



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



CITY OF RICHMOND, VIRGINIA

CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2010



MAYOR
Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER
Byron C. Marshall

DEPUTY CHIEF ADMINISTRATIVE OFFICER
FINANCE & ADMINISTRATION
Marcus D. Jones

DIRECTOR OF FINANCE
Barbara W. Reese

CITY CONTROLLER
Nancy J. Glynn, CPA

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President
Ellen F. Robertson
Vice President

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**THE CITY OF RICHMOND, VIRGINIA
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City of Richmond



DWIGHT C. JONES
MAYOR

December 13, 2010

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, 2010. 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.

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.

KPMG LLP, a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, KPMG LLP rendered an unqualified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2010 are fairly presented in all material respects, 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 204,451 as of the 2009 U.S. Census 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, including 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. Richmond is also home to two Fortune 500 company headquarters – MeadWestvaco and Dominion Resources as well as several Fortune 1000 companies. In total, there are ten Fortune 1000 Companies in the greater Richmond region.

In December 2009, Richmond was named the 14th best U.S. metro center for business by *Dow Jones MarketWatch*, as well as ranking among the nation's 50 best places for business and career by *Forbes*. Additionally, the Brookings Institute *MetroMonitor* recently reported Richmond ranked ninth for Gross Metropolitan Growth from the 4th quarter of 2009 to the 1st quarter of 2010. The metro area was one of only 19 areas to make a complete output recovery by the first quarter of 2010.

Several higher education institutions, including Virginia Union University, Union Theological Seminary & Presbyterian School of Christian Education, 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 those ranked #1 by U.S. News & World Report in 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, ranking it among the "Best Places to Live and Work in America." The Virginia Museum of Fine Arts, located in the City's Fan District, is home to the largest public Fabergé collection outside Russia and is considered a top public museum. In the spring of 2010, Richmond welcomed its new professional baseball team, the Flying Squirrels.

Lastly, the James River which travels through Richmond has made the City the only urban U.S. city with a conservation easement along its downtown river. The City's James River Park system with 550 acres is host to the XTERRA triathlon and has been recognized as the Southeast's Best Urban Park and named Best in Dirt for its running trails.

Profile of the Government

On January 1, 2005 the City government was re-organized under the 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 is on "Building a Better Richmond" and systematically implementing the building blocks required to accomplish this. As this CAFR outlines, the City is well on its way – balancing the budget and actually adding to the undesignated fund balance in these difficult economic times, 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, who is 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 system, 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. Six discretely presented component units, the Richmond Ambulance Authority, the Port of Richmond Commission, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, Broad Street Community Development 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 2010 was the first year of the biennium. The biennial budget was presented to City Council in March 2009. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of that budget in a series of public meetings and outlined their policy priorities. Prior to adopting the budget, a public hearing was held in April with budget approval in May 2009.

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.

In FY 2010, amendments to the budget were adopted and implemented as the building blocks for "Building a Better Richmond" to address changes in the economy and subsequent revenues. For example, the consolidation of economic development and community development activities into one function required amendments to the budget, as did reductions in state funding for mandated programs and services, including school funding. These were accomplished throughout the fiscal year.

Expenditures

For the most part, agencies did stay within range of their amended budget. In most cases where agencies exceeded their amended budgets, these additional expenditures were related to closing out grant or special revenue accounts from previous years. While some of these on-going account issues were identified and addressed during FY 2010, others were identified (and subsequently addressed) since that time. Emergency Management and Economic Development are examples of departments with these post amendment account close out issues.

In addition, three agencies have variances on a budgetary basis that are addressed below. These agencies are Social Services, Information Technology, and Risk Management.

Social Services:

Expenditures were \$7.5 million less than the revised departmental expenditure budget. Revenue related to social services saw a corresponding reduction. The majority of the expenditure and revenue reduction was associated with a planned use of maintenance foster care rather than more costly residential foster care services. The Administration is analyzing the programmatic and budgetary implications of this change.

Information Technology:

The Department of Information Technology's expenditures were \$1.9 million less than the revised departmental expenditure budget. This variance was driven by stronger than anticipated charges to non-general fund programs and savings in telephone-related expenses.

Risk Management:

The FY 2010 General Fund Budget was also amended to fold the Risk Management Fund into the general fund. As discussed during this amendment process, the Risk Management Fund did not operate as a true Internal Service Fund, and any deficits would be absorbed by the General Fund. While expenditures were consistent with the budgeted amounts, the recommendations of the most recent actuarial study directly impacted Risk Management. Potential liabilities of approximately \$3 million were identified in the study, and these funds were reserved as part of the FY 2010 budgetary savings.

Revenue

As part of the City's Well Managed Government building block, many improvements have been made in the area of financial management. In addition to improved communication with Council that includes a five-year forecast, the Administration began work on a comprehensive tax compliance plan as evidenced by improved collections in several revenue categories.

FY 2010 General Fund revenues ended the year within 0.7 percent of the amended budget forecast, or \$4.2 million more than projected. Improved collections of delinquent taxes were a key driver of this positive variance. Increased tax audit and compliance efforts added to the City's licenses, permits and fees, while improved collection of parking violation revenue helped bring fines and forfeits moderately above budget. Offsetting these improved practices was a decline in payments from the state, particularly Social Services related revenue, as discussed above. BPOL revenue was also significantly lower than budgeted, offsetting the positive gains in tax revenue.

Economic Overview

The current economic downturn has presented the City with a number of challenges, including reduced revenues and an increased demand for services. The City's leadership chose not to raise taxes to address these challenges in FY 2010 and placed additional emphasis on providing additional services to citizens. As a result budget and spending adjustments were made. Increased emphasis was placed on collecting revenues owed to the City, debt service savings were maximized, and available revenues were utilized for strategic investments that will have long-term benefits for the City.

Since 2004, Richmond gained an average of 1,000 jobs per year. As in other localities, employment data began reflecting the economic downturn in the second half of 2008 with Richmond hitting its lowest employment level - 90,572 jobs – in December 2009. Six months later, at the end of fiscal year 2010, Richmond had regained a third of the jobs lost and was trending in a positive direction. The unemployment rate (not seasonally adjusted) for Richmond has hovered close to the national level throughout the recession, at times lower and at other times slightly higher. By the end of the fiscal year, unemployment rates were also improving, in spite of typical seasonal trends that would result in an increase in unemployment during summer months.

The housing market is showing signs of recovery, helped in part by an influx of first time home buyers with the federal tax credit. Richmond's average single family home price June 2010 year-to-date was 2.7 percent higher than the same time period in 2009. Further signs of improvement include a 27.4 percent increase in single family home sales and a 3.6 percent reduction in the time it took to sell a home on average.

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.

Throughout the fiscal year, a number of actions were accomplished including: the completion of a five-year revenue and expenditure forecast, implementation of 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 and ensures the City is poised for future growth, just to name a few. Moving forward to fiscal year 2011 the Administration will 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, 2010, the Undesignated Fund Balance was \$59.4 million, which equaled 9.4 percent of the adopted general fund budgeted expenditures including transfers. The City considers the Undesignated Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. Based upon a recommendation from the Mayor, the Council is expected to adjust the Fund Balance Policy and percentage once all GASB 54 requirements are incorporated. (GASB 54 requires local governments to classify fund balance into five categories that are based on how the balance can be used. This new classification must be implemented for FY 2011.)

The Undesignated Fund Balance, as a percent of the Adopted General Fund Budget has been:

FY 2005: 7.3%
FY 2006: 7.6%
FY 2007: 7.7%
FY 2008: 7.5%
FY 2009: 7.4%

The City has had a fund balance policy in place since 1988 (the "Fund Balance Policy"). The current policy, which will be reviewed during 2011, has been in place since 2001. The Fund Balance Policy requires an undesignated fund balance (the "Undesignated Fund Balance") of at least seven percent of budgeted General Fund expenditures. The Fund Balance Policy provides that:

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of 0.5% of expenditures until the Undesignated Fund Balance reaches at least 7% of budgeted expenditures.
- 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 Council made no adjustments in FY 2009 or FY 2010 that reduced the amount.)
- No appropriations will be made from the Undesignated Fund Balance until the 7% goal has been reached. (The City did not appropriate any funds from its Undesignated Fund Balance in FY 2009 or FY 2010 and none are planned for FY 2011.)
- The City will not appropriate any amount from the Undesignated Fund Balance until at least one year after the accumulation of the 7% Undesignated Fund Balance and then only if faced with an unusual, unanticipated and otherwise seemingly insurmountable hardship.

Debt Guidelines

The City has a debt policy that has become an integral part of the City's financial management and capital budgeting process. The policy states:

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

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.

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

10% of Assessed Value of Taxable Real Estate as of January 1, 2010 ¹	\$2,109,403,867
Less: Bonds and Notes Payable ^{2,3}	630,231,266
Legal Margin for Creating Additional Debt	\$1,479,172,601

¹ Source: City Assessor for Real Estate

² Does not include \$553,815,742 of City of Richmond Public Utility Revenue Bonds, \$13,980,000 of Certificates of Participation and \$9,739,788 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, 2010.

C. Short-Term Debt

In the past, the City had annually issued notes in anticipation of the receipt of personal property and real estate taxes to finance current operations. The City had issued revenue anticipation notes in amounts ranging between \$45.0 million and \$75.0 million with maturities of less than one year in each of the last twenty fiscal years. With the transition to twice a year real estate tax billing in fiscal year 2011, the City does not expect to issue 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, 2010, the City had \$26.0 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, 2010, the City had a total of \$449,847,365 in authorized, but unissued, general obligation bonds or revenue bonds, including \$191,695,240 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects, \$141,652,125 to be issued as General Fund supported general obligation bonds and \$100,000,000 of general obligation bonds to repay a like amount of bond anticipation notes. The City also had authorization to issue \$16,500,000 of general obligation five-year notes to finance the purchase of equipment and vehicles. On September 27, 2010, the Council authorized the issuance of up to an additional \$67,100,000 of general obligation bonds for the acquisition of the Broad Street Community Development Authority assets. This purchase was completed on November 30, 2010.

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 various 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, 2009. This was the 26th 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 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



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City of Richmond



DWIGHT C. JONES
MAYOR

MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the City of Richmond has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Richmond Ambulance Authority, Port of Richmond Commission, Richmond Behavioral Health Authority, Richmond Redevelopment and Housing Authority, and the Broad Street Community Development Authority are under the direct control of their respective governing boards and management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and to the best of our knowledge are not materially misstated. The financial statements include amounts that are, in some instances, based on management's best estimates and judgments. Management also prepared the statistical information in this annual report and is responsible for its accuracy and consistency with the financial statements.

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

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

The City maintains an internal auditing program through the City Auditor. The City Auditor independently assesses the effectiveness of internal controls and recommends possible improvements thereto. Management has considered the City Auditor's and KPMG's recommendations concerning the City's system of internal control and has taken actions that we believe are cost-effective in the circumstances to respond appropriately to these recommendations.

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


Dwight C. Jones
Mayor


Byron C. Marshall
Chief Administrative Officer



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CITY OF RICHMOND
CITY AUDITOR

December 10, 2010

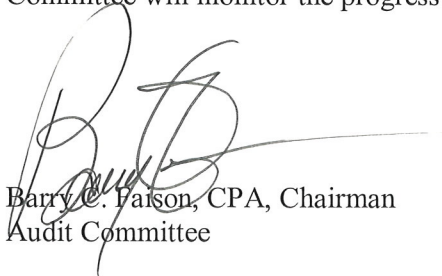
**AUDIT COMMITTEE
CHAIRMAN'S LETTER**

The Audit Committee of the City of Richmond is composed of three citizen members and two Council members. The members of the Audit Committee during the fiscal year ended June 30, 2010 were Barry C. Faison, CPA, Chairman; George E. Calvert, Jr., Vice Chairman; Joseph R. Jenkins, CPA; the Honorable Ellen F. Robertson and the Honorable Kathy C. Graziano. The Committee held four meetings during the fiscal year ended June 30, 2010.

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

The Committee discussed with the City Auditor and the independent certified public accountants the overall scope and specific plans for their respective audits. During the year, the committee also monitored the contract with the independent certified public accountants. The Committee will discuss the City's Comprehensive Annual Financial Report (CAFR) and the adequacy of the City's internal controls at its regular Audit Committee meeting in December.

The Committee met regularly with the City Auditor and the independent certified public accountants to discuss the results of their audits, their evaluations of the City's internal controls and the overall quality of the City's financial reporting. At the December Audit Committee meeting, the Committee will be informed of accounting and reporting internal control deficiencies related to the overall year-end financial reporting processes. Additionally, the Committee will be informed of the corrective actions planned or implemented by management to improve the financial reporting internal control environment. The Committee will monitor the progress of the plan over the next year.



Barry C. Faison, CPA, Chairman
Audit Committee



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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, 2009

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



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink that reads "Jeffrey R. Enser".

Executive Director



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CITY OF RICHMOND, VIRGINIA

STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2010

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

Marcus D. Jones, Deputy Chief Administrative Officer – Administration & Finance
Barbara W. Reese, Director of Finance
Nancy J. Glynn, CPA, City Controller

INDEPENDENT AUDITORS

KPMG LLP

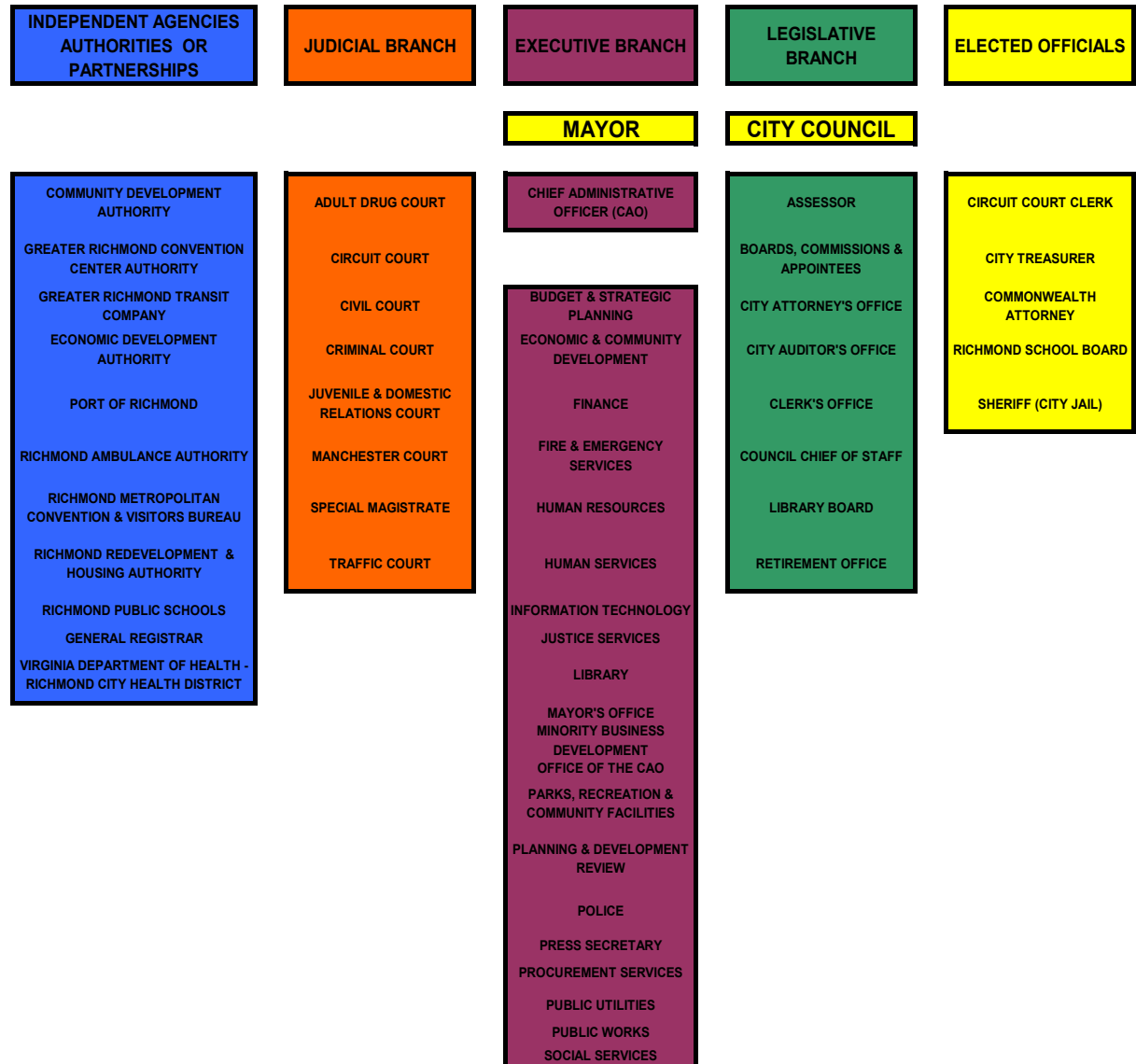


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CITY OF RICHMOND

ORGANIZATION OF LOCAL GOVERNMENT

RESIDENTS OF THE CITY OF RICHMOND





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

Independent Auditors' Report

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

The Honorable Mayor of the
City of Richmond, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the City) as of and for the year ended June 30, 2010, 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 52.38%, 23.43% and 88.26%, respectively, of the total assets, revenues, and net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions insofar as they relate to the amounts included for the Richmond Behavioral Health Authority and the Richmond Redevelopment and Housing Authority are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Broad Street Community Development Authority and the Richmond Ambulance Authority discretely presented component units were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.



As reflected in the notes to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13, the budgetary comparison schedules on pages 86 through 91, and certain funding progress information in notes 12 and 13 on pages 72 and 73, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

December 13, 2010



**CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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 2010

General Fund

At the end of Fiscal Year 2010, the undesignated fund balance for the General Fund was \$59.4 million, or 9.4% of the FY 2010 General Fund Budget. The undesignated fund balance increased by \$10.8 million for FY 2010, primarily as a result of a change in fund reporting presentation as the City's Risk Management activities were moved from an Internal Service Fund to the General Fund, a City Council approved action enabling the City to more appropriately account for the related activities. Operating revenue was greater than budgeted. This positive variance was due, in part, to increased efforts to collect current and delinquent taxes. General operating expenditures were less than budget.

- General property tax revenues (real estate and personal property taxes) comprise 43.4% of General Fund revenue. Revenues from general property taxes in FY 2010 declined 0.3% from FY 2009. Real estate revenues in the General Fund were \$227.7 million; personal property taxes were \$49.1 million (including delinquent taxes). The assessed value of taxable property rose 0.72% to a total of \$23.3 billion.
- Approximately \$49.4 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 \$2.2 million.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$449.3 million. General revenues and transfers totaled \$455.8 million resulting in an increase in net assets of \$6.6 million (Exhibit B)
- During the fiscal year ended June 30, 2010, \$110.0 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 Aa2 by Moody's Investors Service, AA by Standard and Poor's, and AA+ by Fitch for General Obligation Debt.
- Unrestricted net assets increased from \$20.7 million to \$67.4 million, due primarily to budgetary savings during the fiscal year 2010, reclassification of Risk Management from an internal service fund to a General Fund agency, and the absorption of Landmark assets and debt into the General Fund (Note 17).

Business-type Activities

- The net assets of the City's business-type activities increased by \$19.7 million during fiscal year 2010 and totaled \$428.0 million. (Exhibit B)
- The gas, water, wastewater and storm water utilities provided cash funding of \$95.1 million to their capital improvement programs.

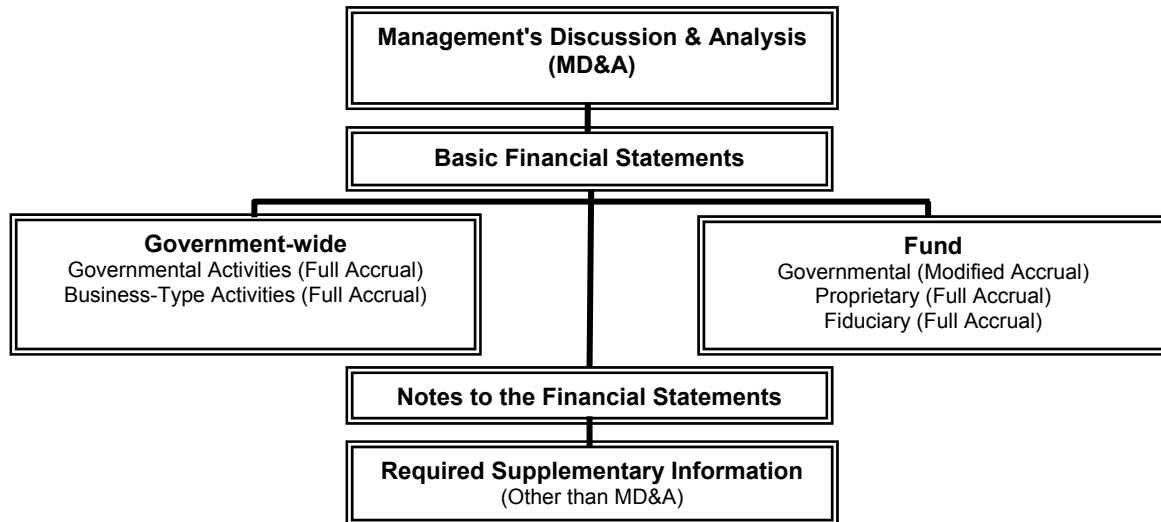
Entity-wide

- The City's total net assets, excluding component units, on a government-wide basis, totaled \$782.0 million at June 30, 2010, an increase of 3.5% over June 30, 2009. 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 (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 plans to adopt 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.

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** – Six separate legal entities are included in this report – The City of Richmond School Board, the Port of Richmond Commission, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority, the Broad Street Community Development 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 and is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457.
 - **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 \$782.0 million at the close of the most recent fiscal year. This represents a 3.5% increase over the prior year. The following table reflects a summary of the City's net assets at June 30, 2009 and 2010 (in millions):

Table 1
City of Richmond's Schedule of Net Assets
as of the Fiscal Year Ended June 30, 2010 and 2009
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 267.0	\$ 236.6	\$ 336.0	\$ 373.9	\$ 602.9	\$ 610.5
Capital Assets, Net	763.2	743.1	1,016.0	964.9	1,779.3	1,708.1
Total Assets	<u>\$ 1,030.2</u>	<u>\$ 979.7</u>	<u>\$ 1,352.0</u>	<u>\$ 1,338.8</u>	<u>\$ 2,382.2</u>	<u>\$ 2,318.5</u>
Current and Other Liabilities	\$ 185.6	\$ 229.8	\$ 79.0	\$ 168.1	\$ 264.6	\$ 397.9
Long-Term Debt Outstanding	490.6	402.5	845.0	762.4	1,335.6	1,164.9
Total Liabilities	<u>676.2</u>	<u>632.3</u>	<u>924.0</u>	<u>930.5</u>	<u>1,600.2</u>	<u>1,562.8</u>
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	280.8	311.3	369.7	351.8	650.5	663.1
Restricted	5.8	15.4	--	--	5.8	15.4
Unrestricted	67.4	20.7	58.3	56.5	125.7	77.3
Total Net Assets	<u>\$ 354.0</u>	<u>\$ 347.4</u>	<u>\$ 428.0</u>	<u>\$ 408.3</u>	<u>\$ 782.0</u>	<u>\$ 755.7</u>



Schedule of Activities

The City's total revenue (excluding transfers) decreased over the prior year by \$41.7 million (4.2%) to \$994.4 million. The total cost of all programs decreased by \$72.0 million (7.4%) to \$968.1 million. The following table shows the revenue and expenses of the governmental activities for the fiscal years ended June 30, 2009 and 2010 (in millions):

Table 2
City of Richmond's Schedule of Activities
For the Fiscal Year Ended June 30, 2010 and 2009
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 83.6	\$ 81.7	\$ 302.5	\$ 347.5	\$ 386.1	\$ 429.2
Operating Grants and Contributions	151.9	155.7	14.6	10.8	166.5	166.5
Capital Grants and Contributions	5.5	5.2	--	--	5.5	5.2
General Revenues:						
Property Taxes	269.3	277.3	--	--	269.3	277.3
Intergovernmental	.2	0.2	--	--	.2	0.2
Other Taxes	163.7	147.8	--	--	163.7	147.8
Investment Income	.1	0.1	1.1	5.6	1.2	5.7
Miscellaneous	.2	2.3	1.7	1.8	1.9	4.1
Total Revenues	<u>674.5</u>	<u>670.4</u>	<u>319.9</u>	<u>365.8</u>	<u>994.4</u>	<u>1,036.1</u>
Expenses:						
Primary Government:						
General Government	137.8	132.0	--	--	137.8	132.0
Public Safety and Judiciary	175.8	185.5	--	--	175.8	185.5
Highway, Street, Sanitation, and Refuse	61.5	60.0	--	--	61.5	60.0
Human Services	93.7	105.6	--	--	93.7	105.6
Culture and Recreation	26.0	25.6	--	--	26.0	25.6
Education	163.6	164.4	--	--	163.6	164.4
Transportation	11.6	12.0	--	--	11.6	12.0
Interest and Fiscal Charges	20.2	23.9	--	--	20.2	23.9
Business-type Activities	--	--	277.9	331.1	277.9	331.1
Total Expenses	<u>690.3</u>	<u>709.0</u>	<u>277.9</u>	<u>331.1</u>	<u>968.1</u>	<u>1,040.1</u>
Increase (Decrease) in Net Assets Before Transfers	\$ 15.8	(38.6)	42.0	34.6	26.2	(4.0)
Transfers	22.3	21.6	(22.3)	(21.6)	--	--
Extraordinary Item - Disaster Costs, Net	--	(0.1)	--	--	--	(0.1)
Changes in Net Assets	6.6	(17.2)	19.7	13.1	26.2	(4.1)
Net Assets, Beginning of Year, as Restated	<u>347.4</u>	<u>365.6</u>	<u>408.3</u>	<u>394.3</u>	<u>755.7</u>	<u>759.9</u>
Net Assets, End of Year	<u>\$ 354.0</u>	<u>\$ 347.4</u>	<u>\$ 428.0</u>	<u>\$ 408.3</u>	<u>\$ 782.0</u>	<u>\$ 755.7</u>



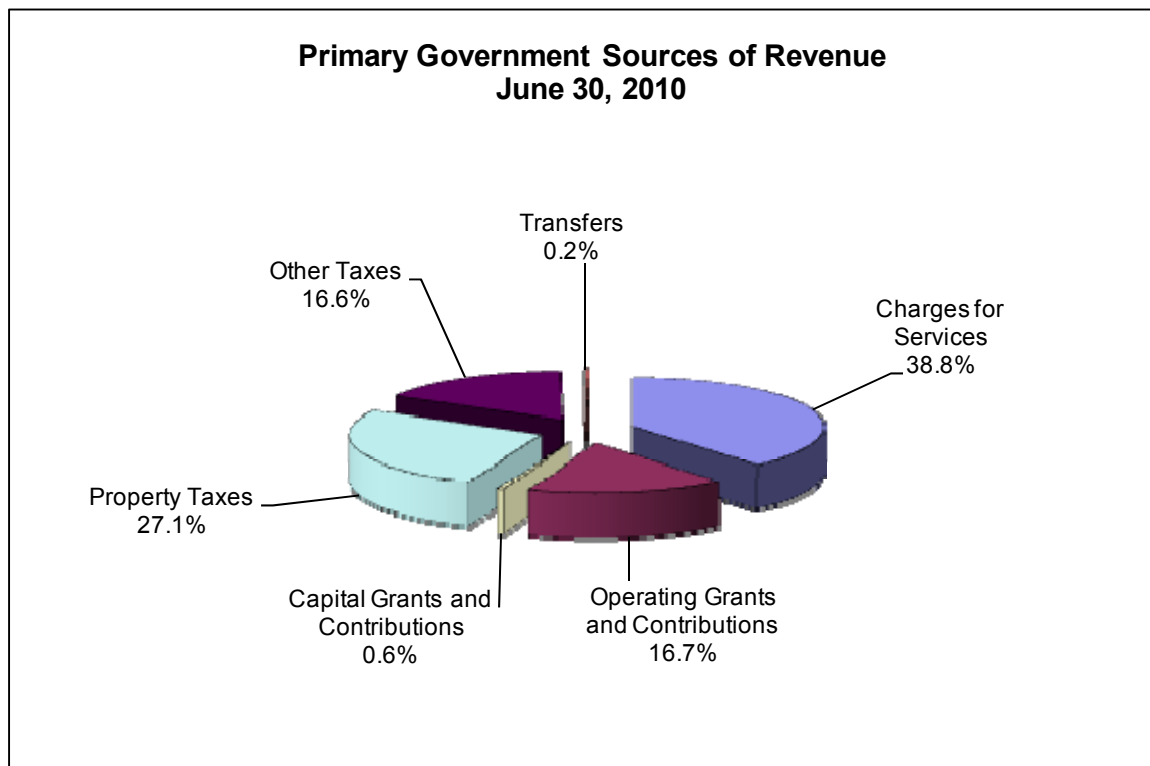
REVENUE

For the Fiscal Year ended June 30, 2010, revenue from governmental activities totaled \$696.8 million (including transfers), an increase of \$5.0 million, or 0.7% over fiscal year 2009. This increase in revenue is due primarily to increased tax revenue as a result of improved collections of delinquent taxes and a one-time windfall of the bank franchise tax, partially offset by declines in intergovernmental revenue consisting mostly of payments from the Commonwealth, and lower BPOL payments.

General property taxes, the City's largest revenue source, were \$269.3 million, a decrease of \$8.0 million from the previous year. Included in these taxes are real and personal property levies, which were payable in June and May of the fiscal year. This revenue decrease is primarily due to a 0.3 percent decline in the assessed value of real property and a one-time accounting adjustment to personal property tax relief payments. 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 tax rate was last changed in 2008.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meals, amusements, and business and automobile licenses, totaled \$163.7 million. This total represents a \$15.9 million increase over the previous year, or 9.7 %.

Business-type activities produced total revenue of \$319.9 million, a decrease of \$45.9 million from fiscal year 2009. The decrease in revenue was due in part to decreased natural gas cost during the year which in turn reduced billings to customers. The largest business-type source of revenue is charges for services (program revenue).

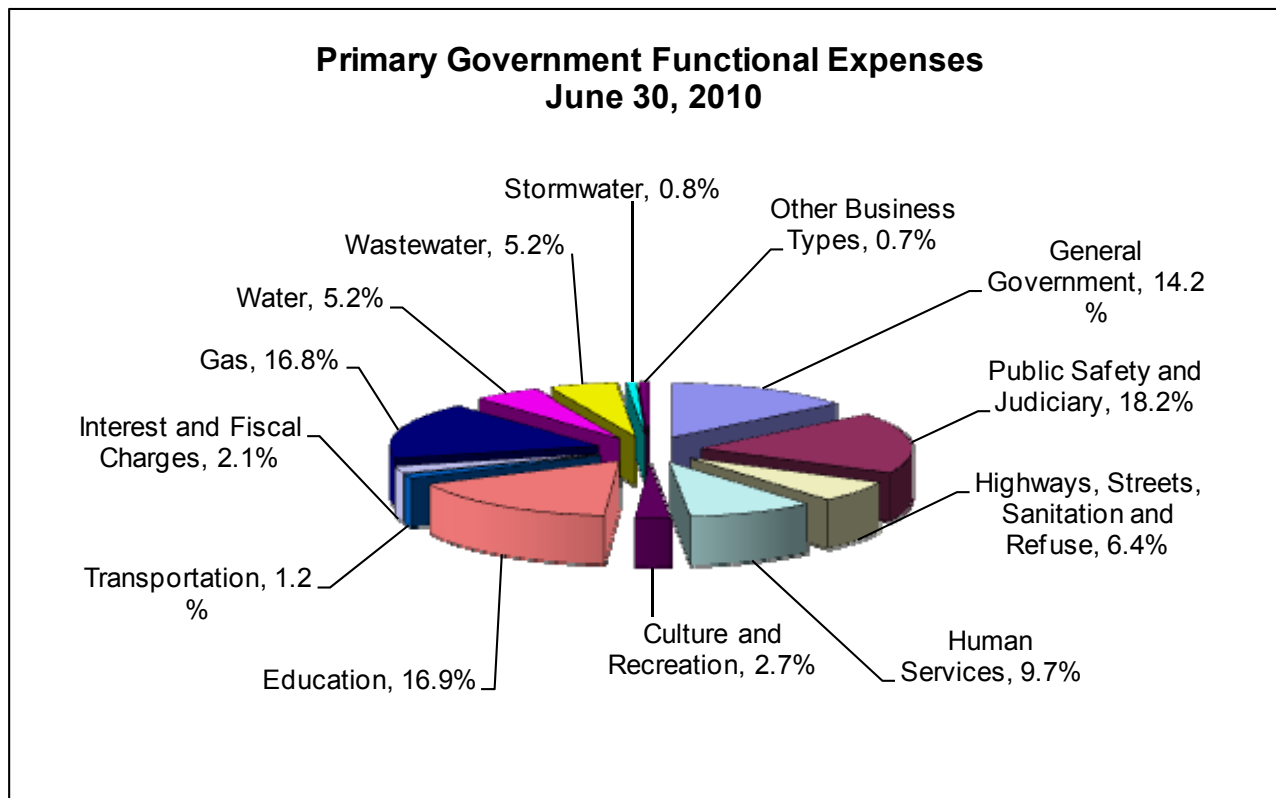




EXPENSES

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$690.3 million, a decrease of \$18.6 million from fiscal year 2009. 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 \$300.2 million (including transfers), 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, 2010, the governmental funds reflect a combined fund balance of \$93.7 million, an increase of \$74.8 million over fiscal year 2009. Included in the combined fund balance is the General Fund which accounts for \$76.0 million of the total combined balance. This is a 33.3 percent increase over the General Fund balance of \$50.7 million recorded at June 30, 2009.

The current General Fund Balance was impacted by General Fund Revenues, which decreased by \$0.8 million from fiscal year 2009. This decrease was due to decreases in Intergovernmental revenues (revenues from the State and Federal Governments) (\$4.8 million) and Property Taxes (\$16.9 million) net of increases in Other Taxes (\$15.3 million) and Miscellaneous and Other Financing Sources (\$5.6 million).

General Fund expenditures declined \$29.8 million or 4.8 percent over fiscal year 2009. To control expenses during FY 2010 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 Year Ended June 30, 2010 and 2009
(In Millions)

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues:								
Property Taxes	\$ 249.4	\$ 284.2	\$ 249.4	\$ 277.5	\$ 262.1	\$ 279.0	\$ 12.7	\$ 1.5
Other Taxes	159.6	150.1	159.6	150.1	163.6	148.3	4.0	(1.8)
Intergovernmental	120.6	123.1	120.6	123.6	111.8	116.6	(8.8)	(7.0)
Miscellaneous	96.6	97.0	100.8	97.0	97.0	91.7	(3.8)	(5.4)
Other Financing Sources	3.8	3.7	3.8	3.7	3.8	3.5	.1	(0.1)
Total Revenues and Other Financing Sources	<u>\$ 630.0</u>	<u>\$ 658.1</u>	<u>\$ 634.2</u>	<u>\$ 652.0</u>	<u>\$ 638.4</u>	<u>\$ 639.2</u>	<u>\$ 4.2</u>	<u>\$ (12.8)</u>
Expenses:								
General Government	\$ 76.3	\$ 77.7	\$ 78.3	\$ 78.3	\$ 75.7	\$ 78.6	\$ 2.6	\$ (0.3)
Public Safety and Judiciary	154.2	160.5	156.6	162.3	155.8	164.1	.8	(1.8)
Highway, Street, Sanitation, and Refuse	45.2	46.2	47.5	45.8	46.0	43.5	1.4	2.3
Human Services	74.9	78.4	74.1	78.7	66.4	70.9	7.7	7.8
Culture and Recreation	19.7	21.1	20.3	20.9	20.0	21.3	.2	(0.4)
Education	153.2	161.0	151.3	159.2	151.3	159.2	--	0.1
Non-Departmental	42.8	48.9	47.7	55.4	46.5	51.0	1.2	4.4
Other Financing Uses	63.6	64.3	59.9	63.9	61.6	64.6	(1.7)	(0.7)
Total Expenses and Other Financing Uses	<u>\$ 630.0</u>	<u>\$ 658.1</u>	<u>\$ 635.7</u>	<u>\$ 664.4</u>	<u>\$ 623.3</u>	<u>\$ 653.0</u>	<u>\$ 12.4</u>	<u>\$ 11.4</u>

Revenue and other financing sources exceeded expenditures and other financing uses by \$15.1 million in the General Fund for fiscal year 2010. Actual General Fund revenues exceeded amended budgeted revenues by \$4.2 million during fiscal year 2010. This increase is primarily attributable to tax collections and the newly implemented tax compliance plan that resulted in increased collection of delinquent taxes totaling \$14.7 million.



Actual General Fund expenditures and other financing uses were less than the amended budget by \$12.5 million. This variance was due in part to programmatic changes in social services resulting in \$7.5 million in savings and savings resulting from improved fiscal compliance and controls.

CAPITAL ASSETS

At the end of fiscal year 2010, the City's governmental activities, including Internal Service Funds, had net capital assets totaling \$763.2 million, which represents a net increase of \$19.1 million, or 2.5 percent over the previous fiscal year-end balance (Note 7).

Table 4
City of Richmond's Capital Assets
For the Fiscal Year Ended June 30, 2010 and 2009
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 35.0	\$ 34.9	\$ 16.5	\$ 16.5	\$ 51.5	\$ 51.4
Construction In Progress	144.3	130.4	160.9	181.5	305.3	311.9
Works of Art / Historical Treasures	6.9	6.9	--	--	6.9	6.9
Total Assets Not Being Depreciated	<u>186.3</u>	<u>172.2</u>	<u>177.4</u>	<u>198.1</u>	<u>363.7</u>	<u>370.2</u>
Capital Assets Being Depreciated:						
Infrastructure	742.0	733.0	--	--	742.0	733.0
Buildings and Structures	476.5	436.3	1,323.2	1,221.0	1,799.7	1,657.3
Equipment and Other Assets	104.6	95.0	5.5	6.3	110.2	101.4
Improvements Other Than Buildings	10.3	9.5	--	--	10.3	9.5
Total Other Assets	<u>1,333.4</u>	<u>1,273.8</u>	<u>1,328.7</u>	<u>1,227.4</u>	<u>2,662.1</u>	<u>2,501.1</u>
Less Accumulated Depreciation For:						
Infrastructure	438.7	422.5	--	--	438.7	422.5
Buildings and Structures	242.1	210.7	483.9	456.5	726.1	667.3
Equipment and Other Assets	72.7	66.1	6.2	4.8	78.9	70.9
Improvements Other Than Buildings	3.0	2.5	--	--	3.0	2.5
Total Accumulated Depreciation	<u>756.5</u>	<u>701.8</u>	<u>490.1</u>	<u>461.4</u>	<u>1,246.6</u>	<u>1,163.2</u>
Total Capital Assets Being Depreciated, Net	<u>576.9</u>	<u>571.9</u>	<u>838.6</u>	<u>766.0</u>	<u>1,415.5</u>	<u>1,337.9</u>
Total Capital Assets, Net	<u>\$ 763.2</u>	<u>\$ 744.1</u>	<u>\$ 1,016.0</u>	<u>\$ 964.0</u>	<u>\$ 1,779.3</u>	<u>\$ 1,708.1</u>

The business-type activities capital assets grew by \$52.0 million to \$1,016.0 million, an increase of 5.1 percent over the previous fiscal year. The City's business-type activities are made up of the City's Gas, Water, Wastewater, Stormwater, Coliseum, and Cemeteries (Note 7).



LONG-TERM DEBT

During the fiscal year 2010, the City issued \$110.0 million in new General Obligations Bonds 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, 2010, 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.

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 is significantly below this limit with total outstanding of \$630.2 million as compared to a limit of \$2,109.4 billion.

Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2010

Primary Government - Governmental Activities

	Balance July 1, 2009 As Restated	Additions	Deletions	Balance June 30, 2010	Due Within One Year
General Obligation Bonds (GO)	\$ 324,302,382	\$ 100,917,875	\$ 29,815,464	\$ 395,404,793	\$ 27,689,613
General Obligation Bonds - Refunding	--	28,572,299	28,572,299	--	--
Debt Allocated to Landmark Theater	3,156,322	--	211,430	2,944,892	331,384
Debt Allocated to Lanmark Theater - Refunding	--	764,244	764,244	--	--
Premium on Debt Issued	10,295,898	6,565,000	2,012,836	14,848,062	1,095,054
Accreted Value - Capital Appreciation					
General Obligation Bonds	47,883	--	47,883	--	--
General Obligation Serial Equipment Notes Payable	7,560,000	2,500,000	2,840,000	7,220,000	1,940,000
Certificates of Participation	14,760,000	--	780,000	13,980,000	810,000
Qualified Zone Academy Bonds	2,794,773	--	192,480	2,602,293	192,480
Virginia Public Schools Authority Bonds	2,145,328	--	229,230	1,916,098	231,555
Advantage Richmond Lease Revenue Bonds	10,377,099	--	637,311	9,739,788	671,672
Section 108 Notes Payable	3,355,000	--	555,000	2,800,000	555,000
Capital Lease (Landmark Theater)	247,900	--	77,661	170,239	81,397
Note payable to Component Unit RRHA	23,737,878	--	1,875,000	21,862,878	1,855,000
Compensated Absences	15,971,702	523,235	739,372	15,755,565	11,222,184
Net Other Postemployment Benefit Obligations	3,163,498	8,039,106	--	11,202,604	--
Total Long-Term Obligations	\$ 421,915,663	\$ 147,881,759	\$ 69,350,210	\$ 500,447,212	\$ 46,675,339

Primary Government - Business-type Activities

General Obligation Bonds:					
Gas	\$ 87,533,571	\$ 3,102,859	\$ 9,228,246	\$ 81,408,184	\$ 6,840,839
Water	68,218,529	1,732,514	5,991,963	63,959,080	4,663,346
Wastewater	40,449,715	--	3,104,015	37,345,700	3,226,052
Other Non-major Enterprise Funds	9,453,149	303,993	1,230,312	8,526,830	780,623
Accreted Value - Capital Appreciation:					
Gas	335,644	--	335,644	--	--
Water	536,985	--	536,985	--	--
Wastewater	219,583	--	219,583	--	--
Revenue Bonds:					
Gas	192,850,580	--	2,118,061	190,732,519	2,193,424
Water	175,010,817	19,240	2,248,001	172,782,056	2,326,078
Wastewater	183,428,247	10,122,384	3,249,464	190,301,167	3,221,961
Capital Leases:					
Other Non-major Enterprise Funds	933,691	--	170,593	763,098	178,269
Compensated Absences:					
Gas	788,805	711,056	658,547	841,314	683,525
Water	672,804	504,274	508,976	668,102	542,799
Wastewater	696,004	496,074	499,231	692,847	562,903
Stormwater	--	195,749	72,027	123,722	100,518
Other Non-major Enterprise Funds	126,905	--	25,056	101,849	81,422
Total Long-Term Obligations	\$ 761,255,029	\$ 17,188,143	\$ 30,196,704	\$ 748,246,468	\$ 25,401,759



ECONOMIC FACTORS

As of June 2010, unemployment in Richmond was 10.5 percent (not seasonally adjusted). As compared with June 2009, this rate is an increase of 0.3 percentage point. However, it is a 0.2 percentage point decline from its fiscal year peak of 10.7 percent in February 2010.

As of 2008 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$44,801, a 1.4 percent increase over 2007. The City's per capita income exceeds both the State level (\$44,075) and the national level (\$40,166).

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.



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Basic Financial Statements



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 104,749,858	\$ 157,533,101	\$ 262,282,959	\$ 24,016,151
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	43,968,640	--	43,968,640	--
Accounts	21,921,333	37,562,202	59,483,535	8,283,416
Internal Balances, Net	2,287,822	(2,287,822)	--	--
Due From Primary Government	--	--	--	47,002,291
Due From Component Unit	6,491,017	--	6,491,017	--
Due From Other Governments (Note 5)	50,043,311	2,033,386	52,076,697	29,466,345
Inventories of Materials and Supplies	542,632	13,222,493	13,765,125	501,415
Prepaid Assets	622,339	5,220,429	5,842,768	1,746,380
Total Current Assets	<u>230,626,952</u>	<u>213,283,789</u>	<u>443,910,741</u>	<u>111,015,998</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	26,763,660	106,553,734	133,317,394	18,122,736
Deferred Expenses	--	16,136,639	16,136,639	--
Due From Component Unit	9,031,452	--	9,031,452	--
Note Receivable (Note 6)	543,100	--	543,100	--
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	49,016,143
Capital Assets, Net (Note 7):				
Land and Works of Art/Historical Treasures	41,986,391	16,475,807	58,462,198	15,140,156
Infrastructure, Net	303,318,017	--	303,318,017	289,353
Buildings, Structures, and Equipment, Net	273,598,931	838,621,601	1,112,220,532	135,470,401
Construction in Progress	144,343,687	160,925,824	305,269,511	19,991,194
Total Capital Assets, Net	<u>763,247,026</u>	<u>1,016,023,232</u>	<u>1,779,270,258</u>	<u>170,891,104</u>
Total Non Current Assets	<u>799,585,238</u>	<u>1,138,713,605</u>	<u>1,938,298,843</u>	<u>238,029,983</u>
Total Assets	<u>\$ 1,030,212,190</u>	<u>\$ 1,351,997,394</u>	<u>\$ 2,382,209,584</u>	<u>\$ 349,045,981</u>

(Continued)



Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 19,563,537	\$ 30,391,356	\$ 49,954,893	\$ 16,727,806
Accrued Liabilities	5,696,047	7,271,957	12,968,004	29,242,130
Due To Primary Government	--	--	--	6,444,962
Due To Other Governments	--	--	--	5,722,626
Due To Various Agents	655,203	--	655,203	--
Due To Component Units	43,933,960	--	43,933,960	--
Note Payable (Note 8)	27,940,000	--	27,940,000	--
Note Payable To Component Unit (Note 8)	1,855,000	--	1,855,000	--
Accrued Interest on Bonds and Notes Payable	9,234,173	15,943,273	25,177,446	--
Unearned Revenue	27,022,482	--	27,022,482	3,556,577
General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8 and 15)	32,816,638	15,689,129	48,505,767	7,599,629
Revenue Bonds Payable (Note 8)	671,672	7,741,463	8,413,135	--
Compensated Absences (Note 8)	11,222,184	1,971,167	13,193,351	590,824
Other Liabilities and Claims Payable (Note 10)	5,004,158	--	5,004,158	--
Total Current Liabilities	185,615,054	79,008,345	264,623,399	69,884,554
Non-Current Liabilities (Notes 8, 10, 13 and 15):				
Liabilities to be Paid From Restricted Assets:				
Customers' Deposits	--	7,075,001	7,075,001	1,720,747
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases	406,669,664	176,313,764	582,983,428	93,059,874
Due To Primary Government	--	--	--	6,364,371
Note Payable	5,280,000	--	5,280,000	--
Note Payable To Component Unit	20,007,878	--	20,007,878	--
Revenue Bonds Payable	9,068,116	546,074,279	555,142,395	--
Unearned Revenue	--	--	--	375,944
Compensated Absences	4,533,381	456,666	4,990,047	12,776,326
Other Liabilities and Claims Payable	33,839,987	115,066,046	148,906,033	5,095,831
Incurred But Not Reported Claims	--	--	--	2,757,916
Net Other Postemployment Benefit Obligations	11,202,604	--	11,202,604	11,190,679
Early Retirement Plan Net Pension Obligations	--	--	--	2,280,190
Total Non-Current Liabilities	490,601,630	844,985,756	1,335,587,386	135,621,878
Total Liabilities	676,216,684	923,994,101	1,600,210,785	205,506,432
Net Assets				
Invested In Capital Assets, Net of Related Debt	280,800,936	369,683,330	650,484,266	99,953,071
Restricted for:				
Capital Projects	5,512,908	--	5,512,908	18,142,191
Debt Service	--	--	--	148,061
Customers' Deposits	--	--	--	338,686
Permanent Funds:				
Expendable	33,263	--	33,263	683,056
Nonexpendable	226,551	--	226,551	203,471
Unrestricted	67,421,848	58,319,963	125,741,811	24,071,013
Total Net Assets	\$ 353,995,506	\$ 428,003,293	\$ 781,998,799	\$ 143,539,549

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, 2010

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 137,836,800	\$ 52,084,531	\$ 25,854,435	\$ --
Public Safety and Judiciary	175,820,069	15,033,515	29,410,858	--
Highways, Streets, Sanitation and Refuse	61,502,223	15,673,109	22,060,433	5,545,450
Human Services	93,697,780	52,691	73,461,347	--
Culture and Recreation	26,009,978	727,597	1,091,449	--
Education	163,586,697	--	--	--
Transportation	11,600,000	--	--	--
Interest and Fiscal Charges	20,204,271	--	--	--
Total Governmental Activities	690,257,818	83,571,443	151,878,522	5,545,450
Business-type:				
Gas	163,063,730	172,587,241	90,750	--
Water	49,934,491	57,386,552	1,060,848	--
Wastewater	50,679,153	60,220,635	10,919,490	--
Stormwater	7,613,092	9,537,834	--	--
Coliseum	5,171,178	1,463,233	2,492,801	--
Cemeteries	1,399,493	1,320,251	60,714	--
Total Business-type Activities	277,861,137	302,515,745	14,624,603	--
Total Primary Government	\$ 968,118,955	\$ 386,087,188	\$ 166,503,125	\$ 5,545,450
Component Units:				
School Board	326,434,039	3,248,255	101,290,648	6,695,973
Richmond Ambulance Authority	14,476,550	11,557,123	--	--
Port of Richmond Commission	3,504,336	571,255	--	--
Richmond Behavioral Health Authority	38,834,697	22,148,257	15,733,884	--
Richmond Redevelopment and Housing Authority	69,179,124	13,168,715	42,531,107	9,342,195
Broad Street Community Development Authority	7,715,296	5,325,734	--	--
Total Component Units	\$ 460,144,042	\$ 56,019,339	\$ 159,555,639	\$ 16,038,168
General Revenues:				
City Taxes				
Real Estate				
Sales-1% Local				
Sales Tax for Education				
Personal Property				
Machinery and Tools				
General Utility Sales				
Bank Stock				
Prepared Food				
Lodging Tax				
Admissions				
Real Estate Taxes - Delinquent				
Personal Property Taxes - Delinquent				
Private Utility Poles and Conduits				
Penalties and Interest				
Tilting Tax-Mobile Home				
State Recordation				
Property Rental 1%				
Vehicle Rental Tax				
Telephone Commissions				
Total City Taxes				
Intergovernmental Revenue Not Restricted to Specific Programs				
Payment From Primary Government - Unrestricted				
Investment Earnings				
Miscellaneous				
Transfers				
Extraordinary Item - Disaster Costs				
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.



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets				
Governmental Activities	Business-type Activities	Totals	Component Units	
\$ (59,897,834)	\$ --	\$ (59,897,834)	\$ --	--
(131,375,696)	--	(131,375,696)	--	--
(18,223,231)	--	(18,223,231)	--	--
(20,183,742)	--	(20,183,742)	--	--
(24,190,932)	--	(24,190,932)	--	--
(163,586,697)	--	(163,586,697)	--	--
(11,600,000)	--	(11,600,000)	--	--
(20,204,271)	--	(20,204,271)	--	--
(449,262,403)	--	(449,262,403)	--	--
--	9,614,260	9,614,260	--	--
--	8,512,908	8,512,908	--	--
--	20,460,972	20,460,972	--	--
--	1,924,742	1,924,742	--	--
--	(1,215,144)	(1,215,144)	--	--
--	(18,528)	(18,528)	--	--
--	39,279,211	39,279,211	--	--
(449,262,403)	39,279,211	(409,983,192)	--	--
--	--	--	(215,199,163)	--
--	--	--	(2,919,427)	--
--	--	--	(2,933,081)	--
--	--	--	(952,556)	--
--	--	--	(4,137,107)	--
--	--	--	(2,389,562)	--
--	--	--	(228,530,896)	--
219,121,286	--	219,121,286	--	--
26,093,786	--	26,093,786	--	--
24,943,835	--	24,943,835	--	--
50,186,338	--	50,186,338	--	--
17,119,371	--	17,119,371	--	--
34,483,451	--	34,483,451	--	--
8,247,534	--	8,247,534	--	--
23,756,424	--	23,756,424	--	--
4,789,681	--	4,789,681	--	--
2,181,971	--	2,181,971	--	--
9,711,901	--	9,711,901	--	--
5,023,503	--	5,023,503	--	--
156,478	--	156,478	--	--
5,423,493	--	5,423,493	--	--
10,858	--	10,858	--	--
759,637	--	759,637	--	--
101,748	--	101,748	--	--
424,599	--	424,599	--	--
450,000	--	450,000	--	--
432,985,894	--	432,985,894	--	--
156,211	--	156,211	85,460,511	--
--	--	--	134,504,573	--
105,672	1,060,118	1,165,790	(1,236,373)	--
225,661	1,694,580	1,920,241	803,681	--
22,340,631	(22,340,631)	--	--	--
15,352	--	15,352	--	--
455,829,421	(19,585,933)	436,243,488	219,532,392	--
6,567,018	19,693,278	26,260,296	(8,998,504)	--
347,428,488	408,310,015	755,738,503	152,538,053	--
\$ 353,995,506	\$ 428,003,293	\$ 781,998,799	\$ 143,539,549	--



**CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents (Note 3)	\$ 78,558,494	\$ --	\$ 22,291,611	\$ 212,046	\$ 101,062,151
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	43,968,640	--	--	--	43,968,640
Accounts	13,431,184	--	--	2,817,675	16,248,859
Due From Other Funds (Note 4)	12,160,995	--	--	5,407,597	17,568,592
Due From Component Unit	15,476,414	--	--	--	15,476,414
Due From Other Governments (Note 5)	37,718,562	--	--	12,215,948	49,934,510
Prepays	486,000	--	--	--	486,000
Restricted Assets - Cash and Investments (Note 3)	--	1,480,500	25,024,653	258,507	26,763,660
Note Receivable (Note 6)	543,100	--	--	--	543,100
Total Assets	\$ 202,343,389	\$ 1,480,500	\$ 47,316,264	\$ 20,911,773	\$ 272,051,926
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 9,558,115	\$ 71,884	\$ 4,056,814	\$ 4,572,126	\$ 18,258,939
Accrued Liabilities	3,859,256	--	--	179,598	4,038,854
Notes Payable (Note 8)	--	--	26,000,000	--	26,000,000
Due To Other Funds (Note 4)	5,570,688	157,992	1,734,805	3,904,511	11,367,996
Due To Various Agents	655,203	--	--	--	655,203
Due To Component Units	43,933,960	--	--	--	43,933,960
Other Liabilities and Claims (Note 10)	4,950,641	--	--	--	4,950,641
Deferred Revenues	57,793,544	200,941	10,011,737	1,133,849	69,140,071
Total Liabilities	126,321,407	430,817	41,803,356	9,790,084	178,345,664
Fund Balances:					
Fund Balance - Reserved (Note 9):					
General Fund	16,598,886	--	--	--	16,598,886
Debt Service Fund	--	1,049,683	--	--	1,049,683
Capital Projects Fund	--	--	5,512,908	--	5,512,908
Non-Major - Permanent Funds	--	--	--	259,814	259,814
Fund Balance - Unreserved:					
Designated for Specific Projects (Note 9):					
Non-Major Special Revenue Funds	--	--	--	10,861,875	10,861,875
Undesignated:					
General Fund	59,423,096	--	--	--	59,423,096
Total Fund Balances	76,021,982	1,049,683	5,512,908	11,121,689	93,706,262
Total Liabilities and Fund Balances	\$ 202,343,389	\$ 1,480,500	\$ 47,316,264	\$ 20,911,773	\$ 272,051,926

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, 2010

Total fund balances for governmental funds \$ 93,706,262

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	\$ 38,625,412	
Infrastructure, net	287,074,177	
Buildings, structures, and equipment, net	248,651,669	
Construction in progress	<u>139,073,412</u>	713,424,670

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. 42,117,589

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	(9,035,202)	
Governmental bonds and capital lease payable	(436,053,988)	
Compensated absences	(15,413,380)	
Due to Component Unit	(21,862,878)	
Other Liability and Claims	(32,869,899)	
Net Other Post-employment Benefit Obligations	<u>(11,202,604)</u>	(526,437,951)

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. 31,184,936

Net Assets of governmental activities \$ 353,995,506

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, 2010

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 218,027,758	\$ --	\$ --	\$ --	\$ 218,027,758
Sales-1% Local	26,093,786	--	--	--	26,093,786
Sales Tax for Education	24,943,835	--	--	--	24,943,835
Personal Property	44,081,997	--	--	--	44,081,997
Machinery and Tools	17,038,468	--	--	--	17,038,468
General Utility Sales	34,483,451	--	--	--	34,483,451
Bank Stock	8,247,534	--	--	--	8,247,534
Prepared Food	23,756,424	--	--	--	23,756,424
Lodging Tax	4,789,681	--	--	--	4,789,681
Admission	2,181,971	--	--	--	2,181,971
Real Estate Taxes - Delinquent	9,711,901	--	--	--	9,711,901
Personal Property Taxes - Delinquent	5,023,503	--	--	--	5,023,503
Private Utility Poles and Conduits	156,478	--	--	--	156,478
Penalties and Interest	5,423,493	--	--	--	5,423,493
Titling Tax-Mobile Home	10,858	--	--	--	10,858
State Recordation	759,637	--	--	--	759,637
Property Rental 1%	101,748	--	--	--	101,748
Vehicle Rental Tax	424,599	--	--	--	424,599
Telephone Commissions	450,000	--	--	--	450,000
Total City Taxes	425,707,122	--	--	--	425,707,122
Licenses, Permits and Privilege Fees	35,374,043	--	--	--	35,374,043
Intergovernmental	111,796,874	--	3,907,911	35,514,656	151,219,441
Service Charges	24,407,838	--	--	--	24,407,838
Fines and Forfeitures	9,760,055	--	--	--	9,760,055
Payment in Lieu of Taxes	19,780,983	--	--	--	19,780,983
Investment Income	--	--	92,179	13,493	105,672
Miscellaneous	7,707,214	61,585	1,045,533	13,904,121	22,718,453
Total Revenues	634,534,129	61,585	5,045,623	49,432,270	689,073,607
Expenditures					
Current:					
General Government	75,689,695	--	--	17,206,674	92,896,369
Public Safety and Judiciary	155,805,832	--	--	13,898,521	169,704,353
Highways, Streets, Sanitation and Refuse	46,038,026	--	--	649,113	46,687,139
Human Services	66,319,242	--	--	23,126,517	89,445,759
Culture and Recreation	20,029,422	--	--	1,762,124	21,791,546
Education	151,332,379	--	--	--	151,332,379
Non-Departmental	46,454,002	--	--	--	46,454,002
Capital Outlay	--	--	55,093,465	--	55,093,465
Debt Service:					
Principal Retirement	--	31,748,820	--	--	31,748,820
Interest Payments	--	19,193,765	--	--	19,193,765
Bond Issuance Cost	--	806,838	--	--	806,838
Total Expenditures	561,668,598	51,749,423	55,093,465	56,642,949	725,154,435
Excess of Revenues Over (Under) Expenditures	72,865,531	(51,687,838)	(50,047,842)	(7,210,679)	(36,080,828)
Other Financing Sources (Uses)					
Premium on Issuance of Bonds	--	--	6,565,000	--	6,565,000
Proceeds from Issuance of General Obligation Bonds and Notes	--	--	100,917,875	--	100,917,875
Transfers In-Other Funds	3,817,429	51,563,966	--	12,177,856	67,559,251
Transfers Out-Other Funds	(61,567,006)	--	--	(2,580,696)	(64,147,702)
Total Other Financing Sources (Uses), Net	(57,749,577)	51,563,966	107,482,875	9,597,160	110,894,424
Extraordinary Item					
Extraordinary Item - Disaster Costs	--	--	--	15,352	15,352
Total Extraordinary Item	--	--	--	15,352	15,352
Net Change in Fund Balances	15,115,954	(123,872)	57,435,033	2,401,833	74,828,948
Fund Balances - Beginning of Year, as Restated (Note 17)	60,906,028	1,173,555	(51,922,125)	8,719,856	18,877,314
Fund Balances - End of Year	\$ 76,021,982	\$ 1,049,683	\$ 5,512,908	\$ 11,121,689	\$ 93,706,262

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, 2010

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

Net change in fund balances - total governmental funds	\$	74,828,948
--	----	------------

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	\$ 57,041,638	
Depreciation expense	(46,523,035)	10,518,603

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	(107,482,875)	
Principal payments of bonds, net of payments on behalf of Component Units	32,461,300	
Amortization of bond premium	2,012,836	(73,008,739)

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.

4,324,328

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	(203,668)	
Compensated absences	209,441	
Other Liabilities and Claims	(2,934,262)	
Other Post-employment Benefit Obligations	(8,039,106)	(10,967,595)

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.

871,473

Change in net assets of governmental activities	\$	<u>6,567,018</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, 2010

Enterprise Funds							
	Gas	Water	Wastewater	Stormwater	Other	Total	Internal Service Funds
Assets							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 22,728,077	\$ 41,584,397	\$ 55,379,875	\$ 3,325,983	\$ --	\$ 123,018,332	\$ 38,202,476
Accounts Receivables (Net of Allowance for Doubtful Accounts)	14,345,696	11,918,673	9,811,123	562,821	923,889	37,562,202	5,672,474
Due From Component Unit	--	--	--	--	--	--	46,055
Due From Other Funds (Note 4)	161,253	725,638	725,638	--	--	1,612,529	163,091
Due From Other Governments (Note 5)	--	169,521	1,863,865	--	--	2,033,386	108,801
Inventories of Materials and Supplies	10,245,316	385,451	--	--	--	10,630,767	3,134,358
Prepaid Expenses and Other Current Assets	1,965,050	1,358,909	1,490,398	--	169,604	4,983,961	372,807
Total Current Assets	49,445,392	56,142,589	69,270,899	3,888,804	1,093,493	179,841,177	47,700,062
Noncurrent Assets:							
Restricted Assets - Cash and Investments (Note 3)	34,856,405	37,661,765	34,035,564	--	--	106,553,734	--
Advances To Other Funds (Note 4)	19,605,111	19,081,068	21,534,342	--	--	60,220,521	3,294,908
Deferred Expenses	6,090,477	5,141,285	4,904,877	--	--	16,136,639	--
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	116,564,237
Equipment and Other Assets	--	--	--	--	5,542,264	5,542,264	62,439,296
Plant-in-Service	379,252,241	312,817,675	229,281,441	48,848	--	921,400,205	--
Completed Construction	30,324,996	68,847,046	204,975,495	--	--	304,147,537	--
Construction in Progress	50,731,535	30,823,714	70,144,130	661,684	--	152,361,063	13,835,036
Less: Accumulated Depreciation	(140,890,015)	(107,184,753)	(159,849,537)	(4,975)	(35,142,472)	(443,071,752)	(121,191,966)
Total Capital Assets, Net Accumulated Depreciation	319,656,502	305,983,091	345,652,790	705,557	17,153,534	989,151,474	76,694,114
Total Noncurrent Assets	380,208,495	367,867,209	406,127,573	705,557	17,153,534	1,172,062,368	79,989,022
Total Assets	\$ 429,653,887	\$ 424,009,798	\$ 475,398,472	\$ 4,594,361	\$ 18,247,027	\$ 1,351,903,545	\$ 127,689,084
Liabilities							
Current Liabilities:							
Accounts Payable	\$ 9,077,026	\$ 10,029,669	\$ 8,594,452	\$ 522,734	\$ 1,652,300	\$ 29,876,181	\$ 2,037,192
Accrued Liabilities	4,162,578	1,131,224	1,763,299	41,207	14,277	7,112,585	1,816,565
Due To Other Funds (Note 4)	--	--	--	--	605,443	605,443	7,153,354
Accrued Interest on Bonds Payable	6,017,268	5,269,932	4,452,539	--	203,534	15,943,273	198,971
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	6,840,839	4,663,346	3,226,052	--	958,892	15,689,129	1,074,061
Revenue Bonds Payable (Note 8)	2,193,424	2,326,078	3,221,961	--	--	7,741,463	671,672
Notes Payable (Note 8)	--	--	--	--	--	--	1,940,000
Compensated Absences (Note 8)	683,525	542,799	562,903	100,518	61,318	1,951,063	272,705
Other Liabilities	--	--	--	--	--	--	53,517
Total Current Liabilities	28,974,660	23,963,048	21,821,206	664,459	3,495,764	78,919,137	15,218,037
Noncurrent Liabilities:							
Liabilities to be Repaid from Restricted Assets:							
Customers' Deposits	5,831,588	1,243,413	--	--	--	7,075,001	--
General Obligation Bonds, Capital Lease Liabilities (Note 8)	74,567,345	59,295,734	34,119,648	--	8,331,037	176,313,764	2,358,253
Revenue Bonds Payable (Note 8)	188,539,095	170,455,978	187,079,206	--	--	546,074,279	9,068,116
Notes Payable (Note 8)	--	--	--	--	--	--	5,280,000
Compensated Absences (Note 8)	157,789	125,303	129,944	23,204	15,785	452,025	94,225
Other Liabilities	23,392,282	58,440,837	31,232,454	2,000,473	--	115,066,046	970,088
Advances from Other Funds (Note 4)	--	--	--	--	--	--	63,515,429
Total Noncurrent Liabilities	292,488,099	289,561,265	252,561,252	2,023,677	8,346,822	844,981,115	81,286,111
Total Liabilities	321,462,759	313,524,313	274,382,458	2,688,136	11,842,586	923,900,252	96,504,148
Net Assets							
Invested in Capital Assets, Net of Related Debt	76,540,616	105,660,307	152,041,487	705,557	7,863,605	342,811,572	56,302,012
Unrestricted	31,650,512	4,825,178	48,974,527	1,200,668	(1,459,164)	85,191,721	(25,117,076)
Total Net Assets	108,191,128	110,485,485	201,016,014	1,906,225	6,404,441	428,003,293	31,184,936

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, 2010

		Internal Service Fund	
	Total Enterprise Funds	Stores and Transportation Division	Business-type Activities Statement of Net Assets
Assets			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 123,018,332	\$ 34,514,769	\$ 157,533,101
Accounts Receivables (Net of Allowance for Doubtful Accounts)	37,562,202	--	37,562,202
Due from Other Funds (Note 4)	1,612,529	--	1,612,529
Due From Other Government (Note 5)	2,033,386	--	2,033,386
Inventories of Materials and Supplies	10,630,767	2,591,726	13,222,493
Prepaid Expenses and Other Current Assets	4,983,961	236,468	5,220,429
Total Current Assets	<u>179,841,177</u>	<u>37,342,963</u>	<u>217,184,140</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	106,553,734	--	106,553,734
Advances To Other Funds (Note 4)	60,220,521	--	60,220,521
Deferred Expenses	16,136,639	--	16,136,639
Capital Assets (Note 7):			
Land	14,789,275	1,686,532	16,475,807
Buildings and Structures	33,982,882	63,647,423	97,630,305
Equipment	5,542,264	--	5,542,264
Plant-in-Service	921,400,205	--	921,400,205
Completed Construction	304,147,537	--	304,147,537
Construction in Progress	152,361,063	8,564,761	160,925,824
Less Accumulated Depreciation	<u>(443,071,752)</u>	<u>(47,026,958)</u>	<u>(490,098,710)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>989,151,474</u>	<u>26,871,758</u>	<u>1,016,023,232</u>
Total Noncurrent Assets	<u>1,172,062,368</u>	<u>26,871,758</u>	<u>1,198,934,126</u>
Total Assets	<u>\$ 1,351,903,545</u>	<u>\$ 64,214,721</u>	<u>\$ 1,416,118,266</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 29,876,181	\$ 515,175	\$ 30,391,356
Accrued Liabilities	7,112,585	159,372	7,271,957
Due To Other Funds (Note 4)	605,443	--	605,443
Accrued Interest on Bonds Payable	15,943,273	--	15,943,273
General Obligation Bonds and Capital Leases (Note 8)	15,689,129	--	15,689,129
Accreted Interest (Note 8)	--	--	--
Revenue Bonds Payable (Note 8)	7,741,463	--	7,741,463
Compensated Absences (Note 8)	1,951,063	20,104	1,971,167
Total Current Liabilities	<u>78,919,137</u>	<u>694,651</u>	<u>79,613,788</u>
Noncurrent Liabilities:			
Liabilities to be Repaid from Restricted Assets:			
Customers' Deposits	7,075,001	--	7,075,001
General Obligation Bonds and Capital Leases (Note 8)	176,313,764	--	176,313,764
Revenue Bonds Payable (Note 8)	546,074,279	--	546,074,279
Compensated Absences (Note 8)	452,025	4,641	456,666
Other Liabilities	115,066,046	--	115,066,046
Advances from other funds	--	63,515,429	63,515,429
Total Noncurrent Liabilities	<u>844,981,115</u>	<u>63,520,070</u>	<u>908,501,185</u>
Total Liabilities	<u>923,900,252</u>	<u>64,214,721</u>	<u>988,114,973</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	342,811,572	26,871,758	369,683,330
Unrestricted	<u>85,191,721</u>	<u>(26,871,758)</u>	<u>58,319,963</u>
Total Net Assets	<u>\$ 428,003,293</u>	<u>\$ --</u>	<u>\$ 428,003,293</u>

Amounts related to interfund activity have been eliminated prior to presenting this reconciliation's amounts in Exhibit A

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

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



EXHIBIT E-3

CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Operating Revenues							
Charges for Goods and Services	\$ 170,679,504	\$ 56,752,215	\$ 59,554,971	\$ 9,432,405	\$ 2,783,484	\$ 299,202,579	\$ 37,198,220
Operating Expenses							
Purchased Gas	103,246,599	--	--	--	--	103,246,599	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	14,395,899
Salaries and Wages & Benefits	10,309,583	8,367,170	9,096,293	1,637,625	994,380	30,405,051	2,682,568
Data Processing	643,371	218,584	197,722	--	--	1,059,677	194,299
Materials and Supplies	746,049	1,617,562	828,979	99,475	364,611	3,656,676	658,364
Rents and Utilities	41,514	3,382,989	2,956,475	--	600,215	6,981,193	2,889,894
Maintenance and Repairs	7,887,238	5,600,087	4,525,410	1,984,058	344,396	20,341,189	1,233,057
Depreciation and Amortization	12,052,669	7,570,608	11,450,985	4,975	2,172,605	33,251,842	9,711,809
Uncollectible expense	1,851,578	855,677	815,046	1,691,151	--	5,213,452	--
Miscellaneous Operating Expenses	17,981,680	15,603,143	16,142,384	2,108,896	1,551,281	53,387,384	4,241,154
Total Operating Expenses	154,760,281	43,215,820	46,013,294	7,526,180	6,027,488	257,543,063	36,007,044
Operating Income (Loss)	15,919,223	13,536,395	13,541,677	1,906,225	(3,244,004)	41,659,516	1,191,176
Non-Operating Revenues (Expenses)							
Intergovernmental Grants and Contributions	90,750	1,060,848	10,919,490	--	2,553,515	14,624,603	583,070
Interest on Long-Term Debt	(13,318,258)	(11,473,620)	(9,551,984)	--	--	(34,343,862)	(859,081)
Interest Income	378,577	296,369	385,172	--	--	1,060,118	--
Interest Expense	(13,731)	(2,727)	--	--	(543,183)	(559,641)	--
Amortization of Debt Discount and Expense	(260,345)	(224,161)	(545,981)	--	--	(1,030,487)	--
Miscellaneous Revenues (Expense)	426,470	649,134	618,976	--	--	1,694,580	(43,692)
Total Non-Operating Revenues (Expenses), Net	(12,696,537)	(9,694,157)	1,825,673	--	2,010,332	(18,554,689)	(319,703)
Net Income (Loss) Before Transfers	3,222,686	3,842,238	15,367,350	1,906,225	(1,233,672)	23,104,827	871,473
Transfers Out-Other Funds	(1,189,948)	(510,339)	(1,711,262)	--	--	(3,411,549)	--
Change In Net Assets	2,032,738	3,331,899	13,656,088	1,906,225	(1,233,672)	19,693,278	871,473
Net Assets - Beginning of Year, as Restated (Note 17)	106,158,390	107,153,586	187,359,926	--	7,638,113	408,310,015	30,313,463
Net Assets - End of Year	\$ 108,191,128	\$ 110,485,485	\$ 201,016,014	\$ 1,906,225	\$ 6,404,441	\$ 428,003,293	\$ 31,184,936

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

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds				Total
	Gas	Water	Wastewater	Stormwater	
Operating Revenues					
Charges for Goods and Services	\$ 170,679,504	\$ 56,752,215	\$ 59,554,971	\$ 9,432,405	\$ 296,419,095
Internal Service Fund Allocation -					
Stores and Transportation Division	1,907,737	634,337	665,664	105,429	3,313,166
Charges for Services - Statement of Activities	172,587,241	57,386,552	60,220,635	9,537,834	299,732,261
Operating Expenses					
Purchased Gas	103,246,599	--	--	--	103,246,599
Salaries and Wages	10,309,583	8,367,170	9,096,293	1,637,625	29,410,671
Data Processing	643,371	218,584	197,722	--	1,059,677
Materials and Supplies	746,049	1,617,562	828,979	99,475	3,292,065
Rents and Utilities	41,514	3,382,989	2,956,475	--	6,380,978
Maintenance and Repairs	7,887,238	5,600,087	4,525,410	1,984,058	19,996,793
Depreciation and Amortization	12,052,669	7,570,608	11,450,985	4,975	31,079,237
Uncollectible Expense	1,851,578	855,677	815,046	1,691,151	5,213,452
Miscellaneous Operating Expenses	17,981,680	15,603,143	16,142,384	2,108,896	51,836,103
Total Operating Expenses	154,760,281	43,215,820	46,013,294	7,526,180	251,515,575
Non-Operating Expenses					
Interest on Long-Term Debt	13,318,258	11,473,620	9,551,984	--	34,343,862
Interest Expense	13,731	2,727	--	--	16,458
Amortization of Debt Discount and Expense	260,345	224,161	545,981	--	1,030,487
Total Expenses	168,352,615	54,916,328	56,111,259	7,526,180	286,906,382
Internal Service Fund Allocation -					
Stores and Transportation Division	1,944,119	634,168	647,967	86,912	3,313,166
Reclass As Transfers to Governmental Activities -					
Payments In Lieu of Taxes	(7,233,004)	(5,616,005)	(6,080,073)	--	(18,929,082)
Program Expenses - Statement of Activities	\$ 163,063,730	\$ 49,934,491	\$ 50,679,153	\$ 7,613,092	\$ 271,290,466

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, 2010

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Cash Flows From Operating Activities							
Receipts from Customers	\$ 181,889,088	\$ 55,573,901	\$ 59,021,273	\$ 8,869,584	\$ 2,794,544	\$ 308,148,390	\$ 37,572,268
Payments to Suppliers	(110,700,037)	(19,661,548)	(17,961,681)	(3,471,033)	(2,582,641)	(154,376,940)	(22,622,351)
Payments to Employees	(11,294,801)	(8,765,334)	(10,420,533)	(1,478,877)	(994,036)	(32,953,581)	(2,795,251)
Payments to Other Funds	(14,347,129)	(3,505,028)	(4,013,029)	(107,187)	--	(21,972,373)	(379,118)
Other Receipts or (Payments)	2,010,418	1,234,883	718,345	--	--	3,963,646	(1,050,848)
Net Cash Provided By (Used In) Operating Activities	47,557,539	24,876,874	27,344,375	3,812,487	(782,133)	102,809,142	10,724,700
Cash Flows From Noncapital Financing Activities							
Transfers In and Government Subsidies	90,750	891,327	9,055,625	--	2,553,515	12,591,217	583,070
Transfers Out - Other Funds	(1,189,948)	(510,339)	(1,711,262)	--	--	(3,411,549)	708,309
Advances from Other Funds	--	--	--	--	104,756	104,756	--
Due From Other Funds	--	--	--	--	--	--	(193,447)
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,099,198)	380,988	7,344,363	--	2,658,271	9,284,424	1,097,932
Cash Flows From Capital and Related Financing Activities							
Acquisition of Capital Assets	(21,873,912)	(26,656,389)	(46,125,887)	(486,504)	(173,136)	(95,315,828)	(2,614,409)
Proceeds from Bond Sale	3,102,859	1,751,754	10,122,384	--	303,993	15,280,990	2,500,000
Repayments of Revenue, General Obligation Bonds and Capital Leases	(11,346,307)	(8,239,964)	(6,353,479)	--	(1,400,905)	(27,340,655)	(1,674,963)
Repayments of Notes Payables	--	--	--	--	--	--	(3,077,311)
Interest Paid on Long-Term Debt	(13,129,250)	(11,545,250)	(9,357,471)	--	(606,090)	(34,638,061)	(957,636)
Net Cash Used In Capital and Related Financing Activities	(43,246,610)	(44,689,849)	(51,714,453)	(486,504)	(1,876,138)	(142,013,554)	(5,824,319)
Cash Flows From Investing Activities							
Interest Earned on Operating Funds	378,577	296,369	385,172	--	--	1,060,118	--
Interest Paid on Customers' Deposits	(13,731)	(2,727)	--	--	--	(16,458)	--
Net Cash Provided By Investing Activities	364,846	293,642	385,172	--	--	1,043,660	--
Net Increase (Decrease) in Cash and Cash Equivalents	3,576,577	(19,138,345)	(16,640,543)	3,325,983	--	(28,876,328)	5,998,313
Cash and Cash Equivalents at July 1, 2009	54,007,905	98,384,507	106,055,982	--	--	258,448,394	32,204,163
Cash and Cash Equivalents at June 30, 2010	\$ 57,584,482	\$ 79,246,162	\$ 89,415,439	\$ 3,325,983	\$ --	\$ 229,572,066	\$ 38,202,476
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ 15,919,223	\$ 13,536,395	\$ 13,541,677	\$ 1,906,225	\$ (3,244,004)	\$ 41,659,516	\$ 1,191,176
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	12,052,669	7,570,608	11,450,985	4,975	2,172,605	33,251,842	9,711,809
Miscellaneous Income	426,470	649,134	618,976	--	--	1,694,580	(45,818)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	11,209,584	(1,178,314)	(533,698)	(562,821)	11,060	8,945,811	(26,292)
Due From Other Funds	--	--	--	--	--	--	1,657,761
Due From Component Unit	--	--	--	--	--	--	116,395
Due From Other Governments	100,000	2,497,605	3,161,282	--	--	5,758,887	148
Inventories of Material and Supplies	7,210,759	21,843	--	--	--	7,232,602	869,876
Prepaid Expenses	198,447	(52,805)	(190,028)	--	(77,166)	(121,552)	(25,653)
Deferred Expenses	1,279,126	491,629	99,370	--	--	1,870,125	5,793
Accounts Payable	4,503,789	(203,811)	(387,403)	298,706	355,028	4,566,309	(2,089,980)
Accrued Liabilities	(1,220,857)	(462,897)	(1,554,215)	41,207	3,747	(3,193,015)	(103,465)
Customers' Deposits	304,822	94,120	--	--	--	398,942	--
Due To Other Funds	(6,132,852)	--	--	--	--	(6,132,852)	(1,000,000)
Compensated Absences	52,509	(4,702)	(3,157)	123,722	(3,403)	164,969	(28,350)
Outstanding Liabilities and Claims	1,653,850	1,918,069	1,140,586	2,000,473	--	6,712,978	491,300
Total Adjustments	31,638,316	11,340,479	13,802,698	1,906,262	2,461,871	61,149,626	9,533,524
Net Cash Provided By (Used In) Operating Activities	\$ 47,557,539	\$ 24,876,874	\$ 27,344,375	\$ 3,812,487	\$ (782,133)	\$ 102,809,142	\$ 10,724,700

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



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CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2010

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and Short-term Investments (Note 3)	\$ 13,923,012	\$ 1,207,807
Receivables:		
Due from Brokers on Sale of Securities	3,523,306	--
Interest and Dividends	1,026,996	--
Employee Loans Receivable	2,852,416	--
Investments, at Fair Value (Note 3):		
U.S. Government and Agency Securities	73,434,284	--
Corporate Bonds	53,972,934	--
Common Stock	152,421,397	--
International Stocks	65,294,148	--
International Bonds	41,413,373	--
Real Estate Investment Trusts	18,938,813	--
Emerging Market Debt	6,023,787	--
Hedge Funds	38,342,393	--
Mutual funds	18,707,272	--
Private Equity	1,266,851	--
Cash Collateral Received - Security Lending Program	54,469,488	--
Total Investments, at Fair Value	<u>524,284,740</u>	<u>--</u>
Total Assets	<u>545,610,470</u>	<u>1,207,807</u>
Liabilities:		
Accounts Payable	14,292,297	--
Refundable Deposits	--	318,285
Payable for Collateral Received - Security Lending Program	54,469,488	--
Due to Other Funds	--	217,419
Due to Various Agents	--	672,103
Total Liabilities	<u>68,761,785</u>	<u>1,207,807</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 476,848,685</u>	<u>\$ --</u>

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2010

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 37,326,279
Richmond Behavioral Health Authority	964,421
Richmond Public Schools	348,866
Revenue for DC Plan Expense	50,615
Plan Members	2,485,948
Investment Income:	
Net Appreciation in Fair Value of Investments	57,586,567
Interest	3,569,770
Dividends	4,298,241
Net Increase in the Fair Value of Investments	<u>65,454,578</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	201,712
Securities Lending Expense	<u>(112,487)</u>
Total Net Income Earned On Securities Lending Transactions	<u>89,225</u>
Investment Income	65,543,803
Less: Investment Expense	<u>1,857,658</u>
Net Investment Income	<u>63,686,145</u>
Total Additions, net	<u>104,862,274</u>
Deductions:	
Benefits	64,690,213
Administrative Expenses	<u>1,126,956</u>
Total Deductions	<u>65,817,169</u>
Net Increase	39,045,105
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>437,803,580</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 476,848,685</u>

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



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CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2010

	School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
Assets							
Cash and Cash Equivalents	\$ 6,129,367	\$ 2,165,984	\$ 113,976	\$ 11,672,139	\$ 3,934,685	\$ --	\$ 24,016,151
Due From Primary Government	44,430,350	--	--	--	2,571,941	--	47,002,291
Due From Other Governments	29,174,309	--	--	--	292,036	--	29,466,345
Accounts Receivable	282,266	4,835,900	165,404	2,531,646	432,767	35,433	8,283,416
Inventories of Materials and Supplies	237,657	263,758	--	--	--	--	501,415
Prepaid Expenses and Other Current Assets	54,989	376,690	--	359,438	938,035	17,228	1,746,380
Restricted Assets	--	100,000	--	--	11,033,081	6,989,655	18,122,736
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	--	48,930,749	85,394	49,016,143
Capital Assets:							
Land	--	--	157,337	--	10,191,719	4,791,100	15,140,156
Infrastructure	--	--	289,353	--	--	--	289,353
Buildings and Structures	--	2,665,445	3,459,762	--	137,693,474	51,345,243	195,163,924
Plant-in-Service	--	--	14,899,164	--	--	--	14,899,164
Other Improvements	--	--	--	2,071,165	6,743,648	--	8,814,813
Equipment	29,730,259	7,656,229	6,324,413	2,454,097	5,105,725	--	51,270,723
Less: Accumulated Depreciation	(18,559,847)	(6,183,867)	(15,870,053)	(2,262,192)	(80,975,865)	(10,826,399)	(134,678,223)
Construction in Progress	--	--	886,840	--	19,104,354	--	19,991,194
Total Capital Assets	11,170,412	4,137,807	10,146,816	2,263,070	97,863,055	45,309,944	170,891,104
Total Assets	91,479,350	11,880,139	10,426,196	16,826,293	165,996,349	52,437,654	349,045,981
Liabilities							
Accounts Payable	11,762,890	--	362,712	2,291,176	2,174,165	136,863	16,727,806
Accrued Liabilities	24,246,229	973,172	4,101	--	3,610,245	408,383	29,242,130
Due To Primary Government	--	--	--	--	6,444,962	--	6,444,962
Due To Other Governments	5,663,242	--	--	--	59,384	--	5,722,626
Unearned Revenue	1,858,646	33,576	--	1,188,221	476,134	--	3,556,577
Liabilities to be Paid From Restricted Assets:							
Customers' Deposits	--	--	--	1,720,747	--	--	1,720,747
Bonds, Notes Payable and Capital Leases	--	323,602	--	--	6,476,027	800,000	7,599,629
Compensated Absences	--	--	10,126	--	580,698	--	590,824
Non-Current Liabilities:							
Bonds, Notes Payable and Capital Leases	6,607,120	621,670	--	--	22,259,902	64,940,000	94,428,692
Less Discount on Revenue Bonds Payable	--	--	--	--	--	(1,368,818)	(1,368,818)
Due To Primary Government	--	--	--	--	6,364,371	--	6,364,371
Compensated Absences	11,365,861	--	10,457	764,840	635,168	--	12,776,326
Deferred Revenue	--	--	--	--	375,944	--	375,944
Workers' Compensation	5,095,831	--	--	--	--	--	5,095,831
Incurred But Not Reported Claims	2,757,916	--	--	--	--	--	2,757,916
Net Other Postemployment Benefit Obligations	10,796,679	--	--	394,000	--	--	11,190,679
Early Retirement Plan Net Pension Obligation	2,280,190	--	--	--	--	--	2,280,190
Total Liabilities	82,434,604	1,952,020	387,396	6,358,984	49,457,000	64,916,428	205,506,432
Net Assets							
Invested In Capital Assets, Net of Related Debt	4,563,292	3,391,221	10,146,817	2,263,070	91,660,254	(12,071,583)	99,953,071
Restricted for:							
Capital Projects	7,595,857	--	--	--	10,546,334	--	18,142,191
Debt Service	--	--	--	--	148,061	--	148,061
Customers' Deposits	--	--	--	--	338,686	--	338,686
Permanent Funds:							
Expendable	683,056	--	--	--	--	--	683,056
Nonexpendable	203,471	--	--	--	--	--	203,471
Unrestricted	(4,000,930)	6,536,898	(108,017)	8,204,239	13,846,014	(407,191)	24,071,013
Total Net Assets	\$ 9,044,746	\$ 9,928,119	\$ 10,038,800	\$ 10,467,309	\$ 116,539,349	\$ (12,478,774)	\$ 143,539,549

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, 2010

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 326,434,039	\$ 3,248,255	\$ 101,290,648	\$ 6,695,973
Richmond Ambulance Authority	14,476,550	11,557,123	--	--
Port of Richmond Commission	3,504,336	571,255	--	--
Richmond Behavioral Health Authority	38,834,697	22,148,257	15,733,884	--
Richmond Redevelopment and Housing Authority	69,179,124	13,168,715	42,531,107	9,342,195
Broad Street Community Development Authority	7,715,296	5,325,734	--	--
Total Component Units	<u>\$ 460,144,042</u>	<u>\$ 56,019,339</u>	<u>\$ 159,555,639</u>	<u>\$ 16,038,168</u>

General Revenues:

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

Changes in Net Assets

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

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



EXHIBIT G-2

Net (Expenses) Revenues and Changes in Net Assets						
School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
\$ (215,199,163)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (215,199,163)
--	(2,919,427)	--	--	--	--	(2,919,427)
--	--	(2,933,081)	--	--	--	(2,933,081)
--	--	--	(952,556)	--	--	(952,556)
--	--	--	--	(4,137,107)	--	(4,137,107)
--	--	--	--	--	(2,389,562)	(2,389,562)
<u>(215,199,163)</u>	<u>(2,919,427)</u>	<u>(2,933,081)</u>	<u>(952,556)</u>	<u>(4,137,107)</u>	<u>(2,389,562)</u>	<u>(228,530,896)</u>
127,102,268	4,300,000	--	1,743,725	--	1,358,580	134,504,573
84,346,160	--	--	--	1,114,351	--	85,460,511
--	(41,026)	5,352	24,734	(1,225,433)	--	(1,236,373)
<u>599,363</u>	<u>24,583</u>	<u>4,341</u>	<u>175,394</u>	<u>--</u>	<u>--</u>	<u>803,681</u>
<u>212,047,791</u>	<u>4,283,557</u>	<u>9,693</u>	<u>1,943,853</u>	<u>(111,082)</u>	<u>1,358,580</u>	<u>219,532,392</u>
(3,151,372)	1,364,130	(2,923,388)	991,297	(4,248,189)	(1,030,982)	(8,998,504)
<u>12,196,118</u>	<u>8,563,989</u>	<u>12,962,188</u>	<u>9,476,012</u>	<u>120,787,538</u>	<u>(11,447,792)</u>	<u>152,538,053</u>
<u>\$ 9,044,746</u>	<u>\$ 9,928,119</u>	<u>\$ 10,038,800</u>	<u>\$ 10,467,309</u>	<u>\$ 116,539,349</u>	<u>\$ (12,478,774)</u>	<u>\$ 143,539,549</u>



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CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010



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

The Richmond Retirement System

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

Advantage Richmond Corporation

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Discretely Presented Component Units:

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

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

The School Board administers the Richmond Public School system. The City Council approves the School Board's annual operating budget and provides a major portion of the funding through annual appropriations. Complete financial statements of the School Board may be obtained from the administrative offices located at 301 North Ninth Street, Richmond, VA 23219.

Proprietary Component Units

Richmond Ambulance Authority (RAA)

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

Port of Richmond Commission (Port)

The Port operates a deepwater ocean-going vessel facility. Although the Port operates independently, City Council appoints the Board of Commissioners. The City has provided an appropriation in FY 2010 and it would be misleading to exclude the Port from the City's reporting entity. Complete financial statements for the Port may be obtained from the administrative offices located at 5000 Deepwater Terminal Rd., Richmond, VA 23234.

Richmond Behavioral Health Authority (RBHA)

RBHA provides behavioral health services to residents of the City under Sections 15.1-1676 of the *Code of Virginia* (1950), as amended. The City annually provides significant operating subsidies to RBHA. Complete financial statements for RBHA may be obtained from the administrative offices located at 501 S. 5th Street, Richmond, VA 23224.

Richmond Redevelopment and Housing Authority (RRHA)

RRHA is responsible for operating a low-rent housing program, which provides housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The City Council appoints the Commissioners of RRHA and has some financial responsibility for RRHA's operations. RRHA's September 30, 2009 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, 2010



Broad Street Community Development Authority (CDA)

The CDA is responsible for financing certain improvements in connection with the development and redevelopment within the downtown area, such as parking and street improvements. The CDA is governed by a board of five voting directors and three ex-officio, nonvoting directors, all of whom are appointed by the City Council. Complete financial statements for the CDA may be obtained from the administrative offices located at One James Center, 901 East Cary Street, Richmond, VA 23219. Refer to Note 16-G Subsequent Events disclosure for further information.

Related Organizations:

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

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

- Richmond Metropolitan Authority (RMA) – Six of the eleven directors of the RMA are appointed by City Council. The City has no financial responsibility for the operations of the RMA.
- Economic Development Authority of the City of Richmond (EDA) - The Commissioners of the EDA are appointed by the City Council, but the City provides no funding, has no obligation for the debt issued by the EDA, and cannot impose its will upon the EDA.

Joint Venture

Greater Richmond Transit Co. (GRTC):

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

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

The City expended \$11,000,000 for subsidies for bus routes within the City for the year ended June 30, 2010. The City also expended \$175,000 to operate reduced fare services for the elderly and disabled, and expended \$425,000 for local match needed to secure 80% Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the GRTC can be obtained from the GRTC at 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, 2010

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, 2010.

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, 2010 were approximately \$1,605,000.

The *Greater Richmond Partnership (GRP)* is comprised of members from the City and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City of Richmond has one member on the board that is an elected official and one alternate member. The City's contribution for FY2010 was approximately \$370,000.

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* serves the City and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The City has three representatives serving on RMCVB's Board of Directors and contributed approximately \$1,065,000 to the RMCVB for the year ended June 30, 2010.

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 \$115,400 for the year ended June 30, 2010.

The *Greater Richmond Convention Center Authority (GRCCA)*, a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center. The political subdivisions participating in the incorporation of the GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

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The City contributed approximately \$4,827,000 in transient occupancy tax revenue and approximately \$2,009,000 of general funds for the year ending June 30, 2010.

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, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

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



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

Governmental Funds

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

- *General Fund (Major Fund)* – The General Fund is the City's primary operating fund. It accounts for all financial resources of the City's general government, except those required to be accounted for in another fund.
- *Debt Service Fund (Major Fund)* – Debt Service Fund accounts for the resources accumulated and payments made by principal and interest on long-term general obligation debt of Governmental Funds. For 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 budgeted capital projects (acquisition or construction of major facilities, other than those financed by Proprietary Funds) approved by City Council. Its principal sources of funding are the sale of General Obligation Bonds.
- *Special Revenue Funds* – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. Each fund is established on a functional basis and may include one or more grants or other funding sources.
- *Permanent Funds* – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City programs.

Proprietary Funds

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City reports the following Proprietary Funds:

- *Enterprise Funds* – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains six Enterprise Funds consisting of the 1) gas, 2) water, 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:
 - *Gas* – 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* – 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.

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- *Wastewater* – Wastewater utility provides wastewater service to the City and surrounding counties. Operation of the wastewater utility is designed to be self-supporting through user charges.
- *Stormwater* - Stormwater provides stormwater services to the City. Operations of the stormwater utility are 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 six internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Public Works Stores, 4) Advantage Richmond Corporation, 5) Electric Utility and 6) Stores and Transportation (which exclusively serves the City's major proprietary funds).

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to or on November 30, 1989 in accounting and reporting for its business-type activities and enterprise funds. Under GASB No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, the City elected not to apply FASB pronouncements issued after November 30, 1989.

Fiduciary Funds

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

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



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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.

D. Cash and Cash Equivalents

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

E. Investments

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

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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, 2010 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$ 15,099,967
Enterprise Funds:	
Non-major Enterprise Funds (Coliseum and Cemeteries)	5,174
Utilities:	
Gas Utility	4,247,446
Water Utility	510,265
Wastewater Utility	311,386
Stormwater Utility	1,691,151
Electric	23,767
Total Utilities Funds	6,784,015
Total Enterprise Funds	\$ 6,789,189

G. Inventories

Inventories on hand at June 30, 2010 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 consumption method and are stated at the lower of cost (determined by using weighted average cost or first-in, first-out methods) or market.

H. Capital Assets

Capital assets and improvements include substantially all land and works of art/historical treasures, buildings, equipment, water distribution and sewage collection systems, and other elements of the City's infrastructure having a minimum useful life of 2 years and having an initial cost of more than \$5,000. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, parkland and improvements.

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



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

Governmental:

Infrastructure	20 to 50 years
Buildings and structures	20 to 50 years
Equipment and other assets	2 to 20 years

Enterprise Funds:

Gas production, distribution, equipment	17 to 34 years
Water pumping, treatment, distribution, equipment	20 to 50 years
Sewage gathering and treatment equipment	20 to 50 years
Coliseum	2 to 20 years
Landmark Theatre	2 to 20 years
Cemeteries	2 to 20 years

Enterprise Funds:

Buildings and structures	20 to 50 years
Equipments and other assets	2 to 20 years

I. Construction Period Interest

The City capitalizes, during the construction period only, the net interest cost associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2010, interest costs of approximately \$34,378,000 were incurred with approximately \$1,661,000 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 or available for use at the end of any calendar year. Employees leaving City employment are paid all accumulated unused vacation pay up to the maximum limit. The unused balance of sick leave is not paid at the date of separation.

The City and School Board accrue compensated absences (annual and sick leave benefits) when vested. The current portions of the Governmental Activities' compensated absences liabilities are recorded as accrued liabilities when they are expected to be liquidated within the next year. The current and noncurrent portions are recorded in the government-wide financial statements. The amount of vacation recognized as expense is the amount earned during the year. Compensated absences are reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

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K. Bond Discounts/Issuance Costs

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

L. Judgment and Claims

The City is self-insured with respect to risks including, but not limited to, property damage and personal injury. The City is self-insured with respect to payments for workers' compensation, general liability, automobile liability, public officials or police professional liability claims. The City also carries commercial insurance in a number of smaller, more defined risk areas such as employees' faithful performance, money and securities and medical professional liability. In the fund financial statements, expenditures for judgments and claims, including estimates of claims that have been incurred but not reported, are recorded in the Risk Management agency within the General Fund. At the Government-wide level, Risk Management activities are accounted for within the Governmental Activities.

M. Restricted Assets

In accordance with applicable covenants of certain enterprise fund bond issues, cash and other assets have been appropriately restricted. Cash has also been restricted to the extent of customers' deposits, unexpended bond proceeds or by grantor's requirements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

N. Reserved and Designated Fund Balance

Fund balance reserves are used to indicate that a portion of the fund balance is not available for expenditure or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate plans for financial resource utilization in a future period (See Note 9).

O. Internal and Intra-entity Activity

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

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



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P. Advances to Other Funds

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

Q. Rate Stabilization

Section 106-37 of the City Code authorizes the Director of Public Utilities 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, 2010, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$7,672,679 to the rate stabilization fund in the Gas, Water and Wastewater Utilities combined. The effect of this transaction is reflected in the Other Liabilities and Claims Payable balance on the Proprietary Funds' Statement of Net Assets and in Miscellaneous Operating Expenses on the Proprietary Funds' Statement of Revenue, Expenses and Changes in the Fund Net Assets. Specifically, at June 30, 2010, this liability balance in the Gas, Water, Wastewater, Stormwater and Electric Utilities included approximately \$18.56 million, \$27.29 million, \$29.10 million, \$2.00 million and \$744 thousand respectively for rate stabilization funds.

R. Amortization of Debt Defeasance Gains/Losses

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

S. Estimates and Assumptions

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

T. Identification of Major Revenue Sources Susceptible to Accrual

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

U. Permanent Funds

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

V. Unearned Revenue

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

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W. Adoption of New Accounting Pronouncement

During the year ended June 30, 2010, the City adopted the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The City determined that approximately \$823,000 of intangible assets needed to be recorded under GASB 51 in addition to other intangible assets of \$5,964,877. Intangible assets are classified on Note 7 under the Equipment and Other Assets category.

During the year ended June 30, 2010, the City adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The City has determined there is no material impact on the financial statements as a result of implementing this pronouncement.

2. REAL AND PERSONAL PROPERTY TAXES

Real and personal property taxes are levied on a calendar year basis on January 1, the assessment date, with an assessed value as of that date. Real property taxes become a lien on the property on the assessment date. Personal property taxes on motor vehicles acquiring or losing situs (location where property is principally parked or garaged) throughout the year are prorated on a monthly basis. For partial months in situs, assessments, abatements and refunds are rounded to the nearest full month.

Personal property taxes may be paid without penalty and interest on or before May 1, or 60 days from the date the vehicle acquired situs in Richmond. Real estate taxes may be paid without penalty and interest on or before June 15. Penalty for late payment is 10% or \$10, whichever is greater, not to exceed the full amount of the tax; interest on the unpaid balance is 10% per annum.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Real and personal property taxes levied January 1, 2010 are intended to finance operations of the fiscal year ended June 30, 2010.

Effective January 1, 2011, real estate taxes will be billed on a semi-annual basis and may be paid without penalty and interest on or before January 14 and June 14. Penalty and interest for late payments will apply to each respective due date. The real estate taxes assessed and due on January 14, 2011 and June 14, 2011 are intended to finance operations of the fiscal year ended June 30, 2011

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

Primary Government

At June 30, 2010, cash on hand, cash items and petty cash totaled approximately \$24,490 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$3,899,550 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$10,450,355, 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.



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B. Richmond Retirement System

Cash and Investments

On June 30, 2010, the carrying amount of the System's deposits with financial institutions was \$540,030 and the bank balance was \$2,534,222. All funds deposited in banks are protected under the provisions of the Virginia Securities for Public Deposit Act (the Act). This Act requires financial institutions holding public deposits in excess of amounts insured by the Federal Deposit Insurance Corporation to pledge collateral in the amount of 50% 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.

Authorized Investments

The System invests in obligations of the U.S. government or its agencies, approved money market funds, other banks and savings and loan associations, not exceeding federal insurance coverage, and commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. The System is also authorized to invest in corporate bonds and notes rated A, or better, by Moody's or Standard & Poor's. The System is authorized to invest in both U.S. equities and international equities as well as Real Estate Investment Trusts (REITs). Each investment manager is authorized to invest no more than 7% of its holdings, at cost, in equity securities of a single issuer at the time of purchase. The System has ten types of investments: U.S. government and agency obligations, domestic bonds and notes, domestic stocks, international stocks, international bonds and notes, REITs, hedge funds, emerging market debt, mutual funds and private equity.

	Cost	Fair Value
U.S. Government and agency obligations	\$ 14,784,715	\$ 16,036,579
Domestic corporate bonds and notes	52,433,574	53,972,934
Domestic stocks	161,801,095	152,421,397
International stocks	79,704,689	65,294,148
Global bonds and notes	40,289,579	41,413,373
REITs	17,818,979	18,938,813
Hedge funds	37,909,944	38,342,393
Private Equity	1,335,074	1,266,851
Mutual Funds	18,213,003	18,707,272
Emerging market debt	5,697,045	6,023,787
Collateral held for securities on loan	54,469,488	54,469,488
Total	\$ 484,457,185	\$ 466,887,035

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The net change in fair value of investments for the year ended June 30, 2010 is as follows:

	Change in Fair Value
U.S. Government and agency obligations	\$ (31,946,712)
Domestic corporate bonds and notes	6,315,313
Domestic stocks	23,656,066
International stocks	6,557,429
Global bonds and notes	2,837,872
REITs	6,043,553
Hedge funds	2,110,959
Private Equity	1,266,851
Mutual Funds	18,707,272
Emerging market debt	1,671,289
Total	<u>\$ 37,219,892</u>

Custodial Credit Risk

The System does not have exposure to custodial credit risk because the cash collateral received on each loan was invested together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. At June 30, 2010, the market value of securities on loan and cash collateral, that is included in the above amounts, was as follows:

	Securities on Loan	Cash Collateral
U.S. Government and agency obligations	\$ 3,135,653	\$ 3,186,656
Domestic stocks	41,494,375	43,123,159
Domestic bonds	7,991,650	8,159,673
Total	<u>\$ 52,621,678</u>	<u>\$ 54,469,488</u>

Concentration of Credit Risk

The System does not have exposure to concentration of credit risk as the System does not have any investment in any one issuer representing 7 percent or more of the total investments.



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Credit Risk

The System has an investment policy for credit risk. The domestic fixed income investments should emphasize high-quality and reasonable diversification. Investments shall not be rated below BAA3, unless specifically allowed in the managers' guidelines. For purposes of calculating compliance with the credit constraints, if split rated, the lowest rating will apply. The table below details the System's credit risk at June 30, 2010.

Investment Type	Moody Rating	Fair Value
Corporate bonds and notes	AAA	3,798,936
Corporate bonds and notes	AA1-AA3	2,134,508
Corporate bonds and notes	A1-A3	4,740,888
Corporate bonds and notes	BAA1-BAA3	9,460,794
Corporate bonds and notes	BA1-BA3	6,855,663
Corporate bonds and notes	B1-B3	6,960,150
Corporate bonds and notes	Below BAA3	5,492,556
Corporate bonds and notes	NA	4,162,900
Corporate bonds and notes	NR	10,184,794
Corporate bonds and notes	WR	181,745
International bonds and notes	AA1-AA3	538,440
International bonds and notes	A1-A3	1,221,905
International bonds and notes	BAA1-BAA3	2,646,566
International bonds and notes	BA1-BA3	583,741
International bonds and notes	B1 - B3	350,250
International bonds and notes	Below BAA3	220,700
International bonds and notes	NA	194,000
International bonds and notes	NR	35,595,571
International bonds and notes	WR	62,200
REITs	NA	10,204,644
REITs	NR	8,734,169
Hedge funds	NR	38,342,393
Total		<u>\$ 152,667,513</u>

NR – Not Rated

NA – Not Available

WR – Withdrawn Rating

Foreign Currency Risk

The System has an investment policy for international investments. At June 30, 2010, the System has no foreign currency risk exposure.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010



Interest Rate Risk

The System does not have a specific investment policy governing interest rate risk. At June 30, 2010, the System's interest rate exposure was as follows:

Investment Type	Fair Value	Effective Duration
Loomis Sayles – High Yield:		
Asset backed	\$ 303,921	1.13
CMBS	145,401	5.48
CMO	563,487	5.76
Convertible Bond	947,563	16.29
Corporate	18,098,687	6.61
Preferred Stock*	287,806	*
U.S. Treasury	1,118,360	3.21
YANKEE	399,430	4.21
Fixed Income Total	<u>\$ 21,864,655</u>	
Stone Harbor Investments:		
Asset backed	\$ 1,431,285	1.52
CMBS	3,632,430	3.97
CMO	3,027,216	10.33
Corporate	18,631,680	6.62
Mortgage pass-through	12,302,536	1.99
SWAPS	(147,301)	-
U.S. Treasury	2,550,715	6.85
Fixed Income Total	<u>\$ 41,428,561</u>	
Total	<u>\$ 63,293,216</u>	

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

C. Investments

Investment Policy:

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (the Virginia LGIP, a 2a-7 like pool), and the State Non-Arbitrage Program (SNAP). As of June 30, 2010, all non-System investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market and mutual funds. At no time, shall more than 35% of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single entity.

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

Custodial credit risk for deposits:

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits and are considered insured. At June 30, 2010, 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, 2010, the City holds its investment securities primarily in external investments pools and thus is not subject to custodial credit risk disclosure.

Concentration Risk:

At June 30, 2010, the City does not have concentration of credit risk as no investments are with any one issuer representing more than 5% of total investments.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010



Primary Government (000's omitted):

	Total
U.S. Government securities	\$ 16,037
Corporate bonds	53,973
Common stocks	152,421
International bonds	65,294
International stocks	41,413
Real Estate Investment Trusts	18,939
Hedge funds	38,343
Private Equity	1,267
Mutual Funds	18,707
Emerging market debt	6,024
	<u>412,418</u>
Cash collateral received under securities lending program	54,469
Deferred compensation plan mutual funds	57,398
Cash and money market funds	78,738
LGIP	236,741
SNAP	95,252
Total Cash and Investments	<u>\$ 935,016</u>

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 262,283	\$ 15,131	\$ 277,414
Investments	--	524,285	524,285
Restricted assets	133,317	--	133,317
Total	<u>\$ 395,600</u>	<u>\$ 539,416</u>	<u>\$ 935,016</u>

D. Securities Lending Program

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

RRS did not impose any restrictions during the fiscal year on the amount of the loans that the Custodian made on its behalf, and the Custodian indemnified RRS by agreeing to purchase replacement securities, or return the cash collateral, in the event the borrower failed to return the loaned security. There were no such failures by any borrowers during the year, nor were there any losses during the fiscal year resulting from the default of a borrower or the Custodian. RRS and borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The average duration of the investment in the pool for the year ended June 30, 2010 was 30 days, with an average weighted maturity of 244 days. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral. The collateral



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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held and the fair value of the securities on loan as of June 30, 2010 was \$54,469,488 and \$52,621,677, respectively. The cash collateral is recorded as both an asset and a liability on RRS's financial statements. Securities and letters of credit received as collateral at June 30, 2010 are not recorded in the Statement of Plan Net Assets, as the RRS cannot sell or pledge the collateral received absent a borrower default.

At year-end, the RRS has no credit risk by borrowers because the amounts the RRS owes the borrowers exceed the amounts the borrowers owe the RRS. The gross earnings for securities lending were \$201,712 and the related expenses were \$53,036 in borrower's rebates and \$59,451 in agent fees, netting \$89,225 in securities lending income.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

		Due from						
		General Fund	Debt Service	Capital Projects	Non-Major Governmental	Non-Major Proprietary	Internal Service	Fiduciary Fund
Due to	General Fund	\$ --	\$ 157,992	\$ 1,734,805	\$ 3,904,511	\$ 605,443	\$ 5,540,825	\$ 217,419
	Non-Major Government	5,407,597	--	--	--	--	--	--
	Gas	--	--	--	--	--	161,253	--
	Water	--	--	--	--	--	725,638	--
	Wastewater	--	--	--	--	--	725,638	--
	Internal Service Funds	163,091	--	--	--	--	--	--
	Total	\$ 5,570,688	\$ 157,992	\$ 1,734,805	\$ 3,904,511	\$ 605,443	\$ 7,153,354	\$ 217,419
								\$ 19,344,212

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

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended June 30, 2010 consisted of the following:

		Transfer from					
		General Fund	Major Proprietary Funds			Non-Major Governmental	Total
			Gas	Water	Wastewater		
Transfer to	General Fund	\$ --	\$ 1,189,948	\$ 510,339	\$ 1,711,262	\$ 405,880	\$ 3,817,429
	Debt Service	49,389,150	--	--	--	2,174,816	51,563,966
	Non-Major						
	Governmental	12,177,856	--	--	--	--	12,177,856
	Total	\$ 61,567,006	\$ 1,189,948	\$ 510,339	\$ 1,711,262	\$ 2,580,696	\$ 67,559,251

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

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010



Advance To	Advance From				
	Major Proprietary Funds			Internal Service	
	Gas	Water	Wastewater	Fund	Total
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, 2010 are as follows:

Primary Government	Federal	State	Total
General Fund	\$ 3,330	\$ 37,715,232	\$ 37,718,562
Non-major Governmental Funds	6,140,710	6,075,238	12,215,948
Water Fund	169,521	--	169,521
Wastewater Fund	1,863,865	--	1,863,865
Internal Service Funds	--	108,801	108,801
	<u>\$ 8,177,426</u>	<u>\$ 43,899,271</u>	<u>\$ 52,076,697</u>

6. NOTE RECEIVABLE

Note receivable in the General Fund consists of:

A non-interest bearing promissory note from Greater Richmond Transit Company	<u>\$ 543,100</u>
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CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

7. CAPITAL ASSETS

Primary Government - Governmental Activities

	Balance July 1, 2009, As Restated	Additions	Deletions	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 34,902,544	\$ 141,166	\$ --	\$ 35,043,710
Construction In Progress	130,394,603	56,351,468	42,402,384	144,343,687
Works of Art/Historical Treasures	6,922,681	20,000	--	6,942,681
Total Capital Assets				
Not Being Depreciated	<u>172,219,828</u>	<u>56,512,634</u>	<u>42,402,384</u>	<u>186,330,078</u>
Capital Assets Being Depreciated:				
Infrastructure	732,968,273	10,335,069	1,306,259	741,997,083
Building and Structures	446,762,109	29,871,957	132,824	476,501,242
Equipment and Other Assets	95,992,796	11,847,372	3,204,480	104,635,688
Improvements Other Than Buildings	9,460,013	833,549	--	10,293,562
Total Other Capital Assets	<u>1,285,183,191</u>	<u>52,887,947</u>	<u>4,643,563</u>	<u>1,333,427,575</u>
Less Accumulated Depreciation For:				
Infrastructure	422,522,115	16,156,951	--	438,679,066
Building and Structures	214,670,191	27,433,627	--	242,103,818
Equipment and Other Assets	66,668,457	9,286,060	3,223,060	72,731,457
Improvements Other Than Buildings	2,498,046	498,240	--	2,996,286
Total Accumulated Depreciation	<u>706,358,809</u>	<u>53,374,878</u>	<u>3,223,060</u>	<u>756,510,627</u>
Total Capital Assets Being Depreciated, Net	<u>578,824,382</u>	<u>(486,931)</u>	<u>1,420,503</u>	<u>576,916,948</u>
Governmental Activities, Capital Assets, Net	<u>\$ 751,044,210</u>	<u>\$ 56,025,703</u>	<u>\$ 43,822,887</u>	<u>\$ 763,247,026</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 16,124,508
Public Safety and Judiciary	2,607,688
Highways, Streets, Sanitation and Refuse	18,141,479
Human Services	(55,362)
Culture and Recreation	3,766,664
Education	12,789,901
Subtotal	53,374,878
Allocation related to Internal Services Funds	6,851,843
Total	<u>\$ 46,523,035</u>

For further details on the restatement, see footnote #17

Note: Accumulated Depreciation additions include changes in estimates from prior years.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010



Primary Government - Business-type Activities

	Balance July 1, 2009 As Restated	Additions	Deletions	Balance June 30, 2010
Gas Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 237,745	\$ --	\$ --	\$ 237,745
Construction in Progress	47,847,599	21,940,276	19,056,340	50,731,535
Capital Assets Being Depreciated -				
Plant-in-service	392,390,590	19,091,696	1,905,049	409,577,237
Total Capital Assets Being Depreciated	392,390,590	19,091,696	1,905,049	409,577,237
Less - Accumulated Depreciation For -				
Plant-in-service	131,478,899	12,052,669	2,641,553	140,890,015
Total Accumulated Depreciation	131,478,899	12,052,669	2,641,553	140,890,015
Total Capital Assets Being Depreciated, Net	260,911,691	7,039,027	(736,504)	268,687,222
Gas Utility, Capital Assets, Net	308,997,035	28,979,303	18,319,836	319,656,502
Water Utility:				
Capital Assets Not Being Depreciated -				
Land	679,409	--	--	679,409
Construction in Progress	63,178,658	25,784,965	58,139,909	30,823,714
Capital Assets Being Depreciated -				
Plant-in-service	321,580,548	60,209,620	125,447	381,664,721
Total Capital Assets Being Depreciated	321,580,548	60,209,620	125,447	381,664,721
Less - Accumulated Depreciation For -				
Plant-in-service	99,811,534	7,570,608	197,389	107,184,753
Total Accumulated Depreciation	99,811,534	7,570,608	197,389	107,184,753
Total Capital Assets Being Depreciated, Net	221,769,014	52,639,012	(71,942)	274,479,968
Water Utility, Capital Assets, Net	285,627,081	78,423,977	58,067,967	305,983,091
Wastewater Utility:				
Capital Assets Not Being Depreciated -				
Land	1,101,261	--	--	1,101,261
Construction in Progress	58,405,894	43,350,050	31,611,814	70,144,130
Capital Assets Being Depreciated -				
Plant-in-service	401,347,321	32,909,615	--	434,256,936
Total Capital Assets Being Depreciated	401,347,321	32,909,615	--	434,256,936
Less - Accumulated Depreciation For -				
Plant-in-service	148,398,552	11,450,985	--	159,849,537
Total Accumulated Depreciation	148,398,552	11,450,985	--	159,849,537
Total Capital Assets Being Depreciated, Net	252,948,769	21,458,630	--	274,407,399
Wastewater Utility, Capital Assets, Net	312,455,924	64,808,680	31,611,814	345,652,790
Stormwater Utility:				
Capital Assets Not Being Depreciated -				
Construction in Progress	--	661,684	--	661,684
Capital Assets Being Depreciated -				
Plant-in-service	--	48,848	--	48,848
Total Capital Assets Being Depreciated	--	48,848	--	48,848
Less - Accumulated Depreciation For -				
Plant-in-service	--	4,975	--	4,975
Total Accumulated Depreciation	--	4,975	--	4,975
Total Capital Assets Being Depreciated, Net	--	43,873	--	43,873
Stormwater Utility, Capital Assets, Net	--	705,557	--	705,557
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	33,969,753	13,129	--	33,982,882
Equipment and Other Capital Assets	5,382,257	160,007	--	5,542,264
Total Capital Assets Being Depreciated	39,352,010	173,136	--	39,525,146
Less - Accumulated Depreciation For:				
Buildings and Structures	28,721,609	269,139	--	28,990,748
Equipment and Other Assets	4,248,258	1,903,466	--	6,151,724
Total Accumulated Depreciation	32,969,867	2,172,605	--	35,142,472
Total Capital Assets Being Depreciated, Net	6,382,143	(1,999,469)	--	4,382,674
Other Business-type Activity, Capital Assets, Net	19,153,003	(1,999,469)	--	17,153,534
Business-type Activities, Capital Assets, Net	926,233,043	170,918,048	107,999,617	989,151,474
Internal Service Fund - Stores Utility, Net	30,866,996	2,239,634	6,234,872	26,871,758
	<u>\$ 957,100,039</u>	<u>\$ 173,157,682</u>	<u>\$ 114,234,489</u>	<u>\$ 1,016,023,232</u>

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

8. OBLIGATIONS

Changes in the short-term liabilities during the fiscal year ended June 30, 2010 are summarized below:

Primary Government - Governmental Activities

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Commercial Paper Bond Anticipation Notes - Series 2006	\$ 56,000,000	\$ 29,000,000	\$ 85,000,000	\$ --
Commercial Paper Bond Anticipation Notes - Series 2010	--	26,000,000	--	26,000,000
General Obligation Revenue Anticipation Notes	--	70,000,000	70,000,000	--
Totals	\$ 56,000,000	\$ 125,000,000	\$ 155,000,000	\$ 26,000,000

Changes in the long-term liabilities during the fiscal year ended June 30, 2010 are summarized below:

**Primary Government -
Governmental Activities**

	Balance as Restated July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
General Obligation Bonds (GO)	\$ 324,302,382	\$ 100,917,875	\$ 29,815,464	\$ 395,404,793	\$ 27,689,613
General Obligation Bonds - Refunding	--	28,572,299	28,572,299	--	--
Debt Allocated to Landmark Theater	3,156,322	--	211,430	2,944,892	331,384
Debt Allocated to Lanmark Theater - Refunding	--	764,244	764,244	--	--
General Obligation Serial Equipment Notes	7,560,000	2,500,000	2,840,000	7,220,000	1,940,000
Virginia Public Schools Authority Bonds	2,145,328	--	229,230	1,916,098	231,555
Qualified Zone Academy Bonds	2,794,773	--	192,480	2,602,293	192,480
HUD Section 108 Notes	3,355,000	--	555,000	2,800,000	555,000
Total General Obligation Bonds and Notes	343,313,805	132,754,418	63,180,147	412,888,076	30,940,032
Accreted Value - Capital Appreciation Bonds	47,883	--	47,883	--	--
Premium on Debt Issued	10,295,898	6,565,000	2,012,836	14,848,062	1,095,054
Certificates of Participation	14,760,000	--	780,000	13,980,000	810,000
Advantage Richmond Lease Revenue Bond	10,377,099	--	637,311	9,739,788	671,672
Capital Lease (Landmark Theater)	247,900	--	77,661	170,239	81,397
Note Payable Due to Component Unit	23,737,878	--	1,875,000	21,862,878	1,855,000
Compensated Absences	15,971,702	523,235	739,372	15,755,565	11,222,184
Net Other Postemployment Benefit Obligations	3,163,498	8,039,106	--	11,202,604	--
Totals	\$ 421,915,663	\$ 147,881,759	\$ 69,350,210	\$ 500,447,212	\$ 46,675,339

Note: See Note 15 for additional discussion regarding Capital Leases

Note: In prior years the financial operations of the Landmark Theater were accounted for as an Enterprise Fund. The outstanding General Obligation bond debt and a capital lease amounts associated with the Landmark Theater were previously reported under the Primary Government – Business-type Activities. This debt is now being accounted for as part of the General Fund and, as such, is reported above in the Primary Government – Governmental Activities section of the footnote. See Note 17 for further discussions.

The Notes Payable to Component Unit represents the City's obligation to pay the debt service due on two bond issues undertaken, at the City's request, by the City's Component Unit, the Richmond Redevelopment Housing Authority (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, 2010



Primary Government -

Business-Type Activities

	Balance July 1, 2009 as Restated	Additions	Deletions	Balance June 30, 2010	Due Within One Year
General Obligation Bonds:					
Gas	\$ 87,533,571	\$ 3,102,859	\$ 9,228,246	\$ 81,408,184	\$ 6,840,839
Water	68,218,529	1,732,514	5,991,963	63,959,080	4,663,346
Wastewater	40,449,715	--	3,104,015	37,345,700	3,226,052
Coliseum Enterprise Fund	8,898,318	279,697	1,171,259	8,006,756	738,113
Cemeteries Enterprise Fund	554,831	24,296	59,053	520,074	42,510
Accreted Value - Capital Appreciation					
General Obligation Bonds:					
Gas	335,644	--	335,644	--	--
Water	536,985	--	536,985	--	--
Wastewater	219,583	--	219,583	--	--
Revenue Bonds:					
Gas	192,850,580	--	2,118,061	190,732,519	2,193,424
Water	175,010,817	19,240	2,248,001	172,782,056	2,326,078
Wastewater	183,428,247	10,122,384	3,249,464	190,301,167	3,221,961
Total Bonded Debt	758,036,820	15,280,990	28,262,274	745,055,536	23,252,323
Capital Leases:					
Other Non-Major Enterprise Funds	933,691	--	170,593	763,098	178,269
Total Capital Leases	933,691	--	170,593	763,098	178,269
Compensated Absences:					
Gas	788,805	711,056	658,547	841,314	683,525
Water	672,804	504,274	508,976	668,102	542,799
Wastewater	696,004	496,074	499,231	692,847	562,903
Stormwater	--	195,749	72,027	123,722	100,518
Other Non-Major Enterprise Funds	126,905	--	25,056	101,849	81,422
Total Compensated Absences	2,284,518	1,907,153	1,763,837	2,427,834	1,971,167
Totals	\$ 761,255,029	\$ 17,188,143	\$ 30,196,704	\$ 748,246,468	\$ 25,401,759

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

General Obligation Bonds and Notes are secured by the full faith and credit of the City and are payable from taxes levied on all property located within the City. General Obligation Serial Equipment Notes and obligations under capital leases are payable from General Fund and Internal Service Fund revenues. The allocation of debt between governmental activities and business-type activities is recorded on a debt by debt basis and the specific needs of the City at the time and are disclosed in the related offering document.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010, the City had a legal debt limit of \$2,109,403,867 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,479,172,601 of additional General Obligation debt (remaining debt margin).

Authority to Issue Debt

As of June 30, 2010, the City had \$74,000,000 available to borrow under a previously authorized Commercial Paper Bond Anticipation Note Facility which is being used to finance various capital projects. The City also had a total of \$278,427,365 of additional general obligation and revenue bonds authorized, but not issued, for Capital Improvement Projects and the acquisition of Equipment. Of these authorized but not issued bonds, \$191,695,240 is earmarked for self-supporting Public Utility projects and \$70,232,125 for various General Fund supported capital projects and equipment.

Details of Bonds and Notes Outstanding:

					Balance at June 30, 2010	
	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Enterprise Funds
General Obligation Bonds						
Public Improvement Refunding Bonds 2000A	4.50% - 5.50%	10/18/2000	1/15/2018	122,730,000	--	75,250,000
Public Improvement Bonds 2001	4.00% - 5.50%	12/15/2001	7/15/2022	116,400,000	16,320,000	--
Public Improvement Bonds 2002A	3.00% - 5.25%	11/15/2002	7/15/2023	50,455,000	24,732,450	5,387,550
Public Improvement Refunding Bonds 2002B	4.00% - 5.25%	11/15/2002	7/15/2023	96,220,000	41,820,762	42,719,929
Public Improvement Bonds 2003	4.42%	11/13/2003	7/15/2018	13,500,000	9,190,000	--
Public Improvement Bonds 2004A	3.00% - 5.50%	6/15/2004	7/15/2024	55,655,000	37,235,000	--
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/15/2004	7/15/2015	9,300,000	8,444,775	595,225
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	91,484,081	1,440,919
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	613,200	60,706,800
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	38,255,000	--
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	78,580,000	--
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	29,191,542	5,139,371
Public Improvement Bonds 2010A (BABs)	5.72%	3/10/2010	7/15/2025	22,482,875	22,482,875	--
Virginia Public School Authority Bonds						
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	1,916,098	--
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,457,297	--
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	1,144,996	--
General Obligation Notes						
Serial Equipment Notes Series 2008	3.21%	6/19/2008	6/16/2013	5,200,000	3,120,000	--
Serial Equipment Notes Series 2009	3.09%	6/25/2009	6/15/2014	2,000,000	1,600,000	--
Serial Equipment Notes Series 2010	2.32%	6/24/2010	6/15/2015	2,500,000	2,500,000	--
Commercial Paper BAN	Variable	2/4/2010	8/4/2011	--	26,000,000	--
HUD Section 108 Notes						
HUD Section 108 Note Series 1997	5.87% - 6.98%	10/28/1997	8/1/2014	2,445,000	665,000	--
HUD Section 108 Note Series 2000	6.56% - 7.76%	6/14/2000	8/1/2014	4,500,000	1,500,000	--
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	325,000	--
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	310,000	--
Revenue Bonds						
Public Utility Revenue Bonds 1998C - VRA	3.00%	9/27/1996	7/15/2018	10,000,000	--	5,076,745
Public Utility Revenue Bonds 1998D - VRA	3.00%	8/27/1997	7/15/2019	8,600,000	--	4,391,409
Public Utility Revenue Bonds 2004	2.00% - 5.00%	6/15/2004	1/15/2024	67,655,000	--	61,320,000
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	--	10,367,942
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	--	309,370,000
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	--	5,646,451
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/2040	146,495,000	--	146,495,000
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	--	11,128,955
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	19,240
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	9,739,788	--
Certificates of Participation Series 2001A	4.00% - 5.15%	6/1/2001	8/1/2022	18,840,000	13,980,000	--
Total Outstanding Bonded Debt					\$ 462,607,864	\$ 745,055,536
Premium on Debt Issued					\$ 14,848,062	\$ --
					\$ 477,455,926	\$ 745,055,536

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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, Section 108 Promissory Notes, Commercial Paper Anticipation Note and Qualified Zone Bonds), 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
2011	\$ 56,825	\$ 18,964	\$ 232	\$ 93	\$ 555	\$ 172	\$ 810	\$ 651
2012	30,252	17,632	234	81	555	135	845	615
2013	29,289	16,342	236	69	560	97	880	578
2014	26,213	15,109	237	58	560	59	920	538
2015	27,419	13,859	240	45	570	19	960	495
2016-2020	131,854	50,201	737	58	--	--	5,540	1,720
2021-2025	107,341	20,043	--	--	--	--	4,025	309
2026-2030	34,719	3,713	--	--	--	--	--	--
Subtotal	443,912	155,863	1,916	404	2,800	482	13,980	4,906
Premium	14,848	--	--	--	--	--	--	--
Total	<u>\$ 458,760</u>	<u>\$ 155,863</u>	<u>\$ 1,916</u>	<u>\$ 404</u>	<u>\$ 2,800</u>	<u>\$ 482</u>	<u>\$ 13,980</u>	<u>\$ 4,906</u>

Business-type Activities:

Fiscal Year	(in \$1,000s)			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 15,511	\$ 9,641	\$ 8,289	\$ 24,712
2012	16,053	8,860	11,434	24,465
2013	16,910	8,008	11,798	24,097
2014	17,866	7,104	12,208	23,695
2015	17,043	6,201	12,674	23,222
2016-2020	82,152	16,489	69,897	107,694
2021-2025	25,705	1,946	98,194	91,071
2026-2030	--	--	144,927	64,493
2031-2035	--	--	132,636	29,538
2036-2040	--	--	51,758	7,193
Total	<u>\$ 191,240</u>	<u>\$ 58,249</u>	<u>\$ 553,815</u>	<u>\$ 420,180</u>



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

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

The assets acquired through capital leases are as follows:

	(in \$1,000s)	
	Governmental Activities	Business-type Activities
Asset:		
Machinery and Equipment	\$ 700	\$ 1,670
Less: Accumulated Depreciation	520	829
Total assets acquired through capital lease payments	<u>\$ 180</u>	<u>\$ 841</u>

Future minimum lease payments are as follows:

	(in \$1,000s)	
<u>Fiscal Year</u>	Governmental Activities	Business-type Activities
2011	\$ 88	\$ 210
2012	92	210
2013	–	210
2014	–	211
Total minimum capital lease payments	180	841
Less amounts representing interest	10	78
Present value of minimum capital lease payments	<u>\$ 170</u>	<u>\$ 763</u>

New and Existing Debt during the fiscal year ended June 30, 2010

On June 27, 2008 the City entered into a \$6,900,000 Public Utility Revenue Bond Financing Agreement – Series 2008A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. Interest on the Series 2008A bonds is payable semi-annually to the VRA at a fixed 3.00% interest rate. Proceeds of this borrowing facility are being used to finance \$6.9 million of two capital improvement projects of the City's Wastewater Utility. During the 2010 fiscal year, the City drew an additional amount of \$2,294,877 of proceeds as reimbursement for capital spending on the projects under this Agreement, bringing the outstanding amount due on the Series 2008A bonds to \$5,646,451 as of June 30, 2010. The remaining available 2008A bond proceeds are expected to be drawn during the next 12 months. Amortization of principal and interest payments on this debt new began in July 2009 and will be due thereafter each January 15 and July 15 through January 15, 2029. The 2008A Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

On June 24, 2009 the City entered into a \$32,000,000 Public Utility Revenue Bond Financing Agreement – Series 2009B, with the VRA. The Series 2009A Utility Revenue bond issue is an interest-free loan, and thus no interest will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance \$32.0 million of capital improvement to the City's Wastewater Treatment Plant. During the 2010 fiscal year, the City drew an additional \$7,827,507 of bond proceeds as

CITY OF RICHMOND, VIRGINIA
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reimbursement for capital spending under this Agreement bringing the outstanding amount due on the Series 2009B Utility Revenue Bonds at June 30, 2010 to \$11,128,953. The remaining available proceeds are expected to be drawn during the next 12 months at which time the amortization of this debt will begin. Semi-annual principal payments of \$800,000 every six months will begin on January 15, 2011 and will be due thereafter, each January 15 and July 15 with the final payment due on July 15, 2030. The 2009B Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

On November 10, 2009 the City sold \$70,000,000 of seasonal General Obligation Revenue Anticipation Notes through a competitive bid. Morgan Stanley & Co. was the purchaser of the Notes. Prior to the City issuing this debt, Moody's, Standard & Poor's and Fitch Ratings gave these notes their highest short-term credit ratings of MIG-1, SP-1+, and F1+, respectively. The coupon interest offering rate of the notes was 1.50%; however, the City received an upfront premium of \$522,900 from the purchaser thereby making the effective true interest cost of the Notes an effective rate of 0.29%. Proceeds of these notes were used to fund ongoing operations and the notes were repaid in full at maturity on June 24, 2010.

On December 22, 2009, the City issued \$78,500,000 of General Obligation Public Improvement Bonds, Series 2009A, as well as, \$34,340,000 of General Obligation Public Improvement Refunding Bonds, Series 2009B. At the time of the debt offering, Moody's, Standard & Poor's and Fitch Ratings affirmed the City's General Obligation debt ratings of AA3, AA, and AA, respectively.

The Series 2009A proceeds along with a premium received were used to payoff and provide long term fixed rate financing for \$85,000,000 of short term Commercial Paper Notes which the City had issued to finance capital projects. The Series 2009A General Obligation Bonds have coupon interest rates ranging from 2.00% to 5.00% with interest being payable on January 15 and July 15 of each year. Serial annual principal amounts of between \$300,000 and \$6,040,000 are payable on July 15 of each year with a final maturity on the debt due on July 15, 2029.

The Series 2009B proceeds along with a premium received were used to refund certain maturities of the City's outstanding Series 1999B and Series 2001 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 1999B and 2001 bonds. The refunding of these two bond issues was undertaken to reduce the total debt service payments over the next thirteen years by \$2,966,759 and to obtain an economic gain equal to \$2,436,751. The Series 2009B General Obligation Bonds have 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 \$2,780,000 and \$5,430,000 are payable on July 15 of each year with a final maturity on the debt due on July 15, 2022.

On February 3, 2010 the City entered into a \$188,760 Public Utility Revenue Bond Financing Agreement – Series 2010A, with the VRA, the Loan Administrator for the Commonwealth of Virginia's Department of Health. The Series 2010A Utility Revenue bond issue is an interest-free loan, and thus no interest will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance a portion of the Nine Mile Road Water Main Project, a capital project of the City's Water Utility. During the 2010 fiscal year, the City drew \$19,240 of proceeds under this Agreement and the outstanding amount due on the Series 2010A Utility Revenue Bonds at June 30, 2010 was \$19,240. The remaining available proceeds are expected to be drawn during the next 12 months at which time the amortization of this debt will begin. Semi-annual principal payments of \$3,146 every six months will begin on January 15, 2011 and will be due thereafter, each January 15 and July 15 with the final payment due on July 15, 2040. The 2010A 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.



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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. As of June 30, 2010, the City has issued an aggregate \$26,000,000 of Commercial Paper Notes under this facility. The Notes were issued and remarketed under a Commercial Paper Dealer Agreement dated February 4, 2010 between the City 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, 2010, the City paid interest on the outstanding balance of the notes at interest rates ranging from 0.14% to 0.40%. The City intends to issue 20-Year amortizing General Obligation Bonds in the coming fiscal year 2011 to refund and payoff all outstanding Bond Anticipation Note Commercial Paper; however, because financing agreements were not in place at June 30, 2010, this is reflected as a liability of the Capital Projects Fund (Exhibit C).

On March 10, 2010, the City issued \$22,482,875 of General Obligation Recovery Zone Economic Development Bonds, Series 2010A to finance a portion of a large school construction project in the City's capital improvement plan. Recovery Zone Economic Development Bonds are a type of taxable "Build America Bonds" authorized by an allocation of debt authorization under the American Recovery and Reinvestment Act (Stimulus Act). This act allows local governments to sell taxable debt, with a Federal subsidy covering a large portion of the interest cost. The City issued the Series 2010A bonds as taxable debt, with a fixed interest rate of 5.72%, and will receive cash subsidy payments during the life of the bonds equal to 45% of the interest paid on the debt. The Series 2010A General Obligation Bonds have interest payable on January 15 and July 15 of each year. Annual principal amounts of between \$1,015,000 and \$3,118,884 are payable each July 15 beginning in 2014, with a final maturity on the debt due on July 15, 2025. The bonds were issued through a private placement with a commercial bank.

On June 24, 2010, the City issued a \$2,500,000 five-year, Series 2010 Equipment Note to finance the purchase of vehicles and equipment purchased by the City's Fleet Management Internal Service Fund during the fiscal year. The note was privately placed with a commercial bank which agreed to provide the five year financing at a fixed tax exempt interest rate of 2.32%. The note calls for the City to make annual principal repayment of \$500,000 on June 15th of each year with interest due semi-annually on December 15th and June 15th of each year.

The City maintains a \$15.0 million Line with the U.S. Department of Housing and Urban Development (HUD) under the Section 108 Loan Guarantee Program. This Program allows communities, such as the City, to borrow against future Community Development Block Grants made available by HUD. These HUD Guaranteed loan funds are used for eligible housing rehabilitation projects in programs administered by the Richmond Redevelopment and Housing Authority. No additional borrowings were made under the line during the fiscal year ending June 30, 2010. The City has outstanding four amortizing fixed rate notes, with an aggregate principal balance of \$2,800,000 as of June 30, 2010.

Defeasance of Debt

On July 28, 2005, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2005A to advance refund \$23,425,000 of the City's General Obligation Public Improvement Bonds Series 2001. 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 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$23,425,000 defeased Series 2001 GO bonds is July 15, 2011.

On December 22, 2009, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2009B to refund \$11,040,000 of the Series 1999B General Obligation Bonds on a current basis and to advance refund \$23,445,000 of the City's Series 2001 General Obligation Public Improvement Bonds. 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 1999B and 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$11,040,000 of defeased Series 1999A bonds was January 15, 2010 at which time these bonds were paid off in full. The call date for the \$23,445,000 of defeased Series 2001 GO bonds is July 15, 2011. As of June 30, 2010, the City has an aggregate \$46,870,000 of defeased General Obligation bond debt.

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On April 25, 2007 the City used a portion of its Series 2007A Public Utility Revenue and Refunding Bond proceeds, along with other available Utility funds, to purchase U.S. Government Securities to refund \$139,015,000 of its Series 2002 Public Utility Revenue Bonds. At closing, these U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2002 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$139,015,000 of defeased Series 2002 bonds is January 15, 2012. As of June 30, 2010, the City has a total of \$139,015,000 of defeased Public Utility Revenue bond debt.

9. FUND BALANCES

The fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Reserved fund balance represents that portion of fund balance not available for appropriation or expenditure. Designated fund balance represents amounts that are tentatively planned for financial resource utilization in a future period. Undesignated fund balance represents the remainder of the City's equity in governmental funds' fund balances. Fund balances reserved at June 30, 2010 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Encumbrances	\$ 1,041,286	\$ --	\$ --	\$ --
Debt Service	--	1,049,683	--	--
Capital Projects	--	--	5,512,908	--
Trust Corpus	--	--	--	259,814
Revenue Stabilization Fund	2,000,000	--	--	--
Incurred But Not Reported Claims Payable	1,750,000	--	--	--
Streets/Sidewalks/Bikeways/Trails/Ramps	1,250,000	--	--	--
Personnel Benefit Adjustments	2,900,000	--	--	--
GRTC Rate Stabilization Fund	500,000	--	--	--
Neighborhood Blight Remediation	500,000	--	--	--
Weatherization Program	500,000	--	--	--
Technical Adjustments	150,000	--	--	--
Notes Receivable	543,100	--	--	--
Port of Richmond Commission	1,000,000	--	--	--
Risk Management Claims and Liabilities	3,000,000	--	--	--
Other	1,464,500	--	--	--
Totals	\$ 16,598,886	\$ 1,049,683	\$ 5,512,908	\$ 259,814

Other reservations for the General Fund are comprised of amounts for the funding of Richmond Public Schools and pending litigations.



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Fund balances designated at June 30, 2010 are composed of the following:

	Other Non-Major Governmental Funds
Completion of approved or specified projects and activities	<u>\$ 10,861,875</u>

The Radio Maintenance Internal Service Fund had deficit net assets of \$2,161,667 at June 30, 2010. In addition, the Coliseum Enterprise Fund had a deficit net assets of \$1,484,915 at June 30, 2010. Plans to remediate the deficits over the next 10 years are in process.

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.

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During the fiscal year ended June 30, 2010, 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.

In accordance with GAAP, the City's aggregate liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2010 was \$44,981,276 (undiscounted) and \$37,668,694 (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 \$1,023,605 and an additional \$151,846 that was transferred into the General Fund through the consolidation of the Risk Management Fund into the General Fund (Note 17). Changes in the aggregate for these liabilities for fiscal years 2009 and 2010 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2009	\$ 28,465,153	\$ 10,280,454	\$ (4,891,181)	\$ 33,854,426
2010	\$ 33,854,426	\$ 8,983,844	\$ (5,169,576)	\$ 37,668,694

11. HEALTH CARE PLAN

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

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

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

Status	HMO Semi-Monthly	HMO City Monthly	POS Semi-Monthly	POS City Monthly	PPO Semi-Monthly	PPO City Monthly
Single	\$ 26.74	\$ 371.42	\$ 36.09	\$ 365.42	\$ 26.74	\$ 312.95
Plus One	\$ 158.23	\$ 639.60	\$ 178.49	\$ 627.60	\$ 158.23	\$ 507.98
Family	\$ 267.43	\$ 846.12	\$ 300.02	\$ 822.12	\$ 267.43	\$ 656.44

Healthcare related costs for the City as of June 30, 2010 approximated \$23,843,000 for active City employees and approximated \$1,657,000 for retired City employees.

The City and RPS have contracted with CIGNA for a joint Fully Insured Healthcare Plan with a Minimum Premium Funding Agreement effective July 1, 2010. The Minimum Premium Funding Agreement strikes a balance between two funding options: fully insured and self-insured. The healthcare plan is available to all full-time and part-time employees in permanent positions, working 20 hours or more per week. Each plan provides coverage for medical, hospitalization, prescription drugs, vision, behavioral health, and wellness services and a national network is available under each of the plans.



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12. RETIREMENT PLANS

A. General

The City maintains an agent multiple-employer Defined Benefit plan, Richmond Retirement System (the City Plan), which covers substantially all City employees, certain School Board employees, all RBHA employees, and Port of Richmond Commission employees. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both 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 Plan is considered part of the City financial reporting entity and is included in the City's financial statements as a Pension Trust Fund. The payrolls for the fiscal year ended June 30, 2010 for the employees covered by the City Plan and VRS were approximately \$215,975,000 and \$166,827,000, respectively. The total payrolls for the fiscal year ended June 30, 2010 were approximately \$234,389,000 for the City and \$170,341,000 for the School Board.

B. Richmond Retirement System

I. Plan Description

The RRS Board of Trustees administers the City Plan. City Council is responsible for establishing benefit provisions and funding requirements. Current membership in the City Plan at June 30, 2010 is as follows:

Retirees and beneficiaries currently receiving benefits	3,997
Vested Terminated Employees	1,763
Current Employees:	
Vested	2,195
Nonvested	421
DC Plan Participants with Frozen Benefits	<u>1,632</u>
Total	<u>10,008</u>

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

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

Police and fire employees may retire at age 50 with five or more years of service; however, the benefit amount will be reduced by 5/12% for each complete month by which retirement precedes the earlier of age 60 or the date on which the employee would have completed 25 years of service. General employees may retire at age 55 with 5 or more years of service; however, in this instance the benefit will be reduced by 5/12% for each complete month by which retirement precedes the earlier of age 65 or the date on which the employee would have completed 30 years of service.

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

An amount equal to:

- a. General Employees - 1.75% (2% Enhanced Plan) of the member's average final compensation, multiplied by the number of years of creditable service up to 35 years.
- b. Police & Fire Employees - 1.65% of the member's average final compensation, multiplied by his number of years of creditable service up to 35 years. In addition, a supplement of .75% of the member's average final compensation, multiplied by the number of years of creditable service up to 25 years is payable from retirement to age 65.

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

II. Funding Policy

The City Code of 1993, as amended, requires the City to contribute to the City Plan, annually, an amount as determined by the actuary (expressed as a percentage of payroll) equal to the sum of the "normal contribution" and the "accrued liability contribution." The accrued liability contribution is determined as that amount necessary to amortize the unfunded actuarial accrued liability and any increase or decrease in the unfunded actuarial accrued liability in future years due to changes in actuarial assumptions, changes in the System provisions (including the granting of cost-of-living increases) or actuarial gains or losses amortized over a closed period not to exceed 30 years, with payments increasing up to 4% per year.

The following is a schedule of the City's contributions, exclusive of employee contributions, for fiscal years ended June 30, 2008 through 2010:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	32,026,054	100.00%
2009	33,241,128	100.00%
2010	32,129,757	100.00%

III. Actuarial Method, Significant Assumptions and Legislative Changes

The actuarial cost method utilized is the projected unit credit actuarial cost method. This method is an acceptable method for determining the annual required contribution in accordance with GAAP. For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings (assuming an 8% return) is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90% or more than 110% of market value. For purposes of determining the City Plan's funded status and other required disclosures, assets are valued at market.

Significant actuarial assumptions used in determining the actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8.0% per annum compounded annually, (b) projected salary increases ranging from approximately 0.5% to 4.0% per year. Salary increases include a 2.5% component for inflation and a variable component for merit increases and (c) the assumption that benefits will not increase after retirement.

As of the July 1, 2010 valuation date, the actuarial cost method utilized is the projected unit credit actuarial cost method. The amortization method used for general employees is a level dollar method over a closed



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period not to exceed 30 years. The amortization method used for Police & Fire employees is a level percent of pay method over a closed period not to exceed 30 years. For purposes of determining asset valuation, the realized and unrealized gains and losses are recognized over a five year period with the restriction that the resulting asset value cannot be less than 90% or greater than 110% of market value.

There were no legislative change during the fiscal year ending June 30, 2010, which had a financial impact on RRS.

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 City 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)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
*2008	544,771,727	765,417,461	220,645,734	71.17%	144,832,611	152.35%
*2009	424,531,802	779,824,836	355,293,034	54.44%	145,867,862	243.57%
2010	459,435,909	787,931,429	328,495,520	58.31%	137,472,694	238.95%

* 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

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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, 2009, 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	1,490
Retired Employees	613
Total	<u>2,103</u>

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
Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method:	
ARC Normal Cost	\$ 1,060,674
Amortization	<u>8,478,006</u>
Annual required contribution	9,538,680
Contribution for fiscal year ended June 30,	<u>(1,499,574)</u>
Increase in net OPEB	8,039,106
Net OPEB Obligation - beginning of year	<u>3,163,498</u>
Net OPEB Obligation - end of year	<u>\$ 11,202,604</u>
Percent of annual OPEB cost contributed	16%

Note: The amount stated for amortization includes accumulated liability from prior years.

Benefit Obligation, Normal Cost and Funding Progress	2008*	2009*	2010
Actuarial Value of Assets	\$ --	\$ --	\$ --
Actuarial Accrued Liability:			
Retired Employees:	33,560,284	33,560,284	26,912,382
Active Employees:	<u>42,594,368</u>	<u>42,594,368</u>	<u>35,772,758</u>
Unfunded actuarial liability (UAAL)	<u>\$ 76,154,652</u>	<u>\$ 76,154,652</u>	<u>\$ 62,685,140</u>
Funded Ratio	(100)%	(100)%	(100)%
Normal Cost - Beginning of Year	\$ 1,413,487	\$ 1,413,487	\$ 1,040,076
Amortization factor based on 13 years	24/30	24/30	12
Annual Covered Payroll	\$ 102,430,176	\$ 102,430,176	\$ 90,516,083
UAAL as a Percentage of Covered Payroll	74%	74%	69%

*Amounts represent Required Supplementary Information, which is unaudited.



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Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 13 years on a level dollar open basis for June 30, 2010.

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 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, 2009 actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 9% healthcare cost trend increase for fiscal year 2007-2008, reduced by decrements to a rate of 5.5% after 6 years.

The actuarial methods and assumptions changed from June 30, 2009 to June 30, 2010. Major highlights of these changes are as follows:

- The unfunded actuarial accrued liability (UAAL) decreased by approximately \$13.5 million, or 17.7% of the total. This is due to a combination of changes in claims assumptions, and changes in census since the last measurement of liabilities.
- The annual required contribution (ARC) increased from \$4.6 million for FYE 6/30/2009 to \$6.4 million for FYE June 30, 2010. This change was driven by a reduction in the period over which the UAAL is amortized.
- The Net OPEB Obligation estimated for FYE June 30, 2010 increased by approximately \$5 million. This increase is apart of a natural progression of net OPEB obligation increases for plans that remain unfunded.

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 \$16,500 for calendar year 2009, whichever is less. In calendar year 2010, the maximum deferral amount remained at \$16,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution. In accordance

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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, 2010, the contributions for the year then ended and fair value of the plan investments were approximately \$6,560,000 and \$57,400,000 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 \$16,500 for calendar year 2009, which ever is less. In calendar year 2010, the maximum deferral amount remained at \$16,500. The compensation deferral is not available to employees until termination, retirement, death, an unforeseeable emergency or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account in the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution.

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

15. 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, 2010, the annual operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Primary Government</u>
2011	\$ 4,049,942
2012	3,633,870
2013	3,525,795
2014	3,028,704
2015	3,028,694
Total minimum lease payments	<u>\$ 17,267,005</u>
Lease expense/expenditures for the year ended	
June 30, 2010	<u>\$ 4,618,063</u>



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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, 2010, the annual capital lease commitments are as follows:

Fiscal Year	Primary Government	
	Principal	Interest
2011	\$ 1,830,155	\$ 44,044
2012	1,599,102	38,483
2013	745,112	17,932
2014	406,253	9,777
2015	239,303	5,759
Total minimum lease payments	<u>\$ 4,819,925</u>	<u>\$ 115,995</u>
Lease expenditures for the year ended		
June 30, 2010	<u>\$ 1,657,892</u>	<u>\$ 39,898</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 line and interceptor line are combined sewers. A system of retention facilities, storage tunnels, intercepting and trunk sewers links the separate and combined systems with the wastewater treatment plant. There is a mechanical or hydraulic regulator structure at each of the twenty-nine (29) CSO outfalls and each has capacity to divert dry weather flow and some storm water flow to the wastewater treatment plant for complete treatment. Phases I and II of the City's CSO control plan are complete. Phase III has begun and will continue into the future.

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$594 million in 2008 dollars (\$259 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City's financial capability for CSO spending is not required to exceed a typical annual residential wastewater bill of at least 1.25% of median household income (MHI) supplemented by the availability of federal, state and local grants and zero interest loan funding.

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B. Grants

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

C. The Peumansend Creek Regional Jail Authority

The City Council, through an ordinance adopted on October 3, 1994, authorized the City to join The Peumansend Creek Regional Jail Authority (the Authority). Consequently, the City, along with five other local political jurisdictions in Virginia, signed a service agreement to construct and operate a regional correctional facility in Caroline County, Virginia. The land for this facility was donated by the United States Government to Caroline County, which agreed to lease the land to the Authority for the construction of the facility. The initial construction phase comprised space for 336 prisoner beds and began to house prisoners in January of 1999. The construction cost of the project was \$23.8 million and was funded through \$10,220,000 Regional Jail Facility Revenue Bonds Series 1997 and \$12,000,000 Regional Jail Facility Grant Anticipation Notes Series 1997 issued March 15, 1997. At completion, the City guaranteed to accept space for 100 prisoner beds. Annual operating costs of the facility are to be shared among the participating jurisdictions based on a formula set forth in the service agreement. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2010, the City contributed approximately \$1,297,000 for its share of costs.

D. RMA's Subordinated Notes Payable

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

The following information was obtained from the RMA June 30, 2010 Comprehensive Annual Financial Report:

The RMA made approximately \$121,000 in interest payments related to the \$22,772,022 in subordinated notes during the fiscal year ended June 30, 2010. Accrued interest approximated \$37.6 million on June 30, 2010.

The RMA issued a subordinated note in the amount of \$409,500 to the City in December 1974. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired. Accordingly, no interest payments have been made on the note. Accrued interest related to this note approximated \$909,000 at June 30, 2010.

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

E. Gas Utility Enterprise Fund

To ensure continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2028. The aggregate commitments under these contracts amounted to approximately \$742 million at June 30, 2010.



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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

During the fiscal year ended June 30, 2010, the City received an allocation of approximately \$14.98 million in Qualified School Construction Bonds – Federally Taxable (QSCBs). QSCBs were authorized by the federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009. On September 27, 2010, City Council authorized the sale of the QSCBs to finance a portion of the four schools scheduled for construction. These low-cost bonds will replace already authorized general obligation bonds and result in lower debt service payments. On November 2, 2010, the City sold the bonds with a bond closing date of November 16, 2010. The federal interest subsidy authorized by the Act will cover 100 percent of the interest rate of the bonds. The projected debt service payments for the QSCBs were incorporated into the FY 2011 budget and in the future projected debt service for the City.

On September 27, 2010, the City Council also authorized the refunding of \$113.9 million of certain existing general obligation bonds. These existing bonds related to certain components of Series 2000A, 2002A, and 2004A maturing at different dates. The City established a 3 percent net present value (NPV) savings target for the refunding and the Series 2000A components and 2002A achieved that target and \$85.2 million in refunding bonds were sold on November 2, 2010 and closed on November 16, 2010. The debt service savings from the refunding total \$10.4 million.

Lastly, the City, as part of its budget deliberations for FY 2011, began working with the Broad Street Community Development Authority to purchase the assets of the Authority. These assets include three parking garages and two surface parking lots. The City Council authorized the issuance of \$67.1 million in general obligation bonds on September 27, 2010, an appropriation of \$7.0 million in bond premiums on October 25, 2010, and the asset purchase agreement on November 22, 2010. The bonds and bond premium were used to purchase the assets on November 30, 2010. Simultaneously, the Authority defeased its existing outstanding debt.

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17. CHANGE IN ACCOUNTING POLICY

The adjustments presented below represent the City's change in accounting policy, related to Risk Management and Landmark Theater, which altered the City's financial reporting entity presentation:

A. Risk Management

As part of the City's initiative to become a Tier One City, the City has taken an approach to evaluate its external reporting structure of funds. Upon evaluation, the City determined that the Risk Management Fund (Internal Service Fund) was not able to operate as an Internal Service Fund defined by GAAP as evidenced by accumulated net asset deficits; therefore, City Council took action to dissolve the internal service fund and account for all related activities within the General Fund as of July 1, 2009. This change in financial reporting entity presentation resulted in an increase in the General Fund beginning fund balance of \$14,527,321 as a net result primarily of the elimination of the interfund transactions between two funds.

B. Landmark

On September 14, 2007, the City, the Virginia Performing Arts Foundation, and the Richmond Performing Arts Center (RPAC) entered into a three-way Comprehensive Agreement, which included, but was not limited to, the RPAC's operation and management of the Landmark Theatre (Landmark). The terms of the agreement included two components: 1) the Interim Term, to end August 31, 2009, and 2) the Permanent Term, to commence September 1, 2009. The initial component was approved on January 28, 2008 by City Council Ordinance 2008-20-27. The effective date of the related Management Agreement between RPAC and Landmark was March 1, 2008, which was the day RPAC took over the day-to-day operations of Landmark under the Management Agreement.

As of June 30, 2009, the continuance of the contract after the initial option year had not been approved by City Council. The City continued to report the Landmark as an enterprise fund until the approval, as the long-term portion of the Management Agreement was not enforceable until that time. On September 14, 2009, Ordinance 2009-158-165 authorized the execution of the First Amendment of the Management Agreement (Permanent Term) between the City and RPAC through March 1, 2013.

Landmark was previously accounted for and reported as an enterprise fund within the City Reporting Entity. Under the Management Agreement between RPAC and the City, RPAC took over all aspects of managing Landmark, which included scheduling of events, renting the facilities, entering into service contracts, doing routine maintenance and repairs, ticketing, marketing, payroll, approving financing and operating budgets, etc. Under the March 16, 2008 Assignment Contract between the City and RPAC, the City transferred and assigned all the City's rights, title and interest in and to the Contract with Ticketmaster to provide ticket sale services. This means the charges for goods and services and operating expenses are no longer reported by Landmark. The Management Agreement has eliminated the City's obligation to budget for operating revenues and expenditures. Consequently, the Landmark's current assets and debt were absorbed in the General Fund. This change in financial reporting entity presentation resulted in a decrease in the General Fund beginning fund balance of \$4,359,963.



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The FY 2010 beginning balance net adjustments are as follows:

Description	Governmental Activities Amount	General Fund Amount	Business-type Activities Amount	Non-Major Proprietary Funds Amount	Internal Services Funds Amount
Balance as previously reported June 30, 2009	348,359,853	50,738,670	407,378,650	6,706,748	14,869,305
Risk Management Change	-	14,527,321	-	-	15,444,158
Landmark Change	(931,365)	(4,359,963)	931,365	931,365	-
Sub-Total of Changes	(931,365)	10,167,358	931,365	931,365	15,444,158
Adjusted Balance as of June 30, 2009	<u>347,428,488</u>	<u>60,906,028</u>	<u>408,310,015</u>	<u>7,638,113</u>	<u>30,313,463</u>

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

Description	June 30, 2009 As Previously Reported	Change in Reporting Entity	June 30, 2009 As Adjusted
Capital Assets Not Being Depreciated:			
Land and Land Improvements	34,857,854	44,690	34,902,544
Construction In Progress	130,394,603	--	130,394,603
Works of Art/Historical Treasures	<u>6,922,681</u>	<u>--</u>	<u>6,922,681</u>
Total Capital Assets Not Being Depreciated	172,175,138	44,690	172,219,828
Capital Assets Being Depreciated:			
Infrastructure	732,968,273	--	732,968,273
Building and Structures	436,323,443	10,438,666	446,762,109
Equipment	95,029,152	963,644	95,992,796
Improvements Other Than Buildings	<u>9,460,013</u>	<u>--</u>	<u>9,460,013</u>
Total Other Capital Assets	<u>1,273,780,881</u>	<u>11,402,310</u>	<u>1,285,183,191</u>
Total Capital Assets	1,445,956,019	11,447,000	1,457,403,019
Less Accumulated Depreciation For:			
Infrastructure	422,522,115	--	422,522,115
Building and Structures	210,742,570	3,927,621	214,670,191
Equipment	66,080,583	587,874	66,668,457
Improvements Other Than Buildings	<u>2,498,046</u>	<u>--</u>	<u>2,498,046</u>
Total Accumulated Depreciation	<u>701,843,314</u>	<u>4,515,495</u>	<u>706,358,809</u>
Total Capital Assets Being Depreciated, Net	<u>571,937,567</u>	<u>6,886,815</u>	<u>578,824,382</u>
Governmental Activities, Capital Assets, Net	<u>744,112,705</u>	<u>6,931,505</u>	<u>751,044,210</u>

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

Description	June 30, 2009 As Previously Reported	Change in Reporting Entity	June 30, 2009 As Adjusted
Other Business-type Activity:			
Capital Assets Not Being Depreciated -			
Land and Land Improvements	\$ 12,815,550	\$ (44,690)	\$ 12,770,860
Capital Assets Being Depreciated -			
Buildings and Structures	44,408,419	(10,438,666)	33,969,753
Equipment and Other Capital Assets	6,345,901	(963,644)	5,382,257
Total Capital Assets Being Depreciated	50,754,320	(11,402,310)	39,352,010
Less - Accumulated Depreciation For:			
Buildings and Structures	32,649,230	(3,927,621)	28,721,609
Equipment and Other Capital Assets	4,836,132	(587,874)	4,248,258
Total Accumulated Depreciation	37,485,362	(4,515,495)	32,969,867
Total Capital Assets Being Depreciated, Net	13,268,958	(6,886,815)	6,382,143
Other Business-type Activity, Capital Assets, Net	\$ 26,084,508	\$ (6,931,505)	\$ 19,153,003

The Long-Term Obligations, Primary Government – Governmental Activities (Note 8) adjustment is as follows:

Description	June 30, 2009 As Previously Reported	Change in Reporting Entity	June 30, 2009 As Adjusted
General Obligation Bonds (GO)	\$ 324,302,382	\$ -	\$ 324,302,382
Debt Allocated to Landmark Theater	--	3,156,322	3,156,322
General Obligation Serial Equipment Notes	7,560,000	--	7,560,000
Virginia Public Schools Authority Bonds	2,145,328	--	2,145,328
Qualified Zone Academy Bonds	2,794,773	--	2,794,773
HUD Section 108 Notes	3,355,000	--	3,355,000
Total General Obligation Bonds and Notes	340,157,483	3,156,322	343,313,805
Accreted Value - Capital Appreciation Bonds	47,883	--	47,883
Premium on Debt Issued	10,295,898	--	10,295,898
Certificates of Participation	14,760,000	--	14,760,000
Advantage Richmond Lease Revenue Bond	10,377,099	--	10,377,099
Capital Lease (Landmark Theater)	--	247,900	247,900
Note Payable Due to Component Unit	23,737,878	--	23,737,878
Compensated Absences	15,971,702	--	15,971,702
Net Other Postemployment Benefit Obligations	3,163,498	--	3,163,498
Totals	\$ 418,511,441	\$ 3,404,222	\$ 421,915,663



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

The Long-Term Obligations, Primary Government – Business-type Activities (Note 8) adjustment is as follows:

Description	June 30, 2009 As Previously Reported	Change in Reporting Entity	June 30, 2009 As Adjusted
General Obligation Bonds:			
Gas	\$ 87,533,571	\$ -	\$ 87,533,571
Water	68,218,529	--	68,218,529
Wastewater	40,449,715	--	40,449,715
Landmark Enterprise Fund	3,156,322	(3,156,322)	--
Coliseum Enterprise Fund	8,898,318	--	8,898,318
Cemeteries Enterprise Fund	554,831	--	554,831
General Obligation Bonds - Capital Appreciation:			
Gas	335,644	--	335,644
Water	536,985	--	536,985
Wastewater	219,583	--	219,583
Revenue Bonds:			
Gas	192,850,580	--	192,850,580
Water	175,010,817	--	175,010,817
Wastewater	183,428,247	--	183,428,247
Total Bonded Debt	761,193,142	(3,156,322)	758,036,820
Capital Leases:			
Other Non-Major Enterprise Funds	1,181,591	(247,900)	933,691
Total Capital Leases	1,181,591	(247,900)	933,691
Compensated Absences:			
Gas	788,805	--	788,805
Water	672,804	--	672,804
Wastewater	696,004	--	696,004
Other Non-Major Enterprise Funds	126,905	--	126,905
Total Compensated Absences	2,284,518	--	2,284,518
Totals	\$ 764,659,251	\$ (3,404,222)	\$ 761,255,029



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***Required Supplementary
Information***



EXHIBIT H-1

**CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 205,595,124	\$ 205,595,124	\$ 218,027,758	\$ 12,432,634
Sales-1% Local	31,931,406	31,931,406	26,093,786	(5,837,620)
Sales Tax for Education	26,138,004	26,138,004	24,943,835	(1,194,169)
Personal Property	43,830,881	43,830,881	44,081,997	251,116
Machinery and Tools	14,157,980	14,157,980	17,038,468	2,880,488
General Utility Sales	35,246,747	35,246,747	34,483,451	(763,296)
Bank Stock	4,000,000	4,000,000	8,247,534	4,247,534
Prepared Food	23,810,983	23,810,983	23,756,424	(54,559)
Lodging Tax	4,970,778	4,970,778	4,789,681	(181,097)
Admission	1,716,470	1,716,470	2,181,971	465,501
Real Estate Taxes - Delinquent	7,001,238	7,001,238	9,711,901	2,710,663
Personal Property Taxes - Delinquent	5,165,319	5,165,319	5,023,503	(141,816)
Private Utility Poles and Conduits	94,900	94,900	156,478	61,578
Penalties and Interest	3,138,702	3,138,702	5,423,493	2,284,791
Titling Tax-Mobile Home	6,000	6,000	10,858	4,858
State Recordation	755,331	755,331	759,637	4,306
Property Rental 1%	121,621	121,621	101,748	(19,873)
Vehicle Rental Tax	859,630	859,630	424,599	(435,031)
Telephone Commissions	450,000	450,000	450,000	--
Total City Taxes	408,991,114	408,991,114	425,707,122	16,716,008
Licenses, Permits and Privilege Fees				
Business and Professional	31,744,914	31,744,914	27,904,888	(3,840,026)
Vehicle	3,500,000	3,500,000	3,549,883	49,883
Dog	28,000	28,000	36,653	8,653
Transfers, Penalties, Interest & Delinquent Collections	179,836	179,836	2,167,654	1,987,818
Parking Meter Fees & Hauling Permits	--	--	570,122	570,122
Department of Police, Fire & Emergency Services	46,000	46,000	45,531	(469)
Vehicle & Parking Permits	60,628	60,628	90,902	30,274
Department of Public Works	1,291,939	1,291,939	998,015	(293,924)
Non-Departmental	--	--	10,395	10,395
Total Licenses, Permits and Privilege Fees	36,851,317	36,851,317	35,374,043	(1,477,274)
Intergovernmental				
Richmond Public Library	200,002	200,002	186,436	(13,566)
Juvenile and Domestic Relations District Court	1,800	1,800	700	(1,100)
Juvenile Justice Service	1,927,057	1,927,057	1,834,650	(92,407)
Department of Social Services	52,728,795	52,728,795	46,172,514	(6,556,281)
Department of Public Works-Street Maintenance	22,633,695	22,633,695	21,830,900	(802,795)
General Registrar	100,010	100,010	80,499	(19,511)
Department of Finance	993,893	998,893	849,678	(149,215)
City Treasurer	184,344	184,344	156,211	(28,133)
Attorney for the Commonwealth	3,317,601	3,317,601	2,723,827	(593,774)
City Sheriff	20,285,437	20,285,437	18,346,794	(1,938,643)
State Aid to Localities	15,898,022	15,898,022	13,890,457	(2,007,565)
Service Charges on Tax Exempt Property	1,600,000	1,600,000	4,890,333	3,290,333
Administrative Costs - Federal Grants	660,000	660,000	815,096	155,096
Rolling Stock Distribution	84,062	84,062	18,779	(65,283)
Total Intergovernmental	120,614,718	120,619,718	111,796,874	(8,822,844)

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Assessor of Real Estate	\$ 66,769	\$ 66,769	\$ 36,257	\$ (30,512)
Richmond Public Library	21,300	21,300	22,075	775
City Sheriff	175,000	175,000	296,572	121,572
Department of Community Development	5,077,368	5,077,368	4,075,406	(1,001,962)
Department of General Services	368,935	368,935	185,769	(183,166)
Department of Finance	219,000	219,000	456,211	237,211
Department of Social Services	28,976	28,976	7,160	(21,816)
Departments of Police, Fire and Emergency Services	320,000	320,000	379,635	59,635
Department of Public Works	16,465,441	16,465,441	14,675,094	(1,790,347)
Department of Parks, Recreation and Community Facilities	143,162	143,162	149,194	6,032
Procurement Services	1,100	1,100	—	(1,100)
Real Estate Services	187,130	187,130	206,920	19,790
Risk Management	—	4,159,831	3,912,973	(246,858)
Non-Departmental	—	—	4,572	4,572
Total Service Charges	23,074,181	27,234,012	24,407,838	(2,826,174)
Fines and Forfeitures				
Richmond Public Library	98,000	98,000	113,829	15,829
Circuit Court	4,043,383	4,043,383	3,895,659	(147,724)
General District Court	1,393,572	1,393,572	1,748,559	354,987
Juvenile and Domestic Relations District Court	10,341	10,341	8,308	(2,033)
Parking Violations	3,750,000	3,750,000	3,993,700	243,700
License Code Violations	2,000	2,000	—	(2,000)
Total Fines and Forfeitures	9,297,296	9,297,296	9,760,055	462,759
Payment in Lieu of Taxes				
Gas Utility	7,053,138	7,053,138	7,233,004	179,866
Wastewater Utility	6,750,370	6,750,370	5,616,005	(1,134,365)
Water Utility	4,930,921	4,930,921	6,080,073	1,149,152
Electric Utility	968,698	968,698	429,961	(538,737)
Stores and Transportation Division	551,300	551,300	421,940	(129,360)
Total Payment in Lieu of Taxes	20,254,427	20,254,427	19,780,983	(473,444)
Miscellaneous Revenue				
Overhead Costs-Port of Richmond Commission	71,000	71,000	64,134	(6,866)
Department of Public Utilities Payment-City Service	2,879,490	2,879,490	2,879,490	—
Utilities Payment for Collection Service	641,737	641,737	434,682	(207,055)
Richmond Metropolitan Authority Payment	50,000	50,000	125,069	75,069
Department of Information Technology Charges	1,075,000	1,075,000	1,314,345	239,345
Administrative Payments to the General Fund	2,041,853	2,041,853	2,725,418	683,565
Sundries	384,243	384,243	164,076	(220,167)
Total Miscellaneous Revenues	7,143,323	7,143,323	7,707,214	563,891
Total General Fund Revenues	626,226,376	630,391,207	634,534,129	4,142,922

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
General Government				
City Council	\$ 1,194,789	\$ 1,225,616	\$ 1,194,798	\$ 30,818
City Clerk	753,051	755,232	740,281	14,951
Planning & Development Review	7,536,791	7,838,558	7,769,611	68,947
Assessor of Real Estate	2,791,768	2,877,721	2,860,193	17,528
City Auditor	1,629,186	1,798,814	1,732,844	65,970
Department of Law	2,225,130	2,298,850	2,311,048	(12,198)
General Registrar	1,470,467	1,407,850	1,159,105	248,745
Self-Insurance Cost	9,287,023	13,446,854	13,494,367	(47,513)
Department of Information Technology	15,514,312	15,699,140	13,764,006	1,935,134
Chief Administrative Officer	1,057,373	1,077,982	1,072,921	5,061
Budget and Strategic Planning	996,845	993,645	984,646	8,999
Department of Real Estate Services	471,569	536,536	475,040	61,496
Department of General Services	15,145,739	11,645,989	11,681,027	(35,038)
Department of Human Resources	2,738,776	2,798,618	2,754,445	44,173
Department of Finance	7,683,304	8,206,846	8,184,659	22,187
Procurement Services	1,142,425	1,100,912	1,068,368	32,544
Office of Press Secretary to Mayor	539,117	448,418	433,722	14,696
City Treasurer	191,344	201,310	200,132	1,178
Economic & Community Development	1,661,869	1,618,756	1,575,502	43,254
Council Chief of Staff	995,608	982,957	879,121	103,836
Minority Business Development	308,752	320,365	328,729	(8,364)
City Mayor's Office	915,350	1,029,947	1,025,130	4,817
Total General Government	76,250,588	78,310,916	75,689,695	2,621,221
Public Safety and Judiciary				
Judiciary	8,968,959	8,840,545	8,890,429	(49,884)
Juvenile and Domestic Relations District Court	408,940	412,540	373,866	38,674
City Sheriff	29,883,302	29,556,237	29,489,399	66,838
Department of Police	74,780,994	77,525,381	76,841,440	683,941
Office of Emergency Management	1,014,744	659,837	655,711	4,126
Department of Fire and Emergency Services	39,154,734	39,652,015	39,554,987	97,028
Total Public Safety and Judiciary	154,211,673	156,646,555	155,805,832	840,723
Highways, Streets, Sanitation and Refuse				
Department of Public Works	45,219,411	47,479,441	46,038,026	1,441,415
Human Services				
Office of DCAO for Human Services	1,412,442	1,346,068	1,420,475	(74,407)
Department of Social Services	62,737,891	62,067,119	54,530,944	7,536,175
Justice Service	7,456,256	7,404,543	7,256,353	148,190
Department of Public Health	3,296,406	3,296,406	3,111,470	184,936
Total Human Services	74,902,995	74,114,136	66,319,242	7,794,894
Culture and Recreation				
Richmond Public Library	4,871,265	4,985,571	4,929,209	56,362
Department of Parks, Recreation and Community Facilities	14,842,337	15,282,304	15,100,213	182,091
Total Culture and Recreation	19,713,602	20,267,875	20,029,422	238,453
Education				
Richmond Public Schools	153,240,272	151,332,379	151,332,379	--

(Continued)



EXHIBIT H-1, Concluded

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Old Manchester Projects (formerly Crestar)	\$ 2,897,730	\$ 2,747,801	\$ 2,849,698	\$ (101,897)
Payments to Other Government Agencies	22,567,009	28,366,731	26,110,446	2,256,285
Tax Relief for the Elderly	3,200,000	2,525,000	2,531,014	(6,014)
Greater Richmond Transit Company	11,600,000	11,600,000	11,600,000	--
RRS Contributions/Retiree's Health Care Payments	2,576,000	2,410,500	3,362,844	(952,344)
)
Total Non-Departmental	42,840,739	47,650,032	46,454,002	1,196,030
)
Total General Fund Expenditures	566,379,280	575,801,334	561,668,598	14,132,736
Excess of Revenues Over Expenditures	59,847,096	54,589,873	72,865,531	18,275,658
Other Financing Sources (Uses)				
Transfers In - Other Funds	3,761,587	3,761,587	3,817,429	55,842
Transfers Out - Other Funds	(63,608,683)	(59,901,245)	(61,567,006)	(1,665,761)
Total Other Financing Uses, Net	(59,847,096)	(56,139,658)	(57,749,577)	(1,609,919)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	--	(1,549,785)	15,115,954	16,665,739
Fund Balance - Beginning of Year, as Restated	60,906,028	60,906,028	60,906,028	--
Fund Balance- End of Year	\$ 60,906,028	\$ 59,356,243	\$ 76,021,982	\$ 16,665,739



**CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2010**

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 Special Revenue Fund consists of multiple funds; however, the Fund is budgeted in total rather than by individual funds. In addition, the Capital Projects Fund is budgeted the same as the Special Revenue Fund. Public hearings are conducted to obtain taxpayer comments.
- Prior to May 31, the budget is legally enacted through passage of an ordinance.
- The level of budgetary control is the department level for the City. The Mayor, Chief Administrative Officer & Deputy Administrative Officers, and Directors/Agency Heads are authorized to transfer budget amounts within departments in the City budget; however, any revisions that alter the total expenditures of any department or agency must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General Fund, Debt Service Fund, Special Revenue Fund, and Capital Projects Fund are principally prepared on the modified accrual basis of accounting.
- Project budgets are utilized in the City Capital Projects Fund. Except for the Capital Projects Fund and the Special Revenue Funds that extend beyond the fiscal year, all appropriations not encumbered nor obligated lapse at year-end for the General Fund. Appropriations for the Capital Projects Fund are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.

Budgeted amounts are as originally adopted or as amended by the City Council.

The Budgetary Comparison Schedule for the General Fund reflects the original budget, revised budget and actual amounts for the City's General Fund. The General Fund revenues and other financing sources were over budget by \$4.2 million for fiscal year ended June 30, 2010, which is primarily due to increases in current and delinquent property tax revenues compared to budget as well as one-time increases in bank stock and machinery and tools. These increases were offset by continued decline in sales tax revenues and state appropriated revenues. The General Fund expenditures and other financing uses were under budget by \$12.5 million for fiscal year ended June 30, 2010. This is primarily due to programmatic changes in Social Services and enforced spending constraints.

(Continued)



Exhibit H-2

The following departments' expenditures exceeded appropriations for the year June 30, 2010:

General Government:

Department of Law	(12,198)
Self-Insurance	(47,513)
Department of General Services	(35,038)
Minority Business Development	(8,364)

Public Safety and Judiciary:

Judiciary	(49,884)
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Human Services

Office of DCAO for Human Services	(74,407)
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Supplementary Information



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Non-major Governmental Funds

Special Revenue Funds

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

Grant Revenue Funds

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

Consolidated HUD Grants

These funds account for activities for the Community Development Block Grant, Emergency Shelter, H.O.M.E. Investment Partnerships and Section 108 Loan Program administered by the Department of Community Development.

Permanent Funds

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

Recreation

A gift to be used to maintain cemeteries. The principal of the gift is carried as a nonexpendable trust and the accumulated net revenue is the expendable trust.

Richmond Public Library

Certain bequests compose the nonexpendable trust, and the net revenue accumulated is classified as the expendable trust.

J. Fulmer Bright Park Fund

The J. Fulmer Bright Park Fund was established to construct and maintain a park in honor of J. Fulmer Bright, a former City Mayor.

Memorial

These bequests provide specific reservation of the principal and use of the income by the City for specific memorial purposes.

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, 2010**

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposit	Total
Assets								
Cash and Cash Equivalents	\$ --	\$ --	\$ 212,046	\$ --	\$ --	\$ --	\$ --	\$ 212,046
Accounts Receivable, Net	1,900,957	916,718	--	--	--	--	--	2,817,675
Due From Other Funds	5,358,277	--	--	329	832	146	48,013	5,407,597
Due From Other Governments	7,535,988	4,679,960	--	--	--	--	--	12,215,948
Restricted Assets	--	--	186,912	27,319	32,431	11,845	--	258,507
Total Assets	\$ 14,795,222	\$ 5,596,678	\$ 398,958	\$ 27,648	\$ 33,263	\$ 11,991	\$ 48,013	\$ 20,911,773
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ 2,647,185	\$ 1,876,928	\$ --	\$ --	\$ --	\$ --	\$ 48,013	\$ 4,572,126
Accrued Liabilities	153,743	25,855	--	--	--	--	--	179,598
Due To Other Funds	--	3,692,465	212,046	--	--	--	--	3,904,511
Deferred Revenue	1,132,419	1,430	--	--	--	--	--	1,133,849
Total Liabilities	3,933,347	5,596,678	212,046	--	--	--	48,013	9,790,084
Fund Balances:								
Fund Balance-Reserved	--	--	186,912	27,648	33,263	11,991	--	259,814
Fund Balance-Unreserved	10,861,875	--	--	--	--	--	--	10,861,875
Total Fund Balances	10,861,875	--	186,912	27,648	33,263	11,991	--	11,121,689
Total Liabilities and Fund Balances	\$ 14,795,222	\$ 5,596,678	\$ 398,958	\$ 27,648	\$ 33,263	\$ 11,991	\$ 48,013	\$ 20,911,773



EXHIBIT I-2

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, 2010

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposits	Total
Revenues								
Intergovernmental	\$ 23,669,161	\$ 11,845,495	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 35,514,656
Investment Income	13,180	--	--	--	242	71	--	13,493
Miscellaneous	13,488,829	415,292	--	--	--	--	--	13,904,121
Total Revenues	37,171,170	12,260,787	--	--	242	71	--	49,432,270
Expenditures								
Current:								
General Government	5,657,463	11,549,050	--	58	--	103	--	17,206,674
Public Safety and Judiciary	13,898,521	--	--	--	--	--	--	13,898,521
Highways, Streets, Sanitation and Refuse	649,113	--	--	--	--	--	--	649,113
Human Services	23,126,517	--	--	--	--	--	--	23,126,517
Culture and Recreation	1,687,351	--	74,773	--	--	--	--	1,762,124
Total Expenditures	45,018,965	11,549,050	74,773	58	--	103	--	56,642,949
Excess of Revenues Over (Under) Expenditures	(7,847,795)	711,737	(74,773)	(58)	242	(32)	--	(7,210,679)
Other Financing Sources (Uses)								
Transfers In-Other Funds	12,177,856	--	--	--	--	--	--	12,177,856
Transfers Out-Other Funds	(1,868,959)	(711,737)	--	--	--	--	--	(2,580,696)
Total Other Financing Sources (Uses), Net	10,308,897	(711,737)	--	--	--	--	--	9,597,160
Extraordinary Item								
Extraordinary Item - Disaster Recovery	15,352	--	--	--	--	--	--	15,352
Total Extraordinary Item	15,352	--	--	--	--	--	--	15,352
Excess of Revenues and Other Financing Sources Over								
(Under) Expenditures and Other Financing Uses	2,476,454	--	(74,773)	(58)	242	(32)	--	2,401,833
Fund Balance - Beginning of Year	8,385,421	--	261,685	27,706	33,021	12,023	--	8,719,856
Fund Balance - End of Year	\$ 10,861,875	\$ --	\$ 186,912	\$ 27,648	\$ 33,263	\$ 11,991	\$ --	\$ 11,121,689



EXHIBIT I-3

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Intergovernmental Revenues	\$ 82,124,886	\$ 91,891,872	\$ 35,514,656	\$ (56,377,216)
Investment Earnings and Contributions	--	--	13,180	13,180
Miscellaneous Revenue	19,025,933	19,125,933	13,904,121	(5,221,812)
Total Revenues	101,150,819	111,017,805	49,431,957	(61,585,848)
Expenditures				
General Government	36,486,003	40,992,203	17,206,513	23,785,690
Public Safety and Judiciary	16,547,623	20,487,658	13,898,521	6,589,137
Highways, Streets, Sanitation and Refuse	749,543	765,072	649,113	115,959
Human Services	40,737,650	42,042,872	23,126,517	18,916,355
Culture and Recreation	6,630,000	6,730,000	1,687,351	5,042,649
Total Expenditures	101,150,819	111,017,805	56,568,015	54,449,790
Excess of Revenues Under Expenditures	--	--	(7,136,058)	(7,136,058)
Other Financing Sources (Uses)				
Transfers In - Other Funds	--	--	12,177,856	12,177,856
Transfers Out - Other Funds	--	--	(2,580,696)	(2,580,696)
Total Other Financing Sources, Net	--	--	9,597,160	9,597,160
Extraordinary Items				
Extraordinary Item - Disaster Cost	--	--	15,352	15,352
Total Extraordinary Item	--	--	15,352	15,352
Excess of Revenues and Other Financing Sources, Net Over Expenditures and Other Financing Uses	--	--	2,476,454	2,476,454
Fund Balance - Beginning of Year	8,385,421	8,385,421	8,385,421	--
Fund Balance - End of Year	\$ 8,385,421	\$ 8,385,421	\$ 10,861,875	\$ 2,476,454



EXHIBIT I-4

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental Revenue				
Regional STP Funds (TEA-21)	\$ 7,040,656	\$ 7,203,417	\$ 701,593	\$ (6,501,824)
VDOT Urban Funds	2,387,957	6,094,881	3,206,318	(2,888,563)
Total Intergovernmental Revenue	9,428,613	13,298,298	3,907,911	(9,390,387)
Investment Earnings and Contributions				
Interest Earned on Restricted Funds	--	--	92,179	92,179
Local Matches and Contributions	--	3,264,110	308,112	(2,955,998)
Total Investment Earnings	--	3,264,110	400,291	(2,863,819)
Miscellaneous Revenue	--	--	737,421	737,421
Total Revenues	9,428,613	16,562,408	5,045,623	(11,516,785)
Expenditures				
Capital Outlay:				
School Board	5,387,520	5,387,520	7,244,975	(1,857,455)
Infrastructure	15,800,656	19,670,341	18,152,488	1,517,853
Economic Development	3,750,000	3,750,000	342,181	3,407,819
Neighborhood Development	3,550,000	3,550,000	2,204,739	1,345,261
City Facilities	39,032,002	42,296,112	27,149,082	15,147,030
Total Expenditures	67,520,178	74,653,973	55,093,465	19,560,508
Excess of Revenues Over (Under) Expenditures	(58,091,565)	(58,091,565)	(50,047,842)	8,043,723
Other Financing Sources				
Proceeds from Issuance of General Obligation Bonds	58,091,522	58,091,522	100,917,875	42,826,353
Premium on Issuance of Bonds	--	--	6,565,000	6,565,000
Total Other Financing Sources	58,091,522	58,091,522	107,482,875	49,391,353
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(43)	(43)	57,435,033	57,435,076
Fund Balance - Beginning of Year	23,723,139	23,723,139	(51,922,125)	(75,645,264)
Fund Balance - End of Year	\$ 23,723,096	\$ 23,723,096	\$ 5,512,908	\$ (18,210,188)



EXHIBIT I-5

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive
Principal Payments				
General Obligation Bonds				
General Government Projects	\$ 19,256,711	\$ 19,256,711	\$ 19,256,711	\$ --
Streets and Bridge Projects	2,857,456	2,857,456	2,857,456	--
Schools Capital Improvement Projects	4,153,539	4,153,539	4,153,539	--
Schools Virginia Public Schools Authority Bonds	229,230	229,230	229,230	--
Schools Qualified Zone Academy Bonds	192,480	192,480	192,480	--
Richmond Metropolitan Authority - Expressway Deck	851,444	851,444	851,444	--
Theater Row Office Building Project	1,031,764	1,031,764	1,031,764	--
Landmark Theatre Project	211,430	211,430	211,430	--
Landmark Theater HVAC Lease	78,500	78,500	77,661	839
Richmond Ambulance Authority	55,192	55,192	55,192	--
Coliseum Improvements	891,564	891,564	891,563	1
Coliseum HVAC Lease	170,700	170,700	170,593	107
Cemeteries	34,757	34,757	34,757	--
Total General Obligation Bonds	30,014,767	30,014,767	30,013,820	947
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	780,000	780,000	780,000	--
Total Other Debt Instruments	1,335,000	1,335,000	1,335,000	--
Total Principal Payments	31,749,767	31,749,767	31,748,820	947
Interest Payments				
General Obligation Bonds				
General Government Projects	12,770,967	12,770,967	10,536,797	2,234,170
Streets and Bridge Projects	1,960,524	1,960,524	1,874,604	85,920
Schools Capital Improvement Projects	3,075,019	3,075,019	2,907,263	167,756
Schools Virginia Public Schools Authority Bonds	105,771	105,771	105,770	1
Richmond Metropolitan Authority - Expressway Deck	732,506	732,506	727,057	5,449
Theater Row Office Building Project	851,570	851,570	838,969	12,601
Landmark Theater Project	196,380	196,380	178,966	17,414
Landmark Theater HVAC Lease	10,600	10,600	10,728	(128)
Richmond Ambulance Authority	6,601	6,601	6,394	207
Coliseum Improvements	485,129	485,129	478,648	6,481
Coliseum HVAC Lease	40,000	40,000	39,672	328
Cemeteries	26,520	26,520	25,957	563
Total General Obligation Bonds	20,261,587	20,261,587	17,730,825	2,530,762
General Obligation Notes				
Serial Equipment Notes - General Government	11,800	11,800	11,800	--
Total General Obligation Note Interest	11,800	11,800	11,800	--
Other Debt Instruments				
HUD Section 108 Notes	207,979	207,979	207,979	--
Certificates of Participation - 800 Megahertz Project	683,825	683,825	683,825	--
Total Other Debt Instruments	891,804	891,804	891,804	--
Interest - Short Term Debt				
GO Revenue Anticipation Notes	2,100,000	2,100,000	130,432	1,969,568
GO Bond Anticipation Notes	2,400,000	800,000	428,904	371,096
Total Short Term Debt	4,500,000	2,900,000	559,336	2,340,664
Total Interest Payments	25,665,191	24,065,191	19,193,765	4,871,426
Issuance and Legal Costs				
	1,000,000	1,000,000	806,838	193,162
Total	\$ 58,414,958	\$ 56,814,958	\$ 51,749,423	\$ 5,065,535



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, 2010

	Coliseum	Cemeteries	Total
Assets			
Current Assets:			
Accounts Receivable, Net	\$ 837,982	\$ 85,907	\$ 923,889
Prepaid Expenses and Other Current Assets	169,604	--	169,604
Total Current Assets	<u>1,007,586</u>	<u>85,907</u>	<u>1,093,493</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	5,328,996	213,268	5,542,264
Less Accumulated Depreciation	<u>(34,672,143)</u>	<u>(470,329)</u>	<u>(35,142,472)</u>
Total Noncurrent Assets	<u>8,620,466</u>	<u>8,533,068</u>	<u>17,153,534</u>
Total Assets	<u>\$ 9,628,052</u>	<u>\$ 8,618,975</u>	<u>\$ 18,247,027</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,651,008	\$ 1,292	\$ 1,652,300
Accrued Liabilities	--	14,277	14,277
Due To Other Funds	500,000	105,443	605,443
Compensated Absences	--	61,318	61,318
Accrued Interest on Bonds and Notes Payable	192,106	11,428	203,534
General Obligation Bonds and Capital Leases	<u>916,382</u>	<u>42,510</u>	<u>958,892</u>
Total Current Liabilities	<u>3,259,496</u>	<u>236,268</u>	<u>3,495,764</u>
Noncurrent Liabilities:			
Compensated Absences	--	15,785	15,785
General Obligation Bonds and Capital Leases	<u>7,853,471</u>	<u>477,566</u>	<u>8,331,037</u>
Total Noncurrent Liabilities	<u>7,853,471</u>	<u>493,351</u>	<u>8,346,822</u>
Total Liabilities	<u>11,112,967</u>	<u>729,619</u>	<u>11,842,586</u>
Net Assets			
Invested In Capital Assets, Net of Related Debt	(149,387)	8,012,992	7,863,605
Unrestricted	<u>(1,335,528)</u>	<u>(123,636)</u>	<u>(1,459,164)</u>
Total Net Assets	<u>\$ (1,484,915)</u>	<u>\$ 7,889,356</u>	<u>\$ 6,404,441</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, 2010

	<u>Coliseum</u>	<u>Cemeteries</u>	<u>Total</u>
Operating Revenues			
Charges for Goods and Services	\$ 1,463,233	\$ 1,320,251	\$ 2,783,484
Operating Expenses			
Salaries and Wages	--	994,380	994,380
Materials and Supplies	302,093	62,518	364,611
Rents and Utilities	555,744	44,471	600,215
Maintenance and Repairs	268,250	76,146	344,396
Depreciation and Amortization	2,127,792	44,813	2,172,605
Miscellaneous Operating Expenses	1,398,979	152,302	1,551,281
Total Operating Expenses	<u>4,652,858</u>	<u>1,374,630</u>	<u>6,027,488</u>
Operating Loss	<u>(3,189,625)</u>	<u>(54,379)</u>	<u>(3,244,004)</u>
Non-Operating Revenues (Expenses)			
Government Subsidies and Contributions	2,492,801	60,714	2,553,515
Interest Expense	<u>(518,320)</u>	<u>(24,863)</u>	<u>(543,183)</u>
Total Non-Operating Revenues, Net	<u>1,974,481</u>	<u>35,851</u>	<u>2,010,332</u>
Change In Net Assets	(1,215,144)	(18,528)	(1,233,672)
Net Assets - Beginning of Year	<u>(269,771)</u>	<u>7,907,884</u>	<u>7,638,113</u>
Net Assets - End of Year	<u>\$ (1,484,915)</u>	<u>\$ 7,889,356</u>	<u>\$ 6,404,441</u>



EXHIBIT J-3

CITY OF RICHMOND, VIRGINIA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Coliseum	Cemeteries	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 1,485,125	\$ 1,309,419	\$ 2,794,544
Payments to Suppliers	(2,231,840)	(350,801)	(2,582,641)
Payments to Employees	--	(994,036)	(994,036)
Net Cash Used In Operating Activities	(746,715)	(35,418)	(782,133)
Cash Flows From Noncapital Financing Activities			
Government Subsidies and Contributions	2,492,801	60,714	2,553,515
Due To Other Funds	--	104,756	104,756
Net Cash Provided By Noncapital Financing Activities	2,492,801	165,470	2,658,271
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	(103,797)	(69,339)	(173,136)
Proceeds from Issuance of General Obligation Bonds	279,697	24,296	303,993
Repayments of GO Bonds and Capital Leases	(1,341,852)	(59,053)	(1,400,905)
Interest Paid on GO Bonds and Capital Leases	(580,134)	(25,956)	(606,090)
Net Cash Used In Capital and Related Financing Activities	(1,746,086)	(130,052)	(1,876,138)
Net Increase in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at July 1, 2009	--	--	--
Cash and Cash Equivalents at June 30, 2010	\$ --	\$ --	\$ --
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities			
Operating Loss	\$ (3,189,625)	\$ (54,379)	\$ (3,244,004)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation	2,127,792	44,813	2,172,605
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	21,892	(10,832)	11,060
Prepaid Expenses	(77,166)	--	(77,166)
Accounts Payable	370,392	(15,364)	355,028
Accrued Liabilities	--	3,747	3,747
Compensated Absences	--	(3,403)	(3,403)
Total Adjustments	2,442,910	18,961	2,461,871
Net Cash Used In Operating Activities	\$ (746,715)	\$ (35,418)	\$ (782,133)



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.

Public Works Stores

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

Advantage Richmond Corporation

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

Electric Utility

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

Stores and Transportation Division

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



EXHIBIT K-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 3,310,560	\$ 377,147	\$ 34,514,769	\$ 38,202,476
Accounts Receivable, Net	1,693,320	252,023	--	--	3,727,131	--	5,672,474
Due From Other Fund	--	--	--	163,091	--	--	163,091
Due From Component Unit	19,039	27,016	--	--	--	--	46,055
Due From Other Governments	23,578	85,223	--	--	--	--	108,801
Inventory	33,565	89,513	419,554	--	--	2,591,726	3,134,358
Prepaid Expenses	--	--	--	--	136,339	236,468	372,807
Total Current Assets	1,769,502	453,775	419,554	3,473,651	4,240,617	37,342,963	47,700,062
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	42,705,597	63,647,423	116,564,237
Equipment	61,384,725	350,119	22,136	--	682,316	--	62,439,296
Less Accumulated Depreciation	(46,323,947)	(173,760)	(22,136)	(1,082,426)	(26,562,739)	(47,026,958)	(121,191,966)
Construction in Progress	--	--	--	--	5,270,275	8,564,761	13,835,036
Total Capital Assets	16,369,995	176,359	--	10,917,574	22,358,428	26,871,758	76,694,114
Total Noncurrent Assets	16,369,995	176,359	--	10,917,574	25,653,336	26,871,758	79,989,022
Total Assets	\$ 18,139,497	\$ 630,134	\$ 419,554	\$ 14,391,225	\$ 29,893,953	\$ 64,214,721	\$ 127,689,084
Liabilities							
Current Liabilities:							
Accounts Payable	\$ 1,000,992	\$ 96,989	\$ 134,739	\$ 54,874	\$ 234,423	\$ 515,175	\$ 2,037,192
Accrued Liabilities	56,567	6,162	1,791	750	1,591,923	159,372	1,816,565
Due To Other Funds	2,698,219	2,645,751	196,855	--	1,612,529	--	7,153,354
Accrued Interest on Bonds and Notes Payable	42,921	--	--	129,255	26,795	--	198,971
General Obligation Bonds Payable	1,000,000	--	--	--	74,061	--	1,074,061
Revenue Bonds Payable	--	--	--	671,672	--	--	671,672
Notes Payable	1,940,000	--	--	--	--	--	1,940,000
Compensated Absences	128,775	12,238	11,070	--	100,518	20,104	272,705
Other Liabilities	30,657	22,860	--	--	--	--	53,517
Total Current Liabilities	6,898,131	2,784,000	344,455	856,551	3,640,249	694,651	15,218,037
Noncurrent Liabilities:							
General Obligation Bonds Payable	1,000,000	--	--	--	1,358,253	--	2,358,253
Revenue Bonds Payable	--	--	--	9,068,116	--	--	9,068,116
Notes Payable	5,280,000	--	--	--	--	--	5,280,000
Compensated Absences	54,993	7,801	3,586	--	23,204	4,641	94,225
Other Liabilities	--	--	--	--	970,088	--	970,088
Advances from Other Funds	--	--	--	--	--	63,515,429	63,515,429
Total Noncurrent Liabilities	6,334,993	7,801	3,586	9,068,116	2,351,545	63,520,070	81,286,111
Total Liabilities	13,233,124	2,791,801	348,041	9,924,667	5,991,794	64,214,721	96,504,148
Net Assets							
Invested In Capital Assets, Net of Related Debt	7,149,995	176,359	--	1,177,786	20,926,114	26,871,758	56,302,012
Unrestricted	(2,243,622)	(2,338,026)	71,513	3,288,772	2,976,045	(26,871,758)	(25,117,076)
Total Net Assets	\$ 4,906,373	\$ (2,161,667)	\$ 71,513	\$ 4,466,558	\$ 23,902,159	\$ --	\$ 31,184,936

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, 2010

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Operating Revenues							
Charges for Goods and Services	\$ 20,303,536	\$ 1,187,370	\$ 1,504,672	\$ 2,400,600	\$ 8,488,876	\$ 3,313,166	\$ 37,198,220
Operating Expenses							
Cost of Goods and Services Sold	12,096,250	778,495	1,521,154	--	--	--	14,395,899
Salaries and Wages and Benefits	561,120	159,417	163,955	--	1,593,218	204,858	2,682,568
Data Processing	157,819	36,027	--	--	453	--	194,299
Materials and Supplies	47,977	62,874	580	187	520,824	25,922	658,364
Rents and Utilities	284,129	14,598	26,863	218,938	2,326,921	18,445	2,889,894
Maintenance and Repairs	128,540	215	7,965	267,474	828,863	--	1,233,057
Depreciation and Amortization	5,012,780	39,488	--	225,000	1,574,575	2,859,966	9,711,809
Miscellaneous Operating Expenses	1,850,254	119,781	--	503,006	1,564,138	203,975	4,241,154
Total Operating Expenses	20,138,869	1,210,895	1,720,517	1,214,605	8,408,992	3,313,166	36,007,044
Operating Income (Loss)	164,667	(23,525)	(215,845)	1,185,995	79,884	--	1,191,176
Non-Operating Revenues (Expenses)							
Government Subsidies and Contributions	--	--	--	--	583,070	--	583,070
Interest on Long-Term Debt	(305,198)	--	--	(519,610)	(34,273)	--	(859,081)
Miscellaneous Revenue	--	--	--	--	(43,692)	--	(43,692)
Total Non-Operating							
Revenues (Expenses), Net	(305,198)	--	--	(519,610)	505,105	--	(319,703)
Change In Net Assets	(140,531)	(23,525)	(215,845)	666,385	584,989	--	871,473
Net Assets - Beginning of Year, as Restated (Note 17)	5,046,904	(2,138,142)	287,358	3,800,173	23,317,170	--	30,313,463
Net Assets - End of Year	\$ 4,906,373	\$ (2,161,667)	\$ 71,513	\$ 4,466,558	\$ 23,902,159	\$ --	\$ 31,184,936



EXHIBIT K-3

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Cash Flows From Operating Activities							
Receipts from Customers	\$ 19,939,301	\$ 1,114,892	\$ 1,504,672	\$ 2,685,896	\$ 9,014,341	\$ 3,313,166	\$ 37,572,268
Payments to Suppliers	(15,797,544)	(971,874)	(1,111,342)	--	(4,307,045)	(434,546)	(22,622,351)
Payments to Employees	(537,059)	(173,292)	(164,475)	--	(1,826,428)	(93,997)	(2,795,251)
Receipts From Other Funds	--	--	--	--	(1,621,909)	1,242,791	(379,118)
Other Receipts or (Payments)	30,657	22,859	(35,408)	(1,028,931)	(40,025)	--	(1,050,848)
Net Cash Provided By (Used In)							
Operating Activities	3,635,355	(7,415)	193,447	1,656,965	1,218,934	4,027,414	10,724,700
Cash Flows From Capital and Related Financing Activities							
Acquisition of Fixed Assets	(2,458,129)	--	--	--	(1,291,552)	1,135,272	(2,614,409)
Proceeds from Issuance of General Obligation Notes	2,500,000	--	--	--	--	--	2,500,000
Repayments of Revenue and GO Bonds	(1,600,000)	--	--	--	(74,963)	--	(1,674,963)
Repayments of Notes Payable	(2,440,000)	--	--	(637,311)	--	--	(3,077,311)
Interest Paid on Long-Term Debt	(338,120)	--	--	(528,068)	(91,448)	--	(957,636)
Net Cash Provided by (Used In)							
Capital and Related Financing Activities	(4,336,249)	--	--	(1,165,379)	(1,457,963)	1,135,272	(5,824,319)
Cash Flows From Noncapital Financing Activities							
Government Subsidies and Contributions	--	--	--	--	583,070	--	583,070
Due to Other Funds	700,894	7,415	--	--	--	--	708,309
Due From Other Funds	--	--	(193,447)	--	--	--	(193,447)
Net Cash Provided By (Used In)							
Noncapital Financing Activities	700,894	7,415	(193,447)	--	583,070	--	1,097,932
Net Increase in Cash and Cash Equivalents	--	--	--	491,586	344,041	5,162,686	5,998,313
Cash and Cash Equivalents at July 1, 2009	--	--	--	2,818,974	33,106	29,352,083	32,204,163
Cash and Cash Equivalents at June 30, 2010	\$ --	\$ --	\$ --	\$ 3,310,560	\$ 377,147	\$ 34,514,769	\$ 38,202,476
Adjustments to Reconcile Operating Income (Loss)							
To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ 164,667	\$ (23,525)	\$ (215,845)	\$ 1,185,995	\$ 79,884	\$ --	\$ 1,191,176
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	5,012,780	39,488	--	225,000	1,574,575	2,859,966	9,711,809
Miscellaneous Expenses	--	--	--	--	(45,818)	--	(45,818)
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	(345,197)	(208,060)	--	1,500	525,465	--	(26,292)
Due From Other Funds	--	--	--	283,796	--	1,373,965	1,657,761
Due From Component Units	(19,038)	135,433	--	--	--	--	116,395
Due From Other Governments	--	148	--	--	--	--	148
Inventories of Material and Supplies	(16,909)	(17,092)	379,312	--	--	524,565	869,876
Prepaid Expenses	--	--	--	--	4,417	(30,070)	(25,653)
Deferred Expense	--	--	--	--	5,793	--	5,793
Accounts Payable	(1,215,666)	57,208	30,500	(39,326)	(87,438)	(835,258)	(2,089,980)
Accrued Liabilities	23,303	490	289	--	(283,448)	155,901	(103,465)
Due To Other Funds	--	--	--	--	(1,000,000)	--	(1,000,000)
Compensated Absences	758	(14,365)	(809)	--	7,721	(21,655)	(28,350)
Other Liabilities and Claims	30,657	22,860	--	--	437,783	--	491,300
Total Adjustments	3,470,688	16,110	409,292	470,970	1,139,050	4,027,414	9,533,524
Net Cash Provided By (Used In) Operating Activities	\$ 3,635,355	\$ (7,415)	\$ 193,447	\$ 1,656,965	\$ 1,218,934	\$ 4,027,414	\$ 10,724,700



Fiduciary Funds

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

The Fiduciary Funds are:

Trust Funds

The Richmond Retirement System

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

Other Employee Benefits

is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years of up to 25% of salary with a maximum deferral of \$15,500 per year.

Agency Funds

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



EXHIBIT L-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 13,923,012	\$ --	\$ 13,923,012
Receivables:			
Due from Brokers on Sale of Securities	3,523,306	--	3,523,306
Interest and Dividends	1,026,996	--	1,026,996
Employee Loans Receivable	1,070,445	1,781,971	2,852,416
Investments, at Fair Value:			
U.S. Government and Agency Obligations	16,036,578	57,397,706	73,434,284
Corporate Bonds	53,972,934	--	53,972,934
Common Stock	152,421,397	--	152,421,397
International Stocks	65,294,148	--	65,294,148
International Bonds	41,413,373	--	41,413,373
Real Estate Investment Trusts	18,938,813	--	18,938,813
Emerging Market Debt	6,023,787	--	6,023,787
Hedge Funds	38,342,393	--	38,342,393
Mutual Funds	18,707,272	--	18,707,272
Private Equity	1,266,851	--	1,266,851
Total Investments, at Fair Value	412,417,546	57,397,706	469,815,252
Cash Collateral Received - Security Lending Program	54,469,488	--	54,469,488
Total Assets	486,430,793	59,179,677	545,610,470
Liabilities:			
Accounts Payable	14,292,297	--	14,292,297
Payable for Collateral Received - Security Lending Program	54,469,488	--	54,469,488
Total Liabilities	68,761,785	--	68,761,785
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 417,669,008	\$ 59,179,677	\$ 476,848,685



EXHIBIT L-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2010

	Richmond Retirement System	Other Employee Benefits	Total
Additions:			
Contributions:			
City of Richmond	\$ 30,765,855	\$ 6,560,424	\$ 37,326,279
Richmond Behavioral Health Authority	964,421	--	964,421
Richmond Public Schools	348,866	--	348,866
Revenue for DC Plan Expense	50,615	--	50,615
Plan Members	2,485,948	--	2,485,948
Total Contributions	<u>34,615,705</u>	<u>6,560,424</u>	<u>41,176,129</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	53,106,925	4,479,642	57,586,567
Interest	3,491,261	78,509	3,569,770
Dividends	4,298,241	--	4,298,241
Net Income Earned On Securities Lending Transactions:			
Securities Lending Income	201,712	--	201,712
Securities Lending Expense	(112,487)	--	(112,487)
Total Net Income Earned on Securities Lending Transactions	<u>89,225</u>	<u>--</u>	<u>89,225</u>
Investment Income	60,985,652	4,558,151	65,543,803
Less Investment Expense	1,857,658	--	1,857,658
Net Investment Income	<u>59,127,994</u>	<u>4,558,151</u>	<u>63,686,145</u>
Total Additions, Net	<u>93,743,699</u>	<u>11,118,575</u>	<u>104,862,274</u>
Deductions:			
Benefits	61,339,969	3,350,244	64,690,213
Administrative Expenses	1,093,710	33,246	1,126,956
Total Deductions	<u>62,433,679</u>	<u>3,383,490</u>	<u>65,817,169</u>
Net Increase	31,310,020	7,735,085	39,045,105
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	386,358,988	51,444,592	437,803,580
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 417,669,008</u>	<u>\$ 59,179,677</u>	<u>\$ 476,848,685</u>



EXHIBIT L-3

CITY OF RICHMOND, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Assets				
Cash and Cash Equivalents	\$ 816,357	\$ 391,450	\$ --	\$ 1,207,807
Due From Other Funds	106,124	997,497	1,103,621	--
Total Assets	<u>\$ 922,481</u>	<u>\$ 1,388,947</u>	<u>\$ 1,103,621</u>	<u>\$ 1,207,807</u>
Liabilities				
Refundable Deposits	\$ 278,920	\$ 256,506	\$ 217,141	\$ 318,285
Due to Other Funds	--	651,642	434,223	217,419
Due to Various Agents	643,561	1,310,748	1,282,206	672,103
Total Liabilities	<u>\$ 922,481</u>	<u>\$ 2,218,896</u>	<u>\$ 1,933,570</u>	<u>\$ 1,207,807</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, 2010**

DATE OF INCORPORATION

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

AREA OF CITY

The area of the City consists of 62.55 square miles.

POPULATION

United States Census 2000 ⁽¹⁾	197,790
United States Census 2001 ⁽¹⁾	198,270
United States Census 2002 ⁽¹⁾	198,494
United States Census 2003 ⁽¹⁾	198,102
United States Census 2004 ⁽¹⁾	197,401
United States Census 2005 ⁽¹⁾	197,861
United States Census 2006 ⁽¹⁾	198,624
United States Census 2007 ⁽¹⁾	200,123
United States Census 2008 ⁽¹⁾	202,002
United States Census 2009 ⁽¹⁾	204,451

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

FORM OF GOVERNMENT

The City of Richmond is organized under the Strong Mayoral-Council form of government. The mayoral form consists of a City Mayor, elected at-large, and a City Council which serves as the municipality's legislative body. The Council is composed of nine members elected on a single member district basis. The President of Council and Vice-President are chosen by a majority vote of all members of Council from their own members. The Mayor appoints, with the consent of Council, a Chief Administrative Officer to act as the chief administrator of the City. He serves at the pleasure of the City Mayor, carries out the City's administrative and policy-related duties, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as certain other officers and employees of the administration.

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

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



ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at "fair market value". This value is currently estimated to be 96.5% of recorded sales. The 2010 real estate values will also be the assessed values for calendar year 2011 to enable the City to implement the semi-annual billing and collection cycles of January 14 and June 14 in the 2011 tax year. The 2011 Land Book will be updated to reflect new construction and renovations in November 2010.

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 - 2010
- \$1.23 per \$100 of Assessed Value: 2007
- \$1.29 per \$100 of Assessed Value: 2006
- \$1.33 per \$100 of Assessed Value: 2005
- \$1.37955 per \$100 of Assessed Value: 2003 - 2004
- \$1.38975 per \$100 of Assessed Value: 2002
- \$1.410 per \$100 of Assessed Value: 2001
- \$1.430 per \$100 of Assessed Value: 1997 - 2000
- \$1.445 per \$100 of Assessed Value: 1994 - 1996

Tangible Personal Property:

- \$3.70 per \$100 of Assessed Value: 1992 - 2010
- \$3.65 per \$100 of Assessed Value: 1990 - 1991
- \$3.59 per \$100 of Assessed Value: 1988 – 1989

Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 2010
- \$2.10 per \$100 of Assessed Value: 1991
- \$2.00 per \$100 of Assessed Value: 1990
- \$1.90 per \$100 of Assessed Value: 1988 – 1989



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: 2004-2010

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. The full tax bill must be paid on or before June 15th to avoid penalty and interest. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added. Effective January 1, 2011, real estate taxes will be billed on a semi-annual basis with the payments due on January 14 and June 14, respectively. 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

Real estate taxes are reported as delinquent on June 16th of the tax year for which assessed. Personal property taxes are reported as delinquent on May 2nd of the tax year for which assessed or 61 days after acquiring taxable situs. A penalty of 10% is added to all delinquent taxes. Interest at the rate of 10% per annum is added to the delinquent tax. Personal Property taxes incur an additional 5% late payment penalty if not paid within 60 days of the due date.

Effective January 1, 2011, real estate taxes will be 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.

OVERLAPPING AREAS AND DEBT

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

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

CITY INDEBTEDNESS

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

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

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

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



DEBT MANAGEMENT POLICIES

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

General Obligation Debt:

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

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

FUND BALANCE POLICY

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses on one-half of one percent of expenditures until the Undesignated Fund Balance reaches at least 7% of budgeted expenditures. As of June 30, 2010, the Undesignated Fund Balance was \$59.4 million, which is 9.4% of budgeted General Fund expenditures.
- The City Council, in adoption of a General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Mayor in the submission of the General Fund budget.
- The City will not appropriate any amount from the Undesignated Fund Balance until at least one year subsequent to the accumulation of the 7% Undesignated Fund Balance, and then only if faced with an unusual, unanticipated and otherwise seemingly insurmountable hardship.



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities									
Invested In Capital Assets, Net of Related Debt	\$ 204,892,717	\$ 199,865,572	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936
Restricted	25,281,516	46,983,399	68,923,046	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722
Unrestricted	48,463,377	31,375,839	(10,050,293)	40,670,738	25,435,347	26,438,982	45,954,323	21,676,936	67,421,848
Total Governmental Activities Net Assets	\$ 278,637,610	\$ 278,224,810	\$ 250,429,748	\$ 289,223,476	\$ 295,332,720	\$ 318,185,177	\$ 365,554,081	\$ 348,359,853	\$ 353,995,506
Business-type Activities									
Invested In Capital Assets, Net of Related Debt	\$ 242,713,267	\$ 280,898,657	\$ 274,968,276	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330
Restricted	52,581,970	49,509,466	8,650,941	40,067,236	--	--	--	--	--
Unrestricted	44,673,232	21,266,273	69,315,730	43,272,098	69,958,764	79,842,538	78,044,664	55,610,764	58,319,963
Total Business-type Activities Net Assets	\$ 339,968,469	\$ 351,674,396	\$ 352,934,947	\$ 360,413,134	\$ 375,271,778	\$ 382,657,731	\$ 394,303,721	\$ 407,378,650	\$ 428,003,293
Primary Government									
Invested In Capital Assets, Net of Related Debt	\$ 447,605,984	\$ 480,764,229	\$ 466,525,271	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266
Restricted	77,863,486	96,492,865	77,573,987	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722
Unrestricted	93,136,609	52,642,112	59,265,437	83,942,836	95,394,111	106,281,520	123,998,987	77,287,700	125,741,811
Total Primary Government Activities Net Assets	\$ 618,606,079	\$ 629,899,206	\$ 603,364,695	\$ 649,636,610	\$ 670,604,498	\$ 700,842,908	\$ 759,857,802	\$ 755,738,503	\$ 781,998,799

¹Last Nine Years:

The City of Richmond reports Statistical Information for the Last Nine Years, due to the availability of data.



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
General Government	\$ 78,333,258	\$ 85,220,510	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800
Public Safety and Judiciary	139,051,357	141,560,046	147,054,040	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069
Highways, Streets, Sanitation and Refuse	55,742,911	76,549,273	76,654,334	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223
Human Services	84,031,811	89,294,156	91,316,190	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780
Culture and Recreation	24,035,635	26,127,447	24,856,175	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978
Education	129,360,758	138,209,993	137,780,535	131,661,501	152,646,701	165,971,219	159,858,678	164,359,364	163,586,697
Transportation	6,276,550	6,114,308	6,699,852	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000
Interest and Fiscal Changes	37,139,630	35,659,959	40,538,281	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271
Extraordinary Item ¹	--	--	14,728,475	4,020,240	--	--	--	--	--
Total Governmental Activities Expenses	\$ 553,971,910	\$ 598,735,692	\$ 641,809,981	\$ 607,013,490	\$ 657,248,057	\$ 693,437,698	\$ 689,166,227	\$ 708,991,797	\$ 690,257,818
Business-type Activities:									
Gas	131,743,956	167,936,098	178,520,751	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730
Water	36,059,991	34,294,537	36,523,533	39,004,189	41,362,442	44,232,832	46,158,648	49,934,491	48,934,491
Wastewater	38,893,054	37,587,401	40,115,362	45,976,722	44,944,833	51,598,901	48,364,007	53,000,556	50,679,153
Sewerwater	--	--	--	--	--	--	--	--	7,613,092
Collection	3,981,767	4,086,451	4,152,274	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178
Landmark Theatre	1,928,890	1,580,618	1,876,343	1,730,408	1,835,924	1,788,114	1,829,565	567,990	--
Cemeteries	1,447,502	1,602,606	1,389,982	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493
Total Business-type Activities Expenses	\$ 214,055,160	\$ 247,067,711	\$ 262,578,245	\$ 300,711,000	\$ 343,344,098	\$ 321,240,609	\$ 319,899,589	\$ 331,118,753	\$ 277,861,137
Total Primary Government Expenses	\$ 768,027,070	\$ 845,803,403	\$ 904,388,226	\$ 907,724,490	\$ 1,000,592,155	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	\$ 42,305,646	\$ 40,875,918	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531
Culture and Recreation	549,118	663,061	611,105	561,893	759,632	109,692	719,586	686,911	727,597
Other Activities	19,724,718	20,715,420	27,671,318	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315
Operating Grants and Contributions	143,351,487	143,710,347	133,650,110	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522
Capital Grants and Contributions	3,498,180	10,610,426	10,516,738	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450
Total Governmental Activities Program Revenues	\$ 209,429,149	\$ 216,575,172	\$ 209,816,762	\$ 220,195,818	\$ 227,621,615	\$ 253,684,575	\$ 256,435,912	\$ 242,639,596	\$ 240,995,415
Business-type Activities:									
Charges for Services:									
Gas	\$ 136,262,738	\$ 173,251,482	\$ 187,051,036	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241
Water	45,309,368	42,239,247	45,205,312	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552
Wastewater	43,881,354	44,784,105	46,317,014	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635
Stormwater	--	--	--	--	--	--	--	--	9,537,834
Collection	1,454,450	2,337,854	2,358,184	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233
Landmark Theatre	221,204	318,101	724,250	390,879	594,775	255,549	463,078	520	--
Cemeteries	1,329,445	1,386,577	1,440,051	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251
Operating Grants and Contributions	17,330,805	7,048,589	3,578,979	5,607,052	4,928,275	4,779,151	7,967,089	10,819,719	14,624,603
Total Business-type Activities Program Revenues	\$ 245,789,364	\$ 271,365,955	\$ 286,674,826	\$ 324,241,481	\$ 364,433,375	\$ 339,280,870	\$ 346,360,166	\$ 358,364,466	\$ 317,140,348
Total Primary Government Program Revenues	\$ 455,218,513	\$ 487,941,127	\$ 496,491,588	\$ 544,437,299	\$ 592,054,990	\$ 592,965,445	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763
Net (Expense)/Revenue									
Governmental Activities	\$ (344,542,751)	\$ (382,160,520)	\$ (431,993,219)	\$ (386,817,602)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)
Business-type Activities	31,734,204	24,298,243	24,096,580	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211
Total Primary Government Net Expense	\$ (312,808,557)	\$ (357,862,277)	\$ (407,896,639)	\$ (363,287,181)	\$ (408,537,165)	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)

(Continued)



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Taxes (in General)	\$ 315,956,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Sales-1% Local	-	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,083,786
Sales Tax For Education	-	-	-	-	-	27,559,938	26,959,337	25,312,005	24,943,835
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
Machinery and Tools	-	16,408,110	14,831,680	14,618,256	15,140,266	13,148,199	13,486,040	13,762,378	17,119,371
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
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
Prepared Food	-	13,722,642	15,078,165	16,028,093	20,869,281	23,154,114	24,076,647	24,489,056	23,756,424
Lodging Tax	-	-	-	-	-	5,272,618	5,984,286	5,366,015	4,789,681
Admissions	-	1,465,338	1,804,701	1,195,003	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971
Real Estate Taxes - Delinquent	-	-	-	-	-	-	-	-	9,711,901
Personal property Taxes - Delinquent	-	-	-	-	-	-	-	-	5,023,503
Delinquent Tax Payments-All Classes	-	13,035,895	10,303,869	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
Penalties and Interest	-	5,203,306	4,564,352	4,242,744	4,676,988	5,319,892	3,657,510	4,570,206	5,423,493
Tilling Tax-Mobile Home	-	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858
State Recordation	-	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637
Property Rental 1%	-	236,383	158,960	120,684	144,979	138,469	126,334	126,534	101,748
Vehicle Rental Tax	-	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599
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
Intergovernmental Revenue Not Restricted to Specific Programs	2,309,428	112,628	575,897	13,860,051	6,159,363	-	171,162	186,361	156,211
Investment Earnings	703,044	689,795	360,647	1,501,725	1,764,937	2,425,883	2,102,922	89,955	105,672
Miscellaneous	43,688,088	45,050,330	47,259,923	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	225,661
Transfers	17,277,420	17,219,936	17,993,646	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631
Special Item ²	638,321	174,264	-	773,106	-	3,701	-	-	-
Extraordinary Item ¹	-	-	12,754,707	-	629,859	402,390	306,076	(130,470)	15,352
Total Governmental Activities	380,552,455	381,747,720	404,198,157	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973	455,839,421
Business-type Activities:									
Investment Earnings	\$ 1,758,397	\$ 1,855,899	\$ 750,057	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118
Miscellaneous	2,839,478	2,771,621	3,045,762	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580
Transfers	(17,277,420)	(17,219,936)	(17,993,646)	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)
Total Business-type Activities	(12,679,545)	(12,592,316)	(14,197,827)	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)
Total Primary Government	\$ 367,872,910	\$ 369,155,404	\$ 390,000,330	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488
Change in Net Assets									
Governmental Activities	\$ 36,009,694	\$ (412,800)	\$ (27,795,862)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018
Business-type Activities	19,054,659	11,705,927	9,898,753	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278
Total Primary Government	\$ 55,064,353	\$ 11,293,127	\$ (17,896,309)	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296

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 2002 - Gain on Sale of Land
Fiscal Year 2003 - Gain on Sale of Land
Fiscal Year 2005 - Gain on Sale of Land
Fiscal Year 2008 - Gain on Sale of Land
Fiscal Year 2005 & 2007 - Disaster Recovery

³City Taxes:

Fiscal Year 2002 - There was no requirement to report City Taxes by category.

⁴Last Nine Years:

The City of Richmond reports Statistical Information for the Last Nine Years, due to the availability of data.

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.



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Taxes									
City Taxes (In General)	\$ 315,956,154	\$	\$	\$	\$	\$	\$	\$	\$
Real Estate	--	185,361,803	172,166,634	181,172,923	202,214,700	211,480,260	225,336,583	231,467,579	219,121,286
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
Sales Tax for Education	--	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835
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
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
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
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
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
Transient Lodging	--	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681
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
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	--	9,711,901
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	--	5,023,503
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
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
Titling Tax-Mobile Home	--	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858
State Recordation	--	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637
Property Rental 1%	--	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748
Vehicle Rental Tax	--	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599
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
Total Primary Government	\$ 315,956,154	\$ 318,520,867	\$ 325,253,537	\$ 334,498,995	\$ 348,579,014	\$ 409,108,338	\$ 451,012,546	\$ 425,152,613	\$ 432,985,894

¹**City Taxes:**

Fiscal Year 2002 - There was no requirement to report City Taxes by category.

⁴**Last Nine Years:**

The City of Richmond reports Statistical Information for the Last Nine Years, due to the availability of data.

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

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

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 8,821,969	\$ 18,597,316	\$ 21,328,801	\$ 14,150,287	\$ 22,216,671	\$ 16,144,418	\$ 15,894,601	\$ 16,908,547	\$ 2,094,186	\$ 16,598,886
Unreserved	42,440,905	40,645,634	40,552,729	47,690,533	45,278,440	45,442,420	47,507,086	47,638,753	48,644,484	59,423,096
Total General Fund	\$ 51,262,874	\$ 59,242,950	\$ 61,881,530	\$ 61,840,820	\$ 67,495,111	\$ 61,586,838	\$ 63,401,687	\$ 64,547,300	\$ 50,738,670	\$ 76,021,982
All Other Governmental Funds										
Reserved	\$ --	\$ 25,281,516	\$ 46,983,399	\$ 68,923,046	\$ 50,413,044	\$ 22,836,669	\$ 48,645,510	\$ 25,399,353	\$ 17,029,761	\$ 6,822,405
Unreserved, reported in:										
Special Revenue Funds	16,817,411	19,581,096	20,589,668	12,249,538	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875
Capital Project Funds	27,756,774	34,500	34,500	--	--	--	--	--	--	--
Debt Service Fund	2,041,583	--	11,461	11,461	11,461	(8,058)	--	--	--	--
Total All Other Governmental Funds	\$ 46,615,768	\$ 44,897,112	\$ 67,619,028	\$ 81,184,045	\$ 61,897,937	\$ 35,723,225	\$ 56,147,615	\$ 32,878,137	\$ (42,028,714)	\$ 17,684,280

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





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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 292,646,985	\$ 299,399,915	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122
Licenses, Permits and Privilege Fees	30,799,567	32,890,826	33,259,137	31,821,328	35,302,960	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043
Intergovernmental	188,769,821	149,159,095	154,433,332	146,970,902	173,750,992	198,571,638	164,137,422	163,894,270	196,307,233	151,219,441
Service Charges	16,251,466	16,866,068	17,924,528	14,933,169	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838
Fines and Forfeitures	6,376,530	8,646,605	7,774,458	8,559,606	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055
Sales of Land	393,597	638,321	-	-	-	-	-	-	-	-
Payment in Lieu of Taxes	16,179,103	16,518,950	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983
Investment Income	2,023,562	703,044	669,795	365,825	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672
Miscellaneous	54,567,917	55,309,546	57,211,587	72,862,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453
Total Revenues	608,008,548	580,132,370	595,083,718	610,820,162	655,622,701	669,683,338	729,146,651	716,285,587	689,963,393	689,073,607
Expenditures										
General Government	56,789,037	60,464,041	66,113,349	68,978,772	72,082,519	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369
Public Safety and Judiciary	133,327,645	136,466,136	139,318,995	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353
Highways, Streets, Sanitation and Refuse	43,149,174	44,018,321	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139
Human Services	98,478,164	81,957,017	87,637,237	89,044,511	90,924,428	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759
Culture and Recreation	20,999,465	21,604,557	22,101,310	23,539,612	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546
Education	239,213,047	125,669,753	128,823,925	131,762,289	129,041,941	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379
Non-Departmental	32,195,041	26,410,541	23,461,527	25,163,039	26,211,317	33,373,394	41,164,869	51,73,499	50,990,595	46,454,002
Capital Outlay	26,224,080	39,828,063	35,347,332	58,250,207	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465
Debt Service:										
Principal Retirement	39,822,931	36,895,795	37,206,080	41,473,735	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820
Interest Payments	37,113,785	34,692,049	34,974,162	40,304,483	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765
Insurance Costs	891,649	1,054,532	382,904	683,283	625,909	671,476	846,451	-	955,068	806,838
Total Expenditures	728,204,018	609,061,805	621,371,662	668,753,780	672,286,694	704,065,828	747,515,154	740,925,597	781,859,646	725,154,435
Other Financing Sources (Uses)										
Transfers In	40,598,584	44,620,298	47,449,811	53,904,655	57,680,867	61,784,636	60,691,246	82,480,356	70,305,914	67,559,251
Transfers Out	(40,388,749)	(41,729,582)	(46,073,628)	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)
Proceeds from Refunding Bonds	-	74,300,000	36,630,116	9,300,000	-	90,847,799	-	-	-	-
Payment to Escrow Agent	-	(74,300,000)	(36,630,116)	(9,300,000)	-	(90,622,799)	-	-	-	-
Proceeds from Issuance of Bonds	-	31,845,867	50,097,993	68,297,167	3,536,671	-	42,194,332	-	-	100,917,875
Premium on Issuance of Bonds	-	-	-	2,905,526	-	-	-	(762,900)	-	6,565,000
Total Other Financing Sources (Uses)	209,835	34,735,603	51,474,176	73,431,693	6,279,310	2,623,363	45,383,703	2,210,069	3,180,772	110,894,424
Special Item										
Gain on Sale of Land	-	638,321	174,264	-	-	-	-	-	-	-
Disaster Recovery	-	-	-	12,754,707	773,106	-	-	-	-	-
Total Special Item	-	638,321	174,264	12,754,707	773,106	-	-	-	-	-
Extraordinary Item										
Disaster Costs	-	-	-	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352
Total Extraordinary Item	-	-	-	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352
Net Change in Fund Balances	\$ (119,985,635)	\$ 6,445,489	\$ 25,360,496	\$ 13,524,307	\$ (13,631,817)	\$ (32,082,985)	\$ 26,612,810	\$ (22,123,865)	\$ (88,715,681)	\$ 74,828,948
Debt Service as a Percentage of Noncapital Expenditures	10.7%	11.9%	14.6%	12.3%	12.7%	12.5%	11.7%	8.0%	7.7%	6.5%

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

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real Estate	\$ 139,820,593	\$ 151,824,518	\$ 159,003,009	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758
Sales-1% Local										
Sales Tax for Education	24,977,517	22,202,874	20,123,954	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786
Personal Property	42,719,428	42,133,029	41,488,407	41,918,417	45,091,878	43,819,129	42,147,896	26,959,337	25,312,005	24,943,835
Machinery and Tools	18,208,204	17,010,104	15,674,402	14,831,660	14,618,256	14,729,382	13,165,608	44,734,218	51,107,922	44,081,997
General Utility Sales	32,327,821	32,439,687	32,415,856	30,272,507	31,124,964	30,413,522	31,586,945	13,679,043	14,265,110	17,038,468
Bank Stock	5,135,665	5,161,545	2,854,562	2,362,154	2,904,338	2,891,777	3,085,172	37,118,110	35,253,745	34,483,451
Prepared Food	13,337,315	13,294,593	13,111,219	14,546,707	16,028,093	17,404,622	23,154,114	3,317,298	4,494,835	8,247,534
Lodging Tax	1,049,342						5,272,618	24,076,647	5,366,015	23,756,424
Admission	1,423,044	1,391,847	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	5,984,286	1,604,376	4,789,681
Real Estate Taxes - Delinquent										
Personal Property Taxes - Delinquent										
Delinquent Tax Payments-All Classes	7,892,623	7,956,401	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751		
Private Utility Poles and Conduits	91,814	91,538	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478
Penalties and Interest	3,990,062	4,450,781	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493
Titling Tax-Mobile Home	19,726	10,345	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858
State Recordation	727,681	702,350	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637
Property Rental 1%										
Vehicle Rental Tax										
ABC Board Receipts	926,150	730,303	955,513	868,115	864,415	752,941	1,004,229	126,334	126,534	101,748
Rolling Stock Tax								889,582	625,040	424,599
Telephone Commissions										
Total General Governmental Tax Revenues	\$ 292,646,985	\$ 299,399,915	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122

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





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:		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			Tax Exempt Real Property	Real Property		Real Property	Personal Property	Machinery & Tools		
2001	5,745,560,736	6,744,788,690	1,478,905,318	821,122,856	2,210,297,652	12,580,079,947	1.41	3.70	3.70	2.30	12,580,079,947	100.00%
2002	6,473,254,985	7,599,038,460	1,507,088,801	790,901,800	2,892,351,707	13,477,932,339	1.39	3.70	3.70	2.30	13,477,932,339	100.00%
2003	7,396,450,777	8,358,905,035	1,393,327,487	678,581,056	3,103,519,875	14,723,744,480	1.38	3.70	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	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	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	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	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	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	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	3.70	2.30	23,279,982,527	100.00%

CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2010

2010						2001		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	
Philip Morris Inc. & Philip Morris USA	\$ 710,722,000	3.37%	1	Philip Morris Inc. & Philip Morris USA	\$ 220,125,800	2.32%	1	
Hines Riverfront Plaza LP	247,500,000	1.17%	2	Boston Properties	153,000,000	1.61%	2	
James Center Property LLC	187,998,000	0.89%	3	Crestar Bank (SunTrust Banks, Inc.)	140,353,500	1.48%	3	
Dominion Resources, Inc	144,411,000	0.68%	4	Federal Reserve Bank of Richmond	84,781,500	0.89%	4	
Chippenhams Hospital Inc (HCA)	105,605,000	0.50%	5	Ethyl Corporation	70,675,300	0.75%	5	
Federal Reserve Bank of Richmond	103,928,000	0.49%	6	Bank of America	65,169,400	0.69%	6	
Foundry Park I LLC	89,060,000	0.42%	7	One James Center Associates	63,570,000	0.67%	7	
Parmenter 919 Main St. LP	83,574,000	0.40%	8	Whitehall Robins	61,886,000	0.65%	8	
Riverside Owner LLC	78,151,000	0.37%	9	Chippenhams Hospital Inc	57,859,000	0.61%	9	
Gambles Hill LLC	74,921,000	0.36%	10	AAPOP, LLP	50,000,000	0.53%	10	
American Retirement Corp	70,000,000	0.33%	11	Two James Center Associates	49,900,000	0.53%	11	
First States Investors 3500 LLC	69,571,000	0.33%	12	Dominion Resources Inc	39,000,000	0.41%	12	
SunTrust Bank	63,519,000	0.30%	13	ARC Imperial Services	33,540,000	0.35%	13	
Stony Point Fashion Park Associates LLC	54,132,000	0.26%	14	Alleghany Warehouse Co, Inc	32,773,000	0.35%	14	
Robins A H Co, Inc	48,212,000	0.23%	15	S J W Limited Partnership	25,310,000	0.27%	15	
Media General, Inc	46,067,000	0.22%	16	SCDHC-Southwood, LLC	21,201,500	0.22%	16	
Miller & Rhoads Building LLC (Hilton)	42,010,000	0.20%	17	Marriott Corporation	20,548,000	0.22%	17	
Total of Taxpayers	2,219,381,000	10.52%		Total of Taxpayers	1,189,693,000	12.55%		
All Other Properties	18,874,657,672	89.48%		All Other Properties	8,290,259,527	87.45%		
Totals	\$ 21,094,038,672	100.00%		Totals	\$ 9,479,952,527	100.00%		

Source: City's Real Estate Assessor





CITY OF RICHMOND, VIRGINIA
PRINCIPAL EMPLOYERS
 As of June 30, 2010

2010		2001	
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Principal Employment</u>
Commonwealth of Virginia	26,845	41,500	29.29%
Federal Government	15,800	16,000	11.29%
Chesterfield County	10,845	9,878	6.97%
Henrico County	10,694	8,957	6.32%
Richmond City	8,583	6,524	4.60%
Virginia Commonwealth University Health System	7,244	5,324	3.76%
Capital One Financial Corp.	6,828	4,780	3.37%
HCA Inc.	6,679	4,195	2.96%
Dominion Resources Inc	5,721	4,007	2.83%
Bon Secours Richmond Health System	5,626	3,716	2.62%
Altria Group Inc.	4,613	3,340	2.36%
Hanover County	4,038	3,337	2.35%
SunTrust Banks, Inc.	3,815	3,305	2.33%
Ukrop's Super Markets Inc	3,331	3,250	2.29%
WellPoint Inc.	3,050	2,969	2.10%
Bank of America Corp.	2,900	2,839	2.00%
Wells Fargo & Co.	2,858	2,500	1.76%
Verizon Communications	2,789	2,144	1.51%
Total of Principal Employers	132,259	128,565	90.73%
Other Principal Employers ¹	38,263	13,134	9.27%
Totals	170,522	141,699	100.00%

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



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

<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>
2001	1.41	147,235,718	139,820,593	95.0%	4,336,433	144,157,026	97.9%
2002	1.39	162,359,912	153,719,867	94.7%	5,221,188	158,941,055	97.9%
2003	1.38	175,100,400	165,330,253	94.4%	9,498,935	174,829,188	99.8%
2004	1.38	184,806,582	179,024,489	96.9%	7,715,852	186,740,341	101.0%
2005	1.33	201,274,826	191,839,265	95.3%	7,619,922	199,459,187	99.1%
2006	1.29	214,819,901	206,416,778	96.1%	6,901,572	213,318,350	99.3%
2007	1.23	224,815,976	218,210,831	97.1%	5,696,407	223,907,238	99.6%
2008	1.20	233,179,816	221,199,403	94.9%	15,227,545	236,426,948	101.4%
2009	1.20	236,538,376	223,155,601	94.3%	6,001,432	229,157,033	96.9%
2010	1.20	234,474,521	222,858,692	95.0%	9,711,902	232,570,594	99.2%

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>
2001	3.70	50,255,928	42,719,428	85.0%	5,835,595	48,555,023	96.6%
2002	3.70	48,353,865	42,133,029	87.1%	5,068,925	47,201,954	97.6%
2003	3.70	46,689,746	41,662,589	89.2%	3,864,364	45,526,953	97.5%
2004	3.70	46,468,895	42,080,193	90.6%	3,297,269	45,377,462	97.7%
2005	3.70	48,443,250	43,739,697	90.3%	4,868,959	48,608,656	100.3%
2006	3.70	50,187,847	43,230,723	86.1%	4,328,616	47,559,339	94.8%
2007	3.70	52,721,272	44,112,841	83.7%	5,826,972	49,939,813	94.7%
2008	3.70	53,094,279	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%

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.

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				
	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
2001	329,225,115	3,921,755	21,400,000	6,985,000	-	18,840,000	342,544,106	128,453,301	851,369,277	13.26%
2002	353,531,356	3,836,492	12,850,000	6,475,000	-	18,840,000	285,968,639	264,061,852	945,563,339	14.42%
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%
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%
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%
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%
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%
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%
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,288,644	1,181,395,512	N/A
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	N/A

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis
 Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

Fiscal Year	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
2001	671,769,221	3,921,755	21,400,000	6,985,000	-	18,840,000	722,915,976	3.02%	3,646
2002	639,499,995	3,836,492	12,850,000	6,475,000	-	18,840,000	681,501,487	2.91%	3,434
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	3.09%	N/A

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis
 Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.



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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 1,028,005,177	\$ 1,117,994,174	\$ 1,196,677,008	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867
Total net debt applicable to limit	629,602,521	681,368,153	689,578,088	738,231,520	685,384,668	635,988,545	633,857,964	592,625,025	605,137,771	630,231,266
Legal Debt Margin	\$ 398,402,656	\$ 436,626,021	\$ 507,098,920	\$ 587,614,219	\$ 822,538,667	\$ 1,029,282,007	\$ 1,270,394,281	\$ 1,468,366,839	\$ 1,504,765,133	\$ 1,479,172,601

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

29.88%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value (Taxable)	\$ 21,094,038,672
Debt limit (10% of total assessed value)	2,109,403,867
General Obligation Bonds	630,231,266
Legal Debt Margin	\$ 1,479,172,601

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes. The Total Net Debt Applicable to Limit shown on 6/30/2010 does not include \$553,815,742 of self-supporting Public Utility Revenue Bonds, \$13,980,000 of Certificates of Participation, and \$9,739,788 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**

<u>Fiscal</u> <u>Year</u>	<u>Gross</u>		<u>Less:</u>		<u>Net Revenue</u>		<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Revenue</u>		<u>Direct Operating</u>		<u>Available for</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
			<u>Expenses</u>		<u>Debt Service</u>					
2001	\$ 250,206,000	\$	202,824,000	\$	47,382,000	\$	11,369,282	\$ 20,070,628	\$ 31,439,910	1.51
2002	222,293,385		174,842,378		47,451,007		8,960,861	21,019,119	29,979,980	1.58
2003	257,454,148		200,480,366		56,973,782		9,378,904	23,896,768	33,275,672	1.71
2004	273,973,867		214,894,187		59,079,680		14,015,416	27,051,440	41,066,856	1.44
2005	311,528,607		248,572,360		62,956,247		15,117,801	27,684,009	42,801,810	1.47
2006	354,513,119		267,435,241		87,077,878		13,877,566	28,234,697	42,112,263	2.07
2007	332,534,070		264,341,546		68,192,524		15,512,828	28,242,331	43,755,159	1.56
2008	335,154,223		270,811,760		64,342,463		20,562,701	29,429,144	49,991,845	1.29
2009	347,058,210		278,970,601		68,087,609		20,508,027	29,939,215	50,447,242	1.35
2010	286,569,755		211,454,537		75,115,218		21,104,375	34,343,862	55,448,237	1.35

Debt Service Coverage Covenant

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

Source: City of Richmond - Department of Public Utilities



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

Fiscal		Personal Income	Per Capita			City	State
Year	Population(1)	(Amounts expressed in thousands)	Personal Income(2)	Median Age	School Enrollment(3)	Unemployment Rate(4)	Unemployment Rate(4)
2001	198,264	6,422,779	32,395	N/A	26,840	4.3%	3.3%
2002	198,480	6,557,843	33,040	37.5	26,136	6.0%	4.4%
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	N/A	N/A	35.5	23,200	10.2%	7.1%
2010	N/A	N/A	N/A	N/A	22,994	10.5%	7.1%

(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. 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 Nine Fiscal Years

Function	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:									
General Government	531	553	554	583	502	650	731	681	696
Public Safety and Judiciary									
Police	809	793	846	905	982	979	1,028	1,000	980
Firefighters and Officers	399	241	416	423	426	425	463	413	406
Others	537	652	671	690	658	588	603	590	577
Highways, Streets, Sanitation and Refuse									
Engineering & Maintenance	548	540	521	532	551	538	566	527	452
Human Services									
Human Services Advocacy	22	28	21	37	47	26	24	34	35
Social Services	483	465	461	466	411	455	481	472	456
Public Health	102	98	104	112	0	0	0	0	0
Culture and Recreation	313	283	247	266	235	295	260	273	276
Transportation	7	8	8	7	5	0	0	0	0
Business-type Activities:									
Gas Utility	347	333	314	304	213	320	322	425	404
Water Utility	88	92	90	81	214	101	102	128	110
Wastewater Utility	101	100	98	90	61	108	113	164	139
Electric Utility	21	21	19	18	32	15	19	24	24
Stores and Transportation Division	14	14	14	13	11	12	13	10	6
Coliseum	25	25	25	25	28	25	25	25	17
Landmark Theatre	9	9	7	7	0	5	5	0	0
Cemeteries NCO	15	22	18	18	21	20	20	20	20
Total	<u>4,371</u>	<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>

¹**Last Nine Years:**

The City of Richmond reports Statistical Information for the Last Nine Years, due to the availability of data.

Source: Various City departments



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

	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function									
Governmental Activities:									
Police									
Physical Arrests	13,924	14,252	15,911	17,536	17,034	19,210	20,064	20,425	14,487
Parking Violations	116,050	96,079	101,813	103,594	19,455	73,335	101,675	104,380	134,151
Traffic Violations	27,657	23,150	21,224	30,516	22,474	25,047	28,195	30,965	31,518
Fire									
Number of calls answered	26,222	25,817	28,258	30,956	31,746	28,234	19,864	29,098	29,587
Inspections	2,142	2,774	3,662	1,853	2,104	2,660	1,322	1,090	5,336
Highways and Streets									
Street resurfacing (miles)	141	95	82	70	102	85	70	62	122
Potholes repaired	7,691	14,833	12,167	21,011	10,691	7,500	898	6,128	11,409
Sanitation and Refuse									
Refuse collected (tons/day)	317	317	307	N/A	338	293	335	374	291
Recyclables collected (tons/day)	41	41	39	38	37	35	25	213	21
Culture and Recreation									
Parks permits issued	579	505	482	539	610	584	543	598	579
Business-type Activities:									
Gas									
Maximum daily sendout (MCF)	124,752	162,574	151,823	163,129	129,755	151,996	147,713	160,509	139,351
Annual Sendout (MCF)	16,718,496	19,168,315	17,952,764	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116
Water									
Average daily consumptions (MGD)	85	78	88	75	67	63	66	62	58
Maximum daily consumptions (MCD)	127	127	105	95	98	98	90	90	89
Water in Storage (gallons)	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Wastewater									
Average daily sewage treatment (MGD)	46	54	60	64	51	59	49	49	55
Maximum daily sewage treatment (MGD)	80	78	85	85	83	84	84	84	96
Coliseum									
Average daily attendance per activity	997	1,010	1,013	883	921	1,220	1,193	4,169	4,895
Average daily number of events	0	0	0	0	0	0	0	0	0
Landmark Theatre									
Total tickets sold for all activities	N/A	145,296	141,726	129,598	140,097	150,596	139,506	122,645	156,448
Total attendances for all activities	N/A	15,773	14,303	221,602	220,615	180,155	196,893	195,790	177,105
Cemeteries									
Number of interments	1,067	1,079	1,080	1,050	973	777	841	901	790
Number of lot sales	36	20	24	22	17	23	18	14	16
Number of single grave sales	635	688	700	646	382	664	601	568	504
Number of foundations	793	645	649	637	627	525	532	560	494

¹**Last Nine Years:**

The City of Richmond reports Statistical Information for the Last Nine Years, due to the availability of data.

Source: Various City departments

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



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

Function	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police									
Stations	7	7	7	7	7	10	4	8	7
Patrol Units	135	133	132	128	232	222	323	204	173
Fire									
Stations	20	20	20	20	20	20	20	20	20
Fire trucks	46	46	46	46	46	55	64	51	54
Highways and Streets									
Streets (miles)	1,867	1,867	1,867	1,865	1,857	1,865	1,858	822	822
Streetslights	32,856	32,977	33,063	33,184	32,900	33,188	33,000	30,548	30,783
Traffic Signals	450	453	456	460	502	511	465	468	476
Sanitation and Refuse									
Collection Trucks	N/A	N/A	33	38	45	38	37	47	34
Culture and Recreation									
Parks acreage	2,801	2,801	2,801	2,801	2,807	2,805	2,805	2,818	2,808
Parks	55	58	58	58	67	71	71	71	71
Baseball/Softball Diamonds	54	54	54	54	55	48	48	48	48
Athletic Fields	25	25	25	25	27	31	31	31	31
Golf Courses (Driving Range/Par 3 Course)	0	1	1	1	1	1	1	1	1
Swimming Pools	10	10	9	9	9	9	9	8	9
Tennis Courts	141	141	141	138	138	130	130	130	140
Community Centers	18	18	18	18	24	24	24	24	20
Theatres	2	2	2	2	2	1	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1
Gas									
Miles of Service Lines	1,736	1,766	1,777	1,796	1,818	1,850	1,868	1,694	1,721
Number of Gate Stations	6	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
Water Pumping Stations	12	12	12	13	13	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
Miles of Interceptors	42	42	42	47	47	47	47	47	47
Sewer Pumping Stations	3	3	3	3	3	5	5	5	5

Source: Various City departments



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



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

