interest loan funding. Wastewater rates are being adjusted to meet the required 1.25% of MHI by 2010.

B. Grants

Federal grant programs in which the City participates are 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 service agreement. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2009, the City contributed \$1,440,331 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 \$120,832 in interest payments related to the \$22,772,022 in subordinated notes during the fiscal year ended June 30, 2009. Accrued interest approximated \$36.3 million on June 30, 2009.

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 \$883,300 at June 30, 2009.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009



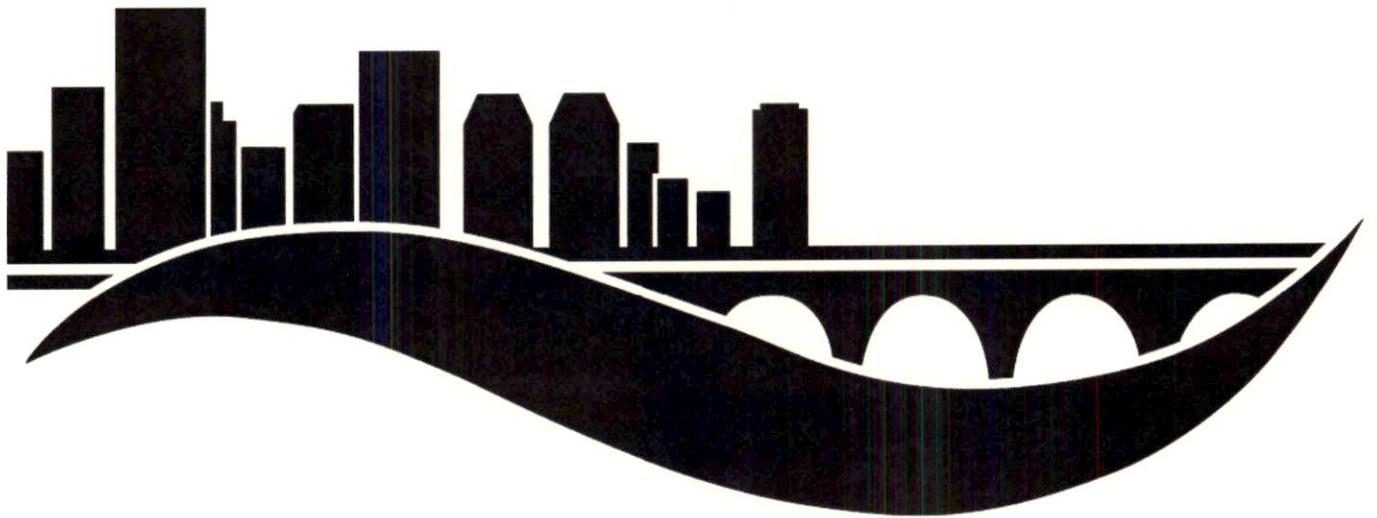
The collectibility of these notes is contingent on certain events that have not yet occurred; therefore, the notes are not considered to be realizable and have not been recorded in the financial statements.

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 2028. The aggregate commitments under these contracts amounted to approximately \$1,095 million at June 30, 2009.

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.



Required Supplementary Information



**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 234,707,236	\$ 228,023,373	\$ 227,921,229	\$ (102,144)
Sales-1% Local	32,748,728	32,748,728	30,935,300	(1,813,428)
Sales Tax for Education	28,472,330	28,472,330	25,312,005	(3,160,325)
Personal Property	49,517,500	49,517,500	51,107,922	1,590,422
Machinery and Tools	12,392,969	12,392,969	14,265,110	1,872,141
General Utility Sales	35,850,000	35,850,000	35,253,745	(596,255)
Bank Stock	2,950,000	2,950,000	4,494,835	1,544,835
Prepared Food	24,089,540	24,089,540	24,489,056	399,516
Lodging Tax	5,648,029	5,648,029	5,366,015	(282,014)
Admission	1,149,999	1,149,999	1,604,376	454,377
Private Utility Poles and Conduits	94,900	94,900	96,164	1,264
Penalties and Interest	4,501,000	4,501,000	4,570,206	69,206
Titling Tax-Mobile Home	6,000	6,000	10,635	4,635
State Recordation	750,000	750,000	710,115	(39,885)
Property Rental 1%	135,000	135,000	126,534	(8,466)
Vehicle Rental Tax	865,000	865,000	626,040	(238,960)
Telephone Commissions	450,000	450,000	449,292	(708)
Total City Taxes	<u>434,328,231</u>	<u>427,644,368</u>	<u>427,338,579</u>	<u>(305,789)</u>
Licenses, Permits and Privilege Fees				
Business and Professional	32,800,000	32,800,000	30,460,638	(2,339,362)
Vehicle	3,300,000	3,300,000	3,014,724	(285,276)
Dog	28,000	28,000	34,422	6,422
Transfers, Penalties, Interest & Delinquent Collections	1,000	1,000	1,070,550	1,069,550
Department of General Services	602,100	605,040	752,223	147,183
Department of Social Services	46,000	46,000	54,389	8,389
Department of Finance	54,000	54,000	110,182	56,182
Department of Public Works	750,000	750,000	693,259	(56,741)
Total Licenses, Permits and Privilege Fees	<u>37,581,100</u>	<u>37,584,040</u>	<u>36,190,387</u>	<u>(1,393,653)</u>
Intergovernmental				
Richmond Public Library	214,470	214,470	200,375	(14,095)
Juvenile and Domestic Relations District Court	1,800	1,800	300	(1,500)
Juvenile Justice Service	1,891,145	1,969,645	1,954,026	(15,619)
Department of Social Services	57,073,390	57,073,390	48,011,408	(9,061,982)
Department of Public Health	-	448,000	-	(448,000)
Department of Public Works-Street Maintenance	21,261,845	21,261,845	21,974,461	712,616
General Registrar	92,000	92,000	91,021	(979)
Department of Finance	885,000	890,000	963,381	73,381
City Treasurer	174,744	174,744	166,361	(8,383)
Attorney for the Commonwealth	2,964,791	2,964,791	3,090,262	125,471
City Sheriff	19,382,964	19,382,964	20,598,590	1,215,626
State Aid to Localities	15,889,396	15,889,396	15,208,717	(680,679)
Service Charges on Tax Exempt Property	2,550,000	2,550,000	3,477,429	927,429
Administrative Costs - Federal Grants	610,000	610,000	749,644	139,644
Rolling Stock Distribution	93,000	93,000	139,354	46,354
Total Intergovernmental	<u>123,084,545</u>	<u>123,616,045</u>	<u>116,625,329</u>	<u>(6,990,716)</u>

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Assessor of Real Estate	\$ 56,000	\$ 56,000	\$ 66,136	\$ 10,136
Richmond Public Library	1,300	1,300	10,039	8,739
City Sheriff	490,000	490,000	437,320	(52,680)
Department of Community Development	5,705,100	5,705,100	4,993,718	(711,382)
Department of General Services	336,000	336,000	407,256	71,256
Department of Finance	244,000	244,000	240,104	(3,896)
Departments of Police, Fire and Emergency Services	250,000	250,000	416,881	166,881
Department of Public Works	14,462,500	14,462,500	14,545,211	82,711
Department of Parks, Recreation and Community Facilities	143,000	143,000	143,173	173
Procurement Services	1,100	1,100	-	(1,100)
Real Estate Services	334,130	334,130	191,656	(142,474)
Total Service Charges	<u>22,023,130</u>	<u>22,023,130</u>	<u>21,451,494</u>	<u>(571,636)</u>
Fines and Forfeitures				
Richmond Public Library	98,000	98,000	95,134	(2,866)
Circuit Court	6,799,055	6,799,055	4,136,245	(2,662,810)
General District Court	1,292,145	1,292,145	1,629,029	336,884
Juvenile and Domestic Relations District Court	10,500	10,500	7,127	(3,373)
Parking Violations	3,025,000	3,025,000	3,379,027	354,027
License Code Violations	2,000	2,000	-	(2,000)
Total Fines and Forfeitures	<u>11,226,700</u>	<u>11,226,700</u>	<u>9,246,562</u>	<u>(1,980,138)</u>
Payment in Lieu of Taxes				
Gas Utility	7,414,000	7,414,000	7,789,634	375,634
Wastewater Utility	5,129,100	5,129,100	5,936,073	806,973
Water Utility	5,555,400	5,555,400	4,700,125	(855,275)
Electric Utility	615,400	615,400	396,314	(219,086)
Stores and Transportation Division	521,042	521,042	412,796	(108,246)
Total Payment in Lieu of Taxes	<u>19,234,942</u>	<u>19,234,942</u>	<u>19,234,942</u>	<u>-</u>
Miscellaneous Revenue				
Overhead Costs-Port of Richmond Commission	71,000	71,000	32,581	(38,419)
Department of Public Utilities Payment-City Service	2,879,490	2,879,490	2,879,490	-
Utilities Payment for Collection Service	530,000	530,000	591,534	61,534
Richmond Metropolitan Authority Payment	77,000	77,000	120,832	43,832
Department of Information Technology Charges	1,310,000	1,310,000	984,374	(325,626)
Administrative Payments to the General Fund	1,591,000	1,591,000	396,197	(1,194,803)
Sundries	521,237	521,237	541,023	19,786
Total Miscellaneous Revenues	<u>6,979,727</u>	<u>6,979,727</u>	<u>5,546,031</u>	<u>(1,433,696)</u>
Total General Fund Revenues	<u>654,458,375</u>	<u>648,308,952</u>	<u>635,633,324</u>	<u>(12,675,628)</u>

(Continued)



**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures				
Current				
General Government				
City Council	\$ 1,523,614	\$ 1,782,123	\$ 1,435,174	\$ 346,949
City Clerk	742,231	797,729	750,602	47,127
Department of Community Development	8,915,150	8,742,396	8,292,103	450,293
Assessor of Real Estate	2,992,860	2,946,354	2,995,405	(49,051)
City Auditor	1,448,279	1,921,868	1,778,387	143,481
Department of Law	2,559,007	2,558,341	2,371,791	186,550
Board of Review of Real Estate Assessments	34,104	44,104	26,137	17,967
General Registrar	1,021,446	1,410,950	1,406,641	4,309
Self -Insurance Cost	8,671,796	8,575,587	7,675,587	900,000
Department of Information Technology	14,554,266	14,358,104	14,815,063	(456,959)
Chief Administrative Officer	1,355,145	1,425,616	1,221,530	204,086
Budget and Strategic Planning	1,097,006	1,076,010	1,036,007	40,003
Department of Real Estate Services	507,643	666,467	541,334	125,133
Department of General Services	14,662,125	14,468,258	16,651,379	(2,183,121)
Department of Human Resources	2,884,256	2,838,117	2,989,152	(151,035)
Department of Finance	8,328,743	8,501,515	8,494,277	7,238
Procurement Services	1,274,454	1,151,550	1,233,596	(82,046)
Office of Press Secretary to Mayor	554,711	547,913	436,319	111,594
City Treasurer	196,715	196,715	189,543	7,172
Economic Development	1,882,395	1,825,396	1,800,609	24,787
Council Chief of Staff	1,092,744	1,029,873	1,017,652	12,221
Minority Business Development	447,175	434,601	407,728	26,873
City Mayor's Office	972,203	988,388	987,385	1,003
Total General Government	<u>77,718,068</u>	<u>78,287,975</u>	<u>78,553,401</u>	<u>(265,426)</u>
Public Safety and Judiciary				
Judiciary	8,718,553	8,645,043	9,227,980	(582,937)
Juvenile and Domestic Relations District Court	412,306	437,297	403,073	34,224
City Sheriff	30,561,159	30,785,709	30,568,170	217,539
Department of Police	78,655,466	79,131,845	80,655,203	(1,523,358)
Office of Emergency Management	1,126,700	1,107,290	757,851	349,439
Department of Fire and Emergency Services	41,049,331	42,150,540	42,468,019	(317,479)
Total Public Safety and Judiciary	<u>160,523,515</u>	<u>162,257,724</u>	<u>164,080,296</u>	<u>(1,822,572)</u>
Highways, Streets, Sanitation and Refuse				
Department of Public Works	<u>46,205,978</u>	<u>45,813,737</u>	<u>43,468,848</u>	<u>2,344,889</u>
Human Services				
Office of DCAO for Human Services	1,547,508	1,654,454	1,378,904	275,550
Department of Social Services	66,390,796	65,973,199	58,895,026	7,078,173
Justice Service	7,143,866	7,201,469	7,168,636	32,833
Department of Public Health	3,284,482	3,877,042	3,422,814	454,228
Total Human Services	<u>78,366,652</u>	<u>78,706,164</u>	<u>70,865,380</u>	<u>7,840,784</u>
Culture and Recreation				
Richmond Public Library	5,209,080	5,159,716	5,192,718	(33,002)
Department of Parks, Recreation and Community Facilities	15,873,769	15,765,538	16,088,164	(322,626)
Total Culture and Recreation	<u>21,082,849</u>	<u>20,925,254</u>	<u>21,280,882</u>	<u>(355,628)</u>
Education				
Richmond Public Schools	<u>161,034,229</u>	<u>159,211,576</u>	<u>159,155,815</u>	<u>55,761</u>

(Continued)



EXHIBIT H-1, Concluded

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Old Manchester Projects (formerly Crestar)	\$ 2,895,700	\$ 2,895,700	\$ 2,879,623	\$ 16,077
Payments to Other Government Agencies	25,925,260	30,099,369	28,985,377	1,113,992
Tax Relief for the Elderly	4,160,000	4,160,000	2,777,917	1,382,083
Greater Richmond Transit Company	11,950,000	11,950,000	11,950,000	-
RRS Contributions/Retiree's Health Care Payments	3,991,363	6,267,341	4,397,678	1,869,663
Total Non-Departmental	<u>48,922,323</u>	<u>55,372,410</u>	<u>50,990,595</u>	<u>4,381,815</u>
Total General Fund Expenditures	<u>593,853,614</u>	<u>600,574,840</u>	<u>588,395,217</u>	<u>12,179,623</u>
Excess of Revenues Over Expenditures	<u>60,604,761</u>	<u>47,734,112</u>	<u>47,238,107</u>	<u>(496,005)</u>
Other Financing Sources (Uses)				
Transfers In - Other Funds	3,680,774	3,680,774	3,536,522	(144,252)
Transfers Out - Other Funds	<u>(64,285,535)</u>	<u>(63,850,012)</u>	<u>(64,583,259)</u>	<u>(733,247)</u>
Total Other Financing (Uses), Net	<u>(60,604,761)</u>	<u>(60,169,238)</u>	<u>(61,046,737)</u>	<u>(877,499)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>-</u>	<u>(12,435,126)</u>	<u>(13,808,630)</u>	<u>(1,373,504)</u>
Fund Balance - Beginning of Year	<u>64,547,300</u>	<u>64,547,300</u>	<u>64,547,300</u>	<u>-</u>
Fund Balance- End of Year	<u>\$ 64,547,300</u>	<u>\$ 52,112,174</u>	<u>\$ 50,738,670</u>	<u>\$ (1,373,504)</u>



CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

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. The Capital Projects Fund have five-year spending plans which are legally adopted on an annual basis. On a day to be fixed by the council, but in no case earlier than the second Monday of February or later than the seventh day of April in each year, the Mayor shall submit to the council separate current expense budgets for the general operation of the city government, for the public schools, for each utility and a capital 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 level of budgetary control is the department level for the City. The Mayor, Chief Administrative Officer & Deputy Administrative Officers, and Directors/Agency Heads 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 Fund are principally prepared on the modified accrual basis of accounting.
- Project budgets are utilized in the City Capital Projects Fund. Except for the Capital Projects Fund and the Special Revenue Funds that extend beyond the fiscal year, all appropriations not encumbered nor obligated lapse at year-end for the General Fund. Appropriations for the Capital Projects Fund 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 under budget by \$12.8 million for fiscal year ended June 30, 2009, which is primarily due to a reduction in revenues in sales tax, licenses and grant revenues that were not realized because of the economic slow down. The General Fund expenditures and other financing uses were under budget by \$11.4 million for fiscal year ended June 30, 2009. This is primarily due to enforced spending constraints due to a slowing economy.

(Continued)



Exhibit H-2

The following department's expenditures exceeded appropriations for the year June 30, 2009:

General Government:

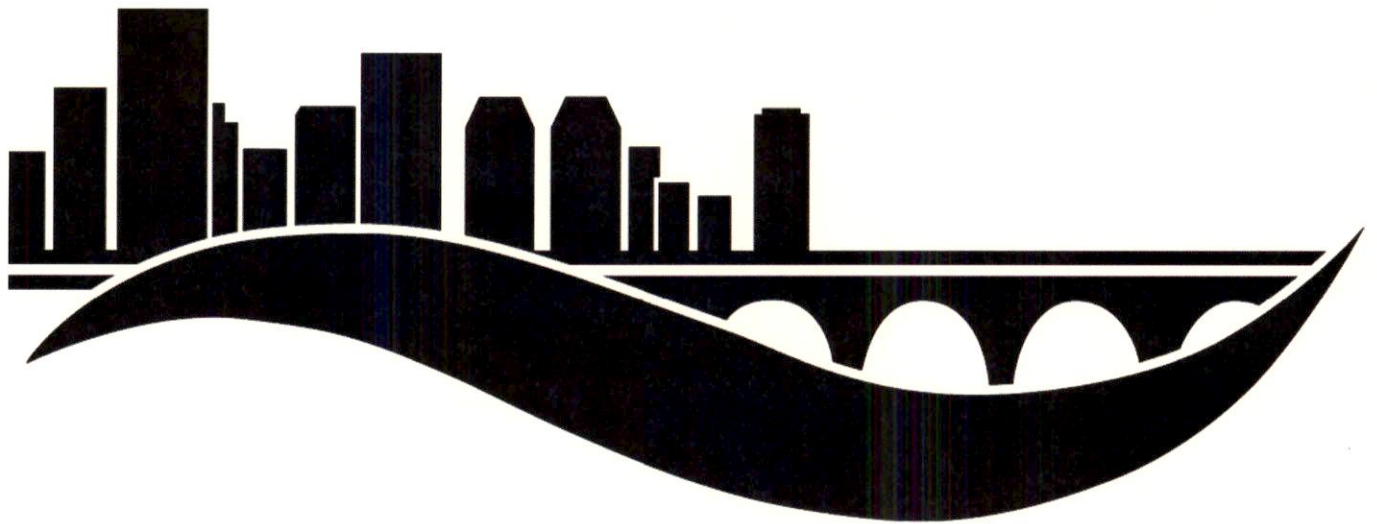
Assessor of Real Estate	49,051
Department of Information Technology	456,959
Department of General Services	2,183,121
Department of Human Resources	151,035
Procurement Services	82,046

Public Safety and Judiciary:

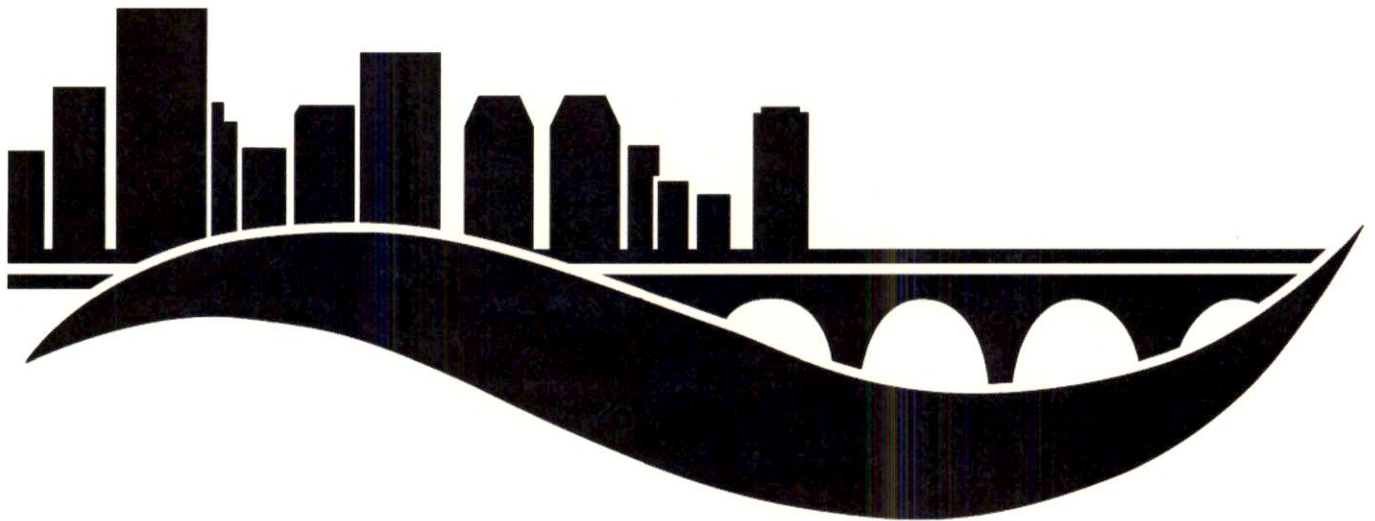
Judiciary	582,937
Department of Police	1,523,358
Department of Fire and Emergency Services	317,479

Culture and Recreation:

Richmond Public Library	33,002
Department of Parks, Recreation and Community Facilities	322,626



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.

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, 2009**

	Special Revenue			Permanent Funds			Total
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ 137,296	\$ -	\$ -	\$ -	\$ 137,296
Accounts Receivable, Net	1,829,414	782,891	-	-	-	-	2,612,305
Due From Other Funds	5,248,043	-	-	387	832	106	5,249,368
Due From Other Governments	5,867,664	2,602,586	-	-	-	-	8,470,250
Restricted Assets	-	-	261,685	27,319	32,189	11,917	333,110
Total Assets	\$ 12,945,121	\$ 3,385,477	\$ 398,981	\$ 27,706	\$ 33,021	\$ 12,023	\$ 16,802,329
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 3,111,382	\$ 981,464	\$ -	\$ -	\$ -	\$ -	\$ 4,092,846
Accrued Liabilities	126,348	20,336	-	-	-	-	146,684
Due To Other Funds	-	2,382,844	137,296	-	-	-	2,520,140
Due To Other Governments	30,602	-	-	-	-	-	30,602
Deferred Revenue	1,291,368	833	-	-	-	-	1,292,201
Total Liabilities	4,559,700	3,385,477	137,296	-	-	-	8,082,473
Fund Balances:							
Fund Balance-Reserved	-	-	261,685	27,706	33,021	12,023	334,435
Fund Balance-Unreserved	8,385,421	-	-	-	-	-	8,385,421
Total Fund Balances	8,385,421	-	261,685	27,706	33,021	12,023	8,719,856
Total Liabilities and Fund Balances	\$ 12,945,121	\$ 3,385,477	\$ 398,981	\$ 27,706	\$ 33,021	\$ 12,023	\$ 16,802,329



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, 2009

	Special Revenue		Permanent Funds				Total
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Richmond Public			
				Memorial	Recreation	Library	
Revenues							
Intergovernmental	\$ 26,632,355	\$ 8,073,068	\$ --	\$ --	\$ --	\$ --	\$ 34,705,423
Investment Income	83,112	--	239	2	377	135	83,865
Miscellaneous	11,806,838	370,472	--	--	--	--	12,177,310
Total Revenues	38,522,305	8,443,540	239	2	377	135	46,966,598
Expenditures							
Current:							
General Government	4,685,233	7,697,564	--	57	--	252	12,383,106
Public Safety and Judiciary	12,977,023	--	--	--	--	--	12,977,023
Highways, Streets, Sanitation and Refuse	1,164,019	--	--	--	--	--	1,164,019
Human Services	30,290,679	--	--	--	--	--	30,290,679
Culture and Recreation	1,450,941	--	137,296	--	--	--	1,588,237
Total Expenditures	50,567,895	7,697,564	137,296	57	--	252	58,403,064
Excess of Revenues Over (Under) Expenditures	(12,045,590)	745,976	(137,057)	(55)	377	(117)	(11,436,466)
Other Financing Sources (Uses)							
Transfers In-Other Funds	14,650,567	98,567	--	--	--	--	14,749,134
Transfers Out-Other Funds	(1,698,340)	(844,543)	--	--	--	--	(2,542,883)
Total Other Financing Sources (Uses), Net	12,952,227	(745,976)	--	--	--	--	12,206,251
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	906,637	--	(137,057)	(55)	377	(117)	769,785
Fund Balance - Beginning of Year	7,478,784	--	398,742	27,761	32,644	12,140	7,950,071
Fund Balance - End of Year	\$ 8,385,421	\$ --	\$ 261,685	\$ 27,706	\$ 33,021	\$ 12,023	\$ 8,719,856



**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Intergovernmental Revenues	\$ 74,890,111	\$ 78,652,981	\$ 34,705,423	\$ (43,947,558)
Investment Earnings and Contributions	-	-	83,112	83,112
Miscellaneous Revenue	<u>17,100,222</u>	<u>17,457,909</u>	<u>12,177,310</u>	<u>(5,280,599)</u>
Total Revenues	<u>91,990,333</u>	<u>96,110,890</u>	<u>46,965,845</u>	<u>(49,145,045)</u>
Expenditures				
General Government	35,069,622	35,859,152	12,382,797	23,476,355
Public Safety and Judiciary	16,109,679	17,152,725	12,977,023	4,175,702
Highways, Streets, Sanitation and Refuse	2,531,279	2,636,279	1,164,019	1,472,260
Human Services	31,379,753	33,508,047	30,290,679	3,217,368
Culture and Recreation	<u>6,900,000</u>	<u>6,954,687</u>	<u>1,450,941</u>	<u>5,503,746</u>
Total Expenditures	<u>91,990,333</u>	<u>96,110,890</u>	<u>58,265,459</u>	<u>37,845,431</u>
Excess of Revenues Under Expenditures	-	-	<u>(11,299,614)</u>	<u>(11,299,614)</u>
Other Financing Sources (Uses)				
Transfers In - Other Funds	-	-	14,749,134	14,749,134
Transfers Out - Other Funds	-	-	<u>(2,542,883)</u>	<u>(2,542,883)</u>
Total Other Financing Sources, Net	<u>-</u>	<u>-</u>	<u>12,206,251</u>	<u>12,206,251</u>
Excess of Revenues and Other Financing Sources, Net Over Expenditures and Other Financing Uses	-	-	906,637	906,637
Fund Balance - Beginning of Year	<u>7,478,784</u>	<u>7,478,784</u>	<u>7,478,784</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 7,478,784</u>	<u>\$ 7,478,784</u>	<u>\$ 8,385,421</u>	<u>\$ 906,637</u>



EXHIBIT I-4

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental Revenue				
Regional STP Funds (TEA-21)	\$ 1,949,000	\$ 1,987,430	\$ 648,871	\$ (1,338,559)
VDOT Urban Funds	1,738,917	3,759,310	4,327,609	568,299
Total Intergovernmental Revenue	<u>3,687,917</u>	<u>5,746,740</u>	<u>4,976,480</u>	<u>(770,260)</u>
Investment Earnings and Contributions				
Interest Earned on Restricted Funds	-	-	450,719	450,719
Local Matches and Contributions	7,000,000	7,000,000	-	(7,000,000)
Total Investment Earnings	<u>7,000,000</u>	<u>7,000,000</u>	<u>450,719</u>	<u>(6,549,281)</u>
Miscellaneous Revenue	5,699,750	5,699,750	151,734	(5,548,016)
Total Revenues	<u>16,387,667</u>	<u>18,446,490</u>	<u>5,578,933</u>	<u>(12,867,557)</u>
Expenditures				
Capital Outlay:				
School Board	9,303,900	9,303,900	2,487,326	6,816,574
Infrastructure	31,784,033	33,638,856	19,108,857	14,529,999
Economic Development	250,000	454,000	711,104	(257,104)
Neighborhood Development	1,905,000	1,905,000	2,987,829	(1,082,829)
City Facilities	51,506,228	52,256,228	55,929,081	(3,672,853)
Total Expenditures	<u>94,749,161</u>	<u>97,557,984</u>	<u>81,224,197</u>	<u>16,333,787</u>
Excess of Revenues Over (Under) Expenditures	<u>(78,361,494)</u>	<u>(79,111,494)</u>	<u>(75,645,264)</u>	<u>3,466,230</u>
Other Financing Sources				
Proceeds from Issuance of General Obligation Bonds	78,361,494	79,111,494	-	(79,111,494)
Total Other Financing Sources	<u>78,361,494</u>	<u>79,111,494</u>	<u>-</u>	<u>(79,111,494)</u>
Excess of Revenues and Other Financing Sources Under Expenditures	<u>-</u>	<u>-</u>	<u>(75,645,264)</u>	<u>(75,645,264)</u>
Fund Balance - Beginning of Year	23,723,139	23,723,139	23,723,139	-
Fund Balance - End of Year	<u>\$ 23,723,139</u>	<u>\$ 23,723,139</u>	<u>\$ (51,922,125)</u>	<u>\$ (75,645,264)</u>



**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive
Principal Payments				
General Obligation Bonds				
General Government Projects	\$ 17,575,383	\$ 17,575,383	\$ 17,565,549	\$ 9,834
Streets and Bridge Projects	2,528,747	2,528,747	2,528,747	-
Schools Capital Improvement Projects	4,066,980	4,066,980	4,066,980	-
Schools Virginia Public Schools Authority Bonds	227,025	227,025	227,025	-
Schools Qualified Zone Academy Bonds	192,480	192,480	192,480	-
Richmond Metropolitan Authority - Expressway Deck	658,929	658,929	658,929	-
Theater Row Office Building Project	1,074,873	1,074,873	1,074,873	-
Hospital Authority of Richmond Nursing Home	11,132	11,132	11,132	-
Richmond Ambulance Authority	36,516	36,516	46,349	(9,833)
Total General Obligation Bonds	<u>26,372,065</u>	<u>26,372,065</u>	<u>26,372,064</u>	<u>1</u>
General Obligation Notes				
Serial Equipment Notes - General Fund	300,000	300,000	400,000	400,000
Total General Obligation Notes	<u>300,000</u>	<u>300,000</u>	<u>400,000</u>	<u>400,000</u>
Other Debt Instruments				
HUD Section 108 Notes	555,000	555,000	555,000	-
Certificates of Participation - 800 Megahertz Project	750,000	750,000	750,000	-
Total Other Debt Instruments	<u>1,305,000</u>	<u>1,305,000</u>	<u>1,305,000</u>	<u>-</u>
Total Principal Payments	<u>28,477,065</u>	<u>28,477,065</u>	<u>28,077,064</u>	<u>400,001</u>
Interest Payments				
General Obligation Bonds				
General Government Projects	15,546,446	15,646,446	13,946,497	1,699,949
Streets and Bridge Projects	2,381,469	2,381,469	2,381,469	-
Schools Capital Improvement Projects	3,680,897	3,680,897	3,680,896	1
Schools Virginia Public Schools Authority Bonds	117,976	117,976	117,975	1
Richmond Metropolitan Authority - Expressway Deck	788,404	788,404	788,403	1
Theater Row Office Building Project	932,715	932,715	932,714	1
Hospital Authority of Richmond Nursing Home	27,886	27,886	27,885	1
Richmond Ambulance Authority	10,361	10,361	10,310	51
Total General Obligation Bonds	<u>23,586,154</u>	<u>23,586,154</u>	<u>21,886,149</u>	<u>1,700,005</u>
General Obligation Notes				
Serial Equipment Notes - General Government	103,600	103,600	23,600	80,000
Total General Obligation Note Interest	<u>103,600</u>	<u>103,600</u>	<u>23,600</u>	<u>80,000</u>
Other Debt Instruments				
HUD Section 108 Notes	243,257	243,257	243,257	-
Certificates of Participation - 800 Megahertz Project	714,913	714,913	714,913	-
Total Other Debt Instruments	<u>958,170</u>	<u>958,170</u>	<u>958,170</u>	<u>-</u>
Interest - Short Term Debt				
GO Revenue Anticipation Notes	1,968,750	1,968,750	1,803,750	165,000
GO Bond Anticipation Notes	2,000,000	2,000,000	133,368	1,866,632
Total Short Term Debt	<u>3,968,750</u>	<u>3,968,750</u>	<u>1,937,118</u>	<u>2,031,632</u>
Total Interest Payments	<u>28,516,674</u>	<u>28,516,674</u>	<u>24,805,037</u>	<u>3,811,637</u>
Issuance and Legal Costs	<u>1,000,000</u>	<u>1,000,000</u>	<u>955,068</u>	<u>44,932</u>
Total	<u>\$ 58,093,739</u>	<u>\$ 58,093,739</u>	<u>\$ 53,837,169</u>	<u>\$ 4,256,570</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

(Cemeteries) maintains and operates cemeteries.



**CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
June 30, 2009**

	Coliseum	Landmark Theatre	Cemeteries	Total
Assets				
Current Assets:				
Accounts Receivable, Net	\$ 859,874	\$ 13,818	\$ 75,085	\$ 948,777
Prepaid Expenses and Other Current Assets	92,438	-	-	92,438
Total Current Assets	952,312	13,818	75,085	1,041,215
Noncurrent Assets:				
Capital Assets:				
Land	4,582,160	44,690	8,188,700	12,815,550
Buildings and Structures	33,368,324	10,438,666	601,429	44,408,419
Equipment	5,238,328	963,644	143,929	6,345,901
Less Accumulated Depreciation	(32,544,351)	(4,515,495)	(425,516)	(37,485,362)
Total Noncurrent Assets	10,644,461	6,931,505	8,508,542	26,084,508
Total Assets	\$ 11,596,773	\$ 6,945,323	\$ 8,583,627	\$ 27,125,723
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 1,230,616	\$ 265	\$ 16,656	\$ 1,297,537
Accrued Liabilities	-	-	10,530	10,530
Due To Other Funds	500,000	4,373,517	696	4,874,213
Compensated Absences	-	-	53,178	53,178
Accrued Interest on Bonds and Notes Payable	253,920	98,687	12,522	365,129
General Obligation Bonds and Capital Leases	1,082,156	289,091	34,757	1,386,004
Total Current Liabilities	3,096,692	4,761,560	128,339	7,986,591
Noncurrent Liabilities:				
Compensated Absences	-	-	27,328	27,328
General Obligation Bonds and Capital Leases	8,789,852	3,115,128	520,076	12,405,056
Total Noncurrent Liabilities	8,789,852	3,115,128	547,404	12,432,384
Total Liabilities	11,886,544	7,876,688	675,743	20,418,975
Net Assets				
Invested In Capital Assets, Net of Related Debt	812,453	3,527,286	7,953,709	12,293,448
Unrestricted	(1,082,224)	(4,458,651)	(45,825)	(5,586,700)
Total Net Assets	\$ (269,771)	\$ (931,365)	\$ 7,907,884	\$ 6,706,748

6/30/09 GO BONDS	8,898,317.94	3,156,322.15	554,824.50
6/30/09 HVAC Lease	933,690.31	247,897.25	-
	<u>9,832,008.25</u>	<u>3,404,219.40</u>	<u>554,824.50</u>

FY10 PAYMENTS - BONDS	891,563.01	211,429.80	34,757.00
- LEASE	170,592.78	77,660.51	-

6/30/10 GO BONDS	8,006,754.93	2,944,892.35	520,067.50
6/30/10 HVAC Lease	763,097.53	170,236.74	-
	<u>8,769,852.46</u>	<u>3,115,129.09</u>	<u>520,067.50</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, 2009

	Coliseum	Landmark Theatre	Cemeteries	Total
Operating Revenues				
Charges for Goods and Services	\$ 1,829,195	\$ 520	\$ 1,368,588	\$ 3,198,303
Operating Expenses				
Salaries and Wages	-	2,382	1,029,723	1,032,105
Materials and Supplies	308,020	1,615	79,296	388,931
Rents and Utilities	823,426	20,620	43,522	887,568
Maintenance and Repairs	301,935	201,087	58,704	561,726
Depreciation and Amortization	2,126,767	121,232	27,358	2,275,357
Miscellaneous Operating Expenses	1,576,749	3,713	206,534	1,786,996
Total Operating Expenses	5,136,897	350,649	1,445,137	6,932,683
Operating Loss	(3,307,702)	(350,129)	(76,549)	(3,734,380)
Non-Operating Revenues (Expenses)				
Government Subsidies and Contributions	3,131,277	586,644	67,051	3,784,972
Interest Expense	(581,206)	(217,341)	(27,588)	(826,135)
Total Non-Operating Revenues, Net	2,550,071	369,303	39,463	2,958,837
Change In Net Assets	(757,631)	19,174	(37,086)	(775,543)
Net Assets - Beginning of Year	487,860	(950,539)	7,944,970	7,482,291
Net Assets - End of Year	\$ (269,771)	\$ (931,365)	\$ 7,907,884	\$ 6,706,748



CITY OF RICHMOND, VIRGINIA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Coliseum	Landmark Theatre	Cemeteries	Total
Cash Flows From Operating Activities				
Receipts from Customers	\$ 1,793,303	\$ 52,045	\$ 1,460,533	\$ 3,305,881
Payments to Suppliers	(3,061,212)	(506,176)	(398,076)	(3,965,464)
Payments to Employees	-	(36,338)	(1,018,329)	(1,054,667)
Net Cash Provided By (Used In) Operating Activities	<u>(1,267,909)</u>	<u>(490,469)</u>	<u>44,128</u>	<u>(1,714,250)</u>
Cash Flows From Noncapital Financing Activities				
Government Subsidies and Contributions	3,024,477	586,644	67,051	3,678,172
Advances from Other Funds	-	490,469	(8,299)	482,170
Net Cash Provided By Noncapital Financing Activities	<u>3,024,477</u>	<u>1,077,113</u>	<u>58,752</u>	<u>4,160,342</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of Capital Assets	(91,481)	-	(35,828)	(127,309)
Repayments of GO Bonds and Capital Leases	(1,063,752)	(364,202)	(38,559)	(1,466,513)
Interest Paid on GO Bonds and Capital Leases	(601,335)	(222,442)	(28,493)	(852,270)
Net Cash Used In Capital and Related Financing Activities	<u>(1,756,568)</u>	<u>(586,644)</u>	<u>(102,880)</u>	<u>(2,446,092)</u>
Net Increase in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at July 1, 2008	-	-	-	-
Cash and Cash Equivalents at June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities				
Operating Loss	<u>\$ (3,307,702)</u>	<u>\$ (350,129)</u>	<u>\$ (76,549)</u>	<u>\$ (3,734,380)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:				
Depreciation	2,126,767	121,232	27,358	2,275,357
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:				
Accounts Receivable	(35,892)	51,526	91,945	107,579
Inventories of Material and Supplies	3,283	-	-	3,283
Accounts Payable	(54,365)	(31,751)	(10,019)	(96,135)
Accrued Liabilities	-	(262,180)	(2,415)	(264,595)
Compensated Absences	-	(19,167)	13,808	(5,359)
Total Adjustments	<u>2,039,793</u>	<u>(140,340)</u>	<u>120,677</u>	<u>2,020,130</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,267,909)</u>	<u>\$ (490,469)</u>	<u>\$ 44,128</u>	<u>\$ (1,714,250)</u>



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.

Advantage Richmond Corporation

provides lease space for the City's Social Service Departments.

Electric Utility

provides street lighting and other electric service to part of the City.

Stores and Transportation Division

provides supplies and vehicles related services exclusively to utilities departments..



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Assets								
Current Assets:								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,818,974	\$ 33,106	\$ 29,352,083	\$ 32,204,163
Accounts Receivable, Net	1,348,123	43,963	-	-	1,500	4,252,596	-	5,646,182
Due From Other Funds	-	-	18,206,269	-	446,887	-	1,373,965	20,027,121
Due From Component Unit	-	162,449	-	-	-	-	-	162,449
Due From Other Governments	23,578	85,371	-	-	-	-	-	108,949
Inventory	16,656	72,421	-	798,866	-	-	3,116,291	4,004,234
Prepaid Expenses	-	-	486,000	-	-	140,756	206,398	833,154
Total Current Assets	1,388,357	364,204	18,692,269	798,866	3,267,361	4,426,458	34,048,737	62,986,252
Noncurrent Assets:								
Advances to Other Funds	-	-	-	-	-	3,294,908	-	3,294,908
Capital Assets:								
Land	98,000	-	-	-	3,000,000	262,979	1,686,532	5,047,511
Buildings and Structures	1,211,218	-	-	-	9,000,000	42,995,512	61,281,725	114,488,455
Equipment	61,608,853	350,119	-	22,136	-	-	-	61,981,108
Less Accumulated Depreciation	(43,993,424)	(134,272)	-	(22,136)	(857,426)	(24,988,165)	(44,206,297)	(114,201,720)
Construction in Progress	-	-	-	-	-	4,404,673	12,105,036	16,509,709
Total Capital Assets	18,924,647	215,847	-	-	11,142,574	22,674,999	30,866,996	83,825,063
Total Noncurrent Assets	18,924,647	215,847	-	-	11,142,574	25,969,907	30,866,996	87,119,971
Total Assets	\$ 20,313,004	\$ 580,051	\$ 18,692,269	\$ 798,866	\$ 14,409,935	\$ 30,396,365	\$ 64,915,733	\$ 150,106,223
Liabilities								
Current Liabilities:								
Accounts Payable	\$ 2,216,658	\$ 39,781	\$ 98,313	\$ 104,239	\$ 94,200	\$ 355,410	\$ 1,350,433	\$ 4,259,034
Accrued Liabilities	33,264	5,672	147,846	1,502	750	1,875,371	3,471	2,067,876
Due To Other Funds	1,997,324	2,638,336	-	390,302	-	2,612,528	-	7,638,490
Accrued Interest on Bonds and Notes Payable	75,843	-	-	-	137,713	36,087	-	249,643
General Obligation Bonds Payable	1,600,000	-	-	-	-	74,963	-	1,674,963
Accrued Interest	-	-	-	-	-	47,883	-	47,883
Revenue Bonds Payable	-	-	-	-	637,311	-	-	637,311
Notes Payable	2,440,000	-	-	-	-	-	-	2,440,000
Compensated Absences	57,793	11,570	20,012	12,368	-	87,898	17,134	206,775
Other Liabilities and Claims	-	-	3,918,789	-	-	-	-	3,918,789
Total Current Liabilities	8,420,882	2,695,359	4,184,960	508,411	869,974	5,090,140	1,371,038	23,140,764
Noncurrent Liabilities:								
General Obligation Bonds Payable	2,000,000	-	-	-	-	1,432,314	-	3,432,314
Revenue Bonds Payable	-	-	-	-	9,739,788	-	-	9,739,788
Notes Payable	4,720,000	-	-	-	-	-	-	4,720,000
Compensated Absences	125,218	22,834	15,830	3,097	-	28,103	29,266	224,348
Other Liabilities and Claims	-	-	29,935,637	-	-	528,638	-	30,464,275
Advances from Other Funds	-	-	-	-	-	-	63,515,429	63,515,429
Total Noncurrent Liabilities	6,845,218	22,834	29,951,467	3,097	9,739,788	1,989,055	63,544,695	112,096,154
Total Liabilities	15,266,100	2,718,193	34,136,427	511,508	10,609,762	7,079,195	64,915,733	135,236,918
Net Assets								
Invested In Capital Assets, Net of Related Debt Unrestricted	8,164,647	215,847	-	-	765,475	21,119,839	30,866,996	61,132,804
	(3,117,743)	(2,353,989)	(15,444,158)	287,358	(3,034,698)	2,197,331	(30,866,996)	(46,263,499)
Total Net Assets	\$ 5,046,904	\$ (2,138,142)	\$ (15,444,158)	\$ 287,358	\$ 3,800,173	\$ 23,317,170	\$ -	\$ 14,869,305



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, 2009

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Operating Revenues								
Charges for Goods and Services	\$ 19,034,438	\$ 922,830	\$ 12,633,977	\$ 845,571	\$ 2,592,091	\$ 8,143,999	\$ 2,889,404	\$ 47,062,310
Operating Expenses								
Cost of Goods and Services Sold	11,088,957	765,210	-	827,234	-	-	-	12,681,401
Salaries and Wages and Benefits	557,081	220,343	371,962	169,630	-	1,447,216	239,434	3,005,666
Data Processing	140,054	6,183	-	-	-	1,410	-	147,647
Materials and Supplies	65,832	98,789	7,501	7,273	4,215	490,314	12,030	685,954
Rents and Utilities	336,770	24,665	7,924	31,423	229,159	2,917,361	21,375	3,568,677
Maintenance and Repairs	49,050	26,178	77	42,992	323,165	772,429	-	1,213,891
Depreciation and Amortization	5,457,751	38,119	-	-	225,000	1,468,211	2,411,912	9,600,993
Claims and Settlements	-	-	17,986,612	-	-	-	-	17,986,612
Miscellaneous Operating Expenses	2,059,675	146,204	331,507	-	305,375	738,807	204,653	3,786,221
Total Operating Expenses	19,755,170	1,325,691	18,705,583	1,078,552	1,086,914	7,835,748	2,889,404	52,677,062
Operating Income (Loss)	(720,732)	(402,861)	(6,071,606)	(232,981)	1,505,177	308,251	-	(5,614,752)
Non-Operating Revenues (Expenses)								
Government Subsidies and Contributions	-	-	-	-	-	1,344,414	-	1,344,414
Gain (Loss) on Disposal of Capital Assets	143,705	43,437	-	-	-	-	-	187,142
Interest on Long-Term Debt	(376,755)	-	-	-	(552,646)	(270,353)	-	(1,199,754)
Miscellaneous Revenue	-	-	-	-	-	1,801	-	1,801
Total Non-Operating								
Revenues (Expenses), Net	(233,050)	43,437	-	-	(552,646)	1,075,862	-	333,603
Net Income (Loss) Before Transfers	(953,782)	(359,424)	(6,071,606)	(232,981)	952,531	1,384,113	-	(5,281,149)
Transfers Out-Other Funds	-	-	-	-	-	(46,563)	-	(46,563)
Change in Net Assets	(953,782)	(359,424)	(6,071,606)	(232,981)	952,531	1,337,550	-	(5,327,712)
Net Assets - Beginning of Year	6,000,686	(1,778,718)	(9,372,552)	520,339	2,847,642	21,979,620	-	20,197,017
Net Assets - End of Year	\$ 5,046,904	\$ (2,138,142)	\$ (15,444,158)	\$ 287,358	\$ 3,800,173	\$ 23,317,170	\$ -	\$ 14,869,305



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Fleet Management	Radio Maintenance	Risk Management	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Cash Flows From Operating Activities								
Receipts from Customers	\$ 19,512,950	\$ 735,298	\$ 12,633,977	\$ 845,571	\$ 2,643,041	\$ 7,350,138	\$ 2,889,404	\$ 46,610,379
Payments to Suppliers	(12,289,403)	(1,307,479)	(12,590,054)	(854,581)	(826,726)	(4,753,601)	(1,019,568)	(33,641,412)
Payments to Employees	(605,973)	(218,191)	(329,022)	(171,021)	--	(1,961,660)	(234,201)	(3,520,068)
Receipts From Other Funds	--	--	--	--	--	1,616,794	5,709,546	7,326,340
Other Receipts or (Payments)	--	--	(347,009)	(81,688)	--	218,094	--	(210,603)
Net Cash Provided By (Used In) Operating Activities	6,617,574	(790,372)	(632,108)	(261,719)	1,816,315	2,469,765	7,345,181	16,564,636
Cash Flows From Capital and Related Financing Activities								
Acquisition of Fixed Assets	(2,919,389)	--	--	--	--	(2,225,422)	(4,208,088)	(9,352,899)
Proceeds from Issuance of General Obligation Notes	2,000,000	--	--	--	--	--	--	2,000,000
Repayments of Revenue and GO Bonds	(1,600,000)	--	--	--	--	(96,594)	--	(1,696,594)
Repayments of Notes Payable	(2,040,000)	--	--	--	(604,708)	--	--	(2,644,708)
Interest Paid on Long-Term Debt	(410,566)	--	--	--	(560,671)	(3,896,715)	--	(4,867,952)
Net Cash Used In Capital and Related Financing Activities	(4,969,955)	--	--	--	(1,165,379)	(6,218,731)	(4,208,088)	(16,562,153)
Cash Flows From Noncapital Financing Activities								
Government Subsidies and Contributions	--	--	--	--	--	1,344,414	--	1,344,414
Due to Other Funds	--	790,372	632,108	261,719	--	--	--	1,684,199
Due From Other Funds	(1,647,619)	--	--	--	(188,387)	--	--	(1,836,006)
Transfers - Out Other Funds	--	--	--	--	--	(46,563)	--	(46,563)
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,647,619)	790,372	632,108	261,719	(188,387)	1,297,851	--	1,146,044
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	--	--	462,549	(2,451,115)	3,137,093	1,148,527
Cash and Cash Equivalents at July 1, 2008	--	--	--	--	2,356,425	2,484,221	26,214,990	31,055,636
Cash and Cash Equivalents at June 30, 2009	\$ --	\$ --	\$ --	\$ --	\$ 2,818,974	\$ 33,106	\$ 29,352,083	\$ 32,204,163
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities								
Operating Income (Loss)	\$ (720,732)	\$ (402,861)	\$ (6,071,606)	\$ (232,981)	\$ 1,505,177	\$ 308,251	\$ --	\$ (5,614,752)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:								
Depreciation	5,457,751	38,119	--	--	225,000	1,468,211	2,411,912	9,600,993
Miscellaneous Expenses	--	--	--	--	--	(323)	--	(323)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:								
Accounts Receivable	468,720	(29,708)	--	--	50,950	(793,861)	--	(303,899)
Due From Other Funds	--	--	--	--	--	--	--	--
Due From Component Units	--	(100,111)	--	--	--	--	--	(100,111)
Due From Other Governments	9,792	(57,713)	--	--	--	--	5,843,983	5,796,062
Inventories of Material and Supplies	11,665	(19,659)	--	(43,963)	--	--	(174,480)	(226,437)
Prepaid Expenses	--	--	--	--	--	12,173	4,022	16,195
Deferred Expenses	--	--	--	--	--	218,417	--	218,417
Accounts Payable	1,439,270	(220,591)	7,285	16,616	35,189	(228,851)	(745,228)	303,690
Accrued Liabilities	(18,133)	(1,881)	47,667	(151)	(1)	(624,973)	(1,740)	(599,212)
Due To Other Funds	--	--	--	--	--	2,242,141	--	2,242,141
Compensated Absences	(30,759)	4,033	(4,727)	(1,240)	--	16,783	6,712	(9,198)
Other Liabilities and Claims	--	--	5,389,273	--	--	(148,203)	--	5,241,070
Total Adjustments	7,338,306	(387,511)	5,439,498	(28,738)	311,138	2,161,514	7,345,181	22,179,388
Net Cash Provided By (Used In) Operating Activities	\$ 6,617,574	\$ (790,372)	\$ (632,108)	\$ (261,719)	\$ 1,816,315	\$ 2,469,765	\$ 7,345,181	\$ 16,564,636



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 of up to 25% of salary with a maximum deferral of \$15,500 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.



EXHIBIT L-1

CITY OF RICHMOND, VIRGINIA
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 12,541,076	\$ —	\$ 12,541,076
Receivables:			
Due from Brokers on Sale of Securities	2,356,847	—	2,356,847
Interest and Dividends	1,356,889	—	1,356,889
Employee Loans Receivable	1,000,242	1,667,211	2,667,453
Investments, at Fair Value:			
U.S. Government and Agency Obligations	47,983,291	49,777,381	97,760,672
Corporate Bonds	47,657,621	—	47,657,621
Common Stock	128,765,331	—	128,765,331
International Stocks	58,736,719	—	58,736,719
International Bonds	38,575,501	—	38,575,501
Real Estate Investment Trusts	12,895,260	—	12,895,260
Emerging Market Debt	4,352,498	—	4,352,498
Hedge Funds	36,231,434	—	36,231,434
Total Investments, at Fair Value	375,197,655	49,777,381	424,975,036
Cash Collateral Received - Security Lending Program	31,863,099	—	31,863,099
Total Assets	424,315,808	51,444,592	475,760,400
Liabilities:			
Accounts Payable	6,514,706	—	6,514,706
Payable for Collateral Received - Security Lending Program	31,863,099	—	31,863,099
Total Liabilities	38,377,805	—	38,377,805
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 385,938,003	\$ 51,444,592	\$ 437,382,595



EXHIBIT L-2

CITY OF RICHMOND, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 For the Fiscal Year Ended June 30, 2009

	Richmond Retirement System	Other Employee Benefits	Total
Additions:			
Contributions:			
City of Richmond	\$ 31,996,307	\$ 7,203,430	\$ 39,199,737
Richmond Behavioral Health Authority	847,241	-	847,241
Richmond Public Schools	348,440	-	348,440
Revenue for DC Plan Expense	49,140	-	49,140
Plan Members	2,579,439	-	2,579,439
Total Contributions	35,820,567	7,203,430	43,023,997
Investment Income:			
Depreciation in Fair Value of Investments	(112,263,309)	(7,400,747)	(119,664,056)
Interest	6,521,619	100,910	6,622,529
Dividends	9,531,662	-	9,531,662
Net Income Earned On Securities Lending Transactions:			
Securities Lending Income	1,258,786	-	1,258,786
Securities Lending Expense	(879,009)	-	(879,009)
Total Net Income Earned on Securities Lending Transactions	379,777	-	379,777
Investment Income	(95,830,251)	(7,299,837)	(103,130,088)
Less Investment Expense	1,676,480	-	1,676,480
Net Investment Income	(97,506,731)	(7,299,837)	(104,806,568)
Total Additions, Net	(61,686,164)	(96,407)	(61,782,571)
Deductions:			
Benefits	62,937,234	3,659,308	66,596,542
Administrative Expenses	1,095,480	21,827	1,117,307
Total Deductions	64,032,714	3,681,135	67,713,849
Net Decrease	(125,718,878)	(3,777,542)	(129,496,420)
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	511,656,881	55,222,134	566,879,015
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	\$ 385,938,003	\$ 51,444,592	\$ 437,382,595



CITY OF RICHMOND, VIRGINIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Assets				
Cash and Cash Equivalents	\$ 505,121	\$ 334,801	\$ 23,565	\$ 816,357
Due From Other Funds	549,776	678,157	1,121,809	106,124
Total Assets	\$ 1,054,897	\$ 1,012,958	\$ 1,145,374	\$ 922,481
Liabilities				
Refundable Deposits	\$ 363,458	\$ 233,120	\$ 317,658	\$ 278,920
Due to Various Agents	691,439	3,132,322	3,180,200	643,561
Total Liabilities	\$ 1,054,897	\$ 3,365,442	\$ 3,497,858	\$ 922,481



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 City's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



CITY OF RICHMOND, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2009

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 ⁽¹⁾	203,056
United States Census 2000 ⁽¹⁾	197,790
United States Census 2001 ⁽¹⁾	198,270
United States Census 2002 ⁽¹⁾	198,494
United States Census 2003 ⁽¹⁾	198,102
United States Census 2004 ⁽¹⁾	197,401
United States Census 2005 ⁽¹⁾	197,861
United States Census 2006 ⁽¹⁾	198,624
United States Census 2007 ⁽¹⁾	200,123
United States Census 2008 ⁽¹⁾	202,002

⁽¹⁾ Source: U.S. Department of Commerce. U.S. Census Bureau.

FORM OF GOVERNMENT

The City of Richmond is organized under the Strong 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:

- \$1.20 per \$100 of Assessed Value: 2008 - 2009
- \$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 - 2009
- \$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 - 2009
- \$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.
- 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.
- 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: 2008-2009
- 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

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 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:

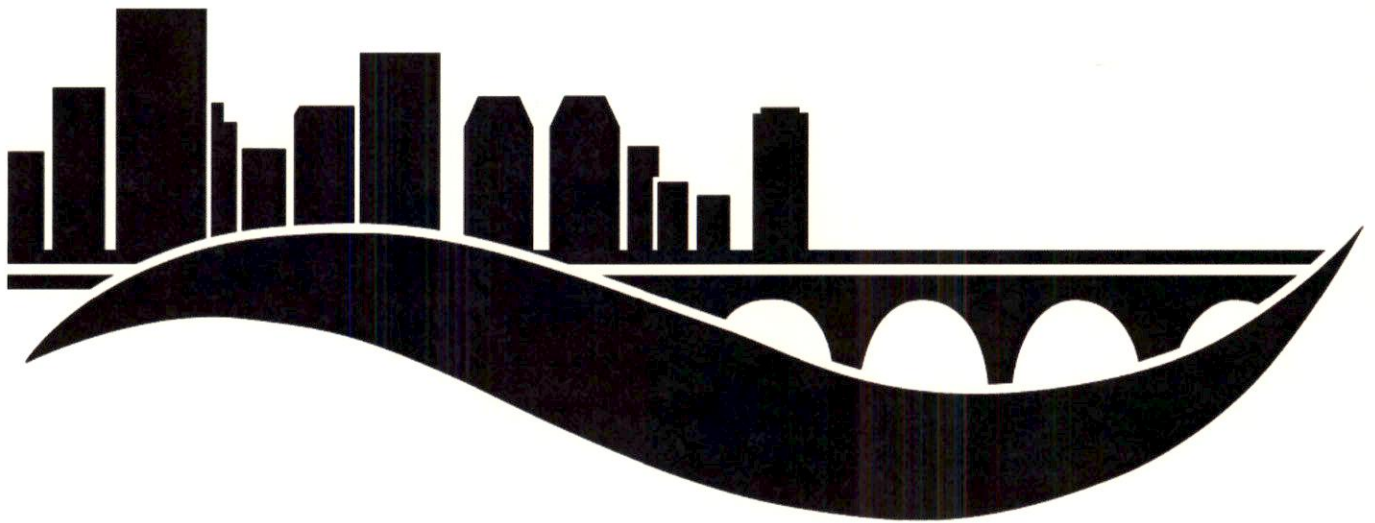
- The amount required for general obligation bond debt service will not exceed 10% of the total general fund budget.
- Per capita general fund supported debt will not exceed 7% of per capital income.
- The City will not incur general obligation debt in excess of 7.5% of its total taxable real estate 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, 2009, the Undesignated Fund Balance was \$48.6 million, which is 8.1% 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities					
Invested In Capital Assets, Net of Related Debt	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711
Restricted	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206
Unrestricted	<u>40,670,738</u>	<u>25,435,347</u>	<u>26,438,982</u>	<u>45,954,323</u>	<u>21,676,936</u>
Total Governmental Activities Net Assets	<u>\$ 289,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>
Business-type Activities					
Invested In Capital Assets, Net of Related Debt	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886
Restricted	40,067,236	-	-	-	-
Unrestricted	<u>43,272,098</u>	<u>69,958,764</u>	<u>79,842,538</u>	<u>78,044,664</u>	<u>55,610,764</u>
Total Business-type Activities Net Assets	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>
Primary Government					
Invested In Capital Assets, Net of Related Debt	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597
Restricted	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206
Unrestricted	<u>83,942,836</u>	<u>95,394,111</u>	<u>106,281,520</u>	<u>123,998,987</u>	<u>77,287,700</u>
Total Primary Government Activities Net Assets	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>



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

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses					
Governmental Activities:					
General Government	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804
Public Safety and Judiciary	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625
Highways, Streets, Sanitation and Refuse	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571
Human Services	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194
Culture and Recreation	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473
Education	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364
Transportation	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000
Interest and Fiscal Changes	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766
Extraordinary Item ¹	4,020,240	—	—	—	—
Total Governmental Activities Expenses	<u>607,013,480</u>	<u>657,248,057</u>	<u>693,437,698</u>	<u>689,166,227</u>	<u>708,991,797</u>
Business-type Activities:					
Gas	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311
Water	39,004,189	41,362,442	44,232,832	46,158,648	49,074,068
Wastewater	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556
Coliseum	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103
Landmark Theatre	1,730,408	1,835,924	1,788,114	1,829,565	567,990
Cemeteries	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725
Total Business-type Activities Expenses	<u>300,711,000</u>	<u>343,344,098</u>	<u>321,240,609</u>	<u>319,899,589</u>	<u>331,118,753</u>
Total Primary Government Expenses	<u>\$ 907,724,480</u>	<u>\$ 1,000,592,155</u>	<u>\$ 1,014,678,307</u>	<u>\$ 1,009,065,816</u>	<u>\$ 1,040,110,550</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930
Culture and Recreation	561,893	759,632	109,692	719,586	686,911
Other Activities	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260
Operating Grants and Contributions	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284
Capital Grants and Contributions	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211
Total Governmental Activities Program Revenues	<u>\$ 220,195,818</u>	<u>\$ 227,621,615</u>	<u>\$ 253,684,575</u>	<u>\$ 256,435,912</u>	<u>\$ 242,639,596</u>
Business-type Activities:					
Charges for Services:					
Gas	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014
Water	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899
Wastewater	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531
Coliseum	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195
Landmark Theatre	390,879	594,775	255,549	463,078	520
Cemeteries	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588
Operating Grants and Contributions	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719
Total Business-type Activities Program Revenues	<u>324,241,481</u>	<u>364,433,375</u>	<u>339,280,870</u>	<u>346,360,166</u>	<u>358,364,466</u>
Total Primary Government Program Revenues	<u>\$ 544,437,299</u>	<u>\$ 592,054,990</u>	<u>\$ 592,965,445</u>	<u>\$ 602,796,078</u>	<u>\$ 601,004,062</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)
Business-type Activities	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713
Total Primary Government Net Expense	<u>\$ (363,287,181)</u>	<u>\$ (408,537,165)</u>	<u>\$ (421,712,862)</u>	<u>\$ (406,269,738)</u>	<u>\$ (439,106,488)</u>

(Continued)



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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Real Estate	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579
Sales-1% Local	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300
Sales Tax For Education	-	-	27,558,938	26,959,337	25,312,005
Personal Property	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338
Machinery and Tools	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378
General Utility Sales	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745
Bank Stock	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835
Prepared Food	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056
Lodging Tax	-	-	5,272,618	5,984,286	5,366,015
Admissions	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376
Delinquent Tax Payments-All Classes	9,589,601	11,083,065	11,812,062	19,581,751	-
Private Utility Poles and Conduits	150,549	94,894	95,067	95,186	96,164
Penalties and Interest	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206
Titling Tax-Mobile Home	16,942	7,197	5,800	9,014	10,635
State Recordation	609,343	749,102	843,137	954,315	710,115
Property Rental 1%	120,684	144,979	136,469	126,334	126,534
Vehicle Rental Tax	864,415	752,941	1,004,229	889,582	626,040
Telephone Commissions	466,562	6,029,547	416,003	477,935	449,292
Intergovernmental Revenue Not Restricted to Specific Programs	13,860,051	6,159,363	-	171,162	166,361
Investment Earnings	1,501,725	1,764,937	2,425,883	2,102,922	89,955
Miscellaneous	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473
Transfers	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041
Special Item ²	773,106	-	3,701	-	-
Extraordinary Item ¹	-	(323,858)	(402,390)	306,076	(130,470)
Total Governmental Activities	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973
Business-type Activities:					
Investment Earnings	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170
Miscellaneous	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086
Transfers	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)
Total Business-type Activities	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)
Total Primary Government	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188
Change in Net Assets					
Governmental Activities	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)
Business-type Activities	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928
Total Primary Government	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)

¹Extraordinary Item:

Fiscal Year 2006 - Disaster Costs
Fiscal Year 2007 - Disaster Costs
Fiscal Year 2008 - Disaster Costs
Fiscal Year 2009 - Disaster Costs

²Special Item:

Fiscal Year 2005 and 2008 - Gain on Sale of Land.
Fiscal Year 2005 & 2007 - 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Taxes					
Real Estate	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579
Sales-1% Local	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300
Sales Tax for Education	-	-	27,558,938	26,959,337	25,312,005
Personal Property	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338
Machinery and Tools	14,618,255	15,140,256	13,149,199	13,486,040	13,762,378
General Utility Sales	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745
Bank Stock	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835
Prepared Food	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056
Transient Lodging	-	-	5,272,618	5,984,286	5,366,015
Admissions	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376
Delinquent Tax Payments-All Classes	9,589,601	11,083,065	11,812,062	19,581,751	-
Private Utility Poles and Conduits	150,549	94,894	95,067	95,186	96,164
Penalties and Interest	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206
Titling Tax-Mobile Home	16,942	7,197	5,800	9,014	10,635
State Recordation	609,343	749,102	843,137	954,315	710,115
Property Rental 1%	120,684	144,979	136,469	126,334	126,534
Vehicle Rental Tax	864,415	752,941	1,004,229	889,582	626,040
Telephone Commissions	466,562	6,029,547	416,003	477,935	449,292
Total Primary Government	\$ 334,498,995	\$ 348,579,014	\$ 409,108,338	\$ 451,012,546	\$ 425,152,613



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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 9,368,800	\$ 8,821,969	\$ 18,597,316	\$ 21,328,801	\$ 14,150,287	\$ 22,216,671	\$ 16,144,418	\$ 15,894,601	\$ 16,908,547	\$ 2,094,186
Unreserved	28,308,160	42,440,905	40,645,634	40,552,729	47,690,533	45,278,440	45,442,420	47,507,086	47,638,753	48,644,484
Total General Fund	\$ 37,676,960	\$ 51,262,874	\$ 59,242,950	\$ 61,881,530	\$ 61,840,820	\$ 67,495,111	\$ 61,586,838	\$ 63,401,687	\$ 64,547,300	\$ 50,738,670
All Other Governmental Funds										
Reserved	\$ --	\$ --	\$ 25,281,516	\$ 46,983,399	\$ 68,923,046	\$ 50,413,044	\$ 22,836,669	\$ 48,645,510	\$ 25,399,353	\$ 17,029,761
Unreserved, reported in:										
Special Revenue Funds	2,697,447	16,817,411	19,581,096	20,589,668	12,249,538	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421
Capital Project Funds	22,365,817	27,756,774	34,500	34,500	--	--	--	--	--	(67,443,896)
Debt Service Fund	--	2,041,583	--	11,461	11,461	11,461	(8,058)	--	--	--
Total All Other Governmental Funds	\$ 25,063,264	\$ 46,615,768	\$ 44,887,112	\$ 67,619,028	\$ 81,184,045	\$ 61,897,937	\$ 35,723,225	\$ 56,147,615	\$ 32,878,137	\$ (42,028,714)

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 276,103,556	\$ 292,646,985	\$ 299,399,915	\$ 306,202,416	\$ 317,204,200	\$ 334,488,965	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579
Licenses, Permits and Privilege Fees	29,873,435	30,799,567	32,880,828	33,259,137	31,821,328	35,302,980	37,275,952	37,543,533	35,514,381	36,190,367
Intergovernmental	172,423,975	188,769,821	148,159,095	154,433,332	146,970,902	173,750,992	168,577,638	164,137,422	183,694,270	158,307,233
Service Charges	17,277,570	16,251,486	18,888,068	17,924,528	14,933,106	18,343,955	20,421,258	21,119,157	21,761,128	21,451,464
Fines and Forfeitures	6,194,670	6,376,530	8,646,605	7,774,458	8,559,606	10,328,752	11,429,454	11,023,760	10,706,248	9,246,562
Sales of Land	11,603,469	393,597	638,321							
Payment in Lieu of Taxes	17,120,170	16,178,103	16,518,950	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942
Investment Income	3,624,616	2,023,562	703,044	689,795	365,825	1,501,725	1,794,937	2,425,882	2,103,022	540,676
Miscellaneous	50,888,229	54,597,917	55,309,546	57,211,587	72,892,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520
Total Revenues	584,889,699	608,008,548	580,132,270	585,083,718	610,820,162	655,622,701	689,883,338	729,146,651	716,285,387	689,983,393
Expenditures										
General Government	48,427,716	58,789,037	60,464,041	68,113,349	68,978,772	72,082,519	80,895,144	76,901,083	77,967,920	90,936,507
Public Safety and Judiciary	135,110,701	133,327,645	136,466,136	139,318,995	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319
Highways, Streets, Sanitation and Refuse	40,107,586	43,149,174	44,018,321	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,832,867
Human Services	99,726,253	98,478,164	81,967,017	87,837,237	89,044,511	90,924,428	88,715,030	96,880,070	105,983,727	101,156,059
Culture and Recreation	19,972,427	20,998,465	21,604,557	22,101,310	23,539,812	19,828,688	19,540,907	21,399,788	22,420,286	22,898,119
Education	219,953,535	239,213,047	125,669,753	131,762,289	129,041,941	142,303,624	159,927,313	158,858,678	158,858,678	159,155,815
Non-Departmental	31,017,235	32,195,041	26,410,541	23,461,527	25,153,039	28,211,317	33,373,384	41,164,869	51,273,469	50,990,585
Capital Outlay	38,188,455	28,224,080	39,828,063	35,347,332	58,290,207	43,109,262	35,531,084	29,247,426	37,949,088	81,224,196
Debt Service:										
Principal Retirement	36,382,328	39,622,931	36,886,765	37,206,080	41,473,735	43,743,522	48,061,126	49,020,066	33,388,115	28,077,064
Interest Payments	35,431,775	37,115,785	34,992,049	34,974,162	40,304,483	40,812,004	39,386,830	38,400,977	25,054,610	24,805,037
Issuance Costs	990,023	891,649	1,054,532	382,904	683,283	625,909	671,476	846,451		955,068
Total Expenditures	703,268,016	728,204,018	609,061,805	621,371,662	668,753,780	672,288,694	704,085,828	747,515,154	740,925,597	781,859,646
Other Financing Sources (Uses)										
Transfers In	44,987,931	40,598,584	44,620,288	47,448,811	53,904,855	57,680,867	61,784,636	60,691,246	82,489,356	70,306,914
Transfers Out	(37,856,247)	(40,388,746)	(41,729,562)	(46,073,628)	(51,675,855)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,128,142)
Proceeds from Refunding Bonds			74,300,000	36,630,116	8,300,000		90,847,799			
Payment to Escrow Agent			(74,300,000)	(36,630,116)	(8,300,000)		(90,622,799)			
Proceeds from Issuance of Bonds			31,845,867	50,097,993	88,297,167	3,536,671		42,194,332		
Premium on Issuance of Bonds					2,905,528				(762,900)	
Total Other Financing Sources (Uses)	7,111,684	208,835	34,726,603	51,674,178	73,431,693	6,279,310	2,623,363	45,383,703	2,210,069	3,180,772
Special Item										
Gain on Sale of Land			638,321	174,264						
Disaster Recovery					12,754,707	773,106				
Total Special Item			638,321	174,264	12,754,707	773,106				
Extraordinary Item										
Disaster Costs					(14,728,475)	(4,020,240)	(323,859)	(402,390)	306,076	
Total Extraordinary Item					(14,728,475)	(4,020,240)	(323,859)	(402,390)	306,076	
Net Change in Fund Balances	\$ (111,288,633)	\$ (119,985,635)	\$ 6,445,486	\$ 25,380,407	\$ 13,524,307	\$ (13,631,817)	\$ (32,082,985)	\$ 28,612,810	\$ (22,123,865)	\$ (89,715,461)
Debt Service as a Percentage of Noncapital Expenditures	10.3%	10.7%	11.9%	14.6%	12.3%	12.7%	12.5%	11.7%	8.0%	7.7%

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Real Estate	\$ 130,504,242	\$ 139,820,593	\$ 151,824,518	\$ 159,003,009	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229
Sales-1% Local	25,685,234	24,977,517	22,202,874	20,123,954	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300
Sales Tax for Education	--	--	--	--	--	--	--	27,558,938	26,959,337	25,312,005
Personal Property	42,335,471	42,719,428	42,133,029	41,488,407	41,918,417	45,091,878	43,819,129	42,147,896	44,734,218	51,107,922
Machinery and Tools	19,166,066	18,208,204	17,010,104	15,674,402	14,831,660	14,618,256	14,729,382	13,165,608	13,679,043	14,265,110
General Utility Sales	27,508,352	32,327,821	32,439,687	32,415,856	30,272,507	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745
Bank Stock	4,005,723	5,135,665	5,161,545	2,854,562	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835
Prepared Food	13,323,757	13,337,315	13,294,593	13,111,219	14,548,707	16,028,093	17,404,622	23,154,114	24,076,647	24,488,056
Lodging Tax	555,107	1,049,342	--	--	--	--	--	5,272,618	5,984,286	5,366,015
Admission	1,466,535	1,423,044	1,391,847	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376
Delinquent Tax Payments-All Classes	6,736,271	7,892,623	7,956,401	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--
Private Utility Poles and Conduits	90,636	91,814	91,538	93,137	93,506	150,549	94,894	95,067	95,186	96,164
Penalties and Interest	3,602,646	3,990,062	4,450,781	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206
Titling Tax-Mobile Home	38,817	19,726	10,345	10,402	7,324	16,942	7,197	5,800	9,014	10,635
State Recordation	766,477	727,681	702,350	675,810	605,153	609,343	749,102	843,137	954,315	710,115
Property Rental 1%	--	--	--	236,383	158,960	120,684	144,979	136,469	126,334	126,534
Vehicle Rental Tax	318,192	926,150	730,303	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040
ABC Board Receipts	--	--	--	400,770	--	--	--	--	--	--
Rolling Stock Tax	--	--	--	33,591	--	--	--	--	--	--
Telephone Commissions	--	--	--	--	547,411	466,562	356,249	416,003	477,935	449,292
Total General Governmental Tax Revenues	\$ 276,103,556	\$ 292,646,985	\$ 299,399,915	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579



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			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						Real Property	Personal Property	Machinery & Tools		
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	3.70	2.30	11,804,726,729	100.00%
2001	5,745,560,736	6,744,788,690		1,478,905,318	821,122,856	2,210,297,652	12,580,079,947	1.41	3.70	2.30	12,580,079,947	100.00%
2002	6,473,254,985	7,599,038,460		1,507,068,801	790,901,800	2,892,351,707	13,477,932,339	1.39	3.70	2.30	13,477,932,339	100.00%
2003	7,396,450,777	8,358,905,035		1,393,327,487	678,581,056	3,103,519,875	14,723,744,480	1.38	3.70	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	3.70	2.30	15,039,161,868	100.00%
2005	9,446,941,200	9,291,733,951		1,330,154,149	670,556,827	3,661,451,800	17,079,934,327	1.33	3.70	2.30	17,079,934,327	100.00%
2006	10,739,603,660	9,246,483,112		1,522,890,436	637,469,276	3,914,062,202	18,232,384,282	1.29	3.70	2.30	18,232,384,282	100.00%
2007	12,273,304,550	11,495,446,724		1,418,934,404	647,387,014	4,726,230,820	21,108,843,872	1.23	3.70	2.30	21,108,843,872	100.00%
2008	13,189,929,800	12,416,702,435		1,468,366,859	627,888,746	5,000,713,600	22,702,174,240	1.20	3.70	2.30	22,702,174,240	100.00%
2009	14,501,085,200	12,117,784,643		1,387,622,846	625,752,634	5,519,840,800	23,112,404,523	1.20	3.70	2.30	23,112,404,523	100.00%

Source: Assessor's Office

RETURN
 ONLY
 \$ 21,099,029,043



CITY OF RICHMOND, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
 2009 Assessed Values as of January 1, 2009

	2009			2000		
	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable	Taxable Assessed Value	Percentage of Total Taxable	Rank
Philip Morris, Inc. & Philip Morris, USA		\$ 715,271,200	3.39%	\$ 216,029,800	2.27%	1
Hines Riverfront Plaza LP		272,500,000	1.29%	153,000,000	1.61%	2
James Center Property LLC		194,177,300	0.92%	141,332,400	1.48%	3
Dominion Resources, Inc		144,568,000	0.69%	81,781,500	0.86%	4
Chippenhams Hospital, Inc		105,604,600	0.50%	69,122,100	0.73%	5
Federal Reserve Bank of Richmond		96,629,100	0.46%	61,816,400	0.65%	6
Gambles Hill Third Street LLC		91,918,000	0.44%	63,570,000	0.67%	7
Parmenter 919 Main St. LP		83,574,000	0.40%	61,879,000	0.65%	8
Riverside Owner LLC		83,324,000	0.39%	57,859,000	0.61%	9
Stony Point Fashion Park Associates LLC		78,388,000	0.37%	50,000,000	0.53%	10
Sun Trust Bank		71,513,900	0.34%	49,900,000	0.52%	11
First States Invest 3500 LLC		70,410,000	0.33%	39,000,000	0.41%	12
Gambles Hill LLC		70,120,800	0.33%	33,540,000	0.35%	13
Robins A H Co, Inc		48,212,400	0.23%	32,583,000	0.34%	14
Media General		47,156,000	0.22%	25,310,000	0.27%	15
American Retirement Corp		46,324,000	0.22%	21,201,500	0.22%	16
Total of Taxpayer		2,219,691,300	10.52%	1,157,924,700	12.17%	
All Other Properties		18,879,337,743	89.48%	8,360,428,467	87.83%	
Totals		\$ 21,099,029,043	100.00%	\$ 9,518,353,167	100.00%	

Source: City's Real Estate Assessor



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

		2009			2000		
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Principal Employment</u>	<u>Rank</u>	<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Principal Employment</u>	<u>Rank</u>
Commonwealth of Virginia	25,728	14.25%	1	Commonwealth of Virginia	13,435	13.53%	1
Federal Government	15,300	8.47%	2	Virginia Commonwealth University	9,222	9.28%	2
Chesterfield County	11,369	6.30%	3	Medical College of Virginia	5,407	5.44%	3
Henrico County	10,545	5.84%	4	Capital One Financial Corporation	8,242	8.30%	4
Richmond City	8,672	4.80%	5	Philip Morris, USA	6,300	6.34%	5
Virginia Commonwealth University Health System	7,399	4.10%	6	Circuit City Stores, Inc.	5,469	5.51%	6
Capital One Financial Corp	6,703	3.71%	7	City of Richmond	5,032	5.07%	7
HCA, Inc.	6,624	3.67%	8	Columbia HCA Healthcare	4,508	4.54%	8
Wal-mart Stores, Inc.	6,238	3.46%	9	Crestar (Sun Trust Banks, Inc.)	3,652	3.68%	9
Dominion Resources Inc	5,761	3.19%	10	Ukrop's Super Markets Inc	3,619	3.64%	10
Bon Secours Richmond Health System	5,480	3.04%	11	Bank of America	3,341	3.36%	11
Altria Group Inc	5,460	3.02%	12	Honeywell International, Inc.	3,250	3.27%	12
Hanover County	4,088	2.26%	13	Bon Secours Richmond Health System	3,227	3.25%	13
Wells Fargo & Co.	4,035	2.23%	14	Wal-mart Stores, Inc.	3,005	3.03%	14
Sun Trust Banks, Inc.	3,825	2.12%	15	Bell Atlantic - Virginia	3,000	3.02%	15
Ukrop's Super Markets Inc	3,363	1.86%	16	First Union Corporation	2,922	2.94%	16
WellPoint Inc.	3,149	1.74%	17	DuPont	2,755	2.77%	17
DuPont	3,122	1.73%	18	Trigon Healthcare Inc.	2,697	2.72%	18
Total of Principal Employers	136,861	75.80%		Total of Principal Employers	89,083	89.69%	
Other Principal Employers¹	43,686	24.20%		Totals	10,239	10.31%	
Totals	180,547	100.00%		Totals	99,322	100.00%	

Other Principal Employers¹: These numbers represent the amount and percentage of the remaining top 50 employers for the citizens within the Richmond Metropolitan Statistical Area.



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

Tax Year	Tax Rate	Total Tax Levy	Current Tax Collections ¹		Delinquent Tax Collections ²	Total Tax Collections	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%	9,498,935	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%
2008	1.20	233,179,816	221,199,403	94.9%	15,227,545	236,426,948	101.4%
2009	1.20	236,538,376	223,155,601	94.3%	6,001,432	229,157,033	96.9%

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 ¹		Delinquent Tax Collections ²	Total Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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	48,353,865	42,133,029	87.1%	5,068,925	47,201,954	97.6%
2003	3.70	46,689,746	41,662,589	89.2%	3,864,364	45,526,953	97.5%
2004	3.70	46,468,895	42,080,193	90.6%	3,297,269	45,377,462	97.7%
2005	3.70	48,443,250	43,739,697	90.3%	4,868,959	48,608,656	100.3%
2006	3.70	50,187,847	43,230,723	86.1%	4,328,616	47,559,339	94.8%
2007	3.70	52,721,272	44,112,841	83.7%	5,826,972	49,939,813	94.7%
2008	3.70	53,094,279	44,845,028	84.5%	2,687,649	47,532,677	89.5%
2009	3.70	53,145,714	45,087,886	84.8%	5,957,159	51,045,045	96.0%

Current Tax Collections¹: These columns represent the amount and percentage on the tax levy within the respective tax year reporting period.

Delinquent Tax Collections²: 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	Total Primary Government	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	General Obligation Bonds	Lease Revenue Bond	Percentage of Estimated Taxable Value of Property	Debt Per Capita						
2000	\$ 330,677,666	\$ 4,140,564	\$ 28,146,923	\$ 7,495,000	\$ -	\$ -	\$ -	\$ 29,081,149	\$ 151,520,200	\$ -	13.84%	\$ 816,061,492	4,126					
2001	329,958,449	3,921,755	21,666,666	6,985,000	-	18,840,000	34,255,410	34,255,410	128,453,301	-	13.53%	851,379,277	4,295					
2002	350,618,669	3,703,159	12,983,333	6,475,000	-	18,840,000	28,416,304	28,416,304	264,061,852	-	14.60%	940,798,317	4,767					
2003	376,690,205	3,463,946	5,290,000	6,765,000	-	18,840,000	27,892,829	27,892,829	260,504,754	-	14.26%	950,559,734	4,803					
2004	418,075,775	3,263,521	1,820,000	6,125,000	-	18,225,000	270,503,062	270,503,062	256,891,626	-	13.49%	974,903,984	4,944					
2005	392,957,068	3,042,389	7,000,000	5,995,000	-	17,985,000	259,195,982	259,195,982	320,815,998	-	13.23%	1,006,191,037	5,092					
2006	376,095,157	2,820,514	5,600,000	5,020,000	12,100,000	16,230,000	246,092,420	246,092,420	320,513,843	414,194,548	12.44%	985,161,934	4,964					
2007	387,222,408	2,597,288	4,700,000	4,465,000	11,555,580	15,510,000	234,580,147	234,580,147	414,194,548	406,325,632	12.50%	1,075,544,971	5,378					
2008	354,881,308	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	222,734,874	222,734,874	406,325,632	551,289,644	N/A	1,025,215,974	5,075					
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	208,811,286	551,289,644	630,105,868	N/A	1,181,395,512	N/A					

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis
 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										Percentage of Estimated 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	General Obligation Bonds	Lease Revenue Bond		
2000	\$ 624,758,805	\$ 3,921,755	\$ 21,666,666	\$ 6,985,000	\$ -	\$ -	\$ 29,081,149	\$ 151,520,200	\$ -	\$ -	5.73%	3,360
2001	671,512,555	3,703,159	12,983,333	6,475,000	-	18,840,000	34,255,410	34,255,410	128,453,301	-	5.67%	3,647
2002	634,734,973	3,463,946	5,290,000	6,765,000	-	18,840,000	28,416,304	28,416,304	264,061,852	-	4.96%	3,436
2003	656,676,034	3,263,521	1,820,000	6,125,000	-	18,225,000	27,892,829	27,892,829	260,504,754	-	4.65%	3,486
2004	688,578,837	3,042,389	7,000,000	5,995,000	-	17,985,000	270,503,062	270,503,062	256,891,626	-	4.80%	3,641
2005	652,153,060	2,820,514	5,600,000	5,020,000	12,100,000	16,230,000	259,195,982	259,195,982	320,815,998	414,194,548	4.07%	3,469
2006	621,187,577	2,597,288	4,700,000	4,465,000	11,555,580	15,510,000	246,092,420	246,092,420	320,513,843	414,194,548	3.63%	3,349
2007	621,802,555	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	234,580,147	234,580,147	414,194,548	406,325,632	3.14%	3,307
2008	577,616,182	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	222,734,874	222,734,874	406,325,632	551,289,644	3.00%	3,064
2009	535,908,441	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	208,811,286	551,289,644	630,105,868	2.99%	NA

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis
 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 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	\$ 2,060,991,864	\$ 2,109,902,904
Total net applicable to limit	678,232,520	629,602,521	681,368,153	689,578,088	738,231,520	685,384,668	635,986,545	633,857,964	592,625,025	605,137,771
Legal Debt Margin	\$ 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	\$ 1,468,366,839	\$ 1,504,765,133

Total net debt applicable to the limit
 as a percentage of debt limit

	71.54%	61.25%	60.95%	57.62%	55.68%	45.49%	38.19%	33.29%	28.75%	28.68%
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Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value (Taxable)	\$ 21,099,029,043
Debt limit (10% of total assessed value)	2,109,902,904
General Obligation Bonds	605,137,771
Legal Debt Margin	\$ 1,504,765,133

Sources: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Net Debt Applicable to Limit shown on 6/30/2009 does not include \$551,289,644 of self-supporting Public Utility Revenue Bonds, \$14,760,000 of Certificates of Participation, and \$10,377,099 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for the creation of additional debt.



**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	
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	222,293,385	174,842,378	47,451,007	8,960,861	21,019,119	29,979,980	1.58
2003	257,454,148	200,480,366	56,973,782	9,378,904	23,896,768	33,275,672	1.71
2004	273,973,867	214,894,187	59,079,680	14,015,416	27,051,440	41,066,856	1.44
2005	311,528,607	248,572,360	62,956,247	15,117,801	27,684,009	42,801,810	1.47
2006	354,513,119	267,435,241	87,077,878	13,877,566	28,234,697	42,112,263	2.07
2007	332,534,070	264,341,546	68,192,524	15,512,828	28,242,331	43,755,159	1.56
2008	335,154,223	270,811,760	64,342,463	20,562,701	29,429,144	49,991,845	1.29
2009	347,058,210	278,970,601	68,087,609	20,508,027	29,939,215	50,447,242	1.35

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	Per Capita	Median Age	School Enrollment(3)	City	State
		(Amounts expressed in thousands)	Personal Income(2)			Unemployment Rate(4)	Unemployment Rate(4)
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%
2008	200,123	\$ 7,917,208	39,860	34.0	24,226	4.5%	4.0%
2009	202,002	\$ 8,601,849	43,011	35.3	23,200	10.2%	7.2%

(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.

(4) 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:					
General Government	583	502	650	731	681
Public Safety and Judiciary					
Police	905	982	979	1,028	1,000
Firefighters and Officers	423	426	425	463	413
Others	690	658	588	603	590
Highways, Streets, Sanitation and Refuse					
Engineering & Maintenance	532	551	538	566	527
Human Services					
Human Services Advocacy	37	47	26	24	34
Social Services	466	411	455	481	472
Public Health	112	–	–	–	–
Culture and Recreation	266	235	295	260	273
Transportation	7	5	–	–	–
Business-type Activities:					
Gas Utility	304	213	320	322	425
Water Utility	81	214	101	102	128
Wastewater Utility	90	61	108	113	164
Electric Utility	18	32	15	19	24
Stores and Transportation Division	13	11	12	13	10
Coliseum	25	28	25	25	25
Landmark Theatre	7	–	5	5	–
Cemeteries NCO	18	21	20	20	20
Total	<u>4,577</u>	<u>4,397</u>	<u>4,562</u>	<u>4,775</u>	<u>4,786</u>

Source: Various City departments



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

Function	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:					
Police					
Physical Arrests	17,536	17,034	19,210	20,064	20,425
Parking Violations	103,594	19,455	73,335	101,675	104,380
Traffic Violations	30,516	22,474	25,047	28,195	30,965
Fire					
Number of calls answered	30,956	31,746	28,234	19,864	29,098
Inspections	1,853	2,104	2,660	1,322	1,090
Highways and Streets					
Street resurfacing (miles)	70	102	85	70	62
Potholes repaired	21,011	10,691	7,500	898	6,128
Sanitation and Refuse					
Refuse collected (tons/day)	N/A	338	293	335	374
Recyclables collected (tons/day)	38.3	37.3	35.2	24.7	212.8
Culture and Recreation					
Parks permits issued	539	610	584	543	598
Business-type Activities:					
Gas					
Maximum daily sendout (MCF)	163,129	129,755	151,996	147,713	160,509
Annual Sendout (MCF)	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844
Water					
Average daily consumptions (MGD)	74.8	66.8	63.1	65.6	62.3
Maximum daily consumptions (MCD)	94.8	98.0	98.3	90.3	90.0
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)	64.0	51.1	59.2	48.7	49.1
Maximum daily sewage treatment (MGD)	85.0	83.0	84.0	83.7	83.9
Coliseum					
Average daily attendance per activity	883	921	1,220	1,193	4,169
Average daily number of events	0.33	0.38	0.29	0.27	0.31
Landmark Theatre					
Total tickets sold for all activities	129,598	140,097	150,596	139,506	122,645
Total attendances for all activities	221,602	220,615	180,155	196,893	195,790
Cemeteries					
Number of interments	1,050	973	777	841	901
Number of lot sales	22	17	23	18	14
Number of single grave sales	646	382	664	601	568
Number of foundations	637	627	525	532	560

Source: Various City departments

Note: Average daily attendance per activity in previous years was calculated differently from FY09.



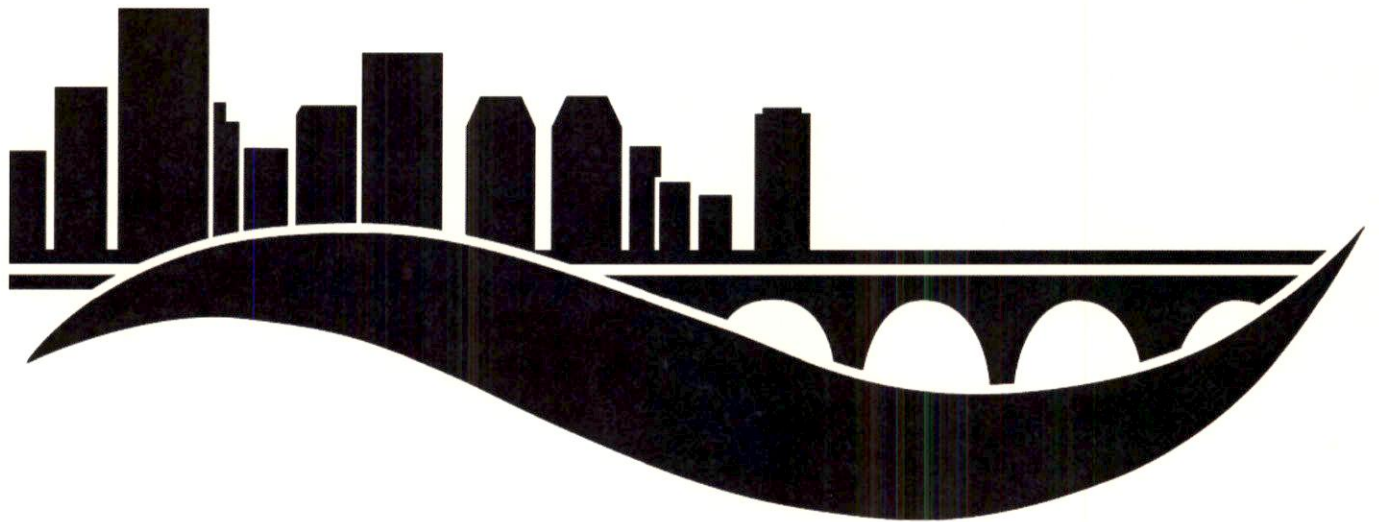
**CITY OF RICHMOND, VIRGINIA
CAPITAL ASSETS STATISTICS BY FUNCTION
Last Five Fiscal Years**

Function	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police					
Stations	7	7	10	4	8
Patrol Units	128	232	222	323	204
Fire					
Stations	20	20	20	20	20
Fire trucks	46	46	55	64	51
Highways and Streets					
Streets (miles)	1,865	1,857	1,865	1,858	822
Streetlights	33,184	32,900	33,188	33,000	30,548
Traffic Signals	460	502	511	465	468
Sanitation and Refuse					
Collection Trucks	38	45	38	37	47
Culture and Recreation					
Parks acreage	2,801	2,807	2,805	2,805	2,818
Parks	58	67	71	71	71
Baseball/Softball Diamonds	54	55	48	48	48
Athletic Fields	25	27	31	31	31
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1
Swimming Pools	9	9	9	9	8
Tennis Courts	138	138	130	130	130
Community Centers	18	24	24	24	24
Theatres	2	2	1	2	2
Coliseums	1	1	1	1	1
Gas					
Miles of Service Lines	1,796	1,818	1,850	1,868	1,694
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	13	13	12	12	12
Wastewater					
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	47	47	47	47	47
Sewer Pumping Stations	3	3	5	5	5

Source: Various City departments



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

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

