

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
Alvin L. Cannon

CITY COUNCIL

Kathy C. Graziano
President
Ellen F. Robertson
Vice President

Douglas G. Conner, Jr.
Chris A. Hilbert
E. Martin Jewell
Cynthia I. Newbille
Charles R. Samuels
Reva M. Trammell
Bruce W. Tyler





**THE CITY OF RICHMOND, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 TABLE OF CONTENTS**

INTRODUCTORY SECTION

Letter of Transmittal	I
Management Report on Responsibility for Financial Reporting	IX
Certificate of Achievement	XI
Mayoral Form of Government	XIII
Organization Chart	XV

FINANCIAL SECTION

Independent Auditors' Report	1
A. MANAGEMENT'S DISCUSSION AND ANALYSIS (required supplementary information)	3
B. BASIC FINANCIAL STATEMENTS	
1. Government-wide Financial Statements	
Exhibit A: Statement of Net Assets	16
Exhibit B: Statement of Activities	18
2. Governmental Funds' Financial Statements	
Exhibit C: Balance Sheet	20
Reconciliation of the Statement of Net Assets to the Balance Sheet of Governmental Funds	21
Exhibit D: Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities-Governmental Funds	23
3. Proprietary Funds' Financial Statements	
Exhibit E-1: Statement of Net Assets - Proprietary Funds	24
Exhibit E-2: Reconciliation of the Proprietary Funds' Statement of Fund Net Assets to the Government-wide Statement of Net Assets	25
Exhibit E-3: Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds	26
Exhibit E-4: Reconciliation of the Enterprise Funds' Statement of Revenues, Expenses and Changes in Fund Net Assets to the Government-wide Statement of Activities	27
Exhibit E-5: Statement of Cash Flows - Proprietary Funds	28
4. Fiduciary Funds' Financial Statements	
Exhibit F-1: Statement of Fiduciary Net Assets	30
Exhibit F-2: Statement of Changes in Fiduciary Net Assets	31
5. Component Units' Financial Statements	
Exhibit G-1: Statement of Net Assets	33
Exhibit G-2: Statement of Activities	34
6. Notes to Financial Statements	37



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

TABLE OF CONTENTS

C. REQUIRED SUPPLEMENTARY INFORMATION

Exhibit H-1: Budgetary Comparison Schedule – General Fund	82
Exhibit H-2: Note to Budgetary Comparison Schedule – General Fund.....	86

D. SUPPLEMENTARY INFORMATION - COMBINING FINANCIAL STATEMENTS

1. Non-Major Governmental Funds

Exhibit I-1: Combining Balance Sheet	92
Exhibit I-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances...	93
Exhibit I-3: Budgetary Comparison Schedule – Special Revenue Funds.....	94
Exhibit I-4: Budgetary Comparison Schedule – Capital Projects Fund.....	95
Exhibit I-5: Budgetary Comparison Schedule – Debt Service Fund.....	96

2. Non-Major Proprietary Funds

Exhibit J-1: Combining Statement of Net Assets.....	98
Exhibit J-2: Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	99
Exhibit J-3: Combining Statement of Cash Flows.....	100

3. Internal Service Funds

Exhibit K-1: Combining Statement of Net Assets.....	102
Exhibit K-2: Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	103
Exhibit K-3: Combining Statement of Cash Flows.....	104

4. Fiduciary Funds

Exhibit L-1: Combining Statement of Fiduciary Net Assets.....	106
Exhibit L-2: Combining Statement of Changes in Fiduciary Net Assets.....	107
Exhibit L-3: Statement of Changes in Assets and Liabilities – Agency Funds	108

STATISTICAL SECTION

Date of Incorporation.....	110
Area of City	110
Population	110
Form of Government.....	110
Segregation of Taxable Subjects for Local Taxation Only.....	110
Assessments.....	111
Tax Rates.....	111
Taxes Due.....	113
Delinquent Taxes.....	113
Overlapping Areas and Debt.....	113
City Indebtedness	114
Debt Management Policies.....	114
Fund Balance Policy.....	115
Net Assets by Component for the Last Ten Years.....	117
Changes in Net Assets for the Last Ten Years.....	118
Governmental Activities Tax Revenue by Source for the Last Ten Years	120
Fund Balances of Governmental Funds for the Last Ten Years.....	121



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

TABLE OF CONTENTS

Changes in Fund Balance of Governmental Funds for the Last Ten Years	122
General Governmental Tax Revenues by Source for the Last Ten Years	123
Assessed Value and Estimated Actual Value of Taxable Property for the Last Ten Years	124
Real Estate Assessed Value of Largest Taxpayers.....	125
Principal Employers.....	126
Real Estate Tax Levies and Collections for the Last Ten Years.....	127
Personal Property Tax Levies and Collections for the Last Ten Years.....	127
Ratios of Outstanding Debt by Type for the Last Ten Years.....	128
Ratios of General Bonded Debt Outstanding.....	128
Legal Debt Margin Information for the Last Ten Years	129
Pledged-Revenue Coverage for the Last Ten Years.....	130
Demographic and Economic Statistics for the Last Ten Years.....	131
Full-Time Equivalent City Government Employees by Function for the Last Ten Years.....	132
Operating Indicators by Function for the Last Ten Years.....	133
Capital Assets Statistics by Function for the Last Ten Years.....	134
Acknowledgements.....	137



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

Cynthia I. Newbille
Charles R. Samuels
Reva M. Trammell
Bruce W. Tyler

**CITY
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

ATTORNEY

Allen L. Jackson

**SUPERINTENDENT
OF SCHOOLS**

Dr. Yvonne Brandon

DEPARTMENT OF FINANCE

Sharon O. Judkins, Deputy Chief Administrative Officer – Finance & Administration
T. Wayne Lassiter, CPA, CGMA, Interim Director of Finance
Alvin L. Cannon, City Controller

INDEPENDENT AUDITORS

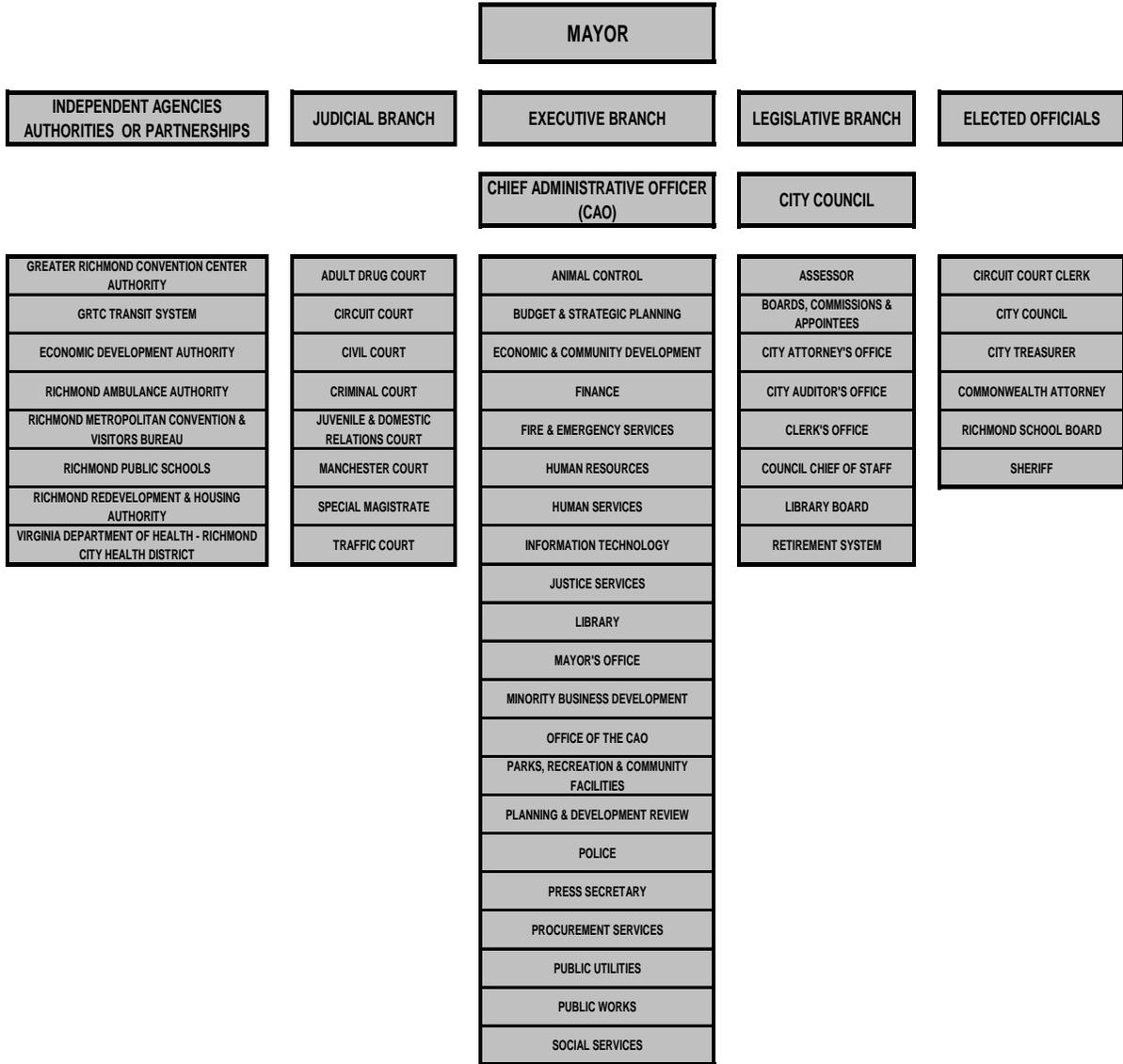
Cherry, Bekaert & Holland, L.L.P.



CITY OF RICHMOND

ORGANIZATION OF LOCAL GOVERNMENT

2011 - 2012







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.

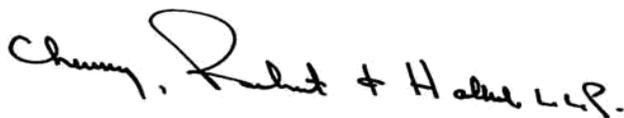
As discussed in Note 17, the June 30, 2011 financial statements have been restated to adjust capital assets as a result of an examination of the original valuation of buildings and land.

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.



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.

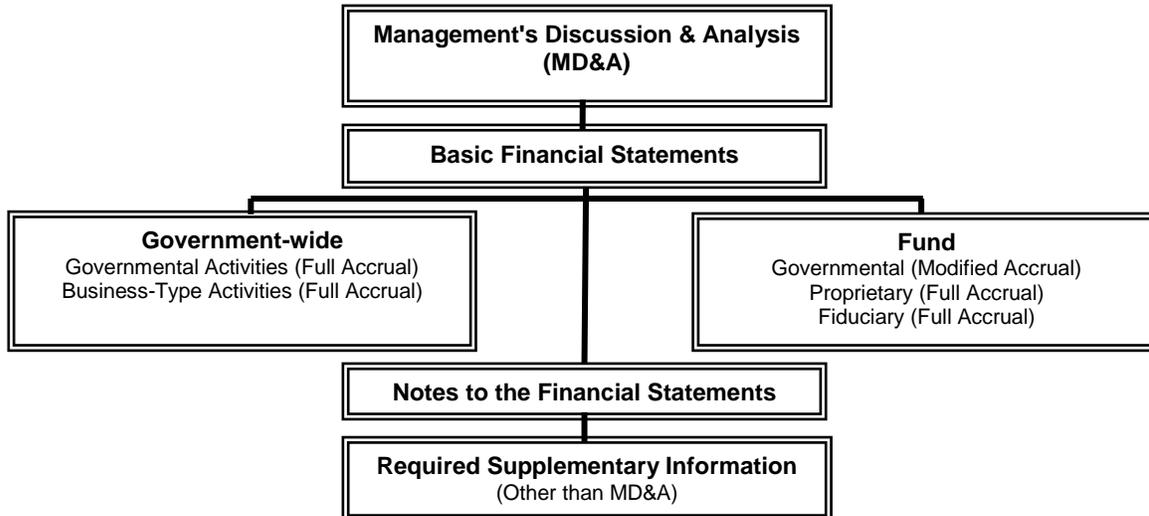
Entity-wide

- 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	<u>861.7</u>	<u>809.7</u>	<u>1,124.9</u>	<u>1,061.4</u>	<u>1,986.6</u>	<u>1,871.1</u>
Total Assets	<u>1,178.0</u>	<u>1087.1</u>	<u>1377.4</u>	<u>1361.9</u>	<u>2,555.4</u>	<u>2,449.0</u>
Current and Other Liabilities	160.7	213.4	86.8	76.9	247.5	290.3
Long-Term Debt Outstanding	<u>628.3</u>	<u>556.1</u>	<u>819.8</u>	<u>838.4</u>	<u>1,448.1</u>	<u>1,394.5</u>
Total Liabilities	<u>789.0</u>	<u>769.5</u>	<u>906.6</u>	<u>915.3</u>	<u>1,695.6</u>	<u>1,684.8</u>
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	<u>103.4</u>	<u>70.9</u>	<u>51.3</u>	<u>64.7</u>	<u>154.7</u>	<u>135.6</u>
Total Net Assets, As Restated	<u>\$ 389.0</u>	<u>\$ 317.6</u>	<u>\$ 470.8</u>	<u>\$ 446.6</u>	<u>\$ 859.8</u>	<u>\$ 764.2</u>



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



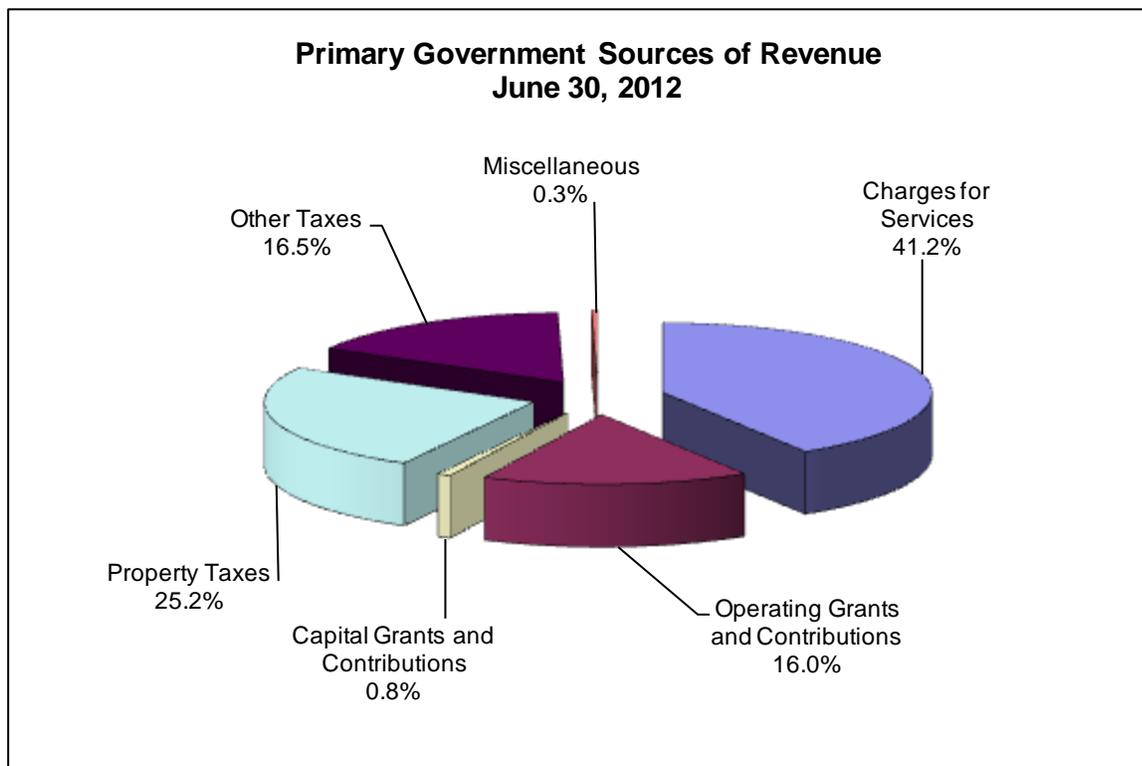
REVENUE

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).

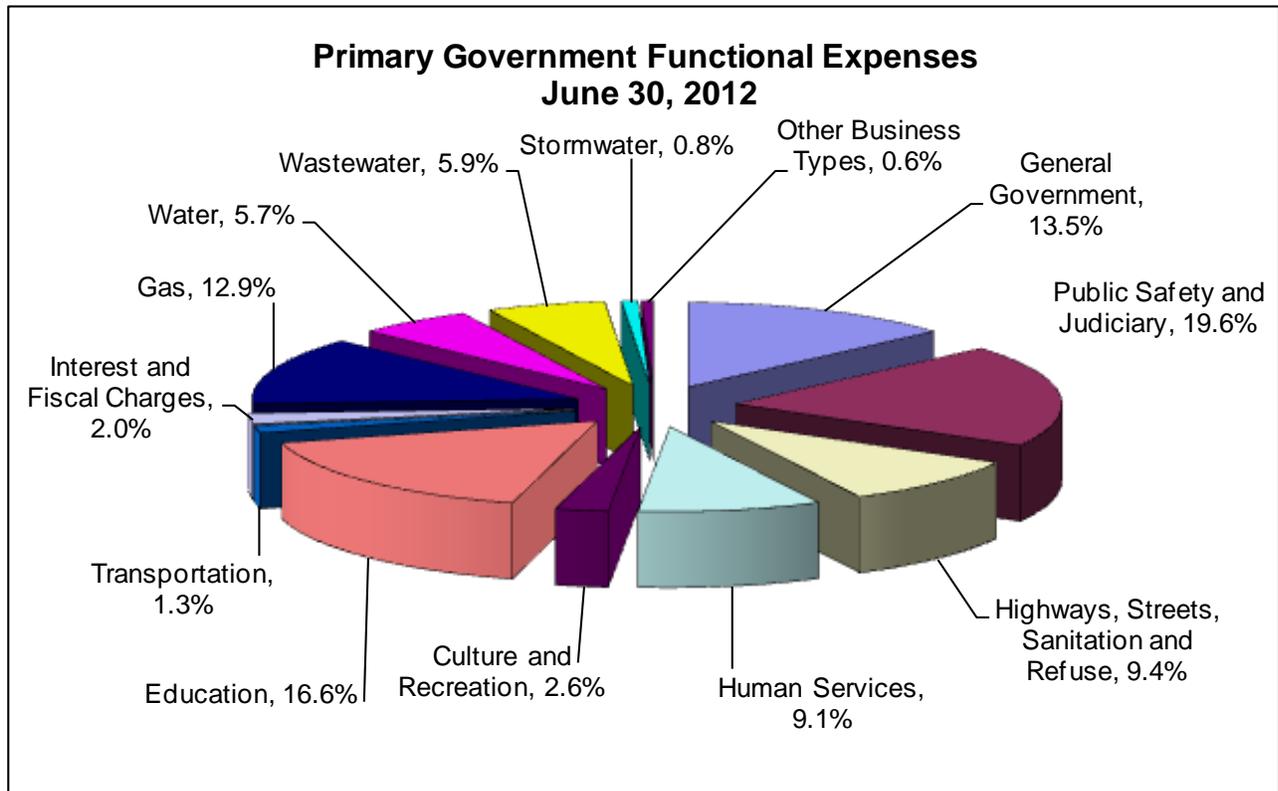




EXPENSES

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	<u>18.8</u>	<u>2.4</u>	<u>21.4</u>	<u>3.7</u>	<u>3.1</u>	<u>3.5</u>	<u>(18.3)</u>	<u>(.2)</u>
Total Revenues and Other Financing Sources	<u>\$ 709.9</u>	<u>\$ 637.3</u>	<u>\$ 715.9</u>	<u>\$ 648.0</u>	<u>\$ 710.0</u>	<u>\$ 645.7</u>	<u>\$ (5.9)</u>	<u>\$ (2.3)</u>
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	<u>64.6</u>	<u>59.4</u>	<u>64.1</u>	<u>59.5</u>	<u>61.8</u>	<u>59.3</u>	<u>2.3</u>	<u>.2</u>
Total Expenses and Other Financing Uses	<u>\$ 709.9</u>	<u>\$ 637.3</u>	<u>\$ 715.9</u>	<u>\$ 650.1</u>	<u>\$ 643.7</u>	<u>\$ 625.1</u>	<u>\$ 72.2</u>	<u>\$ 25.0</u>

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	346.9	286.8	255.7	214.3	602.6	501.1
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	1,357.5	1,325.8	1,427.3	1,366.1	2,784.8	2,691.9
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	842.7	802.9	558.2	519.0	1,400.9	1,321.9
Total Capital Assets Being Depreciated, Net	514.8	522.9	869.1	847.1	1,383.9	1,370.0
Total Capital Assets, Net	\$ 861.7	\$ 809.7	\$ 1,124.8	\$ 1,061.4	\$ 1,986.5	\$ 1,871.1

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	--	109,783,450	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	<u>\$ 564,279,740</u>	<u>\$ 224,778,048</u>	<u>\$ 154,488,314</u>	<u>\$ 634,569,474</u>	<u>\$ 46,700,364</u>

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	188,539,096	--	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
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	169,878	139,100
Other Non-major Enterprise Funds	109,615	8,043	17,274	100,384	82,705
Total Long-Term Obligations	<u>\$ 737,969,574</u>	<u>\$ 50,747,124</u>	<u>\$ 66,228,933</u>	<u>\$ 722,487,765</u>	<u>\$ 33,781,090</u>



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	<u>286,941,952</u>	<u>194,925,502</u>	<u>481,867,454</u>	<u>90,526,242</u>
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	<u>861,688,226</u>	<u>1,124,933,181</u>	<u>1,986,621,407</u>	<u>121,845,294</u>
Total Non Current Assets	<u>890,986,221</u>	<u>1,182,539,074</u>	<u>2,073,525,295</u>	<u>188,754,362</u>
Total Assets	<u>\$ 1,177,928,173</u>	<u>\$ 1,377,464,576</u>	<u>\$ 2,555,392,749</u>	<u>\$ 279,280,604</u>

(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	155,173,806	--	--	--
Transportation	12,143,357	--	--	--
Interest and Fiscal Charges	18,648,049	--	--	--
Total Governmental Activities	<u>690,009,753</u>	<u>152,646,760</u>	<u>149,546,405</u>	<u>8,364,411</u>
Business-type:				
Gas	120,738,025	130,742,982	209,835	--
Water	53,201,110	61,814,881	1,710,806	--
Wastewater	54,615,666	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	<u>241,519,639</u>	<u>270,394,565</u>	<u>15,143,172</u>	<u>--</u>
Total Primary Government	<u>\$ 931,529,392</u>	<u>\$ 423,041,325</u>	<u>\$ 164,689,577</u>	<u>\$ 8,364,411</u>
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	<u>\$ 455,997,869</u>	<u>\$ 47,429,840</u>	<u>\$ 182,587,380</u>	<u>\$ 15,781,112</u>

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>	<u>--</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>
--	--	--	73,736,622
--	--	--	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>450,788,961</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>\$ 388,947,805</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 6)	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		233,211,923
		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		(15,700,699)
		(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.		
		24,981,500
Net Assets of governmental activities	\$	388,947,805

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	65,386,732	--	--	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
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Purchases of assets	\$ 86,994,220	
Depreciation expense	<u>(34,954,436)</u>	52,039,784
The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds of borrowing	(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)
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.		
		(4,112,419)
Some expenditures in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued interest	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
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.		
		<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	\$ 509,925,554	\$ 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	5,231,669	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	426,580	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	89,854,845	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	795,096	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	2,062,335	--	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				Total
	Gas	Water	Wastewater	Stormwater	
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)	(200,901)	605,989	798,709	2,062,335	3,266,132
Miscellaneous Operating Expenses	<u>14,538,924</u>	<u>17,076,188</u>	<u>18,973,511</u>	<u>959,073</u>	<u>51,547,696</u>
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	<u>210,381</u>	<u>182,108</u>	<u>105,301</u>	<u>--</u>	<u>497,790</u>
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	325,897	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	(27,133,885)	(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	--	--	--	--	--	--	(3,947,885)
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)	(141,888,602)	(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	43,865,632	71,340,083	85,434,012	4,386,183	--	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	\$ 13,035,306	\$ 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	1,406,453	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	(8,211)
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

	Pension Trust Funds	Agency Funds
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	560,030,642	--
Total Assets	597,879,613	1,626,279
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	71,080,577	1,626,279
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 526,799,036	\$ --

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.





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	6,493,704	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	<u>11,408,373</u>	<u>4,696,449</u>	<u>2,725,678</u>	<u>103,014,794</u>	<u>121,845,294</u>
Total Assets	<u>74,402,412</u>	<u>10,833,126</u>	<u>22,004,656</u>	<u>172,040,410</u>	<u>279,280,604</u>
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	<u>80,896,323</u>	<u>1,033,455</u>	<u>10,441,128</u>	<u>39,062,041</u>	<u>131,432,947</u>
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	<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>

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**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
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:

- 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.

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



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.



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

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.

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



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.).



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

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:

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



- *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



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

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.

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



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>20,534,071</u>
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>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.



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

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.

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



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.



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

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.

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



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
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



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
June 30, 2012

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)
Hege 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	<u>\$ 43,653,581</u>	<u>\$ 43,715,954</u>

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		<u>\$ 176,232,564</u>

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	<u>(168,728)</u>	<u>5.42</u>
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):

	Total
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	<u>\$ 412,576</u>	<u>\$ 573,918</u>	<u>\$ 986,494</u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

		Due From							
		General	Debt	Capital	Non-Major	Non-Major	Internal	Fiduciary	Total
		Fund	Service	Projects	Governmental	Proprietary	Service	Fund	
Due To	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	<u>\$ 12,698,164</u>	<u>\$ 605,578</u>	<u>\$ 22,397,650</u>	<u>\$ 3,377,155</u>	<u>\$ 570,234</u>	<u>\$ 11,680,568</u>	<u>\$ 504,709</u>	<u>\$ 51,834,058</u>

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	<u>\$ 61,830,564</u>	<u>\$ 939,581</u>	<u>\$ 834,417</u>	<u>\$ 1,334,358</u>	<u>\$ 2,056,121</u>	<u>\$ 576</u>	<u>\$ 66,995,617</u>

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
	<u>\$ 9,553,874</u>	<u>\$ 35,574,783</u>	<u>\$ 45,128,657</u>

6. NOTE RECEIVABLE

Note receivable in the General Fund consists of:

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



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	115,185,463	11,433,606	271,593	126,347,476
Total Accumulated Depreciation	<u>115,185,463</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>6,146,963</u>
Other Business-type Activity:				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	12,770,860	--	--	12,770,860
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>38,752,726</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>\$ 1,061,405,676</u>	<u>\$ 129,556,333</u>	<u>\$ 66,028,828</u>	<u>\$ 1,124,933,181</u>



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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	<u>\$ 564,279,740</u>	<u>\$ 224,778,048</u>	<u>\$ 154,488,314</u>	<u>\$ 634,569,474</u>	<u>\$ 46,700,364</u>

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			Balance	Due
	July 1, 2011	Additions	Deletions		
					One Year
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
Coliseum Enterprise Fund	7,268,643	784,479	1,528,188	6,524,934	747,727
Cemeteries Enterprise Fund	477,564	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	<u>1,886,214</u>	<u>--</u>	<u>102,657</u>	<u>1,783,557</u>	<u>101,487</u>
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	<u>584,840</u>	<u>--</u>	<u>186,301</u>	<u>398,539</u>	<u>194,696</u>
Total Capital Leases	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	169,878	139,100
Other Non-Major Enterprise Funds	<u>109,615</u>	<u>8,043</u>	<u>17,274</u>	<u>100,384</u>	<u>82,705</u>
Total Compensated Absences	<u>2,343,526</u>	<u>1,874,546</u>	<u>1,836,482</u>	<u>2,381,590</u>	<u>1,950,613</u>
Totals	<u>\$ 737,969,574</u>	<u>\$ 50,747,124</u>	<u>\$ 66,228,933</u>	<u>\$ 722,487,765</u>	<u>\$ 33,781,090</u>

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	59,189,250
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
June 30, 2012

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
NOTES TO FINANCIAL STATEMENTS
June 30, 2012



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.



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

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.

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



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	<u>1,029,600</u>	<u>--</u>	<u>--</u>	<u>193,729</u>
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	<u>--</u>	<u>--</u>	<u>7,596,789</u>	<u>8,667,944</u>
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	<u>53,073,041</u>	<u>2,268,981</u>	<u>675,494</u>	<u>6,812,492</u>
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	<u>35,002,000</u>	<u>--</u>	<u>--</u>	<u>(138,320)</u>
Totals	<u>\$ 89,104,641</u>	<u>\$ 2,268,981</u>	<u>\$ 8,272,283</u>	<u>\$ 15,535,845</u>

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.



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

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

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



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	Option 1	Option 2	Option 2
	OA-P1 - 20/40	OA-P1 - 20/40	OA-P2 - 25/50	OA-P2 - 25/50
	City	City	City	City
	Semi-Monthly	Monthly	Semi-Monthly	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.



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

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.

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



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
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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	1,625

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



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	3,163,498	11,202,604	16,188,143
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
June 30, 2012



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	254,904,456	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





*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)
Titling 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)



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
	<u>103,421,882</u>	<u>105,380,022</u>	<u>46,835,962</u>	<u>58,544,060</u>
Total Non-Departmental				
	<u>103,421,882</u>	<u>105,380,022</u>	<u>46,835,962</u>	<u>58,544,060</u>
Total General Fund Expenditures	<u>645,350,306</u>	<u>651,770,486</u>	<u>581,884,044</u>	<u>69,886,442</u>
Excess of Revenues Over Expenditures	<u>45,776,319</u>	<u>42,737,976</u>	<u>125,024,285</u>	<u>82,286,309</u>
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	<u>(45,776,319)</u>	<u>(42,737,976)</u>	<u>(58,721,632)</u>	<u>(15,983,656)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>--</u>	<u>--</u>	<u>66,302,653</u>	<u>66,302,653</u>
Fund Balance - Beginning of Year	<u>95,710,842</u>	<u>95,710,842</u>	<u>95,710,842</u>	<u>--</u>
Fund Balance- End of Year	<u>\$ 95,710,842</u>	<u>\$ 95,710,842</u>	<u>\$ 162,013,495</u>	<u>\$ 66,302,653</u>



**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	12,022,670
Due From Other Governments	7,366,066	4,153,355	--	--	--	198,013	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	\$ 27,070,613
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 4,868,973	\$ 1,828,591	\$ 925	\$ --	\$ --	\$ --	\$ 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	\$ 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	<u>37,821,462</u>	<u>9,069,330</u>	<u>--</u>	<u>17</u>	<u>135</u>	<u>38</u>	<u>--</u>	<u>46,890,982</u>
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	<u>40,005,882</u>	<u>9,069,605</u>	<u>18,539</u>	<u>63</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>49,094,089</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,184,420)</u>	<u>(275)</u>	<u>(18,539)</u>	<u>(46)</u>	<u>135</u>	<u>38</u>	<u>--</u>	<u>(2,203,107)</u>
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	<u>3,921,344</u>	<u>275</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,921,619</u>
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	<u>13,605,192</u>	<u>--</u>	<u>138,074</u>	<u>27,619</u>	<u>33,559</u>	<u>12,889</u>	<u>--</u>	<u>13,817,333</u>
Fund Balance - End of Year	<u>\$ 15,342,116</u>	<u>\$ --</u>	<u>\$ 119,535</u>	<u>\$ 27,573</u>	<u>\$ 33,694</u>	<u>\$ 12,927</u>	<u>\$ --</u>	<u>\$ 15,535,845</u>



**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	<u>97,739,891</u>	<u>105,707,802</u>	<u>46,890,792</u>	<u>(58,817,010)</u>
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	<u>97,739,891</u>	<u>105,707,802</u>	<u>49,075,487</u>	<u>56,632,315</u>
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	<u>--</u>	<u>--</u>	<u>3,921,619</u>	<u>3,921,619</u>
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	<u>\$ 13,605,192</u>	<u>\$ 13,605,192</u>	<u>\$ 15,342,116</u>	<u>\$ 1,736,924</u>



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	1,350,000	1,350,000	--	(1,350,000)
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	5,750,000	5,750,000	4,103,894	1,646,106
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	5,800,000	5,800,000	5,800,000	--
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	22,456,096	22,456,096	(26,072,106)	(48,528,202)
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>



**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	107,847	--	107,847
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

	<u>Coliseum</u>	<u>Cemeteries</u>	<u>Total</u>
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	<u>3,718,565</u>	<u>1,390,911</u>	<u>5,109,476</u>
Operating Loss	<u>(2,294,586)</u>	<u>(192,435)</u>	<u>(2,487,021)</u>
Non-Operating Revenues (Expenses)			
Government Subsidies and Contributions	2,146,963	64,223	2,211,186
Interest Expense	<u>(347,750)</u>	<u>(20,053)</u>	<u>(367,803)</u>
Total Non-Operating Revenues, Net	<u>1,799,213</u>	<u>44,170</u>	<u>1,843,383</u>
Change In Net Assets	(495,373)	(148,265)	(643,638)
Net Assets - Beginning of Year	<u>(2,049,738)</u>	<u>7,753,880</u>	<u>5,704,142</u>
Net Assets - End of Year	<u>\$ (2,545,111)</u>	<u>\$ 7,605,615</u>	<u>\$ 5,060,504</u>



EXHIBIT J-3

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	<u>314,217</u>	<u>214,923</u>	<u>4,390,827</u>	<u>6,046,539</u>	<u>36,546,049</u>	<u>47,512,555</u>
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	<u>19,867,859</u>	<u>99,879</u>	<u>10,467,574</u>	<u>21,983,420</u>	<u>28,592,710</u>	<u>81,011,442</u>
Total Noncurrent Assets	<u>19,867,859</u>	<u>99,879</u>	<u>10,467,574</u>	<u>25,278,328</u>	<u>28,592,710</u>	<u>84,306,350</u>
Total Assets	<u>\$ 20,182,076</u>	<u>\$ 314,802</u>	<u>\$ 14,858,401</u>	<u>\$ 31,324,867</u>	<u>\$ 65,138,759</u>	<u>\$ 131,818,905</u>
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	<u>12,905,967</u>	<u>3,547,193</u>	<u>2,545,286</u>	<u>2,727,540</u>	<u>1,618,933</u>	<u>23,344,919</u>
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	<u>9,021,551</u>	<u>2,256</u>	<u>7,614,180</u>	<u>3,334,673</u>	<u>63,519,826</u>	<u>83,492,486</u>
Total Liabilities	<u>21,927,518</u>	<u>3,549,449</u>	<u>10,159,466</u>	<u>6,062,213</u>	<u>65,138,759</u>	<u>106,837,405</u>
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	<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>



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	(2,927,500)	(501,450)	294,613	631,927	--	(2,502,410)
Capital Contributions	141,139	--	--	--	--	141,139
Transfers Out-Other Funds	--	--	--	(576)	--	(576)
Change In Net Assets	(2,786,361)	(501,450)	294,613	631,351	--	(2,361,847)
Net Assets - Beginning of Year	1,040,919	(2,733,197)	4,404,322	24,631,303	--	27,343,347
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)	68,188	(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	<u>3,002,646</u>	<u>(175,380)</u>	<u>1,696,724</u>	<u>1,921,056</u>	<u>4,432,416</u>	<u>10,877,462</u>
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	<u>(5,352,880)</u>	<u>--</u>	<u>(1,166,805)</u>	<u>(1,257,170)</u>	<u>(6,819,406)</u>	<u>(14,596,261)</u>
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	<u>2,350,234</u>	<u>175,380</u>	<u>--</u>	<u>604,098</u>	<u>--</u>	<u>3,129,712</u>
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	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,390,827</u>	<u>\$ 1,377,012</u>	<u>\$ 32,966,507</u>	<u>\$ 38,734,346</u>
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities						
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>
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	<u>5,666,942</u>	<u>326,070</u>	<u>952,585</u>	<u>2,096,821</u>	<u>4,432,416</u>	<u>13,474,834</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,002,646</u>	<u>\$ (175,380)</u>	<u>\$ 1,696,724</u>	<u>\$ 1,921,056</u>	<u>\$ 4,432,416</u>	<u>\$ 10,877,462</u>



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	522,416,855	4,649,000	70,813,758	597,879,613
Liabilities:				
Accounts Payable	16,940,369	439,254	--	17,379,623
Payable for Collateral Received - Security Lending Program	43,715,954	--	--	43,715,954
Incurred But Not Reported	--	9,985,000	--	9,985,000
Total Liabilities	60,656,323	10,424,254	--	71,080,577
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 461,760,532	\$ (5,775,254)	\$ 70,813,758	\$ 526,799,036



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	<u>41,131,606</u>	<u>67,410,359</u>	<u>5,249,111</u>	<u>113,791,076</u>
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	<u>109,306</u>	<u>--</u>	<u>--</u>	<u>109,306</u>
Investment Income	4,028,933	185	968,486	4,997,604
Less Investment Expense	2,133,367	--	--	2,133,367
Net Investment Income	<u>1,895,566</u>	<u>185</u>	<u>968,486</u>	<u>2,864,237</u>
Total Additions, Net	<u>43,027,172</u>	<u>67,410,544</u>	<u>6,217,597</u>	<u>116,655,313</u>
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	<u>71,253,286</u>	<u>73,185,798</u>	<u>4,774,705</u>	<u>149,213,789</u>
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	<u>\$ 461,760,532</u>	<u>\$ (5,775,254)</u>	<u>\$ 70,813,758</u>	<u>\$ 526,799,036</u>



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	<u>\$ 1,425,597</u>	<u>\$ 389,466</u>	<u>\$ 188,784</u>	<u>\$ 1,626,279</u>
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	<u>\$ 1,425,597</u>	<u>\$ 2,320,883</u>	<u>\$ 2,120,201</u>	<u>\$ 1,626,279</u>



Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the 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 Mayor-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)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities										
Invested In Capital Assets, Net of Related Debt	\$ 199,865,572	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408
Restricted	46,983,399	68,923,046	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462
Unrestricted	<u>31,375,839</u>	<u>(10,050,293)</u>	<u>40,670,738</u>	<u>25,435,347</u>	<u>26,438,982</u>	<u>45,954,323</u>	<u>21,676,936</u>	<u>67,421,848</u>	<u>71,414,987</u>	<u>103,428,935</u>
Total Governmental Activities Net Assets	<u>\$ 278,224,810</u>	<u>\$ 250,429,748</u>	<u>\$ 289,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>	<u>\$ 353,995,506</u>	<u>\$ 282,536,902</u>	<u>\$ 388,947,805</u>
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	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304
Restricted	49,509,466	8,650,941	40,067,236	-	-	-	-	-	-	-
Unrestricted	<u>21,266,273</u>	<u>69,315,730</u>	<u>43,272,098</u>	<u>69,958,764</u>	<u>79,842,538</u>	<u>78,044,664</u>	<u>55,610,764</u>	<u>58,319,963</u>	<u>64,745,678</u>	<u>51,318,531</u>
Total Business-type Activities Net Assets	<u>\$ 351,674,396</u>	<u>\$ 352,934,947</u>	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>
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	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712
Restricted	96,492,865	77,573,987	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462
Unrestricted	<u>52,642,112</u>	<u>59,265,437</u>	<u>83,942,836</u>	<u>95,394,111</u>	<u>106,281,520</u>	<u>123,998,987</u>	<u>77,287,700</u>	<u>125,741,811</u>	<u>136,160,665</u>	<u>154,747,466</u>
Total Primary Government Activities Net Assets	<u>\$ 629,899,206</u>	<u>\$ 603,364,695</u>	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>	<u>\$ 781,998,799</u>	<u>\$ 729,192,522</u>	<u>\$ 859,792,640</u>





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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses										
Governmental Activities:										
General Government	\$ 85,220,510	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797
Public Safety and Judiciary	141,580,046	147,054,040	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471
Highways, Streets, Sanitation and Refuse	78,549,273	76,654,334	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163
Human Services	89,294,156	91,316,190	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401
Culture and Recreation	26,127,447	24,856,175	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709
Education	138,209,993	137,780,535	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806
Transportation	6,114,308	6,699,852	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357
Interest and Fiscal Changes	35,659,959	40,538,281	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049
Extraordinary Item ¹	--	14,728,475	4,020,240	--	--	--	--	--	--	--
Total Governmental Activities Expenses	598,735,692	641,809,981	607,013,480	657,248,057	693,437,898	689,166,227	708,991,797	690,257,818	747,897,697	690,009,753
Business-type Activities:										
Gas	167,936,098	178,520,751	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025
Water	34,294,537	36,523,533	39,004,189	41,362,442	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110
Wastewater	37,587,401	40,115,362	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656
Stormwater	--	--	--	--	--	--	--	7,613,092	7,541,005	7,487,569
Coliseum	4,066,451	4,152,274	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315
Landmark Theatre	1,580,618	1,876,343	1,730,408	1,835,924	1,788,114	1,829,565	567,990	--	--	--
Cemeteries	1,602,606	1,389,982	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964
Total Business-type Activities Expenses	247,067,711	262,578,245	300,711,000	343,344,098	321,240,609	319,899,589	331,118,753	277,861,137	275,063,896	241,519,639
Total Primary Government Expenses	\$ 845,803,403	\$ 904,388,226	\$ 907,724,480	\$ 1,000,592,155	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955	\$ 1,022,961,593	\$ 931,529,392
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 40,875,918	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625
Culture and Recreation	663,061	611,105	561,893	759,632	109,692	719,586	686,911	727,597	406,036	377,643
Other Activities	20,715,420	27,671,318	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492
Operating Grants and Contributions	143,710,347	133,650,110	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405
Capital Grants and Contributions	10,610,426	10,516,738	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411
Total Governmental Activities Program Revenues	\$ 216,575,172	\$ 209,816,762	\$ 220,195,818	\$ 227,621,615	\$ 253,684,575	\$ 256,435,912	\$ 242,639,596	\$ 240,995,415	\$ 247,096,739	\$ 310,557,576
Business-type Activities:										
Charges for Services:										
Gas	\$ 173,251,482	\$ 187,051,036	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982
Water	42,239,247	45,205,312	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881
Wastewater	44,784,105	46,317,014	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241
Stormwater	--	--	--	--	--	--	--	9,537,834	9,778,441	9,505,006
Coliseum	2,337,854	2,358,184	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979
Landmark Theatre	318,101	724,250	390,879	594,775	255,549	463,078	520	--	--	--
Cemeteries	1,386,577	1,440,051	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476
Operating Grants and Contributions	7,048,589	3,578,979	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172
Total Business-type Activities Program Revenues	271,365,955	286,674,826	324,241,481	364,433,375	339,280,871	346,360,166	358,364,466	317,140,348	313,114,571	285,537,737
Total Primary Government Program Revenues	\$ 487,941,127	\$ 496,491,588	\$ 544,437,299	\$ 592,054,990	\$ 592,965,446	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763	\$ 560,211,310	\$ 596,095,313
Net (Expense)/Revenue										
Governmental Activities	\$ (382,160,520)	\$ (431,993,219)	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)
Business-type Activities	24,298,243	24,096,580	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,018,098
Total Primary Government Net Expense	\$ (357,862,277)	\$ (407,896,639)	\$ (363,287,181)	\$ (408,537,165)	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)	\$ (462,750,283)	\$ (335,434,079)

(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	\$ 165,361,803	\$ 172,168,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839
Sales-1% Local	20,979,945	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	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212
State Communication Taxes	--	--	--	--	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,976,847	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	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579
Lodging Tax	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817
Admissions	1,465,338	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	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	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	93,506	150,549	94,894	95,067	95,186	96,164	156,478	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	4,948,641	3,660,357
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	889,582	626,040	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	416,003	--	--	--	--	--
Telephone Commissions	--	--	--	--	--	477,935	449,292	450,000	390,739	338,499
Intergovernmental Revenue Not Restricted to Specific Programs	112,628	575,697	13,860,051	6,159,363	--	171,162	166,361	156,211	--	--
Investment Earnings	669,795	360,647	1,501,725	1,764,937	2,425,883	2,102,922	89,955	105,672	165,111	125,526
Miscellaneous	45,050,330	47,259,923	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714
Transfers	17,219,836	17,993,646	21,130,671	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 ¹	--	12,754,707	--	(323,858)	(402,390)	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	449,157,973	455,829,421	451,297,670	450,788,961
Business-type Activities:										
Investment Earnings	\$ 1,855,899	\$ 750,057	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623
Miscellaneous	2,771,621	3,045,762	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041
Transfers	(17,219,836)	(17,993,646)	(21,130,671)	(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	(12,592,316)	(14,197,827)	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)	(19,398,348)	(19,828,883)
Total Primary Government	\$ 369,155,404	\$ 390,000,330	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,960,078
Change in Net Assets										
Governmental Activities	\$ (412,800)	\$ (27,795,062)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784
Business-type Activities	11,705,927	9,898,753	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215
Total Primary Government	\$ 11,293,127	\$ (17,896,309)	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)	\$ 95,525,999

¹Extraordinary 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

²Special 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	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839
Sales-1% Local	20,979,945	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	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120
Machinery and Tools	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045
General Utility Sales	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212
State Communication Taxes	--	--	--	--	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,976,847	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	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579
Transient Lodging	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	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	1,604,376	2,181,971	2,335,970	2,399,527
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	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	93,506	150,549	94,894	95,067	95,186	96,164	156,478	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	4,948,641	3,660,357
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	889,582	626,040	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	416,003	--	--	--	--	--
Telephone Commissions	--	--	--	--	--	477,935	449,292	450,000	390,739	338,499
Total Primary Government	\$ 318,520,867	\$ 325,253,537	\$ 334,498,995	\$ 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	--	--	--	--	--	--	--	--	64,062,309	72,908,854
Reserved	21,328,801	14,150,287	22,216,671	16,144,418	15,894,601	16,908,547	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	<u>\$ 61,881,530</u>	<u>\$ 61,840,820</u>	<u>\$ 67,495,111</u>	<u>\$ 61,586,838</u>	<u>\$ 63,401,687</u>	<u>\$ 64,547,300</u>	<u>\$ 50,738,670</u>	<u>\$ 76,021,982</u>	<u>\$ 96,617,238</u>	<u>\$ 162,013,495</u>
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	--	--	--	--	--	(67,443,896)	--	--	--
Debt Service Fund	11,461	11,461	11,461	(8,058)	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 67,619,028</u>	<u>\$ 81,184,045</u>	<u>\$ 61,897,937</u>	<u>\$ 35,723,225</u>	<u>\$ 56,147,615</u>	<u>\$ 32,878,137</u>	<u>\$ (42,028,714)</u>	<u>\$ 17,684,280</u>	<u>\$ (10,804,166)</u>	<u>\$ 22,568,675</u>

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	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312
Licenses, Permits and Privilege Fees	33,259,137	31,821,328	35,302,960	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213
Intergovernmental	154,433,332	146,970,902	173,750,992	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949
Service Charges	17,924,528	14,933,169	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218
Fines and Forfeitures	7,774,458	8,559,606	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457
Sales of Land	-	-	-	-	-	-	-	-	-	-
Payment in Lieu of Taxes	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983	-	-
Utility Payments	-	-	-	-	-	-	-	-	22,577,356	24,141,572
Investment Income	669,795	365,825	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672	165,111	125,526
Miscellaneous	57,211,587	72,862,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182
Total Revenues	595,083,718	610,820,162	655,622,701	669,683,338	729,146,651	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429
Expenditures										
General Government	66,113,349	68,978,772	72,082,519	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892
Public Safety and Judiciary	139,318,995	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195
Highways, Streets, Sanitation and Refuse	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139	58,398,783	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	89,445,759	89,251,029	80,913,299
Culture and Recreation	22,101,310	23,539,612	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592
Education	128,823,925	131,762,289	129,041,941	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924
Non-Departmental	23,461,527	25,153,039	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	58,250,207	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091
Debt Service:										
Principal Retirement	37,206,080	41,473,735	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823
Interest Payments	34,974,162	40,304,483	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533
Issuance Costs	382,904	683,283	625,909	671,476	846,451	-	955,068	806,838	647,705	-
Total Expenditures	621,371,662	668,753,780	672,286,694	704,065,828	747,515,154	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751
Other Financing Sources (Uses)										
Transfers In	47,449,811	53,904,655	57,680,867	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617
Transfers Out	(46,073,628)	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)
Proceeds from Refunding Bonds	36,630,116	9,300,000	-	90,847,799	-	-	-	-	-	-
Payment to Escrow Agent	(36,630,116)	(9,300,000)	-	(90,822,799)	-	-	-	-	-	-
Proceeds from Issuance of Bonds	50,097,993	68,297,167	3,536,671	-	42,194,332	-	-	100,917,875	80,341,209	113,379,713
Premium on Issuance of Bonds	-	2,905,526	-	-	-	(762,900)	-	6,565,000	4,441,245	-
Total Other Financing Sources (Uses)	51,474,176	73,431,693	6,279,310	2,623,363	45,383,703	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645
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)	(323,858)	(402,390)	306,076	-	15,352	-	1,320,829
Total Extraordinary Item	-	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352	-	1,320,829
Net Change in Fund Balances	\$ 25,360,496	\$ 13,524,307	\$ (13,631,817)	\$ (32,082,985)	\$ 26,612,810	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494
Debt Service as a Percentage of Noncapital Expenditures ¹	11.7%	12.4%	13.0%	12.7%	12.1%	8.5%	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	42,147,896	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	-	-	-	-	--	--	--	--	17,439,622	17,085,208
Bank Stock	2,854,562	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	17,404,622	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	4,789,681	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	2,181,971	1,843,129	2,726,217
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980
Delinquent Tax Payments-All Classes	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--
Private Utility Poles and Conduits	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	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	4,948,641	3,660,357
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	889,582	626,040	424,599	579,654	1,149,088
ABC Board Receipts	400,770	--	--	--	--	--	--	--	--	--
Rolling Stock Tax	33,591	--	--	--	--	--	--	--	--	--
Telephone Commissions	--	547,411	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	\$ 433,782,081	\$ 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	1,393,327,487	678,581,056	3,103,519,875	14,723,744,480	1.38	3.70	2.30	14,723,744,480	100.00%
2004	7,930,422,754	8,649,174,035	1,172,806,822	631,645,652	3,344,887,395	15,039,161,868	1.38	3.70	2.30	15,039,161,868	100.00%
2005	9,448,941,200	9,291,733,951	1,330,154,149	670,556,827	3,661,451,800	17,079,934,327	1.33	3.70	2.30	17,079,934,327	100.00%
2006	10,739,603,660	9,246,483,112	1,522,890,436	637,469,276	3,914,062,202	18,232,384,282	1.29	3.70	2.30	18,232,384,282	100.00%
2007	12,273,304,550	11,495,448,724	1,418,934,404	647,387,014	4,726,230,820	21,108,843,872	1.23	3.70	2.30	21,108,843,872	100.00%
2008	13,189,929,800	12,416,702,435	1,468,366,859	627,888,746	5,000,713,600	22,702,174,240	1.20	3.70	2.30	22,702,174,240	100.00%
2009	14,501,085,200	12,117,784,643	1,387,622,846	625,752,634	5,519,840,800	23,112,404,523	1.20	3.70	2.30	23,112,404,523	100.00%
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

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

	2012			2003			
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Philip Morris Inc.	\$ 645,316,000	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%
Chippenham 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%	Chippenham 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%
Robins 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%	Highwood 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

<u>Employer</u>	2012		2003	
	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Principal Employment</u>	<u>Employer</u>
Capital One Financial Corp.	9,995	1	9.88%	Commonwealth of Virginia
Virginia Commonwealth University Health System	7,935	2	7.84%	Federal Government
HCA Virginia Health System	7,236	3	7.15%	Chesterfield County
Bon Secours Richmond Health System	5,991	4	5.92%	Henrico County
Walmart	5,462	5	5.40%	Capital One Financial Corp.
Dominion Resources Inc.	5,378	6	5.31%	Richmond City
Altria Group Inc.	4,110	7	4.06%	Philip Morris, USA
SunTrust Banks	4,100	8	4.05%	Virginia Commonwealth University Health System
DuPont	3,084	9	3.05%	HCA, Inc.
Wells Fargo & Co.	2,851	10	2.82%	Wal-mart Stores, Inc.
WellPoint Inc.	2,801	11	2.77%	Wachovia Corporation
Bank of America	2,700	12	2.67%	Sun Trust Banks, Inc.
Food Lion	2,680	13	2.65%	Ukrop's Super Markets, Inc.
United Parcel Service Inc.	2,300	14	2.27%	Bon Secours Richmond Health System
Verizon Communications Inc.	2,070	15	2.05%	Dominion Resources, Inc.
Federal Reserve Bank of Richmond	1,851	16	1.83%	Circuit City Stores, Inc.
The Kroger Co.	1,720	17	1.70%	Hanover County
University of Richmond	1,655	18	1.64%	DuPont
Total of Principal Employers	73,919		73.06%	Total of Principal Employers
Other Principal Employers ¹	27,285		26.94%	
Totals	101,204		100.00%	Totals

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.

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	1.38	175,100,400	165,330,253	94.4%	9,498,935	174,829,188	99.8%
2004	1.38	184,806,582	179,024,489	96.9%	7,715,852	186,740,341	101.0%
2005	1.33	201,274,826	191,839,265	95.3%	7,619,922	199,459,187	99.1%
2006	1.29	214,819,901	206,416,778	96.1%	6,901,572	213,318,350	99.3%
2007	1.23	224,815,976	218,210,831	97.1%	5,696,407	223,907,238	99.6%
2008	1.20	233,179,816	221,199,403	94.9%	15,227,545	236,426,948	101.4%
2009	1.20	236,538,376	223,155,601	94.3%	6,001,432	229,157,033	96.9%
2010	1.20	234,474,521	222,858,692	95.0%	9,711,902	232,570,594	99.2%
2011	1.20	234,035,458	222,720,502	95.2%	10,742,828	233,463,330	99.8%
2012	1.20	227,351,927	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**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	3.70	46,689,746	41,662,589	89.2%	3,864,364	45,526,953	97.5%
2004	3.70	46,468,895	42,080,193	90.6%	3,297,269	45,377,462	97.7%
2005	3.70	48,443,250	43,739,697	90.3%	4,868,959	48,608,656	100.3%
2006	3.70	50,187,847	43,230,723	86.1%	4,328,616	47,559,339	94.8%
2007	3.70	52,721,272	44,112,841	83.7%	5,826,972	49,939,813	94.7%
2008	3.70	53,094,279	43,226,559	81.4%	2,687,649	45,914,208	86.5%
2009	3.70	53,145,714	45,087,886	84.8%	5,957,159	51,045,045	96.0%
2010	3.70	53,716,305	45,700,784	85.1%	4,740,164	50,440,948	93.9%
2011	3.70	53,820,752	45,050,368	83.7%	4,740,164	49,790,532	92.5%
2012	3.70	54,205,843	46,364,216	85.5%	4,779,895	51,144,111	94.4%

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.

Source: City of Richmond - Department of Finance





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

Fiscal Year	Governmental Activities					Business-Type Activities		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	Per Capita
2003	376,693,205	3,483,946	5,290,000	6,765,000	-	18,840,000	278,982,829	260,504,754	950,559,734	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	320,815,598	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	354,881,308	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	222,734,874	406,325,632	1,025,215,974	11.28%	5,054
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,289,644	1,181,395,512	13.46%	5,778
2010	400,951,978	1,916,098	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	9,068,116	13,170,000	171,845,174	554,658,872	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	1,278,399,452	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	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	Total	Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
2003	655,676,034	3,483,946	5,290,000	6,765,000	-	18,840,000	690,054,980	2.79%	3,483
2004	688,578,837	3,263,521	1,820,000	6,125,000	-	18,225,000	718,012,358	2.98%	3,637
2005	652,153,050	3,042,389	7,000,000	5,595,000	-	17,585,000	685,375,439	2.50%	3,463
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
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
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
2009	535,908,441	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	630,105,868	2.99%	3,082
2010	592,191,771	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	653,847,657	3.10%	3,202
2011	625,058,938	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	726,006,597	3.65%	3,532
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: 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									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 1,196,677,008	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100
Total net applicable to limit	<u>689,578,088</u>	<u>738,231,520</u>	<u>685,384,668</u>	<u>635,988,545</u>	<u>633,857,964</u>	<u>592,625,025</u>	<u>605,137,771</u>	<u>630,231,266</u>	<u>703,768,481</u>	<u>701,068,792</u>
Legal Debt Margin	<u>\$ 507,098,920</u>	<u>\$ 587,614,219</u>	<u>\$ 822,538,667</u>	<u>\$ 1,029,282,007</u>	<u>\$ 1,270,394,281</u>	<u>\$ 1,468,366,839</u>	<u>\$ 1,504,765,133</u>	<u>\$ 1,479,172,601</u>	<u>\$ 1,284,976,731</u>	<u>\$ 1,270,584,308</u>
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	<u>701,068,792</u>
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 preceeding 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:	Net Revenue	Debt Service Requirements			Coverage
		Direct Operating Expenses	Available for Debt Service	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**

Fiscal Year	Population(1)	Personal Income (Amounts expressed in thousands)	Per Capita Personal Income(2)	Median Age	School Enrollment(3)	City Unemployment Rate(4)	State Unemployment Rate(4)
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									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
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									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
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									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
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.







ACKNOWLEDGEMENTS

This report was prepared by the City of Richmond Department of Finance under the direction of T. Wayne Lassiter, CPA, CGMA, Interim Director of Finance, and Alvin L. Cannon, City Controller, with assistance from:

Tyel Banks	Beverly Harris	Frank Lomax
Keith D. Barron, ARM	Carolyn Hawley, CPA	Royce McCargo
James W. Brackens, III, CPA	Robert Herndon, CPA	Ramona Pankey-McCoy
Meghan Brown	Sonya Howell, CPP	David Porter
Maria Dandridge	Krystal Hunter	Danielle Robertson, MBA
James P. Duval, Jr.	Betty Johnson	David Severin
Kevin Ervin	Michael Johnson, MBA	Denise Short
Warren Estes, CPA	LaToya Jones, MBA	Cheryl Stewart
Coral Faulkenbery	Michal Ketner	John W. Vaughan, Jr., CPA
Marcellus Grooms	Eunice Lee	William D. Wheeler, CPA, MBA

The Department of Finance wishes to express its appreciation to all City of Richmond Departments, component units of the City, and other related organizations for their cooperation and assistance.

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

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





**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

DEPARTMENT OF FINANCE
900 EAST BROAD STREET, 10TH FLOOR
RICHMOND, VIRGINIA 23219

WWW.RICHMONDGOV.COM

PRINTED BY
CITY PRINTING SERVICES
DEPARTMENT OF INFORMATION TECHNOLOGY
(804) 646-5801

