

CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report



FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2012



MAYOR
Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER
Byron C. Marshall

DEPUTY CHIEF ADMINISTRATIVE OFFICER
FINANCE & ADMINISTRATION
Sharon O. Judkins

INTERIM DIRECTOR OF FINANCE
T. Wayne Lassiter, CPA, CGMA

CITY CONTROLLER
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**THE CITY OF RICHMOND, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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City of Richmond



DWIGHT C. JONES
MAYOR

December 3, 2012

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

We are pleased to present the City of Richmond's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors, and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis – a narrative overview and analysis of the financial statements – included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5829. This report may also be found online at www.richmondgov.com/finance.

The financial statements included in this report conform to the U.S. Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The City's management is responsible for the establishment and maintenance of accounting and other internal controls to accomplish three purposes: ensuring compliance with applicable laws and City policies, safeguarding assets, and properly recording reliable information for the preparation of the City's financial statements in accordance with GAAP. City management is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein and, to the best of management's knowledge, the data presented in this report is accurate in all material respects.

Cherry, Bekaert & Holland, LLP, a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, Cherry, Bekaert & Holland, LLP rendered an unqualified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2012 are fairly presented in all material respects and in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the City is part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing the Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with additional emphasis on the administration of federal and state awards.

Overview of the City of Richmond, Virginia

The City of Richmond, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City occupies 62.55 square miles and serves a growing population of 205,533 as of the U.S. Census Bureau's 2011 annual population estimate. In the Commonwealth, cities have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

Richmond, because of its location in the middle of the eastern seaboard, is within 750 miles of two-thirds of the nation's population and less than 100 miles from the nation's capital. The City is ideally suited as a commerce hub because of the intersection of Interstates 95, 64, and 295, two major rail freight lines, and Amtrak passenger service. The Port of Richmond and Richmond International Airport provide water and air services to the region's residents and businesses.

The results are a diverse economic base that includes research and development, manufacturing, retail, services, law, distribution, tourism, banking, and state government, which contributes to a stable and positive business environment. Richmond is home to the Fifth District Federal Reserve Bank and the Fourth Circuit U.S. Court of Appeals. Of Virginia's 24 Fortune 500 companies, three are headquartered in the City – Altria Group, Dominion Resources, and MeadWestvaco. Additionally, Richmond was one of the top 20 metro areas in 2012 for the total number of companies ranked on the Fortune 1000 list.

Included among the accolades bestowed upon the Greater Richmond Area, Richmond was recently ranked as the 3rd best location in job creation (Gallup's Job Creation Index), was named the 3rd best place for military retirement (USAA and Military.com), and maintained its ranking as one of the nation's 50 best places for business and careers (Forbes).

Several higher education institutions, including Virginia Union University, Union Theological Seminary & Presbyterian School of Christian Education, University of Richmond including its law school, J. Sergeant Reynolds Community College, and Virginia Commonwealth University (VCU) including its health system schools, are located within the City. VCU is home to nationally ranked graduate and first professional programs including two ranked #1 by U.S. News & World Report, nurse anesthesia and sculpture.

This active educational environment supports the City's flourishing cultural community, numerous sports and entertainment attractions, and one of the nation's largest river park systems. The Virginia Museum of Fine Arts, located in the City's Fan District, is home to the largest public Fabergé collection outside Russia, was the only east coast venue selected to exhibit the "Picasso: Masterpieces from the Musée National Picasso, Paris" collection, and is considered a top public museum. The Richmond Flying Squirrels, the Minor League AA affiliate of the San Francisco Giants Major League Baseball team, recently announced their intention to remain in Richmond through at least 2015 and the Washington Redskins announced they have selected Richmond as the new location of their summer training camp beginning in 2013.

The James River, which travels through Richmond, has made the City the only urban U.S. city with Class IV white water rapids running through downtown. The City's James River Park system, with 550 acres, is a large part of the reason Outside Magazine named Richmond the "best river town in America." The park system continues to host to the XTERRA triathlon and has been recognized as the Southeast's Best Urban Park and named Best in Dirt for its running trails.

Profile of the Government

On January 1, 2005 the City government was re-organized under a strong Mayor-Council form of government. Under the strong Mayor form of government, the mayor serves as the chief executive officer and is responsible for the proper administration of city government.

Since January 2009, the City's focus has been on "Building a Better Richmond," moving toward the goal of becoming a Tier One City with a Triple-A (AAA) bond rating, and systematically implementing the building blocks required to accomplish these goals. As this CAFR outlines, the City continues to make progress and is well on its way to achieving the goals set out nearly four years ago – balancing the budget and increasing unassigned fund balance, maintaining existing tax rates, increasing delinquent tax collections, and lowering spending.

The City's daily operations are directed by a Chief Administrative Officer who is appointed by the mayor and 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, and appoints administrative department heads as well as other officers and employees of the administration.

The Council establishes local laws, provides government policy and oversight, and approves the city budget. The Council is comprised 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. The City Attorney serves as the legal advisor to the Council, City administration, boards, commissions, and agencies of the City.

The City provides a full range of general governmental services for its citizens. These services include police and fire protection, sanitation services, the construction and maintenance of roads, streets and other 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. The City government also provides the majority of the funding for the public schools systems, though the schools are operated by a legally distinct entity and a separately elected school board.

The City's CAFR includes all funds of the City, the primary government, as well as all of its component units. Four discretely presented component units, the Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, and School Board of the City of Richmond, are included in the reporting entity because of the City's financial accountability for these organizations. These component units are reported in separate columns in the City's basic financial statements. Additional information concerning these legally separate organizations can be found in the notes to the financial statements.

Budget Process

The budget serves as the foundation for the City's financial planning and spending control. The City adopts a biennial budget, with amendments made in the second year of that biennium. Fiscal Year 2012 was the first year of the biennium. The proposed biennial budget was presented to City Council in March 2011. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of the proposed budget in a series of public meetings and outlined their policy priorities. Prior to adopting the biennial budget, a public hearing was held in April with budget adoption in May 2011.

Legal budgetary restrictions are established at the governmental function (i.e. Department of Public Works), with effective administrative controls maintained through detailed line-item budgets. Any revisions that alter the total budgeted amounts and/or appropriations of any fund must be approved by the City Council. Budget to actual comparisons are provided in this report for governmental funds where an appropriated budget has been adopted. These comparisons are presented in the "Other Required Supplementary Information" section of the financial statements.

Expenditures

For the most part, agencies did stay within range of their amended budget. Exhibits H-1 and H-2 located in the financial section of this report provide budgetary comparison information for the City's General Fund agencies.

Revenue

As part of the City's Well Managed Government building blocks, many improvements have been made in the area of financial management. The City has continued to build on improvements made during FY 2010 and FY 2011, including continued utilization of a five-year forecast for financial planning and the implementation of a comprehensive tax compliance plan.

FY 2012 General Fund revenues ended the year within 0.2 percent of the amended budget forecast, or \$1.85 million less than projected. Improved collections of current and delinquent real estate taxes were a key driver for offsetting the continued declines in payment from the state, particularly Social Services revenue. Current and delinquent personal property tax revenue was also significantly less than budgeted, due to the absence of a third-party collection agency since January 2011, further contributing in offsetting the positive gains in real estate tax revenue.

In addition to the variances discussed above, revenue was reclassified from consideration as personal property tax revenue to real estate tax revenue. This change was driven by changes in revenue reclassification by the State Corporation Commission, the organization that assesses the value of this respective property. Moving forward, this reclassification will continue, in line with best practices utilized by other Tier-One cities and counties throughout the Commonwealth.

Economic Overview

The economic recovery continues at a tepid pace for the nation and City of Richmond. The Great Recession began halfway through FY 2008 in December 2007. The City of Richmond ended FY 2008 with \$651,660,975 in revenues as reported in the CAFR. On a year-over-year (YOY) basis, revenues decreased by 1.78% in FY 2009 followed by an additional 0.29% decrease in FY 2010. This decline was reversed in FY 2011, when revenues increased by 1.15% over FY 2010. FY 2012 saw marginally positive growth of 0.24% from FY 2011. The City has yet to pass the previous revenue peak from FY 2008; revenues are down by 0.69%. All figures reported exclude the RMA payment account due to a large, one-time, FY 2012 payment of \$62.1 million.

After the recession began in December 2007, the City of Richmond saw an employment peak of 159,421 ending March 2008. By March 2011, the City hit a new low with employment down 11,016 jobs to 148,405. As of September 2012, employment has increased by 1,541 jobs to 149,945 (note: numbers do not sum due to rounding); this represents a gain of 14.0% jobs from the trough.

The unemployment rate hit a high of 10.7% in the City of Richmond¹ during January 2010. By contrast, the Virginia unemployment rate hit a high of 7.3% in January 2010. Since that time, the City's unemployment rate has declined and currently stands at 8.6% at the end of September 2012, with Virginia's at 5.9% for the same period. The national unemployment rate was 7.8% at the end of September. All unemployment rates reported in this section are seasonally adjusted.

In the Richmond Metropolitan Statistical Area (MSA), seasonally adjusted single-family building permits were 340 per month when the recession started in December 2007. Due to the recession, permits fell to a low of 152 per month as of March 2009. The highest level since the recession has been 311 per month in December 2011. Permits currently stand at 215 per month. The four-quarter percent change for the Richmond MSA House Price Index (HPI) is -1.96% ending June 2012 (the most recent data available).

Major Initiatives and Accomplishments: Well Managed Government

In fiscal year 2010, the Mayor outlined his vision of making Richmond a Tier One City through a series of changes in the way government operates. This vision included running a top-notch, well managed organization grounded in accountability and strong financial management that serves the community, runs the business, manages resources and develops employees. In FY 2011, the City implemented the Mayor's vision with a comprehensive tax compliance program, a one-time tax amnesty program, and twice-per-year real estate billing. Collectively these programs improved the current real estate tax collection rate and collections of delinquent real estate tax revenue. In FY 2012, the City strengthened its financial foundation by adopting revised debt and unassigned fund balance policies.

Throughout the fiscal year, a number of actions that were initiated in FY 2010 were continued through FY 2012, including the continued utilization of a five-year revenue and expenditure forecast, quarterly financial reports including an economic outlook, and introduction and adoption of a structurally balanced budget that maintains core services, protects the fiscal integrity of the City, ensures the City is poised for future growth, and budgets for priorities, just to name a few. Moving forward to fiscal year 2013 the Administration will continue to expand on these accomplishments, making strides toward achieving a goal of a Tier One City with a well managed government and a AAA bond rating.

Financial Policies and Guidelines

The following policies and guidelines represent principles and practices that guide the City and help to foster the City's financial stability. These are not the only financial guidelines, but are those that have had a major impact in recent years or will have a major impact on the City's future financial positions. For a complete listing of the City's Financial Guidelines, please see the City's website www.richmondgov.com.

Fund Balance Guidelines

As of June 30, 2012, the Unassigned Fund Balance was \$72.9 million, which equaled 9.0 percent of the adopted General Fund budgeted expenditures, including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. Fiscal year 2012 is the second year in which GASB 54 requirements are implemented. Based on recommendations from the Mayor, the Council adopted several new fiscal policies, including a revised debt policy and a new unassigned fund balance policy.

¹ The Bureau of Labor Statistics (BLS) does not provide data for the City of Richmond unemployment rate. For the City of Richmond unemployment rate, JobsEQ data were used.

The Unassigned Fund Balance for the past five fiscal years, as a percent of the Adopted General Fund Budget, is shown below. It should be noted that fiscal years 2007 through 2010 were prior to the implementation of GASB 54:

FY 2007: 7.7%
FY 2008: 7.5%
FY 2009: 7.4%
FY 2010: 9.4%
FY 2011: 10.1%

Note: The unassigned fund balance percentage was calculated differently in fiscal years 2007-2011 as compared to fiscal year 2012. This change in calculation was the result of a new unassigned fund balance policy adopted on April 23, 2012.

The City has had a fund balance policy in place since 1988. On April 23, 2012 the City Council adopted a new unassigned fund balance policy, which states:

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of 0.5% of expenditures until the Unassigned Fund Balance reaches at least 10% of the General Fund and Richmond Public Schools budgeted expenditures, less the budgeted transfer to Richmond Public Schools from the General Fund.
- The Council, in adopting a General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the Mayor in the General Fund budget submitted to the Council.
- The City will not make appropriation from the Unassigned Fund Balance except when faced with unusual, unanticipated, and otherwise seemingly insurmountable hardship. To the extent that the Unassigned Fund Balance is ever drawn upon, the City shall budget replenishment of such amount drawn over the next three subsequent years.

Debt Guidelines

The City of Richmond originally adopted a resolution in 1989 establishing guidelines for the planning, issuance and management of debt, for and on behalf of the City. These policy guidelines were most recently revised by resolution adopted on March 12, 2012. The City issues debt for the purpose of acquiring and constructing capital projects and for making major renovations to existing capital assets.

It is the policy of the City to provide operating funds for projects that are perennial and/or of an ongoing maintenance type activity. In addition, it is the policy of the City that general fund supported debt, including bonds and notes authorized but unissued, will be limited by any of the following adopted policies:

- Total debt service to be paid on general obligation, moral obligation, and subject to appropriation debt shall not exceed 10% of the General Fund and Richmond Public Schools' Budget.
- General obligation, moral obligation, and subject to appropriation debt will not exceed 4.5% of the assessed value of real estate, personal property, and machinery and tools in the City.
- General Fund supported debt will be structured in a manner such that 60% of the outstanding debt will be repaid within ten years.
- The City will issue General Fund supported debt with an average life consistent with the useful life of the asset being financed and with a maximum term of 30 years.
- It is a goal of the City to provide cash funding from annual operating funds for a portion of the City's five-year Capital Improvement Plan (pay-as-you-go funding).

A. No Overlapping Debt

The City is a separate and distinct political unit and is autonomous and independent of any county or any other political subdivision of the Commonwealth. The City is not coterminous with or subject to any county or school district taxation and is not liable for any indebtedness other than its own.

B. Legal Debt Margin

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes. At June 30, 2012 the City had a legal debt limit of \$1,971,053,100 and the statutory capacity to issue approximately \$1,270,584,308 of additional general obligation debt.

The City's legal debt margin is computed as follows:

| | |
|---|-----------------------|
| 10% of Assessed Value of Taxable Real Estate as of January 1, 2012 ¹ | \$1,971,653,100 |
| Less: Bonds and Notes Payable ^{2,3} | \$701,068,792 |
| Legal Margin for Creating Additional Debt | <hr/> \$1,270,584,308 |

¹ Source: City Assessor for Real Estate

² Does not include \$556,645,429 of self-supporting City of Richmond Public Utility Revenue Bonds, \$12,325,000 of Certificates of Participation and \$8,360,231 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for creation of additional debt

³ As of June 30, 2012.

C. Short-Term Debt

In the past, the City had annually issued notes in anticipation of the receipt of personal property and real estate property taxes to finance current operations. The City has issued revenue anticipation notes in amounts ranging between \$45.0 million and \$75.0 million with maturities of less than one year. With the successful transition to twice-a-year real estate billing in fiscal year 2011, the City ended the practice of utilizing revenue anticipation notes.

The City uses a \$100.0 million Commercial Paper Bond Anticipation Note Facility to provide interim financing for Capital Improvement Plan (CIP) projects. Debt issued on this facility is refinanced periodically as General Obligation Bonds. As of June 30, 2012, the City had \$5.94 million of Commercial Paper Notes outstanding.

D. Long-Term Debt

Bonds of the City, including general obligation bonds, serial equipment notes and certain public utility bonds, and commercial paper notes are direct general obligations, to which the full faith and credit of the City are pledged. The Council is authorized and required, unless other funds are lawfully available and appropriated for timely payment, to levy and collect on all property taxable by the City such as ad valorem taxes as may be necessary to pay when due the principal of, premium, if any, and interest on such bonds and notes as the same shall become due and payable. The City has never defaulted in the payment of principal, premium, or interest on any debt.

Enterprise Funds and Internal Service Funds pay from user fees the principal of and interest on certain general obligations bonds, revenue 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.

E. Authorized but Unissued Bonds and Notes

As of June 30, 2012, the City had a total of \$617,135,385 in authorized but unissued general obligation bonds or revenue bonds, including \$349,692,385 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects and \$267,243,000 to be issued as General Fund supported general obligation bonds. The City also had authorization to issue \$18,113,707 of general obligation five- and seven-year notes to finance the purchase of equipment and vehicles.

Cash Management

The City pools its cash in order to maximize its investment opportunities, resulting in greater flexibility and a better investment return. Investments consist primarily of repurchase agreements, U.S. government obligations, and U.S. government guaranteed investments. All repurchase agreements are collateralized by United States government securities. Interest earned on pooled cash is allocated to the participating funds based upon their net annual equity in pooled cash.

Certificate of 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, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 28th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

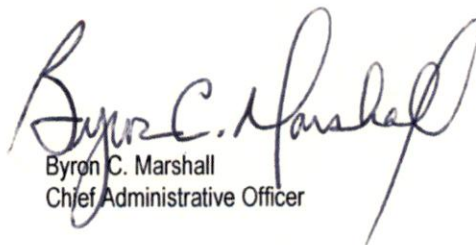
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. We would like to express our particular appreciation to all members of the Accounting and Reporting Division who directly assisted and contributed to its preparation. We would also like to thank the City Council for their interest, guidance, and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely



Dwight C. Jones
Mayor



Byron C. Marshall
Chief Administrative Officer



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, and Richmond Redevelopment and Housing 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 Cherry, Bekaert & Holland, L.L.P. (CB&H), independent certified public accountants, selected by the City Council. Management has made available to CB&H 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 CB&H 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 CB&H'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


Byron C. Marshall
Chief Administrative Officer



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

CITY OF RICHMOND, VIRGINIA

STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2012

CITY MAYOR

Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER

Byron C. Marshall

CITY COUNCIL

Kathy C. Graziano – President
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OF SCHOOLS**

Dr. Yvonne Brandon

DEPARTMENT OF FINANCE

Sharon O. Judkins, Deputy Chief Administrative Officer – Finance & Administration
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Alvin L. Cannon, City Controller

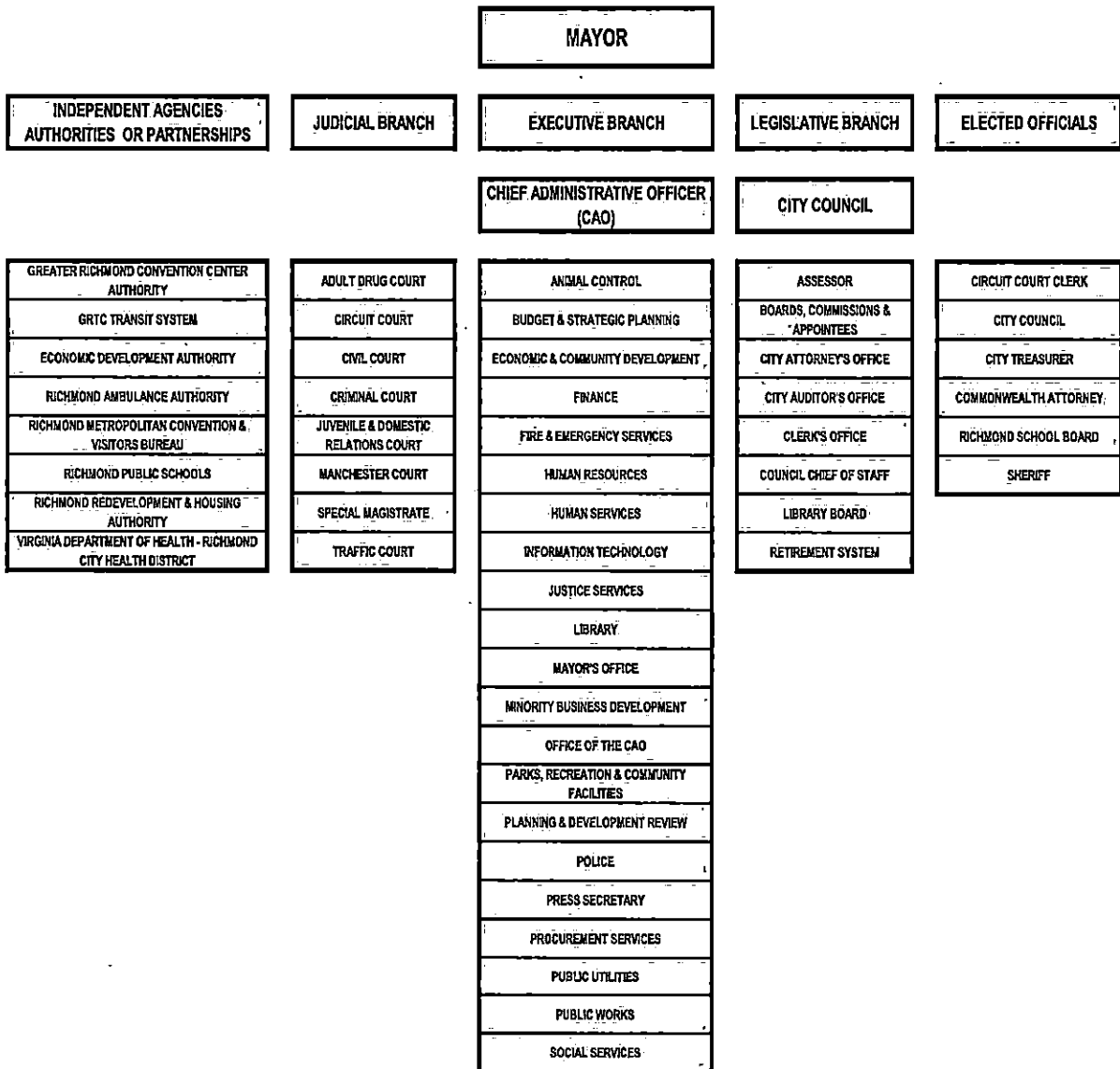
INDEPENDENT AUDITORS

Cherry, Bekaert & Holland, L.L.P.



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CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT 2011 - 2012





01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100



Independent Auditors' Report

To 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Richmond Behavioral Health Authority and the Richmond Redevelopment and Housing Authority, which represent 69.48%, 26.00% and 97.76%, 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 Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

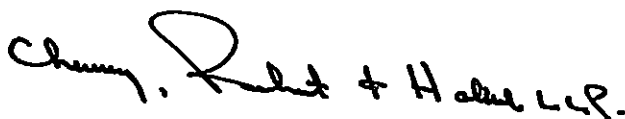
As discussed in Note 17, the June 30, 2011 financial statements have been restated to adjust capital assets as a result of an examination of the original valuation of buildings and land.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The introductory section, supplementary information - combining financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information - combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cherry, Rickett & Hallett LLP.

Richmond, Virginia
December 3, 2012



**CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012**

The following discussion and analysis, provided by the City's management, presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. City management encourages readers to consider the information presented here in conjunction with the information presented in the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2012

General Fund

At the end of Fiscal Year 2012, the unassigned fund balance for the General Fund was \$72.9 million, or 9.0% of the FY 2012 General Fund Budget. The unassigned fund balance increased by \$8.8 million from FY 2011, primarily as a result of increased fiscal controls throughout the year that, in turn, ensured the City exceeded its City Council adopted appropriations to be carried to FY 2013. This positive variance was due, in large part, from the repayment of funds advanced to the Richmond Metropolitan Authority (RMA) for debt service reserves related to the debt service due on the Downtown Expressway toll roads, in addition to spending controls over General operating expenditures which were less than budgeted.

- General property tax revenues (real estate and personal property taxes) comprise 38.3% of General Fund revenue. Revenues from general property taxes in FY 2012 decreased 5.3% (rounded) from FY 2011. Real estate revenues in the General Fund were \$224.0 million; personal property taxes were \$47.7 million (including delinquent taxes). The assessed value of taxable property was at \$21.9 billion, a decrease of \$0.2 million, from tax year 2011.
- Approximately \$50.0 million was transferred to the Debt Service Fund to support the City's Capital Improvement Program. Other sources of revenue for the Debt Service Fund totaled \$2.1 million.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$380.7 million. General revenues and transfers totaled \$452.1 million resulting in an increase in net assets of \$71.4 million (Exhibit B).
- During the fiscal year ended June 30, 2012, \$224.4 million in new General Obligation Bond debt was issued to provide funding for public improvements, primarily City and School Board facilities, infrastructure and economic enhancement projects. This City is rated Aa3 by Moody's Investors Service, AA by Standard and Poor's, and AA by Fitch for General Obligation Debt.
- Unrestricted net assets increased from \$70.9 million to \$103.4 million, due primarily to budgetary savings during the fiscal year and the collection of one time revenue sources due to the City, such as, the advance repayment from RMA and funds held in trust by Richmond Redevelopment Housing Authority (RRHA) relating to the proceeds from the sale of the Miller and Rhoads building.

Business-type Activities

- The net assets of the City's business-type activities increased by \$24.2 million during fiscal year 2012 and totaled \$470.8 million. (Exhibit B)
- The gas, water, wastewater and storm water utilities provided \$94.1 million to their capital improvement programs.

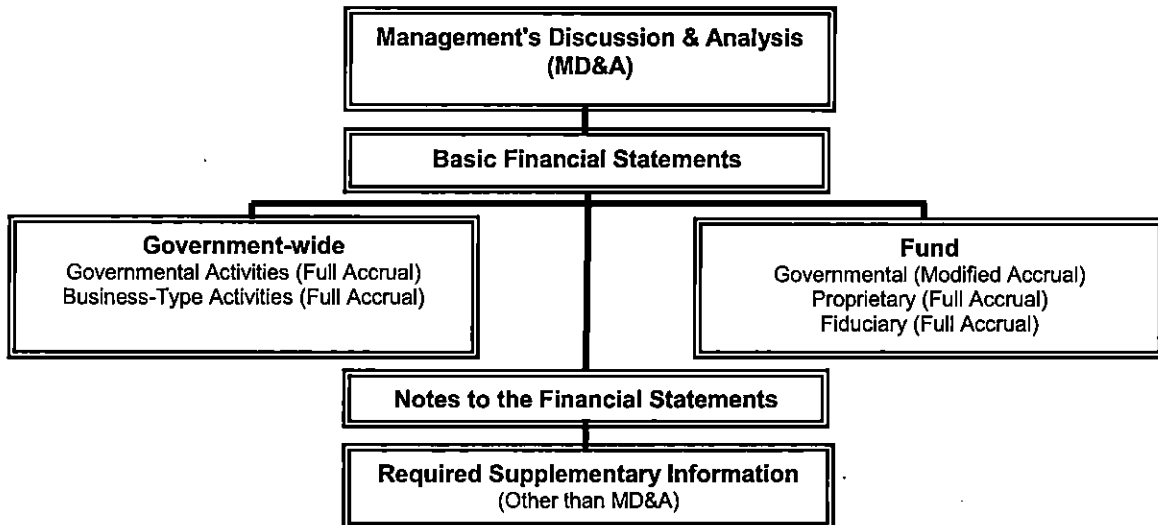
Entity-wide

- The City's total net assets, excluding component units, on a government-wide basis, totaled \$859.8 million at June 30, 2012, an increase of 12.5% over the June 30, 2011 restated balance (Note 17). Most of these net assets are invested in capital assets or are restricted for specific purposes.



OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report (CAFR) consists of three sections: introductory, financial, and statistical. As illustrated in the following chart, the financial section of this report consists of 4 (four) components: management's discussion and analysis (this section), the basic financial statements, notes to the financial statements, and required supplementary information.



The City's financial statements present a focus on the City as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives, government-wide and individual fund, allow the user to address relevant questions, broaden the basis for comparisons, year to year or government to government, and enhance the City's accountability.

In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. This important new standard has left unchanged the total amount reported as fund balance, but has substantially altered the categories and terminology used to describe its components. In FY 2011 the City adopted this provision, which will assist the City in taking an approach that will focus on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

During fiscal year 2012, the City adopted the provisions of GASB Statement No.56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards* and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The object of these statements is to incorporate into the GASB authoritative literature certain accounting and financial reporting guidance. Additional information pertaining to these statements can be found in the Notes to the Financials under footnote 1W – Adoption of New Accounting Pronouncements.

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 includes all of the City's assets and liabilities, both short-term and long-term. The Statement of Activities reports all of the current year's revenue and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows.

- Over time, the increase or decreases in the City's net assets can be an indicator of the City's financial condition.
- CAFR users should also consider additional non-financial factors in assessing the overall health of the City.



The City's government-wide financial statements are divided into three categories:

- **Governmental Activities** – Most of the City's basic services including Police, Fire, Economic and Community Development, Parks, Recreation and Community Facilities, Social Services, and general administration are reported here. The majority of these activities are supported by property taxes, other local taxes, and federal and state funding.
- **Business-type Activities** – The City's gas, water, wastewater, stormwater, coliseum, and cemeteries are reported here. Fees are charged to customers to help cover the costs of providing these services.
- **Component Units** – Four separate legal entities are included in this report – The City of Richmond School Board, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them, and provides operating and capital funding.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. Funds are an accounting tool that the City uses to track resources that are segregated for specific activities or objectives. Some funds are required by state law or by bond covenants. Other funds are established to control and manage money for particular purposes or to show that the City is using specific revenue sources such as taxes and grants for their intended purposes. The City has three types of funds:

- **Governmental Funds** – The General Fund, Debt Service Fund, Capital Projects Fund and Special Revenue funds are governmental funds. These funds' statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Additional information is provided at the bottom of these statements that explains the relationship between the long-term focused government-wide statements and the short-term focused governmental fund statements.
- **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Like the government-wide statements, proprietary funds statements provide both long and short-term financial information. The City maintains two types of proprietary funds:
 - **Enterprise Funds** – Similar to business-type activities included in the government-wide statements, the enterprise fund financial statements provide more detail and additional information, such as cash-flow.
 - **Internal Service Funds** – The City uses Internal Service Funds to report activities that provide supplies and services for the City's other programs and activities.
- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City maintains two Fiduciary Funds:
 - **Trust Funds** – Provides retirement and disability benefits for all vested full time employees, is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457 and a joint healthcare plan between the City and Richmond Public Schools.
 - **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 Parks, Recreation and Community Facilities, the Department of Public Works and the Law Department.

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.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

Schedule of Net Assets

The City's assets exceeded liabilities by \$859.8 million at the close of the most recent fiscal year. This represents a 12.5% increase over the prior year. The following table reflects a summary of the City's net assets at June 30, 2012 and 2011 (in millions):

Table 1
City of Richmond's Schedule of Net Assets
as of the Fiscal Years Ended June 30, 2012 and 2011
(In Millions, rounded)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|----------------------------|-----------------|-----------------------------|-----------------|--------------------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and Other Assets | \$ 316.3 | \$ 277.4 | \$ 252.5 | \$ 300.5 | \$ 568.8 | \$ 577.9 |
| Capital Assets, Net | 861.7 | 809.7 | 1,124.9 | 1,061.4 | 1,986.6 | 1,871.1 |
| Total Assets | 1,178.0 | 1,087.1 | 1,377.4 | 1,361.9 | 2,555.4 | 2,449.0 |
| Current and Other Liabilities | 160.7 | 213.4 | 86.8 | 76.9 | 247.5 | 290.3 |
| Long-Term Debt Outstanding | 628.3 | 556.1 | 819.8 | 838.4 | 1,448.1 | 1,394.5 |
| Total Liabilities | 789.0 | 769.5 | 906.6 | 915.3 | 1,695.6 | 1,684.8 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 269.1 | 234.1 | 419.5 | 381.9 | 688.6 | 616.0 |
| Restricted | 16.5 | 12.6 | - | - | 16.5 | 12.6 |
| Unrestricted | 103.4 | 70.9 | 51.3 | 64.7 | 154.7 | 135.6 |
| Total Net Assets, As Restated | \$ 389.0 | \$ 317.6 | \$ 470.8 | \$ 446.6 | \$ 859.8 | \$ 764.2 |



Schedule of Activities

The City's total revenue (excluding transfers) increased over the prior year by \$36.2 million (3.6%) to \$1,028.3 million. The total cost of all programs decreased by \$90.2 million (8.8%) to \$932.7 million. The following table shows the revenue and expenses of the governmental activities for the fiscal years ended June 30, 2012 and 2011 (in millions):

Table 2
City of Richmond's Schedule of Activities
For the Fiscal Years Ended June 30, 2012 and 2011
(In Millions, rounded)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 152.6 | \$ 85.6 | \$ 270.4 | \$ 298.1 | \$ 423.0 | \$ 383.7 |
| Operating Grants and Contributions | 149.5 | 154.2 | 15.1 | 15.0 | 164.6 | 169.2 |
| Capital Grants and Contributions | 8.4 | 7.3 | -- | -- | 8.4 | 7.3 |
| General Revenues: | | | | | | |
| Property Taxes | 258.8 | 255.6 | -- | -- | 258.8 | 255.6 |
| Intergovernmental | -- | -- | -- | -- | -- | -- |
| Other Taxes | 168.1 | 172.9 | -- | -- | 168.1 | 172.9 |
| Investment Income | .1 | .2 | 1.7 | .9 | 1.8 | 1.1 |
| Miscellaneous | 2.0 | 1.1 | 1.6 | 1.2 | 3.6 | 2.3 |
| Total Revenues | 739.5 | 676.9 | 288.8 | 315.2 | 1,028.3 | 992.1 |
| Expenses: | | | | | | |
| Primary Government: | | | | | | |
| General Government | 126.3 | 135.6 | -- | -- | 126.3 | 135.6 |
| Public Safety and Judiciary | 182.7 | 178.1 | -- | -- | 182.7 | 178.1 |
| Highway, Street, Sanitation, and Refuse | 86.1 | 104.1 | -- | -- | 86.1 | 104.1 |
| Human Services | 84.6 | 95.3 | -- | -- | 84.6 | 95.3 |
| Culture and Recreation | 24.3 | 28.5 | -- | -- | 24.3 | 28.5 |
| Education | 155.2 | 173.2 | -- | -- | 155.2 | 173.2 |
| Transportation | 12.1 | 11.6 | -- | -- | 12.1 | 11.6 |
| Interest and Fiscal Charges | 18.6 | 21.4 | -- | -- | 18.6 | 21.4 |
| Business-type Activities | -- | -- | 241.5 | 275.1 | 241.5 | 275.1 |
| Total Expenses | 689.9 | 747.8 | 241.5 | 275.1 | 931.4 | 1,022.9 |
| Increase (Decrease) in Net Assets Before Transfers | 49.6 | (70.9) | 47.3 | 40.1 | 96.9 | (30.8) |
| Transfers | 23.1 | 21.5 | (23.1) | (21.5) | -- | -- |
| Extraordinary Item - Disaster Costs, Net | (1.3) | -- | -- | -- | (1.3) | -- |
| Changes in Net Assets | 71.4 | (49.4) | 24.2 | 18.6 | 95.6 | (30.8) |
| Net Assets, Beginning of Year, As Restated | 317.6 | 367.0 | 446.6 | 428.0 | 764.2 | 795.0 |
| Net Assets, End of Year | \$ 389.0 | \$ 317.6 | \$ 470.8 | \$ 446.6 | \$ 859.8 | \$ 764.2 |



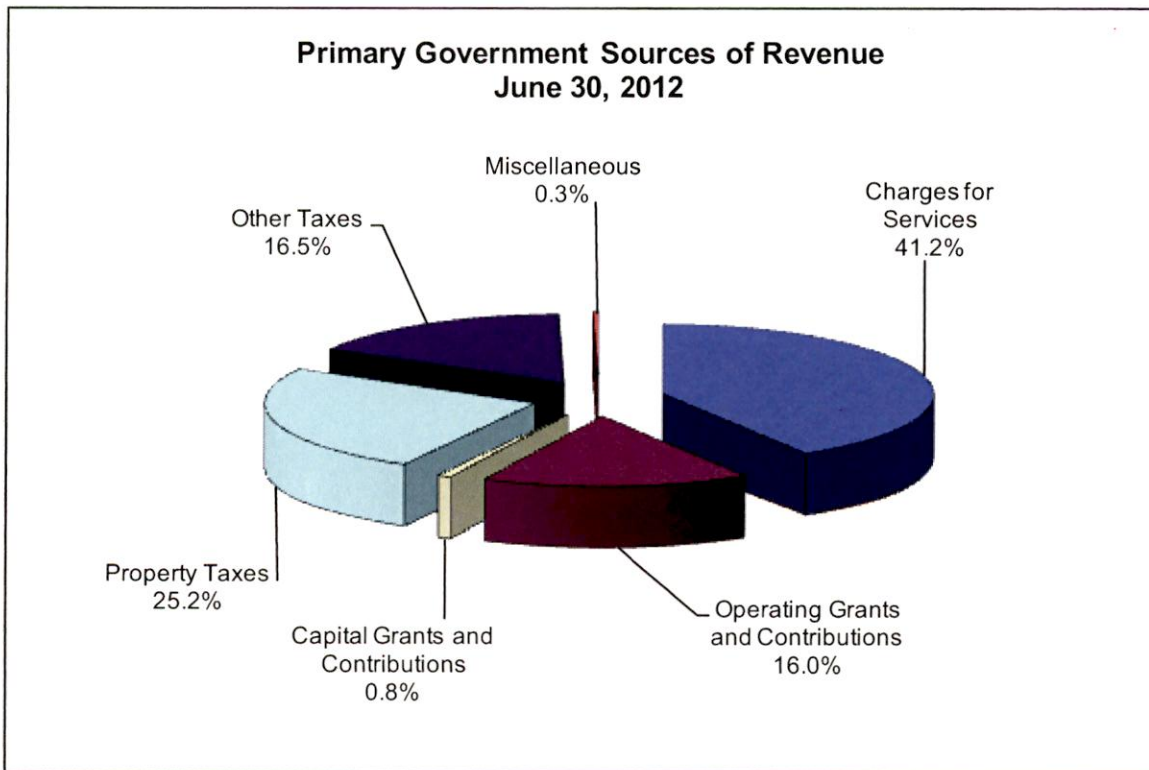
REVENUE

For the Fiscal Year ended June 30, 2012, revenue from governmental activities totaled \$762.6 million (including transfers), an increase of \$64.2 million, or 9.2% over fiscal year 2011. This increase in revenue is due primarily to the collection of one time revenue sources due to the City, such as, the advance repayment from RMA (\$62.1 million) and funds held in trust by RRHA (\$2.1 million) relating to the proceeds from the sale of the Miller and Rhoads building.

General property taxes, the City's largest revenue source, were \$258.8 million, an increase of 1.3% from the previous year. Included in these taxes are real and personal property levies, which were payable in January, June, and May of the fiscal year. This revenue increase is primarily due to the City's comprehensive tax compliance program thus resulting in a decrease in allowance for doubtful accounts. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value). The real estate tax rate was \$1.20 per \$100 of assessed value (100% of fair market value) during the fiscal year. The real estate and personal property tax rates were last changed in 2008 and 1992, respectively.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, hotel rooms, restaurant meals, and amusements totaled \$168.1 million. This total represents a \$4.8 million decrease over the previous year, or 2.8%.

Business-type activities produced total revenue of \$288.8 million, a decrease of \$26.4 million from fiscal year 2011. This decrease is largely due in part to lower collections from charges for services for gas. The revenue produced during the year for gas was \$128.3 million, a decrease of \$34.3 million from fiscal year 2011. The largest business-type source of revenue is charges for services (program revenue).

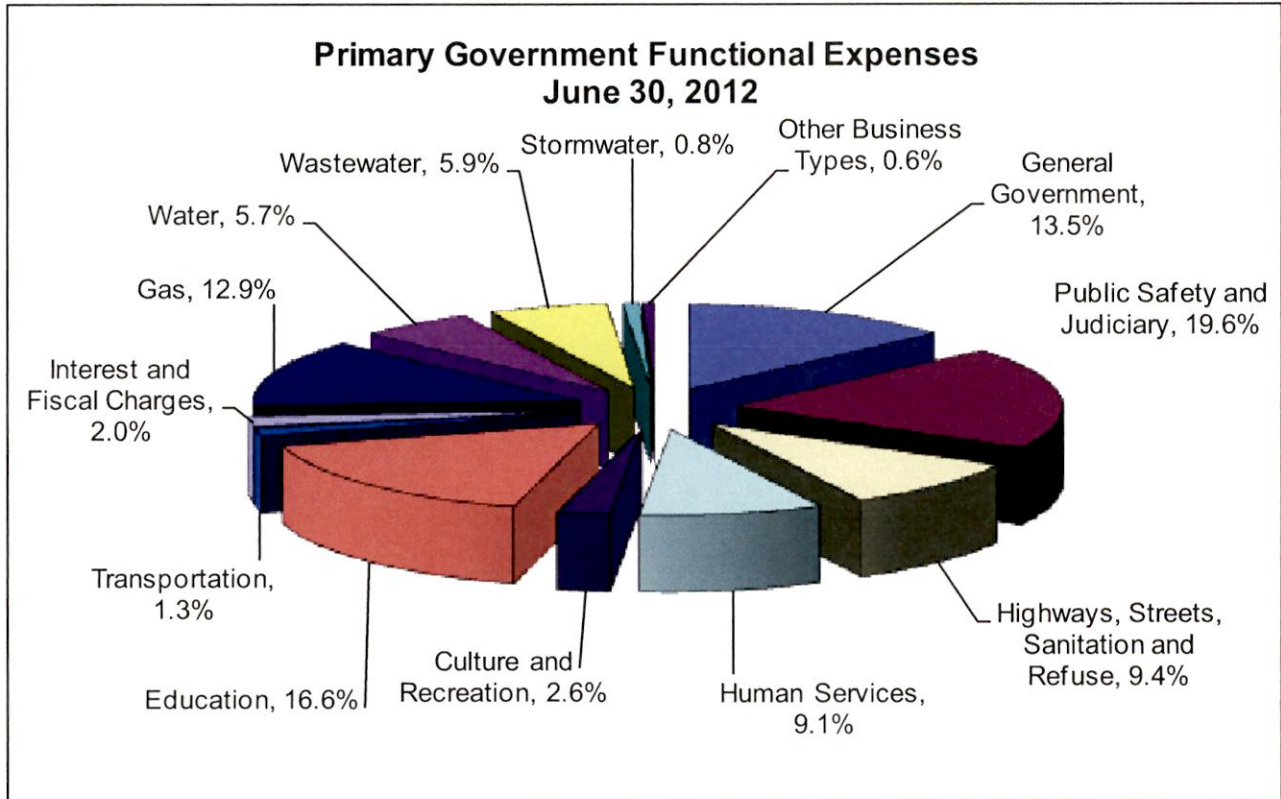




EXPENSES

For the fiscal year ended June 30, 2012, expenses for governmental activities totaled \$691.2 million, a decrease of \$56.6 million from fiscal year 2011. Included in this activity are employee compensation and benefits and payments for educational expenses to the School Board.

Expenses for the City's business-type activities totaled \$264.6 million (including transfers), a decrease of \$32.0 million from fiscal year 2011, which provided gas, water, and wastewater services as well as cemetery and coliseum operations.





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2012, the governmental funds reflect a combined fund balance of \$184.6 million, an increase of \$99.7 million over fiscal year 2011. Included in the combined fund balance is the General Fund which accounts for \$162.0 million of the total combined balance. This is a 69.3 percent increase over the General Fund balance of \$95.7 million, as restated (Note 17), recorded at June 30, 2011.

The current General Fund Balance was impacted by General Fund Revenues, which increased by \$64.3 million from fiscal year 2011. This increase was due to the collection of one time revenue sources due to the City, such as, the advance repayment from RMA (\$62.1 million) and funds held in trust by RRHA (\$2.1 million) relating to the proceeds from the sale of the Miller and Rhoads building.

General Fund expenditures increased \$18.6 million or 3.0 percent over fiscal year 2011. The majority of the increases in expenditures were related to the Department of Information Technology (\$1.9 million), City Sheriff (\$4.7 million), Department of Police (\$4.6 million) and the Department of Public Works (\$2.5 million). To control expenses during FY 2012 the City funded no pay increase, implemented additional hiring controls, and utilized low-cost debt financing.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Years Ended June 30, 2012 and 2011
(In Millions, rounded)

| | Original Budget | | Amended Budget | | Actual | | Positive (Negative) Variance | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | | | |
| Property Taxes | \$ 254.6 | \$ 261.9 | \$ 254.6 | \$ 261.9 | \$ 260.8 | \$ 266.3 | \$ 6.2 | \$ 4.4 |
| Other Taxes | 168.9 | 158.3 | 169.0 | 160.3 | 170.9 | 167.5 | 1.9 | 7.2 |
| Intergovernmental | 113.4 | 116.4 | 113.4 | 117.3 | 107.5 | 112.1 | (5.9) | (5.2) |
| Miscellaneous | 154.2 | 98.3 | 157.5 | 104.8 | 167.7 | 96.3 | 10.2 | (8.5) |
| Other Financing Sources | 18.8 | 2.4 | 21.4 | 3.7 | 3.1 | 3.5 | (18.3) | (2) |
| Total Revenues and Other Financing Sources | \$ 709.9 | \$ 637.3 | \$ 715.9 | \$ 648.0 | \$ 710.0 | \$ 645.7 | \$ (5.9) | \$ (2.3) |
| Expenses: | | | | | | | | |
| General Government | \$ 74.8 | \$ 66.5 | \$ 74.2 | \$ 71.0 | \$ 71.6 | \$ 67.8 | \$ 2.6 | \$ 3.2 |
| Public Safety and Judiciary | 163.0 | 160.4 | 168.8 | 160.2 | 167.2 | 157.4 | 1.6 | 2.8 |
| Highway, Street, Sanitation, and Refuse | 59.4 | 57.7 | 63.8 | 59.9 | 59.4 | 56.9 | 4.4 | 3.0 |
| Human Services | 73.0 | 76.8 | 68.0 | 69.5 | 65.4 | 68.5 | 2.6 | 1.0 |
| Culture and Recreation | 21.0 | 21.0 | 20.8 | 21.5 | 20.8 | 21.0 | -- | .5 |
| Education | 150.7 | 149.1 | 150.8 | 150.6 | 150.7 | 150.6 | .1 | -- |
| Non-Departmental | 103.4 | 46.4 | 105.4 | 57.9 | 46.8 | 43.6 | 58.6 | 14.3 |
| Other Financing Uses | 64.6 | 59.4 | 64.1 | 59.5 | 61.8 | 59.3 | 2.3 | .2 |
| Total Expenses and Other Financing Uses | \$ 709.9 | \$ 637.3 | \$ 715.9 | \$ 650.1 | \$ 643.7 | \$ 625.1 | \$ 72.2 | \$ 25.0 |

Revenue and other financing sources exceeded expenditures and other financing uses by \$66.3 million in the General Fund for fiscal year 2012. Actual General Fund revenues were below the amended budgeted revenues by \$5.9 million during fiscal year 2012. This decrease is primarily attributable to continued declines in payments from the state and reduced collections in current and delinquent personal property tax revenue, further offsetting the positive gains in real estate tax revenue. The reduction in delinquent personal property collections is due to the absence of a third-party collection agency for most of the fiscal year.

Actual General Fund expenditures and other financing uses were less than the amended budget by \$72.2 million. This variance was due in part to programmatic and operational savings resulting from improved fiscal compliance and controls.



CAPITAL ASSETS

At the end of fiscal year 2012, the City's governmental activities, including Internal Service Funds, had net capital assets totaling \$861.7 million, which represents a net increase of \$52.0 million, or 6.4 percent over the previous fiscal year-end balance as restated (Note 17). The increase was primarily due to the increase in construction in progress related to the construction, rehabilitating and repairing of public school buildings. (Note 7)

Table 4
City of Richmond's Capital Assets
 For the Fiscal Years Ended June 30, 2012 and 2011 (As Restated)
 (In Millions, rounded)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-----------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Capital Assets Not Being Depreciated: | | | | | | |
| Land and Land Improvements | \$ 100.3 | \$ 99.7 | \$ 16.5 | \$ 16.5 | \$ 116.8 | \$ 116.2 |
| Construction In Progress | 239.7 | 180.2 | 239.2 | 197.8 | 478.9 | 378.0 |
| Works of Art / Historical Treasures | 6.9 | 6.9 | - | - | 6.9 | 6.9 |
| Total Assets Not Being Depreciated | <u>346.9</u> | <u>286.8</u> | <u>255.7</u> | <u>214.3</u> | <u>602.6</u> | <u>501.1</u> |
| Capital Assets Being Depreciated: | | | | | | |
| Infrastructure | 746.2 | 745.3 | - | - | 746.2 | 745.3 |
| Buildings and Structures | 484.2 | 460.2 | 1,421.7 | 1,360.6 | 1,905.9 | 1,820.8 |
| Equipment and Other Assets | 115.3 | 108.5 | 5.6 | 5.5 | 120.9 | 114.0 |
| Improvements Other Than Buildings | 11.8 | 11.8 | - | - | 11.8 | 11.8 |
| Total Other Assets | <u>1,357.5</u> | <u>1,325.8</u> | <u>1,427.3</u> | <u>1,366.1</u> | <u>2,784.8</u> | <u>2,691.9</u> |
| Less Accumulated Depreciation For: | | | | | | |
| Infrastructure | 467.4 | 453.0 | - | - | 467.4 | 453.0 |
| Buildings and Structures | 287.9 | 269.8 | 549.8 | 511.0 | 837.7 | 780.8 |
| Equipment and Other Assets | 83.1 | 76.4 | 8.4 | 8.0 | 91.5 | 84.4 |
| Improvements Other Than Buildings | 4.3 | 3.7 | - | - | 4.3 | 3.7 |
| Total Accumulated Depreciation | <u>842.7</u> | <u>802.9</u> | <u>558.2</u> | <u>519.0</u> | <u>1,400.9</u> | <u>1,321.9</u> |
| Total Capital Assets Being Depreciated, Net | <u>514.8</u> | <u>522.9</u> | <u>869.1</u> | <u>847.1</u> | <u>1,383.9</u> | <u>1,370.0</u> |
| Total Capital Assets, Net | <u>\$ 861.7</u> | <u>\$ 809.7</u> | <u>\$ 1,124.8</u> | <u>\$ 1,061.4</u> | <u>\$ 1,986.5</u> | <u>\$ 1,871.1</u> |

The business-type activities capital assets grew by \$63.4 million to \$1,124.8 billion, an increase of 6.0 percent over the previous fiscal year. The increase is contributed to improvements to the City's Wastewater Treatment Plant. The City's business-type activities are made up of the City's Gas, Water, Wastewater, Stormwater, Coliseum, Cemeteries and Stores and Transportation internal service funds. (Note 7)



LONG-TERM DEBT

During the fiscal year 2012, the City issued \$224.4 million in new General Obligations Bonds and Notes for the purposes of refunding existing debt at a lower cost to the City's General Fund and to provide funding support for public improvements, including City and School Board facilities, and infrastructure and economic enhancement projects. As of June 30, 2012, the three credit rating agencies have rated the City's General Obligation Debt Aa2 by Moody's Investors Service, AA by Standard and Poor's, AA+ by Fitch. Additional Information can be found in the Notes to the Financial Statements; Note 8 – Obligations.

State statutes limit the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt as of June 30, 2012 is significantly below this limit with total outstanding of \$701.1 million, excluding Public Utility Bonds, Certificates of Participation or Lease Revenue Bonds, as compared to a limit of \$1,971.7 billion.

Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2012

Primary Government - Governmental Activities

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 | Due Within One Year |
|---|-------------------------|-----------------------|-----------------------|--------------------------|------------------------|
| General Obligation Bonds (GO) | \$ 450,763,687 | \$ 101,335,000 | \$ 28,891,437 | \$ 523,207,250 | \$ 28,438,186 |
| General Obligation Bonds - Refunding | - | 109,763,450 | 110,929,538 | (1,146,088) | - |
| Premium (Discount) on Debt Issued, Net | 18,194,253 | 13,321,850 | 5,994,216 | 25,521,887 | 1,674,127 |
| General Obligation Serial Equipment Notes Payable | 11,780,000 | - | 3,240,000 | 8,540,000 | 3,240,000 |
| Certificates of Participation | 13,170,000 | - | 845,000 | 12,325,000 | 880,000 |
| Qualified Zone Academy Bonds | 2,409,813 | - | 192,480 | 2,217,333 | 192,480 |
| Virginia Public Schools Authority Bonds | 1,684,543 | - | 233,709 | 1,450,834 | 235,679 |
| Advantage Richmond Lease Revenue Bonds | 9,068,116 | - | 707,885 | 8,360,231 | 746,051 |
| Section 108 Notes Payable | 2,245,000 | - | 555,000 | 1,690,000 | 560,000 |
| Capital Lease (Landmark Theater) | 88,895 | - | 88,895 | - | - |
| Note payable to Component Unit RRHA | 20,007,878 | - | 1,945,000 | 18,062,878 | 2,040,000 |
| Compensated Absences | 18,679,412 | 337,748 | 377,710 | 18,639,450 | 8,693,841 |
| Net Other Postemployment Benefit Obligations | 16,188,143 | - | 487,444 | 15,700,699 | - |
| Total Long-Term Obligations | \$ 564,279,740 | \$ 224,778,048 | \$ 154,488,314 | \$ 634,569,474 | \$ 46,700,364 |

Primary Government - Business-type Activities

| | | | | | |
|------------------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| General Obligation Bonds: | | | | | |
| Gas | \$ 73,330,360 | \$ 22,653,764 | \$ 26,643,515 | \$ 69,340,609 | \$ 7,219,965 |
| Water | 58,259,216 | 13,675,405 | 17,440,995 | 54,493,626 | 5,761,590 |
| Wastewater | 32,508,150 | - | 3,920,118 | 28,588,032 | 4,006,838 |
| Stormwater | 1,250 | 212,500 | - | 213,750 | 11,250 |
| Premium (Discount) on Debt, Net | 6,650,940 | (2,916,964) | 2,050,703 | 1,683,273 | 907,058 |
| Other Non-major Enterprise Funds | 7,746,207 | 787,381 | 1,574,228 | 6,959,360 | 790,887 |
| Revenue Bonds: | | | | | |
| Gas | 188,539,085 | - | 3,258,438 | 185,280,658 | 3,368,922 |
| Water | 170,622,352 | 20,761 | 3,255,125 | 167,387,988 | 3,365,751 |
| Wastewater | 195,497,423 | 14,439,731 | 5,960,371 | 203,976,783 | 6,102,033 |
| Premium (Discount) on Debt, Net | 1,886,214 | - | 102,657 | 1,783,557 | 101,487 |
| Capital Leases: | | | | | |
| Other Non-major Enterprise Funds | 584,840 | - | 186,301 | 398,539 | 194,696 |
| Compensated Absences: | | | | | |
| Gas | 784,245 | 715,462 | 674,590 | 825,117 | 675,626 |
| Water | 641,655 | 513,405 | 524,089 | 630,971 | 516,655 |
| Wastewater | 665,421 | 483,137 | 493,318 | 655,240 | 536,527 |
| Stormwater | 142,590 | 154,499 | 127,211 | 169,876 | 139,100 |
| Other Non-major Enterprise Funds | 109,615 | 8,043 | 17,274 | 100,384 | 82,705 |
| Total Long-Term Obligations | \$ 737,969,574 | \$ 50,747,124 | \$ 66,228,933 | \$ 722,487,765 | \$ 33,781,090 |



ECONOMIC FACTORS

The unemployment rate hit a high of 10.7% in the City of Richmond during January 2010. By contrast, the Virginia unemployment rate hit a high of 7.3% in January 2010. Since that time, the City's unemployment rate has declined and currently stands at 8.6% at the end of September 2012, with Virginia's at 5.9% for the same period. The national unemployment rate was 7.8% at the end of September. All unemployment rates reported in this section are seasonally adjusted.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Questions concerning this report or requests for additional financial information should be directed to the City of Richmond, Director of Finance, 900 East Broad Street, Richmond, Virginia 23219.



Basic Financial Statements



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2012

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents (Note 3) | \$ 178,130,722 | \$ 154,676,765 | \$ 332,807,487 | \$ 19,174,486 |
| Receivables (Net of Allowance for Doubtful Accounts): | | | | |
| Taxes and Licenses | 41,907,334 | - | 41,907,334 | - |
| Accounts | 17,431,905 | 26,138,999 | 43,570,904 | 4,709,828 |
| Internal Balances, Net | 3,865,142 | (3,865,142) | - | - |
| Due From Primary Government | - | - | - | 34,649,423 |
| Due From Component Unit | 288,110 | - | 288,110 | - |
| Due From Other Governments (Note 5) | 45,030,953 | 97,704 | 45,128,657 | 29,837,698 |
| Inventories of Materials and Supplies | 162,093 | 12,744,504 | 12,906,597 | 478,825 |
| Prepaid Assets | 125,693 | 5,132,672 | 5,258,365 | 1,675,982 |
| Total Current Assets | 286,941,952 | 194,925,502 | 481,867,454 | 90,526,242 |
| Non-Current Assets: | | | | |
| Restricted Assets - Cash and Investments (Note 3) | 27,576,330 | 52,192,372 | 79,768,702 | 15,791,312 |
| Deferred Expenses | - | 5,413,521 | 5,413,521 | - |
| Due From Component Unit | 1,178,565 | - | 1,178,565 | - |
| Note Receivable (Note 6) | 543,100 | - | 543,100 | - |
| Mortgage Loans Receivable and Other Non-Current Assets | - | - | - | 51,117,756 |
| Capital Assets, Net (Note 7): | | | | |
| Land and Works of Art/Historical Treasures | 107,236,714 | 16,475,807 | 123,712,521 | 10,226,639 |
| Infrastructure, Net | 278,890,758 | - | 278,890,758 | - |
| Buildings, Structures, and Equipment, Net | 235,898,998 | 869,168,615 | 1,105,067,613 | 88,416,475 |
| Construction in Progress | 239,661,756 | 239,288,759 | 478,950,515 | 23,202,180 |
| Total Capital Assets, Net | 861,688,226 | 1,124,933,181 | 1,986,621,407 | 121,845,294 |
| Total Non Current Assets | 890,986,221 | 1,182,539,074 | 2,073,525,295 | 188,754,362 |
| Total Assets | \$ 1,177,928,173 | \$ 1,377,464,576 | \$ 2,555,392,749 | \$ 279,280,604 |

(Continued)



Exhibit A

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 27,941,973 | \$ 31,658,328 | \$ 59,600,301 | \$ 7,591,698 |
| Accrued Liabilities | 17,979,601 | 7,711,857 | 25,691,458 | 29,402,144 |
| Due To Primary Government | — | — | — | 1,208,831 |
| Due To Other Governments | 60,007 | — | 60,007 | 9,187,438 |
| Due To Component Units | 34,672,648 | — | 34,672,648 | — |
| Note Payable (Note 8) | 8,734,000 | — | 8,734,000 | — |
| Note Payable To Component Unit (Note 8) | 2,040,000 | — | 2,040,000 | — |
| Accrued Interest on Bonds and Notes Payable | 6,856,161 | 13,697,663 | 20,553,824 | — |
| Unearned Revenue | 16,793,940 | — | 16,793,940 | 3,211,998 |
| General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8 and 15) | 33,317,257 | 18,892,284 | 52,209,541 | 2,673,041 |
| Revenue Bonds Payable (Note 8) | 746,051 | 12,938,193 | 13,684,244 | — |
| Compensated Absences (Note 8) | 8,693,841 | 1,950,613 | 10,644,454 | 852,971 |
| Other Liabilities and Claims Payable (Note 10) | 2,884,432 | — | 2,884,432 | — |
| Total Current Liabilities | 160,719,911 | 86,848,938 | 247,568,849 | 54,128,121 |
| Non-Current Liabilities (Notes 8,10,13 and 15): | | | | |
| Liabilities to be Paid From Restricted Assets: | | | | |
| Customers' Deposits | — | 7,375,267 | 7,375,267 | 5,383,038 |
| General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases | 536,916,330 | 142,784,905 | 679,701,235 | 26,042,913 |
| Due To Primary Government | — | — | — | 4,782,899 |
| Note Payable | 5,300,000 | — | 5,300,000 | — |
| Note Payable To Component Unit | 16,022,878 | — | 16,022,878 | — |
| Revenue Bonds Payable | 7,614,180 | 545,490,793 | 553,104,973 | — |
| Unearned Revenue | — | — | — | 645,425 |
| Compensated Absences | 9,945,609 | 430,977 | 10,376,586 | 13,590,298 |
| Other Liabilities and Claims Payable | 36,760,761 | 123,688,861 | 160,449,622 | 4,632,493 |
| Net Other Postemployment Benefit Obligations (Note 13) | 15,700,699 | — | 15,700,699 | 20,093,203 |
| Early Retirement Plan Net Pension Obligations | — | — | — | 2,134,557 |
| Total Non-Current Liabilities | 628,260,457 | 819,770,803 | 1,448,031,260 | 77,304,826 |
| Total Liabilities | 788,980,368 | 906,619,741 | 1,695,600,109 | 131,432,947 |
| Net Assets | | | | |
| Invested In Capital Assets, Net of Related Debt | 269,060,408 | 419,526,304 | 688,586,712 | 112,455,776 |
| Restricted for: | | | | |
| Capital Projects | 7,596,789 | — | 7,596,789 | 13,426,639 |
| Debt Service | — | — | — | 148,821 |
| Non-Major Governmental | 8,667,944 | — | 8,667,944 | — |
| Permanent Funds: | | | | |
| Expendable | 33,694 | — | 33,694 | 773,456 |
| Nonexpendable | 160,035 | — | 160,035 | 203,471 |
| Unrestricted | 103,428,935 | 51,318,531 | 154,747,466 | 20,839,494 |
| Total Net Assets | \$ 388,947,805 | \$ 470,844,835 | \$ 859,792,640 | \$ 147,847,657 |

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, 2012**

| Functions/Program Activities | Expenses | Program Revenues | | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental: | | | | |
| General Government | \$ 126,274,797 | \$ 126,215,625 | \$ 27,630,076 | \$ - |
| Public Safety and Judiciary | 182,724,471 | 10,453,184 | 30,982,943 | - |
| Highways, Streets, Sanitation and Refuse | 86,067,163 | 15,570,846 | 26,591,643 | 8,364,411 |
| Human Services | 84,629,401 | 29,462 | 62,260,706 | - |
| Culture and Recreation | 24,348,709 | 377,643 | 2,081,037 | - |
| Education | 155,173,805 | - | - | - |
| Transportation | 12,143,357 | - | - | - |
| Interest and Fiscal Charges | 18,648,049 | - | - | - |
| Total Governmental Activities | 690,009,753 | 152,646,760 | 149,546,405 | 8,364,411 |
| Business-type: | | | | |
| Gas | 120,738,025 | 130,742,982 | 209,835 | - |
| Water | 53,201,110 | 61,814,881 | 1,710,806 | - |
| Wastewater | 54,615,656 | 65,709,241 | 10,798,845 | - |
| Stormwater | 7,487,569 | 9,505,006 | 212,500 | - |
| Coliseum | 4,066,315 | 1,423,979 | 2,146,963 | - |
| Cemeteries | 1,410,964 | 1,198,476 | 64,223 | - |
| Total Business-type Activities | 241,519,639 | 270,394,565 | 15,143,172 | - |
| Total Primary Government | \$ 931,529,392 | \$ 423,041,325 | \$ 164,689,577 | \$ 8,364,411 |
| Component Units: | | | | |
| School Board | 332,753,534 | 2,903,498 | 111,223,459 | 5,717,528 |
| Richmond Ambulance Authority | 15,067,780 | 11,306,831 | - | - |
| Richmond Behavioral Health Authority | 39,592,043 | 20,036,577 | 17,732,495 | - |
| Richmond Redevelopment and Housing Authority | 68,584,512 | 13,182,934 | 53,631,426 | 10,063,584 |
| Total Component Units | \$ 455,997,869 | \$ 47,429,840 | \$ 182,587,380 | \$ 15,781,112 |

General Revenues:

City Taxes

- Real Estate
- Sales-1% Local
- Sales Tax for Education
- Personal Property
- Machinery and Tools
- General Utility Sales
- State Communication Taxes
- Bank Stock
- Prepared Food
- Lodging Tax
- Admissions
- Real Estate Taxes - Delinquent
- Personal Property Taxes - Delinquent
- Private Utility Poles and Conduits
- Penalties and Interest
- Titling 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
- Gain (Loss) on Disposal of Assets
- Investment Earnings
- Miscellaneous

Transfers

Extraordinary Item - Disaster Costs (Note 16)

Total General Revenues, Transfers and Extraordinary Item

Changes in Net Assets

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

Net Assets - End of Year

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

(Continued)



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Totals | Component Units |
|-------------------------|--------------------------|-----------------------|-----------------------|
| \$ 27,570,904 | \$ - | \$ 27,570,904 | \$ - |
| (141,288,344) | - | (141,288,344) | - |
| (35,540,263) | - | (35,540,263) | - |
| (22,339,233) | - | (22,339,233) | - |
| (21,890,029) | - | (21,890,029) | - |
| (155,173,806) | - | (155,173,806) | - |
| (12,143,357) | - | (12,143,357) | - |
| (18,648,049) | - | (18,648,049) | - |
| <u>(379,452,177)</u> | <u>-</u> | <u>(379,452,177)</u> | <u>-</u> |
| - | 10,214,792 | 10,214,792 | - |
| - | 10,324,577 | 10,324,577 | - |
| - | 21,892,431 | 21,892,431 | - |
| - | 2,229,937 | 2,229,937 | - |
| - | (495,373) | (495,373) | - |
| - | (148,265) | (148,265) | - |
| - | <u>44,018,098</u> | <u>44,018,098</u> | - |
| <u>(379,452,177)</u> | <u>44,018,098</u> | <u>(335,434,079)</u> | - |
| - | - | - | (212,909,049) |
| - | - | - | (3,760,949) |
| - | - | - | (1,822,971) |
| - | - | - | <u>8,293,432</u> |
| - | - | - | <u>(210,199,537)</u> |
| 214,209,839 | - | 214,209,839 | - |
| 30,595,853 | - | 30,595,853 | - |
| 26,406,848 | - | 26,406,848 | - |
| 44,579,120 | - | 44,579,120 | - |
| 15,421,045 | - | 15,421,045 | - |
| 16,378,212 | - | 16,378,212 | - |
| 17,085,208 | - | 17,085,208 | - |
| 12,480,183 | - | 12,480,183 | - |
| 25,051,579 | - | 25,051,579 | - |
| 5,200,817 | - | 5,200,817 | - |
| 2,399,527 | - | 2,399,527 | - |
| 7,006,446 | - | 7,006,446 | - |
| 3,959,980 | - | 3,959,980 | - |
| 154,881 | - | 154,881 | - |
| 3,660,357 | - | 3,660,357 | - |
| 8,051 | - | 8,051 | - |
| 656,449 | - | 656,449 | - |
| 131,021 | - | 131,021 | - |
| 1,149,088 | - | 1,149,088 | - |
| 338,499 | - | 338,499 | - |
| <u>426,873,003</u> | <u>-</u> | <u>426,873,003</u> | <u>-</u> |
| - | - | - | 73,736,822 |
| - | - | - | 130,556,803 |
| - | - | - | 25,404 |
| 125,526 | 1,738,623 | 1,864,149 | (857,710) |
| 1,963,714 | 1,580,041 | 3,543,755 | 974,426 |
| 23,147,547 | (23,147,547) | - | - |
| <u>(1,320,829)</u> | <u>-</u> | <u>(1,320,829)</u> | <u>-</u> |
| <u>450,786,981</u> | <u>(19,828,883)</u> | <u>430,960,078</u> | <u>204,435,545</u> |
| 71,336,784 | 24,189,215 | 95,525,999 | (5,763,992) |
| <u>317,611,021</u> | <u>446,655,620</u> | <u>764,266,641</u> | <u>153,611,649</u> |
| <u>\$ 368,947,805</u> | <u>\$ 470,844,835</u> | <u>\$ 859,792,640</u> | <u>\$ 147,847,657</u> |



**CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

| | General | Debt Service | Capital Projects Fund | Other Governmental Funds | Total |
|---|-----------------------|---------------------|-----------------------|--------------------------|-----------------------|
| Assets | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ 143,532,681 | \$ - | \$ 28,550,889 | \$ 279,313 | \$ 172,362,883 |
| Receivables (Net of Allowance for Doubtful Accounts): | | | | | |
| Taxes and Licenses | 41,907,334 | - | - | - | 41,907,334 |
| Accounts | 9,935,390 | - | - | 3,056,661 | 12,992,051 |
| Due From Other Funds (Note 4) | 38,540,129 | 595,765 | 675,494 | 12,022,670 | 51,834,058 |
| Due From Component Unit | 1,178,565 | - | - | - | 1,178,565 |
| Due From Other Governments (Note 5) | 33,328,615 | - | - | 11,519,421 | 44,848,036 |
| Restricted Assets - Cash and Investments (Note 3) | - | 2,268,981 | 25,114,801 | 192,548 | 27,576,330 |
| Note Receivable (Note 5) | 543,100 | - | - | - | 543,100 |
| Total Assets | \$ 268,965,814 | \$ 2,864,746 | \$ 54,341,184 | \$ 27,070,613 | \$ 353,242,357 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 3,335,191 | \$ - | \$ 16,830,840 | \$ 6,896,502 | \$ 27,062,533 |
| Accrued Liabilities | 13,877,276 | - | 307,200 | 238,355 | 14,422,831 |
| Due To Other Funds (Note 4) | 12,698,164 | 605,578 | 22,397,650 | 3,377,155 | 39,078,547 |
| Due To Other Governments (Note 5) | 60,007 | - | - | - | 60,007 |
| Due To Component Units | 34,672,648 | - | - | - | 34,672,648 |
| Other Liabilities and Claims (Note 10) | 2,868,510 | - | - | - | 2,868,510 |
| Deferred Revenues | 39,440,523 | 20,095 | 10,011,737 | 1,022,756 | 50,495,111 |
| Total Liabilities | 106,952,319 | 625,673 | 49,547,427 | 11,534,768 | 168,660,187 |
| Fund Balances: (Note 9) | | | | | |
| Nonspendable | 1,029,600 | - | - | 193,729 | 1,223,329 |
| Restricted | - | - | 7,596,789 | 8,667,944 | 16,264,733 |
| Committed | 53,073,041 | 2,268,981 | 675,494 | 6,812,492 | 62,830,008 |
| Assigned | 35,002,000 | - | - | (138,320) | 34,863,680 |
| Unassigned | 72,908,854 | (29,908) | (3,478,526) | - | 69,400,420 |
| Total Fund Balances | 162,013,495 | 2,239,073 | 4,793,757 | 15,535,845 | 184,582,170 |
| Total Liabilities and Fund Balances | \$ 268,965,814 | \$ 2,864,746 | \$ 54,341,184 | \$ 27,070,613 | \$ 353,242,357 |

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

(Continued)



EXHIBIT C, Concluded

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

| | | |
|--|----|---------------------|
| Total fund balances for governmental funds | \$ | 184,582,170 |
| 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: | | |
| Land | \$ | 103,875,735 |
| Infrastructure, net | | 263,943,419 |
| Buildings, structures, and equipment, net | | 208,238,417 |
| Construction in progress | | <u>233,211,923</u> |
| | | 809,269,494 |
| 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. | | |
| | | 33,701,171 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of: | | |
| Accrued interest | | (6,717,793) |
| Governmental bonds and capital lease payable | | (564,661,659) |
| Compensated absences | | (18,366,174) |
| Notes Payable | | (5,494,000) |
| Note Payable to Component Unit | | (18,062,878) |
| Other Liability and Claims | | (34,583,327) |
| Net Other Post-employment Benefit Obligations | | <u>(15,700,699)</u> |
| | | (663,586,530) |
| Internal service funds are used by the City to charge costs of certain activities to individual funds. The net assets of internal service funds are reported as components of governmental activities. | | |
| | | <u>24,981,500</u> |
| Net Assets of governmental activities | \$ | <u>388,947,805</u> |

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, 2012

| | General | Debt Service | Capital Projects Fund | Other Governmental Funds | Total |
|--|-----------------------|---------------------|-----------------------|--------------------------|-----------------------|
| Revenues | | | | | |
| City Taxes | | | | | |
| Real Estate | \$ 216,991,101 | \$ -- | \$ -- | \$ -- | \$ 216,991,101 |
| Sales-1% Local | 30,595,853 | -- | -- | -- | 30,595,853 |
| Sales Tax for Education | 26,406,848 | -- | -- | -- | 26,406,848 |
| Personal Property | 43,780,792 | -- | -- | -- | 43,780,792 |
| Machinery and Tools | 15,519,223 | -- | -- | -- | 15,519,223 |
| Utility Sales Tax Gas | 4,256,292 | -- | -- | -- | 4,256,292 |
| Utility Sales Tax Electric | 12,121,920 | -- | -- | -- | 12,121,920 |
| State Communication Taxes | 17,085,208 | -- | -- | -- | 17,085,208 |
| Bank Stock | 12,480,183 | -- | -- | -- | 12,480,183 |
| Prepared Food | 26,991,476 | -- | -- | -- | 26,991,476 |
| Lodging Tax | 5,685,427 | -- | -- | -- | 5,685,427 |
| Admission | 2,726,217 | -- | -- | -- | 2,726,217 |
| Real Estate Taxes - Delinquent | 7,006,446 | -- | -- | -- | 7,006,446 |
| Personal Property Taxes - Delinquent | 3,959,980 | -- | -- | -- | 3,959,980 |
| Private Utility Poles and Conduits | 154,881 | -- | -- | -- | 154,881 |
| Penalties and Interest | 3,660,357 | -- | -- | -- | 3,660,357 |
| Titling Tax-Mobile Home | 8,051 | -- | -- | -- | 8,051 |
| State Recordation | 656,449 | -- | -- | -- | 656,449 |
| Property Rental 1% | 131,021 | -- | -- | -- | 131,021 |
| Vehicle Rental Tax | 1,149,088 | -- | -- | -- | 1,149,088 |
| Telephone Commissions | 338,499 | -- | -- | -- | 338,499 |
| Total City Taxes | 431,705,312 | -- | -- | -- | 431,705,312 |
| Licenses, Permits and Privilege Fees | 39,403,213 | -- | -- | -- | 39,403,213 |
| Intergovernmental | 107,465,620 | -- | 8,364,411 | 37,007,918 | 152,837,949 |
| Service Charges | 26,390,218 | -- | -- | -- | 26,390,218 |
| Fines and Forfeitures | 9,744,457 | -- | -- | -- | 9,744,457 |
| Utility Payments | 24,141,572 | -- | -- | -- | 24,141,572 |
| Investment Income | -- | 45 | 117,830 | 7,651 | 125,526 |
| Miscellaneous | 68,057,937 | 1,389,832 | -- | 9,875,413 | 79,323,182 |
| Total Revenues | 706,908,329 | 1,389,877 | 8,482,241 | 46,890,982 | 763,671,429 |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 71,611,380 | -- | -- | 18,449,512 | 90,060,892 |
| Public Safety and Judiciary | 167,212,116 | -- | -- | 9,830,079 | 177,042,195 |
| Highways, Streets, Sanitation and Refuse | 59,369,078 | -- | -- | 1,795,362 | 61,164,440 |
| Human Services | 65,396,732 | -- | -- | 15,526,567 | 80,913,299 |
| Culture and Recreation | 20,816,852 | -- | -- | 2,171,740 | 22,988,592 |
| Education | 150,651,924 | -- | -- | -- | 150,651,924 |
| Non-Departmental | 46,835,962 | -- | -- | -- | 46,835,962 |
| Capital Outlay | -- | -- | 96,796,091 | -- | 96,796,091 |
| Debt Service: | | | | | |
| Principal Retirement | -- | 30,683,823 | -- | -- | 30,683,823 |
| Interest Payments | -- | 22,026,533 | -- | -- | 22,026,533 |
| Total Expenditures | 581,884,044 | 52,710,356 | 96,796,091 | 47,773,260 | 779,163,751 |
| Excess of Revenues Over (Under) Expenditures | 125,024,285 | (51,320,479) | (88,313,850) | (882,278) | (15,492,322) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Issuance of General Obligation Bonds and Notes | -- | -- | 113,379,713 | -- | 113,379,713 |
| Transfers In-Other Funds | 3,108,932 | 52,108,945 | 5,800,000 | 5,977,740 | 66,995,617 |
| Transfers Out-Other Funds | (61,830,564) | -- | -- | (2,056,121) | (63,886,685) |
| Total Other Financing Sources (Uses), Net | (58,721,632) | 52,108,945 | 119,179,713 | 3,921,619 | 116,488,645 |
| Extraordinary Item | | | | | |
| Extraordinary Item - Disaster Costs (Note 16) | -- | -- | -- | 1,320,829 | 1,320,829 |
| Total Extraordinary Item | -- | -- | -- | 1,320,829 | 1,320,829 |
| Net Change in Fund Balances | 66,302,653 | 788,466 | 30,865,863 | 1,718,512 | 99,675,494 |
| Fund Balances - Beginning of Year, As Restated (Note 17) | 95,710,842 | 1,450,607 | (26,072,106) | 13,817,333 | 84,906,676 |
| Fund Balances - End of Year | \$ 162,013,495 | \$ 2,239,073 | \$ 4,793,757 | \$ 15,535,845 | \$ 184,582,170 |

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, 2012

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

| | | |
|--|---------------------|--------------------|
| Net change in fund balances - total governmental funds | \$ | 99,675,494 |
| <p>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.</p> | | |
| Purchases of assets | \$ 86,994,220 | |
| Depreciation expense | <u>(34,954,436)</u> | 52,039,784 |
| <p>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.</p> | | |
| Proceeds of borrowing | (113,379,713) | |
| Principal payments of bonds, net of payments on behalf of Component Units | 28,660,057 | |
| Amortization of bond premium | <u>5,994,216</u> | (78,725,440) |
| <p>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.</p> | | |
| | | (4,112,419) |
| <p>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.</p> | | |
| Change in accrued interest | 3,378,484 | |
| Compensated absences | 58,173 | |
| Other Liabilities and Claims | 1,038,250 | |
| Other Post-employment Benefit Obligations | <u>487,444</u> | 4,962,351 |
| <p>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 activities.</p> | | |
| | | <u>(2,502,986)</u> |
| Change in net assets of governmental activities | \$ | <u>71,336,784</u> |

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, 2012**

| | Enterprise Funds | | | | | Total | Internal Service Funds |
|--|-----------------------|-----------------------|-----------------------|----------------------|----------------------|-------------------------|------------------------|
| | Gas | Water | Wastewater | Stormwater | Other | | |
| Assets | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ 11,737,310 | \$ 42,012,462 | \$ 62,838,192 | \$ 5,122,294 | \$ - | \$ 121,710,258 | \$ 38,734,346 |
| Accounts Receivables (Net of Allowance for Doubtful Accounts) | 2,235,693 | 11,814,935 | 9,440,303 | 1,162,705 | 1,293,008 | 25,946,644 | 4,632,209 |
| Due From Component Unit | - | - | - | - | - | - | 288,110 |
| Due From Other Governments (Note 5) | 16,549 | 15,643 | 16,601 | 48,911 | - | 97,704 | 182,917 |
| Inventories of Materials and Supplies | 9,260,306 | 305,922 | - | - | - | 9,566,228 | 3,340,369 |
| Prepaid Expenses and Other Current Assets | 1,532,296 | 1,608,309 | 1,675,309 | - | 107,847 | 4,923,761 | 334,604 |
| Total Current Assets | 24,782,154 | 55,757,271 | 73,970,405 | 6,333,910 | 1,400,855 | 162,244,595 | 47,512,555 |
| Noncurrent Assets: | | | | | | | |
| Restricted Assets - Cash and Investments (Note 3) | 21,904,019 | 15,607,548 | 14,680,805 | - | - | 52,192,372 | - |
| Advances To Other Funds (Note 4) | 19,605,111 | 19,081,068 | 21,534,342 | - | - | 60,220,521 | 3,294,908 |
| Deferred Expenses | 2,133,891 | 1,860,990 | 1,418,640 | - | - | 5,413,521 | - |
| Capital Assets (Note 7): | | | | | | | |
| Land | 237,745 | 679,409 | 1,101,261 | - | 12,770,860 | 14,789,275 | 5,047,511 |
| Buildings and Structures | - | - | - | - | 33,982,882 | 33,982,882 | 126,717,729 |
| Equipment and Other Assets | - | - | - | - | 5,566,292 | 5,566,292 | 69,747,065 |
| Plant-in-Service | 400,504,303 | 364,624,652 | 230,771,907 | 48,848 | - | 995,949,710 | - |
| Completed Construction | 43,261,051 | 37,222,586 | 238,984,547 | 713,320 | - | 320,181,504 | - |
| Construction in Progress | 59,746,583 | 52,545,874 | 111,198,096 | 5,495,863 | - | 228,986,416 | 16,752,176 |
| Less: Accumulated Depreciation | (154,169,889) | (126,347,476) | (183,734,449) | (111,068) | (38,752,726) | (503,115,608) | (137,253,039) |
| Total Capital Assets, Net Accumulated Depreciation | 349,579,793 | 328,725,045 | 398,321,362 | 6,146,963 | 13,567,308 | 1,096,340,471 | 81,011,442 |
| Total Noncurrent Assets | 393,222,814 | 365,274,651 | 435,955,149 | 6,146,963 | 13,567,308 | 1,214,166,885 | 84,306,350 |
| Total Assets | \$ 418,004,968 | \$ 421,031,922 | \$ 609,925,554 | \$ 12,480,873 | \$ 14,968,163 | \$ 1,376,411,480 | \$ 131,818,905 |
| Liabilities | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable | \$ 8,286,670 | \$ 7,648,230 | \$ 11,411,757 | \$ 987,821 | \$ 1,747,555 | \$ 30,082,033 | \$ 2,960,444 |
| Accrued Liabilities | 5,231,689 | 1,100,937 | 1,106,346 | 233,441 | 16,697 | 7,689,090 | 3,579,537 |
| Due To Other Funds (Note 4) | - | - | - | - | 570,234 | 570,234 | 11,680,568 |
| Accrued Interest on Bonds Payable | 4,988,523 | 4,520,932 | 4,049,049 | - | 139,159 | 13,697,663 | 138,368 |
| General Obligation Bonds, Capital Leases, and Notes Payable (Note 8) | 7,498,465 | 6,037,272 | 4,359,738 | 11,250 | 985,559 | 18,892,284 | 741,279 |
| Revenue Bonds Payable (Note 8) | 3,406,219 | 3,401,560 | 6,130,414 | - | - | 12,938,193 | 746,051 |
| Notes Payable (Note 8) | - | - | - | - | - | - | 3,240,000 |
| Compensated Absences (Note 8) | 675,626 | 516,655 | 536,527 | 139,100 | 62,834 | 1,930,742 | 242,750 |
| Other Liabilities | - | - | - | - | - | - | 15,922 |
| Total Current Liabilities | 30,087,172 | 23,225,586 | 27,593,831 | 1,371,612 | 3,522,038 | 85,800,239 | 23,344,919 |
| Noncurrent Liabilities: | | | | | | | |
| Liabilities to be Repaid from Restricted Assets: | | | | | | | |
| Customers' Deposits | 5,926,431 | 1,448,836 | - | - | - | 7,375,267 | - |
| General Obligation Bonds, Capital Lease Liabilities (Note 8) | 61,738,923 | 48,864,942 | 25,606,201 | 202,500 | 6,372,339 | 142,784,905 | 4,830,649 |
| Revenue Bonds Payable (Note 8) | 182,533,893 | 164,607,331 | 198,349,569 | - | - | 545,490,793 | 7,614,180 |
| Notes Payable (Note 8) | - | - | - | - | - | - | 5,300,000 |
| Compensated Absences (Note 8) | 149,491 | 114,316 | 118,713 | 30,778 | 13,282 | 428,580 | 54,794 |
| Other Liabilities | 23,384,267 | 65,594,672 | 30,439,356 | 4,270,566 | - | 123,688,861 | 2,177,434 |
| Advances from Other Funds (Note 4) | - | - | - | - | - | - | 63,515,429 |
| Total Noncurrent Liabilities | 273,733,005 | 280,630,097 | 254,513,839 | 4,503,844 | 6,385,621 | 819,766,406 | 83,492,486 |
| Total Liabilities | 303,820,177 | 303,855,683 | 282,107,670 | 5,875,456 | 9,907,659 | 905,566,645 | 106,837,405 |
| Net Assets | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 110,379,881 | 89,654,845 | 178,556,245 | 5,933,213 | 6,209,410 | 390,933,594 | 58,539,283 |
| Unrestricted | 3,804,910 | 27,321,394 | 49,261,639 | 672,204 | (1,148,906) | 79,911,241 | (33,557,783) |
| Total Net Assets | \$ 114,184,791 | \$ 117,176,239 | \$ 227,817,884 | \$ 6,605,417 | \$ 5,060,504 | \$ 470,844,835 | \$ 24,981,500 |

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, 2012

| | Total Enterprise Funds | Internal Service Fund | |
|---|-------------------------|------------------------------------|--|
| | | Stores and Transportation Division | Business-type Activities Statement of Net Assets |
| Assets | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents (Note 3) | \$ 121,710,258 | \$ 32,966,507 | \$ 154,676,765 |
| Accounts Receivables (Net of Allowance for Doubtful Accounts) | 25,946,644 | 192,355 | 26,138,999 |
| Due From Other Government (Note 5) | 97,704 | -- | 97,704 |
| Inventories of Materials and Supplies | 9,566,228 | 3,178,276 | 12,744,504 |
| Prepaid Expenses and Other Current Assets | 4,923,761 | 208,911 | 5,132,672 |
| Total Current Assets | 162,244,595 | 36,546,049 | 198,790,644 |
| Noncurrent Assets: | | | |
| Restricted Assets - Cash and Investments (Note 3) | 52,192,372 | -- | 52,192,372 |
| Advances To Other Funds (Note 4) | 60,220,521 | -- | 60,220,521 |
| Deferred Expenses | 5,413,521 | -- | 5,413,521 |
| Capital Assets (Note 7): | | | |
| Land | 14,789,275 | 1,686,532 | 16,475,807 |
| Buildings and Structures | 33,982,882 | 71,633,679 | 105,616,561 |
| Equipment | 5,566,292 | -- | 5,566,292 |
| Plant-in-Service | 995,949,710 | -- | 995,949,710 |
| Completed Construction | 320,181,504 | -- | 320,181,504 |
| Construction in Progress | 228,986,416 | 10,302,343 | 239,288,759 |
| Less Accumulated Depreciation | (503,115,608) | (55,029,844) | (558,145,452) |
| Total Capital Assets, Net Accumulated Depreciation | 1,096,340,471 | 28,592,710 | 1,124,933,181 |
| Total Noncurrent Assets | 1,214,166,885 | 28,592,710 | 1,242,759,595 |
| Total Assets | \$ 1,376,411,480 | \$ 65,138,759 | \$ 1,441,550,239 |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 30,082,033 | \$ 1,576,295 | \$ 31,658,328 |
| Accrued Liabilities | 7,689,090 | 22,767 | 7,711,857 |
| Due To Other Funds (Note 4) | 570,234 | -- | 570,234 |
| Accrued Interest on Bonds Payable | 13,697,663 | -- | 13,697,663 |
| General Obligation Bonds and Capital Leases (Note 8) | 18,892,284 | -- | 18,892,284 |
| Revenue Bonds Payable (Note 8) | 12,938,193 | -- | 12,938,193 |
| Compensated Absences (Note 8) | 1,930,742 | 19,871 | 1,950,613 |
| Total Current Liabilities | 85,800,239 | 1,618,933 | 87,419,172 |
| Noncurrent Liabilities: | | | |
| Liabilities to be Repaid from Restricted Assets: | | | |
| Customers' Deposits | 7,375,267 | -- | 7,375,267 |
| General Obligation Bonds and Capital Leases (Note 8) | 142,784,905 | -- | 142,784,905 |
| Revenue Bonds Payable (Note 8) | 545,490,793 | -- | 545,490,793 |
| Compensated Absences (Note 8) | 426,580 | 4,397 | 430,977 |
| Other Liabilities | 123,688,861 | -- | 123,688,861 |
| Advances from other funds | -- | 63,515,429 | 63,515,429 |
| Total Noncurrent Liabilities | 819,766,406 | 63,519,826 | 883,286,232 |
| Total Liabilities | 905,566,645 | 65,138,759 | 970,705,404 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 390,933,594 | 28,592,710 | 419,526,304 |
| Unrestricted | 79,911,241 | (28,592,710) | 51,318,531 |
| Total Net Assets | \$ 470,844,835 | \$ -- | \$ 470,844,835 |

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, 2012

| | Enterprise Funds | | | | | | Internal Service Funds |
|---|-----------------------|-----------------------|-----------------------|---------------------|---------------------|-----------------------|------------------------|
| | Gas | Water | Wastewater | Stormwater | Other | Total | |
| Operating Revenues | | | | | | | |
| Charges for Goods and Services | \$ 128,337,342 | \$ 60,677,502 | \$ 64,500,207 | \$ 9,330,116 | \$ 2,622,455 | \$ 265,467,622 | \$ 35,582,563 |
| Operating Expenses | | | | | | | |
| Purchased Gas | 68,426,225 | - | - | - | - | 68,426,225 | - |
| Intragovernmental Goods and Services Sold | - | - | - | - | - | - | 15,323,529 |
| Salaries and Wages & Benefits | 10,529,105 | 8,305,256 | 9,067,731 | 2,215,947 | 1,080,840 | 31,198,879 | 2,509,668 |
| Data Processing | 321,795 | 109,426 | 101,687 | 60,310 | - | 593,218 | 2,645 |
| Materials and Supplies | 1,024,352 | 1,476,192 | 795,095 | 124,836 | 355,274 | 3,775,750 | 857,734 |
| Rents and Utilities | 48,958 | 3,979,750 | 4,069,515 | - | 548,675 | 8,646,898 | 3,268,848 |
| Maintenance and Repairs | 6,537,528 | 5,968,926 | 5,446,148 | 1,784,470 | 244,978 | 19,982,050 | 959,457 |
| Depreciation and Amortization | 12,639,778 | 11,433,606 | 12,212,504 | 103,655 | 1,446,902 | 37,836,445 | 10,639,131 |
| Uncollectible expense | (200,901) | 605,989 | 798,709 | 2,082,335 | - | 3,266,132 | - |
| Miscellaneous Operating Expenses | 14,538,924 | 17,076,188 | 18,973,511 | 959,073 | 1,432,807 | 52,980,503 | 4,618,923 |
| Total Operating Expenses | 113,865,764 | 48,955,333 | 51,464,901 | 7,310,626 | 5,109,476 | 226,706,100 | 38,179,935 |
| Operating Income (Loss) | 14,471,578 | 11,722,169 | 13,035,306 | 2,019,490 | (2,487,021) | 38,761,522 | (2,597,372) |
| Non-Operating Revenues (Expenses) | | | | | | | |
| Intergovernmental Grants and Contributions | 209,835 | 1,710,806 | 10,798,845 | 212,500 | 2,211,186 | 15,143,172 | 631,927 |
| Interest on Long-Term Debt | (10,879,830) | (9,767,746) | (8,354,129) | (32,884) | - | (29,034,589) | (751,859) |
| Interest Income | 904,401 | 373,848 | 460,374 | - | - | 1,738,623 | - |
| Interest Expense | (20,798) | (4,807) | - | - | (367,803) | (393,408) | - |
| Amortization of Debt Discount and Expense | (210,381) | (182,108) | (105,301) | - | - | (497,790) | - |
| Miscellaneous Revenues (Expense) | 175,389 | 1,443,912 | (137,082) | 97,822 | - | 1,580,041 | 214,894 |
| Total Non-Operating Revenues (Expenses), Net | (9,821,384) | (6,426,095) | 2,662,707 | 277,438 | 1,843,383 | (11,463,951) | 94,962 |
| Net Income (Loss) Before Transfers | 4,650,194 | 5,296,074 | 15,698,013 | 2,296,928 | (643,638) | 27,297,571 | (2,502,410) |
| Capital Contributions | - | - | - | - | - | - | 141,139 |
| Transfers Out-Other Funds | (939,581) | (834,417) | (1,334,358) | - | - | (3,108,356) | (576) |
| Change In Net Assets | 3,710,613 | 4,461,657 | 14,363,655 | 2,296,928 | (643,638) | 24,189,215 | (2,361,847) |
| Net Assets - Beginning of Year | 110,474,178 | 112,714,582 | 213,454,229 | 4,308,489 | 5,704,142 | 446,655,620 | 27,343,347 |
| Net Assets - End of Year | \$ 114,184,791 | \$ 117,176,239 | \$ 227,817,884 | \$ 6,605,417 | \$ 5,060,504 | \$ 470,844,835 | \$ 24,981,500 |

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



EXHIBIT E-4

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

| | Enterprise Funds | | | | |
|--|-----------------------|----------------------|----------------------|---------------------|-----------------------|
| | Gas | Water | Wastewater | Stormwater | Total |
| Operating Revenues | | | | | |
| Charges for Goods and Services | \$ 128,337,342 | \$ 60,677,502 | \$ 64,500,207 | \$ 9,330,116 | \$ 262,845,167 |
| Internal Service Fund Allocation - Stores and Transportation Division | <u>2,405,640</u> | <u>1,137,379</u> | <u>1,209,034</u> | <u>174,890</u> | <u>4,926,943</u> |
| Charges for Services - Statement of Activities | <u>130,742,982</u> | <u>61,814,881</u> | <u>65,709,241</u> | <u>9,505,006</u> | <u>267,772,110</u> |
| Operating Expenses | | | | | |
| Purchased Gas | 68,426,225 | - | - | - | 68,426,225 |
| Salaries and Wages | 10,529,105 | 8,305,256 | 9,067,731 | 2,215,947 | 30,118,039 |
| Data Processing | 321,795 | 109,426 | 101,687 | 60,310 | 593,218 |
| Materials and Supplies | 1,024,352 | 1,476,192 | 795,096 | 124,836 | 3,420,476 |
| Rents and Utilities | 48,958 | 3,979,750 | 4,069,515 | - | 8,098,223 |
| Maintenance and Repairs | 6,537,528 | 5,968,926 | 5,446,148 | 1,784,470 | 19,737,072 |
| Depreciation and Amortization | 12,639,778 | 11,433,606 | 12,212,504 | 103,655 | 36,389,543 |
| Uncollectible Expense | (200,901) | 605,989 | 798,709 | 2,062,335 | 3,266,132 |
| Miscellaneous Operating Expenses | 14,538,924 | 17,076,188 | 18,973,511 | 959,073 | 51,547,696 |
| Total Operating Expenses | <u>113,865,764</u> | <u>48,955,333</u> | <u>51,464,901</u> | <u>7,310,626</u> | <u>221,596,624</u> |
| Non-Operating Expenses | | | | | |
| Interest on Long-Term Debt | 10,879,830 | 9,767,746 | 8,354,129 | 32,884 | 29,034,589 |
| Interest Expense | 20,798 | 4,807 | - | - | 25,605 |
| Amortization of Debt Discount and Expense | 210,381 | 182,108 | 105,301 | - | 497,790 |
| Total Expenses | <u>124,976,773</u> | <u>58,909,994</u> | <u>59,924,331</u> | <u>7,343,510</u> | <u>251,154,608</u> |
| Internal Service Fund Allocation - Stores and Transportation Division | <u>2,451,691</u> | <u>1,155,647</u> | <u>1,175,546</u> | <u>144,059</u> | <u>4,926,943</u> |
| Reclass As Transfers to Governmental Activities - Payments In Lieu of Taxes | <u>(6,690,439)</u> | <u>(6,864,531)</u> | <u>(6,484,221)</u> | <u>-</u> | <u>(20,039,191)</u> |
| Program Expenses - Statement of Activities | <u>\$ 120,738,025</u> | <u>\$ 53,201,110</u> | <u>\$ 54,615,656</u> | <u>\$ 7,487,569</u> | <u>\$ 236,042,360</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, 2012**

| | Enterprise Funds | | | | | | Internal Service Funds |
|--|------------------|---------------|---------------|--------------|----------------|----------------|------------------------|
| | Gas | Water | Wastewater | Stormwater | Other | Total | |
| Cash Flows From Operating Activities | | | | | | | |
| Receipts from Customers | \$ 135,102,248 | \$ 59,374,629 | \$ 63,840,452 | \$ 6,980,113 | \$ 2,490,583 | \$ 267,788,025 | \$ 34,929,960 |
| Payments to Suppliers | (79,001,648) | (19,092,704) | (20,022,270) | (1,435,576) | (2,059,585) | (121,611,783) | (21,997,231) |
| Payments to Employees | (9,998,757) | (7,847,229) | (8,573,420) | (2,064,417) | (1,088,734) | (29,572,557) | (874,323) |
| Payments to Other Funds | (7,982,941) | (7,017,539) | (7,890,915) | (154,688) | - | (23,046,083) | (685,537) |
| Other Receipts or (Payments) | 867,637 | 2,012,301 | 325,697 | 48,911 | - | 3,254,746 | (495,407) |
| Net Cash Provided By (Used In) Operating Activities | 38,986,539 | 27,429,458 | 27,679,744 | 3,374,343 | (657,736) | 96,812,348 | 10,877,462 |
| Cash Flows From Noncapital Financing Activities | | | | | | | |
| Transfers In and Government Subsidies | 209,835 | 1,710,806 | 11,154,410 | 212,500 | 2,211,186 | 15,498,737 | 745,813 |
| Transfers Out - Other Funds | (939,581) | (834,417) | (1,334,358) | - | - | (3,108,356) | 2,383,899 |
| Advances from Other Funds | - | - | - | - | (150,425) | (150,425) | - |
| Net Cash Provided By (Used In) Noncapital Financing Activities | (729,746) | 876,389 | 9,820,052 | 212,500 | 2,060,761 | 12,239,956 | 3,129,712 |
| Cash Flows From Capital and Related Financing Activities | | | | | | | |
| Acquisition of Capital Assets | (27,133,865) | (22,842,502) | (41,096,799) | (3,030,348) | (22,500) | (94,126,034) | (13,047,953) |
| Proceeds from Bond Sale | 22,653,764 | 13,696,165 | 14,439,732 | 212,500 | 1,089,729 | 52,091,890 | 4,449,870 |
| Repayments of Revenue, General Obligation Bonds and Capital Leases | (32,817,466) | (22,583,692) | (10,360,069) | - | (2,062,879) | (67,824,106) | (1,258,387) |
| Repayments of Notes Payables | - | - | - | - | - | - | (3,947,895) |
| Interest Paid on Long-Term Debt | (12,067,112) | (10,664,932) | (8,858,049) | (32,884) | (407,375) | (32,030,352) | (791,906) |
| Net Cash Used In Capital and Related Financing Activities | (49,364,699) | (42,394,961) | (45,875,185) | (2,850,732) | (1,403,025) | (141,886,602) | (14,596,261) |
| Cash Flows From Investing Activities | | | | | | | |
| Interest Earned on Operating Funds | 904,401 | 373,848 | 460,374 | - | - | 1,738,623 | - |
| Interest Paid on Customers' Deposits | (20,798) | (4,807) | - | - | - | (25,605) | - |
| Net Cash Provided By Investing Activities | 883,603 | 369,041 | 460,374 | - | - | 1,713,018 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | (10,224,303) | (13,720,073) | (7,915,015) | 736,111 | - | (31,123,280) | (589,087) |
| Cash and Cash Equivalents at July 1, 2011 | 43,665,632 | 71,340,083 | 85,434,012 | 4,386,163 | - | 205,025,910 | 39,323,433 |
| Cash and Cash Equivalents at June 30, 2012 | \$ 33,641,329 | \$ 57,620,010 | \$ 77,518,997 | \$ 5,122,294 | \$ - | \$ 173,902,630 | \$ 38,734,346 |
| Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities | | | | | | | |
| Operating Income (Loss) | \$ 14,471,578 | \$ 11,722,169 | \$ 13,035,308 | \$ 2,019,490 | \$ (2,487,021) | \$ 38,761,522 | \$ (2,597,372) |
| Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | | | | | |
| Depreciation | 12,639,778 | 11,433,606 | 12,212,504 | 103,655 | 1,446,902 | 37,836,445 | 10,639,131 |
| Miscellaneous Income | 175,389 | 1,443,912 | (137,082) | 97,822 | - | 1,580,041 | 216,702 |
| (Increase) Decrease in Assets and Increase (Decrease) in Liabilities: | | | | | | | |
| Accounts Receivable | 6,564,005 | (696,884) | 138,954 | (287,668) | (131,872) | 5,586,535 | (489,192) |
| Due From Other Governments | (16,549) | (15,643) | (16,601) | (48,911) | - | (97,704) | (115,162) |
| Inventories of Material and Supplies | 3,419,399 | 44,216 | - | - | - | 3,463,615 | (520,244) |
| Prepaid Expenses | 417,597 | 128,173 | (55,910) | - | 68,652 | 558,512 | (41) |
| Deferred Expenses | 601,809 | 503,993 | 479,580 | - | - | 1,585,382 | 114,664 |
| Accounts Payable | (20,780) | 1,639,611 | 1,408,453 | 516,500 | 453,497 | 3,995,281 | 947,788 |
| Accrued Liabilities | 575,856 | 551,425 | 593,519 | 146,167 | 1,840 | 1,868,807 | 1,689,878 |
| Customers' Deposits | 106,988 | 80,039 | - | - | - | 187,027 | - |
| Due To Other Funds | - | - | - | - | - | - | 794,629 |
| Compensated Absences | 40,871 | (10,684) | (10,180) | 27,288 | (9,734) | 37,561 | (9,211) |
| Outstanding Liabilities and Claims | 10,598 | 605,525 | 33,201 | 800,000 | - | 1,449,324 | 204,892 |
| Total Adjustments | 24,514,961 | 15,707,289 | 14,644,438 | 1,354,853 | 1,829,285 | 58,050,826 | 13,474,834 |
| Net Cash Provided By (Used In) Operating Activities | \$ 38,986,539 | \$ 27,429,458 | \$ 27,679,744 | \$ 3,374,343 | \$ (657,736) | \$ 96,812,348 | \$ 10,877,462 |

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





**CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012**

| | <u>Pension Trust Funds</u> | <u>Agency Funds</u> |
|--|----------------------------|---------------------|
| Assets: | | |
| Cash and Short-term Investments (Note 3) | \$ 12,261,002 | \$ 1,626,279 |
| Receivables: | | |
| Due from Brokers on Sale of Securities | 16,106,719 | - |
| Interest and Dividends | 1,246,996 | - |
| Employee Loans Receivable | 3,585,254 | - |
| Other Accounts Receivable | 4,649,000 | - |
| Investments, at Fair Value (Note 3): | | |
| U.S. Government and Agency Securities | 91,012,102 | - |
| Corporate Bonds | 68,071,874 | - |
| Common Stock | 135,882,491 | - |
| International Stocks | 70,787,614 | - |
| International Bonds | 43,351,641 | - |
| Real Estate Investment Trusts | 11,975,060 | - |
| Emerging Market Debt | 4,507,791 | - |
| Hedge Funds | 42,679,494 | - |
| Mutual funds | 19,923,080 | - |
| Private Equity | 9,863,886 | - |
| Private Real Estate | 18,259,655 | - |
| Cash Collateral Received - Security Lending Program | 43,715,954 | - |
| Total Investments, at Fair Value | <u>560,030,642</u> | <u>-</u> |
| Total Assets | <u>597,879,613</u> | <u>1,626,279</u> |
| Liabilities: | | |
| Accounts Payable | 17,379,623 | - |
| Refundable Deposits | - | 507,507 |
| Payable for Collateral Received - Security Lending Program | 43,715,954 | - |
| Incurred But Not Reported | 9,985,000 | - |
| Due to Other Funds | - | 504,709 |
| Due to Various Agents | - | 614,063 |
| Total Liabilities | <u>71,080,577</u> | <u>1,626,279</u> |
| Net Assets Held in Trust for Pension Benefits and Other Purposes | <u>\$ 526,799,036</u> | <u>\$ -</u> |

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, 2012

| | Pension Trust Funds |
|--|---------------------|
| Additions: | |
| Contributions: | |
| City of Richmond | \$ 42,838,298 |
| Richmond Behavioral Health Authority | 1,037,264 |
| Richmond Public Schools | 257,146 |
| Revenue for DC Plan Expense | 30,624 |
| Plan Members | 69,627,744 |
| Investment Income: | |
| Net Appreciation in Fair Value of Investments | (5,078,449) |
| Interest | 3,794,642 |
| Dividends | 6,172,105 |
| Net Increase in the Fair Value of Investments | 4,888,298 |
| Net Income Earned On Securities Lending Transactions: | |
| Securities Lending Income | 199,499 |
| Securities Lending Expense | (90,193) |
| Total Net Income Earned On Securities Lending Transactions | 109,306 |
| Investment Income | 4,997,604 |
| Less: Investment Expense | 2,133,367 |
| Net Investment Income | 2,864,237 |
| Total Additions, net | 116,655,313 |
| Deductions: | |
| Benefits | 137,633,571 |
| Refunds of Member Contributions | 49,609 |
| Administrative Expenses | 6,194,609 |
| Incurred But Not Reported Adjustment | 5,336,000 |
| Total Deductions | 149,213,789 |
| Net Increase | (32,558,476) |
| Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year | 559,357,512 |
| Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year | \$ 526,799,036 |

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



0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100



EXHIBIT G-1

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2012

| | School Board | Richmond Ambulance Authority | Richmond Behavioral Health Authority | Richmond Redevelopment and Housing Authority | Total |
|--|-----------------------|---------------------------------|---|--|-----------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 1,465,639 | \$ 3,600,616 | \$ 8,595,396 | \$ 5,512,835 | \$ 19,174,486 |
| Due From Primary Government | 34,408,466 | - | - | 240,957 | 34,649,423 |
| Due From Other Governments | 26,116,089 | - | 628,167 | 3,093,442 | 29,837,698 |
| Accounts Receivable | 286,553 | 1,731,424 | 2,369,446 | 322,405 | 4,709,828 |
| Inventories of Materials and Supplies | 228,142 | 250,683 | - | - | 478,825 |
| Prepaid Expenses and Other Current Assets | 357,150 | 553,954 | 264,017 | 500,861 | 1,675,982 |
| Restricted Assets | 132,000 | - | 7,421,952 | 8,237,360 | 15,791,312 |
| Mortgage Loans Receivable and Other Non-Current Assets | - | - | - | 51,117,756 | 51,117,756 |
| Capital Assets: | | | | | |
| Land | - | - | - | 10,226,639 | 10,226,639 |
| Buildings and Structures | - | 2,485,714 | - | 144,275,750 | 146,761,464 |
| Other Improvements | - | - | 3,010,273 | 6,981,923 | 9,992,196 |
| Equipment | 31,581,670 | 8,208,418 | 2,763,043 | 6,483,704 | 49,046,835 |
| Less: Accumulated Depreciation | (20,173,297) | (5,997,683) | (3,047,638) | (88,165,402) | (117,384,020) |
| Construction in Progress | - | - | - | 23,202,180 | 23,202,180 |
| Total Capital Assets | 11,408,373 | 4,696,449 | 2,725,678 | 103,014,794 | 121,845,294 |
| Total Assets | 74,402,412 | 10,833,126 | 22,004,656 | 172,040,410 | 279,280,604 |
| Liabilities | | | | | |
| Accounts Payable | 3,737,751 | - | 1,085,560 | 2,768,387 | 7,591,698 |
| Accrued Liabilities | 22,484,617 | 983,800 | 891,792 | 5,041,935 | 29,402,144 |
| Due To Primary Government | - | - | - | 1,208,831 | 1,208,831 |
| Due To Other Governments | 8,540,184 | - | - | 647,254 | 9,187,438 |
| Unearned Revenue | 1,856,525 | 38,610 | 730,550 | 586,313 | 3,211,998 |
| Liabilities to be Paid From Restricted Assets: | | | | | |
| Customers' Deposits | - | - | 5,383,038 | - | 5,383,038 |
| Bonds, Notes Payable and Capital Leases | - | 8,854 | - | 2,664,187 | 2,673,041 |
| Compensated Absences | - | - | - | 852,971 | 852,971 |
| Non-Current Liabilities: | | | | | |
| Bonds, Notes Payable and Capital Leases | 6,176,883 | 2,191 | - | 19,863,839 | 26,042,913 |
| Due To Primary Government | - | - | - | 4,782,899 | 4,782,899 |
| Compensated Absences | 12,432,195 | - | 1,158,103 | - | 13,590,298 |
| Deferred Revenue | - | - | - | 645,425 | 645,425 |
| Workers' Compensation | 4,632,493 | - | - | - | 4,632,493 |
| Net Other Postemployment Benefit Obligations | 18,901,118 | - | 1,192,085 | - | 20,093,203 |
| Early Retirement Plan Net Pension Obligation | 2,134,557 | - | - | - | 2,134,557 |
| Total Liabilities | 80,896,323 | 1,033,455 | 10,441,128 | 39,062,041 | 131,432,947 |
| Net Assets | | | | | |
| Invested In Capital Assets, Net of Related Debt | 5,231,490 | 4,685,404 | 2,725,678 | 99,813,204 | 112,455,776 |
| Restricted for: | | | | | |
| Capital Projects | 6,739,621 | - | - | 6,687,018 | 13,426,639 |
| Debt Service | - | - | - | 148,821 | 148,821 |
| Permanent Funds: | | | | | |
| Expendable | 773,456 | - | - | - | 773,456 |
| Nonexpendable | 203,471 | - | - | - | 203,471 |
| Unrestricted | (19,441,949) | 5,114,267 | 8,837,850 | 26,329,326 | 20,839,494 |
| Total Net Assets | \$ (6,493,911) | \$ 9,799,671 | \$ 11,563,528 | \$ 132,978,369 | \$ 147,847,657 |

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2012

| <u>Functions/Program Activities</u> | <u>Program Revenues</u> | | | |
|--|-------------------------|---------------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| School Board | \$ 332,753,534 | \$ 2,903,498 | \$ 111,223,459 | \$ 5,717,528 |
| Richmond Ambulance Authority | 15,067,780 | 11,306,831 | - | - |
| Richmond Behavioral Health Authority | 39,592,043 | 20,036,577 | 17,732,495 | - |
| Richmond Redevelopment and Housing Authority | 68,584,512 | 13,182,934 | 53,631,426 | 10,063,584 |
| Total Component Units | <u>\$ 455,997,869</u> | <u>\$ 47,429,840</u> | <u>\$ 182,587,380</u> | <u>\$ 15,781,112</u> |

General Revenues:

- Payment From Primary Government
- Intergovernmental Revenue Not Restricted to Specific Programs
- Investment Earnings
- Gain (Loss) on Disposal of Assets
- Miscellaneous
- Total General Revenues

Changes in Net Assets

- Net Assets - Beginning of Year, As Restated
- 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 | Richmond Behavioral Health Authority | Richmond Redevelopment and Housing Authority | Total |
|-----------------------|------------------------------|--------------------------------------|--|-----------------------|
| \$ (212,909,049) | \$ -- | \$ -- | \$ -- | \$ (212,909,049) |
| -- | (3,760,949) | -- | -- | (3,760,949) |
| -- | -- | (1,822,971) | -- | (1,822,971) |
| -- | -- | -- | 8,293,432 | 8,293,432 |
| <u>(212,909,049)</u> | <u>(3,760,949)</u> | <u>(1,822,971)</u> | <u>8,293,432</u> | <u>(210,199,537)</u> |
| 123,756,791 | 4,450,000 | 2,350,012 | -- | 130,556,803 |
| 73,029,585 | -- | -- | 707,037 | 73,736,622 |
| -- | (19,430) | 31,098 | (869,378) | (857,710) |
| -- | -- | 25,404 | -- | 25,404 |
| <u>442,577</u> | <u>348,029</u> | <u>183,820</u> | <u>--</u> | <u>974,426</u> |
| <u>197,228,953</u> | <u>4,778,599</u> | <u>2,590,334</u> | <u>(162,341)</u> | <u>204,435,545</u> |
| (15,680,096) | 1,017,650 | 767,363 | 8,131,091 | (5,763,992) |
| 9,186,185 | 8,782,021 | 10,796,165 | 124,847,278 | 153,611,649 |
| <u>\$ (6,493,911)</u> | <u>\$ 9,799,671</u> | <u>\$ 11,563,528</u> | <u>\$ 132,978,369</u> | <u>\$ 147,847,657</u> |



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



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. The City's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, 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 units, 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. The System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be requested at 900 East Broad Street, Richmond, VA 23219 or may be accessed on the System's website at the following address: <http://www.richmondgov.com/Retirement/Publications.aspx#CAFR>.

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, 2012

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.

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, 2011 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.

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Related Organizations:

The City Council is also responsible for appointing the majority of the membership on certain boards of other organizations, but is not financially accountable.

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 RMA's purpose is to operate a toll expressway system, to own a baseball stadium, and own and operate vehicular parking facilities. See footnote 16G – Subsequent Events for additional information.
- Economic Development Authority of the City of Richmond (EDA) - The Commissioners of the EDA are appointed by the City Council. The EDA promotes industry and develops trade by inducing entities to locate in or remain in the City of Richmond.

Joint Venture

Greater Richmond Transit Co. (GRTC):

The City retains an ongoing financial responsibility for the Greater Richmond Transit Company, which under joint venture agreement between the City and the County of Chesterfield, Virginia, provides mass transportation for passengers on a regional basis and associated para-transit service mandated by the Americans with Disabilities Act for the purposes of providing continuous service within and between the jurisdictions of the City of Richmond, Chesterfield County and Henrico County. Greater Richmond Transit Company, a public service corporation incorporated on April 12, 1973, is governed by a six-member board of directors; three of which are appointed by the City and three by the County of Chesterfield. MV Contract Transportation Inc. is under contract with the Greater Richmond Transit Company to provide the executive management team that manages the operations of the 100% owned subsidiary, Old Dominion Transit Management Company, which does business as GRTC Transit System.

Fare revenues and route subsidies pay all costs associated with each locality utilizing the GRTC Transit System services only to the extent that each locality operates routes within their jurisdiction.

The City expended \$11,000,000 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2012. The City also expended \$175,000 to operate reduced fare services for the elderly and disabled, and expended \$468,357 for local match funds needed to secure 80% Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.

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.



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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 did not provide funding to the Commission during the fiscal year ended June 30, 2012.

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, 2012 were approximately \$1,611,101.

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 FY2012 was approximately \$370,000.

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* serves the City of Richmond 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 \$937,180 to the RMCVB for the year ended June 30, 2012.

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 \$111,414 for the year ended June 30, 2012.

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.

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The City contributed \$5,557,187 in transient occupancy tax revenue and approximately \$1,408,986 of general funds for the year ending June 30, 2012.

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, Capital Projects and Debt Service Funds) and proprietary funds (Gas, Water, Wastewater, and Stormwater Funds), as well as the fiduciary funds, and the Component Units. Both the government-wide and fund 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 (e.g. 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. 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, 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 (e.g., Public Safety and Judiciary, Human Services, etc.).



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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 (i.e., 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.

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 and reports all financial resources of the City's general government not accounted for and reported in another fund.
- *Debt Service Fund (Major Fund)* – The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Fund reports resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also are reported in the Debt Service Fund. For certain 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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets approved by City Council. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. Its principal sources of funding are the sale of General Obligation Bonds.
- *Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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 account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the City programs—that is, for the benefit of the government or its citizenry.

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, 3) wastewater operations and 4) stormwater operations, all of which are considered major funds; 5) Cemeteries, and 6) Richmond Coliseum (Coliseum), which are combined into a single, aggregated presentation as "non-major proprietary funds". A description of the major funds are as follows:

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- *Gas* – 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* – 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* – 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.
- *Stormwater Utility* – The Stormwater Utility provides stormwater service to the City. Operation of the Stormwater 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 five internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Advantage Richmond Corporation, 4) Electric Utility and 5) Stores and Transportation (which exclusively serves the City's major proprietary funds).

The City applies the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, for its business-type activities and enterprise funds. This Statement supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

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, Joint Healthcare, and 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 Parks, Recreation and Community Facilities, 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



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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.

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.

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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.

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.

Allowances for doubtful accounts at June 30, 2012 were as follows:

| | | |
|---|-----------|-------------------|
| General Fund and Governmental Activities - Tax and Licenses | <u>\$</u> | 20,534,071 |
| Enterprise Funds: | | |
| Non-major Enterprise Funds (Coliseum and Cemeteries) | | <u>5,174</u> |
| Utilities: | | |
| Gas Utility | | 4,154,518 |
| Water Utility | | 489,168 |
| Wastewater Utility | | 389,275 |
| Stormwater Utility | | 5,697,587 |
| Electric | | <u>19,869</u> |
| Total Utilities Funds | | <u>10,750,417</u> |
| Total Enterprise Funds | <u>\$</u> | <u>10,755,591</u> |

G. Inventories

Inventories on hand at June 30, 2012 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 accounted for under 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 2012, interest costs of approximately \$29,074,000 were incurred with approximately \$1,353,000 being capitalized.

J. Compensated Absences

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

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

| | Vacation Pay Bi-weekly Earning Rate Min-Max Hours | Sick Pay Bi-weekly Earning Rate Hours | Maximum Vacation Accumulation Hours |
|----------------------|--|--|--|
| General employees | 3.7 - 7.4 | 3.7 | 192.0 - 384.0 |
| Fire shift employees | 5.2 - 11.1 | 5.2 - 7.4 | 268.0 - 576.0 |

Maximum vacation accumulated hours is payable at the date of separation. 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.

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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 fund financial statements, expenditures for judgments and claims, including estimates of claims that have been incurred but not reported are recorded in the Risk Management agency within the General 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. Categories of Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) which established a new set of categories state and local governments use to report the balances of its governmental funds. The City adopted the use of these new categories through Resolution 2011-R 65-69, passed by City Council in June 2011. Previously, fund balances were categorized as *Reserved*, *Designated*, or *Undesignated* depending on the degree of the fund's availability. This new statement increases the level of detail reported in a fund's balance by requiring amounts to be classified within one of the five fund balance categories listed below.

Non-spendable - Amounts that cannot be spent due to either their physical form or as a result of a legal or contractual obligation (such as inventory or the corpus of an endowment fund).

Restricted - Amounts constrained to specific purposes by either a third party (such as grantors, bondholders, and creditors) or by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained to specific purposes by formal action (adoption of an ordinance) by the government's highest level of decision-making authority (City Council). Committed amounts do not lapse nor can they be used for any other purpose unless the government takes the same level of action (adoption of another ordinance) to remove or change the constraint.



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Assigned – Amounts constrained by the City's expressed intent to use resources for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body has delegated the authority. Through Resolution No. 2011-65-69 and Chapter 8 of the City Charter provides that the Director of Finance is in charge of the financial affairs of the City and to that end he/she shall have authority and shall be responsible for the management of City finances in a professionally accountable and responsible manner. In order for assigned funds to be expended for the assigned purpose an ordinance would need to be adopted by City Council. Assigned funds lapse at the end of the fiscal year in which they were assigned. With the exception of the General Fund, this is the residual fund balance of the classification of all governmental funds with positive balances.

Unassigned – Amounts that are available for any purpose; these amounts are reported only in the general fund although unassigned fund balance may be expressed as a negative amount in the other governmental funds.

City Council, through Ordinance No. 2010-181-163, adopted September 27, 2010, created a new reservation of fund balance called the Revenue Stabilization Fund for the purpose of helping the City manage through the immediate effects of economic factors including, but not limited to, revenue reductions and unanticipated cuts in state funding, and set aside \$2 million in fiscal year 2010 as a reservation of fund balance. During 2012, City Council adopted Resolution No. 2012-R41-69, which amended the policy. The policy states, "The Mayor will prepare and administer General Fund budgets such that funding will be budgeted annually for a Revenue Stabilization and Contingency Fund (the "RSCF") until the RSCF reaches a minimum of \$10,000,000. The RSCF will be maintained to permit orderly adjustments to changes resulting from unanticipated events. Accordingly, an appropriation from the RSCF cannot be proposed unless; (a) projected general fund revenue reflects a 0.5 percent or greater decrease from current year's authorized budget due to a catastrophic, unforeseen or unavoidable event; or (b) expenses increase by 0.5 percent or greater over the current year's authorization due to a catastrophic, unforeseen or unavoidable event. These events must be quantifiable and distinguishable from other events that may occur during the normal course of government operations. If funds are withdrawn from the RSCF, a plan must, within 60 days, be put in place to replenish the fund to the required minimum level. The City shall dedicate up to one half of any year end surplus or other one time revenue toward reaching the targeted goal."

As required by GASB 54, the City has adopted a spending policy indicating that when multiple categories of fund resources are available, they will be expended in a specific order beginning first with Restricted resources and continuing in a descending order using Unassigned resources last.

Note: During 2012, City Council adopted Resolution No. 2012-R42-72, which amended the fund balance policy, to further increase the required level of unassigned fund balance from 7% to 10% of budgeted General Fund expenditures. For more information regarding the requirements within the policy please refer to the statistical section of this report.

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.

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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.

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, 2012, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$1,493,480 to the rate stabilization fund in the Gas, Water, Wastewater, Stormwater and Electric Utilities. 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 Revenues, Expenses, and Changes in the Fund Net Assets. Specifically, at June 30, 2012, the liability balance in the Gas, Water, Wastewater, Stormwater and Electric Utilities included approximately \$23.32 million, \$35.47 million, \$30.44 million, \$4.27 million and \$2.18 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, 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 non-spendable 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.

See footnote 16 – Subsequent Events for additional information on changes to Permanent Funds.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the City adopted the provisions of:

- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addressed three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standard but rather incorporates the existing guidance into the GASB standards.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:
 - i. Financial Accounting Standards Board (FASB) Statements and Interpretations
 - ii. Accounting Principles Board Opinions
 - iii. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

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 as of assessment. Personal property tax 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.

CITY OF RICHMOND, VIRGINIA
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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. Effective January 1, 2011, real estate taxes are billed on a semi-annual basis. These taxes may be paid without penalty and interest on or before January 14 and June 14. Penalty for late payment is 10% or \$10, whichever is greater, not to exceed the full amount of the tax.

In 2011, City Council established that interest rates on unpaid taxes would be based on the interest rate established by the Virginia Department of Taxation for the first quarter of each tax year for the underpayment of income taxes. In 2012, the tax rate for personal property and real estate taxes was 5%.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2012 are intended to finance operations of the fiscal year ended June 30, 2012. The real estate taxes assessed and due on January 14, 2012 and June 14, 2012 are intended to finance operations of the fiscal year ended June 30, 2012.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

Primary Government

At June 30, 2012, 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 \$110,675,379 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$115,416,178, 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, 2012, the carrying amount of the RRS's deposits with financial institutions was \$170,306 and the bank balance was \$1,798,617. All funds deposited in banks are protected under the provisions of the Virginia Securities for Public Deposit Act (the Act). The 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% of excess deposits, and savings and loans to pledge collateral in the amount of 100% 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
NOTES TO FINANCIAL STATEMENTS
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Authorized Investments

The RRS 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 RRS is also authorized to invest in fixed income securities; domestic and international equities; Real Estate Investment Trusts (REITs); private equity; private real estate and hedge fund-of-funds. Each investment manager is authorized to invest no more than 5% of its holdings, at market value, in equity securities of a single issuer excepting the U.S. government and agencies and sovereign nations and their agencies. The RRS has eleven types of investments: common stock, international stock, corporate bonds and notes, international bonds and notes, hedge funds, mutual funds, U.S. government and agency obligations, private real estate, REITs, private equity, and emerging market debt.

| | Cost | Fair Value |
|--|----------------|----------------|
| Common Stock | \$ 120,573,357 | \$ 135,882,491 |
| International Stock | 79,969,756 | 70,787,614 |
| Corporate Bonds and Notes | 63,892,327 | 68,071,874 |
| International Bonds and Notes | 34,968,131 | 43,351,641 |
| Hedge Funds | 43,723,630 | 42,679,494 |
| US Government and Agency Obligations | 21,337,245 | 22,258,498 |
| Mutual Funds | 18,041,696 | 19,923,080 |
| Private Real Estate | 14,935,227 | 18,259,655 |
| REITs | 9,356,995 | 11,975,060 |
| Private Equity | 9,142,057 | 9,863,886 |
| Emerging Market Debt | 4,226,622 | 4,507,791 |
| Collateral Held for Securities on Loan | 43,715,954 | 43,715,954 |
| Total | \$ 463,882,997 | \$ 491,277,038 |

The net change in fair value of investments for the year ended June 30, 2012 is as follows:

| | Change in Fair Value |
|--|-------------------------|
| Common Stock | \$ (26,690,616) |
| International Stock | (12,803,815) |
| Corporate Bonds and Notes | (5,157,660) |
| International Bonds and Notes | (1,056,477) |
| Hedge Funds | 2,048,115 |
| U.S. Government and Agency Obligations | 3,703,930 |
| Mutual Funds | 978,840 |
| Private Real Estate | 1,800,621 |
| REITs | 757,966 |
| Private Equity | 2,297,917 |
| Emerging Market Debt | (2,548,982) |
| Total | \$ (36,670,161) |

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



Custodial Credit Risk

The RRS does not have exposure to custodial credit risk because the cash collateral received in each loan was invested together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. At June 30, 2012, the market values of securities on loan and cash collateral, which are included in the above amounts, were as follows:

| | Securities on Loan | Cash Collateral |
|--|-----------------------|----------------------|
| U.S. Government and Agency Obligations | \$ 4,064,570 | \$ 4,171,751 |
| U.S. Stocks | 33,811,157 | 33,630,803 |
| U.S. Bonds | 5,777,854 | 5,913,400 |
| Total | \$ 43,653,581 | \$ 43,715,954 |

Concentration of Credit Risk

The RRS's investment guidelines for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5% or more of plan net assets available for benefits.

Credit Risk

The RRS 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 B3, as rated by Moody's, or an equivalent rating agency, and the overall weighted-average quality shall be A or higher. The ratings in the policy statement are for guidance only; the investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies. 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, 2012.

| Investment Type | Moody Rating | Fair Value |
|---------------------------|--------------|-----------------------|
| U.S. Government agencies | FNMA | 5,188,228 |
| U.S. Government agencies | FHLMC | 3,648,572 |
| U.S. Government agencies | GNMA | 1,317,693 |
| Corporate bonds and notes | AAA | 3,262,301 |
| Corporate bonds and notes | AA1-AA3 | 654,240 |
| Corporate bonds and notes | A1-A3 | 6,415,324 |
| Corporate bonds and notes | BAA1-BAA3 | 14,043,325 |
| Corporate bonds and notes | BA1-BA3 | 4,734,856 |
| Corporate bonds and notes | B1-B3 | 8,893,806 |
| Corporate bonds and notes | Below B3 | 4,062,978 |
| Corporate bonds and notes | NR | 24,601,787 |
| Corporate bonds and notes | WR | 1,403,258 |
| Foreign bonds and notes | AAA | 74,524 |
| Foreign bonds and notes | AA1-AA3 | 1,763,147 |
| Foreign bonds and notes | A1-A3 | 1,319,026 |
| Foreign bonds and notes | BAA1-BAA3 | 1,922,955 |
| Foreign bonds and notes | BA1-BA3 | 220,345 |
| Foreign bonds and notes | B1-B3 | 305,550 |
| Foreign bonds and notes | Below B3 | 355,200 |
| Foreign bonds and notes | NR | 37,390,894 |
| REITs | NA | 6,700,301 |
| REITs | NR | 5,274,760 |
| Hedge funds | NR | 42,679,494 |
| Total | | \$ 176,232,564 |

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Foreign Currency Risk

The RRS has an Investment Policy for international investments. At June 30, 2012, the RRS has no foreign currency risk exposure because it did not have any foreign currency holdings in its portfolio.

Interest Rate Risk

The RRS does not have a specific investment policy governing interest rate risk. At June 30, 2012, the System's interest rate exposure was as follows:

| Investment Type | Market Value | Weighted Average Effective Duration (Years) |
|------------------------|----------------------|---|
| Corporate | \$ 41,793,051 | 6.47 |
| US Treasury | 12,104,005 | 6.54 |
| Mortgage Pass-Through* | 9,213,335 | 1.72 |
| CMO | 4,068,736 | 6.54 |
| CMBS | 2,956,612 | 2.53 |
| Yankee | 1,485,458 | 3.35 |
| Asset Backed | 1,202,413 | 6.55 |
| Agency | 1,025,077 | 2.63 |
| Convertible | 811,988 | 18.01 |
| Preferred Stock | 409,946 | 9.46 |
| SWAPS | (168,728) | 5.42 |
| Total Fixed Income | <u>\$ 74,901,893</u> | <u>5.77</u> |

* All mortgage pass-through securities held by the RRS as of June 30, 2012 were issued by U.S. Government Agencies.

C. Securities Lending Program

The RRS lends securities to firms on a temporary basis through its custodian bank, State Street Corporation (Custodian). During the fiscal year, the Custodian loaned its securities at the direction of the RRS and received cash, U.S. Government securities, and irrevocable bank letters of credit as collateral. The Custodian did not have the ability to pledge or sell collateral securities delivered absent a borrower's 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. The 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 the 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 fiscal year, nor were there any losses during the fiscal year resulting from a default of a borrower or the Custodian.

The RRS and the 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 short term investments in the duration pool which includes securities with a remaining maturity of 91 days or greater for the year ended June 30, 2012 was 1,329 days with weighted average maturity of 40 days. The average duration of the short term investments in the liquidity pool which primarily includes securities with the remaining maturity of 90 days or less for the year ended June 30, 2012 was 73 days with weighted average maturity of 36 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.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



As of June 30, 2012, the market value of the securities on loan was \$43,653,581. This balance is composed of U.S. government and agency securities of \$4,064,570, common stock of \$33,811,157, and corporate bonds of \$5,777,854. Securities on loan are included with investments on the Statement of Fiduciary Net Assets and the invested cash collateral is included as an asset and corresponding liability. At June 30, 2012, the invested cash collateral had a market value of \$43,715,954 and was composed of U.S. government and agency securities of \$4,171,751, common stock of \$33,630,803 and corporate bonds of \$5,913,400.

The RRS cannot sell or pledge the collateral received absent a borrower default. At June 30, 2012, the RRS had no credit risk exposure to borrowers because the amount it owes the borrowers exceeds the amounts the borrowers owe it.

D. 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, 2012, 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.

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, 2012, 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, 2012, the City holds its investment securities primarily in external investments pools and thus is not subject to custodial credit risk disclosure.



**CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

Concentration Risk:

At June 30, 2012, the City does not have concentration of credit risk as no investments are with any one issuer representing more than 5% of total investments.

Primary Government (000's omitted):

| | <u>Total</u> | |
|---|--------------|-----------------------|
| Common Stock | \$ | 135,882 |
| International Stock | | 70,788 |
| Corporate Bonds and Notes | | 68,072 |
| International Bonds and Notes | | 43,352 |
| Hedge Funds | | 42,679 |
| US Government and Agency Obligations | | 22,258 |
| Mutual Funds | | 19,923 |
| Private Real Estate | | 18,260 |
| REITs | | 11,975 |
| Private Equity | | 9,864 |
| Emerging Market Debt | | <u>4,508</u> |
| | | 447,561 |
| Cash collateral received under securities lending program | | 43,716 |
| Deferred compensation plan mutual funds | | 68,754 |
| Cash and money market funds | | 173,267 |
| LGIP | | 207,359 |
| SNAP | | <u>45,837</u> |
| Total Cash and Investments | \$ | <u>986,494</u> |

Classified as follows:

| | Government-wide Statement of Net Assets | Fiduciary Funds Statement of Net Assets | Total |
|---------------------------|---|---|-------------------|
| Cash and cash equivalents | \$ 332,807 | \$ 13,887 | \$ 346,694 |
| Investments | - | 560,031 | 560,031 |
| Restricted assets | <u>79,769</u> | - | <u>79,769</u> |
| Total | \$ 412,576 | \$ 573,918 | \$ 986,494 |

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

| | Due From | | | | | | | Total |
|----------------------|----------------------|-------------------|----------------------|------------------------|-----------------------|----------------------|-------------------|----------------------|
| | General Fund | Debt Service | Capital Projects | Non-Major Governmental | Non-Major Proprietary | Internal Service | Fiduciary Fund | |
| General Fund | \$ - | \$ 605,578 | \$ 22,397,650 | \$ 2,781,390 | \$ 570,234 | \$ 11,680,568 | \$ 504,709 | \$ 38,540,129 |
| Debt Service | - | - | - | 595,765 | - | - | - | 595,765 |
| Capital Projects | 675,494 | - | - | - | - | - | - | 675,494 |
| Non-Major Government | <u>12,022,670</u> | - | - | - | - | - | - | <u>12,022,670</u> |
| Total | \$ 12,698,164 | \$ 605,578 | \$ 22,397,650 | \$ 3,377,155 | \$ 570,234 | \$ 11,680,568 | \$ 504,709 | \$ 51,834,058 |

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.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012



The City reports interfund transfers between many of its funds. Interfund transfers for the year ended June 30, 2012 consisted of the following:

| | Transfer From | | | | | | | |
|--------------------|------------------------|-------------------------|-------------------|-------------------|------------------------|---------------------|---------------|----------------------|
| | General Fund | Major Proprietary Funds | | | Non-Major Governmental | Internal Service | Total | |
| | | Gas | Water | Wastewater | | | | |
| Transfer To | General Fund | \$ -- | \$ 939,581 | \$ 834,417 | \$ 1,334,358 | \$ -- | \$ 576 | \$ 3,108,932 |
| | Debt Service | 50,052,824 | -- | -- | -- | 2,056,121 | -- | 52,108,945 |
| | Capital Projects | 5,800,000 | -- | -- | -- | -- | -- | 5,800,000 |
| | Non-Major Governmental | 5,977,740 | -- | -- | -- | -- | -- | 5,977,740 |
| | Total | \$ 61,830,564 | \$ 939,581 | \$ 834,417 | \$ 1,334,358 | \$ 2,056,121 | \$ 576 | \$ 66,995,617 |

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 From | | | | | |
|-------------------|------------------------|-------------------------|---------------|---------------|-----------------------|---------------|
| | Gas | Major Proprietary Funds | | | Internal Service Fund | Total |
| | | Water | Wastewater | | | |
| Advance To | 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 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, 2012 are as follows:

| Primary Government | Federal | State | Total |
|------------------------------|---------------------|----------------------|----------------------|
| General Fund | \$ 5,280 | \$ 33,323,335 | \$ 33,328,615 |
| Non-major Governmental Funds | 9,300,140 | 2,219,281 | 11,519,421 |
| Gas Fund | 16,549 | -- | 16,549 |
| Water Fund | 15,643 | -- | 15,643 |
| Wastewater Fund | 16,601 | -- | 16,601 |
| Stormwater Fund | 48,911 | -- | 48,911 |
| Internal Service Funds | 150,750 | 32,167 | 182,917 |
| | \$ 9,553,874 | \$ 35,574,783 | \$ 45,128,657 |

6. NOTE RECEIVABLE

Note receivable in the General Fund consists of:

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

7. CAPITAL ASSETS

Primary Government - Governmental Activities

| | Balance July 1, 2011 As Restated | Additions | Deletions | Balance June 30, 2012 |
|--|--|----------------------|----------------------|--------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Improvements | \$ 99,748,409 | \$ 545,624 | \$ - | \$ 100,294,033 |
| Construction In Progress | 180,148,601 | 98,715,552 | 39,202,397 | 239,661,756 |
| Works of Art/Historical Treasures | 6,942,681 | - | - | 6,942,681 |
| Total Capital Assets Not Being Depreciated | 286,839,691 | 99,261,176 | 39,202,397 | 346,898,470 |
| Capital Assets Being Depreciated: | | | | |
| Infrastructure | 745,341,159 | 919,591 | - | 746,260,750 |
| Building and Structures | 460,199,975 | 23,969,246 | - | 484,169,221 |
| Equipment and Other Assets | 108,466,538 | 8,625,986 | 1,825,847 | 115,266,677 |
| Improvements Other Than Buildings | 11,783,546 | - | - | 11,783,546 |
| Total Other Capital Assets | 1,325,791,218 | 33,514,823 | 1,825,847 | 1,357,480,194 |
| Less Accumulated Depreciation For: | | | | |
| Infrastructure | 453,016,728 | 14,353,264 | - | 467,369,992 |
| Building and Structures | 269,822,478 | 18,061,367 | - | 287,883,845 |
| Equipment and Other Assets | 76,408,987 | 8,144,597 | 1,456,946 | 83,096,638 |
| Improvements Other Than Buildings | 3,661,190 | 678,773 | - | 4,339,963 |
| Total Accumulated Depreciation | 802,909,383 | 41,238,001 | 1,456,946 | 842,690,438 |
| Total Capital Assets Being Depreciated, Net | 522,881,835 | (7,723,178) | 368,901 | 514,789,756 |
| Governmental Activities, Capital Assets, Net | \$ 809,721,526 | \$ 91,537,998 | \$ 39,571,298 | \$ 861,688,226 |
| Depreciation expense was charged to functions as follows: | | | | |
| General Government | \$ 10,157,204 | | | |
| Public Safety and Judiciary | 4,008,616 | | | |
| Highways, Streets, Sanitation and Refuse | 22,585,068 | | | |
| Human Services | 22,732 | | | |
| Culture and Recreation | 932,814 | | | |
| Education | 3,531,567 | | | |
| Subtotal | 41,238,001 | | | |
| Allocation related to Internal Services Funds | 6,283,565 | | | |
| Total | \$ 34,954,436 | | | |

For further details regarding the restatement, see footnote #17.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



Primary Government - Business-type Activities

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 |
|---|-------------------------|-----------------------|----------------------|--------------------------|
| Gas Utility: | | | | |
| Capital Assets Not Being Depreciated - | | | | |
| Land | \$ 237,745 | \$ -- | \$ -- | \$ 237,745 |
| Construction in Progress | 58,778,987 | 29,922,869 | 28,955,273 | 59,746,583 |
| Capital Assets Being Depreciated - | | | | |
| Plant-in-service | 418,673,163 | 29,249,988 | 4,157,797 | 443,765,354 |
| Total Capital Assets Being Depreciated | <u>418,673,163</u> | <u>29,249,988</u> | <u>4,157,797</u> | <u>443,765,354</u> |
| Less - Accumulated Depreciation For - | | | | |
| Plant-in-service | 144,377,895 | 12,639,778 | 2,847,784 | 154,169,889 |
| Total Accumulated Depreciation | <u>144,377,895</u> | <u>12,639,778</u> | <u>2,847,784</u> | <u>154,169,889</u> |
| Total Capital Assets Being Depreciated, Net | <u>274,295,268</u> | <u>16,610,210</u> | <u>1,310,013</u> | <u>289,595,465</u> |
| Gas Utility, Capital Assets, Net | <u>333,312,000</u> | <u>46,533,079</u> | <u>30,265,286</u> | <u>349,579,793</u> |
| Water Utility: | | | | |
| Capital Assets Not Being Depreciated - | | | | |
| Land | 679,409 | -- | -- | 679,409 |
| Construction in Progress | 45,634,202 | 23,887,059 | 16,975,387 | 52,545,874 |
| Capital Assets Being Depreciated - | | | | |
| Plant-in-service | 384,532,840 | 17,097,489 | (216,909) | 401,847,238 |
| Total Capital Assets Being Depreciated | <u>384,532,840</u> | <u>17,097,489</u> | <u>(216,909)</u> | <u>401,847,238</u> |
| Less - Accumulated Depreciation For - | | | | |
| Plant-in-service | 115,185,483 | 11,433,606 | 271,593 | 126,347,476 |
| Total Accumulated Depreciation | <u>115,185,483</u> | <u>11,433,606</u> | <u>271,593</u> | <u>126,347,476</u> |
| Total Capital Assets Being Depreciated, Net | <u>269,347,377</u> | <u>5,663,883</u> | <u>(488,502)</u> | <u>275,499,762</u> |
| Water Utility, Capital Assets, Net | <u>315,660,988</u> | <u>29,550,942</u> | <u>16,486,885</u> | <u>328,725,045</u> |
| Wastewater Utility: | | | | |
| Capital Assets Not Being Depreciated - | | | | |
| Land | 1,101,261 | -- | -- | 1,101,261 |
| Construction in Progress | 82,972,653 | 42,422,915 | 14,197,472 | 111,198,096 |
| Capital Assets Being Depreciated - | | | | |
| Plant-in-service | 455,548,682 | 14,207,772 | -- | 469,756,454 |
| Total Capital Assets Being Depreciated | <u>455,548,682</u> | <u>14,207,772</u> | <u>--</u> | <u>469,756,454</u> |
| Less - Accumulated Depreciation For - | | | | |
| Plant-in-service | 171,521,946 | 12,212,504 | 1 | 183,734,449 |
| Total Accumulated Depreciation | <u>171,521,946</u> | <u>12,212,504</u> | <u>1</u> | <u>183,734,449</u> |
| Total Capital Assets Being Depreciated, Net | <u>284,026,736</u> | <u>1,995,268</u> | <u>(1)</u> | <u>286,022,005</u> |
| Wastewater Utility, Capital Assets, Net | <u>368,100,650</u> | <u>44,418,183</u> | <u>14,197,471</u> | <u>398,321,362</u> |
| Stormwater Utility: | | | | |
| Capital Assets Not Being Depreciated - | | | | |
| Construction in Progress | 3,170,023 | 3,039,160 | 713,320 | 5,495,863 |
| Capital Assets Being Depreciated - | | | | |
| Plant-in-service | 48,848 | 713,320 | -- | 762,168 |
| Total Capital Assets Being Depreciated | <u>48,848</u> | <u>713,320</u> | <u>--</u> | <u>762,168</u> |
| Less - Accumulated Depreciation For - | | | | |
| Plant-in-service | 7,413 | 103,655 | -- | 111,068 |
| Total Accumulated Depreciation | <u>7,413</u> | <u>103,655</u> | <u>--</u> | <u>111,068</u> |
| Total Capital Assets Being Depreciated, Net | <u>41,435</u> | <u>609,665</u> | <u>--</u> | <u>651,100</u> |
| Stormwater Utility, Capital Assets, Net | <u>3,211,458</u> | <u>3,648,825</u> | <u>713,320</u> | <u>6,146,953</u> |
| Other Business-type Activity: | | | | |
| Capital Assets Not Being Depreciated - | | | | |
| Land and Land Improvements | 12,770,880 | -- | -- | 12,770,880 |
| Capital Assets Being Depreciated - | | | | |
| Buildings and Structures | 33,982,882 | -- | -- | 33,982,882 |
| Equipment and Other Capital Assets | 5,543,792 | 22,500 | -- | 5,566,292 |
| Total Capital Assets Being Depreciated | <u>39,526,674</u> | <u>22,500</u> | <u>--</u> | <u>39,549,174</u> |
| Less - Accumulated Depreciation For: | | | | |
| Buildings and Structures | 29,259,887 | 1,131,829 | -- | 30,391,716 |
| Equipment and Other Assets | 8,045,937 | 315,073 | -- | 8,361,010 |
| Total Accumulated Depreciation | <u>37,305,824</u> | <u>1,446,902</u> | <u>--</u> | <u>38,752,728</u> |
| Total Capital Assets Being Depreciated, Net | <u>2,220,850</u> | <u>(1,424,402)</u> | <u>--</u> | <u>796,448</u> |
| Other Business-type Activity, Capital Assets, Net | <u>14,991,710</u> | <u>(1,424,402)</u> | <u>--</u> | <u>13,567,308</u> |
| Business-type Activities, Capital Assets, Net | <u>1,035,276,806</u> | <u>122,726,627</u> | <u>61,662,962</u> | <u>1,096,340,471</u> |
| Internal Service Fund - Stores Utility, Net | 26,128,870 | 6,829,706 | 4,365,866 | 28,592,710 |
| | <u>\$ 1,081,405,878</u> | <u>\$ 129,556,333</u> | <u>\$ 68,028,828</u> | <u>\$ 1,124,933,181</u> |



CITY OF RICHMOND, VIRGINIA
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June 30, 2012

8. OBLIGATIONS

Changes in the short-term liabilities during the fiscal year ended June 30, 2012 are summarized below:

Primary Government - Governmental Activities

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 |
|--|-------------------------|---------------|---------------|--------------------------|
| Commercial Paper Bond Anticipation Notes - Series 2010 A-2 | \$ 63,000,000 | \$ 15,000,000 | \$ 72,506,000 | \$ 5,494,000 |

Note: The City established a short-term General Obligation Bond Anticipation Commercial Paper Note borrowing facility to provide interim financing for planned capital project spending. This borrowing facility is to be repaid from the issuance of long-term General Obligation bonds or other available cash. For more description please see the New and Existing Debt later in this Footnote.

Changes in the long-term liabilities during the fiscal year ended June 30, 2012 are summarized below:

Primary Government - Governmental Activities

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 | Due Within One Year |
|---|-------------------------|-----------------------|-----------------------|--------------------------|------------------------|
| General Obligation Bonds (GO) | \$ 450,763,687 | \$ 101,335,000 | \$ 28,891,437 | \$ 523,207,250 | \$ 28,438,186 |
| General Obligation Bonds - Refunding | - | 109,783,450 | 110,929,538 | (1,146,088) | - |
| General Obligation Serial Equipment Notes | 11,780,000 | - | 3,240,000 | 8,540,000 | 3,240,000 |
| Virginia Public Schools Authority Bonds | 1,684,543 | - | 233,709 | 1,450,834 | 235,679 |
| Qualified Zone Academy Bonds | 2,409,813 | - | 192,480 | 2,217,333 | 192,480 |
| HUD Section 108 Notes | 2,245,000 | - | 555,000 | 1,690,000 | 560,000 |
| Total General Obligation Bonds and Notes | 468,883,043 | 211,118,450 | 144,042,164 | 535,959,329 | 32,666,345 |
| Premium (Discount) on Debt Issued | 18,194,253 | 13,321,850 | 5,994,216 | 25,521,887 | 1,674,127 |
| Certificates of Participation | 13,170,000 | - | 845,000 | 12,325,000 | 880,000 |
| Advantage Richmond Lease Revenue Bond | 9,068,116 | - | 707,885 | 8,360,231 | 746,051 |
| Capital Lease (Landmark Theater) | 88,895 | - | 88,895 | - | - |
| Note Payable Due to Component Unit | 20,007,878 | - | 1,945,000 | 18,062,878 | 2,040,000 |
| Compensated Absences | 18,679,412 | 337,748 | 377,710 | 18,639,450 | 8,693,841 |
| Net Other Postemployment Benefit Obligations | 16,188,143 | - | 487,444 | 15,700,699 | - |
| Totals | \$ 564,279,740 | \$ 224,778,048 | \$ 154,488,314 | \$ 634,569,474 | \$ 46,700,364 |

Note: See Note 15 for additional discussion regarding Capital Leases

Note: See Note 13 for additional information regarding Postemployment Benefits (OPEB). The contributions for OPEB 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 Notes Payable Due to Component Unit represents the City's obligation to pay the debt service due on the two bond issues undertaken, at the City's request, by the City's Component Unit, the Richmond Redevelopment and Housing Authority (RRHA) as well as other long term obligations due to 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, 2012



Primary Government -

Business-Type Activities

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 | Due Within One Year |
|-----------------------------------|-------------------------|----------------------|----------------------|--------------------------|---------------------------|
| General Obligation Bonds: | | | | | |
| Gas | \$ 73,330,360 | \$ 22,653,784 | \$ 26,643,515 | \$ 69,340,609 | \$ 7,219,965 |
| Water | 58,259,216 | 13,675,405 | 17,440,995 | 54,493,626 | 5,761,590 |
| Wastewater | 32,508,150 | - | 3,920,118 | 28,588,032 | 4,006,838 |
| Stormwater | 1,250 | 212,500 | - | 213,750 | 11,250 |
| Premium (Discount) on Debt, Net | 6,650,940 | (2,916,964) | 2,050,703 | 1,683,273 | 907,058 |
| Coliseum Enterprise Fund | 7,268,643 | 784,479 | 1,528,188 | 6,524,934 | 747,727 |
| Cemeteries Enterprise Fund | 477,584 | 2,902 | 46,040 | 434,426 | 43,160 |
| Revenue Bonds: | | | | | |
| Gas | 188,539,096 | - | 3,258,438 | 185,280,658 | 3,368,922 |
| Water | 170,622,352 | 20,761 | 3,255,125 | 167,387,988 | 3,365,751 |
| Wastewater | 195,497,423 | 14,439,731 | 5,960,371 | 203,976,783 | 6,102,033 |
| Premium (Discount) on Debt, Net | 1,886,214 | - | 102,657 | 1,783,557 | 101,487 |
| Total Bonded Debt | 735,041,208 | 48,872,578 | 64,206,150 | 719,707,636 | 31,635,781 |
| Capital Leases: | | | | | |
| Other Non-Major Enterprise Funds | 584,840 | - | 186,301 | 398,539 | 194,696 |
| Total Capital Leases | 584,840 | - | 186,301 | 398,539 | 194,696 |
| Compensated Absences: | | | | | |
| Gas | 784,245 | 715,482 | 674,590 | 825,117 | 675,626 |
| Water | 641,655 | 513,405 | 524,089 | 630,971 | 516,655 |
| Wastewater | 665,421 | 483,137 | 493,318 | 655,240 | 536,527 |
| Stormwater | 142,590 | 154,499 | 127,211 | 169,878 | 139,100 |
| Other Non-Major Enterprise Funds | 109,615 | 8,043 | 17,274 | 100,384 | 82,705 |
| Total Compensated Absences | 2,343,526 | 1,874,546 | 1,836,482 | 2,381,590 | 1,950,613 |
| Totals | \$ 737,969,574 | \$ 50,747,124 | \$ 66,228,933 | \$ 722,487,765 | \$ 33,781,090 |

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 expense 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, 2012, the City had a legal debt limit of \$1,971,053,100 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,270,584,308 of additional General Obligation debt (remaining debt margin).



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

Authority to Issue Debt

As of June 30, 2012, the City had a total of \$635,249,092 of additional general obligation and revenue bonds authorized, but not issued, for funding Capital Improvement Projects and the acquisition of Equipment. Of these authorized, but not issued bonds and notes, \$349,692,285 is earmarked for self-supporting Public Utility projects and \$285,356,707 for various General Fund supported capital projects and equipment purchases.

Details of Bonds and Notes Outstanding:

| | Interest Rates | Issue Date | Maturity Date | Original Issue | Balance at June 30, 2012 | |
|---|----------------|------------|---------------|----------------|--------------------------|-----------------------|
| | | | | | Governmental Activities | Enterprise Funds |
| General Obligation Bonds | | | | | | |
| Public Improvement Bonds 2002A | 3.00% - 5.25% | 11/26/2002 | 7/15/2013 | 50,455,000 | 3,530,850 | 769,150 |
| Public Improvement Refunding Bonds 2002B | 4.00% - 5.25% | 11/26/2002 | 7/15/2023 | 96,220,000 | 5,178,221 | 2,681,685 |
| Public Improvement Bonds 2004A | 3.00% - 5.50% | 6/24/2004 | 7/15/2024 | 55,655,000 | 7,450,000 | - |
| Public Improvement Refunding Bonds 2004B | 3.00% - 5.00% | 6/24/2004 | 7/15/2015 | 9,300,000 | 6,663,820 | 476,180 |
| Public Improvement Refunding Bonds 2005A | 3.00% - 5.00% | 7/28/2005 | 7/15/2023 | 93,245,000 | 52,207,666 | 712,334 |
| Public Improvement Refunding Bonds 2005B | 3.00% - 5.00% | 10/18/2005 | 7/15/2020 | 61,890,000 | 563,300 | 55,766,700 |
| Public Improvement Bonds 2006 | 4.00% - 5.00% | 11/21/2006 | 7/15/2026 | 44,550,000 | 14,600,000 | - |
| Public Improvement Bonds 2009A | 2.00% - 5.00% | 12/22/2009 | 7/15/2029 | 78,580,000 | 75,400,000 | - |
| Public Improvement Refunding Bonds 2009B | 2.00% - 5.00% | 12/22/2009 | 7/15/2022 | 34,340,000 | 26,240,232 | 2,669,768 |
| Public Improvement Bonds 2010A (RZEDB) | 5.72% | 3/10/2010 | 7/15/2025 | 22,482,875 | 22,482,875 | - |
| Public Improvement Bonds 2010B (QSCB) | 5.27% | 11/16/2010 | 11/1/2029 | 14,980,000 | 14,980,000 | - |
| Public Improvement Refunding Bonds 2010C | 1.50% - 5.00% | 11/16/2010 | 7/15/2023 | 85,180,000 | 17,675,750 | 58,189,250 |
| Public Improvement Bonds 2010D | 2.00% - 5.00% | 11/30/2010 | 7/15/2031 | 65,420,000 | 63,970,000 | - |
| Public Improvement Bonds 2011A (VRA) | 0.00% | 6/1/2011 | 1/15/2032 | 225,000 | - | 213,750 |
| Public Improvement Bonds 2012A | 2.00% - 5.00% | 6/28/2012 | 3/1/2032 | 98,835,000 | 93,835,000 | - |
| Public Improvement Refunding Bonds 2012B | 2.00% - 5.00% | 6/28/2012 | 7/15/2024 | 46,870,000 | 46,870,000 | - |
| Public Improvement Refunding Bonds 2012C | 0.35% - 2.85% | 6/28/2012 | 7/15/2023 | 100,030,000 | 62,913,450 | 37,116,550 |
| Public Improvement Bonds 2012 D (QSCB) | 4.15% | 6/28/2012 | 1/15/1933 | 7,500,000 | 7,500,000 | - |
| Virginia Public School Authority Bonds | | | | | | |
| VPSA Bonds 1997A | 4.35% - 5.35% | 11/20/1997 | 7/15/2017 | 4,578,704 | 1,450,834 | - |
| Qualified Zone Academy Bonds - 2004 | 0% | 5/6/2004 | 5/6/2019 | 2,142,167 | 1,229,007 | - |
| Qualified Zone Academy Bonds - 2004B | 0% | 12/30/2004 | 12/30/2020 | 1,536,671 | 988,326 | - |
| General Obligation Notes | | | | | | |
| Serial Equipment Notes Series 2008 | 3.21% | 6/19/2008 | 6/16/2013 | 5,200,000 | 1,040,000 | - |
| Serial Equipment Notes Series 2009 | 3.09% | 6/25/2009 | 6/15/2014 | 2,000,000 | 800,000 | - |
| Serial Equipment Notes Series 2010 | 2.32% | 6/24/2010 | 6/15/2015 | 2,500,000 | 1,500,000 | - |
| Serial Equipment Notes Series 2011 | 1.74% | 6/16/2011 | 6/15/2016 | 6,500,000 | 5,200,000 | - |
| Commercial Paper BAN | Variable | 2/4/2010 | 8/4/2012 | - | 5,494,000 | - |
| HUD Section 108 Notes | | | | | | |
| HUD Section 108 Note Series 2003 | 1.21% - 4.93% | 8/7/2003 | 8/1/2014 | 800,000 | 195,000 | - |
| HUD Section 108 Note Series 2004 | 2.31% - 5.19% | 6/30/2004 | 8/1/2014 | 585,000 | 200,000 | - |
| HUD Section 108 Note Series 2010A1 | 0.56% - 1.80% | 7/21/2010 | 8/1/2014 | 530,000 | 395,000 | - |
| HUD Section 108 Note Series 2010A2 | 0.56% - 1.80% | 7/21/2010 | 8/1/2014 | 1,200,000 | 900,000 | - |
| Revenue Bonds | | | | | | |
| Public Utility Revenue Bonds 1998C - VRA | 3.00% | 4/9/1998 | 7/15/2018 | 10,000,000 | - | 3,995,130 |
| Public Utility Revenue Bonds 1998D - VRA | 3.00% | 4/9/1998 | 7/15/2018 | 8,600,000 | - | 3,455,807 |
| Public Utility Revenue Bonds 2004 | 2.00% - 5.00% | 8/12/2004 | 1/15/2035 | 67,655,000 | - | 58,515,000 |
| Public Utility Revenue Bonds 2006 - VRA | 3.10% | 6/29/2006 | 1/15/2028 | 11,000,000 | - | 9,478,524 |
| Public Utility Revenue Bonds 2007A | 3.50% - 5.00% | 4/25/2007 | 1/15/2037 | 323,180,000 | - | 299,330,000 |
| Public Utility Revenue Bonds 2008A - VRA | 3.00% | 6/27/2008 | 1/15/2029 | 6,900,000 | - | 5,999,509 |
| Public Utility Revenue Bonds 2009A | 3.00% - 5.00% | 4/28/2009 | 1/15/2040 | 146,495,000 | - | 143,905,000 |
| Public Utility Revenue Bonds 2009B - VRA | 0% | 6/24/2009 | 7/15/2030 | 32,000,000 | - | 29,600,000 |
| Public Utility Revenue Bonds 2010A - VRA | 0% | 2/3/2010 | 7/15/2040 | 188,218 | - | 179,322 |
| Public Utility Revenue Bonds 2011A - VRA | 2.30% | 9/29/2011 | 1/15/2033 | 849,450 | - | 20,761 |
| Public Utility Revenue Bonds 2012A - VRA | 0% | 4/17/2012 | 1/15/2035 | 23,289,955 | - | 2,166,376 |
| Lease Revenue Bond - Advantage Richmond | 5.25% | 10/26/2005 | 10/1/2020 | 12,100,000 | 8,360,231 | - |
| Certificates of Participation Series 2001A | 4.00% - 5.15% | 6/1/2001 | 8/1/2022 | 18,840,000 | 12,325,000 | - |
| Total Outstanding Bonded Debt | | | | | \$ 562,138,562 | \$ 716,240,796 |
| Premium on Debt Issued | | | | | \$ 25,521,887 | \$ 3,472,444 |
| | | | | | \$ 587,660,449 | \$ 719,713,240 |

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012



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

Governmental Activities:

| Fiscal Year | (in \$1,000s) | | | | | | | |
|-------------|---------------------------------------|------------|---------------|----------|--------------------------|----------|----------------------------------|----------|
| | General Obligation Bonds and Notes | | VPSA Bonds | | HUD Section 108 Notes | | Certificates of Participation | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 38,047 | \$ 19,788 | \$ 236 | \$ 69 | \$ 560 | \$ 32 | \$ 880 | \$ 578 |
| 2014 | 33,469 | 21,612 | 239 | 57 | 560 | 21 | 920 | 538 |
| 2015 | 34,691 | 20,264 | 240 | 45 | 570 | 7 | 960 | 495 |
| 2016 | 34,642 | 18,836 | 243 | 32 | -- | -- | 1,005 | 449 |
| 2017 | 31,202 | 17,467 | 245 | 19 | -- | -- | 1,055 | 400 |
| 2018-2022 | 171,221 | 68,800 | 248 | 7 | -- | -- | 6,095 | 1,144 |
| 2023-2027 | 117,785 | 33,835 | -- | -- | -- | -- | 1,410 | 36 |
| 2028-2032 | 78,115 | 11,344 | -- | -- | -- | -- | -- | -- |
| 2033-2037 | 7,500 | 311 | -- | -- | -- | -- | -- | -- |
| Subtotal | 546,672 | 212,257 | 1,451 | 229 | 1,690 | 60 | 12,325 | 3,640 |
| Premium | 25,522 | -- | -- | -- | -- | -- | -- | -- |
| Total | \$ 572,194 | \$ 212,257 | \$ 1,451 | \$ 229 | \$ 1,690 | \$ 60 | \$ 12,325 | \$ 3,640 |

Business-type Activities:

| Fiscal Year | (in \$1,000s) | | | |
|-------------|-----------------------------|-----------|------------------|------------|
| | General Obligation Bonds | | Revenue Bonds | |
| | Principal | Interest | Principal | Interest |
| 2013 | \$ 17,792 | \$ 5,603 | \$ 12,837 | \$ 24,087 |
| 2014 | 18,156 | 5,402 | 13,267 | 23,685 |
| 2015 | 16,996 | 5,594 | 14,295 | 23,211 |
| 2016 | 17,811 | 3,947 | 14,823 | 22,688 |
| 2017 | 20,252 | 3,093 | 15,368 | 22,139 |
| 2018-2022 | 59,811 | 5,774 | 81,833 | 101,568 |
| 2023-2027 | 8,733 | 263 | 125,106 | 81,917 |
| 2028-2032 | 45 | -- | 160,743 | 51,069 |
| 2033-2037 | -- | -- | 92,326 | 17,886 |
| 2038-2042 | -- | -- | 26,047 | 2,644 |
| Subtotal | 159,596 | 29,676 | 556,645 | 370,894 |
| Premium | 1,689 | -- | 1,783 | -- |
| Total | \$ 161,285 | \$ 29,676 | \$ 558,428 | \$ 370,894 |



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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The City has entered into a lease agreement for equipment under non-cancelable capital leases as follows:

- 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:

| | (in \$1,000s) | |
|--|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| Asset: | | |
| Machinery and Equipment | \$ -- | \$ 1,670 |
| Less: Accumulated Depreciation | -- | 1,249 |
| Total assets acquired through capital lease payments | \$ -- | \$ 421 |

Future minimum lease payments are as follows:

| <u>Fiscal Year</u> | (in \$1,000s) | |
|---|----------------------------|-----------------------------|
| | Governmental Activities | Business-type Activities |
| 2013 | \$ -- | \$ 210 |
| 2014 | -- | 211 |
| 2015 | -- | - |
| Total minimum capital lease payments | -- | 421 |
| Less amounts representing interest | -- | 22 |
| Present value of minimum capital lease payments | \$ -- | \$ 399 |

New and Existing Debt during the fiscal year ended June 30, 2012

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 Public Utility Revenue bond issue is an interest-free loan, and thus only the principal borrowed will be paid 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 2012 fiscal year, the City drew an additional \$12,273,355 of bond proceeds as reimbursement for capital spending under this Agreement bringing the outstanding amount due on the Series 2009B Utility Revenue Bonds at June 30, 2012 to \$29,600,000. Semi-annual principal payments of \$800,000 due every six months began on January 15, 2011 and will continue thereafter, each January 15 and July 15 with the final payment due on July 15, 2030. The 2009B Public 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 February 4, 2010 the City established a \$100,000,000 General Obligation Bond Anticipation Commercial Paper Note facility to provide interim financing for certain capital improvement projects of the City. On June 28, 2012, the City issued long term General Obligation bonds to repay all but \$5,494,000 of the outstanding Commercial Paper Notes. The final \$5,494,000 of outstanding Notes were repaid in full on July 2, 2012 and the facility has been cancelled. The Notes were issued and remarketed under a Commercial Paper Dealer Agreement dated February 4, 2010 between the City of Richmond and Merrill Lynch Securities. 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, 2012 the City paid interest on the Commercial Paper Notes at interest rates ranging from 0.07% to 0.35%.

CITY OF RICHMOND, VIRGINIA
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On September 29, 2011 the City entered into an \$849,450 Public Utility Revenue Bond Financing Agreement – Series 2011A, with the Virginia Resources Authority (VRA), the Loan Administrator for the Commonwealth of Virginia's Department of Health. The Series 2011A Public Utility Revenue bond was issued at a fixed interest rate of 2.30%. Proceeds of this borrowing facility are being used to finance the replacement of a water main, a capital project of the City's Water Utility. During the 2012 fiscal year, the City drew \$20,761 of bond proceeds under this Agreement. Semi-annual principal payments of \$27,152 payable due every six months will began on July 15, 2013 and will continue thereafter, each January 15 and July 15, with the final principal payment due on January 15, 2033. The 2011A Public 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 17, 2012 the City entered into a \$23,289,955 Public Utility Revenue Bond Financing Agreement – Series 2012A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2012A Public Utility Revenue bond issue is an interest-free loan, and thus only the principal borrowed will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance \$23.3 million of capital improvements to the City's Wastewater Treatment Plant. During the 2012 fiscal year, the City drew an initial \$2,166,376 of bond proceeds as reimbursement for capital spending under this Agreement. Semi-annual principal payments of \$582,249 will be due every six months beginning on July 15, 2015 and will continue thereafter, each January 15 and July 15 with the final payment due on January 15, 2035. The 2012A Public 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 28, 2012, the City issued \$93,835,000 of General Obligation Public Improvement Bonds, Series 2012A, \$46,870,000 of General Obligation Public Improvement Refunding Bonds, Series 2012B, and \$100,030,000 of General Obligation Taxable Refunding Bonds, Series 2012C. At the time of the debt offering, Moody's, Standard & Poor's and Fitch Ratings affirmed the City's long-term General Obligation debt ratings of Aa3, AA, and AA, respectively.

The Series 2012A General Obligation bond proceeds along with a premium received were used to payoff and provide long term fixed rate financing for \$72,505,600 of short term Commercial Paper Notes which the City had issued to finance capital projects. Proceeds of the Series 2012 bond issue also were used to reimburse the City for capital project spending which occurred in fiscal year 2012. The Series 2012A General Obligation Bonds have coupon interest rates ranging from 2.00% to 5.00% with interest being payable on September 1st and March 1st of each year. Serial annual principal amounts of between \$2,680,000 and \$8,580,000 are payable on March 1st of each year with a final maturity on the debt due on March 1, 2032.

The Series 2012B General Obligation bond proceeds, along with a premium received were used to refund certain maturities of the City's outstanding Series 2003, 2004A and Series 2006A General Obligation bonds at lower interest rates. The refunding proceeds were used to establish an irrevocable trust with an escrow agent to provide for all future principal, premium, and interest payments due on the refunded Series 2004A and 2006A bonds. The refunding of these two bond issues was undertaken to reduce the City's debt service payments over the next twelve years by \$4,462,982 and to achieve an economic gain equal to \$4,003,198. The Series 2009B General Obligation Bonds were sold with coupon interest rates ranging from 2.00% to 5.00% with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$895,000 and \$5,475,000 are payable on July 15 of each year with a final maturity on the debt due on July 15, 2024.

The taxable Series 2012C General Obligation bond proceeds, along with a premium received were used to refund certain maturities of the City's outstanding Series 2002B and Series 2005A General Obligation bonds at lower interest rates. The refunding proceeds were used to establish an irrevocable trust with an escrow agent to provide for all future principal, premium, and interest payments due on the refunded Series 2002B and 2005A bonds. The refunding of these two bond issues was undertaken to reduce the City's debt service payments over the next eleven years by \$8,436,405 and to achieve an economic gain equal to \$7,489,786. The taxable Series 2012C General Obligation Bonds were sold with coupon interest rates ranging from 0.35% to 2.85% with interest being payable on January 15 and July 15 of each year.



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Annual principal amounts of between \$2,840,000 and \$17,130,000 are payable on July 15 of each year with a final maturity on the debt due on July 15, 2023.

On June 28, 2012 the City issued \$7,500,000 of taxable General Obligation Public Improvement Bonds, Series 2012D - Qualified School Construction Bonds ("QSCB bonds"). QSCB bonds, as defined in Section 54F of the IRS tax code, are federally subsidized taxable municipal bonds authorized under the American Recovery and Reinvestment Act of 2009, for the purpose of constructing, rehabilitating and repairing public school buildings. Principal on the Series 2012D QSCB bonds is due in one payment at maturity on January 15, 2033. Interest on the bonds is payable to bondholders in semi-annual amounts of \$155,625 due on July 15 and January 15 of each year. As qualifying QSCB bond debt, the City will receive 100% of its interest costs in the form of a cash reimbursement from the Federal Government, thereby making the effective net interest rate on this debt the equivalent of zero percent to the City. The City has established a sinking fund with a trustee into which it will contribute \$355,000 per year to fund the repayment of principal due at the final maturity on January 1, 2033.

Defeasance of Debt

On November 16, 2010, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds; Series 2010C to advance refund \$21,520,000 of the City's Series 2002A General Obligation Public Improvement Bonds maturing in the years 2014 through 2023. 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 2002A 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 \$21,520,000 of defeased Series 2002A General Obligation bonds is July 15, 2013.

On June 28, 2012, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2012B to advance refund \$7,440,000 of the City's General Obligation Public Improvement Bonds Series 2001, \$24,820,000 of the General Obligation Bonds Series 2004A, and \$16,670,000 of the General Obligation Bonds Series 2006. 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 2003, 2004A and 2006 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 defeased Series 2003 General Obligation bonds is July 15, 2012. The call date for the Series 2004A bonds is July 15, 2014 and the call date for the Series 2006 is July 15, 2016.

On June 28, 2012, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2012C to advance refund \$57,340,000 of the City's General Obligation Public Improvement Refunding Bonds Series 2002B and \$32,625,000 of the General Obligation Refunding Bonds Series 2005A. 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 2002B and 2005A bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The final call date for the defeased Series 2002B General Obligation bonds is July 15, 2013 while the call date for the Series 2005A bonds is July 15, 2015.

As of June 30, 2012, the City has an aggregate \$160,415,000 of defeased General Obligation bond debt.

Note: Refer to footnote 16 for information pertaining to debt redemptions and issuances that occurred subsequent to the fiscal year.

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9. FUND BALANCES

The fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. During 2011 the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement significantly changed the fund balance presentation of the City's governmental funds by requiring fund balances to be separated into five categories, according to the level of their restricted use. (Note 1N for category definitions)

Fund balances at June 30, 2012 are composed of the following:

| | General Fund | Debt Service | Capital Projects Fund | Other Non-Major Governmental Funds |
|---|----------------------|---------------------|--------------------------|--|
| Nonspendable: Inventories and Prepaids | | | | |
| Inventories and Prepaids | \$ 486,000 | \$ -- | \$ -- | \$ -- |
| Loans Receivable - Noncurrent | 543,100 | -- | -- | -- |
| Permanent Funds | -- | -- | -- | 193,729 |
| Other Purposes | 500 | -- | -- | -- |
| Total Nonspendable | 1,029,600 | -- | -- | 193,729 |
| Restricted To: | | | | |
| Virginia Department of Transportation (VDOT) Urban Program | -- | -- | 7,596,789 | -- |
| Culture and Recreation | -- | -- | -- | 1,264,967 |
| General Government | -- | -- | -- | 3,398,970 |
| Highways, Streets, Sanitation and Refuse | -- | -- | -- | 359,233 |
| Human Services | -- | -- | -- | 131,940 |
| Public Safety and Judiciary | -- | -- | -- | 3,512,834 |
| Total Restricted | -- | -- | 7,596,789 | 8,667,944 |
| Committed To: | | | | |
| Fiscal Year 2013 General Fund Budget Shortfall | 3,671,000 | -- | -- | -- |
| Fleet CIP Cash Funding | 1,500,000 | -- | -- | -- |
| FY13 Increase in Debt Cost | 6,400,000 | -- | -- | -- |
| Incurred But Not Reported Claims Payable | 1,750,000 | -- | -- | -- |
| Capital Improvement Projects Demolition | 400,000 | -- | -- | -- |
| FY12 Rolled Encumbrances (Including Requisitions and Manuals) | 6,105,451 | -- | -- | -- |
| Revenue Stabilization Fund | 2,000,000 | -- | -- | -- |
| Economic Development Initiatives | 2,000,000 | -- | -- | -- |
| Debt Pay-Off | 26,504,500 | -- | -- | -- |
| School's Education Foundation - Innovation & Excellence Program | 1,142,090 | -- | -- | -- |
| School's Education Foundation - Chimborazo IB Program | 100,000 | -- | -- | -- |
| Additional FY13 Richmond Public Schools Operation Funding | 1,500,000 | -- | -- | -- |
| Schools Recovery Economic Development Zone Bonds | -- | 788,421 | -- | -- |
| Certificates of Participation - 800 Megahertz Project | -- | 1,480,560 | -- | -- |
| Permanent Public Improvements and Capital Projects | -- | -- | 675,494 | -- |
| Culture and Recreation | -- | -- | -- | 2,150 |
| General Government | -- | -- | -- | 6,148,654 |
| Human Services | -- | -- | -- | 124,105 |
| Public Safety and Judiciary | -- | -- | -- | 9,046 |
| Highways, Streets, Sanitation and Refuse | -- | -- | -- | 528,537 |
| Total Committed | 53,073,041 | 2,268,981 | 675,494 | 6,812,492 |
| Assigned To: | | | | |
| Increase to Revenue Stabilization Fund | 12,500,000 | -- | -- | -- |
| Risk Management Claims & Liabilities | 3,000,000 | -- | -- | -- |
| Asset Renewal Fund | 11,500,000 | -- | -- | -- |
| Increase to Fleet CIP Cash Funding | 3,500,000 | -- | -- | -- |
| Enterprise Resource Planning System (RAPIDS) | 1,600,000 | -- | -- | -- |
| Fleet Facility Project | 2,652,000 | -- | -- | -- |
| Economic & Community Development Demolition Funds | 250,000 | -- | -- | -- |
| Other Purposes | -- | -- | -- | (138,320) |
| Total Assigned | 35,002,000 | -- | -- | (138,320) |
| Totals | \$ 89,104,641 | \$ 2,268,981 | \$ 8,272,283 | \$ 15,535,845 |

The Fleet Management and Radio Maintenance Internal Service Fund had deficit net assets of \$1,745,038 and \$3,228,162 respectively at June 30, 2012. In addition, the Coliseum Enterprise Fund had a deficit net asset of \$2,545,111 at June 30, 2012. Plans to remediate the deficits over the next 10 years are in process.



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10. RISK MANAGEMENT

The City's risk management activities are conducted through the Self Insurance agency within the General Fund and have been accounted for in accordance with 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 agency within the General Fund.

The City-owned Utilities (Gas, Water, Wastewater, Stormwater and Electric Utility 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, 2012, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures/expenses in the appropriate Governmental and Proprietary Funds, respectively.

The City's aggregate liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2012 was \$46,071,931 (undiscounted) and \$37,451,657 (discounted at 3.5%). On the government-wide statements the other liabilities and claims payable liability amount also includes the Internal Service Funds' portion of \$2,193,356. Changes in the aggregate for these liabilities for fiscal years 2011 and 2012 were:

| Fiscal Year | Beginning of Fiscal Year Liability | Current Year Claims and Changes In Estimates | Claims and Premium Payments | Balance at Fiscal Year End |
|-------------|---------------------------------------|--|--------------------------------|-------------------------------|
| 2011 | \$ 37,668,694 | \$ 8,641,727 | \$ (7,085,558) | \$ 39,224,863 |
| 2012 | \$ 39,224,863 | \$ 4,372,017 | \$ (6,145,223) | \$ 37,451,657 |

Workers compensation, general liability, and automobile liability future payment projections for fiscal year 2013 are as follows:

| Probability Level | Discounted | Undiscounted |
|-------------------|--------------|--------------|
| 90% | \$ 8,636,786 | \$ 8,786,629 |
| 75% | \$ 8,432,795 | \$ 8,579,100 |
| Central Estimate | \$ 7,749,245 | \$ 7,883,690 |

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11. HEALTH CARE PLAN

The City of Richmond offers health care coverage to eligible employees through CIGNA. These health care plans are considered Open Access Plus products and no referrals are needed under both plans. There are two plan choices, and they are as follows:

Open Access Plus (Option 1 OA-P1-20/40)

Open Access Plus (Option 2 OA-P2-25/50)

Each plan provides coverage for medical, hospitalization, prescription drugs, vision, behavioral health, wellness services, and a national network. However, networks are not guaranteed and may change during the contract year.

The rates for each plan are as follows:

| Status | Option 1 | | Option 2 | |
|----------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Option 1 OA-P1 - 20/40 | Option 1 OA-P1 - 20/40 | Option 2 OA-P2 - 25/50 | Option 2 OA-P2 - 25/50 |
| | Semi-Monthly | City Monthly | Semi-Monthly | City Monthly |
| Single | \$ 36.09 | \$ 405.90 | \$ 26.74 | \$ 413.25 |
| Plus One | \$ 178.49 | \$ 689.01 | \$ 158.23 | \$ 703.83 |
| Family | \$ 300.02 | \$ 897.96 | \$ 267.43 | \$ 927.05 |

Healthcare related costs for the City as of June 30, 2012 approximated \$24,524,000 for active City employees and approximated \$1,892,000 for retired City employees.

The healthcare plan is available to all full-time and part-time employees in permanent positions, working 20 hours or more per week. Effective July 1, 2011 the City and RPS transitioned to a self-insured agreement which included individual stop loss and aggregate stop loss.

12. RETIREMENT PLANS

A. General

The City maintains an agent multiple-employer Defined Benefit (DB) plan, administered by the Richmond Retirement System (System). The System has two participating employers – the City and the Richmond Behavioral Health Authority – covering all full-time, permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both agent and 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 also offers a Defined Contribution 401(a) (DC) plan as another retirement option. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The System is the Trustee for this Plan and has contracted with an independent, not-for-profit financial services organization to administer the plan. The City contributes a percentage of an employee's creditable compensation, based on years of service to a portable account for investment by the employee. This plan is non-contributory for employees.

The DB Plan is considered part of the City financial reporting entity and is included in the financial statements as a Pension Trust Fund. The payrolls for the fiscal year ended June 30, 2012 for the employees covered by the DB Plan and VRS were approximately \$125,594,167 and \$163,627,288, respectively. The total payrolls for the fiscal year ended June 30, 2012 were approximately \$230,001,919 for the City and \$168,855,871 for the School Board.



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B. Richmond Retirement System

I. Plan Description

The RRS was established by action of the Richmond City Council on February 1, 1945. The City Council appoints five members and the Mayor appoints two members of the Board of Trustees to administer the RRS. However, City Council retains the authority to establish or amend benefit provisions. The RRS is currently not subject to the provisions of the Employee Retirement Income Security Act of 1974. Current membership in the City Plan at June 30, 2012 is as follows:

| | |
|---|--------------|
| Retirees and Beneficiaries Currently Receiving Benefits | 4,131 |
| Active DB Plan Members | 2,360 |
| Terminated Vested DB Plan Members | 1,763 |
| Active DC 401(a) Plan Members | <u>1,735</u> |
| Total | <u>9,989</u> |

The City's retirement plans provide retirement benefits as well as disability benefits. All benefits vest after attainment of 5 years of creditable service or attainment of one's normal retirement age while in service (age 65 for general employees and age 60 for sworn public safety officers).

Summary of Defined Benefit Plan Provisions

A member is eligible for normal retirement upon attaining their normal retirement date (general employees – age 65; public safety employees – age 60). 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 (public safety employees participating in the DB plan) or 20 years of creditable service (public safety employees participating in the Enhanced DB plan option).

If a member retires prior to their normal retirement age, the benefit is reduced by 5/12 of 1% for each complete month by which retirement precedes the earlier of the member's normal retirement date or the date on which the employee would have completed 30 years of service (general employee), 25 years of service (public safety employee participating in the DB plan), or 20 years of service (public safety employee participating in the Enhanced DB plan option).

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

An amount equal to:

- a. General Employees - 1.75% (2% Enhanced DB Plan) of the member's average final compensation, multiplied by the number of years of creditable service up to 35 years.
- b. Public Safety Employees - 1.65% of the member's average final compensation, multiplied by the 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 until age 65.

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II. Funding Policy

The Richmond City Code of 1993, as amended, requires the City to contribute to the RRS, 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 actuarial liability contribution is determined as that amount necessary to amortize the unfunded actuarial liability and any increase or decrease in the unfunded actuarial liability in future years due to changes in actuarial assumptions, changes in the RRS provisions, including the granting of COLA 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, exclusive of employee contributions, for fiscal years ended June 30, 2010 through 2012:

| Fiscal Year Ended June 30 | Annual Required Contribution (in \$1,000) | Percentage Contributed |
|------------------------------|---|---------------------------|
| 2010 | 32,130 | 100.00% |
| 2011 | 39,770 | 100.00% |
| 2012 | 38,421 | 101.00% * |

* The City contributed an additional \$493,529 in excess of the required contribution amounts shown above for the fiscal year ended June 30, 2012.

III. Actuarial Method, Significant Assumptions and Legislative Changes

The actuarial cost method utilized is the projected unit credit actuarial cost method. This method is an acceptable method for determining the annual required contribution in accordance with GASB Statements 25, 27, and 34. 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 and fire employees is a level percent of pay method over a closed period not to exceed 30 years.

For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings 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. This smoothing method is utilized in order to smooth the impact of short term market fluctuations on the System's contribution rates and funded status.

Significant actuarial assumptions used in determining the actuarial liability include: (a) a rate of return on the investment of present and future assets of 7.5% 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.

Note: The annual rate of return (net of fees) for the fiscal year ended June 30, 2012 was 0.6 % which was less than the expected return of 7.5%.

There were no legislative changes during the fiscal year ending June 30, 2012, which had a financial impact on the System.



CITY OF RICHMOND, VIRGINIA
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IV. Schedule of Funding Progress

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 DB plan and the progress made in accumulating sufficient assets to pay benefits when due. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

| Actuarial Valuation Date June 30 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Credit | Unfunded AAL (UAAL) | Percentage Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------------------------|---------------------------|---|---------------------|-------------------------|-----------------|---|
| 2010* | 459,435,909 | 787,931,429 | 328,495,520 | 58.31% | 137,472,694 | 238.95% |
| 2011* | 493,374,901 | 841,362,079 | 347,987,178 | 58.64% | 130,970,696 | 265.70% |
| 2012 | 476,122,597 | 846,441,828 | 370,319,231 | 56.25% | 125,060,489 | 296.11% |

* Amounts represent Required Supplementary Information, which is unaudited.

Projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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 accordance with GAAP, 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 13 years. This is a change from previous years recognition of 30 years.

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, 2011, 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 | 1,003 |
| Retired Employees | 622 |
| Total | <u>1,625</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 | 2010* | 2011* | 2012 |
|---|----------------------|----------------------|----------------------|
| Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method: | | | |
| ARC Normal Cost | \$ 1,060,674 | \$ 1,103,100 | \$ 865,498 |
| Net Adjustment to ARC & Interest at Discount Rate to End of Year Amortization | — | — | (736,042) |
| | <u>8,478,006</u> | <u>5,310,337</u> | <u>5,162,571</u> |
| Annual required contribution | 9,538,680 | 6,413,437 | 5,292,027 |
| Contribution for fiscal year ended June 30, | <u>(1,499,574)</u> | <u>(1,427,898)</u> | <u>(5,779,471)</u> |
| Increase in net OPEB | 8,039,106 | 4,985,539 | (487,444) |
| Net OPEB Obligation - beginning of year | <u>3,163,498</u> | <u>11,202,604</u> | <u>16,188,143</u> |
| Net OPEB Obligation - end of year | <u>\$ 11,202,604</u> | <u>\$ 16,188,143</u> | <u>\$ 15,700,699</u> |
| Percent of annual OPEB cost contributed | 16% | 22% | 109% |

| Benefit Obligation, Normal Cost and Funding Progress | 2010* | 2011* | 2012 |
|---|----------------------|----------------------|----------------------|
| Actuarial Value of Assets | \$ -- | \$ -- | \$ -- |
| Actuarial Accrued Liability: | | | |
| Retired Employees: | 26,912,382 | 23,847,131 | 27,543,353 |
| Active Employees: | <u>35,772,758</u> | <u>38,285,348</u> | <u>32,860,214</u> |
| Unfunded actuarial liability (UAAL) | <u>\$ 62,685,140</u> | <u>\$ 62,132,479</u> | <u>\$ 60,403,567</u> |
| Funded Ratio | (100)% | (100)% | (100)% |
| Normal Cost - Beginning of Year | \$ 1,040,076 | \$ 1,081,679 | \$ 848,691 |
| Amortization factor based on 13 years | 12 | 12 | 13 |
| Annual Covered Payroll | \$ 90,516,083 | \$ 90,516,083 | \$ 73,016,515 |
| UAAL as a Percentage of Covered Payroll | 69% | 69% | 83% |

*Amounts represent Required Supplementary Information, which is unaudited.

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 coverage's were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 13 years on a level dollar open basis for June 30, 2012.

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, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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. The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In the July 1, 2011 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 7% healthcare cost trend increase for plan year 2012, reduced by decrements to a rate of 5.5% after 6 years. These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA). Provisions to any law were taken into consideration that is effective as of the valuation date as well as those that will go into effect in 2018.

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.

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 \$17,000 for calendar year 2011, whichever is less. In calendar year 2012, the maximum deferral amount remained at \$17,000. 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 GAAP as an Other Employee Benefits Trust Fund.

At June 30, 2012 the contributions for the year ended and fair value of the plan investments were approximately \$70,813,758 respectively.

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 \$17,000 for calendar year 2011, whichever is less. In calendar year 2012, the maximum deferral amount remained at \$17,000. 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.

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

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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15. 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 the annual appropriation of funds. At June 30, 2012, the annual operating lease commitments are as follows:

| Fiscal Year | Primary Government |
|--|---------------------|
| 2013 | \$ 1,125,039 |
| 2014 | 727,320 |
| 2015 | 630,165 |
| 2016 | 35,977 |
| 2017 | -- |
| Total minimum lease payments | <u>\$ 2,518,501</u> |
| Lease expense/expenditures for the year ended June 30, 2012 | <u>\$ 1,278,188</u> |

Capital Leases

The City leases various computer, electronic and office output equipment through capital lease agreements. All capital lease obligations are subject to annual appropriation of funds. At June 30, 2012, the annual capital lease commitments are as follows:

| Fiscal Year | Primary Government | |
|--|---------------------|-------------------|
| | Principal | Interest |
| 2013 | \$ 1,336,785 | \$ 119,408 |
| 2014 | 1,146,566 | 102,417 |
| 2015 | 1,006,552 | 89,910 |
| 2016 | 331,380 | 29,600 |
| 2017 | -- | -- |
| Total minimum lease payments | <u>\$ 3,821,283</u> | <u>\$ 341,335</u> |
| Lease expenditures for the year ended June 30, 2012 | <u>\$ 1,858,242</u> | <u>\$ 165,987</u> |

The assets valued on the Statement of Net Assets are at the present value of the future minimum lease payments. Interest expense for capital leases is not capitalized.

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 lines 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 the 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.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The City has been cooperating with the Virginia State Water Control Board (Board) since the mid-1970's 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 Fed Reg 18688, and incorporated into the Clean Water Act pursuant to the Wet Weather Water Quality Act, Section 402(q) of the Clean Water Act, 33 U.S.C. sec. 1342) and most recently updated that control plan in 2007. The Board adopted the technical components of the CSO Plan, and continues to regulate and monitor the City's program through the current Virginia Pollutant Discharge Elimination System (VPDES) permit and CSO Special Order issued by the Virginia Department of Environmental Quality (DEQ) with oversight from the Environmental Protection Agency (EPA).

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$594 million in 2008 dollars (\$265 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 is required to raise revenue for implementation of its CSO Control Plan by raising and maintaining sewer rates such that the annual sewer bill for a typical residential customer will be at least 1.25% of the median household income (MHI) supplemented by the availability of federal and state grants.

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.

Extraordinary Items:

On August 27, 2011, a local state of emergency was declared due to the substantial effects from Hurricane Irene. Approximately, \$1.3 million from governmental funds were expensed and recorded during fiscal year 2012. The City was approved to receive disaster assistance under the Public Assistance Program and will continue to work with federal and state agencies to be reimbursed for the eligible costs incurred.

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, 2012, the City contributed \$1,291,023 for its share of costs.

D. RMA's Subordinated Note Payable

The RMA issued a subordinated note (related to a parking facility it manages for the City at 2nd and Franklin Streets) 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 senior revenue bonds have been retired. Accordingly, no interest payments have been made on the note. Accrued interest related to this note approximated \$960,081 at June 30, 2012.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



E. Gas Utility Enterprise Fund

To ensure the 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 \$556 million at June 30, 2012.

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.

G. Subsequent Events

A. Debt Redemption & Issuance

On August 1, 2012, the City called for early redemption of all remaining principal and interest due on its outstanding Series 2001 Certificates of Participation (800 Megahertz Project). Using available cash, as well as balances held by the Trustee, \$11,445,000 of outstanding Certificates of Participation Notes scheduled to mature annually on 8/1/2013 through 8/1/2022 were paid off in full.

On September 1, 2012, the City called for early redemption two series of bonds on which it was making the payments that had been issued through the Richmond Redevelopment and Housing Authority (the "RRHA"). The RRHA Series 1995B Variable Rate Demand Project Revenue Bonds (Old Manchester Project) with a remaining principal balance of \$3,800,000 and the RRHA Series 1998 Project Refunding Revenue Bonds (Old Manchester Project) with an outstanding principal balance of \$11,860,000 were called for early redemption and paid in full by the City using available cash.

On October 18, 2012, the City established a \$150.0 million Bond Anticipation Note Line of Credit with a local bank. This interim financing vehicle will be used to finance General Government capital projects budgeted in the City's Capital Improvement Program (CIP). Interest on the bank line will accrue at a spread over the index One Month LIBOR (London Interbank Offered Rate) with interest payments on outstanding borrowings due monthly. This borrowing facility has an October 18, 2014 final maturity and is expected to be repaid prior to that date from proceeds of long term General Obligation bonds issues in the next 18-24 months.

B. J. Fulmer Bright Memorial Foundation, Inc.

The J. Fulmer Bright Memorial Foundation, Inc., a non-stock corporation, the sole officers and directors of the Corporation were issued by the Virginia State Corporation Commission a Certificate of Fact with regard to the automatic termination of the Corporation's existence on July 31, 2011. Pursuant to Va. Code §13.1-914.C, all property and affairs of the Corporation passed automatically to the Trustees (the City) on July 31, 2011 when the Corporation was terminated. The City as Trustees have full power and authority, without the consent or approval of any other party or entity, to execute and deliver as deemed necessary or advisable to wind down the affairs of the Corporation in accordance with Va. Code §13.1-914.C and the Agreement. The Trustee Certificate was executed by the former trustees on September 18, 2012.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

17. PRIOR PERIOD ADJUSTMENT

At the end of fiscal year 2011 a change in the beginning balance of buildings and structures and related accumulated depreciation was the result of the examination which was completed on a sample of buildings using evaluation methods and data that was not available at the time buildings and structures were originally recognized. At June 30, 2011, the net adjustment of \$21,955,316 represented a decrease of less than 3% of the total Governmental Activities capital assets. Though insignificant, the City, as part of its continuous efforts and initiative in being a well managed government, made the adjustment in order to provide the most accurate information regarding the valuation of buildings and structures at June 30, 2011.

During fiscal year 2012, the City was committed in continuing the evaluation efforts and worked with the City's internal audit department to develop a reasonable method to test carrying values of the buildings and land to determine if material variances exist. The Department of Finance worked closely with the Assessor's Office to complete an entire reassessment of the City's buildings and land. Additionally, Finance completed detailed research of betterments in order to ensure they were associated with the buildings on which the work was performed. The work performed during the fiscal year resulted in an increase of the total Governmental Activities capital assets of 5%, or a change in the beginning balance of buildings and structures, land and equipment and structures (due to the elimination of the internal service fund – Public Works Stores) and related accumulated depreciation of \$35,603,067.

The Capital Asset, Primary Government – Governmental Activities (Note 7) adjustment is as follows:

| Primary Government - Governmental Activities | Balance | | June 30, 2011 As Restated |
|---|--------------------------------------|----------------------|------------------------------|
| | June 30, 2011 Previously Reported | Restatement | |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 43,509,710 | \$ 56,238,699 | \$ 99,748,409 |
| Construction In Progress | 180,148,601 | -- | 180,148,601 |
| Works of Art/Historical Treasures | 6,942,681 | -- | 6,942,681 |
| Total Capital Assets Not Being Depreciated | 230,600,992 | 56,238,699 | 286,839,691 |
| Capital Assets Being Depreciated: | | | |
| Infrastructure | 745,341,159 | -- | 745,341,159 |
| Building and Structures | 465,660,683 | (5,460,708) | 460,199,975 |
| Equipment and Other Assets | 108,466,538 | -- | 108,466,538 |
| Improvements Other Than Buildings | 11,783,546 | -- | 11,783,546 |
| Total Other Capital Assets | 1,331,251,926 | (5,460,708) | 1,325,791,218 |
| Less Accumulated Depreciation For: | | | |
| Infrastructure | 453,016,728 | -- | 453,016,728 |
| Building and Structures | 264,904,456 | 14,918,022 | 269,822,478 |
| Equipment and Other Assets | 76,152,085 | 256,902 | 76,408,987 |
| Improvements Other Than Buildings | 3,661,190 | -- | 3,661,190 |
| Total Accumulated Depreciation | 787,734,459 | 15,174,924 | 802,909,383 |
| Total Capital Assets Being Depreciated, Net | 543,517,467 | (20,635,632) | 522,881,835 |
| Governmental Activities, Capital Assets, Net | \$ 774,118,459 | \$ 35,603,067 | \$ 809,721,526 |

Fiscal Year 2012 Net Assets beginning balance net adjustments are as follows:

| Description | Governmental Activities Amount | General Fund Amount | Internal Services Funds Amount |
|--|-----------------------------------|------------------------|-----------------------------------|
| Balance as previously reported June 30, 2011 | \$ 282,536,902 | \$ 96,617,238 | \$ 26,965,898 |
| Public Works Stores Change | (528,947) | (906,396) | (377,449) |
| Capital Asset Change | 35,603,067 | - | - |
| Sub-Total of Changes | 35,074,120 | (906,396) | (377,449) |
| Adjusted Balance as of June 30, 2011 | \$ 317,611,022 | \$ 95,710,842 | \$ 26,588,449 |





10 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

*Required Supplementary
Information*



EXHIBIT H-1

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|--|
| Revenues | | | | |
| City Taxes | | | | |
| Real Estate | \$ 208,792,600 | \$ 208,792,600 | \$ 216,991,101 | \$ 8,198,501 |
| Sales-1% Local | 25,949,200 | 25,949,200 | 30,595,853 | 4,646,653 |
| Sales Tax for Education | 26,824,100 | 26,932,569 | 26,406,848 | (525,721) |
| Personal Property | 45,814,200 | 45,814,200 | 43,780,792 | (2,033,408) |
| Machinery and Tools | 17,038,500 | 17,038,500 | 15,519,223 | (1,519,277) |
| Utility Sales Tax Gas | 5,015,200 | 5,015,200 | 4,256,292 | (758,908) |
| Utility Sales Tax Electric | 12,000,000 | 12,000,000 | 12,121,920 | 121,920 |
| State Communication Taxes | 17,693,300 | 17,693,300 | 17,085,208 | (608,092) |
| Bank Stock | 11,553,200 | 11,553,200 | 12,480,183 | 926,983 |
| Prepared Food | 24,323,600 | 24,323,600 | 26,991,476 | 2,667,876 |
| Lodging Tax | 5,023,700 | 5,023,700 | 5,685,427 | 661,727 |
| Admission | 2,255,000 | 2,255,000 | 2,726,217 | 471,217 |
| Real Estate Taxes - Delinquent | 7,035,000 | 7,035,000 | 7,006,446 | (28,554) |
| Personal Property Taxes - Delinquent | 6,659,900 | 6,659,900 | 3,959,980 | (2,699,920) |
| Private Utility Poles and Conduits | 156,500 | 156,500 | 154,881 | (1,619) |
| Penalties and Interest | 5,454,000 | 5,454,000 | 3,660,357 | (1,793,643) |
| Tiling Tax-Mobile Home | 10,900 | 10,900 | 8,051 | (2,849) |
| State Recordation | 683,400 | 683,400 | 656,449 | (26,951) |
| Property Rental 1% | 101,700 | 101,700 | 131,021 | 29,321 |
| Vehicle Rental Tax | 623,400 | 623,400 | 1,149,088 | 525,688 |
| Telephone Commissions | 450,000 | 450,000 | 338,499 | (111,501) |
| Total City Taxes | 423,457,400 | 423,565,869 | 431,705,312 | 8,139,443 |
| Licenses, Permits and Privilege Fees | | | | |
| Business and Professional | 28,672,000 | 28,672,000 | 29,615,002 | 943,002 |
| Vehicle | 3,517,500 | 3,517,500 | 3,596,101 | 78,601 |
| Dog | 35,000 | 35,000 | 12,934 | (22,066) |
| Transfers, Penalties, Interest & Delinquent Collections | 1,000 | 1,000 | 10,581 | 9,581 |
| Parking Fees & Permits | 653,300 | 653,300 | 748,159 | 94,859 |
| Utilities Right of Way Fees | 739,800 | 739,800 | 636,279 | (103,521) |
| Other Licenses, Permits and Fees | 4,155,980 | 4,155,980 | 4,784,157 | 628,177 |
| Total Licenses, Permits and Privilege Fees | 37,774,580 | 37,774,580 | 39,403,213 | 1,628,633 |
| Intergovernmental | | | | |
| State Shared Expense | 18,512,300 | 18,512,300 | 18,398,267 | (114,033) |
| Total State Block Grant | 4,391,499 | 4,391,499 | 2,988,043 | (1,403,456) |
| Department of Social Services | 48,000,000 | 48,000,000 | 42,390,126 | (5,609,874) |
| Federal Revenue | 1,012,500 | 1,012,500 | 695,015 | (317,485) |
| Street Maintenance | 23,418,800 | 23,418,800 | 23,466,925 | 48,125 |
| State Aid to Localities | 12,889,800 | 12,889,800 | 13,120,564 | 230,764 |
| Service Charges on Tax Exempt Property (State PILOT) | 2,855,200 | 2,855,200 | 2,744,648 | (110,552) |
| All Other Intergovernmental Revenue | 2,301,425 | 2,306,425 | 3,662,032 | 1,355,607 |
| Total Intergovernmental | 113,381,524 | 113,386,524 | 107,465,620 | (5,920,904) |

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| Service Charges | | | | |
| Commercial Dumping Fees | 250,000 | 250,000 | 280,505 | 30,505 |
| Refuse Collection Fees | 11,732,300 | 11,732,300 | 11,741,275 | 8,975 |
| Safety Related Charges | 408,800 | 408,800 | 260,734 | (148,066) |
| Rental of Property | 259,401 | 259,401 | 535,462 | 276,061 |
| Building Service Charges | 664,300 | 664,300 | 592,648 | (71,652) |
| Inspection Fees | 3,978,000 | 3,978,000 | 4,551,320 | 573,320 |
| Recycling Proceeds | 1,504,500 | 1,504,500 | 1,537,150 | 32,650 |
| Health Related Charges | 62,300 | 62,300 | 78,524 | 16,224 |
| Other Sales - Income | 51,200 | 51,200 | 584,953 | 533,753 |
| Printing and Telecomm Charges | 61,320 | 61,320 | 58,874 | (2,446) |
| Self Insurance | 4,302,800 | 4,302,800 | 4,328,316 | 25,516 |
| Other Service Charges | 54,325,800 | 57,565,447 | 1,840,457 | (55,724,990) |
| Total Service Charges | 77,600,721 | 80,840,368 | 26,390,218 | (54,450,150) |
| Fines and Forfeitures | | | | |
| Richmond Public Library | 91,800 | 91,800 | 92,090 | 290 |
| Circuit Court | 3,953,400 | 3,953,400 | 3,783,687 | (169,713) |
| General District Court | 1,776,300 | 1,776,300 | 1,573,551 | (202,749) |
| Juvenile and Domestic Relations District Court | 8,400 | 8,400 | 8,196 | (204) |
| Parking Violations | 4,770,400 | 4,770,400 | 4,286,933 | (483,467) |
| License Code Violations | 2,000 | 2,000 | - | (2,000) |
| Total Fines and Forfeitures | 10,602,300 | 10,602,300 | 9,744,457 | (857,843) |
| Utility Payments | | | | |
| Utility Pilot Payment | 20,808,900 | 20,808,900 | 20,802,550 | (6,350) |
| Utility Payment - City Services | 2,817,200 | 2,817,200 | 2,817,198 | (2) |
| Utilities Payment for Collection Service | 673,000 | 673,000 | 521,824 | (151,176) |
| Total Utility Payments | 24,299,100 | 24,299,100 | 24,141,572 | (157,528) |
| Miscellaneous Revenue | | | | |
| Department of Information Technology Charges | 969,800 | 969,800 | 674,963 | (294,837) |
| Reimbursement of Interest on Long Term Debt | 1,277,500 | 1,277,500 | 1,615,314 | 337,814 |
| Internal Service Fund Payments | 349,000 | 349,000 | 353,176 | 4,176 |
| Miscellaneous Revenue | 691,200 | 719,921 | 573,882 | (146,039) |
| Other Payments to General Fund | 572,244 | 572,244 | 547,224 | (25,020) |
| Overhead Costs-Port of Richmond Commission | 72,562 | 72,562 | - | (72,562) |
| Richmond Metropolitan Authority Payment | 78,694 | 78,694 | 64,293,378 | 64,214,684 |
| Total Miscellaneous Revenues | 4,011,000 | 4,039,721 | 68,057,937 | 64,018,216 |
| Total General Fund Revenues | 691,126,625 | 694,508,462 | 706,908,329 | 12,399,867 |

(Continued)



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| Expenditures | | | | |
| Current | | | | |
| General Government | | | | |
| City Council | \$ 1,305,199 | \$ 1,208,800 | \$ 1,106,563 | \$ 102,237 |
| City Clerk | 812,745 | 738,900 | 650,657 | 88,243 |
| Planning and Development Review | 8,064,231 | 8,337,075 | 7,944,080 | 392,995 |
| Assessor of Real Estate | 3,028,610 | 2,972,500 | 2,853,222 | 119,278 |
| City Auditor | 1,825,747 | 1,828,400 | 1,678,711 | 149,689 |
| Department of Law | 2,275,423 | 2,182,400 | 2,144,872 | 37,528 |
| General Registrar | 1,580,650 | 1,571,500 | 1,362,544 | 208,956 |
| Department of Information Technology | 18,924,841 | 18,140,700 | 17,264,067 | 876,633 |
| Chief Administrative Officer | 1,391,570 | 1,390,300 | 1,171,412 | 218,888 |
| Budget and Strategic Planning | 1,176,395 | 1,044,200 | 1,025,985 | 18,215 |
| Department of Human Resources | 2,903,254 | 2,797,700 | 2,642,125 | 155,575 |
| Department of Finance | 22,344,249 | 22,905,800 | 22,994,556 | (88,756) |
| Animal Control | 1,391,368 | 1,367,800 | 1,350,620 | 17,180 |
| Procurement Services | 1,329,217 | 1,173,600 | 1,168,156 | 5,444 |
| Office of Press Secretary to Mayor | 483,357 | 483,800 | 459,948 | 23,852 |
| City Treasurer | 170,937 | 169,800 | 161,833 | 7,967 |
| Economic/Community Development | 3,040,178 | 3,384,800 | 3,128,383 | 256,417 |
| Council Chief of Staff | 879,861 | 720,800 | 772,635 | (51,835) |
| Minority Business Development | 789,037 | 715,000 | 629,518 | 85,482 |
| City Mayor's Office | 1,108,404 | 1,107,500 | 1,101,493 | 6,007 |
| Total General Government | <u>74,825,273</u> | <u>74,241,375</u> | <u>71,611,380</u> | <u>2,629,995</u> |
| Public Safety and Judiciary | | | | |
| Judiciary | 9,274,278 | 9,193,820 | 9,204,828 | (11,008) |
| Juvenile and Domestic Relations District Court | 475,193 | 477,000 | 455,382 | 21,618 |
| City Sheriff | 30,941,649 | 34,992,900 | 34,772,256 | 220,644 |
| Department of Police | 82,715,541 | 83,766,754 | 83,110,159 | 656,595 |
| Department of Fire and Emergency Services | 39,681,279 | 40,350,200 | 39,669,491 | 680,709 |
| Total Public Safety and Judiciary | <u>163,087,940</u> | <u>168,780,674</u> | <u>167,212,116</u> | <u>1,568,558</u> |
| Highways, Streets, Sanitation and Refuse | | | | |
| Department of Public Works | 59,437,347 | 63,777,805 | 59,369,078 | 4,408,727 |
| Human Services | | | | |
| Office of DCAO for Human Services | 1,668,140 | 1,674,800 | 1,626,852 | 47,948 |
| Department of Social Services | 59,381,537 | 54,570,479 | 51,707,123 | 2,863,356 |
| Justice Services | 8,707,919 | 8,551,032 | 8,841,851 | (290,819) |
| Department of Public Health | 3,210,906 | 3,210,906 | 3,210,906 | -- |
| Total Human Services | <u>72,968,502</u> | <u>68,007,217</u> | <u>65,386,732</u> | <u>2,620,485</u> |
| Culture and Recreation | | | | |
| Richmond Public Library | 5,220,846 | 5,098,900 | 5,212,816 | (113,916) |
| Department of Parks, Recreation and Community Facilities | 15,736,592 | 15,724,100 | 15,604,036 | 120,064 |
| Total Culture and Recreation | <u>20,957,438</u> | <u>20,823,000</u> | <u>20,816,852</u> | <u>6,148</u> |
| Education | | | | |
| Richmond Public Schools | 150,651,924 | 150,760,393 | 150,651,924 | 108,469 |

(Continued)



EXHIBIT H-1, Concluded

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------------|-----------------------|--|
| Non-Departmental | | | | |
| Old Manchester Projects (formerly Crestar) | \$ 2,905,765 | \$ 2,905,765 | \$ 2,699,825 | \$ 205,940 |
| Payments to Other Government Agencies | 82,778,249 | 83,687,662 | 26,026,037 | 57,661,625 |
| Tax Relief for the Elderly | 3,383,238 | 3,383,238 | 2,726,753 | 656,485 |
| Greater Richmond Transit Company | 11,643,357 | 12,143,357 | 12,143,357 | -- |
| RRS Contributions/Retiree's Health Care Payments | 2,711,273 | 3,260,000 | 3,239,990 | 20,010 |
| Total Non-Departmental | 103,421,882 | 105,380,022 | 46,835,962 | 58,544,060 |
| Total General Fund Expenditures | 645,350,306 | 651,770,486 | 581,884,044 | 69,886,442 |
| Excess of Revenues Over Expenditures | 45,776,319 | 42,737,976 | 125,024,285 | 82,286,309 |
| Other Financing Sources (Uses) | | | | |
| Transfers In - Other Funds | 18,851,875 | 21,425,560 | 3,108,932 | (18,316,628) |
| Transfers Out - Other Funds | (64,628,194) | (64,163,536) | (61,830,564) | 2,332,972 |
| Total Other Financing Sources (Uses), Net | (45,776,319) | (42,737,976) | (58,721,632) | (15,983,656) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | -- | -- | 66,302,653 | 66,302,653 |
| Fund Balance - Beginning of Year | 95,710,842 | 95,710,842 | 95,710,842 | -- |
| Fund Balance- End of Year | \$ 95,710,842 | \$ 95,710,842 | \$ 162,013,495 | \$ 66,302,653 |



**CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2012**

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 City 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 Capital Projects and Special Revenue Fund consists of multiple funds; however, the Fund is budgeted in total rather than by individual funds. 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. City Council approval is not needed 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 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. 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 \$5.9 million for fiscal year ended June 30, 2012, which is primarily due to continued declines in payments from the State, particularly Social Services related revenues in addition to slower than normal collection on current and delinquent personal property, compared to budget. These decreases were offset by continued improved collections of current and delinquent real estate tax revenues and receipt of a one time repayment by the RMA from the total outstanding Subordinated Notes plus accrued interest in the amount of \$62.1 million. The General Fund expenditures and other financing uses were under budget by \$72.2 million for fiscal year ended June 30, 2012. This is primarily due to programmatic changes enforced spending constraints.

The following departments' expenditures exceeded appropriations for the year June 30, 2012:

| | |
|-------------------------|-----------|
| Department of Finance | (88,756) |
| Council Chief of Staff | (51,835) |
| Judiciary | (11,008) |
| Justice Services | (290,819) |
| Richmond Public Library | (113,916) |





Supplementary Information





Non-major Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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 Funds

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.

PPEA Deposit Fund

As a result of an unsolicited proposal, the City may charge a fee to the private entity submitting any unsolicited proposal or competing unsolicited proposal to cover the costs of processing, reviewing, and evaluating that proposal.



**CITY OF RICHMOND, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012**

| | Special Revenue | | Permanent Funds | | | | Total | |
|--|----------------------|------------------------|----------------------------|------------------|------------------|-------------------------|-------------------|----------------------|
| | Grant Revenue Funds | Consolidated HUD Funds | J. Fulmer Bright Park Fund | Memorial | Recreation | Richmond Public Library | | PPEA Deposit |
| Assets | | | | | | | | |
| Cash and Cash Equivalents | \$ -- | \$ -- | \$ 279,313 | \$ -- | \$ -- | \$ -- | \$ -- | \$ 279,313 |
| Accounts Receivable, Net | 2,027,682 | 1,028,979 | -- | -- | -- | -- | -- | 3,056,661 |
| Due From Other Funds | 11,823,476 | -- | -- | 203 | 832 | 146 | 198,013 | 12,022,670 |
| Due From Other Governments | 7,366,066 | 4,153,355 | -- | -- | -- | -- | -- | 11,519,421 |
| Restricted Assets | -- | -- | 119,535 | 27,370 | 32,862 | 12,781 | -- | 192,548 |
| Total Assets | \$ 21,217,224 | \$ 5,182,334 | \$ 398,848 | \$ 27,573 | \$ 33,694 | \$ 12,927 | \$ 198,013 | \$ 27,070,613 |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ 4,868,973 | \$ 1,828,591 | \$ 925 | \$ -- | \$ -- | \$ -- | \$ 198,013 | \$ 6,896,502 |
| Accrued Liabilities | 203,559 | 34,796 | -- | -- | -- | -- | -- | 238,355 |
| Due To Other Funds | -- | 3,098,767 | 278,388 | -- | -- | -- | -- | 3,377,155 |
| Deferred Revenue | 802,576 | 220,180 | -- | -- | -- | -- | -- | 1,022,756 |
| Total Liabilities | 5,875,108 | 5,182,334 | 279,313 | -- | -- | -- | 198,013 | 11,534,768 |
| Fund Balances: | | | | | | | | |
| Nonspendable | -- | -- | 119,535 | 27,573 | 33,694 | 12,927 | -- | 193,729 |
| Restricted | 8,667,944 | -- | -- | -- | -- | -- | -- | 8,667,944 |
| Committed | 6,812,492 | -- | -- | -- | -- | -- | -- | 6,812,492 |
| Assigned | (138,320) | -- | -- | -- | -- | -- | -- | (138,320) |
| Total Fund Balances | 15,342,116 | -- | 119,535 | 27,573 | 33,694 | 12,927 | -- | 15,535,845 |
| Total Liabilities and Fund Balances | \$ 21,217,224 | \$ 5,182,334 | \$ 398,848 | \$ 27,573 | \$ 33,694 | \$ 12,927 | \$ 198,013 | \$ 27,070,613 |



**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, 2012**

| | Special Revenue | | Permanent Funds | | | | | Total |
|---|----------------------|------------------------|----------------------------|------------------|------------------|-------------------------|---------------|----------------------|
| | Grant Revenue Funds | Consolidated HUD Funds | J. Fulmer Bright Park Fund | Memorial | Recreation | Richmond Public Library | PPEA Deposits | |
| Revenues | | | | | | | | |
| Intergovernmental | \$ 28,431,777 | \$ 8,576,141 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 37,007,918 |
| Investment Income | 7,461 | -- | -- | 17 | 135 | 38 | -- | 7,651 |
| Miscellaneous | 9,382,224 | 493,189 | -- | -- | -- | -- | -- | 9,875,413 |
| Total Revenues | 37,821,462 | 9,069,330 | -- | 17 | 135 | 38 | -- | 46,890,982 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 9,379,844 | 9,069,605 | -- | 63 | -- | -- | -- | 18,449,512 |
| Public Safety and Judiciary | 9,830,079 | -- | -- | -- | -- | -- | -- | 9,830,079 |
| Highways, Streets, Sanitation and Refuse | 1,795,362 | -- | -- | -- | -- | -- | -- | 1,795,362 |
| Human Services | 15,526,567 | -- | -- | -- | -- | -- | -- | 15,526,567 |
| Culture and Recreation | 2,153,201 | -- | 18,539 | -- | -- | -- | -- | 2,171,740 |
| Extraordinary | 1,320,829 | -- | -- | -- | -- | -- | -- | 1,320,829 |
| Total Expenditures | 40,005,882 | 9,069,605 | 18,539 | 63 | -- | -- | -- | 49,094,089 |
| Excess of Revenues Over (Under) Expenditures | (2,184,420) | (275) | (18,539) | (46) | 135 | 38 | -- | (2,203,107) |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers In-Other Funds | 5,977,465 | 275 | -- | -- | -- | -- | -- | 5,977,740 |
| Transfers Out-Other Funds | (2,056,121) | -- | -- | -- | -- | -- | -- | (2,056,121) |
| Total Other Financing Sources (Uses), Net | 3,921,344 | 275 | -- | -- | -- | -- | -- | 3,921,619 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,736,924 | -- | (18,539) | (46) | 135 | 38 | -- | 1,718,512 |
| Fund Balance - Beginning of Year | 13,605,192 | -- | 138,074 | 27,619 | 33,559 | 12,889 | -- | 13,817,333 |
| Fund Balance - End of Year | \$ 15,342,116 | \$ -- | \$ 119,535 | \$ 27,573 | \$ 33,694 | \$ 12,927 | \$ -- | \$ 15,535,845 |



**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2012**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|--------------------|-------------------|--|
| Revenues | | | | |
| Intergovernmental | | | | |
| Intergovernmental Revenues | \$ 77,461,407 | \$ 80,524,318 | \$ 37,007,918 | \$ (43,516,400) |
| Investment Earnings and Contributions | - | - | 7,461 | 7,461 |
| Miscellaneous Revenue | 20,278,484 | 25,183,484 | 9,875,413 | (15,308,071) |
| Total Revenues | 97,739,891 | 105,707,802 | 46,890,792 | (58,817,010) |
| Expenditures | | | | |
| General Government | 37,788,342 | 45,458,711 | 18,449,449 | 27,009,262 |
| Public Safety and Judiciary | 25,382,433 | 25,550,620 | 9,830,079 | 15,720,541 |
| Highways, Streets, Sanitation and Refuse | 2,626,295 | 2,626,295 | 1,795,362 | 830,933 |
| Human Services | 28,321,821 | 28,451,176 | 15,526,567 | 12,924,609 |
| Culture and Recreation | 3,621,000 | 3,621,000 | 2,153,201 | 1,467,799 |
| Extraordinary | - | - | 1,320,829 | (1,320,829) |
| Total Expenditures | 97,739,891 | 105,707,802 | 49,075,487 | 56,632,315 |
| Excess of Revenues Under Expenditures | - | - | (2,184,695) | (2,184,695) |
| Other Financing Sources (Uses) | | | | |
| Transfers In - Other Funds | - | - | 5,977,740 | 5,977,740 |
| Transfers Out - Other Funds | - | - | (2,056,121) | (2,056,121) |
| Total Other Financing Sources, Net | - | - | 3,921,619 | 3,921,619 |
| Excess of Revenues and Other Financing Sources, Net Over Expenditures and Other Financing Uses | - | - | 1,736,924 | 1,736,924 |
| Fund Balance - Beginning of Year | 13,605,192 | 13,605,192 | 13,605,192 | - |
| Fund Balance - End of Year | \$ 13,605,192 | \$ 13,605,192 | \$ 15,342,116 | \$ 1,736,924 |



EXHIBIT I-4

**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2012**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|---------------------|--|
| Revenues | | | | |
| Intergovernmental Revenue | | | | |
| Intergovernmental Revenue | \$ 4,433,352 | \$ 22,652,363 | \$ 8,364,411 | \$ (14,287,952) |
| Total Intergovernmental Revenue | <u>4,433,352</u> | <u>22,652,363</u> | <u>8,364,411</u> | <u>(14,287,952)</u> |
| Investment Earnings and Contributions | | | | |
| Interest Earned on Restricted Funds | 75,038 | 75,038 | 117,830 | 42,792 |
| Local Matches and Contributions | -- | 30,000 | -- | (30,000) |
| Total Investment Earnings | <u>75,038</u> | <u>105,038</u> | <u>117,830</u> | <u>12,792</u> |
| Miscellaneous Revenue | | | | |
| Special Revenue Funds | <u>1,350,000</u> | <u>1,350,000</u> | <u>--</u> | <u>(1,350,000)</u> |
| Total Revenues | <u>5,858,390</u> | <u>24,107,401</u> | <u>8,482,241</u> | <u>(15,625,160)</u> |
| Expenditures | | | | |
| Capital Outlay: | | | | |
| City Facility Maintenance & Improvements | 5,229,786 | 5,229,786 | 13,651,438 | (8,421,652) |
| Culture & Recreation | 4,584,000 | 4,735,000 | 5,404,210 | (669,210) |
| Economic & Community Development | 1,981,861 | 2,999,346 | 3,887,373 | (888,027) |
| Education | 39,799,397 | 39,799,397 | 27,204,545 | 12,594,852 |
| Public Safety | 27,567,546 | 32,750,000 | 29,253,740 | 3,496,260 |
| Transportation | 2,182,318 | 14,080,390 | 13,290,891 | 789,499 |
| City Equipment & Other Infrastructure Investment | <u>5,750,000</u> | <u>5,750,000</u> | <u>4,103,894</u> | <u>1,646,106</u> |
| Total Expenditures | <u>87,094,908</u> | <u>105,343,919</u> | <u>96,796,091</u> | <u>8,547,828</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(81,236,518)</u> | <u>(81,236,518)</u> | <u>(88,313,850)</u> | <u>(7,077,332)</u> |
| Other Financing Sources | | | | |
| Proceeds from Issuance of General Obligation Bonds | 93,685,529 | 93,685,529 | 113,379,713 | 19,694,184 |
| Transfers In-Other Funds | <u>5,800,000</u> | <u>5,800,000</u> | <u>5,800,000</u> | <u>--</u> |
| Total Other Financing Sources | <u>99,485,529</u> | <u>99,485,529</u> | <u>119,179,713</u> | <u>19,694,184</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | <u>18,249,011</u> | <u>18,249,011</u> | <u>30,865,863</u> | <u>12,616,852</u> |
| Fund Balance - Beginning of Year | <u>22,456,096</u> | <u>22,456,096</u> | <u>(26,072,106)</u> | <u>(48,528,202)</u> |
| Fund Balance - End of Year | <u>\$ 40,705,107</u> | <u>\$ 40,705,107</u> | <u>\$ 4,793,757</u> | <u>\$ (35,911,350)</u> |



EXHIBIT I-5

**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|--|
| Principal Payments | | | | |
| General Obligation Bonds | | | | |
| General Government Projects | \$ 20,847,937 | \$ 20,847,937 | \$ 20,847,936 | \$ 1 |
| Schools Capital Improvement Projects | 4,177,249 | 4,177,249 | 4,177,249 | -- |
| Schools Virginia Public Schools Authority Bonds | 233,709 | 233,709 | 233,709 | -- |
| Schools Qualified Zone Academy Bonds | 192,480 | 192,480 | 192,480 | -- |
| Richmond Metropolitan Authority - Expressway Deck | 984,312 | 984,312 | 984,312 | -- |
| Theater Row Office Building Project | 1,013,582 | 1,013,582 | 1,013,582 | -- |
| Landmark Theatre Project | 352,344 | 352,344 | 352,344 | -- |
| Landmark Theater HVAC Lease | 88,845 | 88,845 | 88,893 | (48) |
| Richmond Ambulance Authority | 20,168 | 20,168 | 20,168 | -- |
| Coliseum Improvements | 743,711 | 743,711 | 743,710 | 1 |
| Coliseum HVAC Lease | 186,295 | 186,295 | 186,301 | (6) |
| Cemeteries | 43,139 | 43,139 | 43,139 | -- |
| Total General Obligation Bonds | 28,883,771 | 28,883,771 | 28,883,823 | (52) |
| General Obligation Notes | | | | |
| Serial Equipment Notes - General Fund | 400,000 | 400,000 | 400,000 | -- |
| Total General Obligation Notes | 400,000 | 400,000 | 400,000 | -- |
| Other Debt Instruments | | | | |
| HUD Section 108 Notes | 555,000 | 555,000 | 555,000 | -- |
| Certificates of Participation - 800 Megahertz Project | 845,000 | 845,000 | 845,000 | -- |
| Total Other Debt Instruments | 1,400,000 | 1,400,000 | 1,400,000 | -- |
| Total Principal Payments | 30,683,771 | 30,683,771 | 30,683,823 | (52) |
| Other Payments - Deposit into Sinking Fund | | | | |
| Schools Recovery Economic Development Zone Bonds | 788,421 | 788,421 | 788,421 | -- |
| Total Payments | 31,472,192 | 31,472,192 | 31,472,244 | (52) |
| Interest Payments | | | | |
| General Obligation Bonds | | | | |
| General Government Projects | 14,831,338 | 14,831,338 | 14,747,869 | 83,469 |
| Schools Capital Improvement Projects | 3,785,255 | 3,785,255 | 3,749,073 | 36,182 |
| Schools Virginia Public Schools Authority Bonds | 81,291 | 81,291 | 81,291 | -- |
| Schools Recovery Economic Development Zone Bonds | 789,446 | 789,446 | 789,446 | -- |
| Richmond Metropolitan Authority - Expressway Deck | 633,999 | 633,999 | 633,999 | -- |
| Theater Row Office Building Project | 731,340 | 731,340 | 731,339 | 1 |
| Landmark Theater Project | 106,208 | 106,208 | 104,824 | 1,384 |
| Landmark Theater HVAC Lease | 3,165 | 3,165 | 2,042 | 1,123 |
| Richmond Ambulance Authority | 1,509 | 1,509 | 1,509 | -- |
| Coliseum Improvements | 323,786 | 323,786 | 323,785 | 1 |
| Coliseum HVAC Lease | 23,990 | 23,990 | 23,964 | 26 |
| Cemeteries | 21,085 | 21,085 | 21,085 | -- |
| Total General Obligation Bonds | 21,332,412 | 21,332,412 | 21,210,226 | 122,186 |
| General Obligation Notes | | | | |
| Serial Equipment Notes - General Government | 8,000 | 8,000 | 8,000 | -- |
| Total General Obligation Note Interest | 8,000 | 8,000 | 8,000 | -- |
| Other Debt Instruments | | | | |
| HUD Section 108 Notes | 40,765 | 40,765 | 40,765 | -- |
| Certificates of Participation - 800 Megahertz Project | 615,357 | 615,357 | 615,356 | 1 |
| Total Other Debt Instruments | 656,122 | 656,122 | 656,121 | 1 |
| Interest - Short Term Debt | | | | |
| GO Bond Anticipation Notes | 530,000 | 530,000 | 152,186 | 377,814 |
| Total Interest Payments | 22,526,534 | 22,526,534 | 22,026,533 | 500,001 |
| Issuance and Legal Costs | -- | -- | -- | -- |
| Total | \$ 53,210,305 | \$ 53,210,305 | \$ 52,710,356 | \$ 499,949 |



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.

Cemeteries

(Cemeteries) maintains and operates cemeteries.



EXHIBIT J-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
June 30, 2012

| | <u>Coliseum</u> | <u>Cemeteries</u> | <u>Total</u> |
|---|-----------------------|---------------------|----------------------|
| Assets | | | |
| Current Assets: | | | |
| Accounts Receivable, Net | \$ 1,223,239 | \$ 69,769 | \$ 1,293,008 |
| Prepaid Expenses and Other Current Assets | <u>107,847</u> | <u>--</u> | <u>107,847</u> |
| Total Current Assets | <u>1,331,086</u> | <u>69,769</u> | <u>1,400,855</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Land | 4,582,160 | 8,188,700 | 12,770,860 |
| Buildings and Structures | 33,381,453 | 601,429 | 33,982,882 |
| Equipment | 5,353,024 | 213,268 | 5,566,292 |
| Less Accumulated Depreciation | <u>(38,211,273)</u> | <u>(541,453)</u> | <u>(38,752,726)</u> |
| Total Noncurrent Assets | <u>5,105,364</u> | <u>8,461,944</u> | <u>13,567,308</u> |
| Total Assets | <u>\$ 6,436,450</u> | <u>\$ 8,531,713</u> | <u>\$ 14,968,163</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 1,503,046 | \$ 244,509 | \$ 1,747,555 |
| Accrued Liabilities | - | 16,697 | 16,697 |
| Due To Other Funds | 425,000 | 145,234 | 570,234 |
| Compensated Absences | - | 62,834 | 62,834 |
| Accrued Interest on Bonds and Notes Payable | 130,044 | 9,115 | 139,159 |
| General Obligation Bonds and Capital Leases | <u>942,399</u> | <u>43,160</u> | <u>985,559</u> |
| Total Current Liabilities | <u>3,000,489</u> | <u>521,549</u> | <u>3,522,038</u> |
| Noncurrent Liabilities: | | | |
| Compensated Absences | - | 13,282 | 13,282 |
| General Obligation Bonds and Capital Leases | <u>5,981,072</u> | <u>391,267</u> | <u>6,372,339</u> |
| Total Noncurrent Liabilities | <u>5,981,072</u> | <u>404,549</u> | <u>6,385,621</u> |
| Total Liabilities | <u>8,981,561</u> | <u>926,098</u> | <u>9,907,659</u> |
| Net Assets | | | |
| Invested In Capital Assets, Net of Related Debt | (1,818,107) | 8,027,517 | 6,209,410 |
| Unrestricted | <u>(727,004)</u> | <u>(421,902)</u> | <u>(1,148,906)</u> |
| Total Net Assets | <u>\$ (2,545,111)</u> | <u>\$ 7,605,615</u> | <u>\$ 5,060,504</u> |



EXHIBIT J-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

| | Coliseum | Cemeteries | Total |
|--|----------------|--------------|--------------|
| Operating Revenues | | | |
| Charges for Goods and Services | \$ 1,423,979 | \$ 1,198,476 | \$ 2,622,455 |
| Operating Expenses | | | |
| Salaries and Wages | - | 1,080,840 | 1,080,840 |
| Materials and Supplies | 304,360 | 50,914 | 355,274 |
| Rents and Utilities | 498,087 | 50,588 | 548,675 |
| Maintenance and Repairs | 221,968 | 23,010 | 244,978 |
| Depreciation and Amortization | 1,411,338 | 35,564 | 1,446,902 |
| Miscellaneous Operating Expenses | 1,282,812 | 149,995 | 1,432,807 |
| Total Operating Expenses | 3,718,565 | 1,390,911 | 5,109,476 |
| Operating Loss | (2,294,586) | (192,435) | (2,487,021) |
| Non-Operating Revenues (Expenses) | | | |
| Government Subsidies and Contributions | 2,146,963 | 64,223 | 2,211,186 |
| Interest Expense | (347,750) | (20,053) | (367,803) |
| Total Non-Operating Revenues, Net | 1,799,213 | 44,170 | 1,843,383 |
| Change In Net Assets | (495,373) | (148,265) | (643,638) |
| Net Assets - Beginning of Year | (2,049,738) | 7,753,880 | 5,704,142 |
| Net Assets - End of Year | \$ (2,545,111) | \$ 7,605,615 | \$ 5,060,504 |



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

| | Coliseum | Cemeteries | Total |
|---|---------------------|------------------|---------------------|
| Cash Flows From Operating Activities | | | |
| Receipts from Customers | \$ 1,252,937 | \$ 1,237,646 | \$ 2,490,583 |
| Payments to Suppliers | (1,986,098) | (73,487) | (2,059,585) |
| Payments to Employees | -- | (1,088,734) | (1,088,734) |
| Net Cash Used In Operating Activities | <u>(733,161)</u> | <u>75,425</u> | <u>(657,736)</u> |
| Cash Flows From Noncapital Financing Activities | | | |
| Government Subsidies and Contributions | 2,146,963 | 64,223 | 2,211,186 |
| Due To Other Funds | (75,000) | (75,425) | (150,425) |
| Net Cash Provided By Noncapital Financing Activities | <u>2,071,963</u> | <u>(11,202)</u> | <u>2,060,761</u> |
| Cash Flows From Capital and Related Financing Activities | | | |
| Acquisition of Capital Assets | (22,500) | -- | (22,500) |
| Proceeds from Issuance of General Obligation Bonds | 784,479 | 305,250 | 1,089,729 |
| Repayments of GO Bonds and Capital Leases | (1,714,490) | (348,389) | (2,062,879) |
| Interest Paid on GO Bonds and Capital Leases | (386,291) | (21,084) | (407,375) |
| Net Cash Used In Capital and Related Financing Activities | <u>(1,338,802)</u> | <u>(64,223)</u> | <u>(1,403,025)</u> |
| Net Increase in Cash and Cash Equivalents | -- | -- | -- |
| Cash and Cash Equivalents at July 1, 2011 | -- | -- | -- |
| Cash and Cash Equivalents at June 30, 2012 | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities | | | |
| Operating Loss | \$ (2,294,586) | \$ (192,435) | \$ (2,487,021) |
| Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities: | | | |
| Depreciation | 1,411,338 | 35,564 | 1,446,902 |
| (Increase) Decrease in Assets and Increase (Decrease) in Liabilities: | | | |
| Accounts Receivable | (171,042) | 39,170 | (131,872) |
| Prepaid Expenses | 68,652 | -- | 68,652 |
| Accounts Payable | 252,477 | 201,020 | 453,497 |
| Accrued Liabilities | -- | 1,840 | 1,840 |
| Compensated Absences | -- | (9,734) | (9,734) |
| Total Adjustments | <u>1,561,425</u> | <u>267,860</u> | <u>1,829,285</u> |
| Net Cash Used In Operating Activities | <u>\$ (733,161)</u> | <u>\$ 75,425</u> | <u>\$ (657,736)</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.

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, 2012

| | Fleet Management | Radio Maintenance | Advantage Richmond Corporation | Electric Utility | Stores and Transportation Division | Total |
|---|-----------------------|-----------------------|--------------------------------------|----------------------|--|-----------------------|
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ 4,390,827 | \$ 1,377,012 | \$ 32,966,507 | \$ 38,734,346 |
| Accounts Receivable, Net | - | 46,770 | - | 4,393,084 | 192,355 | 4,632,209 |
| Due From Component Unit | 288,110 | - | - | - | - | 288,110 |
| Due From Other Governments | 23,610 | 8,557 | - | 150,750 | - | 182,917 |
| Inventory | 2,497 | 159,596 | - | - | 3,178,276 | 3,340,369 |
| Prepaid Expenses | - | - | - | 125,693 | 208,911 | 334,604 |
| Total Current Assets | 314,217 | 214,923 | 4,390,827 | 6,046,539 | 36,546,049 | 47,512,555 |
| 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 | 1,211,217 | - | 9,000,000 | 44,872,833 | 71,633,679 | 126,717,729 |
| Equipment | 69,418,685 | 328,380 | - | - | - | 69,747,065 |
| Less Accumulated Depreciation | (50,860,043) | (228,501) | (1,532,426) | (29,602,225) | (55,029,844) | (137,253,039) |
| Construction in Progress | - | - | - | 6,449,833 | 10,302,343 | 16,752,176 |
| Total Capital Assets | 19,867,859 | 99,879 | 10,467,574 | 21,983,420 | 28,592,710 | 81,011,442 |
| Total Noncurrent Assets | 19,867,859 | 99,879 | 10,467,574 | 25,278,328 | 28,592,710 | 84,306,350 |
| Total Assets | \$ 20,182,076 | \$ 314,802 | \$ 14,858,401 | \$ 31,324,867 | \$ 65,138,759 | \$ 131,818,905 |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | \$ 672,740 | \$ 226,063 | \$ 71,668 | \$ 413,678 | \$ 1,576,295 | \$ 2,960,444 |
| Accrued Liabilities | 1,400,582 | 84,284 | 750 | 2,071,154 | 22,767 | 3,579,537 |
| Due To Other Funds | 6,839,919 | 3,224,779 | 1,615,870 | - | - | 11,680,568 |
| Accrued Interest on Bonds and Notes Payable | 9,450 | - | 110,947 | 17,971 | - | 138,368 |
| General Obligation Bonds Payable | 615,899 | - | - | 125,380 | - | 741,279 |
| Revenue Bonds Payable | - | - | 746,051 | - | - | 746,051 |
| Notes Payable | 3,240,000 | - | - | - | - | 3,240,000 |
| Compensated Absences | 111,455 | 12,067 | - | 99,357 | 19,871 | 242,750 |
| Other Liabilities | 15,922 | - | - | - | - | 15,922 |
| Total Current Liabilities | 12,905,967 | 3,547,193 | 2,545,286 | 2,727,540 | 1,618,933 | 23,344,919 |
| Noncurrent Liabilities: | | | | | | |
| General Obligation Bonds Payable | 3,695,394 | - | - | 1,135,255 | - | 4,830,649 |
| Revenue Bonds Payable | - | - | 7,614,180 | - | - | 7,614,180 |
| Notes Payable | 5,300,000 | - | - | - | - | 5,300,000 |
| Compensated Absences | 26,157 | 2,256 | - | 21,984 | 4,397 | 54,794 |
| Other Liabilities | - | - | - | 2,177,434 | - | 2,177,434 |
| Advances from Other Funds | - | - | - | - | 63,515,429 | 63,515,429 |
| Total Noncurrent Liabilities | 9,021,551 | 2,256 | 7,614,180 | 3,334,673 | 63,519,826 | 83,492,486 |
| Total Liabilities | 21,927,518 | 3,549,449 | 10,159,466 | 6,062,213 | 65,138,759 | 106,837,405 |
| Net Assets | | | | | | |
| Invested In Capital Assets, Net of Related Debt | 7,016,566 | 99,879 | 2,107,343 | 20,722,785 | 28,592,710 | 58,539,283 |
| Unrestricted | (8,762,008) | (3,334,526) | 2,591,592 | 4,539,869 | (28,592,710) | (33,557,783) |
| Total Net Assets | \$ (1,745,442) | \$ (3,234,647) | \$ 4,698,935 | \$ 25,262,654 | \$ - | \$ 24,981,500 |



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, 2012

| | Fleet Management | Radio Maintenance | Advantage Richmond Corporation | Electric Utility | Stores and Transportation Division | Total |
|--|-----------------------|-----------------------|--------------------------------------|----------------------|--|----------------------|
| Operating Revenues | | | | | | |
| Charges for Goods and Services | \$ 19,055,916 | \$ 862,963 | \$ 2,400,000 | \$ 8,336,741 | \$ 4,926,943 | \$ 35,582,563 |
| Operating Expenses | | | | | | |
| Cost of Goods and Services Sold | 14,423,006 | 900,523 | - | - | - | 15,323,529 |
| Salaries and Wages and Benefits | 623,141 | 87,313 | - | 1,550,982 | 248,232 | 2,509,668 |
| Data Processing | 8 | 1,086 | - | 1,551 | - | 2,645 |
| Materials and Supplies | 145,429 | 114,335 | - | 585,449 | 12,521 | 857,734 |
| Rents and Utilities | 264,951 | 18,304 | 177,247 | 2,782,066 | 26,280 | 3,268,848 |
| Maintenance and Repairs | 9,608 | 3,078 | 198,146 | 748,625 | - | 959,457 |
| Depreciation and Amortization | 4,489,061 | 37,003 | 225,000 | 1,532,501 | 4,355,566 | 10,639,131 |
| Miscellaneous Operating Expenses | 1,765,008 | 202,771 | 1,055,468 | 1,311,332 | 284,344 | 4,618,923 |
| Total Operating Expenses | <u>21,720,212</u> | <u>1,364,413</u> | <u>1,655,861</u> | <u>8,512,506</u> | <u>4,926,943</u> | <u>38,179,935</u> |
| Operating Income (Loss) | <u>(2,664,296)</u> | <u>(501,450)</u> | <u>744,139</u> | <u>(175,765)</u> | <u>-</u> | <u>(2,597,372)</u> |
| Non-Operating Revenues (Expenses) | | | | | | |
| Government Subsidies and Contributions | - | - | - | 631,927 | - | 631,927 |
| Interest on Long-Term Debt | (263,204) | - | (449,526) | (39,129) | - | (751,859) |
| Miscellaneous Revenue | - | - | - | 214,894 | - | 214,894 |
| Total Non-Operating Revenues (Expenses), Net | <u>(263,204)</u> | <u>-</u> | <u>(449,526)</u> | <u>807,692</u> | <u>-</u> | <u>94,962</u> |
| Net Income (Loss) Before Transfers | <u>(2,927,500)</u> | <u>(501,450)</u> | <u>294,613</u> | <u>631,927</u> | <u>-</u> | <u>(2,502,410)</u> |
| Capital Contributions | 141,139 | - | - | - | - | 141,139 |
| Transfers Out-Other Funds | - | - | - | (576) | - | (576) |
| Change In Net Assets | <u>(2,786,361)</u> | <u>(501,450)</u> | <u>294,613</u> | <u>631,351</u> | <u>-</u> | <u>(2,361,847)</u> |
| Net Assets - Beginning of Year | <u>1,040,919</u> | <u>(2,733,197)</u> | <u>4,404,322</u> | <u>24,631,303</u> | <u>-</u> | <u>27,343,347</u> |
| Net Assets - End of Year | <u>\$ (1,745,442)</u> | <u>\$ (3,234,647)</u> | <u>\$ 4,698,935</u> | <u>\$ 25,262,654</u> | <u>\$ -</u> | <u>\$ 24,981,500</u> |



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

| | Fleet Management | Radio Maintenance | Advantage Richmond Corporation | Electric Utility | Stores and Transportation Division | Total |
|--|---------------------|----------------------|--------------------------------------|---------------------|--|----------------|
| Cash Flows From Operating Activities | | | | | | |
| Receipts from Customers | \$ 18,962,161 | \$ 825,935 | \$ 2,400,000 | \$ 8,004,030 | \$ 4,737,834 | \$ 34,929,960 |
| Payments to Suppliers | (16,634,805) | (988,762) | - | (4,441,852) | 66,188 | (21,997,231) |
| Payments to Employees | 675,290 | (12,553) | - | (1,301,402) | (235,658) | (874,323) |
| Receipts From Other Funds | - | - | - | (547,589) | (137,948) | (685,537) |
| Other Receipts or (Payments) | - | - | (703,276) | 207,869 | - | (495,407) |
| Net Cash Provided By (Used In) Operating Activities | 3,002,646 | (175,380) | 1,696,724 | 1,921,056 | 4,432,416 | 10,877,462 |
| Cash Flows From Capital and Related Financing Activities | | | | | | |
| Acquisition of Fixed Assets | (5,141,139) | - | - | (1,087,408) | (6,819,406) | (13,047,953) |
| Proceeds from Issuance of General Obligation Notes | 4,311,293 | - | - | 138,577 | - | 4,449,870 |
| Repayments of Revenue and GO Bonds | (1,000,000) | - | - | (258,387) | - | (1,258,387) |
| Repayments of Notes Payable | (3,240,000) | - | (707,885) | - | - | (3,947,885) |
| Interest Paid on Long-Term Debt | (283,034) | - | (458,920) | (49,952) | - | (791,906) |
| Net Cash Provided by (Used In) Capital and Related Financing Activities | (5,352,880) | - | (1,166,805) | (1,257,170) | (6,819,406) | (14,596,261) |
| Cash Flows From Noncapital Financing Activities | | | | | | |
| Government Subsidies and Contributions | 141,139 | - | - | 604,674 | - | 745,813 |
| Due to Other Funds | 2,209,095 | 175,380 | - | (576) | - | 2,383,899 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | 2,350,234 | 175,380 | - | 604,098 | - | 3,129,712 |
| Net Increase in Cash and Cash Equivalents | - | - | 529,919 | 1,267,984 | (2,386,990) | (589,087) |
| Cash and Cash Equivalents at July 1, 2011 | - | - | 3,860,908 | 109,028 | 35,353,497 | 39,323,433 |
| Cash and Cash Equivalents at June 30, 2012 | \$ - | \$ - | \$ 4,390,827 | \$ 1,377,012 | \$ 32,966,507 | \$ 38,734,346 |
| Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities | | | | | | |
| Operating Income (Loss) | \$ (2,664,296) | \$ (501,450) | \$ 744,139 | \$ (175,765) | \$ - | \$ (2,597,372) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | | | | |
| Depreciation | 4,489,061 | 37,003 | 225,000 | 1,532,501 | 4,355,566 | 10,639,131 |
| Miscellaneous Expenses | - | - | - | 216,702 | - | 216,702 |
| (Increase) Decrease in Assets and Increase (Decrease) in Liabilities: | | | | | | |
| Accounts Receivable | 23,587 | (36,264) | - | (286,904) | (189,611) | (489,192) |
| Due From Other Governments | 9,100 | (765) | - | (123,497) | - | (115,162) |
| Inventories of Material and Supplies | (126,442) | 46,828 | - | - | (440,630) | (520,244) |
| Prepaid Expenses | 185 | - | - | 3,930 | (4,156) | (41) |
| Deferred Expense | - | - | - | 114,664 | - | 114,664 |
| Accounts Payable | (26,980) | 204,508 | (67,044) | 141,353 | 695,951 | 947,788 |
| Accrued Liabilities | 1,309,128 | 75,293 | - | 290,664 | 14,793 | 1,689,878 |
| Due To Other Funds | - | - | 794,629 | - | - | 794,629 |
| Compensated Absences | (10,697) | (533) | - | 2,516 | 503 | (8,211) |
| Other Liabilities and Claims | - | - | - | 204,892 | - | 204,892 |
| Total Adjustments | 5,666,942 | 326,070 | 952,585 | 2,096,821 | 4,432,416 | 13,474,834 |
| Net Cash Provided By (Used In) Operating Activities | \$ 3,002,646 | \$ (175,380) | \$ 1,696,724 | \$ 1,921,056 | \$ 4,432,416 | \$ 10,877,462 |



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.

Joint Healthcare

is a joint healthcare plan between the City and Richmond Public Schools (RPS) which is a Fully Insured Healthcare plan with a Minimum Premium Funding. The healthcare plan is available to all full-time and part-time employees in permanent positions, working 20 hours or more per week. The plan is a self-insured agreement which included individual stop loss and aggregate stop loss.

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, 2012

| | Richmond Retirement System | Joint Healthcare | Other Employee Benefits | Total |
|---|----------------------------------|-----------------------|-------------------------------|-----------------------|
| Assets: | | | | |
| Cash and Short-term Investments | \$ 12,261,002 | \$ - | \$ - | \$ 12,261,002 |
| Receivables: | | | | |
| Due from Brokers on Sale of Securities | 16,106,719 | - | - | 16,106,719 |
| Interest and Dividends | 1,246,996 | - | - | 1,246,996 |
| Employee Loans Receivable | 1,525,100 | - | 2,060,154 | 3,585,254 |
| Other Accounts Receivable | - | 4,649,000 | - | 4,649,000 |
| Investments, at Fair Value: | | | | |
| U.S. Government and Agency Obligations | 22,258,498 | - | 68,753,604 | 91,012,102 |
| Corporate Bonds | 68,071,874 | - | - | 68,071,874 |
| Common Stock | 135,882,491 | - | - | 135,882,491 |
| International Stocks | 70,787,614 | - | - | 70,787,614 |
| International Bonds | 43,351,641 | - | - | 43,351,641 |
| Real Estate Investment Trusts | 11,975,060 | - | - | 11,975,060 |
| Emerging Market Debt | 4,507,791 | - | - | 4,507,791 |
| Hedge Funds | 42,679,494 | - | - | 42,679,494 |
| Mutual Funds | 19,923,080 | - | - | 19,923,080 |
| Private Equity | 9,863,886 | - | - | 9,863,886 |
| Private Real Estate | 18,259,655 | - | - | 18,259,655 |
| Total Investments, at Fair Value | 447,561,084 | - | 68,753,604 | 516,314,688 |
| Cash Collateral Received - Security Lending Program | 43,715,954 | - | - | 43,715,954 |
| Total Assets | <u>522,416,855</u> | <u>4,649,000</u> | <u>70,813,758</u> | <u>597,879,613</u> |
| Liabilities: | | | | |
| Accounts Payable | 16,940,369 | 439,254 | - | 17,379,623 |
| Payable for Collateral Received - Security Lending Program incurred But Not Reported | 43,715,954 | - | - | 43,715,954 |
| | - | 9,985,000 | - | 9,985,000 |
| Total Liabilities | <u>60,656,323</u> | <u>10,424,254</u> | <u>-</u> | <u>71,080,577</u> |
| Net Assets Held in Trust for Pension Benefits and Other Purposes | <u>\$ 461,760,532</u> | <u>\$ (5,775,254)</u> | <u>\$ 70,813,758</u> | <u>\$ 526,799,036</u> |



EXHIBIT L-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2012

| | Richmond Retirement System | Joint Healthcare | Other Employee Benefits | Total |
|---|----------------------------------|-----------------------|-------------------------------|-----------------------|
| Additions: | | | | |
| Contributions: | | | | |
| City of Richmond | \$ 37,589,187 | \$ -- | \$ 5,249,111 | \$ 42,838,298 |
| Richmond Behavioral Health Authority | 1,037,264 | -- | -- | 1,037,264 |
| Richmond Public Schools | 257,146 | -- | -- | 257,146 |
| Revenue for DC Plan Expense | 30,624 | -- | -- | 30,624 |
| Plan Members | 2,217,385 | 67,410,359 | -- | 69,627,744 |
| Total Contributions | 41,131,606 | 67,410,359 | 5,249,111 | 113,791,076 |
| Investment Income: | | | | |
| Net Appreciation in Fair Value of Investments | (5,970,817) | -- | 892,368 | (5,078,449) |
| Interest | 3,718,339 | 185 | 76,118 | 3,794,642 |
| Dividends | 6,172,105 | -- | -- | 6,172,105 |
| Net Income Earned On Securities Lending Transactions: | | | | |
| Securities Lending Income | 199,499 | -- | -- | 199,499 |
| Securities Lending Expense | (90,193) | -- | -- | (90,193) |
| Total Net Income Earned on Securities Lending Transactions | 109,306 | -- | -- | 109,306 |
| Investment Income | 4,028,933 | 185 | 968,486 | 4,997,604 |
| Less Investment Expense | 2,133,367 | -- | -- | 2,133,367 |
| Net Investment Income | 1,895,566 | 185 | 968,486 | 2,864,237 |
| Total Additions, Net | 43,027,172 | 67,410,544 | 6,217,597 | 116,655,313 |
| Deductions: | | | | |
| Benefits | 70,036,680 | 62,869,172 | 4,727,719 | 137,633,571 |
| Refunds of Member Contributions | 49,609 | -- | -- | 49,609 |
| Incurred But Not Recorded Adjustment | -- | 5,336,000 | -- | 5,336,000 |
| Administrative Expenses | 1,166,997 | 4,980,626 | 46,986 | 6,194,609 |
| Total Deductions | 71,253,286 | 73,185,798 | 4,774,705 | 149,213,789 |
| Net Increase | (28,226,114) | (5,775,254) | 1,442,892 | (32,558,476) |
| Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year | 489,986,646 | -- | 69,370,866 | 559,357,512 |
| Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year | \$ 461,760,532 | \$ (5,775,254) | \$ 70,813,758 | \$ 526,799,036 |



EXHIBIT L-3

CITY OF RICHMOND, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2012

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 |
|---------------------------|-------------------------|---------------------|---------------------|--------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 1,425,597 | \$ 201,765 | \$ 1,083 | \$ 1,626,279 |
| Due From Other Funds | - | 187,701 | 187,701 | - |
| Total Assets | \$ 1,425,597 | \$ 389,466 | \$ 188,784 | \$ 1,626,279 |
| Liabilities | | | | |
| Refundable Deposits | \$ 360,830 | \$ 221,674 | \$ 74,997 | \$ 507,507 |
| Due to Other Funds | 469,120 | 148,789 | 113,200 | 504,709 |
| Due to Various Agents | 595,647 | 1,950,420 | 1,932,004 | 614,063 |
| Total Liabilities | \$ 1,425,597 | \$ 2,320,883 | \$ 2,120,201 | \$ 1,626,279 |



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, 2012**

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 62.46 square miles.

POPULATION

| | | |
|--|-------|---------|
| 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 |
| United States Census 2009 ⁽¹⁾ | | 204,451 |
| United States Census 2010 ⁽¹⁾ | | 204,214 |
| United States Census 2011 ⁽¹⁾ | | 205,533 |

⁽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 President of Council and Vice-President are chosen by a majority vote of all members of Council from their own members. The Mayor appoints, with the consent 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 certain other officers and employees of the administration.

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". The assessment to sales ratio is estimated to be 97.0%. The 2012 real estate assessments for the semi-annual real estate billing were based on an effective valuation date of July 1, 2011. The due dates for the semi billing were January 14 and June 14 in the 2012 tax year. The 2013 Land Book will be updated with fair market values as of July 1, 2012; new construction and renovations will be added to the land book through December 31, 2012.

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. Tangible personal property includes automobiles, mobile homes, business equipment and pleasure boats.

TAX RATES

Real Estate:

- \$1.20 per \$100 of Assessed Value: 2008 - 2012
- \$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

Tangible Personal Property:

- \$3.70 per \$100 of Assessed Value: 1992 - 2012

Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 2012

Other taxes and fees imposed include:

Utility Consumers' Tax:

- Monthly Residential Billing:
 - Electricity – \$1.40 plus .015116 per kilowatt-hour and the amount of tax shall not exceed \$4.00 per month.
 - Gas – \$1.78 plus .010091 per 100 CCF delivered per month and the amount of tax shall not exceed \$4.00 per month.
 - Telephone – 5% Communication Tax.*
 - Competitive Telephone – 5% Communication Tax.*



- Monthly Commercial and Industrial Billing:
 - Commercial Metered Electricity- \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
 - Industrial Metered Electricity- \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,232, .001837 per kWh in excess of 1,232 kWh.
 - Commercial Gas - \$2.88 plus \$.01739027 per CCF delivered (small volume).
 - Commercial Gas - \$ 24.00 plus \$.07163081 per CCF delivered (large volume).
 - Industrial Metered Gas- \$ 120.00 plus \$.0011835 per CCF delivered.
 - Commercial Telephone – 5% Communication Tax.*
- 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: 2004-2012

Prepared Meals Tax:

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

Lodging Tax:

- A tax of 8% of the charge made for each room rented by a transient in a hotel or motel
- 100% of the City's transient lodging tax revenue is allocated to the Greater Richmond Convention Center Authority

Cable TV Tax:

- 5% Communications Tax*

* Effective January 1, 2007, the local consumer tax on communications services, including the 5% Cable TV service tax, was replaced with a 5% Communications Tax collected and administered by the Virginia Department of Taxation and distributed to the City on a pro-rata basis as determined by the Auditor of Public Accounts in October 2006.

TAXES DUE

Real estate taxes are assessed as of the first day of January of each year. As of tax year 2012, which begins January 1, 2012, real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14. Penalty and interest will be assessed after each of the payment due dates if the taxes due on the respective due dates are paid thereafter.

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. The full tax bill must be paid on or before May 1 to avoid penalty and interest.

DELINQUENT TAXES

As of January 1, 2012, real estate taxes are billed semi-annually with due dates of January 14 and June 14. Taxes will be reported as delinquent on January 15 and June 15, respectively 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% and a \$30 administrative fee is added to all delinquent taxes. Interest at a rate equal to the interest rate established and announced for the underpayment of State income taxes by the Virginia Department of Taxation for the first calendar quarter of each tax year is added to the delinquent tax. Personal property taxes incur an additional 5% late payment penalty if not paid within 60 days of the due date.

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 of the City's General Obligation bonds and notes are a direct obligation, and the full faith and credit of the City is pledged for the payment of all these 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. Neither long-term bonds, nor revenue anticipation notes 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 and again in 2012 (Resolution No. 2012-R9-24), establishing guidelines for the planning, issuance and management of debt, for and on behalf of, the City of Richmond. The City will issue long-term debt for the purpose of planning, designing, purchasing, and constructing capital projects and for making major renovations to existing City infrastructure. The City may also incur debt for acquiring vehicles, machinery and equipment with the maturity of any debt offering not exceeding the expected useful life of the acquired asset. It will be the policy of the City to budget annual operating funds for expenditures that are primarily of an on-going maintenance type activity.

It is the policy of the City that Tax Supported debt shall include all general obligation, moral obligation, and subject to appropriation debt (e.g. capital leases), collectively referred to as Total Debt, which are paid from the general revenues of the City. The tax supported debt policies listed will not include any self-supporting General Obligation or Revenue Bond debt issued on behalf of a City Enterprise Fund (i.e. Utilities). It will be the policy of the City that Tax Supported debt, including bonds and notes authorized but unissued, will be limited by any one of the following:

- Total Debt shall not exceed 4.5% of the combined total assessed taxable valuation of taxable real estate, personal property, and machinery & tools.
- Debt Service to be paid on total debt shall not exceed 10% of the General Fund and Richmond Public Schools (RPS) budget, less the transfer portion RPS receives from the City's General Fund to prevent double counting in the calculation.
- The City's ten-year payout ratio of the City's total debt (i.e. the principal amount of debt retired within ten years) shall not be less than 60%.
- The City will issue tax supported debt with an average life consistent with the useful life of the assets being financed, with a maximum maturity not to exceed 30 years.
- 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.
- The City shall target to provide cash funding from the annual operating budget for a portion of the five-year Capital Improvement Plan (CIP) budget.



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 unassigned fund balance from 3% to 5%, and again November 26, 2001 from 5% to 7 % of budgeted General Fund expenditures over a period of years. During 2012, City Council adopted Resolution No. 2012-R42-72 which further increased the required level of unassigned fund balance to 10% of budgeted General Fund expenditures.

On June 27, 2011 the City Council approved an amendment to the Fund Balance Policy in conformity with the implementation requirements of Statement No. 54, effective July 1, 2010, as established by the Governmental Accounting Standards Board (GASB). In relation to the Fund Balance Policy the statement altered the category and terminology used to describe fund balance from "undesignated" to "unassigned." The Unassigned Fund Balance Policy states:

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of one-half of one percent (1/2%) of expenditures until the unassigned General Fund balance reaches at least 10% of the total budgeted expenditures. Total budgeted expenditures will include General Fund Budgeted Expenditures plus Richmond Public Schools Budgeted Expenditures, less the budgeted transfer to RPS from the General Fund to prevent double counting in the calculation. As of June 30, 2012, the Unassigned General Fund Balance was \$72.9 million, which is 9.0% of total budgeted expenditures.
- The City Council, in adoption of the annual operating 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 make appropriation from the Unassigned General Fund balance except when faced with an unusual, unanticipated and seemingly insurmountable hardship, and only after all other reserve or contingency funds have been exhausted.
- To the extent that the Unassigned General Fund balance is ever drawn upon, the City shall budget the replenishment of the amount drawn over the next three subsequent fiscal years.





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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Invested In Capital Assets, Net of Related Debt | \$ 199,865,572 | \$ 191,566,995 | \$ 198,513,944 | \$ 257,995,107 | \$ 276,834,556 | \$ 304,606,896 | \$ 311,226,711 | \$ 280,800,936 | \$ 198,531,273 | \$ 289,060,408 |
| Restricted | 46,983,399 | 68,923,046 | 50,038,794 | 11,902,266 | 14,911,889 | 14,992,862 | 15,356,206 | 5,772,722 | 12,590,642 | 16,458,462 |
| Unrestricted | 31,375,839 | (10,050,293) | 40,670,738 | 25,435,347 | 26,438,982 | 45,954,323 | 21,676,936 | 67,421,848 | 71,414,987 | 103,428,935 |
| Total Governmental Activities Net Assets | \$ 278,224,810 | \$ 250,429,748 | \$ 289,223,476 | \$ 295,332,720 | \$ 318,165,177 | \$ 365,554,081 | \$ 348,359,853 | \$ 353,995,506 | \$ 282,536,902 | \$ 398,947,805 |
| Business-type Activities | | | | | | | | | | |
| Invested In Capital Assets, Net of Related Debt | \$ 280,898,657 | \$ 274,968,276 | \$ 277,073,800 | \$ 305,313,014 | \$ 302,815,193 | \$ 316,259,057 | \$ 351,767,866 | \$ 369,663,330 | \$ 381,909,942 | \$ 419,526,304 |
| Restricted | 49,509,466 | 8,650,941 | 40,067,236 | - | - | - | - | - | - | - |
| Unrestricted | 21,265,273 | 69,315,730 | 43,272,068 | 69,958,764 | 79,842,538 | 76,044,664 | 55,810,764 | 58,319,963 | 64,745,678 | 51,318,531 |
| Total Business-type Activities Net Assets | \$ 351,674,396 | \$ 352,934,947 | \$ 360,413,134 | \$ 375,271,778 | \$ 382,657,731 | \$ 394,303,721 | \$ 407,578,630 | \$ 428,003,293 | \$ 446,655,620 | \$ 470,844,835 |
| Primary Government | | | | | | | | | | |
| Invested In Capital Assets, Net of Related Debt | \$ 480,764,229 | \$ 466,525,271 | \$ 475,587,744 | \$ 563,308,121 | \$ 579,649,699 | \$ 620,865,963 | \$ 663,094,597 | \$ 650,484,266 | \$ 560,441,215 | \$ 688,566,712 |
| Restricted | 96,492,865 | 77,573,987 | 90,106,030 | 11,902,266 | 14,911,889 | 14,992,862 | 15,356,206 | 5,772,722 | 12,590,642 | 16,458,462 |
| Unrestricted | 52,642,112 | 59,285,437 | 83,942,836 | 95,394,111 | 106,281,520 | 123,988,987 | 77,287,700 | 125,741,811 | 136,160,685 | 154,747,466 |
| Total Primary Government Activities Net Assets | \$ 629,899,206 | \$ 603,384,695 | \$ 649,636,610 | \$ 670,604,498 | \$ 700,842,908 | \$ 759,857,802 | \$ 755,738,503 | \$ 781,998,799 | \$ 729,192,522 | \$ 859,792,640 |



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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 85,226,510 | \$ 102,182,036 | \$ 82,897,797 | \$ 108,530,558 | \$ 108,443,704 | \$ 82,078,049 | \$ 132,001,804 | \$ 137,838,800 | \$ 135,582,602 | \$ 128,274,787 |
| Public Safety and Judiciary | 141,580,048 | 147,054,040 | 150,077,017 | 159,808,162 | 175,183,088 | 170,488,404 | 165,588,625 | 175,620,069 | 178,142,702 | 182,724,471 |
| Highways, Streets, Sanitation and Refuse | 76,549,273 | 70,854,304 | 80,327,346 | 75,459,898 | 72,673,872 | 90,608,054 | 59,864,571 | 61,502,223 | 104,100,986 | 86,067,163 |
| Human Services | 89,294,156 | 91,316,106 | 93,480,016 | 90,316,536 | 95,346,558 | 110,423,497 | 105,618,194 | 93,697,780 | 95,333,003 | 84,628,401 |
| Culture and Recreation | 26,127,447 | 24,856,175 | 14,914,204 | 21,876,182 | 24,350,138 | 41,009,121 | 25,635,473 | 26,009,978 | 28,502,174 | 24,346,709 |
| Education | 138,200,983 | 137,760,535 | 131,661,501 | 152,846,701 | 166,971,219 | 158,850,678 | 164,439,364 | 163,596,697 | 173,214,073 | 185,172,806 |
| Transportation | 6,114,308 | 6,699,852 | 6,766,376 | 8,216,356 | 9,405,588 | 10,460,000 | 11,950,000 | 11,620,000 | 11,600,000 | 12,143,387 |
| Interest and Fiscal Changes | 35,659,959 | 40,538,281 | 42,888,983 | 40,153,584 | 42,083,543 | 25,000,424 | 22,925,768 | 20,204,271 | 21,418,847 | 18,848,049 |
| Extraordinary Item ¹ | 588,735,632 | 14,728,475 | 4,020,240 | 657,248,057 | 692,437,666 | 689,166,227 | 708,991,787 | 690,257,818 | 747,897,697 | 690,009,753 |
| Total Governmental Activities Expenses | 1,677,867,711 | 1,728,245,981 | 1,597,013,480 | 1,728,245,981 | 1,728,245,981 | 1,597,013,480 | 1,728,245,981 | 1,728,245,981 | 1,728,245,981 | 1,728,245,981 |
| Business-Type Activities: | | | | | | | | | | |
| Gas | 167,586,098 | 178,520,751 | 207,682,064 | 248,855,650 | 216,285,114 | 216,059,214 | 221,285,311 | 163,063,730 | 164,527,783 | 120,738,025 |
| Water | 34,294,537 | 36,523,533 | 39,004,189 | 41,362,442 | 44,232,832 | 46,150,648 | 49,074,068 | 48,934,451 | 52,819,429 | 63,201,110 |
| Wastewater | 37,697,401 | 40,115,362 | 45,976,722 | 44,944,833 | 51,598,901 | 48,364,007 | 53,000,556 | 50,678,153 | 54,073,862 | 54,615,656 |
| Sewerwater | 4,066,451 | 4,152,274 | 4,973,332 | 5,249,095 | 5,968,440 | 5,846,334 | 5,718,103 | 5,171,178 | 7,541,005 | 7,487,569 |
| Coliseum | 1,500,618 | 1,876,343 | 1,730,408 | 1,855,924 | 1,788,114 | 1,929,565 | 567,990 | 1,399,493 | 4,662,080 | 4,068,315 |
| Landmark Theatre | 1,692,606 | 1,389,982 | 1,344,295 | 1,416,174 | 1,399,208 | 1,641,821 | 1,472,725 | 1,399,493 | 1,419,758 | 1,410,964 |
| Cemeteries | 247,067,711 | 262,572,245 | 300,711,000 | 343,344,098 | 321,240,609 | 318,899,589 | 331,118,753 | 277,881,137 | 275,083,696 | 241,519,639 |
| Total Business-Type Activities Expenses | 1,677,867,711 | 1,728,245,981 | 1,597,013,480 | 1,728,245,981 | 1,728,245,981 | 1,597,013,480 | 1,728,245,981 | 1,728,245,981 | 1,728,245,981 | 1,728,245,981 |
| Total Primary Government Expenses | 3,355,733,422 | 3,456,491,962 | 3,194,026,960 | 3,456,491,962 | 3,456,491,962 | 3,194,026,960 | 3,456,491,962 | 3,456,491,962 | 3,456,491,962 | 3,456,491,962 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | \$ 40,875,918 | \$ 37,287,481 | \$ 41,636,438 | \$ 46,887,330 | \$ 48,008,823 | \$ 43,893,817 | \$ 51,088,930 | \$ 52,084,531 | \$ 58,638,216 | \$ 58,638,216 |
| General Government | 683,081 | 611,105 | 581,893 | 759,632 | 109,882 | 719,588 | 686,911 | 727,587 | 406,038 | 406,038 |
| Culture and Recreation | 20,715,420 | 27,871,318 | 20,602,746 | 29,109,017 | 27,388,011 | 30,490,928 | 30,759,215 | 26,567,540 | 28,053,482 | 37,643 |
| Other Activities | 143,710,347 | 133,690,110 | 146,187,449 | 147,151,168 | 159,269,020 | 169,105,387 | 155,688,284 | 151,878,522 | 154,172,460 | 149,546,405 |
| Operating Grants and Contributions | 10,610,426 | 10,516,738 | 8,227,292 | 3,714,468 | 18,929,228 | 12,566,194 | 5,228,211 | 5,545,450 | 7,312,467 | 8,384,411 |
| Capital Grants and Contributions | 216,575,172 | 209,816,782 | 220,195,818 | 227,621,615 | 253,684,575 | 256,435,912 | 242,638,695 | 240,956,415 | 247,096,739 | 310,557,578 |
| Total Governmental Activities Program Revenues | 3,355,733,422 | 3,456,491,962 | 3,194,026,960 | 3,456,491,962 | 3,456,491,962 | 3,194,026,960 | 3,456,491,962 | 3,456,491,962 | 3,456,491,962 | 3,456,491,962 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | \$ 173,251,482 | \$ 187,051,036 | \$ 221,389,436 | \$ 255,994,336 | \$ 226,162,778 | \$ 225,882,538 | \$ 231,138,014 | \$ 172,587,241 | \$ 164,890,242 | \$ 130,742,982 |
| Gas | 42,239,247 | 45,205,312 | 44,853,864 | 47,696,474 | 49,995,955 | 51,816,053 | 54,406,869 | 57,388,552 | 59,596,557 | 61,814,881 |
| Water | 44,784,105 | 46,317,014 | 48,599,478 | 51,484,083 | 55,541,236 | 58,795,731 | 58,603,531 | 60,220,635 | 61,356,769 | 65,709,241 |
| Sewerwater | 2,337,854 | 2,358,184 | 2,868,567 | 2,284,149 | 2,489,844 | 2,202,374 | 1,829,195 | 1,483,233 | 1,253,551 | 1,423,979 |
| Coliseum | 318,101 | 724,250 | 390,879 | 594,775 | 255,649 | 463,078 | 520 | 1,320,251 | 1,222,954 | 1,198,476 |
| Landmark Theatre | 1,388,577 | 1,440,051 | 1,412,205 | 1,458,283 | 1,395,557 | 1,423,292 | 1,368,588 | 1,320,251 | 1,222,954 | 1,198,476 |
| Cemeteries | 7,048,589 | 3,516,979 | 5,607,052 | 4,928,275 | 4,779,151 | 7,957,059 | 10,819,718 | 14,624,600 | 15,013,658 | 15,143,172 |
| Operating Grants and Contributions | 271,365,955 | 286,674,826 | 324,241,481 | 364,433,375 | 339,260,871 | 348,960,166 | 358,364,466 | 317,140,348 | 313,114,571 | 285,537,737 |
| Total Business-Type Activities Program Revenues | 487,941,927 | 496,819,588 | 544,837,286 | 592,054,990 | 592,965,448 | 602,798,078 | 601,004,082 | 558,135,762 | 560,211,510 | 596,095,313 |
| Total Primary Government Program Revenues | 3,843,675,349 | 3,953,311,550 | 3,738,864,246 | 4,048,546,952 | 4,049,457,410 | 3,800,825,038 | 3,957,496,044 | 4,014,627,724 | 3,956,703,472 | 4,052,547,285 |
| Net (Expense)/Revenue | \$ (172,132,281) | \$ (278,245,981) | \$ (172,132,281) | \$ (278,245,981) | \$ (278,245,981) | \$ (172,132,281) | \$ (278,245,981) | \$ (278,245,981) | \$ (278,245,981) | \$ (172,132,281) |
| Governmental Activities | \$ (382,160,530) | \$ (431,963,216) | \$ (386,817,662) | \$ (429,636,442) | \$ (438,730,315) | \$ (432,730,315) | \$ (466,352,201) | \$ (440,282,401) | \$ (600,800,569) | \$ (319,452,177) |
| Business-Type Activities | \$ 24,288,243 | \$ 24,996,580 | \$ 23,530,481 | \$ 21,089,277 | \$ 18,040,261 | \$ 28,460,577 | \$ 27,245,713 | \$ 39,279,211 | \$ 38,050,615 | \$ 44,018,698 |
| Total Primary Government Net Expense | \$ (357,872,287) | \$ (406,966,636) | \$ (363,287,181) | \$ (408,547,165) | \$ (420,689,739) | \$ (404,269,738) | \$ (439,106,488) | \$ (400,983,190) | \$ (462,749,954) | \$ (375,433,479) |

(Continued)



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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Real Estate | 185,261,803 | 172,168,634 | 181,172,823 | 202,214,700 | 211,480,260 | 225,336,633 | 231,467,579 | 218,121,266 | 217,168,681 | 214,209,839 |
| Sales ¹ % Local | 20,879,945 | 24,067,131 | 26,302,100 | 27,116,326 | 31,019,396 | 28,969,337 | 30,935,300 | 28,093,786 | 28,315,613 | 30,595,853 |
| Sales Tax For Education | | | | | 27,559,938 | 28,969,337 | 31,274,700 | 24,943,635 | 24,943,635 | 26,406,848 |
| Personal Property | 43,200,390 | 41,918,417 | 45,091,878 | 25,156,191 | 42,095,384 | 55,220,158 | 45,878,338 | 50,166,338 | 38,461,849 | 44,579,120 |
| Machinery and Tools | 16,408,110 | 14,631,660 | 14,618,256 | 15,140,256 | 13,149,189 | 13,489,040 | 17,119,371 | 17,119,371 | 16,914,447 | 15,431,045 |
| General Utility Sales | 33,760,985 | 33,405,551 | 31,124,964 | 30,413,522 | 31,583,945 | 37,118,110 | 35,263,745 | 34,483,451 | 17,098,077 | 16,376,212 |
| State Communication Taxes | | | | | | | | | 17,439,622 | 17,085,208 |
| Bank Stock | 2,876,847 | 2,362,154 | 2,904,338 | 2,891,777 | 3,085,172 | 3,317,298 | 4,494,635 | 8,247,534 | 13,933,727 | 12,480,163 |
| Prepared Food | 13,722,642 | 18,078,165 | 16,028,059 | 20,889,281 | 23,154,114 | 24,076,647 | 23,756,424 | 28,429,461 | 28,429,461 | 25,051,579 |
| Lodging Tax | | | | | 5,272,616 | 5,984,288 | 5,368,015 | 4,769,581 | 4,769,587 | 5,200,817 |
| Admissions | 1,485,338 | 1,804,701 | 1,195,603 | 1,218,238 | 1,073,673 | 2,447,670 | 1,604,376 | 2,181,971 | 2,335,970 | 2,399,527 |
| Real Estate Taxes - Delinquent | | | | | | | | | 10,746,487 | 7,006,446 |
| Personal Property Taxes - Delinquent | | | | | | | | | 4,117,223 | 3,959,980 |
| Delinquent Tax Payments - All Classes | 13,035,895 | 10,303,069 | 9,589,601 | 11,083,065 | 11,812,062 | 19,581,751 | | | | |
| Private Utility Poles and Conduits | 93,137 | 93,526 | 150,549 | 94,894 | 95,087 | 95,188 | 96,194 | 156,478 | 168,268 | 154,881 |
| Penalties and Interest | 5,203,308 | 4,564,352 | 4,242,744 | 4,676,968 | 5,319,892 | 3,657,510 | 4,570,208 | 5,423,463 | 4,948,641 | 3,660,357 |
| Tiding Tank-Mobile Home | 10,402 | 7,324 | 16,942 | 7,187 | 9,800 | 9,014 | 10,635 | 10,858 | 4,704 | 8,051 |
| State Recordation | 675,810 | 605,153 | 609,343 | 749,102 | 843,137 | 954,315 | 710,115 | 759,637 | 881,049 | 656,449 |
| Property Rental 1% | 236,383 | 158,960 | 120,684 | 144,979 | 136,469 | 126,334 | 126,534 | 101,748 | 109,871 | 131,021 |
| Vehicle Rental Tax | 955,513 | 888,115 | 864,415 | 752,941 | 1,004,229 | 888,682 | 628,040 | 424,599 | 579,654 | 1,149,088 |
| ABC Board Receipts | 400,770 | | | | | | | | | |
| Rolling Stock Tax | 33,591 | 2,018,645 | 466,562 | 6,029,547 | 418,003 | | | | | |
| Telephone Commissions | | | | | | | | | | |
| Intergovernmental Revenue Not Reassigned to Specific Programs | 112,628 | 575,697 | 13,860,051 | 6,159,363 | | 477,935 | 449,292 | 450,000 | 390,739 | 338,499 |
| Investment Earnings | 669,785 | 380,847 | 1,501,725 | 1,764,907 | 2,425,683 | 2,102,922 | 89,565 | 105,672 | 165,111 | 125,526 |
| Miscellaneous | 45,050,330 | 47,289,923 | 53,846,842 | 35,850,451 | 30,585,887 | 2,234,002 | 2,319,473 | 225,681 | 1,143,368 | 1,963,714 |
| Transfers | 17,219,836 | 17,993,946 | 21,130,871 | 20,165,228 | 20,884,181 | 24,282,511 | 21,560,041 | 22,340,631 | 21,459,319 | 23,147,547 |
| Special Item ² | 174,264 | | 773,106 | | 3,701 | | | | | |
| Extraordinary Item ³ | | 12,754,107 | | (323,859) | (402,359) | 306,076 | (130,470) | 15,352 | | (1,320,829) |
| Total Governmental Activities | 381,747,720 | 404,198,157 | 425,611,390 | 412,295,135 | 462,605,580 | 480,099,219 | 449,157,873 | 455,829,421 | 451,297,670 | 450,788,961 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | 1,655,890 | 750,057 | 1,285,313 | 4,166,266 | 5,626,435 | 4,594,018 | 5,601,170 | 1,060,118 | 897,530 | 1,738,623 |
| Miscellaneous | 2,771,621 | 3,045,762 | 3,793,064 | 3,390,736 | 4,600,438 | 4,873,906 | 1,788,086 | 1,694,580 | 1,163,441 | 1,960,041 |
| Transfers | (17,219,836) | (17,993,946) | (21,130,871) | (20,165,228) | (20,884,181) | (24,282,511) | (21,560,041) | (22,340,631) | (21,459,319) | (23,147,547) |
| Total Business-type Activities | (12,662,372) | (14,147,877) | (16,952,294) | (12,846,206) | (10,658,309) | (14,814,687) | (14,170,765) | (19,585,933) | (19,590,349) | (19,828,885) |
| Total Primary Government | \$ 369,155,404 | \$ 390,000,330 | \$ 409,559,096 | \$ 399,448,929 | \$ 451,951,272 | \$ 465,284,532 | \$ 434,987,108 | \$ 436,243,488 | \$ 431,699,322 | \$ 430,960,076 |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | (412,800) | (7,795,823) | 38,793,728 | (17,331,307) | 22,852,457 | 47,368,904 | (17,194,228) | 6,567,018 | (49,503,268) | 71,336,784 |
| Business-type Activities | 11,705,927 | 9,998,753 | 7,478,167 | 8,441,071 | 7,365,953 | 11,845,990 | 13,074,928 | 19,693,278 | 18,652,327 | 24,189,215 |
| Total Primary Government | \$ 11,293,127 | \$ (7,795,823) | \$ 46,271,915 | \$ (8,890,236) | \$ 30,239,410 | \$ 59,214,894 | \$ (4,119,300) | \$ 26,260,286 | \$ (30,850,941) | \$ 96,525,999 |
| Extraordinary Item: | | | | | | | | | | |
| Fiscal Year 2004 - Disaster Costs | | | | | | | | | | |
| Fiscal Year 2006 - Disaster Costs | | | | | | | | | | |
| Fiscal Year 2007 - Disaster Costs | | | | | | | | | | |
| Fiscal Year 2008 - Disaster Costs | | | | | | | | | | |
| Fiscal Year 2009 - Disaster Costs | | | | | | | | | | |
| Special Item: | | | | | | | | | | |
| Fiscal Year 2003 - Gain on Sale of Land | | | | | | | | | | |
| Fiscal Year 2005 - Gain on Sale of Land | | | | | | | | | | |
| Fiscal Year 2005 & 2007 - Disaster Recovery | | | | | | | | | | |
| Fiscal Year 2011 - Gain on Sale of Land | | | | | | | | | | |

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

Note: In FY09 the City classified current and delinquent taxes as a combined unit.

Note: In FY11 the City modified the classification and grouping of General Fund Revenue compared to prior years.



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

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| City Taxes | | | | | | | | | | |
| Real Estate | \$ 165,361,803 | \$ 172,168,834 | \$ 181,172,923 | \$ 202,214,700 | \$ 211,480,260 | \$ 225,336,583 | \$ 231,467,579 | \$ 218,121,268 | \$ 217,159,881 | \$ 214,209,839 |
| Sales-1% Local | 20,979,945 | 24,087,131 | 28,302,100 | 27,116,326 | 31,019,398 | 31,274,790 | 30,935,300 | 26,093,766 | 26,215,613 | 30,695,853 |
| Sales Tax for Education | - | - | - | - | 27,558,938 | 28,989,337 | 25,312,005 | 24,943,835 | 25,914,852 | 28,406,848 |
| Personal Property | 43,200,390 | 41,818,417 | 45,091,878 | 25,156,191 | 42,095,364 | 55,220,158 | 45,878,338 | 50,188,338 | 38,481,849 | 44,579,120 |
| Machinery and Tools | 16,408,110 | 14,831,680 | 14,618,256 | 15,140,256 | 13,149,199 | 13,486,040 | 13,762,378 | 17,119,371 | 16,314,447 | 15,421,045 |
| General Utility Sales | 33,760,885 | 33,405,551 | 31,124,964 | 30,413,522 | 31,588,945 | 37,118,110 | 35,253,745 | 34,483,451 | 17,086,077 | 16,378,212 |
| State Communication Taxes | - | - | - | - | - | - | - | - | 17,439,822 | 17,085,208 |
| Bank Stock | 2,978,847 | 2,382,164 | 2,904,338 | 2,891,777 | 3,085,172 | 3,317,288 | 4,494,835 | 8,247,534 | 13,933,727 | 12,480,183 |
| Prepared Food | 13,722,842 | 16,078,165 | 18,028,083 | 20,889,281 | 23,154,114 | 24,076,647 | 24,489,058 | 23,758,424 | 28,429,441 | 25,051,579 |
| Transient Lodging | - | - | - | - | 5,272,618 | 5,984,286 | 5,386,015 | 4,789,881 | 4,789,957 | 5,200,817 |
| Admissions | 1,465,338 | 1,804,701 | 1,195,603 | 1,218,238 | 1,073,673 | 2,447,870 | 1,804,378 | 2,181,971 | 2,335,970 | 2,399,527 |
| Real Estate Taxes - Delinquent | - | - | - | - | - | - | - | - | 9,711,901 | 7,006,448 |
| Personal Property Taxes - Delinquent | - | - | - | - | - | - | - | - | 5,033,503 | 3,959,980 |
| Delinquent Tax Payments-All Classes | 13,035,895 | 10,303,869 | 9,589,601 | 11,083,065 | 11,812,062 | 19,591,751 | - | - | - | - |
| Private Utility Poles and Conduits | 93,137 | 93,506 | 150,549 | 94,894 | 95,067 | 95,186 | 96,164 | 158,478 | 158,268 | 154,881 |
| Penalties and Interest | 5,203,306 | 4,564,352 | 4,242,744 | 4,676,998 | 5,319,892 | 3,657,510 | 4,570,206 | 5,423,493 | 4,948,841 | 3,680,357 |
| Tiling Tax-Mobile Home | 10,402 | 7,324 | 16,942 | 7,197 | 5,800 | 9,014 | 10,635 | 10,868 | 4,704 | 8,051 |
| State Recordation | 675,810 | 605,153 | 608,343 | 749,102 | 843,137 | 954,315 | 710,115 | 758,637 | 681,049 | 658,449 |
| Property Rental 1% | 236,383 | 158,960 | 120,684 | 144,978 | 138,469 | 126,334 | 126,534 | 101,748 | 109,871 | 131,021 |
| Vehicle Rental Tax | 955,513 | 888,115 | 864,415 | 752,941 | 1,034,229 | 888,582 | 626,040 | 424,589 | 579,654 | 1,149,088 |
| ABC Board Receipts | 400,770 | - | - | - | - | - | - | - | - | - |
| Rolling Stock Tax | 33,591 | 2,018,645 | 468,562 | 6,029,547 | 416,003 | - | - | - | - | - |
| Telephone Commissions | - | - | - | - | - | 477,835 | 449,292 | 450,000 | 390,739 | 338,459 |
| Total Primary Government | \$ 318,520,867 | \$ 325,253,537 | \$ 334,496,995 | \$ 348,579,014 | \$ 409,108,338 | \$ 451,012,546 | \$ 425,152,613 | \$ 432,985,894 | \$ 428,529,872 | \$ 426,873,003 |

Note: In FY09 the City classified current and delinquent taxes as a combined unit.
 Note: In FY11 the City modified the classification and grouping of General Fund Revenue compared to prior years.



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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|------------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Fund | | | | | | | | | | |
| Non-Spendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,029,600 | \$ 1,029,600 |
| Restricted | - | - | - | - | - | - | - | - | 1,391,917 | - |
| Committed | - | - | - | - | - | - | - | - | 14,672,765 | 53,073,041 |
| Assigned | - | - | - | - | - | - | - | - | 15,460,647 | 35,002,000 |
| Unassigned | - | - | - | - | - | - | - | - | 64,052,309 | 72,908,854 |
| Reserved | 21,328,801 | 14,150,287 | 22,216,671 | 16,144,418 | 15,894,601 | 16,308,547 | 2,094,186 | 16,598,886 | - | - |
| Unreserved | 40,552,729 | 47,690,533 | 45,278,440 | 45,442,420 | 47,507,086 | 47,638,753 | 48,644,484 | 59,423,096 | - | - |
| Total General Fund | \$ 61,881,530 | \$ 61,840,820 | \$ 67,495,111 | \$ 61,586,838 | \$ 63,401,687 | \$ 64,547,300 | \$ 50,738,670 | \$ 76,021,882 | \$ 96,617,238 | \$ 162,013,495 |
| All Other Governmental Funds | | | | | | | | | | |
| Non-Spendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 212,141 | \$ 193,729 |
| Restricted | - | - | - | - | - | - | - | - | 16,262,282 | 16,264,733 |
| Committed | - | - | - | - | - | - | - | - | 9,426,306 | 9,756,967 |
| Assigned | - | - | - | - | - | - | - | - | 295,105 | (138,320) |
| Unassigned | - | - | - | - | - | - | - | - | (37,000,000) | (3,508,434) |
| Reserved | 46,983,399 | 68,923,046 | 50,413,044 | 22,836,669 | 48,645,510 | 25,399,353 | 17,029,761 | 6,822,405 | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | 20,589,668 | 12,249,538 | 11,473,432 | 12,894,614 | 7,502,105 | 7,478,784 | 8,385,421 | 10,861,875 | - | - |
| Capital Project Funds | 34,500 | - | - | - | - | - | - | - | - | - |
| Debt Service Fund | 11,461 | 11,461 | 11,461 | (8,058) | - | - | (67,443,896) | - | - | - |
| Total All Other Governmental Funds | \$ 67,619,028 | \$ 81,164,045 | \$ 61,897,937 | \$ 35,723,225 | \$ 56,147,615 | \$ 32,878,137 | \$ (42,028,714) | \$ 17,684,280 | \$ (10,804,166) | \$ 22,568,675 |

Note: The changes in fund balances are explained in Management's Discussion and Analysis.
 Note: The change in classification of fund balance amounts in 2011 is the result of the implementation of GASB statement 54. Further discussion and detail can be viewed in Notes to Financial Statements.
 Note: Exhibit C provides a detail breakout for each of the governmental funds.



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

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|------------------------|------------------------|----------------------|------------------------|------------------------|----------------------|-----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 306,292,416 | \$ 317,204,260 | \$ 334,498,895 | \$ 350,466,022 | \$ 409,441,193 | \$ 435,695,263 | \$ 427,338,579 | \$ 425,707,122 | \$ 433,782,081 | \$ 481,703,312 |
| Licenses, Permits and Privilege Fees | 33,259,137 | 31,821,328 | 35,502,960 | 37,275,652 | 37,546,533 | 35,914,381 | 36,190,387 | 35,374,043 | 34,326,099 | 39,403,213 |
| Intergovernmental | 154,433,332 | 148,870,332 | 173,750,692 | 159,577,638 | 164,137,422 | 163,694,270 | 156,307,233 | 151,219,441 | 152,816,149 | 152,837,843 |
| Service Charges | 17,924,528 | 14,933,169 | 16,343,955 | 20,421,258 | 21,115,157 | 21,781,128 | 21,451,454 | 24,407,638 | 25,559,661 | 26,360,218 |
| Fees and Forfeitures | 7,774,458 | 8,659,606 | 10,328,752 | 11,428,454 | 11,023,780 | 10,706,248 | 9,246,582 | 9,760,055 | 9,583,749 | 9,744,457 |
| Sales of Land | | | | | | | | | | |
| Payment in Lieu of Taxes | 17,518,465 | 16,102,353 | 19,630,782 | 18,898,355 | 18,635,494 | 18,357,177 | 19,234,542 | 18,780,983 | | |
| Utility Payments | | | | | | | | | | |
| Investment Income | 689,795 | 965,605 | 1,501,725 | 1,784,937 | 2,435,882 | 2,103,022 | 540,676 | 105,672 | 22,577,356 | 24,141,572 |
| Miscellaneous | 57,211,897 | 72,862,719 | 54,268,540 | 70,850,022 | 64,820,190 | 27,454,098 | 19,653,520 | 22,718,453 | 165,111 | 125,526 |
| Total Revenues | 595,088,718 | 610,820,182 | 655,622,701 | 669,683,336 | 729,145,651 | 716,285,567 | 689,963,993 | 686,073,607 | 699,719,426 | 763,671,429 |
| Expenditures | | | | | | | | | | |
| General Government | 66,113,349 | 66,878,772 | 72,082,519 | 80,895,144 | 76,901,053 | 77,967,920 | 90,038,507 | 92,896,359 | 86,018,066 | 90,060,892 |
| Public Safety and Judiciary | 139,318,995 | 145,598,707 | 151,733,584 | 157,743,772 | 175,233,251 | 167,022,262 | 177,057,319 | 169,704,353 | 168,903,921 | 177,042,165 |
| Highways, Streets, Sanitation and Refuse | 46,004,841 | 44,054,142 | 54,313,540 | 57,844,351 | 62,408,860 | 61,007,410 | 44,632,867 | 46,667,139 | 58,399,763 | 61,164,440 |
| Human Services | 87,637,237 | 89,044,511 | 90,924,428 | 88,715,030 | 96,880,070 | 105,983,727 | 101,156,059 | 89,445,769 | 89,251,029 | 80,913,259 |
| Culture and Recreation | 22,101,310 | 23,539,612 | 19,620,668 | 19,540,897 | 21,396,788 | 22,420,206 | 22,869,119 | 21,701,546 | 23,274,978 | 22,988,532 |
| Education | 128,823,925 | 131,762,289 | 129,041,941 | 142,303,624 | 159,927,313 | 158,668,676 | 189,150,815 | 151,332,279 | 150,305,819 | 150,051,924 |
| Non-Departmental | 23,461,527 | 25,153,059 | 26,211,317 | 33,373,394 | 41,164,869 | 51,273,499 | 50,990,595 | 46,454,002 | 43,629,933 | 46,835,962 |
| Capital Outlay | 35,347,332 | 50,250,207 | 43,109,262 | 35,531,084 | 26,247,426 | 37,968,098 | 81,224,196 | 56,093,465 | 125,099,224 | 96,798,091 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 37,206,090 | 41,473,735 | 43,746,522 | 48,061,126 | 48,020,066 | 33,369,115 | 28,077,064 | 31,748,820 | 29,839,337 | 30,683,923 |
| Interest Payments | 34,974,162 | 40,304,483 | 40,812,004 | 39,385,830 | 39,430,977 | 26,054,610 | 24,895,037 | 19,193,765 | 19,710,167 | 22,026,533 |
| Insurance Costs | 382,984 | 683,283 | 625,909 | 671,476 | 846,451 | | 955,068 | 806,638 | 647,705 | |
| Total Expenditures | 621,371,652 | 668,753,780 | 672,286,694 | 704,065,828 | 747,515,154 | 740,925,597 | 781,659,646 | 725,154,435 | 795,385,962 | 779,163,751 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 47,448,811 | 53,904,655 | 57,680,867 | 61,784,636 | 60,691,246 | 82,480,356 | 70,306,914 | 67,569,251 | 66,240,273 | 66,995,617 |
| Transfers Out | (46,073,626) | (51,679,655) | (54,939,228) | (59,386,273) | (57,501,875) | (79,507,387) | (87,126,142) | (64,147,702) | (63,243,363) | (63,886,685) |
| Proceeds from Refunding Bonds | 36,630,116 | 9,300,000 | | 96,847,789 | | | | | | |
| Payment to Escrow Agent | (36,630,116) | (9,300,000) | | (96,847,789) | | | | | | |
| Proceeds from Issuance of Bonds | 50,097,993 | 68,297,167 | 3,528,671 | | 42,194,332 | | | 100,917,895 | 80,341,209 | 113,379,713 |
| Premium on Issuance of Bonds | | 2,925,326 | | | | (762,900) | | 6,565,000 | 4,441,245 | |
| Total Other Financing Sources (Uses) | 51,474,178 | 73,431,693 | 6,278,310 | 2,622,363 | 45,393,703 | 2,210,669 | 3,180,772 | 110,894,424 | 87,779,344 | 118,488,645 |
| Special Item | | | | | | | | | | |
| Gain on Sale of Land | 174,264 | | | | | | | | | |
| Disaster Recovery | | 12,754,707 | 773,106 | | | | | | | |
| Total Special Item | 174,264 | 12,754,707 | 773,106 | | | | | | | |
| Extraordinary Item | | | | | | | | | | |
| Disaster Costs | | (14,728,475) | (4,020,240) | (323,658) | (402,390) | 306,076 | | 15,352 | | 1,320,829 |
| Total Extraordinary Item | | (14,728,475) | (4,020,240) | (323,658) | (402,390) | 306,076 | | 15,352 | | 1,320,829 |
| Net Change in Fund Balances | \$ 25,350,495 | \$ 13,524,307 | \$ (13,631,817) | \$ (32,082,095) | \$ 26,612,810 | \$ (23,123,655) | \$ (88,715,481) | \$ 74,628,948 | \$ (7,693,190) | \$ 99,675,694 |
| Debt Service as a Percentage of Noncapital Expenditures¹ | 11.7% | 12.4% | 13.0% | 12.7% | 12.1% | 6.5% | 7.5% | 7.6% | 6.8% | 7.6% |

Note: The changes in fund balances are explained in Management's Discussion and Analysis.
 Note: In FY11 the City modified the classification and grouping of General Fund Revenue compared to prior years.
 (1) In FY11 the Debt Service as a Percentage of Noncapital Expenditures calculation has changed. Current and prior year percentages have been revised to reflect this change.



CITY OF RICHMOND, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Real Estate | \$ 159,003,009 | \$ 170,251,093 | \$ 181,172,923 | \$ 195,007,601 | \$ 211,744,174 | \$ 220,312,237 | \$ 227,921,229 | \$ 218,027,758 | \$ 221,948,834 | \$ 216,991,101 |
| Sales-1% Local | 20,123,954 | 24,067,131 | 26,302,100 | 27,116,326 | 31,019,396 | 31,274,790 | 30,935,300 | 26,093,786 | 26,315,613 | 30,595,853 |
| Sales Tax for Education | - | - | - | - | 27,558,938 | 26,959,337 | 25,312,005 | 24,943,835 | 25,914,852 | 26,406,848 |
| Personal Property | 41,488,407 | 41,918,417 | 45,091,878 | 43,819,129 | 42,147,886 | 44,734,218 | 51,107,922 | 44,081,997 | 44,343,976 | 43,780,792 |
| Machinery and Tools | 15,674,402 | 14,831,660 | 14,618,256 | 14,729,382 | 13,165,608 | 13,679,043 | 14,265,110 | 17,038,468 | 16,857,051 | 15,519,223 |
| Utility Sales Tax Gas | - | - | - | - | - | - | - | - | 4,617,822 | 4,256,292 |
| Utility Sales Tax Electric | - | - | - | - | - | - | - | - | 12,480,255 | 12,121,920 |
| General Utility Sales | 32,415,856 | 30,272,507 | 31,124,964 | 30,413,522 | 31,586,945 | 37,118,110 | 35,253,745 | 34,483,451 | - | - |
| State Communication Taxes | - | - | - | - | - | - | - | - | - | - |
| Bank Stock | 2,864,562 | 2,362,154 | 2,904,338 | 2,891,777 | 3,085,172 | 3,317,298 | 4,494,835 | 8,247,534 | 13,933,727 | 12,480,183 |
| Prepared Food | 13,111,219 | 14,548,707 | 16,028,093 | 17,404,822 | 23,154,114 | 24,076,647 | 24,489,056 | 23,756,424 | 21,726,664 | 26,991,476 |
| Lodging Tax | - | - | - | - | 5,272,618 | 5,984,286 | 5,366,015 | 4,769,681 | 4,623,900 | 5,685,427 |
| Admission | 1,465,338 | 1,804,701 | 1,195,603 | 1,218,238 | 1,073,673 | 2,447,670 | 1,604,376 | 2,191,971 | 1,843,129 | 2,726,217 |
| Real Estate Taxes - Delinquent | - | - | - | - | - | - | - | - | 9,711,901 | 10,746,487 |
| Personal Property Taxes - Delinquent | - | - | - | - | - | - | - | - | 5,023,503 | 3,959,960 |
| Delinquent Tax Payments-All Classes | 12,546,757 | 10,303,069 | 9,589,601 | 11,083,065 | 11,812,062 | 19,591,751 | - | - | - | - |
| Private Utility Poles and Conduits | 93,137 | 93,506 | 150,549 | 94,894 | 95,087 | 95,186 | 96,164 | 156,478 | 158,268 | 154,881 |
| Penalties and Interest | 5,203,306 | 4,664,352 | 4,242,744 | 4,676,998 | 5,319,892 | 3,657,510 | 4,570,206 | 5,423,493 | 4,946,641 | 3,680,357 |
| Titling Tax-Mobile Home | 10,402 | 7,324 | 16,942 | 7,197 | 5,800 | 9,014 | 10,635 | 10,858 | 4,704 | 8,051 |
| State Recordation | 675,810 | 605,153 | 609,343 | 749,102 | 843,137 | 954,315 | 710,115 | 759,637 | 681,049 | 656,449 |
| Property Rental 1% | 236,383 | 158,960 | 120,684 | 144,979 | 136,469 | 126,334 | 126,534 | 101,748 | 109,871 | 131,021 |
| Vehicle Rental Tax | 955,513 | 868,115 | 864,415 | 752,941 | 1,004,229 | 889,562 | 628,040 | 424,599 | 578,654 | 1,149,088 |
| ABC Board Receipts | 400,770 | - | - | - | - | - | - | - | - | - |
| Rolling Stock Tax | 33,591 | 547,411 | - | - | - | - | - | - | - | - |
| Telephone Commissions | - | - | 466,562 | 356,249 | 416,003 | 477,935 | 449,292 | 450,000 | 390,739 | 338,499 |
| Total General Governmental Tax Revenues | \$ 306,292,416 | \$ 317,204,260 | \$ 334,498,995 | \$ 350,466,022 | \$ 409,441,193 | \$ 435,695,263 | \$ 427,338,579 | \$ 425,707,122 | \$ 433,762,081 | \$ 431,705,312 |

Note: In FY09 the City classified current and delinquent taxes as a combined unit.
 Note: In FY11 the City modified the classification and grouping of General Fund Revenue compared to prior years.



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 | Less: 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 | | |
| 2003 | 7,396,450,777 | 8,358,905,035 | 1,383,327,487 | 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 | 9,448,941,200 | 9,281,733,951 | 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 | 1,522,860,436 | 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 | 11,495,448,724 | 1,418,994,404 | 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 | 14,501,065,200 | 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% |
| 2010 | 12,657,788,000 | 14,263,768,672 | 1,420,344,916 | 765,598,939 | 5,827,518,000 | 23,279,982,527 | 1.20 | 3.70 | 2.30 | 23,279,982,527 | 100.00% |
| 2011 | 12,019,466,000 | 13,786,267,222 | 1,484,823,134 | 762,284,948 | 5,918,281,100 | 22,134,560,204 | 1.20 | 3.70 | 2.30 | 22,134,560,204 | 100.00% |
| 2012 | 11,908,691,000 | 13,751,070,000 | 1,475,484,028 | 682,677,850 | 5,943,230,000 | 21,874,692,878 | 1.20 | 3.70 | 2.30 | 21,874,692,878 | 100.00% |

Source: Assessor's Office

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CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2012

| | 2012 | | | | 2003 | | | |
|---|-------------------|------------------------|---------|--|-------------------|------------------------|---------|--|
| | Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| | \$ | | | | \$ | | | |
| Philip Morris Inc. | 845,316,000 | 1 | 3.27% | Philip Morris, Inc. & Philip Morris USA | 238,732,000 | 1 | 1.99% | |
| Hines Riverfront Plaza LP | 237,150,000 | 2 | 1.20% | Boston Properties | 176,000,000 | 2 | 1.47% | |
| James Center Property LLC | 174,954,000 | 3 | 0.89% | Sun Trust Banks, Inc. | 158,477,700 | 3 | 1.32% | |
| Dominion Resources Inc. | 159,127,000 | 4 | 0.81% | Federal Reserve Bank of Richmond | 75,357,300 | 4 | 0.63% | |
| Chippenhams Hospital Inc. | 106,434,000 | 5 | 0.54% | One James Center Associates | 64,500,000 | 5 | 0.54% | |
| Federal Reserve Bank | 103,142,000 | 6 | 0.52% | Orton Val T Trustee | 63,667,900 | 6 | 0.53% | |
| Foundry Park I LLC | 81,209,000 | 7 | 0.41% | Chippenhams Hospital, Inc | 59,286,000 | 7 | 0.50% | |
| Parmenter 919 Main Street LP | 78,527,000 | 8 | 0.40% | First States Investors 3500 LLC | 57,257,500 | 8 | 0.48% | |
| AREP Riverside I LLC | 66,779,000 | 9 | 0.34% | Ethyl Corporation | 56,553,000 | 9 | 0.47% | |
| A T Main Street Richmond LLC | 63,811,000 | 10 | 0.32% | Two James Center Associates | 52,000,000 | 10 | 0.43% | |
| Stony Point Fashion Park Associates LLC | 57,000,000 | 11 | 0.29% | Dominion Resources, Inc | 44,391,500 | 11 | 0.37% | |
| AH Richmond Tower I LLC | 54,832,000 | 12 | 0.28% | American Retirement Corp. | 41,041,400 | 12 | 0.34% | |
| Robbins A H Co Inc. | 48,065,000 | 13 | 0.24% | AH Robins | 40,320,000 | 13 | 0.34% | |
| Media General, Inc. | 43,062,000 | 14 | 0.22% | AAPOP, LLP | 37,000,000 | 14 | 0.31% | |
| Miller & Rhoads Building LLC | 42,010,000 | 15 | 0.21% | Alleghany Warehouse Co., Inc. | 36,641,100 | 15 | 0.31% | |
| Apple Seven SPE Richmond Inc. | 35,722,000 | 16 | 0.18% | Eighth & Main LP | 31,741,000 | 16 | 0.27% | |
| Gambles Hill LLC | 31,801,000 | 17 | 0.16% | Hightwood Forsyth Limited | 30,463,000 | 17 | 0.25% | |
| Total of Taxpayers | 2,028,941,000 | | 10.28% | Total of Taxpayers | 1,263,429,400 | | 10.55% | |
| All Other Properties | 17,687,590,000 | | 89.72% | All Other Properties | 10,703,340,676 | | 89.45% | |
| Totals | \$ 19,716,531,000 | | 100.00% | Totals | \$ 11,966,770,076 | | 100.00% | |

Source: City's Real Estate Assessor





**CITY OF RICHMOND, VIRGINIA
PRINCIPAL EMPLOYERS
As of June 30, 2012**

| | | 2012 | | | 2003 | | | |
|--|---------------------------------|------|------------------------------------|--|---------------------------------|------|------------------------------------|------------|
| Employer | Approximate Number of Employees | Rank | Percentage of Principal Employment | | Approximate Number of Employees | Rank | Percentage of Principal Employment | |
| | | | Employer | Employment | | | Employer | Employment |
| Capital One Financial Corp. | 9,995 | 1 | 9.88% | Commonwealth of Virginia | 40,500 | 1 | 24.73% | |
| Virginia Commonwealth University Health System | 7,935 | 2 | 7.84% | Federal Government | 15,200 | 2 | 9.28% | |
| HCA Virginia Health System | 7,236 | 3 | 7.15% | Chesterfield County | 10,064 | 3 | 6.15% | |
| Bon Secours Richmond Health System | 5,991 | 4 | 5.92% | Henrico County | 9,282 | 4 | 5.67% | |
| Walmart | 5,462 | 5 | 5.40% | Capital One Financial Corp. | 9,279 | 5 | 5.67% | |
| Dominion Resources Inc. | 5,378 | 6 | 5.31% | Richmond City | 8,490 | 6 | 5.19% | |
| Altria Group Inc. | 4,110 | 7 | 4.06% | Philip Morris, USA | 6,570 | 7 | 4.01% | |
| SunTrust Banks | 4,100 | 8 | 4.05% | Virginia Commonwealth University Health System | 6,056 | 8 | 3.70% | |
| DuPont | 3,084 | 9 | 3.05% | HCA, Inc. | 5,762 | 9 | 3.52% | |
| Wells Fargo & Co. | 2,851 | 10 | 2.82% | Wal-mart Stores, Inc. | 5,429 | 10 | 3.32% | |
| WellPoint Inc. | 2,801 | 11 | 2.77% | Wachovia Corporation | 4,500 | 11 | 2.75% | |
| Bank of America | 2,700 | 12 | 2.67% | Sun Trust Banks, Inc. | 4,200 | 12 | 2.57% | |
| Food Lion | 2,680 | 13 | 2.65% | Ukrop's Super Markets, Inc. | 3,938 | 13 | 2.41% | |
| United Parcel Service Inc. | 2,300 | 14 | 2.27% | Bon Secours Richmond Health System | 3,885 | 14 | 2.37% | |
| Verizon Communications Inc. | 2,070 | 15 | 2.05% | Dominion Resources, Inc. | 3,749 | 15 | 2.29% | |
| Federal Reserve Bank of Richmond | 1,851 | 16 | 1.83% | Circuit City Stores, Inc. | 3,590 | 16 | 2.19% | |
| The Kroger Co. | 1,720 | 17 | 1.70% | Hanover County | 3,371 | 17 | 2.06% | |
| University of Richmond | 1,655 | 18 | 1.64% | DuPont | 3,197 | 18 | 1.95% | |
| Total of Principal Employers | 73,919 | | 73.06% | Total of Principal Employers | 147,062 | | 89.83% | |
| Other Principal Employers¹ | 27,285 | | 26.94% | | 16,676 | | 10.17% | |
| Totals | 101,204 | | 100.00% | Totals | 163,738 | | 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.

Source: Richmond Times-Dispatch

Note: Public employer's data was not available for 2012.

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

| Tax Year | Tax Rate | Total Tax Levy ³ | | Current Tax Collections ¹ | | Delinquent Tax Collections ² | | Total Tax Collections | |
|----------|----------|-----------------------------|--------------------|--------------------------------------|--------------------|---|--------------------|-----------------------|--------------------|
| | | Amount | Percentage of Levy | Amount | Percentage of Levy | Amount | Percentage of Levy | Amount | Percentage of Levy |
| 2003 | 1.38 | 175,100,400 | 94.4% | 165,330,253 | 94.4% | 9,498,935 | | 174,829,188 | 99.8% |
| 2004 | 1.38 | 184,806,582 | 96.9% | 179,024,489 | 96.9% | 7,715,852 | | 186,740,341 | 101.0% |
| 2005 | 1.33 | 201,274,826 | 95.3% | 191,839,265 | 95.3% | 7,619,922 | | 199,459,187 | 98.1% |
| 2006 | 1.29 | 214,819,901 | 96.1% | 206,416,778 | 96.1% | 6,901,572 | | 213,318,350 | 99.3% |
| 2007 | 1.23 | 224,815,976 | 97.1% | 218,210,831 | 97.1% | 5,696,407 | | 223,907,238 | 99.6% |
| 2008 | 1.20 | 233,179,816 | 94.9% | 221,199,403 | 94.9% | 15,227,545 | | 236,426,948 | 101.4% |
| 2009 | 1.20 | 236,538,376 | 94.3% | 223,155,601 | 94.3% | 6,001,432 | | 229,157,033 | 96.9% |
| 2010 | 1.20 | 234,474,521 | 95.0% | 222,858,692 | 95.0% | 9,711,902 | | 232,570,594 | 99.2% |
| 2011 | 1.20 | 234,035,458 | 95.2% | 222,720,502 | 95.2% | 10,742,828 | | 233,463,330 | 99.8% |
| 2012 | 1.20 | 227,351,927 | 94.1% | 213,930,311 | 94.1% | 8,196,450 | | 222,126,761 | 97.7% |

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 ³ | | Current Tax Collections ¹ | | Delinquent Tax Collections ² | | Total Tax Collections to Date | |
|----------|----------|-----------------------------|--------------------|--------------------------------------|--------------------|---|--------------------|-------------------------------|--------------------|
| | | Amount | Percentage of Levy | Amount | Percentage of Levy | Amount | Percentage of Levy | Amount | Percentage of Levy |
| 2003 | 3.70 | 46,689,746 | 89.2% | 41,662,589 | 89.2% | 3,864,364 | | 45,526,953 | 97.5% |
| 2004 | 3.70 | 46,468,895 | 90.6% | 42,080,193 | 90.6% | 3,297,269 | | 45,377,462 | 97.7% |
| 2005 | 3.70 | 48,443,250 | 90.3% | 43,739,697 | 90.3% | 4,868,959 | | 48,608,656 | 100.3% |
| 2006 | 3.70 | 50,187,847 | 86.1% | 43,230,723 | 86.1% | 4,328,616 | | 47,559,339 | 94.8% |
| 2007 | 3.70 | 52,721,272 | 83.7% | 44,112,841 | 83.7% | 5,826,972 | | 49,939,813 | 94.7% |
| 2008 | 3.70 | 53,094,279 | 81.4% | 43,226,559 | 81.4% | 2,687,649 | | 45,914,208 | 86.5% |
| 2009 | 3.70 | 53,145,714 | 84.8% | 45,087,886 | 84.8% | 5,957,159 | | 51,045,045 | 96.0% |
| 2010 | 3.70 | 53,716,305 | 85.1% | 45,700,784 | 85.1% | 4,740,164 | | 50,440,948 | 93.9% |
| 2011 | 3.70 | 53,820,752 | 83.7% | 45,050,368 | 83.7% | 4,740,164 | | 49,790,532 | 92.5% |
| 2012 | 3.70 | 54,205,843 | 85.5% | 46,364,216 | 85.5% | 4,779,895 | | 51,144,111 | 94.4% |

Source: City of Richmond - Department of Finance

Current Tax Collections¹: These columns represent the amount and percentage on the tax levy within the respective tax year reporting period. These amounts are adjusted to reflect the state's personal property relief payments in the proper period.

Delinquent Tax Collections²: This column represents delinquent taxes collected within the respective reporting period.

Tax Levy³ - This column includes only the original levy; adjustments to this levy are not reflected. Includes personal property and vehicle licenses.



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

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | | Total Primary Government |
|-------------|--------------------------|--|--------------------------|-----------------------|--------------------|--|--------------------------|-----------------------|--------------------------|-------------------------------|--------------------------|
| | General Obligation Bonds | Virginia Public School Authority Bonds | General Obligation Notes | HUD Section 108 Notes | Lease Revenue Bond | Certificates of Participation Series 2001A | General Obligation Bonds | Utility Revenue Bonds | Total Primary Government | Percentage of Personal Income | |
| 2003 | 376,893,205 | 3,483,946 | 5,250,000 | 6,765,000 | - | 18,840,000 | 278,982,829 | 260,504,764 | 950,569,734 | 13.89% | 4,798 |
| 2004 | 418,075,775 | 3,263,521 | 1,820,000 | 6,125,000 | - | 18,225,000 | 270,503,062 | 256,891,626 | 974,903,984 | 13.17% | 4,938 |
| 2005 | 392,957,068 | 3,042,389 | 7,000,000 | 5,595,000 | - | 17,585,000 | 259,195,982 | 320,615,598 | 1,006,191,037 | 13.19% | 5,084 |
| 2006 | 376,095,157 | 2,820,514 | 5,600,000 | 5,020,000 | 12,100,000 | 16,920,000 | 246,092,420 | 320,513,843 | 985,161,934 | 11.71% | 4,951 |
| 2007 | 387,222,408 | 2,597,288 | 4,700,000 | 4,465,000 | 11,555,580 | 16,230,000 | 234,580,147 | 414,194,548 | 1,075,544,971 | 12.13% | 5,360 |
| 2008 | 354,861,308 | 2,372,353 | 8,500,000 | 3,910,000 | 10,981,807 | 15,510,000 | 222,794,874 | 406,325,632 | 1,025,215,974 | 11.28% | 5,054 |
| 2009 | 327,097,155 | 2,145,328 | 63,560,000 | 3,355,000 | 10,377,089 | 14,760,000 | 208,811,286 | 551,289,644 | 1,181,395,512 | 13.46% | 5,778 |
| 2010 | 400,951,978 | 1,916,068 | 33,220,000 | 2,800,000 | 9,739,788 | 13,980,000 | 191,239,793 | 553,815,743 | 1,207,663,400 | 14.07% | 5,914 |
| 2011 | 453,213,764 | 1,684,543 | 74,780,000 | 2,245,000 | 9,088,116 | 13,170,000 | 171,845,174 | 554,658,972 | 1,280,665,469 | N/A | 6,231 |
| 2012 | 524,298,582 | 1,450,834 | 14,034,000 | 1,690,000 | 8,360,231 | 12,325,000 | 159,595,376 | 556,645,429 | 1,276,399,452 | N/A | 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.
 Note: See Demographic and Economic Statistics chart for personal income and population data. These ratios are calculated using personal income and population for the most current year available.

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

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | | Total Primary Government |
|-------------|--------------------------|--|--------------------------|-----------------------|--------------------|--|--------------------------|-----------------------|--------------------------|-------------------------------|--------------------------|
| | General Obligation Bonds | Virginia Public School Authority Bonds | General Obligation Notes | HUD Section 108 Notes | Lease Revenue Bond | Certificates of Participation Series 2001A | General Obligation Bonds | Utility Revenue Bonds | Total Primary Government | Percentage of Personal Income | |
| 2003 | 655,676,034 | 3,483,946 | 5,290,000 | 6,765,000 | - | 18,840,000 | 690,054,980 | 279% | 3,493 | 13.89% | 4,798 |
| 2004 | 688,678,837 | 3,263,521 | 1,820,000 | 6,125,000 | - | 18,225,000 | 718,012,358 | 2.96% | 3,637 | 13.17% | 4,938 |
| 2005 | 652,153,050 | 3,042,389 | 7,000,000 | 5,595,000 | - | 17,585,000 | 685,375,439 | 2.50% | 3,463 | 13.19% | 5,084 |
| 2006 | 622,187,577 | 2,820,514 | 5,600,000 | 5,020,000 | 12,100,000 | 16,920,000 | 664,648,091 | 2.30% | 3,340 | 11.71% | 4,951 |
| 2007 | 621,802,555 | 2,597,288 | 4,700,000 | 4,465,000 | 11,555,580 | 16,230,000 | 661,350,423 | 2.02% | 3,296 | 12.13% | 5,360 |
| 2008 | 577,616,182 | 2,372,353 | 8,500,000 | 3,910,000 | 10,981,807 | 15,510,000 | 618,890,342 | 3.00% | 3,051 | 11.28% | 5,054 |
| 2009 | 535,908,441 | 2,145,328 | 63,560,000 | 3,355,000 | 10,377,089 | 14,760,000 | 630,165,868 | 2.89% | 3,082 | 13.46% | 5,778 |
| 2010 | 592,191,771 | 1,916,068 | 33,220,000 | 2,800,000 | 9,739,788 | 13,980,000 | 653,847,657 | 3.10% | 3,202 | 14.07% | 5,914 |
| 2011 | 625,059,938 | 1,684,543 | 74,780,000 | 2,245,000 | 9,088,116 | 13,170,000 | 726,006,597 | 3.65% | 3,532 | N/A | 6,231 |
| 2012 | 683,893,958 | 1,450,834 | 14,034,000 | 1,690,000 | 8,360,231 | 12,325,000 | 721,754,023 | 3.66% | N/A | N/A | 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.
 Note: See Demographic and Economic Statistics chart for personal income and population data. These ratios are calculated using personal income and population for the most current year available.

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$ 1,196,677,008 | \$ 1,325,845,739 | \$ 1,507,923,335 | \$ 1,665,270,562 | \$ 1,904,252,245 | \$ 2,060,991,864 | \$ 2,109,902,904 | \$ 2,109,403,867 | \$ 1,988,745,212 | \$ 1,971,653,100 |
| Total net applicable to limit | 689,576,088 | 738,231,520 | 685,384,668 | 635,988,545 | 633,857,964 | 592,625,025 | 605,137,771 | 630,231,266 | 703,768,481 | 701,068,792 |
| Legal Debt Margin | \$ 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 | \$ 1,479,172,601 | \$ 1,284,976,731 | \$ 1,270,584,308 |

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

57.62% 55.68% 45.45% 38.19% 33.29% 28.75% 28.68% 29.88% 35.39% 35.56%

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|--|-------------------------|
| Assessed Value (Taxable) | \$ 19,716,531,000 |
| Debt limit (10% of total assessed value) | 1,971,653,100 |
| General Obligation Bonds | 701,068,792 |
| Legal Debt Margin | <u>\$ 1,270,584,308</u> |

Source: 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 6/30/2012 does not include \$556,645,429 of self-supporting Public Utility Revenue Bonds, \$12,325,000 of Certificates of Participation, and \$8,360,231 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 | |
| 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 |
| 2010 ¹ | 288,046,809 | 212,931,591 | 75,115,218 | 21,104,375 | 34,343,862 | 55,448,237 | 1.35 |
| 2011 | 282,734,644 | 206,819,854 | 75,914,790 | 23,548,199 | 31,501,282 | 55,049,481 | 1.38 |
| 2012 | 255,253,674 | 177,928,128 | 77,325,546 | 27,860,480 | 30,343,026 | 58,203,506 | 1.33 |

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

(1) The 2010 gross revenue and direct operating expenses amount has been revised due to a reclassification. The 2010 net revenue available for debt service remains the same.

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



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

| <u>Fiscal Year</u> | <u>Population(1)</u> | <u>Personal Income</u> (Amounts expressed <u>in thousands</u>) | <u>Per Capita</u> <u>Personal</u> <u>Income(2)</u> | <u>Median</u> <u>Age</u> | <u>School</u> <u>Enrollment(3)</u> | <u>City</u> <u>Unemployment</u> <u>Rate(4)</u> | <u>State</u> <u>Unemployment</u> <u>Rate(4)</u> |
|--------------------|----------------------|---|--|-----------------------------|---------------------------------------|--|---|
| 2003 | 198,098 | 6,844,354 | 34,550 | 36.7 | 25,266 | 6.2% | 4.5% |
| 2004 | 197,432 | 7,399,970 | 37,481 | 35.9 | 25,054 | 6.0% | 4.0% |
| 2005 | 197,915 | 7,630,295 | 38,553 | 35.4 | 24,726 | 5.5% | 3.8% |
| 2006 | 198,992 | 8,409,514 | 42,261 | 34.0 | 24,247 | 4.6% | 3.2% |
| 2007 | 200,655 | 8,864,854 | 44,180 | 34.0 | 23,987 | 4.4% | 3.1% |
| 2008 | 202,867 | 9,088,603 | 44,801 | 35.3 | 24,226 | 5.8% | 4.0% |
| 2009 | 204,451 | 8,774,262 | 42,916 | 35.5 | 23,200 | 10.2% | 7.1% |
| 2010 | 204,214 | 8,582,284 | 42,037 | 32.0 | 22,994 | 10.5% | 7.1% |
| 2011 | 205,533 | N/A | N/A | N/A | 23,454 | 9.3% | 6.3% |
| 2012 | N/A | N/A | N/A | N/A | 23,336 | 9.0% | 6.0% |

(1) Source: U.S. Census Bureau, Annual estimates of the Resident Population.

(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.

Data reflects annual benchmark revision issued in February of each year.

Unemployment rates are not seasonally adjusted.



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

| Function | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities: | | | | | | | | | | |
| General Government | 553 | 554 | 583 | 502 | 650 | 731 | 681 | 696 | 696 | 620 |
| Public Safety and Judiciary | | | | | | | | | | |
| Police | 793 | 846 | 905 | 982 | 979 | 1,028 | 1,000 | 980 | 942 | 923 |
| Firefighters and Officers | 241 | 416 | 423 | 426 | 425 | 463 | 413 | 406 | 434 | 425 |
| Others | 652 | 671 | 690 | 658 | 588 | 603 | 590 | 577 | 573 | 557 |
| Highways, Streets, Sanitation and Refuse | | | | | | | | | | |
| Engineering & Maintenance | 540 | 521 | 532 | 551 | 538 | 566 | 527 | 452 | 454 | 497 |
| Human Services | | | | | | | | | | |
| Human Services Advocacy | 28 | 21 | 37 | 47 | 26 | 24 | 34 | 35 | 43 | 34 |
| Social Services | 465 | 461 | 466 | 411 | 455 | 481 | 472 | 456 | 443 | 441 |
| Public Health | 98 | 104 | 112 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 283 | 247 | 266 | 235 | 295 | 260 | 273 | 276 | 261 | 158 |
| Transportation | 8 | 8 | 7 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business-type Activities: | | | | | | | | | | |
| Gas Utility | 333 | 314 | 304 | 213 | 320 | 322 | 425 | 404 | 359 | 367 |
| Water Utility | 92 | 90 | 81 | 214 | 101 | 102 | 128 | 110 | 110 | 117 |
| Wastewater Utility | 100 | 98 | 90 | 61 | 108 | 113 | 164 | 139 | 131 | 168 |
| Electric Utility | 21 | 19 | 18 | 32 | 15 | 19 | 24 | 24 | 24 | 39 |
| Stores and Transportation Division | 14 | 14 | 13 | 11 | 12 | 13 | 10 | 6 | 6 | 6 |
| Coliseum | 25 | 25 | 25 | 28 | 25 | 25 | 25 | 17 | 17 | 14 |
| Landmark Theatre | 9 | 7 | 7 | 0 | 5 | 5 | 0 | 0 | 0 | 0 |
| Cemeteries NCO | 22 | 18 | 18 | 21 | 20 | 20 | 20 | 20 | 21 | 19 |
| Total | <u>4,277</u> | <u>4,434</u> | <u>4,577</u> | <u>4,397</u> | <u>4,562</u> | <u>4,775</u> | <u>4,786</u> | <u>4,598</u> | <u>4,514</u> | <u>4,385</u> |

Source: Various City departments



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

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities: | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical Arrests | 14,252 | 15,911 | 17,536 | 17,034 | 19,210 | 20,064 | 20,425 | 14,487 | 13,595 | 13,179 |
| Parking Violations | 96,079 | 101,813 | 103,594 | 19,455 | 73,335 | 101,675 | 104,380 | 134,151 | 128,038 | 125,171 |
| Traffic Violations | 23,150 | 21,224 | 30,516 | 22,474 | 25,047 | 28,195 | 30,965 | 31,518 | 30,454 | 25,026 |
| Fire | | | | | | | | | | |
| Number of calls answered | 25,817 | 28,258 | 30,956 | 31,746 | 28,234 | 19,864 | 29,098 | 29,587 | 32,450 | 32,287 |
| Inspections | 2,774 | 3,662 | 1,853 | 2,104 | 2,660 | 1,322 | 1,090 | 5,336 | 4,093 | 5,675 |
| Highways and Streets | | | | | | | | | | |
| Street resurfacing (miles) | 95 | 82 | 70 | 102 | 85 | 70 | 62 | 122 | 115 | 118 |
| Potholes repaired | 14,833 | 12,167 | 21,011 | 10,691 | 7,500 | 898 | 6,128 | 11,409 | 9,158 | 15,135 |
| Sanitation and Refuse | | | | | | | | | | |
| Refuse collected (tons/day) | 317 | 307 | N/A | 338 | 293 | 335 | 374 | 291 | 300 | 290 |
| Recyclables collected (tons/day) | 41 | 39 | 38 | 37 | 35 | 25 | 213 | 21 | 42 | 25 |
| Culture and Recreation | | | | | | | | | | |
| Parks permits issued | 505 | 482 | 539 | 610 | 584 | 543 | 598 | 579 | 546 | 546 |
| Business-type Activities: | | | | | | | | | | |
| Gas | | | | | | | | | | |
| Maximum daily sendout (MCF) | 162,574 | 151,823 | 163,129 | 129,755 | 151,996 | 147,713 | 160,509 | 139,351 | 153,078 | 137,485 |
| Annual Sendout (MCF) | 19,168,315 | 17,952,764 | 18,500,224 | 16,620,288 | 16,551,672 | 17,722,952 | 17,056,844 | 16,006,116 | 17,662,077 | 14,673,455 |
| Water | | | | | | | | | | |
| Average daily consumptions (MGD) | 78 | 88 | 75 | 67 | 63 | 66 | 62 | 58 | 59 | 53 |
| Maximum daily consumptions (MCD) | 127 | 105 | 95 | 98 | 98 | 90 | 90 | 89 | 99 | 89 |
| Water in Storage (gallons) ¹ | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 | 73,000,000 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (MGD) | 54 | 60 | 64 | 51 | 59 | 49 | 49 | 55 | 46 | 52 |
| Maximum daily sewage treatment (MGD) | 78 | 85 | 85 | 83 | 84 | 84 | 84 | 96 | 84 | 80 |
| Coliseum | | | | | | | | | | |
| Average daily attendance per activity | 1,010 | 1,013 | 883 | 921 | 1,220 | 1,193 | 4,169 | 4,895 | 4,957 | 4,161 |
| Landmark Theatre | | | | | | | | | | |
| Total tickets sold for all activities | 145,296 | 141,726 | 129,598 | 140,097 | 150,596 | 139,506 | 122,645 | 156,448 | 100,032 | 217,104 |
| Total attendances for all activities | 15,773 | 14,303 | 221,602 | 220,615 | 180,155 | 196,893 | 195,790 | 177,105 | 139,749 | 234,035 |
| Cemeteries | | | | | | | | | | |
| Number of interments | 1,079 | 1,080 | 1,050 | 973 | 777 | 841 | 901 | 790 | 777 | 790 |
| Number of lot sales | 20 | 24 | 22 | 17 | 23 | 18 | 14 | 16 | 20 | 6 |
| Number of single grave sales | 688 | 700 | 646 | 382 | 664 | 601 | 568 | 504 | 473 | 468 |
| Number of foundations | 645 | 649 | 637 | 627 | 525 | 532 | 560 | 494 | 522 | 493 |

Source: Various City departments

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

(1) FY2011 and prior years water in storage (gallons) amount has been revised to include the Byrd Park Reservoir.



CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Police | | | | | | | | | | |
| Stations | 7 | 7 | 7 | 7 | 10 | 4 | 8 | 7 | 7 | 7 |
| Patrol Units | 133 | 132 | 128 | 232 | 222 | 323 | 204 | 173 | 164 | 213 |
| Fire | | | | | | | | | | |
| Stations | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Fire trucks | 46 | 46 | 46 | 46 | 55 | 64 | 51 | 54 | 54 | 61 |
| Highways and Streets | | | | | | | | | | |
| Streets (miles) ¹ | 1,867 | 1,867 | 1,865 | 1,857 | 1,865 | 1,858 | 822 | 822 | 822 | 822 |
| Streetlights | 32,977 | 33,063 | 33,184 | 32,900 | 33,188 | 33,000 | 30,548 | 30,783 | 36,027 | 35,834 |
| Traffic Signals | 453 | 456 | 460 | 502 | 511 | 465 | 468 | 476 | 469 | 474 |
| Sanitation and Refuse | | | | | | | | | | |
| Collection Trucks | N/A | 33 | 38 | 45 | 38 | 37 | 47 | 34 | 33 | 33 |
| Culture and Recreation | | | | | | | | | | |
| Parks acreage | 2,801 | 2,801 | 2,801 | 2,807 | 2,805 | 2,805 | 2,818 | 2,808 | 2,810 | 2,808 |
| Parks | 58 | 58 | 58 | 67 | 71 | 71 | 71 | 71 | 71 | 72 |
| Baseball/Softball Diamonds | 54 | 54 | 54 | 55 | 48 | 48 | 48 | 48 | 48 | 48 |
| Athletic Fields | 25 | 25 | 25 | 27 | 31 | 31 | 31 | 31 | 31 | 31 |
| Golf Courses (Driving Range/Par 3 Course) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming Pools | 10 | 9 | 9 | 9 | 9 | 9 | 8 | 9 | 9 | 9 |
| Tennis Courts | 141 | 141 | 138 | 138 | 130 | 130 | 130 | 140 | 140 | 140 |
| Community Centers | 18 | 18 | 18 | 24 | 24 | 24 | 24 | 20 | 20 | 20 |
| Theatres | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 |
| Coliseums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gas | | | | | | | | | | |
| Miles of Service Lines ² | 1,766 | 1,777 | 1,796 | 1,818 | 1,850 | 1,013 | 1,033 | 1,050 | 1,057 | 1,069 |
| Number of Gate Stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Water | | | | | | | | | | |
| Miles of Water Lines | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Water Pumping Stations | 12 | 12 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 12 |
| Wastewater | | | | | | | | | | |
| Miles of Sewer Lines | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Miles of Interceptors | 42 | 42 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Sewer Pumping Stations | 3 | 3 | 3 | 3 | 5 | 5 | 5 | 5 | 5 | 5 |

Source: Various City departments

(1) From FY2008 to 2009 the City changed its calculation from Lane Miles (# of lanes x # of miles) to Miles

(2) Change in calculation methods caused a change in the amounts reported for FY08-FY10. This revised calculation method was used for the current year which provides a fair comparison for FY08-FY11. Historic detail information prior to FY08 was not available in order to apply the change in calculation methods thus amounts reported for FY2003-FY2007 are based on the historic calculation method.







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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:

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