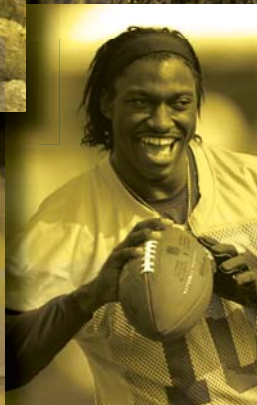


CITY OF RICHMOND, VIRGINIA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



CITY OF RICHMOND, VIRGINIA

# Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2013



MAYOR  
Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER  
Byron C. Marshall

DEPUTY CHIEF ADMINISTRATIVE OFFICER  
FINANCE & ADMINISTRATION  
Sharon O. Judkins

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

CITY CONTROLLER  
Alvin L. Cannon

## CITY COUNCIL

Charles R. Samuels  
*President*  
Ellen F. Robertson  
*Vice President*

Parker C. Agelasto  
Jonathan T. Baliles  
Kathy C. Graziano  
Chris A. Hilbert  
Michelle R. Mosby  
Cynthia I. Newbille  
Reva M. Trammell





THE CITY OF RICHMOND, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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DWIGHT C. JONES  
MAYOR

February 24, 2014

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, 2013. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors, and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis – a narrative overview and analysis of the financial statements – included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5829. This report may also be found online at [www.richmondgov.com/finance](http://www.richmondgov.com/finance).

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

Cherry Bekaert LLP, a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, Cherry Bekaert LLP rendered an unmodified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2013 are fairly presented in all material respects and in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

### ***Overview of the City of Richmond, Virginia***

The City of Richmond, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City occupies 62.55 square miles and serves a growing population of 210,309 as of the U.S. Census Bureau's 2012 annual population estimate. In the Commonwealth, cities have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

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

The results are a diverse economic base that includes research and development, manufacturing, retail, services, law, distribution, tourism, banking, and state government, which contributes to a stable and positive business environment. Richmond is home to the Fifth District Federal Reserve Bank, one of 12 Federal Reserve Banks, and is also home to the Fourth Circuit U.S. Court of Appeals, one of 13 in the United States. Richmond has ten Fortune 1000 companies headquartered in the region including five Fortune 500 firms – Altria Group, Dominion Resources, Genworth Financial, Carmax, and MeadWestvaco.

Included among the accolades bestowed upon the Greater Richmond Area, Richmond was recently named one of the **Top 100 Metro Areas for Business Growth** (Wall Street Journal MarketWatch.com April 2013); was ranked one of the **10 Best Cities for Finding Employment** (Forbes.com, April 2013); was named the **3<sup>rd</sup> Best Large City for Job Creation** (Gallup's Job Creation Index, March 2012), and was named the **3<sup>rd</sup> Best Place for Military Retirement** (USAA and Military.com ).

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

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

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

### **Profile of the Government**

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

Since January 2009, the City's focus has been on "Building a Better Richmond," moving toward the goal of becoming a Tier One City with a Triple-A (AAA) bond rating, and systematically implementing the building blocks required to accomplish these goals. In August 2013, Standard and Poor's upgraded its credit rating of the City's General Obligation bonds from AA to AA+. As this CAFR outlines, the City continues to make progress and is well on its way to achieving the goals set out nearly four years ago – balancing the budget and increasing unassigned fund balance, maintaining existing tax rates, increasing delinquent tax collections, and lowering spending.

The City's daily operations are directed by a Chief Administrative Officer who is appointed by the mayor and subject to the consent of a majority of the members of Council. The Chief Administrative Officer serves at the pleasure of the mayor, carries out the City Council's policies, and appoints administrative department heads as well as other officers and employees of the administration.

The Council establishes local laws, provides government policy and oversight, and approves the city budget. The Council is comprised of nine members elected from single member districts to serve four year terms. The President of Council and the Vice-President are selected by a majority vote of its members every two years. The Council appoints the City Assessor, City Auditor, and City Attorney. The City Attorney serves as the legal advisor to the Council, City administration, boards, commissions, and agencies of the City.

The City provides a full range of general governmental services for its citizens. These services include police and fire protection, sanitation services, the construction and maintenance of roads, streets and other infrastructure, recreational activities, and cultural events. In addition to general government activities, the City's gas, water and wastewater utilities are regional providers of services to customers in the City as well as in the surrounding counties. The City government also provides the majority of the funding for the public schools systems, though the schools are operated by a legally distinct entity and a separately elected school board.

The City's CAFR includes all funds of the City, the primary government, as well as all of its component units. Five discretely presented component units, the Richmond Ambulance Authority, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, School Board of the City of Richmond, and the Richmond Economic Development Authority, 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 2013 was the second year of the biennium. The proposed biennial budget was presented to City Council in March 2011. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of the proposed budget in a series of public meetings and outlined their policy priorities. Prior to adopting the biennial budget, a public hearing was held in April with budget adoption in May 2011.

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

### **Expenditures**

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

### **Revenue**

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

General Fund revenues and other financing sources were under budget by \$137.1 million for fiscal year ended June 30, 2013, which is primarily due to \$142.1 million of prior year fund balance commitments, assignments and unassigned fund balance appropriated for use in the current fiscal year as well as added contingency. Reoccurring General Fund revenue and other financing sources were over budget by \$5 million which is contributed to increased current and delinquent tax collections offset by continued declines in payments from the State, particularly Social Services related revenues, compared to budget.

### ***Economic Overview***

The economic recovery continues at a slow pace for the nation and City of Richmond. The recession which began in 2008, resulted in a decline in City revenue in 2009 and 2010. Beginning in 2011 however, City revenue stabilized and began to increase again. Excluding the one-time \$64.2 million repayments the City received from the Richmond Metropolitan Authority and Richmond Redevelopment and Housing Authority in 2012, the June 30, 2013 total revenue of \$646.5 million (including \$2.4 million of transfers in) was the third year of increased City revenue.

Like many urban areas throughout the country, the City has seen a resurgence of people moving back into the City. The City's population has grown each year since 2004 reaching 210,309 in 2012, according to US Census Bureau estimates. Despite the continuing tough economic climate, the City's Labor Force has shown steady growth throughout the recession climbing from 99,171 workers in 2007 to 101,841 workers in 2012, as calculated by the Virginia Employment Commission. This workforce is employed in a diverse mix of public and private occupations focused primarily around the finance, legal, healthcare and government sectors. The City's Unemployment Rate peaked in 2010 at 10.7%, and has steadily improved to 7.3% in November 2013.

In 2012, the City of Richmond had a per capita personal income (PCPI) of \$44,696 according to the Bureau of Economic Analysis. This PCPI was 92 percent of the state average of \$48,377, and 102 percent of the national average of \$43,735. The City's 2012 PCPI reflected an increase of 1.8 percent from 2011. By comparison, in 2002 the PCPI of Richmond was \$33,205.

### ***Major Initiatives and Accomplishments: Well Managed Government***

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

Throughout the fiscal year, a number of actions that were initiated in FY 2010 were continued through FY 2013, including the continued utilization of a five-year revenue and expenditure forecast, quarterly financial reports including an economic outlook, and introduction and adoption of a structurally balanced budget that maintains core services, protects the fiscal integrity of the City, ensures the City is poised for future growth, and budgets for priorities, just to name a few. Moving forward to fiscal year 2014 the Administration will continue to expand on these accomplishments, making strides toward achieving a goal of a Tier One City with a well managed government and a AAA bond rating.

### ***Financial Policies and Guidelines***

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

#### **Fund Balance Guidelines**

As of June 30, 2013, the Unassigned Fund Balance was \$75.0 million, which equaled 9.7 percent of the adopted General Fund budgeted expenditures, including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. The Unassigned Fund Balance for the past five fiscal years, as a percent of the Adopted General Fund Budget, is shown below. It should be noted that fiscal years 2007 through 2010 were prior to the implementation of GASB 54:

FY 2008:	7.5%
FY 2009:	7.4%
FY 2010:	9.4%
FY 2011:	10.1%
FY 2012:	9.0%
FY 2013:	9.7%

Note: The unassigned fund balance percentage was calculated differently in fiscal years 2008-2011 as compared to the subsequent years. This change in calculation was the result of a new unassigned fund balance policy adopted on April 23, 2012.

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

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

### **Debt Guidelines**

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

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

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

#### **A. No Overlapping Debt**

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

## **B. Legal Debt Margin**

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes. At June 30, 2013 the City had a legal debt limit of \$1,948,406,600 and the statutory capacity to issue approximately \$1,197,253,997 of additional general obligation debt.

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

10% of Assessed Value of Taxable Real Estate as of January 1, 2013	\$1,948,406,600
Less: Bonds and Notes Payable <sup>2,3</sup>	\$751,152,603
Legal Margin for Creating Additional Debt	<u>\$1,197,253,997</u>

<sup>1</sup> Source: City Assessor for Real Estate

<sup>2</sup> Does not include \$736,458,840 of self-supporting City of Richmond Public Utility Revenue Bonds, or \$7,614,180 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for creation of additional debt

<sup>3</sup> As of June 30, 2013.

## **C. Short-Term Debt**

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

The City uses a \$150.0 million Bond Anticipation Note Line of Credit 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, 2013, the City had \$95.9 million outstanding on the Line of Credit.

## **D. Long-Term Debt**

Bonds of the City, including general obligation bonds, serial equipment notes and certain public utility bonds, and bond anticipation 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, 2013, the City had a total of \$412,916,541 in authorized but unissued general obligation bonds or revenue bonds, including \$188,184,834 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects and \$224,731,707 to be issued as General Fund supported general obligation bonds.

### ***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, 2012. This was the 29<sup>th</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### ***Acknowledgements***

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

Sincerely,



Dwight C. Jones  
Mayor



Byron C. Marshall  
Chief Administrative Officer





# City of Richmond



DWIGHT C. JONES  
MAYOR

## MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

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

The City's financial statements have been audited by Cherry Bekaert LLP (Cherry Bekaert), independent certified public accountants, selected by the City Council. Management has made available to Cherry Bekaert 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 Cherry Bekaert 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 Cherry Bekaert'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





Government Finance Officers Association

**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, 2012**

Executive Director/CEO



CITY OF RICHMOND, VIRGINIA

**STRONG MAYOR - COUNCIL FORM OF GOVERNMENT**

**June 30, 2013**

**CITY MAYOR**

Dwight C. Jones

***CHIEF ADMINISTRATIVE OFFICER***

Byron C. Marshall

***CITY COUNCIL***

Charles R. Samuels – President  
Ellen F. Robertson – Vice President  
Parker C. Agelasto  
Jonathan T. Baliles  
Kathy C. Graziano

Chris A. Hilbert  
Michelle R. Mosby  
Cynthia I. Newbille  
Reva M. Trammell

**CITY  
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

**ATTORNEY**

Allen L. Jackson

**SUPERINTENDENT  
OF SCHOOLS**

Dr. Yvonne Brandon

**DEPARTMENT OF FINANCE**

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

**INDEPENDENT AUDITORS**

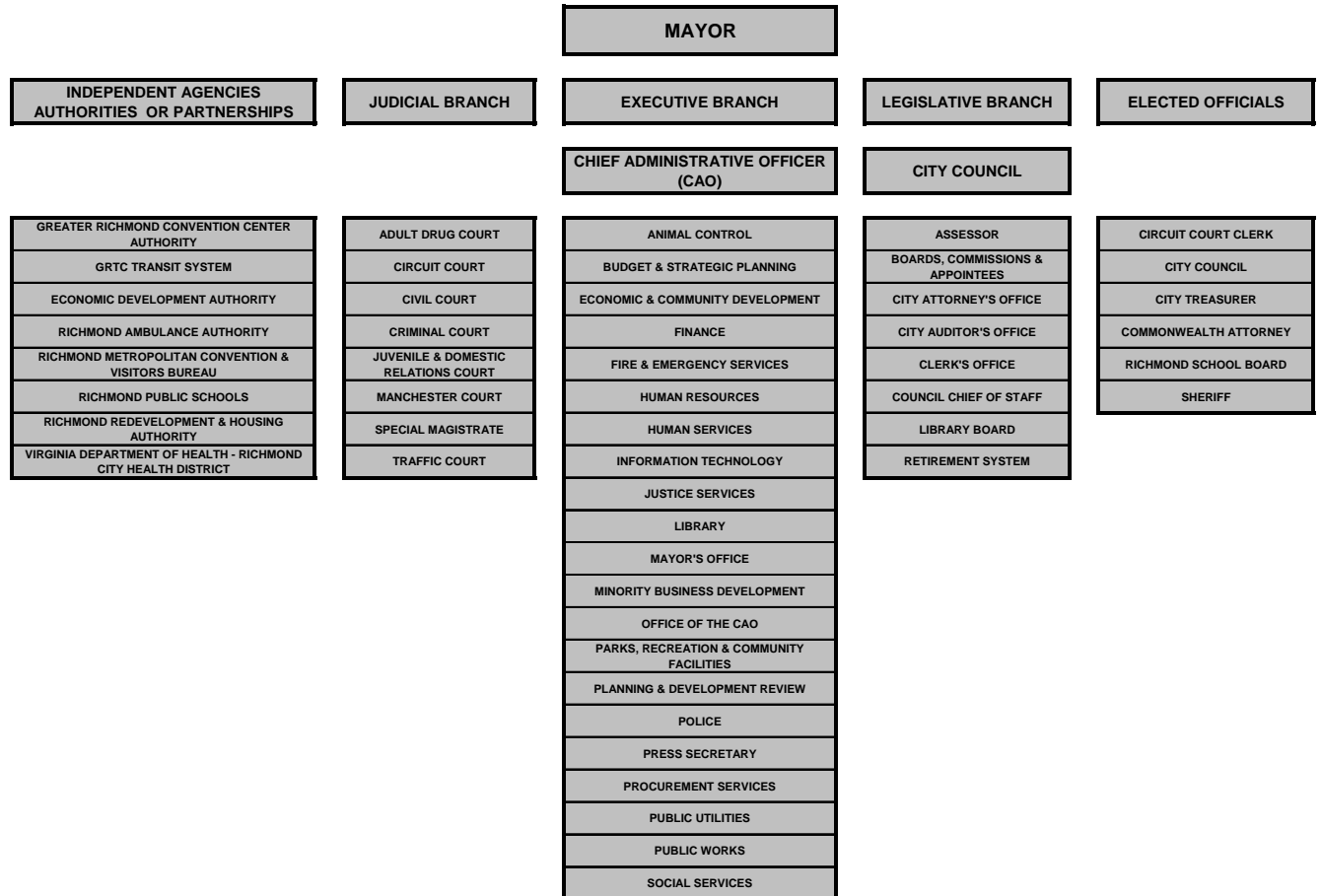
Cherry Bekaert LLP



# CITY OF RICHMOND

## ORGANIZATION OF LOCAL GOVERNMENT

### 2012 - 2013







## Report of Independent Auditor

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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, the Richmond Redevelopment and Housing Authority, and the Richmond Economic Development Authority, which represent 68.6%, 25.5% and 99.9%, respectively, of the total assets, revenues, and net position of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Richmond Behavioral Health Authority, the Richmond Redevelopment and Housing Authority, and the Richmond Economic Development Authority, are based on the report 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. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the report of 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in note 17 to the financial statements, the net position as of June 30, 2012 of the governmental activities, the aggregate discretely presented component units and the aggregate remaining fund information has been restated. Our opinions are not modified with respect to this matter.



As discussed in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus* and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and related note and the pension information on pages 3-13, 86-90, and 74-75, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richmond, Virginia's basic financial statements. The Introductory Section, Supplementary Information – Combining Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information – Combining Financial Statements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014, on our consideration of the City of Richmond, Virginia'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richmond, Virginia's internal control over financial reporting and compliance.

Handwritten signature of Cheryl Behrman in blue ink.

Richmond, Virginia  
February 24, 2014





**CITY OF RICHMOND, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2013**

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, 2013. 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 2013**

**General Fund**

At the end of Fiscal Year 2013, the unassigned fund balance for the General Fund was \$75.0 million, or 8.5% of the FY 2013 General Fund Budget. The unassigned fund balance increased by \$2.1 million from FY 2012, primarily as a result of increased fiscal controls throughout the year that, in turn, ensured the City exceeded its City Council adopted appropriations to be carried to FY 2014.

- General property tax revenues (real estate and personal property taxes) comprise 43.0% of General Fund revenue. Revenues from general property taxes in FY 2013 increased 2.3% (rounded) from FY 2012. Real estate revenues in the General Fund were \$222.2 million; personal property taxes were \$55.8 million (including delinquent taxes). The assessed value of taxable property was at \$21.6 billion, a decrease of \$0.3 million, from tax year 2012.
- Approximately \$54.5 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 \$1.3 million.

**Governmental Activities**

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$475.7 million. General revenues and transfers totaled \$465.6 million resulting in a decrease in net position of \$10.1 million (Exhibit B).
- During the fiscal year ended June 30, 2013, no 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 position decreased from \$103.4 million to \$9.4 million, due primarily to restatements that occurred for the beginning of the current year as well as a deficit in the current year governmental activities.

**Business-type Activities**

- The net position of the City's business-type activities increased by \$28.7 million during fiscal year 2013 and totaled \$499.6 million. (Exhibit B)
- The gas, water, wastewater and storm water utilities provided \$90.0 million to their capital improvement programs.

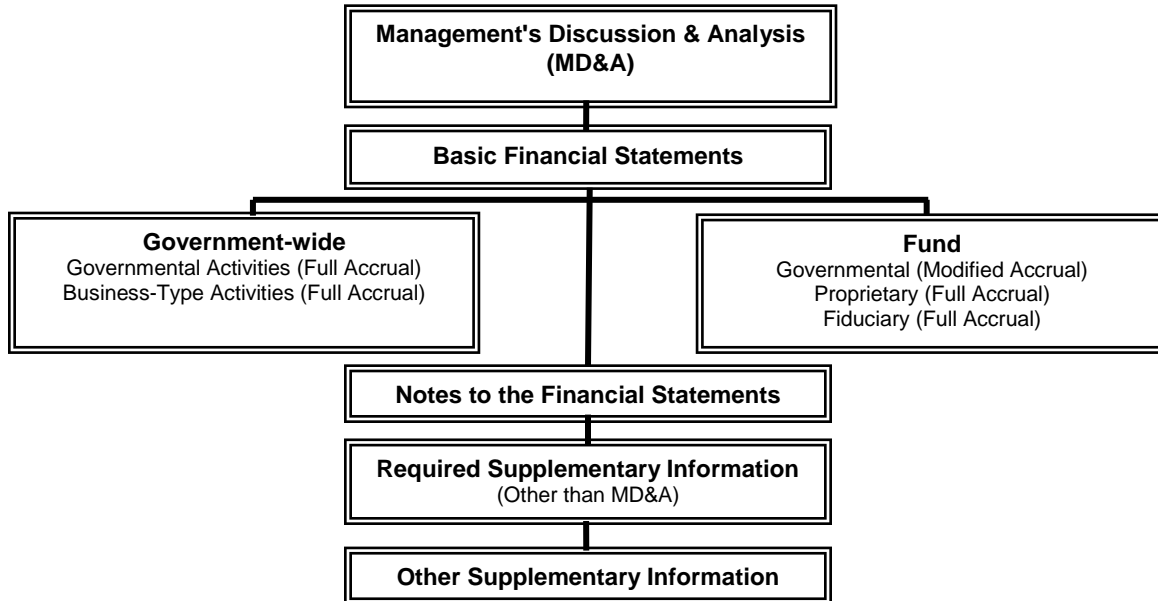
**Entity-wide**

- The City's total net position, excluding component units, on a government-wide basis, totaled \$786.0 million at June 30, 2013, an increase of 2.4% over the June 30, 2012 restated balance (Note 17). Most of the City's net position is invested in capital assets or restricted for specific purposes.



## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### 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 Position and the Statement of Activities. The Statement of Net Position includes all of the City's assets and liabilities, both short-term and long-term, while 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 position 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** – Five separate legal entities are included in this report – The City of Richmond School Board, the Richmond Economic Development Authority, the Richmond Ambulance Authority, the Richmond Behavioral Health Authority and Richmond Redevelopment and Housing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them, and provides operating and capital funding.



## Fund Financial Statements

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

- **Governmental Funds** – The General Fund, Debt Service Fund, Capital Projects Fund and Special Revenue funds are governmental funds. These funds' statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Additional information is provided accompanying 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, under a City deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457 and a joint healthcare plan between the City and Richmond Public Schools.
  - **Agency Funds** – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. The Agency Funds consist of the assets and liabilities of several organizations for which the City serves as fiscal agent, such as the Department of Parks, Recreation and Community Facilities, the Department of Public Works and the Law Department.

## Notes to the Financial Statements

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





## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Schedule of Net Position

The City's assets exceeded liabilities by \$786.0 million at the close of the most recent fiscal year. This represents a 2.4% increase over the prior year. The following table reflects a summary of the City's net position at June 30, 2013 and 2012 (in millions):

**Table 1**  
**City of Richmond's Schedule of Net Position**  
**as of the Fiscal Years Ended June 30, 2013 and 2012**  
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 *	2013	2012	2013	2012 *
Current and Other Assets	\$ 233.1	\$ 316.3	\$ 440.1	\$ 252.5	\$ 673.2	\$ 568.8
Capital Assets, Net	898.5	769.3	1,171.7	1,124.9	2,070.2	1,894.2
Total Assets	<u>1,131.6</u>	<u>1,085.6</u>	<u>1,611.8</u>	<u>1,377.4</u>	<u>2,743.4</u>	<u>2,463.0</u>
Current and Other Liabilities	273.2	160.7	81.9	86.8	355.1	247.5
Long-Term Debt Outstanding	572.0	628.3	1,030.3	819.8	1,602.3	1,448.1
Total Liabilities	<u>845.2</u>	<u>789.0</u>	<u>1,112.2</u>	<u>906.6</u>	<u>1,957.4</u>	<u>1,695.6</u>
Net Position:						
Net Investment in Capital Assets	255.2	176.7	496.7	419.5	751.9	596.2
Restricted	21.8	16.5	--	--	21.8	16.5
Unrestricted	<u>9.4</u>	<u>103.4</u>	<u>2.9</u>	<u>51.3</u>	<u>12.3</u>	<u>154.7</u>
Total Net Position, As Restated	<u>\$ 286.4</u>	<u>\$ 296.6</u>	<u>\$ 499.6</u>	<u>\$ 470.8</u>	<u>\$ 786.0</u>	<u>\$ 767.4</u>

\* Balances are as restated, see Notes to Financial Statements # 17 for further discussion.



## Schedule of Activities

The City's total revenue (excluding transfers) decreased over the prior year by \$39.3 million (3.8%) to \$989.1 million. The total cost of all programs increased by \$38.90 million (4.2%) to \$970.4 million. The following table shows the revenue and expenses of the governmental activities for the fiscal years ended June 30, 2013 and 2012 (in millions):

**Table 2**  
**City of Richmond's Schedule of Activities**  
**For the Fiscal Years Ended June 30, 2013 and 2012**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012 *	2013	2012	2013	2012 *
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 93.0	\$ 152.6	\$ 297.5	\$ 270.4	\$ 390.5	\$ 423.0
Operating Grants and Contributions	131.3	149.5	16.1	15.1	147.4	164.6
Capital Grants and Contributions	7.2	8.4	--	--	7.2	8.4
General Revenues:						
Property Taxes	263.6	258.8	--	--	263.6	258.8
Other Taxes	175.0	168.1	--	--	175.0	168.1
Investment Income	.1	.1	.7	1.7	.8	1.8
Miscellaneous	3.3	2.0	1.3	1.6	4.6	3.6
Total Revenues	<u>673.5</u>	<u>739.5</u>	<u>315.6</u>	<u>288.8</u>	<u>989.1</u>	<u>1,028.3</u>
<b>Expenses:</b>						
Primary Government:						
General Government	143.7	126.3	--	--	143.7	126.3
Public Safety and Judiciary	182.2	182.7	--	--	182.2	182.7
Highway, Street, Sanitation, and Refuse	87.4	86.1	--	--	87.4	86.1
Human Services	76.9	84.6	--	--	76.9	84.6
Culture and Recreation	24.4	24.3	--	--	24.4	24.3
Education	159.1	155.2	--	--	159.1	155.2
Transportation	11.6	12.1	--	--	11.6	12.1
Interest and Fiscal Charges	21.9	18.6	--	--	21.9	18.6
Business-type Activities	--	--	263.2	241.5	263.2	241.5
Total Expenses	<u>707.2</u>	<u>689.9</u>	<u>263.2</u>	<u>241.5</u>	<u>970.4</u>	<u>931.4</u>
(Loss) Income Before Transfers	(33.7)	49.6	52.4	47.3	18.7	97.0
Transfers	23.6	23.1	(23.6)	(23.1)	--	--
Extraordinary Item - Disaster Costs, Net	--	(1.3)	--	--	--	(1.3)
Changes in Net Position	(10.1)	71.4	28.8	24.2	18.7	95.7
Net Position, Beginning of Year, As Restated	296.5	225.1	470.8	446.6	767.3	671.7
Net Position, End of Year	<u>\$ 286.4</u>	<u>\$ 296.5</u>	<u>\$ 499.6</u>	<u>\$ 470.8</u>	<u>\$ 786.0</u>	<u>\$ 767.4</u>

\* Balances are as restated, see Notes to Financial Statements # 17 for further discussion.



## REVENUE

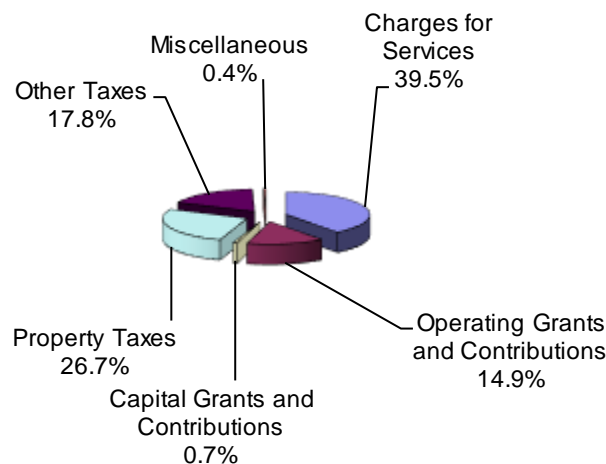
For the Fiscal Year ended June 30, 2013, revenue from governmental activities totaled \$697.1 million (including transfers), a decrease of \$65.5 million, or 8.7% over fiscal year 2012. This decrease in revenue is due primarily to the collection of one time revenue sources due to the City in the prior year, such as, the advance repayment from RMA (\$62.1 million) and funds held in trust by RRHA (\$2.1 million) relating to the proceeds from the sale of the Miller and Rhoads building.

General current property taxes, the City's largest revenue source, were \$263.6 million, an increase of 1.9% from the previous year. Included in these taxes are real and personal property levies, which were payable in January, June, and May of the fiscal year. This revenue increase is primarily due to the City's comprehensive tax compliance program thus resulting in a decrease in allowance for doubtful accounts. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value). The real estate tax rate was \$1.20 per \$100 of assessed value (100% of fair market value) during the fiscal year. The real estate and personal property tax rates were last changed in 2008 and 1992, respectively.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, hotel rooms, restaurant meals, and amusements, totaled \$175.0 million. This total represents a \$6.9 million increase over the previous year or 4.1%.

Business-type activities produced total revenue of \$315.6 million, an increase of \$26.7 million from fiscal year 2012. This increase was a result of improved collections for charges for services for gas and water. The revenue produced during the year for gas was \$146.6 million, an increase of \$18.3 million from fiscal year 2012. The largest business-type source of revenue is charges for services (program revenue).

**Primary Government Sources of Revenues  
June 30, 2013**

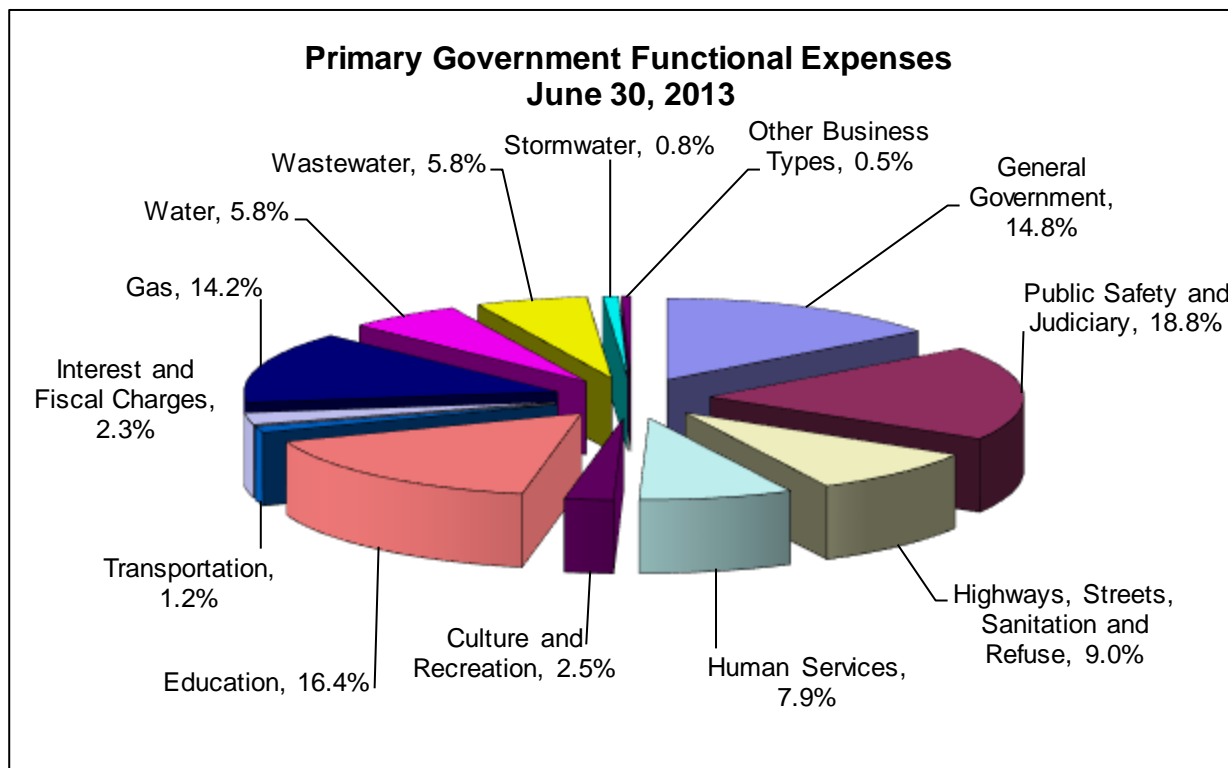




## EXPENSES

For the fiscal year ended June 30, 2013, expenses for governmental activities totaled \$707.2 million, an increase of \$17.3 million from fiscal year 2012. 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 \$286.8 million (including transfers), an increase of \$22.2 million from fiscal year 2012, 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, 2013, the governmental funds reflect a combined negative fund balance of \$19.6 million, a decrease of \$204.2 million over fiscal year 2012. The largest portion of this change was due to the Capital Projects fund, which had increased costs related to the construction of four new schools and costs related to the construction of a new Jail. The proceeds from debt related to capital projects was tied to short-term commercial paper notes where the proceeds will not be recognized until the follow year when they are converted to twenty-year debt. Included in the combined fund balance is the General Fund, which accounts for \$127.0 million of the total combined balance. This is a 21.6% decrease over the General Fund balance of \$162.0 million recorded at June 30, 2012.

The current General Fund Balance was impacted by General Fund revenues, which decreased by \$63.5 million from fiscal year 2012. This decrease was due to the collection in 2012 of a one-time revenue sources due to the City, such as, the advance repayment from RMA (\$62.1 million) and funds held in trust by RRHA (\$2.1 million) relating to the proceeds from the sale of the Miller and Rhoads building.

General Fund expenditures and other financing sources increased \$37.8 million or 5.9 percent over fiscal year 2012. The majority of the increases in expenditures were related to the Department of Information Technology (\$3.5 million), Department of Finance (\$4.3 million), Department of Police (\$2.5 million) and the Non-departmental activities for Old Manchester Projects and Payments to Other Government Agencies (\$26.0 million). To control expenses during FY 2013, the City funded no pay increase, implemented additional hiring controls, and utilized low-cost debt financing.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3  
City of Richmond's Budgetary Comparison  
General Fund  
For the Fiscal Years Ended June 30, 2013 and 2012  
(In Millions, rounded)

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>								
Property Taxes	\$ 256.2	\$ 254.6	\$ 256.2	\$ 254.6	\$ 260.5	\$ 260.8	\$ 4.3	\$ 6.2
Other Taxes	169.2	168.9	169.2	169.0	173.0	170.9	3.9	1.9
Intergovernmental	108.5	113.4	108.5	113.4	99.3	107.5	(9.3)	(5.9)
Miscellaneous	104.1	154.2	104.3	157.5	111.3	167.7	7.1	10.2
Other Financing Sources	<u>143.0</u>	<u>18.8</u>	<u>145.5</u>	<u>21.4</u>	<u>2.4</u>	<u>3.1</u>	<u>(143.1)</u>	<u>(18.3)</u>
Total Revenues and Other Financing Sources	<u>\$ 780.9</u>	<u>\$ 709.9</u>	<u>\$ 783.7</u>	<u>\$ 715.9</u>	<u>\$ 646.5</u>	<u>\$ 710.0</u>	<u>\$ (137.1)</u>	<u>\$ (5.9)</u>
<b>Expenses:</b>								
General Government	\$ 79.5	\$ 74.8	\$ 89.7	\$ 74.2	\$ 82.1	\$ 71.6	\$ 7.6	\$ 2.6
Public Safety and Judiciary	163.6	163.0	166.6	168.8	168.2	167.2	(1.6)	1.6
Highway, Street, Sanitation, and Refuse	59.5	59.4	63.4	63.8	59.5	59.4	3.9	4.4
Human Services	73.1	73.0	73.6	68.0	60.1	65.4	13.5	2.6
Culture and Recreation	21.3	21.0	21.4	20.8	20.7	20.8	.7	--
Education	153.2	150.7	153.2	150.8	153.2	150.7	.0	.1
Non-Departmental	171.4	103.4	164.4	105.4	72.9	46.8	91.6	58.6
Other Financing Uses	<u>59.3</u>	<u>64.6</u>	<u>57.4</u>	<u>64.1</u>	<u>64.7</u>	<u>61.8</u>	<u>(7.4)</u>	<u>2.3</u>
Total Expenses and Other Financing Uses	<u>\$ 780.9</u>	<u>\$ 709.9</u>	<u>\$ 789.8</u>	<u>\$ 715.9</u>	<u>\$ 681.5</u>	<u>\$ 643.7</u>	<u>\$ 108.3</u>	<u>\$ 72.2</u>

Revenues and other financing sources were less than expenditures and other financing uses by \$35.0 million in the General Fund for fiscal year 2013. Actual General Fund revenues and other financing sources were less than the amended budgeted revenues by \$137.1 million during fiscal year 2013.



Actual General Fund expenditures and other financing uses exceeded the amended budget by \$108.3 million. This variance was due in part to programmatic and operational savings resulting from improved fiscal compliance and controls.

### CAPITAL ASSETS

At the end of fiscal year 2013, the City's governmental activities, including Internal Service Funds, had net capital assets totaling \$898.5 million, which represents a net increase of \$129.2 million, or 16.8 percent over the previous fiscal year-end balance, as restated (Note 17). The increase was primarily due to the increase in construction in progress related to the construction, rehabilitating and repairing of public school buildings and construction of a new jail. (Note 7)

**Table 4**  
**City of Richmond's Capital Assets**  
**For the Fiscal Years Ended June 30, 2013 and 2012 (As Restated)**  
**(In Millions, rounded)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012 *	2013	2012	2013	2012 *
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 103.4	\$ 100.3	\$ 16.5	\$ 16.5	\$ 119.9	\$ 116.8
Construction In Progress	320.5	174.4	255.8	239.2	576.3	413.6
Works of Art / Historical Treasures	6.9	6.9	--	--	6.9	6.9
Total Assets Not Being Depreciated	<u>430.8</u>	<u>281.6</u>	<u>272.3</u>	<u>255.7</u>	<u>703.1</u>	<u>537.3</u>
Capital Assets Being Depreciated:						
Infrastructure	751.8	746.3	--	--	751.8	746.3
Buildings and Structures	448.8	461.2	1,491.7	1,421.8	1,940.5	1,883.0
Equipment and Other Assets	117.7	113.6	5.7	5.6	123.4	119.2
Improvements Other Than Buildings	12.1	11.8	--	--	12.1	11.8
Total Other Assets	<u>1,330.4</u>	<u>1,332.9</u>	<u>1,497.4</u>	<u>1,427.4</u>	<u>2,827.8</u>	<u>2,760.3</u>
Less Accumulated Depreciation For:						
Infrastructure	481.1	467.4	--	--	481.1	467.4
Buildings and Structures	282.9	287.1	589.3	549.8	872.2	836.9
Equipment and Other Assets	93.6	86.4	8.7	8.4	102.3	94.8
Improvements Other Than Buildings	5.1	4.3	--	--	5.1	4.3
Total Accumulated Depreciation	<u>862.7</u>	<u>845.2</u>	<u>598.0</u>	<u>558.2</u>	<u>1,460.7</u>	<u>1,403.4</u>
Total Capital Assets Being Depreciated, Net	<u>467.7</u>	<u>487.7</u>	<u>899.4</u>	<u>869.2</u>	<u>1,367.1</u>	<u>1,356.9</u>
Total Capital Assets, Net	<u>\$ 898.5</u>	<u>\$ 769.3</u>	<u>\$ 1,171.7</u>	<u>\$ 1,124.9</u>	<u>\$ 2,070.2</u>	<u>\$ 1,894.2</u>

\* Balances are as restated, see Notes to Financial Statements # 17 for further discussion.

The business-type activities capital assets grew by \$46.8 million to \$1,171.7 million, an increase of 4.2 percent over the previous fiscal year. The increase is contributed to improvements to the City's Wastewater Treatment Plant. The City's business-type activities are made up of the City's Gas, Water, Wastewater, Stormwater, Coliseum, Cemeteries and Stores and Transportation internal service funds. (Note 7)



## LONG-TERM DEBT

During the fiscal year 2013, the City issued no new General Obligations Bonds and Notes for the purposes of refunding existing debt at a lower cost to the City's General Fund and to provide funding support for public improvements, including City and School Board facilities, and infrastructure and economic enhancement projects. As of June 30, 2013, the three credit rating agencies have rated the City's General Obligation Debt Aa2 by Moody's Investors Service, AA by Standard and Poor's, AA+ by Fitch. Additional Information can be found in the Notes to the Financial Statements; Note 8 – Obligations.

State statutes limit the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt as of June 30, 2013 is significantly below this limit with total outstanding of \$751.1 million, excluding Public Utility Bonds, Certificates of Participation or Lease Revenue Bonds, as compared to a limit of \$1,948.4 billion.

**Table 5**  
**City of Richmond's Long-Term Obligations**  
**For the Fiscal Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
<b>Primary Government - Governmental Activities</b>					
General Obligation Bonds	\$ 522,061,162	\$ --	\$ 28,375,626	\$ 493,685,536	\$ 30,290,166
Premium (Discount) on Debt Issued, Net	25,521,887	--	1,674,127	23,847,760	1,674,125
General Obligation Serial Equipment Notes Payable	8,540,000	--	3,240,000	5,300,000	2,200,000
Certificates of Participation	12,325,000	--	12,325,000	--	--
Qualified Zone Academy Bonds	2,217,333	--	192,480	2,024,853	192,480
Virginia Public Schools Authority Bonds	1,450,834	--	235,679	1,215,155	237,873
Advantage Richmond Lease Revenue Bonds	8,360,231	--	746,051	7,614,180	786,275
Section 108 Notes Payable	1,690,000	10,125,000	560,000	11,255,000	560,000
Note payable to Component Unit RRHA	18,062,878	--	18,062,878	--	--
Compensated Absences	18,639,450	468,691	1,951,054	17,157,087	9,801,289
Net Other Postemployment Benefit Obligations	15,700,699	--	431,145	15,269,554	--
<b>Total Long-Term Obligations</b>	<b>\$ 634,569,474</b>	<b>\$ 10,593,691</b>	<b>\$ 67,794,040</b>	<b>\$ 577,369,125</b>	<b>\$ 45,742,208</b>
<b>Primary Government - Business-type Activities</b>					
General Obligation Bonds:					
Gas	\$ 69,340,609	\$ --	\$ 7,219,965	\$ 62,120,644	\$ 7,357,046
Water	54,493,626	--	5,761,590	48,732,036	5,896,465
Wastewater	28,588,032	--	4,006,838	24,581,194	4,096,058
Stormwater	213,750	11,250	11,250	213,750	11,250
Premium (Discount) on Debt, Net	1,683,273	--	907,081	776,192	--
Other Non-major Enterprise Funds	6,959,360	--	790,888	6,168,472	795,235
Revenue Bonds:					
Gas	185,280,658	71,363,122	9,352,418	247,291,362	4,844,046
Water	167,387,988	82,283,878	50,400,936	199,270,930	3,967,262
Wastewater	203,976,783	96,043,116	10,123,353	289,896,546	7,900,138
Premium (Discount) on Debt, Net	1,783,557	36,113,712	131,269	37,766,000	--
Capital Leases:					
Other Non-major Enterprise Funds	398,539	--	194,672	203,867	203,867
Compensated Absences:					
Gas	825,117	733,069	692,234	865,952	698,060
Water	630,971	433,067	470,242	593,796	478,670
Wastewater	655,240	573,435	535,913	692,762	558,448
Stormwater	169,878	180,661	152,607	197,932	159,557
Other Non-major Enterprise Funds	100,384	23,513	18,648	105,249	64,131
<b>Total Long-Term Obligations</b>	<b>\$ 722,487,765</b>	<b>\$ 287,758,823</b>	<b>\$ 90,769,904</b>	<b>\$ 919,476,684</b>	<b>\$ 37,030,233</b>



### **ECONOMIC FACTORS**

The unemployment rate hit a high of 10.7% in the City of Richmond during January 2011. By contrast, the Virginia unemployment rate hit a high of 7.3% in January 2011. Since that time, the City's unemployment rate has declined and currently stands at 8.6% at the end of September 2013, with Virginia's at 5.9% for the same period. The national unemployment rate was 7.8% at the end of September. All unemployment rates reported in this section are seasonally adjusted.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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





# *Basic Financial Statements*



**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 85,970,445	\$ 101,492,787	\$ 187,463,232	\$ 20,688,045
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	45,428,473	--	45,428,473	--
Accounts	29,446,268	35,929,694	65,375,962	3,894,147
Internal Balances, Net	4,015,906	(4,015,906)	--	--
Due From Primary Government	--	--	--	37,228,859
Due From Component Unit	302,917	--	302,917	--
Due From Other Governments (Note 5)	38,720,929	1,685,326	40,406,255	30,695,085
Inventories of Materials and Supplies	198,112	14,223,570	14,421,682	549,016
Prepaid Assets	119,874	5,123,802	5,243,676	3,250,142
Total Current Assets	<u>204,202,924</u>	<u>154,439,273</u>	<u>358,642,197</u>	<u>96,305,294</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	27,160,923	280,119,602	307,280,525	20,038,441
Deferred Expenses	--	5,514,190	5,514,190	--
Due From Component Unit	1,178,565	--	1,178,565	--
Note Receivable (Note 6)	543,100	--	543,100	--
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	32,522,132
Capital Assets, Net (Note 7):				
Land and Works of Art/Historical Treasures	110,386,616	16,475,807	126,862,423	11,772,081
Infrastructure, Net	270,661,999	--	270,661,999	--
Buildings, Structures, and Equipment, Net	196,942,101	899,416,453	1,096,358,554	100,688,739
Construction in Progress	320,528,448	255,852,123	576,380,571	28,256,339
Total Capital Assets, Net	<u>898,519,164</u>	<u>1,171,744,383</u>	<u>2,070,263,547</u>	<u>140,717,159</u>
Total Non-Current Assets	<u>927,401,752</u>	<u>1,457,378,175</u>	<u>2,384,779,927</u>	<u>193,277,732</u>
Total Assets	<u>\$ 1,131,604,676</u>	<u>\$ 1,611,817,448</u>	<u>\$ 2,743,422,124</u>	<u>\$ 289,583,026</u>

(Continued)



# Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 32,897,791	\$ 23,815,941	\$ 56,713,732	\$ 13,776,523
Accrued Liabilities	24,426,597	6,518,030	30,944,627	32,302,080
Due To Primary Government	--	--	--	1,589,502
Due To Other Governments	63,238	--	63,238	8,085,593
Due To Component Units	34,361,285	--	34,361,285	--
Note Payable (Note 8)	98,055,970	--	98,055,970	--
Accrued Interest on Bonds and Notes Payable	9,260,722	14,489,259	23,749,981	--
Unearned Revenues	26,205,176	--	26,205,176	3,283,019
General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8 and 15)	34,101,210	18,359,921	52,461,131	3,061,799
Revenue Bonds Payable (Note 8)	786,275	16,711,446	17,497,721	--
Compensated Absences (Note 8)	9,801,289	1,958,866	11,760,155	--
Other Liabilities and Claims Payable (Note 10)	2,962,229	--	2,962,229	--
Total Current Liabilities	273,231,030	81,853,463	355,084,493	62,098,516
Non-Current Liabilities (Notes 8, 10, 13 and 15):				
Liabilities to be Paid From Restricted Assets:				
Customers' Deposits	--	7,546,822	7,546,822	7,289,721
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases	500,411,592	124,436,234	624,847,826	17,165,608
Due To Primary Government	--	--	--	4,530,196
Note Payable	3,100,000	--	3,100,000	--
Revenue Bonds Payable	6,827,905	757,513,392	764,341,297	--
Unearned Revenues	--	--	--	2,448,215
Compensated Absences	7,355,798	496,825	7,852,623	13,204,521
Other Liabilities and Claims Payable (Note 10)	38,978,196	140,382,547	179,360,743	4,464,282
Net Other Postemployment Benefit Obligations (Note 13)	15,269,554	--	15,269,554	25,212,000
Early Retirement Plan Net Pension Obligations	--	--	--	1,639,340
Total Non-Current Liabilities	571,943,045	1,030,375,820	1,602,318,865	75,953,883
Total Liabilities	845,174,075	1,112,229,283	1,957,403,358	138,052,399
<b>Net Position</b>				
Net Investment in Capital Assets	255,236,212	496,666,957	751,903,169	133,057,633
Restricted for:				
Capital Projects	6,092,684	--	6,092,684	12,784,906
Debt Service	1,932,016	--	1,932,016	--
Non-Major Governmental	13,723,835	--	13,723,835	--
Permanent Funds:				
Expendable	33,781	--	33,781	831,808
Nonexpendable	40,546	--	40,546	203,471
Unrestricted	9,371,527	2,921,208	12,292,735	4,652,809
Total Net Position	\$ 286,430,601	\$ 499,588,165	\$ 786,018,766	\$ 151,530,627

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, 2013**

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental:</b>				
General Government	\$ 143,674,453	\$ 65,019,167	\$ 21,006,056	\$ --
Public Safety and Judiciary	182,200,921	10,918,850	31,199,706	--
Highways, Streets, Sanitation and Refuse	87,445,170	16,602,712	25,096,521	7,165,870
Human Services	76,897,223	22,909	51,763,494	--
Culture and Recreation	24,416,023	428,613	2,276,066	--
Education	159,080,741	--	--	--
Transportation	11,598,422	--	--	--
Interest and Fiscal Charges	21,875,185	--	--	--
Total Governmental Activities	<u>707,188,138</u>	<u>92,992,251</u>	<u>131,341,843</u>	<u>7,165,870</u>
<b>Business-type:</b>				
Gas	138,150,486	148,282,997	274,558	--
Water	56,760,870	67,827,452	1,568,184	--
Wastewater	55,954,305	68,533,168	11,785,327	--
Stormwater	7,744,194	9,845,346	94,649	--
Coliseum	3,218,416	1,686,346	2,280,590	--
Cemeteries	1,343,807	1,329,673	62,025	--
Total Business-type Activities	<u>263,172,078</u>	<u>297,504,982</u>	<u>16,065,333</u>	<u>--</u>
Total Primary Government	<u>970,360,216</u>	<u>390,497,233</u>	<u>147,407,176</u>	<u>7,165,870</u>
<b>Component Units:</b>				
School Board	319,649,520	2,670,224	108,114,524	3,782,000
Richmond Economic Development Authority	3,063,188	2,387,496	2,275,867	5,318,440
Richmond Ambulance Authority	15,610,727	12,266,461	146,334	--
Richmond Behavioral Health Authority	38,382,159	18,695,384	16,734,700	--
Richmond Redevelopment and Housing Authority	69,587,971	12,621,958	49,549,918	6,552,299
Total Component Units	<u>\$ 446,293,565</u>	<u>\$ 48,641,523</u>	<u>\$ 176,821,343</u>	<u>\$ 15,652,739</u>

General Revenues:

City Taxes
Real Estate
Sales-1% Local
Sales Tax for Education
Personal Property
Machinery and Tools
General Utility Sales
State Communication Taxes
Bank Stock
Prepared Food
Lodging Tax
Admissions
Real Estate Taxes - Delinquent
Personal Property Taxes - Delinquent
Private Utility Poles and Conduits
Penalties and Interest
Titling Tax-Mobile Home
State Recordation
Property Rental 1%
Vehicle Rental Tax
Telephone Commissions
Total City Taxes
Intergovernmental Revenue Not Restricted to Specific Programs
Payment From Primary Government - Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers
Special Item - Gain (Loss) on Disposal of Assets
Changes in Net Position
Net Position - Beginning of Year, As Restated (Note 17)
Net Position - End of Year

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

(Continued)



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (57,649,230)	\$ --	\$ (57,649,230)	\$ --
(140,082,365)	--	(140,082,365)	--
(38,580,067)	--	(38,580,067)	--
(25,110,820)	--	(25,110,820)	--
(21,711,344)	--	(21,711,344)	--
(159,080,741)	--	(159,080,741)	--
(11,598,422)	--	(11,598,422)	--
(21,875,185)	--	(21,875,185)	--
(475,688,174)	--	(475,688,174)	--
--	10,407,070	10,407,070	--
--	12,634,766	12,634,766	--
--	24,364,190	24,364,190	--
--	2,195,801	2,195,801	--
--	748,520	748,520	--
--	47,891	47,891	--
--	50,398,237	50,398,237	--
(475,688,174)	50,398,237	(425,289,937)	--
--	--	--	(205,082,772)
--	--	--	6,918,615
--	--	--	(3,197,932)
--	--	--	(2,952,075)
--	--	--	(863,796)
--	--	--	(205,177,960)
215,611,658	--	215,611,658	--
30,549,022	--	30,549,022	--
23,673,198	--	23,673,198	--
48,005,747	--	48,005,747	--
14,792,937	--	14,792,937	--
17,066,009	--	17,066,009	--
17,130,526	--	17,130,526	--
9,221,721	--	9,221,721	--
29,986,231	--	29,986,231	--
6,392,330	--	6,392,330	--
2,448,962	--	2,448,962	--
8,953,219	--	8,953,219	--
8,524,442	--	8,524,442	--
158,568	--	158,568	--
4,471,897	--	4,471,897	--
5,817	--	5,817	--
731,956	--	731,956	--
139,796	--	139,796	--
371,425	--	371,425	--
337,349	--	337,349	--
438,572,810	--	438,572,810	--
--	--	--	70,919,364
--	--	--	136,238,890
80,854	685,839	766,693	(441,750)
2,823,922	1,271,707	4,095,629	(1,816,398)
23,612,453	(23,612,453)	--	--
465,090,039	(21,654,907)	443,435,132	204,900,106
485,000	--	485,000	(98,704)
(10,113,135)	28,743,330	18,630,195	(376,558)
296,543,736	470,844,835	767,388,571	151,907,185
\$ 286,430,601	\$ 499,588,165	\$ 786,018,766	\$ 151,530,627



**CITY OF RICHMOND, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>					
Cash and Cash Equivalents (Note 3)	\$ 77,761,448	\$ --	\$ --	\$ --	\$ 77,761,448
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	45,428,473	--	--	--	45,428,473
Accounts	21,691,841	--	69,207	3,203,563	24,964,611
Due From Other Funds (Note 4)	72,754,910	376,359	--	10,220,760	83,352,029
Due From Component Unit	1,178,565	--	--	--	1,178,565
Due From Other Governments (Note 5)	32,420,599	--	--	6,300,330	38,720,929
Restricted Assets - Cash and Investments (Note 3)	--	1,932,016	25,155,757	73,150	27,160,923
Note Receivable (Note 6)	543,100	--	--	--	543,100
<b>Total Assets</b>	<b>251,778,936</b>	<b>2,308,375</b>	<b>25,224,964</b>	<b>19,797,803</b>	<b>299,110,078</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	6,177,009	--	22,227,029	2,977,493	31,381,531
Accrued Liabilities	20,500,046	--	53,229	--	20,553,275
Notes Payable (Note 8)	--	--	95,855,970	--	95,855,970
Due To Other Funds (Note 4)	8,488,610	--	59,429,656	2,108,509	70,026,775
Due To Other Governments	63,238	--	--	--	63,238
Due To Component Units	34,361,285	--	--	--	34,361,285
Other Liabilities and Claims (Note 10)	2,962,229	--	--	--	2,962,229
Deferred Revenues	51,885,801	406,266	10,011,737	913,639	63,217,443
<b>Total Liabilities</b>	<b>124,747,466</b>	<b>406,266</b>	<b>187,577,621</b>	<b>5,999,641</b>	<b>318,730,994</b>
<b>Fund Balances (Note 9):</b>					
Nonspendable	1,029,600	--	--	74,327	1,103,927
Restricted	--	--	4,932,190	10,361,942	15,294,132
Committed	39,427,954	1,932,016	1,160,494	2,495,483	45,015,947
Assigned	11,573,916	--	--	866,410	12,440,326
Unassigned	75,000,000	(29,907)	(168,445,341)	--	(93,475,248)
<b>Total Fund Balances</b>	<b>127,031,470</b>	<b>1,902,109</b>	<b>(162,352,657)</b>	<b>13,798,162</b>	<b>(19,620,916)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 251,778,936</b>	<b>\$ 2,308,375</b>	<b>\$ 25,224,964</b>	<b>\$ 19,797,803</b>	<b>\$ 299,110,078</b>

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 POSITION TO THE BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

Total fund balances for governmental funds		\$	(19,620,916)
Amounts reported for governmental activities in the Statement of Net Position 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	107,025,637		
Infrastructure, net	256,613,136		
Buildings, structures, and equipment, net	179,441,399		
Construction in progress	<u>312,820,891</u>		855,901,063
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.			
			37,012,267
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	(9,075,871)		
Governmental bonds, notes payable, and capital lease payable	(529,682,152)		
Compensated absences	(16,910,356)		
Other liability and claims	(35,884,653)		
Net Other Postemployment Benefit Obligations	<u>(15,269,554)</u>		(606,822,586)
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net position of the internal service funds are reported as components of governmental activities.			
			<u>19,960,773</u>
Net position of governmental activities		\$	<u>286,430,601</u>

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





**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>					
City Taxes					
Real Estate	\$ 213,234,953	\$ --	\$ --	\$ --	\$ 213,234,953
Sales-1% Local	30,549,022	--	--	--	30,549,022
Sales Tax for Education	23,673,198	--	--	--	23,673,198
Personal Property	47,234,956	--	--	--	47,234,956
Machinery and Tools	15,001,324	--	--	--	15,001,324
Utility Sales Tax Gas	4,761,197	--	--	--	4,761,197
Utility Sales Tax Electric	12,303,832	--	--	--	12,303,832
Utility Sales Tax Telephone	980	--	--	--	980
State Communication Taxes	17,130,526	--	--	--	17,130,526
Bank Stock	9,221,721	--	--	--	9,221,721
Prepared Food	28,320,613	--	--	--	28,320,613
Lodging Tax	6,018,453	--	--	--	6,018,453
Admission	2,372,848	--	--	--	2,372,848
Real Estate Taxes - Delinquent	8,953,219	--	--	--	8,953,219
Personal Property Taxes - Delinquent	8,524,442	--	--	--	8,524,442
Private Utility Poles and Conduits	158,568	--	--	--	158,568
Penalties and Interest	4,471,897	--	--	--	4,471,897
Titling Tax-Mobile Home	5,817	--	--	--	5,817
State Recordation	731,956	--	--	--	731,956
Property Rental 1%	139,796	--	--	--	139,796
Vehicle Rental Tax	371,425	--	--	--	371,425
Telephone Commissions	337,349	--	--	--	337,349
Total City Taxes	433,518,092	--	--	--	433,518,092
Licenses, Permits and Privilege Fees	42,404,133	--	--	--	42,404,133
Intergovernmental	99,250,278	--	7,129,383	26,787,162	133,166,823
Service Charges	28,093,614	--	--	--	28,093,614
Fines and Forfeitures	10,200,629	--	--	--	10,200,629
Utility Payments	25,266,237	--	--	--	25,266,237
Investment Income	--	174	72,374	8,306	80,854
Miscellaneous	5,373,042	1,294,136	477,013	10,956,476	18,100,667
Total Revenues	644,106,025	1,294,310	7,678,770	37,751,944	690,831,049
<b>Expenditures</b>					
Current:					
General Government	82,139,877	--	--	17,000,598	99,140,475
Public Safety and Judiciary	168,199,681	--	--	11,238,333	179,438,014
Highways, Streets, Sanitation and Refuse	59,510,280	--	--	834,736	60,345,016
Human Services	60,141,301	--	--	14,015,075	74,156,376
Culture and Recreation	20,692,840	--	--	2,053,748	22,746,588
Education	153,205,535	--	--	--	153,205,535
Non-Departmental	72,870,264	--	--	--	72,870,264
Capital Outlay	--	--	179,946,671	--	179,946,671
Debt Service:					
Principal Retirement	--	36,604,656	--	--	36,604,656
Interest Payments	--	19,517,107	--	--	19,517,107
Total Expenditures	616,759,778	56,121,763	179,946,671	45,142,490	897,970,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,346,247	(54,827,453)	(172,267,901)	(7,390,546)	(207,139,653)
<b>Other Financing Sources (Uses)</b>					
Contributed Capital	--	--	36,487	--	36,487
Transfers In-Other Funds	2,415,080	54,490,489	4,600,000	6,244,777	67,750,346
Transfers Out-Other Funds	(64,743,352)	--	--	(591,914)	(65,335,266)
Total Other Financing Sources (Uses), Net	(62,328,272)	54,490,489	4,636,487	5,652,863	2,451,567
<b>Special Item</b>					
Special Item - Gain on Sale of Land	--	--	485,000	--	485,000
Total Special Item	--	--	485,000	--	485,000
Net Change in Fund Balances	(34,982,025)	(336,964)	(167,146,414)	(1,737,683)	(204,203,086)
Fund Balances - Beginning of Year	162,013,495	2,239,073	4,793,757	15,535,845	184,582,170
Fund Balances - End of Year	\$ 127,031,470	\$ 1,902,109	\$ (162,352,657)	\$ 13,798,162	\$ (19,620,916)

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



EXHIBIT D, Concluded

**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

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

Net change in fund balances - total governmental funds	\$	(204,203,086)
--	----	---------------

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	159,963,039	
Depreciation expense	<u>(26,969,787)</u>	132,993,252

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 position. 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 of long-term debt and related items.

Principal payments of bonds, net of payments on behalf of Component Units	56,862,256	
Amortization of bond premium	<u>1,674,127</u>	58,536,383

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.		3,311,096
--	--	-----------

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	(2,358,078)	
Compensated absences	1,455,818	
Other Liabilities and Claims	(1,301,326)	
Other Postemployment Benefit Obligations	<u>431,145</u>	(1,772,441)

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental activities.		<u>1,021,661</u>
---	--	------------------

Change in net position of governmental activities	\$	<u>(10,113,135)</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 POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2013**

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	Funds
<b>Assets</b>							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 128,409	\$ 1,909,735	\$ 67,687,052	\$ 7,326,887	\$ --	\$ 77,052,083	\$ 32,649,701
Accounts Receivables (Net of Allowance for Doubtful Accounts)	11,210,418	12,470,382	10,557,269	814,833	876,792	35,929,694	4,481,657
Due From Component Unit	--	--	--	--	--	--	302,917
Due From Other Funds (Note 4)	--	--	--	--	--	--	6,300,000
Due From Other Governments (Note 5)	--	--	1,685,326	--	--	1,685,326	--
Inventories of Materials and Supplies	10,340,679	307,141	--	--	--	10,647,820	3,773,862
Prepaid Expenses and Other Current Assets	1,491,940	1,644,837	1,705,067	--	76,231	4,918,075	325,601
Total Current Assets	23,171,446	16,332,095	81,634,714	8,141,720	953,023	130,232,998	47,833,738
Noncurrent Assets:							
Restricted Assets - Cash and Investments (Note 3)	92,734,215	91,648,245	95,737,142	--	--	280,119,602	--
Advances To Other Funds (Note 4)	19,605,111	19,081,068	21,534,342	--	--	60,220,521	3,294,908
Deferred Expenses	2,207,926	1,665,938	1,640,326	--	--	5,514,190	--
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	131,639,019
Equipment and Other Assets	--	--	--	--	5,756,731	5,756,731	66,876,668
Plant-in-Service	462,339,664	383,387,304	264,149,565	48,848	--	1,109,925,381	--
Completed Construction	2,561,365	48,668,758	215,960,137	4,450,242	--	271,640,502	--
Construction in Progress	65,250,607	44,280,808	132,066,330	4,691,594	--	246,289,339	17,270,341
Less: Accumulated Depreciation	(166,882,694)	(137,048,107)	(196,855,985)	(370,063)	(39,243,020)	(540,399,869)	(148,455,296)
Total Capital Assets, Net Accumulated Depreciation	363,506,687	339,968,172	416,421,308	8,820,621	13,267,453	1,141,984,241	72,378,243
Total Noncurrent Assets	478,053,939	452,363,423	535,333,118	8,820,621	13,267,453	1,487,838,554	75,673,151
<b>Total Assets</b>	<b>501,225,385</b>	<b>468,695,518</b>	<b>616,967,832</b>	<b>16,962,341</b>	<b>14,220,476</b>	<b>1,618,071,552</b>	<b>123,506,889</b>
<b>Liabilities</b>							
Current Liabilities:							
Accounts Payable	10,097,335	4,112,634	7,418,159	389,756	1,065,816	23,083,700	2,271,871
Accrued Liabilities	4,670,730	560,813	1,168,390	108,186	--	6,508,119	3,883,233
Due To Other Funds (Note 4)	6,300,000	--	--	--	720,998	7,020,998	12,580,886
Accrued Interest on Bonds Payable	5,554,558	4,208,890	4,601,910	--	123,901	14,489,259	184,851
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	7,357,046	5,896,465	4,096,058	11,250	999,102	18,359,921	736,505
Revenue Bonds Payable (Note 8)	4,844,046	3,967,262	7,900,138	--	--	16,711,446	786,275
Notes Payable (Note 8)	--	--	--	--	--	--	2,200,000
Compensated Absences (Note 8)	698,060	478,670	558,448	159,557	44,186	1,938,921	224,439
Total Current Liabilities	39,521,775	19,224,734	25,743,103	668,749	2,954,003	88,112,364	22,868,060
Noncurrent Liabilities:							
Liabilities to be Repaid from Restricted Assets:							
Customers' Deposits	6,001,399	1,545,423	--	--	--	7,546,822	--
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	54,381,877	42,968,477	21,510,143	202,500	5,373,237	124,436,234	4,094,145
Revenue Bonds Payable (Note 8)	253,969,078	208,435,388	295,108,926	--	--	757,513,392	6,827,905
Notes Payable (Note 8)	--	--	--	--	--	--	3,100,000
Compensated Absences (Note 8)	167,892	115,126	134,314	38,375	36,321	492,028	47,034
Other Liabilities	29,426,966	73,245,659	30,439,356	7,270,566	--	140,382,547	3,093,543
Advances from Other Funds (Note 4)	--	--	--	--	--	--	63,515,429
Total Noncurrent Liabilities	343,947,212	326,310,073	347,192,739	7,511,441	5,409,558	1,030,371,023	80,678,056
Total Liabilities	383,468,987	345,534,807	372,935,842	8,180,190	8,363,561	1,118,483,387	103,546,116
<b>Net Position</b>							
Net Investment in Capital Assets	129,687,456	138,174,189	183,543,185	8,606,871	6,895,114	466,906,815	54,633,413
Unrestricted	(11,931,058)	(15,013,478)	60,488,805	175,280	(1,038,199)	32,681,350	(34,672,640)
Total Net Position	\$ 117,756,398	\$ 123,160,711	\$ 244,031,990	\$ 8,782,151	\$ 5,856,915	\$ 499,588,165	\$ 19,960,773

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



**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF NET POSITION TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**June 30, 2013**

		Internal Service Fund	
	Total Enterprise Funds	Stores and Transportation Division	Business-type Activities Statement of Net Position
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 77,052,083	\$ 24,440,704	\$ 101,492,787
Accounts Receivables (Net of Allowance for Doubtful Accounts)	35,929,694	--	35,929,694
Due from Other Funds (Note 4)	--	6,300,000	6,300,000
Due From Other Government (Note 5)	1,685,326	--	1,685,326
Inventories of Materials and Supplies	10,647,820	3,575,750	14,223,570
Prepaid Expenses and Other Current Assets	4,918,075	205,727	5,123,802
Total Current Assets	<u>130,232,998</u>	<u>34,522,181</u>	<u>164,755,179</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	280,119,602	--	280,119,602
Advances To Other Funds (Note 4)	60,220,521	--	60,220,521
Deferred Expenses	5,514,190	--	5,514,190
Capital Assets (Note 7):			
Land	14,789,275	1,686,532	16,475,807
Buildings and Structures	33,982,882	76,173,368	110,156,250
Equipment	5,756,731	--	5,756,731
Plant-in-Service	1,109,925,381	--	1,109,925,381
Completed Construction	271,640,502	--	271,640,502
Construction in Progress	246,289,339	9,562,784	255,852,123
Less Accumulated Depreciation	<u>(540,399,869)</u>	<u>(57,662,542)</u>	<u>(598,062,411)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>1,141,984,241</u>	<u>29,760,142</u>	<u>1,171,744,383</u>
Total Noncurrent Assets	<u>1,487,838,554</u>	<u>29,760,142</u>	<u>1,517,598,696</u>
Total Assets	<u>1,618,071,552</u>	<u>64,282,323</u>	<u>1,682,353,875</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	23,083,700	732,241	23,815,941
Accrued Liabilities	6,508,119	9,911	6,518,030
Due To Other Funds (Note 4)	7,020,998	--	7,020,998
Accrued Interest on Bonds Payable	14,489,259	--	14,489,259
General Obligation Bonds and Capital Leases (Note 8)	18,359,921	--	18,359,921
Revenue Bonds Payable (Note 8)	16,711,446	--	16,711,446
Compensated Absences (Note 8)	1,938,921	19,945	1,958,866
Total Current Liabilities	<u>88,112,364</u>	<u>762,097</u>	<u>88,874,461</u>
Noncurrent Liabilities:			
Liabilities to be Repaid from Restricted Assets:			
Customers' Deposits	7,546,822	--	7,546,822
General Obligation Bonds and Capital Leases (Note 8)	124,436,234	--	124,436,234
Revenue Bonds Payable (Note 8)	757,513,392	--	757,513,392
Compensated Absences (Note 8)	492,028	4,797	496,825
Other Liabilities	140,382,547	--	140,382,547
Advances from Other Funds	--	63,515,429	63,515,429
Total Noncurrent Liabilities	<u>1,030,371,023</u>	<u>63,520,226</u>	<u>1,093,891,249</u>
Total Liabilities	<u>1,118,483,387</u>	<u>64,282,323</u>	<u>1,182,765,710</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	466,906,815	29,760,142	496,666,957
Unrestricted	32,681,350	(29,760,142)	2,921,208
Total Net Position	<u>\$ 499,588,165</u>	<u>\$ --</u>	<u>\$ 499,588,165</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 position 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 NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
<b>Operating Revenues</b>							
Charges for Goods and Services	\$ 146,626,900	\$ 67,069,922	\$ 67,767,756	\$ 9,735,388	\$ 3,016,019	\$ 294,215,985	\$ 35,427,883
<b>Operating Expenses</b>							
Purchased Gas	74,405,568	--	--	--	--	74,405,568	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	14,960,956
Salaries and Wages & Benefits	10,794,217	7,461,184	8,955,595	2,712,267	1,049,021	30,972,284	2,136,957
Data Processing	260,358	117,593	108,914	41,742	--	528,607	52,055
Materials and Supplies	1,147,022	1,528,684	850,406	140,030	347,739	4,013,881	755,421
Rents and Utilities	52,784	4,462,387	4,823,998	6,889	585,665	9,931,723	3,239,250
Maintenance and Repairs	7,746,246	5,348,760	5,656,875	1,833,672	199,942	20,785,495	1,027,978
Depreciation and Amortization	13,925,782	10,851,715	13,121,536	258,995	490,294	38,648,322	8,030,266
Uncollectible expense	1,298,983	633,867	654,345	(491,876)	--	2,095,319	--
Miscellaneous Operating Expenses	21,583,924	23,752,029	19,540,736	3,151,447	1,600,640	69,628,776	4,000,206
Total Operating Expenses	131,214,884	54,156,219	53,712,405	7,653,166	4,273,301	251,009,975	34,203,089
Operating Income (Loss)	15,412,016	12,913,703	14,055,351	2,082,222	(1,257,282)	43,206,010	1,224,794
<b>Non-Operating Revenues (Expenses)</b>							
Intergovernmental Grants and Contributions	274,558	1,568,184	11,785,327	94,649	2,342,615	16,065,333	616,684
Interest on Long-Term Debt	(11,185,405)	(9,250,041)	(8,859,834)	--	--	(29,295,280)	(818,343)
Interest Income	234,469	209,058	242,312	--	--	685,839	--
Interest Expense	(29,529)	(7,578)	--	--	(288,922)	(326,029)	--
Amortization of Debt Discount and Expense	(185,227)	(164,862)	(102,791)	--	--	(452,880)	--
Miscellaneous Revenues (Expenses)	9,968	1,257,969	3,907	(137)	--	1,271,707	2,236
Total Non-Operating Revenues (Expenses), Net	(10,881,166)	(6,387,270)	3,068,921	94,512	2,053,693	(12,051,310)	(199,423)
Net Income Before Transfers	4,530,850	6,526,433	17,124,272	2,176,734	796,411	31,154,700	1,025,371
Transfers Out-Other Funds	(959,243)	(541,961)	(910,166)	--	--	(2,411,370)	(3,710)
Change In Net Position	3,571,607	5,984,472	16,214,106	2,176,734	796,411	28,743,330	1,021,661
Net Position - Beginning of Year	114,184,791	117,176,239	227,817,884	6,605,417	5,060,504	470,844,835	18,939,112
Net Position - End of Year	\$ 117,756,398	\$ 123,160,711	\$ 244,031,990	\$ 8,782,151	\$ 5,856,915	\$ 499,588,165	\$ 19,960,773

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



EXHIBIT E-4

**CITY OF RICHMOND, VIRGINIA**  
**RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2013**

	Enterprise Funds				
	Gas	Water	Wastewater	Stormwater	Total
<b>Operating Revenues</b>					
Charges for Goods and Services	\$ 146,626,900	\$ 67,069,922	\$ 67,767,756	\$ 9,735,388	\$ 291,199,966
Internal Service Fund Allocation -					
Stores and Transportation Division	1,656,097	757,530	765,412	109,958	3,288,997
Charges for Services - Statement of Activities	148,282,997	67,827,452	68,533,168	9,845,346	294,488,963
<b>Operating Expenses</b>					
Purchased Gas	74,405,568	--	--	--	74,405,568
Salaries and Wages	10,794,217	7,461,184	8,955,595	2,712,267	29,923,263
Data Processing	260,358	117,593	108,914	41,742	528,607
Materials and Supplies	1,147,022	1,528,684	850,406	140,030	3,666,142
Rents and Utilities	52,784	4,462,387	4,823,998	6,889	9,346,058
Maintenance and Repairs	7,746,246	5,348,760	5,656,875	1,833,672	20,585,553
Depreciation and Amortization	13,925,782	10,851,715	13,121,536	258,995	38,158,028
Uncollectible Expense	1,298,983	633,867	654,345	(491,876)	2,095,319
Miscellaneous Operating Expenses	21,583,924	23,752,029	19,540,736	3,151,447	68,028,136
Total Operating Expenses	131,214,884	54,156,219	53,712,405	7,653,166	246,736,674
<b>Non-Operating Expenses</b>					
Interest on Long-Term Debt	11,185,405	9,250,041	8,859,834	--	29,295,280
Interest Expense	29,529	7,578	--	--	37,107
Amortization of Debt Discount and Expense	185,227	164,862	102,791	--	452,880
Total Expenses	142,615,045	63,578,700	62,675,030	7,653,166	276,521,941
Internal Service Fund Allocation -					
Stores and Transportation Division	1,696,287	756,215	745,467	91,028	3,288,997
Reclass As Transfers to Governmental Activities -					
Payments In Lieu of Taxes	(6,160,846)	(7,574,045)	(7,466,192)	--	(21,201,083)
Program Expenses - Statement of Activities	\$ 138,150,486	\$ 56,760,870	\$ 55,954,305	\$ 7,744,194	\$ 258,609,855

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 position 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, 2013**

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
<b>Cash Flows From Operating Activities</b>							
Receipts from Customers	\$ 136,353,192	\$ 65,780,608	\$ 65,996,445	\$ 10,575,136	\$ 3,432,235	\$ 282,137,616	\$ 35,566,776
Payments to Suppliers	(88,784,313)	(21,845,150)	(24,715,291)	(2,427,113)	(3,384,108)	(141,155,975)	(22,776,561)
Payments to Employees	(11,230,180)	(7,957,464)	(8,865,336)	(2,790,680)	(1,061,328)	(31,904,988)	(1,991,975)
Payments to Other Funds	(1,537,964)	(7,688,173)	(8,244,738)	(198,377)	--	(17,669,252)	(6,937,127)
Other Receipts or (Payments)	(174,326)	1,384,745	(320,570)	(137)	--	889,712	(608,124)
Net Cash Provided By (Used In) Operating Activities	34,626,409	29,674,566	23,850,510	5,158,829	(1,013,201)	92,297,113	3,252,989
<b>Cash Flows From Noncapital Financing Activities</b>							
Transfers In and Government Subsidies	291,107	1,583,827	10,116,602	143,560	2,342,615	14,477,711	767,434
Transfers Out - Other Funds	(959,243)	(541,961)	(910,166)	--	--	(2,411,370)	846,688
Advances from Other Funds	--	--	--	--	150,764	150,764	--
Net Cash Provided By (Used In) Noncapital Financing Activities	(668,136)	1,041,866	9,206,436	143,560	2,493,379	12,217,105	1,614,122
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition of Capital Assets	(29,697,095)	(23,774,347)	(33,256,431)	(3,097,796)	(190,439)	(90,016,108)	(5,452,566)
Proceeds from Bond Sale	83,874,431	96,709,803	110,547,781	11,250	--	291,143,265	--
Repayments of Revenue Bonds, General Obligation Bonds and Capital Leases	(18,499,884)	(58,353,315)	(16,378,438)	(11,250)	(985,559)	(94,228,446)	(741,278)
Repayments of Notes Payables	--	--	--	--	--	--	(3,986,051)
Interest Paid on Long-Term Debt	(10,619,370)	(9,562,083)	(8,306,973)	--	(304,180)	(28,792,606)	(771,861)
Net Cash Provided By (Used In) Capital and Related Financing Activities	25,058,082	5,020,058	52,605,939	(3,097,796)	(1,480,178)	78,106,105	(10,951,756)
<b>Cash Flows From Investing Activities</b>							
Interest Earned on Operating Funds	234,469	209,058	242,312	--	--	685,839	--
Interest Paid on Customers' Deposits	(29,529)	(7,578)	--	--	--	(37,107)	--
Net Cash Provided By Investing Activities	204,940	201,480	242,312	--	--	648,732	--
Net Increase (Decrease) in Cash and Cash Equivalents	59,221,295	35,937,970	85,905,197	2,204,593	--	183,269,055	(6,084,645)
Cash and Cash Equivalents at July 1, 2012	33,641,329	57,620,010	77,518,997	5,122,294	--	173,902,630	38,734,346
Cash and Cash Equivalents at June 30, 2013	\$ 92,862,624	\$ 93,557,980	\$ 163,424,194	\$ 7,326,887	\$ --	\$ 357,171,685	\$ 32,649,701
<b>Reconciliation of Operating Income (Loss)</b>							
<b>To Net Cash Provided By (Used In) Operating Activities</b>							
Operating Income (Loss)	\$ 15,412,016	\$ 12,913,703	\$ 14,055,351	\$ 2,082,222	\$ (1,257,282)	\$ 43,206,010	\$ 1,224,794
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	13,925,782	10,851,715	13,121,536	258,995	490,294	38,648,322	8,030,266
Miscellaneous Income	9,968	1,257,969	3,907	(137)	--	1,271,707	4,605
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	(8,974,725)	(655,447)	(1,116,967)	347,871	416,216	(9,983,052)	150,552
Due From Other Funds	--	--	--	--	--	--	(6,300,000)
Due From Other Governments	--	--	--	--	--	--	32,167
Inventories of Material and Supplies	(1,080,373)	(1,219)	--	--	--	(1,081,592)	(433,493)
Prepaid Expenses	40,355	(36,528)	(29,758)	--	31,616	5,685	9,003
Deferred Expenses	(259,262)	30,190	(324,477)	--	--	(553,549)	--
Accounts Payable	3,655,085	(1,856,091)	(1,958,648)	(432,921)	(681,739)	(1,274,314)	(675,461)
Accrued Liabilities	(560,939)	(540,124)	62,044	(125,255)	(16,697)	(1,180,971)	301,327
Customers' Deposits	74,968	96,586	--	--	--	171,554	--
Due To Other Funds	6,300,000	--	--	--	--	6,300,000	49,920
Compensated Absences	40,835	(37,175)	37,522	28,054	4,391	73,627	(26,071)
Outstanding Liabilities and Claims	6,042,699	7,650,987	--	3,000,000	--	16,693,686	916,109
Total Adjustments	19,214,393	16,760,863	9,795,159	3,076,607	244,081	49,091,103	2,028,195
Net Cash Provided By (Used In) Operating Activities	\$ 34,626,409	\$ 29,674,566	\$ 23,850,510	\$ 5,158,829	\$ (1,013,201)	\$ 92,297,113	\$ 3,252,989

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







**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2013**

	Pension Trust Funds	Agency Funds
<b>Assets:</b>		
Cash and Short-term Investments (Note 3)	\$ 8,299,248	\$ 1,851,102
Receivables:		
Due from Brokers on Sale of Securities	4,301,465	--
Interest and Dividends	800,428	--
Employee Loans Receivable	4,060,389	--
Other Accounts Receivable	4,166,780	--
Investments, at Fair Value (Note 3):		
U.S. Government and Agency Securities	93,281,897	--
Corporate Bonds	57,782,535	--
Common Stock	151,606,377	--
International Stocks	78,959,420	--
International Bonds	44,877,240	--
Real Estate Investment Trusts	13,134,186	--
Emerging Market Debt	5,730,007	--
Hedge Funds	60,380,900	--
Mutual funds	19,074,002	--
Private Debt	17,053,640	--
Private Equity	10,133,275	--
Private Real Estate	20,680,551	--
Cash Collateral Received - Security Lending Program	31,327,218	--
Total Investments, at Fair Value	<u>604,021,248</u>	<u>--</u>
Total Assets	<u>625,649,558</u>	<u>1,851,102</u>
<b>Liabilities:</b>		
Accounts Payable	16,426,374	--
Refundable Deposits	--	589,386
Payable for Collateral Received - Security Lending Program	36,107,610	--
Incurred But Not Reported	8,959,000	--
Due to Other Funds	--	23,370
Due to Various Agents	--	1,238,346
Total Liabilities	<u>61,492,984</u>	<u>1,851,102</u>
Net Position Held in Trust for Pension Benefits and Other Purposes	<u>\$ 564,156,574</u>	<u>\$ --</u>

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



EXHIBIT F-2

**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 45,339,918
Richmond Behavioral Health Authority	1,102,228
Richmond Public Schools	(94,242)
Revenue for DC Plan Expense	43,906
Plan Members	73,141,461
Investment Income:	
Net Appreciation in Fair Value of Investments	56,215,605
Interest	2,688,594
Dividends	4,384,933
Net Increase in the Fair Value of Investments	<u>63,289,132</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	205,579
Securities Lending Expense	(99,556)
Total Net Income Earned On Securities Lending Transactions	<u>106,023</u>
Investment Income	63,395,155
Less: Investment Expense	<u>2,278,429</u>
Net Investment Income	<u>61,116,726</u>
Total Additions, net	<u>180,649,997</u>
Deductions:	
Benefits	(137,486,266)
Refunds of Member Contributions	(101,579)
Administrative Expenses	(6,248,394)
Incurred But Not Reported Adjustment	543,780
Total Deductions	<u>(143,292,459)</u>
Net Increase	37,357,538
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>526,799,036</u>
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 564,156,574</u>

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





EXHIBIT G-1

**CITY OF RICHMOND, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2013**

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,633,821	\$ 2,036,189	\$ 4,881,498	\$ 6,094,297	\$ 6,042,240	\$ 20,688,045
Due From Primary Government	33,933,135	2,974,030	--	--	321,694	37,228,859
Due From Other Governments	29,409,448	--	--	637,065	648,572	30,695,085
Accounts Receivable	149,316	7,465	1,649,403	1,705,072	382,891	3,894,147
Inventories of Materials and Supplies	273,262	--	275,754	--	--	549,016
Prepaid Expenses and Other Current Assets	1,817,263	24,875	596,512	484,668	326,824	3,250,142
Restricted Assets	132,000	--	--	11,657,468	8,248,973	20,038,441
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	--	32,522,132	32,522,132
Capital Assets:						
Land	--	1,670,743	--	--	10,101,338	11,772,081
Buildings and Structures	--	20,848,205	2,523,815	--	153,328,770	176,700,790
Other Improvements	--	--	--	2,324,251	7,202,890	9,527,141
Equipment	32,849,827	633,645	8,906,324	3,981,017	6,720,914	53,091,727
Less: Accumulated Depreciation	(21,149,931)	(15,342,426)	(6,831,833)	(3,583,169)	(91,723,560)	(138,630,919)
Construction in Progress	--	10,438,011	--	--	17,818,328	28,256,339
Total Capital Assets	11,699,896	18,248,178	4,598,306	2,722,099	103,448,680	140,717,159
Total Assets	79,048,141	23,290,737	12,001,473	23,300,669	151,942,006	289,583,026
<b>Liabilities</b>						
Accounts Payable	8,029,862	3,739,812	--	1,014,940	991,909	13,776,523
Accrued Liabilities	26,432,390	--	923,290	910,984	4,035,416	32,302,080
Due To Primary Government	--	--	--	--	1,589,502	1,589,502
Due To Other Governments	8,085,593	--	--	--	--	8,085,593
Unearned Revenues	2,049,744	--	34,928	841,870	356,477	3,283,019
Liabilities to be Paid From Restricted Assets:						
Customers' Deposits	--	15,515	--	6,743,216	530,990	7,289,721
Bonds, Notes Payable and Capital Leases	--	--	8,832	--	3,052,967	3,061,799
Non-Current Liabilities:						
Bonds, Notes Payable and Capital Leases	5,999,681	10,000,000	16,493	--	1,149,434	17,165,608
Due To Primary Government	--	--	--	--	4,530,196	4,530,196
Compensated Absences	12,101,851	--	--	1,102,670	--	13,204,521
Deferred Revenue	--	831,250	--	--	1,616,965	2,448,215
Workers' Compensation	4,464,282	--	--	--	--	4,464,282
Net Other Postemployment Benefit Obligations	21,125,377	--	--	1,536,884	2,549,739	25,212,000
Early Retirement Plan Net Pension Obligation	1,639,340	--	--	--	--	1,639,340
Total Liabilities	89,928,120	14,586,577	983,543	12,150,564	20,403,595	138,052,399
<b>Net Position</b>						
Net Investment in Capital Assets	5,933,816	18,248,178	4,572,981	2,722,099	101,580,559	133,057,633
Restricted for:						
Capital Projects	6,128,483	--	--	--	6,656,423	12,784,906
Permanent Funds:						
Expendable	831,808	--	--	--	--	831,808
Nonexpendable	203,471	--	--	--	--	203,471
Unrestricted	(23,977,557)	(9,544,018)	6,444,949	8,428,006	23,301,429	4,652,809
Total Net Position	\$ (10,879,979)	\$ 8,704,160	\$ 11,017,930	\$ 11,150,105	\$ 131,538,411	\$ 151,530,627

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, 2013**

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 319,649,520	\$ 2,670,224	\$ 108,114,524	\$ 3,782,000
Richmond Economic Development Authority	3,063,188	2,387,496	2,275,867	5,318,440
Richmond Ambulance Authority	15,610,727	12,266,461	146,334	--
Richmond Behavioral Health Authority	38,382,159	18,695,384	16,734,700	--
Richmond Redevelopment and Housing Authority	69,587,971	12,621,958	49,549,918	6,552,299
Total Component Units	<u>\$ 446,293,565</u>	<u>\$ 48,641,523</u>	<u>\$ 176,821,343</u>	<u>\$ 15,652,739</u>

General Revenues:

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

Changes in Net Position

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

School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Total
\$ (205,082,772)	\$ --	\$ --	\$ --	\$ --	\$ (205,082,772)
--	6,918,615	--	--	--	6,918,615
--	--	(3,197,932)	--	--	(3,197,932)
--	--	--	(2,952,075)	--	(2,952,075)
--	--	--	--	(863,796)	(863,796)
<u>(205,082,772)</u>	<u>6,918,615</u>	<u>(3,197,932)</u>	<u>(2,952,075)</u>	<u>(863,796)</u>	<u>(205,177,960)</u>
129,443,723	--	4,405,500	2,389,667	--	136,238,890
70,919,364	--	--	--	--	70,919,364
--	1,884	10,243	8,960	(462,837)	(441,750)
--	--	--	14,621	(113,325)	(98,704)
333,617	(2,275,867)	448	125,404	--	(1,816,398)
<u>200,696,704</u>	<u>(2,273,983)</u>	<u>4,416,191</u>	<u>2,538,652</u>	<u>(576,162)</u>	<u>204,801,402</u>
(4,386,068)	4,644,632	1,218,259	(413,423)	(1,439,958)	(376,558)
<u>(6,493,911)</u>	<u>4,059,528</u>	<u>9,799,671</u>	<u>11,563,528</u>	<u>132,978,369</u>	<u>151,907,185</u>
<u>\$ (10,879,979)</u>	<u>\$ 8,704,160</u>	<u>\$ 11,017,930</u>	<u>\$ 11,150,105</u>	<u>\$ 131,538,411</u>	<u>\$ 151,530,627</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Richmond, Virginia (City) was founded by William Byrd in 1737, established as a town in May 1742 and incorporated as a City on July 19, 1782. The City operates on a Strong Mayoral-Council form of government and provides all municipal services to its residents. The more significant of the City's accounting policies are described below.

**A. Financial Reporting Entity**

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's financial reporting entity is defined and its financial statements are presented in accordance with GAAP, which defines the distinction between the City as a Primary Government and its related entities. Accordingly, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable, hereafter referred to as the Reporting Entity. The City has two types of component units – blended and discrete. The blended component units are separate legal entities, in substance, that are part of the City's operations; thus, financial data from these units are combined with that of the City and reported in the appropriate fund type. Each blended component unit has a June 30 fiscal year-end. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit has a June 30 fiscal year-end, except for the Richmond Redevelopment and Housing Authority, which has a September 30 year-end.

**Component Units**

**Blended Component Units:**

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

**The Richmond Retirement System**

The purpose of the RRS is to manage the retirement plan for the City. RRS is fiscally dependent upon the city and provides services primarily to the City's employees. The System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be requested at 900 East Broad Street, Richmond, VA 23219 or may be accessed on the System's website at the following address: <http://www.richmondgov.com/Retirement/Publications.aspx#CAFR>.

**Advantage Richmond Corporation**

The purpose of the ARC is to assist the City, when authorized by the City Council in acquiring, constructing, renovating, equipping, maintaining and operating public buildings and other public structures for or on behalf of the City and in providing financing for such activities. ARC is fiscally dependent upon and performs services primarily for the City. 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, 2013**

**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 and there is a financial burden and/or a benefit relationship between the City and the component unit.

**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**

**Economic Development Authority of the City of Richmond, Virginia (EDA)**

The EDA promotes industry and develops trade by inducing entities to locate in or remain in the City of Richmond. A financial burden/benefit relationship exists between the City and EDA. Complete financial statements for EDA may be requested at 501 E. Franklin Street, Richmond, VA 23219.

**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, thus, a financial burden relationship exists between the City and RAA. Complete financial statements for RAA may be requested at Post Office Box 26286, Richmond, VA 23260.

**Richmond Behavioral Health Authority (RBHA)**

RBHA provides behavioral health services to residents of the City under Sections 15.1-1676 of the *Code of Virginia* (1950), as amended. The City annually provides significant operating subsidies to RBHA; a financial burden relationship exists between the City and 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 is financially accountable for RRHA's operations. RRHA's September 30, 2012 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 as noted in the basic financial statement balances for Due To and From Primary Government and Component Units.

**CITY OF RICHMOND, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**



**Related Organization:**

The City Council is also responsible for appointing the majority of the membership on certain boards of other organizations, but is not financially accountable, nor able to impose its will on the entities below.

The following organization is a related organization, which has not been included in the reporting entity:

- Richmond Metropolitan Authority (RMA) – Six of the eleven directors of the RMA are appointed by City Council. The RMA's purpose is to operate a toll expressway system, to own a baseball stadium, and own and operate vehicular parking facilities.

**Joint Venture**

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

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

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

The City expended \$10,950,000 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2013. The City also expended \$175,000 to operate reduced fare services for the elderly and disabled, and expended \$473,422 for local match funds needed to secure 80% Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.

**Jointly Governed Organizations:**

*Capital Region Airport Commission* (Commission) was created in 1975 under Chapter 380 (as amended by Chapter 410) of the *Code of Virginia* (Code) when the City and the County of Henrico adopted a resolution declaring a need for the Commission. Since that time, the Counties of Chesterfield and Hanover have become Commission participants.

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, 2013.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

*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, 2013 were \$1,655,799.

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 FY2013 was approximately \$320,000.

The *Richmond Metropolitan Convention and Visitors Bureau (RMCVB)* – also “DBA” Richmond Region Tourism - 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 the Richmond Region Tourism Board of Directors and contributed approximately \$1,120,000 to the Richmond Region Tourism for the year ended June 30, 2013.

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 \$124,000 for the year ended June 30, 2013.

The *Greater Richmond Convention Center Authority (GRCCA)*, a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, *Code of Virginia*. The GRCCA was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center. The political subdivisions participating in the incorporation of the GRCCA are the City and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond. The City contributed \$6,050,184 in transient occupancy tax revenue and approximately \$1,574,000 of general funds for the year ending June 30, 2013.

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

**Proprietary Funds**

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

- *Enterprise Funds* – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains six Enterprise Funds consisting of the 1) gas, 2) water, 3) wastewater operations and 4) stormwater operations, all of which are considered major funds; 5) Cemeteries, and 6) Richmond Coliseum (Coliseum), which are combined into a single, aggregated presentation as "non-major proprietary funds". A description of the major funds are as follows:
  - *Gas* – The Gas Utility provides natural gas service to the City and surrounding counties. Operation of the Gas Utility is designed to be self-supporting through user charges.
  - *Water* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.

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- *Wastewater* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.
- *Stormwater Utility* – The Stormwater Utility provides stormwater service to the City. Operation of the Stormwater Utility is designed to be self-supporting through user charges.
- *Internal Service Funds* – Internal Service Funds account for operations that provide services to City departments/agencies on a cost reimbursement basis. The City maintains five internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Advantage Richmond Corporation, 4) Electric Utility and 5) Stores and Transportation (which exclusively serves the City's major proprietary funds).

**Fiduciary Funds**

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

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

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

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

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus wherein only current assets and current liabilities are included on the balance sheet in the fund statements whereas 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.





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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 Position. 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 short-term investments with original maturities of one year or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the City considers cash and highly liquid investments, including restricted assets, with a maturity of three months or less as cash and cash equivalents.

**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, 2013 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$ 23,105,404
Enterprise Funds:	
Non-major Enterprise Funds (Coliseum and Cemeteries)	13,046
Utilities:	
Gas Utility	4,650,914
Water Utility	500,733
Wastewater Utility	396,284
Stormwater Utility	5,205,711
Electric	22,861
Total Utilities Funds	10,776,503
Total Enterprise Funds	\$ 10,789,549

**G. Inventories**

Inventories on hand at June 30, 2013 have been reported on the government-wide Statement of Net Position. Inventories of consumable supplies are recorded at cost determined on a first in, first out basis. Inventories in the Proprietary Funds are accounted for under the lower of cost (determined by using weighted average cost or first-in, first-out methods) or market.

**H. Capital Assets**

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

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





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

**Governmental:**

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

**Enterprise Funds:**

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

**Enterprise Funds:**

Buildings and structures	20 to 60 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 2013, interest costs of approximately \$29,333,000 were incurred with approximately \$1,271,000 being capitalized.

**J. Compensated Absences**

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

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

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

Maximum vacation accumulated hours is payable at the date of separation. Employees leaving City employment are paid all accumulated unused vacation pay up to the maximum limit. The unused balance of sick leave is not paid at the date of separation.

The City and School Board accrue compensated absences (annual and sick leave benefits) when vested. The current portions of the Governmental Activities' compensated absences liabilities are recorded as accrued liabilities when they are expected to be liquidated within the next year. The current and noncurrent portions are recorded in the government-wide financial statements. The amount of vacation recognized as expense is the amount earned

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

**K. Bond Discounts/Issuance Costs**

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

**L. Judgment and Claims**

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

**M. Restricted Assets**

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

**N. Categories of Fund Balance**

GAAP establishes the categories state and local governments must use to categorize fund balance, as follows:

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

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

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



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

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

**Unassigned** – Amounts that are available for any purpose. These amounts are reported only in the General Fund, although unassigned fund balance may be expressed as a negative amount in the other governmental funds.

As required by GAAP, the City has adopted a spending policy indicating that when multiple categories of fund resources are available, they will be expended in a specific order beginning first with Restricted resources and continuing in a descending order using Unassigned resources last. During 2012, City Council adopted Resolution No. 2012-R42-72, which amended the fund balance policy, to further increase the required level of unassigned fund balance from 7% to 10% of budgeted General Fund expenditures.

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

In the process of aggregating data for the Statement of Net Position 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 Position 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 Position.

**Q. Rate Stabilization**

City Code section 106-37 authorizes the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to mitigate and smooth any rate increases that otherwise might be required from year to year by increasing the rate stabilization amounts in years when revenues exceed those needed to meet bond covenant requirements and reasonable rates of return. Conversely, rate stabilization amounts, which are contributed, may be used instead of rate increases in years when revenues are insufficient to meet bond covenant requirements, reasonable rates of return, or budgeted net income. For the year ended June 30, 2013, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$17,082,224 to the rate stabilization fund in the Gas, Water, Wastewater, Stormwater and Electric Utilities. The effect of this transaction is reflected in the Other Liabilities and Claims Payable balance on the Proprietary Funds' Statement of Net Position and in Miscellaneous Operating Expenses on the Proprietary Funds' Statement of Revenues, Expenses, and Changes in Net Position. Specifically, at June 30, 2013, the liability balance in the Gas, Water, Wastewater, Stormwater and Electric Utilities included approximately \$29.34 million, \$42.62 million, \$30.44 million, \$7.27 million and \$3.09 million, respectively, for rate stabilization funds.

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

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

**S. Estimates and Assumptions**

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

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

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

**U. Permanent Funds**

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

**V. Unearned Revenues**

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, 2013, the City adopted the provisions of:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*

The objective of this Statement is to improve financial reporting for arrangements considered as Service Concession Arrangements (SCAs). SCAs are arrangements between the transferor (a government) and an operator (governmental or non-governmental entity) whereby the transferor conveys to an operator the right to provide public services through the use and operation of a capital asset, typically a facility or infrastructure, for significant consideration. The City has completed its due diligence and has no SCAs to disclose or recognize.

- GASB Statement No. 61, *The Financial Reporting Entity*: Omnibus – an amendment of GASB Statements No. 14 and 34

The objective of GASB 61 modifies certain requirements for inclusion of component units in the financial entity by adding the requirement that, in addition to fiscal dependency, there would also have to be a financial benefit/burden relationship between the primary government and an outside organization. The Statement also amends the criteria for reporting blended component units. As a result of GASB 61, the City has reclassified the EDA from a Related Organization to a Discretely Presented Proprietary Component Unit. See footnote 17 with regard to the change in reporting entity.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources and Net Position*

GASB Statement No. 63 provides guidance for deferred outflows of resources and deferred inflows of resources, as introduced and defined in Concepts Statement No. 4, Elements of Financial Statements, which are distinct from assets and liabilities. This Statement further amends the net asset reporting requirement by incorporating deferred outflows of resources and deferred inflows of resources into the definition of the residual measure and by renaming that measure as net position, rather than net assets. GASB 63 indicates that as of its effective date, periods beginning after December 15, 2011, the scope of Statement 63 regarding deferred outflows of resources and deferred inflows of resources are limited to the items identified in GASB's authoritative literature: Statement 53 – *Accounting and Reporting for Derivative Instruments* and Statement 60 – *Accounting and Reporting for Service Concession Arrangements*. For GASB 63, the City has completed its due diligence and does not have transactions that would be considered as deferred outflows of resources or deferred inflows of resources as identified in GASB 53 or GASB 60 as of the period ended June 30, 2013.

- GASB Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions* - an amendment of GASB Statement No. 53

The City does not have any derivative instruments.

Other accounting standards that the City is currently reviewing for applicability and potential impact on the financial statements include:

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- GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*

GASB Statement No. 65 is effective for City beginning with its fiscal year ending June 30, 2014. The objective of GASB 65 is to establish the accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Also, to recognize as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Prior to GASB 65, recognition of assets and liabilities as deferred outflows of resources or deferred inflows of resources was limited to items specifically identified in GASB's authoritative literature.

## **2. REAL AND PERSONAL PROPERTY TAXES**

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

Personal property taxes may be paid without penalty and interest on or before June 5<sup>th</sup>, or 60 days from the date the vehicle acquired situs in Richmond. Effective January 1, 2011, real estate taxes are billed on a semi-annual basis. These taxes may be paid without penalty and interest on or before January 14 and June 14. Penalty for late payment is 10% or \$10, whichever is greater, not to exceed the full amount of the tax.

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

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2013 are intended to finance operations of the fiscal year ended June 30, 2013. The real estate taxes assessed and due on January 14, 2013 and June 14, 2013 are intended to finance operations of the fiscal year ended June 30, 2013.

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

### **A. Cash and Cash Equivalents**

#### ***Primary Government***

At June 30, 2013, cash on hand, cash items and petty cash totaled approximately \$24,000 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$86,505,437 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$90,538,040, 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.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**B. Richmond Retirement System**

1) Deposits and Investments

a) *Deposits*

On June 30, 2013, the carrying amount of the RRS's deposits with financial institutions was \$336,563 and the bank balance was \$1,745,447. All funds deposited in banks are protected under the provisions of the Virginia Securities for Public Deposit Act (the Act). The Act requires financial institutions holding public deposits in excess of amounts insured by the Federal Deposit Insurance Corporation to pledge collateral in the amount of 50% of excess deposits, and savings and loans to pledge collateral in the amount of 100% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default, and is responsible for: (1) monitoring compliance with the collateralization, (2) reporting requirements of the Act, and (3) notifying local governments of compliance by financial institutions.

b) *Investments*

1. Authorized Investments

The RRS invests in obligations of the U.S. government or its agencies, approved money market funds, other banks and savings and loan associations not exceeding federal insurance coverage, and commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. The RRS is also authorized to invest in fixed income securities; domestic and international equities; private debt; Real Estate Investment Trusts (REITs); private equity; private real estate and hedge fund-of-funds. Decisions as to individual equity security selection, security size and quality, number of industries and holdings, current income levels, turnover, and other tools employed by active managers are left to the managers' discretion, subject to the standards of fiduciary prudence, as set out in the respective manager's Investment Management Agreement. The RRS has twelve types of investments: common stock, international stock, corporate bonds and notes, international bonds and notes, hedge funds, mutual funds, U.S. government and agency obligations, private real estate, private debt, REITs, private equity, and emerging market debt.

**Cost and Fair Value of Investments – June 30, 2013**

	Cost	Fair Value
Common Stock	\$ 112,963,510	\$ 151,606,377
International Stock	81,758,931	78,959,420
Hedge Funds	56,852,163	60,380,900
Corporate Bonds and Notes	52,613,588	57,782,535
International Bonds and Notes	34,877,934	44,877,240
Private Real Estate	14,791,495	20,680,551
Mutual Funds	18,606,304	19,074,002
Private Debt	16,095,078	17,053,639
US Government and Agency Obligations	16,191,208	16,207,814
REITs	11,048,374	13,134,186
Private Equity	8,950,492	10,133,275
Emerging Market Debt	5,806,833	5,730,007
Collateral Held for Securities on Loan	31,327,218	31,327,218
Total	<u>\$ 461,883,128</u>	<u>\$ 526,947,164</u>



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Net Change in Position of Fair Value of Investments – Year Ended June 30, 2013**

	Change in Fair Value
Common Stock	\$ 15,723,886
International Stock	8,171,806
Hedge Funds	17,701,406
Corporate Bonds and Notes	(10,289,339)
International Bonds and Notes	1,525,599
Private Real Estate	2,420,896
Mutual Funds	(849,079)
Private Debt	17,053,639
US Government and Agency Obligations	(6,050,684)
REITs	1,159,127
Private Equity	269,389
Emerging Market Debt	1,222,216
Total	<u>\$ 48,058,862</u>

**2. Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the RRS. As of June 30, 2013, the RRS's fixed income assets that are not government guaranteed represent 87% of the domestic fixed income assets.

The RRS has an investment policy for credit risk. The domestic fixed income investments should emphasize high-quality and reasonable diversification. The investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies.

**Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities**

*As of June 30, 2013*





**CITY OF RICHMOND, VIRGINIA**  
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Investment Type	Moody Rating	Fair Value
U.S. Government agencies - FNMA	AAA	\$ 3,220,789
U.S. Government agencies - FNMA	NR	1,115,326
U.S. Government agencies - FHLMC	AAA	2,489,866
U.S. Government agencies - FHLMC	NR	55,208
Corporate bonds and notes	AAA	1,812,547
Corporate bonds and notes	AA1-AA3	610,324
Corporate bonds and notes	A1-A3	4,433,454
Corporate bonds and notes	BAA1-BAA3	11,756,515
Corporate bonds and notes	BA1-BA3	4,591,950
Corporate bonds and notes	B1-B3	8,378,376
Corporate bonds and notes	Below B3	3,314,096
Corporate bonds and notes	NR	22,065,163
Corporate bonds and notes	WR	820,109
Foreign bonds and notes	A1-A3	902,402
Foreign bonds and notes	BAA1-BAA3	3,103,593
Foreign bonds and notes	BA1-BA3	386,384
Foreign bonds and notes	B1-B3	240,038
Foreign bonds and notes	Below B3	185,269
Foreign bonds and notes	NR	40,059,555
REITs	NA	6,910,992
REITs	NR	6,223,195
Hedge funds	NR	60,380,900
Total		<u>\$ 183,056,051</u>

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

#### **Custodial Credit Risk**

This is the risk that in the event of the failure of the counterparty, the RRS will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The RRS does not have exposure to custodial credit risk because the cash collateral received in each loan was invested together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. At June 30, 2013, the market values of securities on loan and cash collateral, which are included in the above amounts, were as follows:

	Securities on Loan	Cash Collateral
U.S. Government and Agency Obligations	\$ 5,288,216	\$ 5,391,891
U.S. Stocks	21,775,892	22,356,947
U.S. Bonds	<u>3,509,109</u>	<u>3,578,380</u>
Total	<u>\$ 30,573,217</u>	<u>\$ 31,327,218</u>

#### **Concentration of Credit Risk**

This is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. There is no concentration of investments in any one organization that represents 5% or more of plan net position available for benefits.

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**3. Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The RRS's currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. From time to time, the RRS's external managers may hedge their portfolios' foreign currency exposures with currency forward contracts, depending on their views about a specific foreign currency relative to the U.S. dollar.

The RRS has an Investment Policy for international investments. At June 30, 2013, the RRS has no foreign currency risk exposure because it did not have any foreign currency holdings in its portfolio.

**4. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The RRS does not have a specific investment policy governing interest rate risk. At June 30, 2013, the System's interest rate exposure was as follows:

**Effective Duration of Debt Securities by Investment Type**  
*As of June 30, 2013*

Investment Type	Market Value	Weighted Average Effective Duration (Years)
Corporate	\$ 35,038,558	6.80
US Treasury	8,822,716	5.71
Mortgage Pass-Through*	4,722,780	3.81
CMO	2,888,406	3.80
CMBS	2,005,417	1.65
Yankee	1,195,425	7.33
Agency	897,199	1.78
Convertible	804,340	13.25
Asset Backed	653,717	5.98
Preferred Stock	394,524	8.53
SWAPS	(60,717)	0.48
Total Fixed Income	<u>\$ 57,362,365</u>	5.37

\* All mortgage pass-through securities held by the RRS as of June 30, 2013 were issued by U.S. Government Agencies.

**C. Securities Lending Program**

The RRS lends securities to firms on a temporary basis through its custodian bank, State Street Corporation (Custodian). During the fiscal year, the Custodian loaned its securities at the direction of the RRS and received cash, U.S. government securities, and irrevocable bank letters of credit as collateral. The Custodian did not have the ability to pledge or sell collateral securities delivered absent a borrower's default.

Borrowers were required to deliver collateral for each loan in amounts equal to not less than 100% of the market value of the loaned securities. The RRS did not impose any restrictions during the fiscal year on the amount of the loans that the Custodian made on its behalf, and the Custodian indemnified the RRS by agreeing to purchase replacement securities, or return the cash collateral, in the event the borrower failed to return the loaned security. There were no such failures by any borrowers during the fiscal year resulting from a default of a borrower or the Custodian.



**CITY OF RICHMOND, VIRGINIA**  
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The RRS and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool.

The average duration of the short term investments in the duration pool which includes securities with a remaining maturity of 91 days or greater for the year ended June 30, 2013 was 1,972 days with weighted average maturity of 44 days. The average duration of the short term investments in the liquidity pool which primarily includes securities with the remaining maturity of 90 days or less for the year ended June 30, 2013 was 85 days with weighted average maturity of 29 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.

As of June 30, 2013, the market value of the securities on loan was \$30,573,217. This balance is composed of U.S. government and agency securities of \$5,288,216, common stock of \$21,775,892, and corporate bonds of \$3,509,109. Securities on loan are included with investments on the Statement of Fiduciary Net Position and the invested cash collateral is included as an asset and corresponding liability. At June 30, 2013, the invested cash collateral had a market value of \$31,327,218 and was composed of U.S. government and agency securities of \$5,391,891, common stock of \$22,356,947 and corporate bonds of \$3,578,380.

The RRS cannot sell or pledge the collateral received absent a borrower default. At June 30, 2013, the RRS had no credit risk exposure to borrowers because the amounts it owes the borrowers exceeds the amounts the borrowers owe it.

**D. Investments**

*Investment Policy:*

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (the Virginia LGIP, a 2a-7 like pool), and the State Non-Arbitrage Program (SNAP). As of June 30, 2013, all non-System investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market and mutual funds. At no time, shall more than 35% of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single entity.

*Custodial credit risk for deposits:*

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits and are considered insured. At June 30, 2013, 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, 2013, 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, 2013, 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**  
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Primary Government (000's omitted):

	Total
Common Stock	\$ 151,606
International Stock	78,959
Hedge Funds	60,381
Corporate Bonds and Notes	57,783
International Bonds and Notes	44,877
Private Real Estate	20,681
Mutual Funds	19,074
Private Debt	17,054
US Government and Agency Obligations	16,208
REITs	13,134
Private Equity	10,133
Emerging Market Debt	5,730
	<u>495,620</u>
Cash collateral received under securities lending program	31,327
Deferred compensation plan mutual funds	77,074
Cash and money market funds	153,292
LGIP	135,342
SNAP	216,260
Total Cash and Investments	<u>\$ 1,108,915</u>

Classified as follows:

	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and cash equivalents	\$ 187,463	\$ 10,150	\$ 197,614
Investments	--	604,021	604,021
Restricted assets	307,281	--	307,281
Total	<u>\$ 494,744</u>	<u>\$ 614,172</u>	<u>\$ 1,108,915</u>

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

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

		Due From						
		General Fund	Capital Projects	Non-Major Governmental	Gas Fund	Non-Major Proprietary	Internal Service	Fiduciary Fund
Due To	General Fund	\$ --	\$ 59,429,656	\$ --	\$ --	\$ 720,998	\$ 12,580,886	\$ 23,370
	Debt Service	376,359	--	--	--	--	--	--
	Non-Major Government	8,112,251	--	2,108,509	--	--	--	--
	Internal Service Funds	--	--	--	6,300,000	--	--	--
	Total	<u>\$ 8,488,610</u>	<u>\$ 59,429,656</u>	<u>\$ 2,108,509</u>	<u>\$ 6,300,000</u>	<u>\$ 720,998</u>	<u>\$ 12,580,886</u>	<u>\$ 23,370</u>
								<u>\$ 89,652,029</u>

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



**CITY OF RICHMOND, VIRGINIA**  
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The City reports interfund transfers between many of its funds. Interfund transfers for the year ended June 30, 2013 consisted of the following:

		Transfer From						
		General	Major Proprietary Funds			Non-Major	Internal	Total
		Fund	Gas	Water	Wastewater	Governmental	Service	
Transfer To	General Fund	\$ --	\$ 959,243	\$ 541,961	\$ 910,166	\$ --	\$ 3,710	\$ 2,415,080
	Debt Service	53,898,575	--	--	--	591,914	--	54,490,489
	Capital Projects	4,600,000	--	--	--	--	--	4,600,000
	Non-Major Governmental	6,244,777	--	--	--	--	--	6,244,777
	Total	\$ 64,743,352	\$ 959,243	\$ 541,961	\$ 910,166	\$ 591,914	\$ 3,710	\$ 67,750,346

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

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

The major proprietary funds have made working capital advances to the Stores and Transportation Division Internal Service Fund over the years.

## 5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2013 are as follows:

Primary Government	Federal	State	Total
General Fund	\$ --	\$ 32,420,599	\$ 32,420,599
Non-major Governmental Funds	4,215,515	2,084,815	6,300,330
Wastewater Fund	1,685,326	--	1,685,326
	<u>\$ 5,900,841</u>	<u>\$ 34,505,414</u>	<u>\$ 40,406,255</u>

## 6. NOTE RECEIVABLE

Note receivable in the General Fund consists of:

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

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**



**7. CAPITAL ASSETS**

**Primary Government - Governmental Activities**

	Balance July 1, 2012 As Restated *	Additions	Deletions	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 100,294,033	\$ 4,554,719	\$ 1,404,817	\$ 103,443,935
Construction In Progress	174,376,412	181,656,672	35,504,636	320,528,448
Works of Art/Historical Treasures	6,942,681	--	--	6,942,681
Total Capital Assets				
Not Being Depreciated	281,613,126	186,211,391	36,909,453	430,915,064
Capital Assets Being Depreciated:				
Infrastructure	746,260,750	5,530,687	28,649	751,762,788
Building and Structures	461,242,369	7,311,340	19,777,483	448,776,226
Equipment and Other Assets	113,633,352	4,165,082	90,125	117,708,309
Improvements Other Than Buildings	11,783,546	324,802	12,165	12,096,183
Total Other Capital Assets	1,332,920,017	17,331,911	19,908,422	1,330,343,506
Less Accumulated Depreciation For:				
Infrastructure	467,369,992	13,731,351	554	481,100,789
Building and Structures	287,136,694	10,599,730	14,801,949	282,934,475
Equipment and Other Assets	86,402,337	7,299,582	71,893	93,630,026
Improvements Other Than Buildings	4,339,963	736,692	2,539	5,074,116
Total Accumulated Depreciation	845,248,986	32,367,355	14,876,935	862,739,406
Total Capital Assets Being Depreciated, Net	487,671,031	(15,035,444)	5,031,487	467,604,100
Governmental Activities, Capital Assets, Net	\$ 769,284,157	\$ 171,175,947	\$ 41,940,940	\$ 898,519,164

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

General Government	\$ 11,346,259
Public Safety and Judiciary	1,821,953
Highways, Streets, Sanitation and Refuse	14,897,923
Human Services	21,149
Culture and Recreation	905,385
Education	3,374,686
Subtotal	32,367,355
Allocation related to Internal Services Funds	5,397,568
Total	\$ 26,969,787

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



**CITY OF RICHMOND, VIRGINIA**  
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**Primary Government - Business-type Activities**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Gas Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	\$ 237,745	\$ --	\$ --	\$ 237,745
Construction in Progress	59,746,583	27,864,215	22,360,191	65,250,607
Capital Assets Being Depreciated -				
Plant-in-service	443,765,354	22,360,191	1,224,516	464,901,029
Total Capital Assets Being Depreciated	443,765,354	22,360,191	1,224,516	464,901,029
Less - Accumulated Depreciation For -				
Plant-in-service	154,169,889	13,925,781	1,212,976	166,882,694
Total Accumulated Depreciation	154,169,889	13,925,781	1,212,976	166,882,694
Total Capital Assets Being Depreciated, Net	289,595,465	8,434,410	11,540	298,018,335
Gas Utility, Capital Assets, Net	349,579,793	36,298,625	22,371,731	363,506,687
<b>Water Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	679,409	--	--	679,409
Construction in Progress	52,545,874	22,103,322	30,368,388	44,280,808
Capital Assets Being Depreciated -				
Plant-in-service	401,847,238	30,368,388	159,564	432,056,062
Total Capital Assets Being Depreciated	401,847,238	30,368,388	159,564	432,056,062
Less - Accumulated Depreciation For -				
Plant-in-service	126,347,476	10,851,715	151,084	137,048,107
Total Accumulated Depreciation	126,347,476	10,851,715	151,084	137,048,107
Total Capital Assets Being Depreciated, Net	275,499,762	19,516,673	8,480	295,007,955
Water Utility, Capital Assets, Net	328,725,045	41,619,995	30,376,868	339,968,172
<b>Wastewater Utility:</b>				
Capital Assets Not Being Depreciated -				
Land	1,101,261	--	--	1,101,261
Construction in Progress	111,198,096	31,342,121	10,473,887	132,066,330
Capital Assets Being Depreciated -				
Plant-in-service	469,756,454	10,473,887	120,639	480,109,702
Total Capital Assets Being Depreciated	469,756,454	10,473,887	120,639	480,109,702
Less - Accumulated Depreciation For -				
Plant-in-service	183,734,449	13,121,536	--	196,855,985
Total Accumulated Depreciation	183,734,449	13,121,536	--	196,855,985
Total Capital Assets Being Depreciated, Net	286,022,005	(2,647,649)	120,639	283,253,717
Wastewater Utility, Capital Assets, Net	398,321,362	28,694,472	10,594,526	416,421,308
<b>Stormwater Utility:</b>				
Capital Assets Not Being Depreciated -				
Construction in Progress	5,495,863	2,932,652	3,736,921	4,691,594
Capital Assets Being Depreciated -				
Plant-in-service	762,168	3,736,922	--	4,499,090
Total Capital Assets Being Depreciated	762,168	3,736,922	--	4,499,090
Less - Accumulated Depreciation For -				
Plant-in-service	111,068	258,995	--	370,063
Total Accumulated Depreciation	111,068	258,995	--	370,063
Total Capital Assets Being Depreciated, Net	651,100	3,477,927	--	4,129,027
Stormwater Utility, Capital Assets, Net	6,146,963	6,410,579	3,736,921	8,820,621
<b>Other Business-type Activity:</b>				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	12,770,860	--	--	12,770,860
Capital Assets Being Depreciated -				
Buildings and Structures	33,982,882	--	--	33,982,882
Equipment and Other Capital Assets	5,566,292	190,439	--	5,756,731
Total Capital Assets Being Depreciated	39,549,174	190,439	--	39,739,613
Less - Accumulated Depreciation For:				
Buildings and Structures	30,391,716	133,198	--	30,524,914
Equipment and Other Assets	8,361,010	357,096	--	8,718,106
Total Accumulated Depreciation	38,752,726	490,294	--	39,243,020
Total Capital Assets Being Depreciated, Net	796,448	(299,855)	--	496,593
Other Business-type Activity, Capital Assets, Net	13,567,308	(299,855)	--	13,267,453
Business-type Activities, Capital Assets, Net	1,096,340,471	112,723,816	67,080,046	1,141,984,241
Internal Service Fund - Stores Utility, Net	28,592,710	3,679,492	2,512,060	29,760,142
	\$ 1,124,933,181	\$ 116,403,308	\$ 69,592,106	\$ 1,171,744,383

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**8. OBLIGATIONS**

Changes in the short-term liabilities during the fiscal year ended June 30, 2013 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Commercial Paper Bond Anticipation Notes - Series 2010 A-2	\$ 5,494,000	\$ --	\$ 5,494,000	\$ --
Line of Credit - Bond Anticipation Note - Series 2012	--	95,855,970	--	95,855,970
Totals	<u>\$ 5,494,000</u>	<u>\$ 95,855,970</u>	<u>\$ 5,494,000</u>	<u>\$ 95,855,970</u>

Note: On October 18, 2012 the City established a \$150.0 million General Obligation Bond Anticipation Note Line of Credit with a local bank to provide interim financing for planned capital spending. This borrowing facility is to be repaid from the issuance of long-term General Obligation Bonds or other available cash. For more description please see the New and Existing Debt later in this Footnote.

Changes in the long-term liabilities during the fiscal year ended June 30, 2013 are summarized below:

**Primary Government - Governmental Activities**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
General Obligation Bonds	\$ 522,061,162	\$ --	\$ 28,375,626	\$ 493,685,536	\$ 30,290,166
General Obligation Serial Equipment Notes	8,540,000	--	3,240,000	5,300,000	2,200,000
Virginia Public Schools Authority Bonds	1,450,834	--	235,679	1,215,155	237,873
Qualified Zone Academy Bonds	2,217,333	--	192,480	2,024,853	192,480
HUD Section 108 Notes	1,690,000	10,125,000	560,000	11,255,000	560,000
Total General Obligation Bonds and Notes	<u>535,959,329</u>	<u>10,125,000</u>	<u>32,603,785</u>	<u>513,480,544</u>	<u>33,480,519</u>
Premium (Discount) on Debt Issued	25,521,887	--	1,674,127	23,847,760	1,674,125
Certificates of Participation	12,325,000	--	12,325,000	--	--
Advantage Richmond Lease Revenue Bond	8,360,231	--	746,051	7,614,180	786,275
Note Payable Due to Component Unit	18,062,878	--	18,062,878	--	--
Compensated Absences	18,639,450	468,691	1,951,054	17,157,087	9,801,289
Net Other Postemployment Benefit Obligations	15,700,699	--	431,145	15,269,554	--
Totals	<u>\$ 634,569,474</u>	<u>\$ 10,593,691</u>	<u>\$ 67,794,040</u>	<u>\$ 577,369,125</u>	<u>\$ 45,742,208</u>

Note: See Note 15 for additional discussion regarding Capital Leases

Note: See Note 13 for additional information regarding Postemployment Benefits (OPEB). The contributions for OPEB by the City are determined annually by the City's Department of Budget & Strategic Planning and subsequently approved and adopted through the City's biennial budget process. The General Fund has typically been used in prior years to liquidate any net pension obligation or net OPEB obligation.

The Notes Payable Due to Component Unit represents the City's obligation to pay the debt service due on the two bond issues undertaken, at the City's request, by the City's RRHA Component Unit, as well as other long term obligations due to the RRHA. Under the Old Manchester Cooperation Agreements between the City and RRHA, the City has agreed to annually budget for and make payment to RRHA to service this debt. On September 1, 2012, the





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City called for early redemption on the two series of bonds. The principal balances were paid in full by the City using available cash.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. 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.

**Primary Government -**

**Business-type Activities**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
<b>General Obligation Bonds:</b>					
Gas	\$ 69,340,609	\$ --	\$ 7,219,965	\$ 62,120,644	\$ 7,357,046
Water	54,493,626	--	5,761,590	48,732,036	5,896,465
Wastewater	28,588,032	--	4,006,838	24,581,194	4,096,058
Stormwater	213,750	11,250	11,250	213,750	11,250
Premium (Discount) on Debt, Net	1,683,273	--	907,081	776,192	--
Coliseum Enterprise Fund	6,524,934	--	747,729	5,777,205	752,054
Cemeteries Enterprise Fund	434,426	--	43,159	391,267	43,181
<b>Revenue Bonds:</b>					
Gas	185,280,658	71,363,122	9,352,418	247,291,362	4,844,046
Water	167,387,988	82,283,878	50,400,936	199,270,930	3,967,262
Wastewater	203,976,783	96,043,116	10,123,353	289,896,546	7,900,138
Premium (Discount) on Debt, Net	1,783,557	36,113,712	131,269	37,766,000	--
<b>Total Bonded Debt</b>	<b>719,707,636</b>	<b>285,815,078</b>	<b>88,705,588</b>	<b>916,817,126</b>	<b>34,867,500</b>
<b>Capital Leases:</b>					
Other Non-Major Enterprise Funds	398,539	--	194,672	203,867	203,867
<b>Total Capital Leases</b>	<b>398,539</b>	<b>--</b>	<b>194,672</b>	<b>203,867</b>	<b>203,867</b>
<b>Compensated Absences:</b>					
Gas	825,117	733,069	692,234	865,952	698,060
Water	630,971	433,067	470,242	593,796	478,670
Wastewater	655,240	573,435	535,913	692,762	558,448
Stormwater	169,878	180,661	152,607	197,932	159,557
Other Non-Major Enterprise Funds	100,384	23,513	18,648	105,249	64,131
<b>Total Compensated Absences</b>	<b>2,381,590</b>	<b>1,943,745</b>	<b>1,869,644</b>	<b>2,455,691</b>	<b>1,958,866</b>
<b>Totals</b>	<b>\$ 722,487,765</b>	<b>\$ 287,758,823</b>	<b>\$ 90,769,904</b>	<b>\$ 919,476,684</b>	<b>\$ 37,030,233</b>

**CITY OF RICHMOND, VIRGINIA**  
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**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, 2013, the City had a legal debt limit of \$1,948,406,600 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,197,253,997 of additional General Obligation debt (remaining debt margin).

**Authority to Issue Debt**

As of June 30, 2013, the City had a total of \$412,916,541 of additional general obligation and revenue bonds authorized, but not issued, for funding Capital Improvement Projects and the acquisition of equipment. Of these authorized, but not issued bonds and notes, \$188,184,834 is earmarked for self-supporting Public Utility projects and \$224,731,707 for various General Fund supported capital projects and equipment purchases.

**Bond Ratings**

The City of Richmond periodically has three bond rating firms provide credit evaluations of the City's outstanding General Obligation and Public Utility Revenue bond debt. The current bond rating of the City's outstanding bond debt by each firm is as follows:

General Obligation Bonds		
Moody's		<b>Aa2</b>
Standard & Poor's		<b>AA+</b>
Fitch Ratings		<b>AA+</b>
Public Utility Revenue Bonds		
Moody's		<b>Aa2</b>
Standard & Poor's		<b>AA</b>
Fitch Ratings		<b>AA</b>



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Details of Bonds and Notes Outstanding:

					Balance at June 30, 2013	
	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Enterprise Funds
<b>General Obligation Bonds</b>						
Public Improvement Bonds 2002A	3.00% - 5.25%	11/26/2002	7/15/2013	\$ 50,455,000	\$ 1,765,425	\$ 384,575
Public Improvement Bonds 2004A	3.00% - 5.50%	6/24/2004	7/15/2024	55,655,000	4,965,000	--
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/24/2004	7/15/2015	9,300,000	4,962,865	357,135
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	48,377,791	632,209
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	512,500	50,737,500
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	12,510,000	--
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	72,460,000	--
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	26,240,230	2,669,770
Public Improvement Bonds 2010A (RZEDB)	5.72%	3/10/2010	7/15/2025	22,482,875	22,482,875	--
Public Improvement Bonds 2010B (QSCB)	5.27%	11/16/2010	11/1/2029	14,980,000	14,980,000	--
Public Improvement Refunding Bonds 2010C	1.50% - 5.00%	11/16/2010	7/15/2023	85,180,000	17,645,750	50,754,250
Public Improvement Bonds 2010D	2.00% - 5.00%	11/30/2010	7/15/2031	65,420,000	61,835,000	--
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	--	213,750
Public Improvement Bonds 2012A	2.00% - 5.00%	6/28/2012	3/1/2032	98,835,000	91,155,000	--
Public Improvement Refunding Bonds 2012B	2.00% - 5.00%	6/28/2012	7/15/2024	46,870,000	45,170,000	--
Public Improvement Refunding Bonds 2012C	0.35% - 2.85%	6/28/2012	7/15/2023	100,030,000	61,123,100	36,066,900
Public Improvement Bonds 2012 D (QSCB)	4.15%	6/28/2012	1/15/2033	7,500,000	7,500,000	--
<b>Virginia Public School Authority Bonds</b>						
VPBA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	1,215,155	--
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,114,862	--
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	909,991	--
<b>General Obligation Notes</b>						
Serial Equipment Notes Series 2009	3.09%	6/25/2009	6/15/2014	2,000,000	400,000	--
Serial Equipment Notes Series 2010	2.32%	6/24/2010	6/15/2015	2,500,000	1,000,000	--
Serial Equipment Notes Series 2011	1.74%	6/16/2011	6/15/2016	6,500,000	3,900,000	--
Line of Credit BAN, Series 2012	Variable	10/18/2012	10/18/2014	--	95,855,970	--
<b>HUD Section 108 Notes</b>						
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	130,000	--
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	140,000	--
HUD Section 108 Note Series 2010A1	0.56% - 1.80%	7/21/2010	8/1/2014	530,000	260,000	--
HUD Section 108 Note Series 2010A2	0.56% - 1.80%	7/21/2010	8/1/2014	1,200,000	600,000	--
HUD Section 108 Note Series 2012	Variable	9/26/2012	8/1/2032	10,125,000	10,125,000	--
<b>Revenue Bonds</b>						
Public Utility Revenue Bonds 1998C - VRA	3.00%	4/9/1998	7/15/2018	10,000,000	--	3,429,683
Public Utility Revenue Bonds 1998D - VRA	3.00%	4/9/1998	7/15/2018	8,600,000	--	2,966,695
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	--	9,012,870
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/2037	323,180,000	--	294,040,000
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	--	5,724,313
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/2040	146,495,000	--	141,235,000
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	--	28,000,000
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	173,030
Public Utility Revenue Bonds 2011A - VRA	2.30%	9/29/2011	1/15/2033	849,450	--	20,761
Public Utility Revenue Bonds 2012A - VRA	0%	4/17/2012	1/15/2035	23,289,955	--	15,476,493
Public Utility Revenue Bonds 2013A	2.00% - 5.00%	5/2/2013	1/15/2043	214,220,000	--	214,220,000
Public Utility Revenue Bonds 2013B	5.00%	5/2/2013	1/15/2018	22,160,000	--	22,160,000
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	7,614,180	--
<b>Total Outstanding Bonded Debt</b>					616,950,694	878,274,934
Premium on Debt Issued					23,847,760	38,542,192
					\$ 640,798,454	\$ 916,817,126

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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, and Section 108 Promissory Notes), including interest payable is as follows:

**Governmental Activities:**

<u>Fiscal Year</u>	General Obligation Bonds and Notes		(in \$1,000s) VPSA Bonds		HUD Section 108 Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014 *	\$ 129,325	\$ 21,624	\$ 238	\$ 57	\$ 560	\$ 21
2015	34,691	20,276	240	45	570	7
2016	34,642	18,842	243	32	--	--
2017	31,202	17,467	245	19	--	--
2018	31,852	16,283	249	7	--	--
2019-2023	174,755	61,841	--	--	2,500	--
2024-2028	96,164	28,506	--	--	2,500	--
2029-2033	71,850	7,661	--	--	5,125	--
Subtotal	604,481	192,500	1,215	160	11,255	28
Premium	23,848	--	--	--	--	--
Total	\$ 628,329	\$ 192,500	\$ 1,215	\$ 160	\$ 11,255	\$ 28

\* FY2014 Principal includes \$95.9 million outstanding on a Bond Anticipation Note Line of Credit

**Business-type Activities:**

<u>Fiscal Year</u>	General Obligation Bonds		(in \$1,000s) Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 18,156	\$ 5,389	\$ 16,729	\$ 28,993
2015	16,996	4,757	14,886	31,888
2016	17,811	3,940	17,320	31,345
2017	20,252	3,093	16,100	30,758
2018	21,067	2,201	38,902	30,180
2019-2023	43,152	3,770	119,218	133,011
2024-2028	4,337	66	160,989	105,383
2029-2033	45	--	189,827	67,444
2034-2038	--	--	99,162	30,164
2039-2043	--	--	63,326	8,397
Subtotal	141,816	23,216	736,459	497,563
Premium	776	--	37,766	--
Total	\$ 142,592	\$ 23,216	\$ 774,225	\$ 497,563



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***Capital leases – Business-type Activities***

In 2003, the City has entered into a lease agreement for equipment under non-cancelable capital leases as follows:

- A \$1,670,000 equipment lease purchase agreement to finance upgrades and replacements to the heating, ventilation, and air conditioning systems of the Richmond Coliseum.

The assets acquired through capital leases are as follows:

	(in \$1,000s)
	Business-type
	Activities
Asset:	
Machinery and Equipment	\$ 1,670
Less: Accumulated Depreciation	1,460
Net assets acquired through capital lease payments	<u>\$ 210</u>

Future minimum lease payments are as follows:

	(in \$1,000s)
	Business-type
	Activities
<u>Fiscal Year</u>	
2014	<u>\$ 210</u>
Total minimum capital lease payments	210
Less amounts representing interest	<u>15</u>
Present value of minimum capital lease payments	<u>\$ 195</u>

***Debt issued during the fiscal year ended June 30, 2013***

On April 17, 2012, the City entered into a \$23,289,955 Public Utility Revenue Bond Financing Agreement – Series 2012A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2012A Public Utility Revenue bond issue is an interest-free loan, and thus only the principal borrowed will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance \$23.3 million of capital improvements to the City's Wastewater Treatment Plant. During the 2012 fiscal year, the City drew an initial \$2,166,376 of bond proceeds as reimbursement for capital spending under this Agreement. In the fiscal year ending June 30, 2013, the City drew an additional \$13,310,117 of proceeds bringing the total principal outstanding on the Series 2012A bond issue to 15,476,493. Semi-annual principal payments of \$582,248.88 are due every six months beginning on July 15, 2015 and will continue thereafter, each January 15 and July 15, with the final payment due on January 15, 2035. The 2012A Public Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

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

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

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On October 18, 2012, the City established a \$150.0 million Bond Anticipation Note Line of Credit with a commercial bank to provide interim financing for certain capital improvement projects of the City. As of June 30, 2013 the City has issued \$95,855,970 of Commercial Paper Notes under this facility, which has not been repaid by long-term bonds causing this amount to be reflected as a short-term liability in the Capital Projects Fund (Exhibit C). This interim financing vehicle is being used to finance General Government capital projects budgeted in the City's Capital Improvement Program. Interest on this bank line accrues at a spread over the index, One-Month LIBOR (London Interbank Offered Rate) with interest payments on outstanding borrowings due monthly. This borrowing facility has an October 18, 2014 final maturity and has been repaid prior to that date from proceeds of long term General Obligation bonds.

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. On September 26, 2012, the City issued a new \$10,250,000 variable rate note under the program to capitalize an Economic Development Loan Program. Interest on the HUD Section 108 Note is payable quarterly. Serial principal repayments of \$500,000 per year are due annually beginning August 1, 2018 with a final \$3,125,000 principal payment due on August 1, 2032. The aggregate principal balance of all outstanding HUD Section 108 Notes issued under this loan program as of June 30, 2013 was \$11,255,000.

On May 2, 2013, the City issued \$214,220,000 of Public Utility Revenue and Refunding Bonds, Series 2013A and \$22,160,000 of Public Utility Revenue Bonds, Series 2013B. At the time of the debt offering, Moody's, Standard & Poor's and Fitch Ratings affirmed the City's long-term Public Utility Revenue Bond debt ratings of Aa2, AA, and AA, respectively.

The Series 2013A Public Utility Revenue Bond proceeds, along with a premium received, were used to advance refund \$57,040,000 of the City's outstanding Series 2004 Public Utility Revenue Bonds at lower interest rates, as well as, to provide funding for new capital projects of the Gas, Water, and Wastewater Utilities. 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 2004 Bonds. The refunding of the Series 2004 bonds produced cash flow debt service savings of \$11,499,470 over the remaining 22 year life resulting in a present value economic gain of \$8,573,847. The Series 2013A 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 \$1,875,000 and \$8,995,000 are payable on January 15<sup>th</sup> of each year with a final maturity on the debt due on January 15, 2043.

The Series 2013B Public Utility Revenue Bond proceeds will finance planned capital projects of the Gas, Water and Wastewater Utilities. The Series 2013B bonds were sold with a coupon interest rate of 5.00%, with interest being payable on January 15 and July 15 of each year. The bonds have a single principal maturity on January 15, 2018.

**Defeasance of Debt**

On May 2, 2013, the City purchased U.S. Government Securities with proceeds of the Public Utility Revenue and Refunding Bonds Series 2013A to advance refund \$57,040,000 of the City's Public Utility Revenue Bonds Series 2004. 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 2004 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The final call date for the defeased Series 2004 Public Utility Revenue bonds is January 15, 2015.

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



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**9. FUND BALANCES**

The fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Fund balances at June 30, 2013 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
<b>Nonspendable: Inventories and Prepaids</b>				
Inventories and Prepaids	\$ 486,000	\$ --	\$ --	\$ --
Loans Receivable - Noncurrent	543,100	--	--	--
Permanent Funds	--	--	--	74,327
Other Purposes	500	--	--	--
Total Nonspendable	<u>1,029,600</u>	<u>--</u>	<u>--</u>	<u>74,327</u>
<b>Restricted To:</b>				
Virginia Department of Transportation (VDOT) Urban Program	--	--	4,932,190	--
Culture and Recreation	--	--	--	1,468,987
General Government	--	--	--	4,017,341
Highways, Streets, Sanitation and Refuse	--	--	--	619,759
Human Services	--	--	--	270,625
Public Safety and Judiciary	--	--	--	3,985,230
Total Restricted	<u>--</u>	<u>--</u>	<u>4,932,190</u>	<u>10,361,942</u>
<b>Committed To:</b>				
Fiscal Year 2014 General Fund Budget Shortfall	3,248,000	--	--	--
FY13 Rolled Encumbrances (Including Requisitions and Manuals)	5,677,954	--	--	--
Fleet Facility Project	2,652,000	--	--	--
Computer Equipment & System Upgrades	5,300,000	--	--	--
Incurred But Not Reported Claims Payable	1,750,000	--	--	--
Asset Renewal Fund	10,268,786	--	--	--
Richmond Public Schools - 6th Graders Laptops	200,000	--	--	--
Dept. of Public Works Vehicle Replacement	331,214	--	--	--
Revenue Stabilization Fund	7,340,000	--	--	--
To Restore the Revenue Stabilization Fund	2,660,000	--	--	--
Qualified Schools Construction Bonds Sinking Fund	--	1,932,016	--	--
Permanent Public Improvements and Capital Projects	--	--	1,160,494	--
Culture and Recreation	--	--	--	133,514
General Government	--	--	--	1,937,329
Public Safety and Judiciary	--	--	--	419,878
Highways, Streets, Sanitation and Refuse	--	--	--	4,762
Total Committed	<u>39,427,954</u>	<u>1,932,016</u>	<u>1,160,494</u>	<u>2,495,483</u>
<b>Assigned To:</b>				
Fiscal Year 2015 General Fund Budget Shortfall	10,781,617	--	--	--
Cannon Creek Project	42,299	--	--	--
Economic & Community Development - Vacancy Property & Reinvestment Fund	250,000	--	--	--
Façade Improvement Project	250,000	--	--	--
Economic Development Opportunity Fund	250,000	--	--	--
Other Purposes	--	--	--	866,410
Total Assigned	<u>11,573,916</u>	<u>--</u>	<u>--</u>	<u>866,410</u>
<b>Unassigned:</b>				
Total Unassigned	<u>75,000,000</u>	<u>(29,907)</u>	<u>(168,445,341)</u>	<u>--</u>
Total Fund Balances	<u>\$ 127,031,470</u>	<u>\$ 1,902,109</u>	<u>\$ (162,352,657)</u>	<u>\$ 13,798,162</u>

The Fleet Management and Radio Maintenance Internal Service Fund had deficit net position of \$8,265,846 and \$3,436,117 respectively at June 30, 2013. In addition, the Coliseum Enterprise Fund had a deficit net position of \$1,796,591 at June 30, 2013. Plans to remediate the deficits over the next 10 years are in process.

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**10. RISK MANAGEMENT**

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

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

For workers' compensation, the City assumes the first \$1,250,000 of any accident and pays claims filed directly from appropriations to various agencies. Excess workers' compensation coverage provides protection for accidents exceeding \$1,250,000. Claims for indemnity benefits may be paid over a maximum period of 500 weeks with the exception of certain legally defined cases, which may be paid for the lifetime of the claimant.

The City is self-insured for the first \$1,500,000 of any general liability, automobile liability, public officials or police professional liability claim. The City has purchased \$10,000,000 in excess liability coverage over a \$1,500,000 self-insured retention from States Self-Insurers Risk Retention Group (States), a public entity risk pool domiciled in the State of Vermont. Claims under the \$1,500,000 self-insured retention are paid by the Risk Management agency within the General Fund.

The City-owned Utilities (Gas, Water, Wastewater, Stormwater and Electric Utility Proprietary Funds) are a member of the Associated Electric Gas and Insurance Services, Ltd., a member-owned company based in New Jersey. In exchange for an annual premium, the utilities are provided insurance coverage to a limit of \$35 million per occurrence for excess liability with self-insured retention of \$1,000,000 per occurrence for General and Employers' Liability, and \$1,000,000 per occurrence for Pollution Liability. The Utilities are also a member of Energy Insurance Mutual Ltd., which provides excess liability coverage with limits of \$100 million in excess of the \$35 million underlying coverage.

The City also carries commercial insurance in a number of smaller, more defined risk areas such as employees' faithful performance, money and securities and medical professional liability.

During the fiscal year ended June 30, 2013, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures/expenses in the appropriate Governmental and Proprietary Funds, respectively.

The City's aggregate actuarially determined liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2013 was \$47,734,627 (undiscounted) and \$38,846,882 (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 \$3,093,543. Changes in the aggregate for these liabilities for fiscal years 2012 and 2013 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claims and Premium Payments	Balance at Fiscal Year End
2012	\$ 39,224,863	\$ 4,372,017	\$ (6,145,223)	\$ 37,451,657
2013	\$ 37,451,657	\$ 5,257,194	\$ (3,861,969)	\$ 38,846,882

Workers compensation, general liability, and automobile liability future payment projections for fiscal year 2014 are as follows:

Probability Level	Discounted	Undiscounted
90%	\$ 10,300,872	\$ 10,479,587
75%	\$ 8,685,695	\$ 8,836,388
Central Estimate	\$ 7,712,203	\$ 7,846,006





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## 11. HEALTH CARE PLAN

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

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

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

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

The rates for each plan are as follows:

Status	Option 1		Option 2	
	Option 1	Option 1	Option 2	Option 2
	OA-P1 - 20/40	OA-P1 - 20/40	OA-P2 - 25/50	OA-P2 - 25/50
	Semi-Monthly	City Monthly	Semi-Monthly	City Monthly
Single	\$ 42.18	\$ 509.74	\$ 31.25	\$ 498.18
Plus One	\$ 208.59	\$ 736.75	\$ 184.91	\$ 703.83
Family	\$ 350.61	\$ 897.96	\$ 312.52	\$ 927.05

Healthcare related costs for the City as of June 30, 2013 approximated \$36,068,000 for active City employees and approximated \$1,885,00 for retired City employees.

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

## 12. RETIREMENT PLANS

### A. Plan Description

The Richmond Retirement System (RRS) was established by action of the Richmond City Council on February 1, 1945. The City Council appoints five members and the Mayor appoints two members of the Board of Trustees to administer the RRS. However, City Council retains the authority to establish or amend benefit provisions. The RRS is currently not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The RRS is of the agent multiple-employer Defined Benefit variety. The RRS has two participating employers – the City of Richmond and the Richmond Behavioral Health Authority – covering all full-time, permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia. Members are vested after five years of creditable service or at their normal retirement age (age 65 for general employees; age 60 for public safety employees). The plan is contributory for employees.

The City also offers a Defined Contribution 401(a) Plan as another retirement option. This plan is mandatory for general employees hired on/or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the Trustee for this Plan and has contracted with an independent, not-for-profit financial services organization to administer the Plan. The City contributes a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This plan is non-contributory for employees.

Vested members in the Defined Contribution 401(a) Plan who terminate employment are entitled to the account balance. The account balance of non-vested members who terminate employment is forfeited unless a member is reemployed with a participating employer before a five year lapse and remains in service until vesting. Members of the Defined Contribution 401(a) Plan are eligible for disability retirement benefits under the RRS.

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The Defined Benefit Plan is considered part of the City financial reporting entity and is included in the financial statements as a Pension Trust Fund. The payrolls for the fiscal year ended June 30, 2013 for the employees covered by the DB Plan and VRS were approximately \$116,665,772 and \$162,734,500, respectively. The total payrolls for the fiscal year ended June 30, 2013 were approximately \$226,453,841 for the City and \$179,961,651 for the School Board.

**RRS Membership**

Current membership in the RRS at June 30, 2013 is as follows:

Retirees and Beneficiaries Currently Receiving Benefits	4,170
Active DB Plan Members	2,219
Terminated Vested DB Plan Members	1,691
Active DC 401(a) Plan Members	<u>1,765</u>
Total	<u>9,845</u>

**B. Summary of Benefit and Contribution Provisions**

1) Retirement Plan Options:

a. **Defined Benefit**

The Defined Benefit Plan pays a monthly benefit at retirement based on the member's years of creditable service and average final compensation. General and public safety employees are required to pay contributions of 1% and 1.5% respectively, of their creditable compensation.

The Defined Benefit Plan formula has a multiplier of 1.75% for general employees and 1.65% for public safety employees. In addition, the formula includes a pre-65 supplement of 0.75%, up to a maximum of twenty-five (25) years for public safety employees.

The benefit level is set by formula, regardless of the retirement fund's investment performance. Participating employers contribute an amount each year that varies according to the contribution rate as determined by the RRS's actuary. The participating employers' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability and continued growth of assets for members' future benefits. City Code requires that the Plan be maintained on an actuarially sound basis.

b. **Enhanced Defined Benefit**

The Enhanced Defined Benefit Plan option pays a monthly benefit at retirement based on the member's years of creditable service and average final compensation.

General employees are required to make contributions of 4.57% of their creditable compensation, and public safety employees are required to make contributions of 5.45% of their creditable compensation, until they terminate employment or retire in order to receive the benefits of the enhanced option.

For general members, the enhanced option formula has a multiplier of 2%.

For public safety employees, the enhanced option allows eligibility for an unreduced early service retirement upon completion of twenty (20) years of creditable service, regardless of age.



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The benefit level for the enhanced option is set by formula, regardless of the fund's investment performance. Participating employers contribute an amount each year that varies according to calculations by the actuary. The participating employers' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability, and continued growth of assets for members' future benefits. City Code requires that the Plan be maintained on an actuarially sound basis.

**c) Defined Contribution Plan**

The Defined Contribution Plan is a 401(a) account which grows through contributions from the participating employers and investment earnings. The Defined Contribution Plan is funded entirely by employer contributions, and no employee contributions are required. Participating employers contribute a percentage of the member's salary to an account each pay period in accordance with the following schedule, which is based on years of creditable service:

- Less than 5 years of service – 5%
- 5 – 10 years of service – 6%
- 10 – 15 years of service – 8%
- 15 or more years of service – 10%

Once a vested member (5 years of creditable service) terminates employment, the benefit is a lump sum amount equal to the account balance. It may also be payable in installment payments, rolled over to another qualified investment plan, or used to purchase a lifetime annuity.

**2) Retirement Eligibility:**

A member is eligible for normal retirement upon attaining their normal retirement date (general employees, age 65; public safety employees, age 60). Early retirement is permitted at any time within the ten-year period prior to the normal retirement date, provided the member has completed five or more years of creditable service or at any age with 30 years of creditable service (general employees) or 25 years of creditable service (public safety employees participating in the defined benefit plan) or 20 years of creditable service (public safety employees participating in the enhanced defined benefit plan option).

**3) Retirement Allowance:**

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

**a) Normal Retirement Allowance:**

General Employees: 1.75% (2% Enhanced option) of the member's average final compensation, multiplied by the number of years of creditable service up to 35 years.

Public Safety Employees: 1.65% of the member's average final compensation, multiplied by the number of years of creditable service up to 35 years. In addition, a supplement of 0.75% of the member's average final compensation, multiplied by the number of years of creditable service up to 25 years is payable from retirement until age 65.

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**b) Early Retirement Allowance:**

If a member retires prior to their normal retirement age, the allowance is determined as described in letter a). For general employees, the benefit is reduced by 5/12 of 1% 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 had the member remained employed. For public safety employees, the benefit is reduced by 5/12 of 1% for each complete month by which retirement precedes either age 60 or the date on which the employee would have completed 25 years of service in the defined benefit plan or 20 years of service in the enhanced plan had the member remained employed.

**C. Funding Policy**

The City Code of 1993, as amended, requires the City to contribute to the RRS, annually, an amount as determined by the actuary, expressed as a percentage of payroll, equal to the sum of the "normal contribution" and the "accrued liability contribution."

The actuarial liability contribution is determined as that amount necessary to amortize the unfunded actuarial liability and any increase or decrease in the unfunded actuarial liability in future years due to changes in actuarial assumptions, changes in the RRS provisions, including the granting of COLA increases, or actuarial gains or losses amortized over a closed period not to exceed 30 years, with payments increasing up to 4% per year.

The following is a schedule of employer contributions, exclusive of employee contributions, for fiscal years ended June 30, 2011 through 2013:

Fiscal Year Ended June 30	Annual Required	
	Contribution (in \$1,000)	Percentage Contributed
2011	\$ 39,770	100.00%
2012	\$ 38,421	101.00% *
2013	\$ 40,446	100.00%

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

**D. 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. The amortization method used for General employees is a level dollar method over a closed period not to exceed 30 years. The amortization method used for Police and Fire employees is a level percent of pay method over a closed period not to exceed 30 years.

For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90% or more than 110% of market value. This smoothing method is utilized in order to smooth the impact of short term market fluctuations on the System's contribution rates and funded status.



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Significant actuarial assumptions used in determining the actuarial liability include: (a) A 7.5% investment rate of return was assumed, as was a 2.5% payroll growth rate attributable to inflation. No cost-of-living adjustment was assumed; (b) Projected salary increases were 0.5% to 3.5% for general employees and 0.5% - 4.0% for police and fire employees; (c) The assumption that benefits will not increase after retirement.

Note: The annual rate of return (net of fees) for the fiscal year ended June 30, 2013 was 11.8%, which exceeded the expected return of 7.5%.

There were no legislative changes during the fiscal year ending June 30, 2013, which had a financial impact on the System.

**E. Schedule of Funding Progress** (*Dollars in Thousands*)

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

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Percentage Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011*	\$ 493,375	\$ 841,362	\$ 347,987	58.64%	\$ 130,971	265.70%
2012*	\$ 476,123	\$ 846,442	\$ 370,319	56.25%	\$ 125,060	296.11%
2013	\$ 475,451	\$ 850,867	\$ 375,416	55.88%	\$ 116,666	321.79%

\* 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. POSTEMPLOYMENT BENEFITS**

From an accrual accounting perspective, the cost of postemployment 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 postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 13 years. This is a change from previous years recognition of 30 years.

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

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

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The number of participants as of July 1, 2012, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active Employees	1,003
Retired Employees	622
Total	<u>1,625</u>

*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 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	2011*	2012*	2013
Calculation of ARC under the Projected Unit Credit Method:			
ARC Normal Cost	\$ 1,103,100	\$ 865,498	\$ 900,118
Interest at Discount Rate to End of Year	--	647,526	628,028
Adjustment to ARC	--	(1,383,568)	(1,341,907)
Amortization	<u>5,310,337</u>	<u>5,162,571</u>	<u>4,940,769</u>
Annual required contribution	6,413,437	5,292,027	5,127,008
Contribution for fiscal year ended June 30,	<u>(1,427,898)</u>	<u>(5,779,471)</u>	<u>(5,558,153)</u>
Increase (Decrease) in net OPEB	4,985,539	(487,444)	(431,145)
Net OPEB Obligation - beginning of year	11,202,604	16,188,143	15,700,699
Net OPEB Obligation - end of year	<u>\$ 16,188,143</u>	<u>\$ 15,700,699</u>	<u>\$ 15,269,554</u>
Percent of annual OPEB cost contributed	22%	109%	108%

Benefit Obligation, Normal Cost and Funding Progress									
	Actuarial Value of Assets	Actuarial Accrued Liability		Unfunded actuarial liability (UAAL)	Funded Ratio	Normal Cost - Beginning of Year	Amortization factor based on 13 years	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
		Retired Employees	Active Employees						
<b>2008*</b>	\$ -	\$ 33,560,284	\$ 42,594,368	\$ 76,154,652	0%	\$ 1,413,487	24/30	\$ 102,430,176	74%
<b>2009*</b>	\$ -	\$ 33,560,284	\$ 42,594,368	\$ 76,154,652	0%	\$ 1,413,487	24/30	\$ 102,430,176	74%
<b>2010*</b>	\$ -	\$ 26,912,382	\$ 35,772,758	\$ 62,685,140	0%	\$ 1,040,076	12	\$ 90,516,083	69%
<b>2011*</b>	\$ -	\$ 23,847,131	\$ 38,285,348	\$ 62,132,479	0%	\$ 1,081,679	13	\$ 90,516,083	69%
<b>2012*</b>	\$ -	\$ 27,543,353	\$ 32,860,214	\$ 60,403,567	0%	\$ 848,691	13	\$ 73,016,515	83%
<b>2013</b>	\$ -	\$ 22,751,160	\$ 35,057,261	\$ 57,808,421	0%	\$ 882,639	13	\$ 61,547,770	94%

\*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 coverage's were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 13 years on a level dollar open basis for June 30, 2013.

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, 2012 actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 7% healthcare cost trend increase for plan year 2013, reduced by decrements to a rate of 5.5% after 6 years. These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA). Provisions to any law were taken into consideration that is effective as of the valuation date as well as those that will go into effect in 2018.

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

#### **14. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The Plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$17,000 for calendar year 2012, whichever is less. In calendar year 2013, the maximum deferral amount increased to \$17,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution. In accordance with the amended provisions of IRC Section 457, which were enacted into law in August 1996 and their subsequent adoption by the City, all assets and income of the plan were transferred to a trust during December 1996 and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

At June 30, 2013 the contributions for the year ended and fair value of the plan investments were approximately \$5,900,000 and \$77,100,000, respectively.



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***Component Unit***

RBHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all RBHA's employees and permits deferral until future years of 100% of salary with a maximum deferral of \$17,000 for calendar year 2012, whichever is less. In calendar year 2013, the maximum deferral amount increased to \$17,500. 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. The plan is administered by a nongovernmental 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, 2013, the annual operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2014	\$ 727,320
2015	630,165
2016	35,977
Total minimum lease payments	<u>1,393,462</u>
Lease expense/expenditures for the year ended	
June 30, 2013	<u>\$ 1,125,039</u>

**Capital Leases**

The City leases various computer, electronic and office output equipment through capital lease agreements. All capital lease obligations are subject to annual appropriation of funds. At June 30, 2013, the annual capital lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,146,566	\$ 102,417
2015	1,006,552	89,910
2016	331,380	29,600
Total minimum lease payments	<u>2,484,498</u>	<u>221,927</u>
Lease expenditures for the year ended		
June 30, 2013	<u>\$ 1,792,481</u>	<u>\$ 160,113</u>

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





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

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

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

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$776 million in 2011 dollars (\$266 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City is required to raise revenue for implementation of its CSO Control Plan by raising and maintaining sewer rates such that the annual sewer bill for a typical residential customer will be at least 1.25% of the median household income (MHI) supplemented by the availability of federal and state grants.

**B. Grants**

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

**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, 2013, the City contributed \$1,281,444 for its share of costs.

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**



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

In December 1974 the Richmond Metropolitan Authority (the RMA) issued a \$409,500 subordinated note to the City related to land and construction of a parking facility located at 2<sup>nd</sup> and Franklin Street it to be built and managed by the RMA. On June 24, 2013, City Council adopted several ordinances, which waived this subordinated note in exchange for the transfer of title to this property back to City ownership. The City has also taken over day to day management of this public parking facility.

**E. Gas Utility Enterprise Fund**

To ensure the continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2028. The aggregate commitments under these contracts amounted to approximately \$498 million at June 30, 2013.

**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 Position. 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**

On August 20, 2013, prior to the City issuing bonds, the national bond rating agency, Standard & Poor's, upgraded the City's General Obligation bond rating from AA to AA+.

On September 26, 2013 the City issued \$127,745,000 of tax-exempt General Obligation Bonds, Series 2013A and \$11,295,000 of taxable General Obligation Bonds, Series 2013B. At the time of the debt offering, Moody's and Fitch Ratings affirmed the City's long-term General Obligation bond ratings of Aa2 and AA+, respectively. Standard and Poor's upgraded its rating by raising its rating of the City's outstanding General Obligation bond debt rating to AA+, from AA. All three rating agency indicated a stable outlook.

The Series 2013A General Obligation bond proceeds, along with a premium received, were used to pay off \$140,000,000 outstanding on an interim Bond Anticipation Note Line of Credit, which had funded general capital projects. The Series 2013A bonds have coupon interest rates ranging from 2.00% to 5.00% with interest being payable on March 1 and September 1 of each year. Serial annual principal amounts of between \$1,150,000 and \$10,695,000 are payable on March 1st of each year with a final maturity on the debt due on March 1, 2033.

The Series 2013B General Obligation bond proceeds, issued as taxable debt, were used to finance construction of a City owned parking garage within a new 18 story office tower being built in downtown Richmond. The Series 2013B bonds were sold with coupon interest rates of ranging between 3.00% and 4.80%, with interest being payable on March 1 and September 1 of each year. Serial annual principal amounts of between \$465,000 and \$870,000 are payable on March 1st of each year with a final maturity on the debt due on March 1, 2033.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**17. CHANGE IN REPORTING ENTITY AND RESTATEMENT OF BEGINNING BALANCES**

The modifications detailed below represent the City's restatement of beginning balances related to capital assets and the inclusion of the Richmond Economic Development Authority as a discretely presented component unit within the City Reporting Entity.

**A. Richmond Economic Development Authority (EDA)**

During the year ended June 30, 2013, the City adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statement No. 14 and 34. The objective of GASB 61 modifies certain requirements for inclusion of component units in the financial entity by adding the requirement that, in addition to fiscal dependency, there would also have to be a financial benefit/burden relationship between the Primary Government and an outside organization. As a result of GASB 61, in addition to certain agreements established during the year, the City has reclassified the EDA from a Related Organization to a Discretely Presented Proprietary Component Unit. The agreements described below, but not limited to, are the basis for this change. Inclusion of the EDA caused a change in the City's Reporting Entity, which necessitated an addition to beginning net position on the government-wide Statement of Activities (Exhibit B) and the discretely presented component unit Statement of Activities (Exhibit G-2) as presented in the adjustment tables herein.

- Gateway Plaza – Public parking Garage Project - The City will issue \$11.25 million of taxable GO Bonds to finance construction of 326 public parking spaces in a new office tower to be developed on a site generally bounded by East Cary Street to the north, South 9<sup>th</sup> Street to the east, East Canal Street to the south and South 8<sup>th</sup> Street to the west. An economic development package has been developed to benefit the City by retaining a large employer in the City, generating new investment in downtown, generating additional real estate tax base, preserving annual BPOL taxes paid to the City and providing public parking. The \$11.25 million issued will be the debt of the City, not debt of the EDA.
- Redskins Training Camp Project – The Development Cooperation Agreement between the City and the EDA provides for the EDA to develop and manage a training facility designed to accommodate use by the Washington Redskins for summer training, a sports medicine and training facility to accommodate Bon Secours – Richmond Health System and facilities for other commercial enterprises. EDA serves as the developer, owner and manager of the Training and Wellness Facilities. The City provided \$10.0 million of funding by making grants to the EDA to construct the training camp. The EDA owns the building and there are currently no plans for it to revert to City ownership in the future. It is anticipated that the EDA will make payments back to the City through lease revenues, sponsorships, field rentals and related funds over a 10-year period in an effort to curtail the City debt that has been issued, but only if it has funds available.

**B. Capital Assets**

During fiscal year 2013, the City identified multiple instances where activities in the previous fiscal years were inaccurately recorded within the general ledger and issued financial statements as follows:

- A) After an extensive review of governmental Construction in Process (CIP) assets, the City noted multiple project balances that had been capitalized in prior years inconsistent with GAAP (e.g., repairs and maintenance activities, costs incurred that didn't relate to the development of a capital asset or assets recorded as both CIP and a depreciable capital asset). As a result of the City's review procedures, a reduction of \$65,285,344 to the beginning balance of the governmental CIP assets and net position has been reflected within these financial statements.
- B) The City identified capital assets recorded in prior years as governmental expenditures but were not capitalized as a capital asset at the government wide level. These items were corrected by increasing the beginning balances of their respective capital asset categories (buildings - \$2,073,148 and equipment - \$1,237,072) as of June 30, 2012. Accumulated depreciation for these categories was also corrected through this restatement by increasing their respective beginning balances (buildings - \$979,740 and equipment - \$133,708).

**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**



- C) The City identified it had incorrectly capitalized \$25,000,000 worth of improvements to the Carpenter Center even though the facility had been leased to another organization under capital leasing terms. Under GAAP, the City should have reported the assets as if it had relinquished ownership and removed the assets from the general ledger. This adjustment also restated building's beginning accumulated depreciation by decreasing it by \$1,726,891.
- D) To effectively implement an Internal Audit department recommendation, the City converted all vehicle information reported within the Fleet Management internal service fund's asset inventory system over to the City's financial reporting system. During conversion, it was noted certain assets listed in the legacy system were lower than the related financial statements balance by \$2,870,397. Additionally, accumulated depreciation recalculated within the new system was \$3,171,991 under depreciated, which is corrected accordingly within this restatement adjustment.

The net effect of all of these adjustments between the cost and accumulated depreciation was \$92,404,069.



**CITY OF RICHMOND, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

<b>Primary Government - Governmental Activities</b>	June 30, 2012 As Previously Reported	Restatement	June 30, 2012 As Restated
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 100,294,033	\$ --	\$ 100,294,033
Construction In Progress	239,661,756	(65,285,344) (A)	174,376,412
Works of Art/Historical Treasures	6,942,681	--	6,942,681
Total Capital Assets Not Being Depreciated	<u>346,898,470</u>	<u>(65,285,344)</u>	<u>281,613,126</u>
Capital Assets Being Depreciated:			
Infrastructure	746,260,750	--	746,260,750
Building and Structures	484,169,221	2,073,148 (B) (25,000,000) (C)	461,242,369
Equipment and Other Assets	115,266,677	1,237,072 (B) (2,870,397) (D)	113,633,352
Improvements Other Than Buildings	11,783,546	--	11,783,546
Total Other Capital Assets	<u>1,357,480,194</u>	<u>(24,560,177)</u>	<u>1,332,920,017</u>
Less Accumulated Depreciation For:			
Infrastructure	467,369,992	--	467,369,992
Building and Structures	287,883,845	979,740 (B) (1,726,891) (C)	287,136,694
Equipment and Other Assets	83,096,638	133,708 (B) 3,171,991 (D)	86,402,337
Improvements Other Than Buildings	4,339,963	--	4,339,963
Total Accumulated Depreciation	<u>842,690,438</u>	<u>2,558,548</u>	<u>845,248,986</u>
Total Capital Assets Being Depreciated, Net	<u>514,789,756</u>	<u>(27,118,725)</u>	<u>487,671,031</u>
Governmental Activities, Capital Assets, Net	<u>\$ 861,688,226</u>	<u>\$ (92,404,069)</u>	<u>\$ 769,284,157</u>

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

<b>Description</b>	Governmental Activities	Component Units	Internal Services Funds
Balance at June 30, 2012, as previously reported	\$ 388,947,805	\$ 147,847,657	\$ 24,981,500
Capital Asset Change	(92,404,069)	--	(6,042,388)
Richmond Economic Development Authority	--	4,059,528	--
Balance at June 30, 2012, as restated	<u>\$ 296,543,736</u>	<u>\$ 151,907,185</u>	<u>\$ 18,939,112</u>





***Required Supplementary  
Information***





EXHIBIT H-1

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
<b>City Taxes</b>				
Real Estate	\$ 211,606,314	\$ 211,606,314	\$ 213,234,953	\$ 1,628,639
Sales-1% Local	27,810,000	27,810,000	30,549,022	2,739,022
Sales Tax for Education	23,761,811	23,761,811	23,673,198	(88,613)
Personal Property	44,547,900	44,547,900	47,234,956	2,687,056
Machinery and Tools	16,457,100	16,457,100	15,001,324	(1,455,776)
Utility Sales Tax Gas	4,654,700	4,654,700	4,761,197	106,497
Utility Sales Tax Electric	12,512,500	12,512,500	12,303,832	(208,668)
Utility Sales Tax Telephone	--	--	980	980
State Communication Taxes	19,239,340	19,239,340	17,130,526	(2,108,814)
Bank Stock	11,031,400	11,031,400	9,221,721	(1,809,679)
Prepared Food	24,858,700	24,858,700	28,320,613	3,461,913
Lodging Tax	5,303,500	5,303,500	6,018,453	714,953
Admission	2,131,000	2,131,000	2,372,848	241,848
Real Estate Taxes - Delinquent	8,597,200	8,597,200	8,953,219	356,019
Personal Property Taxes - Delinquent	5,978,000	5,978,000	8,524,442	2,546,442
Private Utility Poles and Conduits	158,300	158,300	158,568	268
Penalties and Interest	4,850,300	4,850,300	4,471,897	(378,403)
Titling Tax-Mobile Home	11,000	11,000	5,817	(5,183)
State Recordation	742,300	742,300	731,956	(10,344)
Property Rental 1%	101,700	101,700	139,796	38,096
Vehicle Rental Tax	605,400	605,400	371,425	(233,975)
Telephone Commissions	390,000	390,000	337,349	(52,651)
Total City Taxes	425,348,465	425,348,465	433,518,092	8,169,627
<b>Licenses, Permits and Privilege Fees</b>				
Business and Professional	29,590,500	29,590,500	33,134,529	3,544,029
Vehicle	3,644,300	3,644,300	3,836,920	192,620
Dog	39,100	39,100	14,143	(24,957)
Transfers, Penalties, Interest & Delinquent Collections	7,800	7,800	8,003	203
Parking Fees & Permits	3,277,700	3,277,700	3,535,629	257,929
Utilities Right of Way Fees	852,500	852,500	775,620	(76,880)
Other Licenses, Permits and Fees	1,199,500	1,199,500	1,099,289	(100,211)
Total Licenses, Permits and Privilege Fees	38,611,400	38,611,400	42,404,133	3,792,733
<b>Intergovernmental</b>				
State Shared Expense	19,539,400	19,539,400	17,653,434	(1,885,966)
Total State Block Grant	4,561,500	4,561,500	2,631,908	(1,929,592)
Department of Social Services	41,854,350	41,874,350	35,727,115	(6,147,235)
Federal Revenues	858,600	858,600	1,263,124	404,524
Street Maintenance	24,281,300	24,281,300	23,914,122	(367,178)
State Aid to Localities	13,876,500	13,876,500	13,876,500	--
Service Charges on Tax Exempt Property (State PILOT)	2,894,800	2,894,800	3,329,930	435,130
All Other Intergovernmental Revenues	612,600	617,600	854,145	236,545
Total Intergovernmental	\$ 108,479,050	\$ 108,504,050	\$ 99,250,278	\$ (9,253,772)

(Continued)



EXHIBIT H-1, Continued

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Service Charges</b>				
Commercial Dumping Fees	\$ 252,500	\$ 252,500	\$ 209,564	\$ (42,936)
Refuse Collection Fees	11,721,300	11,721,300	11,816,900	95,600
Safety Related Charges	329,000	329,000	351,805	22,805
Rental of Property	259,400	259,400	417,145	157,745
Building Service Charges	613,100	613,100	867,586	254,486
Inspection Fees	4,017,800	4,017,800	5,783,469	1,765,669
Recycling Proceeds	1,516,700	1,516,700	1,542,277	25,577
Health Related Charges	37,400	37,400	106,683	69,283
Other Sales - Income	85,700	85,700	285,288	199,588
Printing and Telecom Charges	256,100	256,100	307,081	50,981
Self Insurance	5,400,300	5,400,300	4,571,078	(829,222)
Other Service Charges	1,947,000	1,947,000	1,834,738	(112,262)
Total Service Charges	26,436,300	26,436,300	28,093,614	1,657,314
<b>Fines and Forfeitures</b>				
Richmond Public Library	94,700	94,700	84,749	(9,951)
Circuit Court	3,810,900	3,810,900	4,467,175	656,275
General District Court	1,876,600	1,876,600	1,357,102	(519,498)
Juvenile and Domestic Relations District Court	7,500	7,500	8,041	541
Parking Violations	5,009,000	5,009,000	4,283,562	(725,438)
Total Fines and Forfeitures	10,798,700	10,798,700	10,200,629	(598,071)
<b>Utility Payments</b>				
Utility Pilot Payment	22,147,100	22,147,100	22,136,963	(10,137)
Utility Payment - City Services	2,249,027	2,249,027	2,696,598	447,571
Utilities Payment for Collection Service	547,500	547,500	432,676	(114,824)
Total Utility Payments	24,943,627	24,943,627	25,266,237	322,610
<b>Miscellaneous Revenues</b>				
Department of Information Technology Charges	750,000	750,000	398,875	(351,125)
Reimbursement of Interest on Long-term Debt	1,290,300	1,290,300	1,836,615	546,315
Internal Service Fund Payments	352,100	352,100	353,905	1,805
Miscellaneous Revenues	213,900	433,539	1,067,304	633,765
Other Payments to General Fund	670,400	670,400	1,716,343	1,045,943
Total Miscellaneous Revenues	3,276,700	3,496,339	5,373,042	1,876,703
Total General Fund Revenues	\$ 637,894,242	\$ 638,138,881	\$ 644,106,025	\$ 5,967,144

(Continued)



EXHIBIT H-1, Continued

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
City Council	\$ 1,314,815	\$ 1,314,815	\$ 1,287,563	\$ 27,252
City Clerk	886,979	886,979	845,167	41,812
Planning and Development Review	9,018,745	9,091,552	8,199,374	892,178
Assessor of Real Estate	3,008,646	3,008,646	2,896,476	112,170
City Auditor	1,783,791	1,843,966	1,699,006	144,960
Department of Law	2,242,046	2,249,050	2,107,856	141,194
General Registrar	1,589,269	1,589,269	1,585,816	3,453
Department of Information Technology	18,801,381	21,421,122	20,746,981	674,141
Chief Administrative Officer	1,693,947	1,909,748	1,898,314	11,434
Budget and Strategic Planning	1,229,738	1,229,738	1,088,973	140,765
Department of Human Resources	3,340,695	3,346,331	3,170,415	175,916
Department of Finance	23,293,760	30,698,154	27,303,098	3,395,056
Animal Control	1,325,365	1,325,365	1,430,078	(104,713)
Procurement Services	1,278,317	1,278,317	1,054,345	223,972
Office of Press Secretary to Mayor	474,832	474,832	466,434	8,398
City Treasurer	170,759	170,759	176,623	(5,864)
Economic/Community Development	5,195,674	4,992,674	3,492,989	1,499,685
Council Chief of Staff	990,582	992,380	982,975	9,405
Minority Business Development	761,048	761,048	626,228	134,820
City Mayor's Office	1,115,869	1,115,869	1,081,166	34,703
Total General Government	79,516,258	89,700,614	82,139,877	7,560,737
<b>Public Safety and Judiciary</b>				
Judiciary	9,507,717	9,507,717	9,433,342	74,375
Juvenile and Domestic Relations District Court	454,972	455,385	433,820	21,565
City Sheriff	30,913,927	31,415,576	32,825,887	(1,410,311)
Department of Police	82,497,892	84,662,146	85,669,778	(1,007,632)
Department of Fire and Emergency Services	40,248,923	40,605,174	39,836,854	768,320
Total Public Safety and Judiciary	163,623,431	166,645,998	168,199,681	(1,553,683)
<b>Highways, Streets, Sanitation and Refuse</b>				
Department of Public Works	59,462,814	63,393,955	59,510,280	3,883,675
<b>Human Services</b>				
Office of DCAO for Human Services	2,076,785	2,076,785	1,888,644	188,141
Department of Social Services	57,927,249	58,223,599	44,725,110	13,498,489
Justice Services	9,940,598	9,940,598	10,124,619	(184,021)
Department of Public Health	3,183,289	3,402,928	3,402,928	--
Total Human Services	73,127,921	73,643,910	60,141,301	13,502,609
<b>Culture and Recreation</b>				
Richmond Public Library	5,108,256	5,117,103	5,008,721	108,382
Department of Parks, Recreation and Community Facilities	16,205,892	16,260,530	15,684,119	576,411
Total Culture and Recreation	21,314,148	21,377,633	20,692,840	684,793
<b>Education</b>				
Richmond Public Schools	\$ 153,205,535	\$ 153,205,535	\$ 153,205,535	\$ --



EXHIBIT H-1, Concluded

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Non-Departmental</b>				
Old Manchester Projects (formerly Crestar)	\$ 15,955,480	\$ 15,955,480	\$ 15,803,084	\$ 152,396
Payments to Other Government Agencies	137,849,469	130,879,521	38,968,387	91,911,134
Tax Relief for the Elderly	3,183,238	3,183,238	2,627,730	555,508
Greater Richmond Transit Company	11,598,422	11,598,422	11,598,422	--
RRS Contributions/Retiree's Health Care Payments	2,814,485	2,814,485	3,872,641	(1,058,156)
Total Non-Departmental	171,401,094	164,431,146	72,870,264	91,560,882
 Total General Fund Expenditures	 721,651,201	 732,398,791	 616,759,778	 115,639,013
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (83,756,959)	 (94,259,910)	 27,346,247	 121,606,157
 <b>Other Financing Sources (Uses)</b>				
Prior Year Committed & Assigned Fund Balance	75,575,500	78,075,500	--	(78,075,500)
Portion of Prior Year Unassigned Fund Balance	64,062,309	64,062,309	--	(64,062,309)
Transfers In - Other Funds	3,381,400	3,381,400	2,415,080	(966,320)
Transfers Out - Other Funds	(59,262,250)	(57,362,250)	(64,743,352)	(7,381,102)
Total Other Financing Sources (Uses), Net	83,756,959	88,156,959	(62,328,272)	(150,485,231)
 Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	 --	 (6,102,951)	 (34,982,025)	 (28,879,074)
 Fund Balance - Beginning of Year	 162,013,495	 162,013,495	 162,013,495	 --
Fund Balance - End of Year	\$ 162,013,495	\$ 155,910,544	\$ 127,031,470	\$ (28,879,074)



**CITY OF RICHMOND, VIRGINIA**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**

The City follows these procedures, which comply with legal requirements, in establishing the annual budget:

- The General Fund, Special Revenue, and Debt Service Funds have legally adopted annual budgets. The Capital Projects Fund has a five-year spending plan which are legally adopted on an annual basis. On a day to be fixed by the City Council, but in no case earlier than the second Monday of February or later than the seventh day of April in each year, the Mayor shall submit to the council separate current expense budgets for the general operation of the City government, for the public schools, for each utility and a capital budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means for financing those expenditures. The Capital Projects and Special Revenue Funds consist of multiple funds; however, the funds are budgeted for in total rather than by individual funds. Public hearings are conducted to obtain taxpayer comments.
- Prior to May 31, the budget is legally enacted through passage of an ordinance.
- The level of budgetary control is the department level for the City. City Council approval is not needed to transfer budget amounts within departments in the City budget; however, any revisions that alter the total expenditures of any department or agency must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General Fund, Debt Service Fund, Special Revenue Fund, and Capital Projects Fund are principally prepared on the modified accrual basis of accounting.
- Project budgets are utilized in the Capital Projects Fund. Except for the Capital Projects Fund and the Special Revenue Funds that extend beyond the fiscal year, all appropriations not encumbered nor obligated lapse at year-end. Appropriations for the Capital Projects Fund are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.

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

The Budgetary Comparison Schedule for the General Fund reflects the original budget, revised budget and actual amounts for the City's General Fund. The General Fund revenues and other financing sources were under budget by \$137.1 million for fiscal year ended June 30, 2013, which is primarily due to \$142.1 million of prior year fund balance commitments, assignments and unassigned fund balance appropriated for use in the current fiscal year as well as added contingency. Recurring General Fund revenues and other financing sources were over budget by approximately \$6 million, which is attributed to increased current and delinquent tax collections off-set by continued declines in payments from the State, particularly Social Services related revenues, compared to budget. The General Fund expenditures and other financing uses were under budget by approximately \$108.3 million for fiscal year ended June 30, 2013 of which approximately \$89.3 million were prior year contingency funds unspent. The remainder of the savings of \$19.0 million is primarily due to programmatic changes, particularly in Social Services related expenditures in addition to enforced spending constraints.

The following departments' expenditures exceeded appropriations for the year June 30, 2013:

Animal Control	(104,713)
City Treasurer	(5,864)
City Sheriff	(1,410,311)
Department of Police	(1,007,632)
Justice Services	(184,021)





## *Supplementary Information*







## **Non-major Governmental Funds**

### **Special Revenue Funds**

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

#### **Grant Revenue Funds**

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

#### **Consolidated HUD Funds**

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

### **Permanent Funds**

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

#### **Recreation**

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

#### **Richmond Public Library**

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

#### **J. Fulmer Bright Park Fund**

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

#### **Memorial**

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

#### **PPEA Deposit Fund**

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



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

June 30, 2013

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposit	Total
<b>Assets</b>								
Accounts Receivable, Net	\$ 2,353,383	\$ 850,180	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,203,563
Due From Other Funds	10,021,570	--	60	139	832	146	198,013	10,220,760
Due From Other Governments	4,111,686	2,188,644	--	--	--	--	--	6,300,330
Restricted Assets	--	--	--	27,386	32,949	12,815	--	73,150
Total Assets	<u>\$ 16,486,639</u>	<u>\$ 3,038,824</u>	<u>\$ 60</u>	<u>\$ 27,525</u>	<u>\$ 33,781</u>	<u>\$ 12,961</u>	<u>\$ 198,013</u>	<u>\$ 19,797,803</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 2,121,246	\$ 658,234	\$ --	\$ --	\$ --	\$ --	\$ 198,013	\$ 2,977,493
Due To Other Funds	--	2,108,509	--	--	--	--	--	2,108,509
Deferred Revenues	641,558	272,081	--	--	--	--	--	913,639
Total Liabilities	<u>2,762,804</u>	<u>3,038,824</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>198,013</u>	<u>5,999,641</u>
<b>Fund Balances:</b>								
Nonspendable	--	--	60	27,525	33,781	12,961	--	74,327
Restricted	10,361,942	--	--	--	--	--	--	10,361,942
Committed	2,495,483	--	--	--	--	--	--	2,495,483
Assigned	866,410	--	--	--	--	--	--	866,410
Total Fund Balances	<u>13,723,835</u>	<u>--</u>	<u>60</u>	<u>27,525</u>	<u>33,781</u>	<u>12,961</u>	<u>--</u>	<u>13,798,162</u>
Total Liabilities and Fund Balances	<u>\$ 16,486,639</u>	<u>\$ 3,038,824</u>	<u>\$ 60</u>	<u>\$ 27,525</u>	<u>\$ 33,781</u>	<u>\$ 12,961</u>	<u>\$ 198,013</u>	<u>\$ 19,797,803</u>



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, 2013**

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposits	Total
<b>Revenues</b>								
Intergovernmental	\$ 21,441,380	\$ 5,345,782	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 26,787,162
Investment Income	8,169	--	--	16	87	34	--	8,306
Miscellaneous	10,350,116	606,360	--	--	--	--	--	10,956,476
Total Revenues	31,799,665	5,952,142	--	16	87	34	--	37,751,944
<b>Expenditures</b>								
Current:								
General Government	11,048,458	5,952,076	--	64	--	--	--	17,000,598
Public Safety and Judiciary	11,238,333	--	--	--	--	--	--	11,238,333
Highways, Streets, Sanitation and Refuse	834,736	--	--	--	--	--	--	834,736
Human Services	14,015,075	--	--	--	--	--	--	14,015,075
Culture and Recreation	1,934,273	--	119,475	--	--	--	--	2,053,748
Total Expenditures	39,070,875	5,952,076	119,475	64	--	--	--	45,142,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,271,210)	66	(119,475)	(48)	87	34	--	(7,390,546)
<b>Other Financing Sources (Uses)</b>								
Transfers In-Other Funds	6,244,777	--	--	--	--	--	--	6,244,777
Transfers Out-Other Funds	(591,848)	(66)	--	--	--	--	--	(591,914)
Total Other Financing Sources (Uses), Net	5,652,929	(66)	--	--	--	--	--	5,652,863
Net Change in Fund Balances	(1,618,281)	--	(119,475)	(48)	87	34	--	(1,737,683)
Fund Balance - Beginning of Year	15,342,116	--	119,535	27,573	33,694	12,927	--	15,535,845
Fund Balance - End of Year	\$ 13,723,835	\$ --	\$ 60	\$ 27,525	\$ 33,781	\$ 12,961	\$ --	\$ 13,798,162



EXHIBIT I-3

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenues	\$ 72,858,142	\$ 74,386,964	\$ 26,787,162	\$ (47,599,802)
Investment Earnings and Contributions	--	--	8,169	8,169
Miscellaneous Revenue	16,023,528	16,143,953	10,956,476	(5,187,477)
Total Revenues	88,881,670	90,530,917	37,751,807	(52,779,110)
<b>Expenditures</b>				
General Government	39,063,349	39,861,575	17,000,534	22,861,041
Public Safety and Judiciary	19,908,082	20,460,257	11,238,333	9,221,924
Highways, Streets, Sanitation and Refuse	1,473,460	1,473,460	1,426,584	46,876
Human Services	24,806,779	24,946,130	14,015,075	10,931,055
Culture and Recreation	3,630,000	3,789,495	1,934,273	1,855,222
Total Expenditures	88,881,670	90,530,917	45,614,799	44,916,118
Deficiency of Revenues Under Expenditures	--	--	(7,862,992)	(7,862,992)
<b>Other Financing Sources (Uses)</b>				
Transfers In - Other Funds	--	--	6,444,908	6,444,908
Transfers Out - Other Funds	--	--	(200,197)	(200,197)
Total Other Financing Sources, Net	--	--	6,244,711	6,244,711
Net Change in Fund Balance	--	--	(1,618,281)	(1,618,281)
Fund Balance - Beginning of Year	--	--	15,342,116	15,342,116
Fund Balance - End of Year	\$ --	\$ --	\$ 13,723,835	\$ 13,723,835



EXHIBIT I-4

**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental Revenues	\$ 2,582,000	\$ 22,091,526	\$ 7,129,383	\$ (14,962,143)
Total Intergovernmental Revenues	2,582,000	22,091,526	7,129,383	(14,962,143)
<b>Investment Earnings and Contributions</b>				
Interest Earned on Restricted Funds	--	--	72,374	72,374
Local Matches and Contributions	5,000,000	5,000,000	--	(5,000,000)
Total Investment Earnings	5,000,000	5,000,000	72,374	(4,927,626)
<b>Miscellaneous Revenues</b>				
Insurance Proceeds	--	--	477,013	477,013
Special Revenue Funds	719,200	719,200	--	(719,200)
Total Miscellaneous Revenues	719,200	719,200	477,013	(242,187)
Total Revenues	8,301,200	27,810,726	7,678,770	(20,131,956)
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
City Facility Maintenance & Improvements	400,000	6,147,986	22,990,433	(16,842,447)
Culture & Recreation	1,089,424	1,089,424	4,141,048	(3,051,624)
Economic & Community Development	--	10,031,620	16,454,394	(6,422,774)
Education	103,255,198	114,505,198	57,387,506	57,117,692
Public Safety	--	1,885,000	60,655,794	(58,770,794)
Transportation	6,582,000	14,174,906	16,104,250	(1,929,344)
City Equipment & Other Infrastructure Investment	1,200,000	1,200,000	2,213,246	(1,013,246)
Total Expenditures	112,526,622	149,034,134	179,946,671	(30,912,537)
Deficiency of Revenues Under Expenditures	(104,225,422)	(121,223,408)	(172,267,901)	(51,044,493)
<b>Other Financing Sources</b>				
Proceeds from Issuance of General Obligation Bonds	103,255,198	114,505,198	--	(114,505,198)
Contributed Capital	--	--	36,487	36,487
Transfers In-Other Funds	970,224	6,718,210	4,600,000	(2,118,210)
Total Other Financing Sources (Uses), Net	104,225,422	121,223,408	4,636,487	(116,586,921)
<b>Special Item</b>				
Gain on Sale of Land	--	--	485,000	485,000
Net Change in Fund Balance	--	--	(167,146,414)	(167,631,414)
Fund Balance - Beginning of Year	40,705,107	40,705,107	4,793,757	(35,911,350)
Fund Balance - End of Year	\$ 40,705,107	\$ 40,705,107	\$ (162,352,657)	\$ (203,542,764)



**CITY OF RICHMOND, VIRGINIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Principal Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	\$ 23,114,453	\$ 23,114,453	\$ 23,297,632	\$ (183,179)
Justice Center Project	248,332	248,332	248,332	--
Carpenter Center Project	935,353	935,353	935,353	--
Transportation Projects	2,911,622	2,911,622	3,339,021	(427,399)
School Capital Improvement Projects	4,219,816	4,219,816	4,976,514	(756,698)
Schools Virginia Public Schools Authority Bonds	235,679	235,679	235,679	--
Schools Qualified Zone Academy Bonds	192,480	192,480	192,480	--
Landmark Theatre Project	353,527	353,527	353,526	1
Coliseum	747,728	747,728	747,727	1
Coliseum HVAC Lease	194,670	194,670	194,672	(2)
Cemeteries	43,160	43,160	43,160	--
Total General Obligation Bonds	<u>33,196,820</u>	<u>33,196,820</u>	<u>34,564,096</u>	<u>(1,367,276)</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	560,000	560,000	560,000	--
Certificates of Participation - 800 Megahertz Project	--	--	1,480,560	(1,480,560)
Total Other Debt Instruments	<u>560,000</u>	<u>560,000</u>	<u>2,040,560</u>	<u>(1,480,560)</u>
Total Principal Payments	<u>33,756,820</u>	<u>33,756,820</u>	<u>36,604,656</u>	<u>(2,847,836)</u>
<b>Other Payments - Deposit into Sinking Fund</b>				
Schools Recovery Economic Development Zone Bonds	788,421	788,421	788,421	--
Schools Qualified School Construction Bonds	500,000	500,000	355,000	145,000
Total Payments	<u>35,045,241</u>	<u>35,045,241</u>	<u>37,748,077</u>	<u>(2,702,836)</u>
<b>Interest Payments</b>				
<b>General Obligation Bonds</b>				
General Government Projects	14,978,219	13,078,219	10,799,972	2,278,247
Justice Center Project	358,479	358,479	358,479	--
Carpenter Center Project	1,030,256	1,030,256	1,030,256	--
Transportation Projects	2,033,874	2,033,874	1,883,020	150,854
Schools Capital Improvement Projects	4,882,492	4,882,492	4,740,519	141,973
Schools Virginia Public Schools Authority Bonds	69,321	69,321	69,321	--
Landmark Theater Project	91,223	91,223	80,106	11,117
Coliseum	287,320	287,320	255,402	31,918
Coliseum HVAC Lease	15,600	15,600	15,593	7
Cemeteries	18,977	18,977	18,866	111
Total General Obligation Bonds	<u>23,765,761</u>	<u>21,865,761</u>	<u>19,251,534</u>	<u>2,614,227</u>
<b>Other Debt Instruments</b>				
HUD Section 108 Notes	31,914	31,914	31,914	--
Total Other Debt Instruments	<u>31,914</u>	<u>31,914</u>	<u>31,914</u>	<u>--</u>
<b>Interest - Short Term Debt</b>				
GO Bond Anticipation Notes	900,000	900,000	233,659	666,341
Total Interest Payments	<u>24,697,675</u>	<u>22,797,675</u>	<u>19,517,107</u>	<u>3,280,568</u>
<b>Total</b>	<u>\$ 59,742,916</u>	<u>\$ 57,842,916</u>	<u>\$ 57,265,184</u>	<u>\$ 577,732</u>



## **Non-major Proprietary Funds**

*Non-major Proprietary Funds are used for operations (a) that are financed and operated in a manner similar to private business enterprise—when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.*

*The Non-major Proprietary Funds are:*

### **Richmond Coliseum**

*(Coliseum) promotes and operates the Coliseum facility.*

### **Cemeteries**

*(Cemeteries) maintains and operates cemeteries.*





EXHIBIT J-1

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**June 30, 2013**

	Coliseum	Cemeteries	Total
<b>Assets</b>			
Current Assets:			
Accounts Receivable, Net	\$ 833,774	\$ 43,018	\$ 876,792
Prepaid Expenses and Other Current Assets	76,231	--	76,231
Total Current Assets	<u>910,005</u>	<u>43,018</u>	<u>953,023</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	5,543,463	213,268	5,756,731
Less Accumulated Depreciation	<u>(38,667,714)</u>	<u>(575,306)</u>	<u>(39,243,020)</u>
Total Noncurrent Assets	<u>4,839,362</u>	<u>8,428,091</u>	<u>13,267,453</u>
Total Assets	<u>5,749,367</u>	<u>8,471,109</u>	<u>14,220,476</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	1,024,161	41,655	1,065,816
Due To Other Funds	425,000	295,998	720,998
Compensated Absences	--	44,186	44,186
Accrued Interest on Bonds	115,725	8,176	123,901
General Obligation Bonds and Capital Leases	<u>955,921</u>	<u>43,181</u>	<u>999,102</u>
Total Current Liabilities	<u>2,520,807</u>	<u>433,196</u>	<u>2,954,003</u>
Noncurrent Liabilities:			
Compensated Absences	--	36,321	36,321
General Obligation Bonds and Capital Leases	<u>5,025,151</u>	<u>348,086</u>	<u>5,373,237</u>
Total Noncurrent Liabilities	<u>5,025,151</u>	<u>384,407</u>	<u>5,409,558</u>
Total Liabilities	<u>7,545,958</u>	<u>817,603</u>	<u>8,363,561</u>
<b>Net Position</b>			
Net Investment in Capital Assets	(1,141,710)	8,036,824	6,895,114
Unrestricted	<u>(654,881)</u>	<u>(383,318)</u>	<u>(1,038,199)</u>
Total Net Position	<u>\$ (1,796,591)</u>	<u>\$ 7,653,506</u>	<u>\$ 5,856,915</u>



EXHIBIT J-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Coliseum	Cemeteries	Total
<b>Operating Revenues</b>			
Charges for Goods and Services	\$ 1,686,346	\$ 1,329,673	\$ 3,016,019
<b>Operating Expenses</b>			
Salaries and Wages	--	1,049,021	1,049,021
Materials and Supplies	301,406	46,333	347,739
Rents and Utilities	537,606	48,059	585,665
Maintenance and Repairs	175,717	24,225	199,942
Depreciation and Amortization	456,441	33,853	490,294
Miscellaneous Operating Expenses	1,476,251	124,389	1,600,640
Total Operating Expenses	2,947,421	1,325,880	4,273,301
Operating Income (Loss)	(1,261,075)	3,793	(1,257,282)
<b>Non-Operating Revenues (Expenses)</b>			
Government Subsidies and Contributions	2,280,590	62,025	2,342,615
Interest Expense	(270,995)	(17,927)	(288,922)
Total Non-Operating Revenues, Net	2,009,595	44,098	2,053,693
Change In Net Position	748,520	47,891	796,411
Net Position - Beginning of Year	(2,545,111)	7,605,615	5,060,504
Net Position - End of Year	\$ (1,796,591)	\$ 7,653,506	\$ 5,856,915



**EXHIBIT J-3**

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Coliseum	Cemeteries	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 2,075,811	\$ 1,356,424	\$ 3,432,235
Payments to Suppliers	(2,938,249)	(445,859)	(3,384,108)
Payments to Employees	--	(1,061,328)	(1,061,328)
Net Cash Used In Operating Activities	(862,438)	(150,763)	(1,013,201)
<b>Cash Flows From Noncapital Financing Activities</b>			
Government Subsidies and Contributions	2,280,590	62,025	2,342,615
Due To Other Funds	--	150,764	150,764
Net Cash Provided By Noncapital Financing Activities	2,280,590	212,789	2,493,379
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(190,439)	--	(190,439)
Repayments of GO Bonds and Capital Leases	(942,399)	(43,160)	(985,559)
Interest Paid on GO Bonds and Capital Leases	(285,314)	(18,866)	(304,180)
Net Cash Used In Capital and Related Financing Activities	(1,418,152)	(62,026)	(1,480,178)
Net Increase in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at July 1, 2012	--	--	--
Cash and Cash Equivalents at June 30, 2013	\$ --	\$ --	\$ --
<b>Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities</b>			
Operating Income (Loss)	\$ (1,261,075)	\$ 3,793	\$ (1,257,282)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	456,441	33,853	490,294
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	389,465	26,751	416,216
Prepaid Expenses	31,616	--	31,616
Accounts Payable	(478,885)	(202,854)	(681,739)
Accrued Liabilities	--	(16,697)	(16,697)
Compensated Absences	--	4,391	4,391
Total Adjustments	398,637	(154,556)	244,081
Net Cash Used In Operating Activities	\$ (862,438)	\$ (150,763)	\$ (1,013,201)



## *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 Reporting Entity on a cost-reimbursement basis.*

*The Internal Service Funds are:*

### ***Fleet Management***

*provides for repairs and maintenance to City-owned vehicles and related equipment, as well as monthly and daily leasing services.*

### ***Radio Maintenance***

*provides for installation, repairs and maintenance of radio and other emergency communication equipment in City-owned vehicles.*

### ***Advantage Richmond Corporation***

*provides leased office space for the City's Social Service Department.*

### ***Electric Utility***

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

### ***Stores and Transportation Division***

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



**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2013**

	Fleet Management	Radio Maintenance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Assets</b>						
Current Assets:						
Cash and Cash Equivalents	\$ --	\$ --	\$ 5,029,861	\$ 3,179,136	\$ 24,440,704	\$ 32,649,701
Accounts Receivable, Net	40,262	--	--	4,441,395	--	4,481,657
Due From Other Fund	--	--	--	--	6,300,000	6,300,000
Due From Component Unit	302,917	--	--	--	--	302,917
Inventory	1,220	196,892	--	--	3,575,750	3,773,862
Prepaid Expenses	--	--	--	119,874	205,727	325,601
Total Current Assets	<u>344,399</u>	<u>196,892</u>	<u>5,029,861</u>	<u>7,740,405</u>	<u>34,522,181</u>	<u>47,833,738</u>
Noncurrent Assets:						
Advances to Other Funds	--	--	--	3,294,908	--	3,294,908
Capital Assets:						
Land	98,000	--	3,000,000	262,979	1,686,532	5,047,511
Buildings and Structures	1,211,217	--	9,000,000	45,254,434	76,173,368	131,639,019
Equipment	66,548,288	328,380	--	--	--	66,876,668
Less Accumulated Depreciation	(57,879,150)	(260,244)	(1,757,426)	(30,895,934)	(57,662,542)	(148,455,296)
Construction in Progress	--	--	--	7,707,557	9,562,784	17,270,341
Total Capital Assets	<u>9,978,355</u>	<u>68,136</u>	<u>10,242,574</u>	<u>22,329,036</u>	<u>29,760,142</u>	<u>72,378,243</u>
Total Noncurrent Assets	<u>9,978,355</u>	<u>68,136</u>	<u>10,242,574</u>	<u>25,623,944</u>	<u>29,760,142</u>	<u>75,673,151</u>
Total Assets	<u>10,322,754</u>	<u>265,028</u>	<u>15,272,435</u>	<u>33,364,349</u>	<u>64,282,323</u>	<u>123,506,889</u>
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	1,218,700	29,212	103,561	188,157	732,241	2,271,871
Accrued Liabilities	901,230	16,457	750	2,954,885	9,911	3,883,233
Due To Other Funds	7,276,321	3,638,775	1,665,790	--	--	12,580,886
Accrued Interest on Bonds and Notes Payable	65,891	--	101,046	17,914	--	184,851
General Obligation Bonds Payable	615,899	--	--	120,606	--	736,505
Revenue Bonds Payable	--	--	786,275	--	--	786,275
Notes Payable	2,200,000	--	--	--	--	2,200,000
Compensated Absences	115,252	9,464	--	79,778	19,945	224,439
Total Current Liabilities	<u>12,393,293</u>	<u>3,693,908</u>	<u>2,657,422</u>	<u>3,361,340</u>	<u>762,097</u>	<u>22,868,060</u>
Noncurrent Liabilities:						
General Obligation Bonds Payable	3,079,495	--	--	1,014,650	--	4,094,145
Revenue Bonds Payable	--	--	6,827,905	--	--	6,827,905
Notes Payable	3,100,000	--	--	--	--	3,100,000
Compensated Absences	15,812	7,237	--	19,188	4,797	47,034
Other Liabilities	--	--	--	3,093,543	--	3,093,543
Advances from Other Funds	--	--	--	--	63,515,429	63,515,429
Total Noncurrent Liabilities	<u>6,195,307</u>	<u>7,237</u>	<u>6,827,905</u>	<u>4,127,381</u>	<u>63,520,226</u>	<u>80,678,056</u>
Total Liabilities	<u>18,588,600</u>	<u>3,701,145</u>	<u>9,485,327</u>	<u>7,488,721</u>	<u>64,282,323</u>	<u>103,546,116</u>
<b>Net Position</b>						
Net Investment in Capital Assets	982,961	68,136	2,628,394	21,193,780	29,760,142	54,633,413
Unrestricted	(9,248,807)	(3,504,253)	3,158,714	4,681,848	(29,760,142)	(34,672,640)
Total Net Position	<u>\$ (8,265,846)</u>	<u>\$ (3,436,117)</u>	<u>\$ 5,787,108</u>	<u>\$ 25,875,628</u>	<u>\$ --</u>	<u>\$ 19,960,773</u>

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Fleet Management	Radio Maintenance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Operating Revenues</b>						
Charges for Goods and Services	\$ 20,731,249	\$ 649,608	\$ 2,400,000	\$ 8,358,029	\$ 3,288,997	\$ 35,427,883
<b>Operating Expenses</b>						
Cost of Goods and Services Sold	14,343,265	617,691	--	--	--	14,960,956
Salaries and Wages and Benefits	523,983	57,735	--	1,302,258	252,981	2,136,957
Data Processing	42,526	494	--	8,082	953	52,055
Materials and Supplies	169,822	47,535	--	519,980	18,084	755,421
Rents and Utilities	246,418	17,006	178,589	2,775,321	21,916	3,239,250
Maintenance and Repairs	17,556	1,385	220,082	788,955	--	1,027,978
Depreciation and Amortization	3,847,117	31,742	225,000	1,293,709	2,632,698	8,030,266
Miscellaneous Operating Expenses	1,645,721	77,490	279,948	1,634,682	362,365	4,000,206
Total Operating Expenses	20,836,408	851,078	903,619	8,322,987	3,288,997	34,203,089
Operating Income (Loss)	(105,159)	(201,470)	1,496,381	35,042	--	1,224,794
<b>Non-Operating Revenues (Expenses)</b>						
Government Subsidies and Contributions	--	--	--	616,684	--	616,684
Interest on Long-Term Debt	(372,857)	--	(408,208)	(37,278)	--	(818,343)
Miscellaneous Revenue	--	--	--	2,236	--	2,236
Total Non-Operating Revenues (Expenses), Net	(372,857)	--	(408,208)	581,642	--	(199,423)
Net Income (Loss) Before Transfers	(478,016)	(201,470)	1,088,173	616,684	--	1,025,371
Transfers Out-Other Funds	--	--	--	(3,710)	--	(3,710)
Change In Net Position	(478,016)	(201,470)	1,088,173	612,974	--	1,021,661
Net Position - Beginning of Year, As Restated	(7,787,830)	(3,234,647)	4,698,935	25,262,654	--	18,939,112
Net Position - End of Year	\$ (8,265,846)	\$ (3,436,117)	\$ 5,787,108	\$ 25,875,628	\$ --	\$ 19,960,773



EXHIBIT K-3

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Fleet Management	Radio Maintenance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from Customers	\$ 20,699,790	\$ 704,934	\$ 2,400,000	\$ 8,280,700	\$ 3,481,352	\$ 35,566,776
Payments to Suppliers	(15,918,071)	(995,747)	--	(4,363,922)	(1,498,821)	(22,776,561)
Payments to Employees	(1,029,882)	(123,183)	--	(575,475)	(263,435)	(1,991,975)
Receipts From Other Funds	--	--	--	(492,358)	(6,444,769)	(6,937,127)
Other Receipts or (Payments)	(15,923)	--	(596,806)	4,605	--	(608,124)
Net Cash Provided By (Used In) Operating Activities	3,735,914	(413,996)	1,803,194	2,853,550	(4,725,673)	3,252,989
<b>Cash Flows From Capital and Related Financing Activities</b>						
Acquisition of Fixed Assets	--	--	--	(1,652,436)	(3,800,130)	(5,452,566)
Repayments of Revenue and GO Bonds	(615,899)	--	--	(125,379)	--	(741,278)
Repayments of Notes Payable	(3,240,000)	--	(746,051)	--	--	(3,986,051)
Interest Paid on Long-Term Debt	(316,417)	--	(418,109)	(37,335)	--	(771,861)
Net Cash Used In Capital and Related Financing Activities	(4,172,316)	--	(1,164,160)	(1,815,150)	(3,800,130)	(10,951,756)
<b>Cash Flows From Noncapital Financing Activities</b>						
Government Subsidies and Contributions	--	--	--	767,434	--	767,434
Due to Other Funds	436,402	413,996	--	(3,710)	--	846,688
Net Cash Provided By Noncapital Financing Activities	436,402	413,996	--	763,724	--	1,614,122
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	639,034	1,802,124	(8,525,803)	(6,084,645)
Cash and Cash Equivalents at July 1, 2012	--	--	4,390,827	1,377,012	32,966,507	38,734,346
Cash and Cash Equivalents at June 30, 2013	\$ --	\$ --	\$ 5,029,861	\$ 3,179,136	\$ 24,440,704	\$ 32,649,701
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities</b>						
Operating Income (Loss)	\$ (105,159)	\$ (201,470)	\$ 1,496,381	\$ 35,042	\$ --	\$ 1,224,794
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Depreciation	3,847,117	31,742	225,000	1,293,709	2,632,698	8,030,266
Miscellaneous Income	--	--	--	4,605	--	4,605
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:						
Accounts Receivable	(40,262)	46,770	--	(48,311)	192,355	150,552
Due From Other Funds	--	--	--	--	(6,300,000)	(6,300,000)
Due From Component Units	(14,807)	--	--	--	--	(14,807)
Due From Other Governments	23,610	8,557	--	--	--	32,167
Inventories of Material and Supplies	1,277	(37,296)	--	--	(397,474)	(433,493)
Prepaid Expenses	--	--	--	5,819	3,184	9,003
Accounts Payable	545,960	(196,850)	31,893	(212,410)	(844,054)	(675,461)
Accrued Liabilities	(499,352)	(67,827)	--	881,362	(12,856)	301,327
Due To Other Funds	--	--	49,920	--	--	49,920
Compensated Absences	(6,548)	2,378	--	(22,375)	474	(26,071)
Unearned Revenues	(15,922)	--	--	--	--	(15,922)
Other Liabilities and Claims	--	--	--	916,109	--	916,109
Total Adjustments	3,841,073	(212,526)	306,813	2,818,508	(4,725,673)	2,028,195
Net Cash Provided By (Used In) Operating Activities	\$ 3,735,914	\$ (413,996)	\$ 1,803,194	\$ 2,853,550	\$ (4,725,673)	\$ 3,252,989



## **Fiduciary Funds**

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

*The Fiduciary Funds are:*

### **Trust Funds**

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

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

#### **Joint Healthcare**

*is a joint healthcare plan between the City and Richmond Public Schools, which is a Self-Insured Healthcare plan. The healthcare plan is available to all full-time and part-time employees in permanent positions, working 20 hours or more per week. The plan is a self-insured agreement, which includes individual stop loss and aggregate stop loss.*

#### **Other Employee Benefits**

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

### **Agency Funds**

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





EXHIBIT L-1

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2013**

	Richmond Retirement System	Joint Healthcare	Other Employee Benefits	Total
<b>Assets:</b>				
Cash and Short-term Investments	\$ 6,582,957	\$ 1,716,291	\$ --	\$ 8,299,248
<b>Receivables:</b>				
Due from Brokers on Sale of Securities	4,301,465	--	--	4,301,465
Interest and Dividends	800,428	--	--	800,428
Employee Loans Receivable	1,740,359	--	2,320,030	4,060,389
Other Accounts Receivable	--	4,166,780	--	4,166,780
<b>Investments, at Fair Value:</b>				
U.S. Government and Agency Obligations	16,207,814	--	77,074,083	93,281,897
Corporate Bonds	57,782,535	--	--	57,782,535
Common Stock	151,606,377	--	--	151,606,377
International Stocks	78,959,420	--	--	78,959,420
International Bonds	44,877,240	--	--	44,877,240
Real Estate Investment Trusts	13,134,186	--	--	13,134,186
Emerging Market Debt	5,730,007	--	--	5,730,007
Hedge Funds	60,380,900	--	--	60,380,900
Mutual Funds	19,074,002	--	--	19,074,002
Private Debt	17,053,640	--	--	17,053,640
Private Equity	10,133,275	--	--	10,133,275
Private Real Estate	20,680,551	--	--	20,680,551
Total Investments, at Fair Value	495,619,947	--	77,074,083	572,694,030
Cash Collateral Received - Security Lending Program	31,327,218	--	--	31,327,218
<b>Total Assets</b>	<b>540,372,374</b>	<b>5,883,071</b>	<b>79,394,113</b>	<b>625,649,558</b>
<b>Liabilities:</b>				
Accounts Payable	16,426,374	--	--	16,426,374
Payable for Collateral Received - Security Lending Program	31,327,218	4,780,392	--	36,107,610
Incurred But Not Reported	--	8,959,000	--	8,959,000
<b>Total Liabilities</b>	<b>47,753,592</b>	<b>13,739,392</b>	<b>--</b>	<b>61,492,984</b>
<b>Net Position Held in Trust for Pension Benefits and Other Purposes</b>	<b>\$ 492,618,782</b>	<b>\$ (7,856,321)</b>	<b>\$ 79,394,113</b>	<b>\$ 564,156,574</b>



EXHIBIT L-2

**CITY OF RICHMOND, VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2013**

	Richmond Retirement System	Joint Healthcare	Other Employee Benefits	Total
<b>Additions:</b>				
Contributions:				
City of Richmond	\$ 39,394,317	\$ --	\$ 5,945,601	\$ 45,339,918
Richmond Behavioral Health Authority	1,102,228	--	--	1,102,228
Richmond Public Schools	(94,242)	--	--	(94,242)
Revenue for DC Plan Expense	43,906	--	--	43,906
Plan Members	2,093,104	71,048,357	--	73,141,461
Total Contributions	<u>42,539,313</u>	<u>71,048,357</u>	<u>5,945,601</u>	<u>119,533,271</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	49,398,109	--	6,817,496	56,215,605
Interest	2,608,334	750	79,510	2,688,594
Dividends	4,384,933	--	--	4,384,933
Net Income Earned On Securities Lending Transactions:				
Securities Lending Income	205,579	--	--	205,579
Securities Lending Expense	(99,556)	--	--	(99,556)
Total Net Income Earned on Securities Lending Transactions	<u>106,023</u>	<u>--</u>	<u>--</u>	<u>106,023</u>
Investment Income	56,497,399	750	6,897,006	63,395,155
Less Investment Expense	2,278,429	--	--	2,278,429
Net Investment Income	<u>54,218,970</u>	<u>750</u>	<u>6,897,006</u>	<u>61,116,726</u>
Total Additions, Net	<u>96,758,283</u>	<u>71,049,107</u>	<u>12,842,607</u>	<u>180,649,997</u>
<b>Deductions:</b>				
Benefits	(64,673,091)	(68,603,673)	(4,209,502)	(137,486,266)
Refunds of Member Contributions	(101,579)	--	--	(101,579)
Incurred But Not Recorded Adjustment	--	543,780	--	543,780
Administrative Expenses	(1,125,363)	(5,070,281)	(52,750)	(6,248,394)
Total Deductions	<u>(65,900,033)</u>	<u>(73,130,174)</u>	<u>(4,262,252)</u>	<u>(143,292,459)</u>
Net Increase (Decrease)	30,858,250	(2,081,067)	8,580,355	37,357,538
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	461,760,532	(5,775,254)	70,813,758	526,799,036
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 492,618,782</u>	<u>\$ (7,856,321)</u>	<u>\$ 79,394,113</u>	<u>\$ 564,156,574</u>



EXHIBIT L-3

**CITY OF RICHMOND, VIRGINIA**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Fiscal Year Ended June 30, 2013**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,626,279	\$ 227,359	\$ 2,536	\$ 1,851,102
Total Assets	<u>\$ 1,626,279</u>	<u>\$ 227,359</u>	<u>\$ 2,536</u>	<u>\$ 1,851,102</u>
<b>Liabilities</b>				
Refundable Deposits	\$ 507,507	\$ 204,979	\$ 123,100	\$ 589,386
Due to Other Funds	504,709	--	481,339	23,370
Due to Various Agents	<u>614,063</u>	<u>926,415</u>	<u>302,132</u>	<u>1,238,346</u>
Total Liabilities	<u>\$ 1,626,279</u>	<u>\$ 1,131,394</u>	<u>\$ 906,571</u>	<u>\$ 1,851,102</u>



## Statistical Section

This part of the City'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, 2013**

**DATE OF INCORPORATION**

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

**AREA OF CITY**

The area of the City consists of 62.46 square miles.

**POPULATION**

United States Census 2003 <sup>(1)</sup>	.....	198,102
United States Census 2004 <sup>(1)</sup>	.....	197,401
United States Census 2005 <sup>(1)</sup>	.....	197,861
United States Census 2006 <sup>(1)</sup>	.....	198,624
United States Census 2007 <sup>(1)</sup>	.....	200,123
United States Census 2008 <sup>(1)</sup>	.....	202,002
United States Census 2009 <sup>(1)</sup>	.....	204,451
United States Census 2010 <sup>(1)</sup>	.....	204,214
United States Census 2011 <sup>(1)</sup>	.....	205,533
United States Census 2012 <sup>(1)</sup>	.....	210,309

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

**FORM OF GOVERNMENT**

The City 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 Mayor, carries out the City's administrative and policy-related duties, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as certain other officers and employees of the administration.

**SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY**

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

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



## ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at "fair market value". The assessment to sales ratio is estimated to be 97.0%. The 2013 real estate assessments for the semi-annual real estate billing were based on an effective valuation date of July 1, 2012. The due dates for the semi billing were January 14 and June 14 in the 2013 tax year. The 2014 Land Book will be updated with fair market values as of July 1, 2013; new construction and renovations will be added to the land book through December 31, 2013.

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 - 2013
- \$1.23 per \$100 of Assessed Value: 2007
- \$1.29 per \$100 of Assessed Value: 2006
- \$1.33 per \$100 of Assessed Value: 2005
- \$1.37955 per \$100 of Assessed Value: 2003 - 2004
- \$1.38975 per \$100 of Assessed Value: 2002

### Tangible Personal Property:

- \$3.70 per \$100 of Assessed Value: 1992 - 2013

### Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 2013

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: 2004-2013

#### Prepared Meals Tax:

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

#### Lodging Tax:

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

#### Cable TV Tax:

- 5% Communications Tax\*

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

### TAXES DUE

Real estate taxes are assessed as of the first day of January of each year. As of tax year 2013, which begins January 1, 2013, real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14. Penalty and interest will be assessed after each of the payment due dates if the taxes due on the respective due dates are paid thereafter.

Personal property taxes are assessed as of the first day of January of each year. Personal property taxes on motor vehicles are prorated on a monthly basis for vehicles acquiring taxable situs in the City after January 1. The full tax bill must be paid on or before June 5 to avoid penalty and interest.

### DELINQUENT TAXES

As of January 1, 2013, real estate taxes are billed semi-annually with due dates of January 14 and June 14. Taxes will be reported as delinquent on January 15 and June 15, respectively of the tax year for which assessed. Personal property taxes are reported as delinquent on June 6<sup>th</sup> of the tax year for which assessed or 61 days after acquiring taxable situs. A penalty of 10% and a \$30 administrative fee is added to all delinquent taxes. Interest at a rate equal to the interest rate established and announced for the underpayment of State income taxes by the Virginia Department of Taxation for the first calendar quarter of each tax year is added to the delinquent tax. Personal property taxes incur an additional 10% late payment penalty if not paid within 60 days of the due date.

### OVERLAPPING AREAS AND DEBT

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

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





## **CITY INDEBTEDNESS**

All of the City's General Obligation bonds and notes are a direct obligation, and the full faith and credit of the City is pledged for the payment of all these obligations.

Enterprise Funds and Internal Service Funds pay the principal and interest on certain debt (general obligation bonds, revenue and refunding bonds and serial equipment notes), issued for the program purposes of each fund, from user fees. All other debt redemption and interest requirements are appropriated in the General Fund budget. Neither long-term bonds, nor revenue anticipation notes are sold to finance current operations.

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

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

## **DEBT MANAGEMENT POLICIES**

The City Council adopted a resolution in 1989 that was amended in 1991 and again in 2012 (Resolution No. 2012-R9-24), establishing guidelines for the planning, issuance and management of debt, for and on behalf of, the City of Richmond. The City will issue long-term debt for the purpose of planning, designing, purchasing, and constructing capital projects and for making major renovations to existing City infrastructure. The City may also incur debt for acquiring vehicles, machinery and equipment with the maturity of any debt offering not exceeding the expected useful life of the acquired asset. It will be the policy of the City to budget annual operating funds for expenditures that are primarily of an on-going maintenance type activity.

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

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



## FUND BALANCE POLICY

The City Council adopted a Fund Balance Policy on March 14, 1988, which established major policy goals. On October 26, 1992, the City Council amended the Fund Balance Policy, raising the required level of the unassigned fund balance from 3% to 5%, and again November 26, 2001 from 5% to 7 % of budgeted General Fund expenditures over a period of years. During 2012, City Council adopted Resolution No. 2012-R42-72 which further increased the required level of unassigned fund balance to 10% of budgeted General Fund expenditures.

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of one-half of one percent (1/2%) of expenditures until the unassigned General Fund balance reaches at least 10% of the total budgeted expenditures. Total budgeted expenditures will include General Fund Budgeted Expenditures plus RPS Budgeted Expenditures, less the budgeted transfer to RPS from the General Fund to prevent double counting in the calculation. As of June 30, 2013, the Unassigned General Fund Balance was \$75.0 million, which is 8.5% of total budgeted expenditures.
- The City Council, in adoption of the annual operating General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Mayor in the submission of the General Fund budget.
- The City will not make appropriation from the Unassigned General Fund balance except when faced with an unusual, unanticipated and seemingly insurmountable hardship, and only after all other reserve or contingency funds have been exhausted.
- To the extent that the Unassigned General Fund balance is ever drawn upon, the City shall budget the replenishment of the amount drawn over the next three subsequent fiscal years.



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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 255,236,212
Restricted	68,923,046	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	21,822,862
Unrestricted	<u>(10,050,293)</u>	<u>40,670,738</u>	<u>25,435,347</u>	<u>26,438,982</u>	<u>45,954,323</u>	<u>21,676,936</u>	<u>67,421,848</u>	<u>71,414,987</u>	<u>103,428,935</u>	<u>9,371,527</u>
Total Governmental Activities Net Position	<u>\$ 250,429,748</u>	<u>\$ 289,223,476</u>	<u>\$ 295,332,720</u>	<u>\$ 318,185,177</u>	<u>\$ 365,554,081</u>	<u>\$ 348,359,853</u>	<u>\$ 353,995,506</u>	<u>\$ 282,536,902</u>	<u>\$ 388,947,805</u>	<u>\$ 286,430,601</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 274,968,276	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 496,666,957
Restricted	8,650,941	40,067,236	--	--	--	--	--	--	--	--
Unrestricted	<u>69,315,730</u>	<u>43,272,098</u>	<u>69,958,764</u>	<u>79,842,538</u>	<u>78,044,664</u>	<u>55,610,764</u>	<u>58,319,963</u>	<u>64,745,678</u>	<u>51,318,531</u>	<u>2,921,208</u>
Total Business-type Activities Net Position	<u>\$ 352,934,947</u>	<u>\$ 360,413,134</u>	<u>\$ 375,271,778</u>	<u>\$ 382,657,731</u>	<u>\$ 394,303,721</u>	<u>\$ 407,378,650</u>	<u>\$ 428,003,293</u>	<u>\$ 446,655,620</u>	<u>\$ 470,844,835</u>	<u>\$ 499,588,165</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 466,525,271	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 751,903,169
Restricted	77,573,987	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	21,822,862
Unrestricted	<u>59,265,437</u>	<u>83,942,836</u>	<u>95,394,111</u>	<u>106,281,520</u>	<u>123,998,987</u>	<u>77,287,700</u>	<u>125,741,811</u>	<u>136,160,665</u>	<u>154,747,466</u>	<u>12,292,735</u>
Total Primary Government Activities Net Position	<u>\$ 603,364,695</u>	<u>\$ 649,636,610</u>	<u>\$ 670,604,498</u>	<u>\$ 700,842,908</u>	<u>\$ 759,857,802</u>	<u>\$ 755,738,503</u>	<u>\$ 781,998,799</u>	<u>\$ 729,192,522</u>	<u>\$ 859,792,640</u>	<u>\$ 786,018,766</u>





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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 108,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 143,674,453
Public Safety and Judiciary	147,054,040	150,077,017	159,938,162	175,163,038	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	182,200,921
Highways, Streets, Sanitation and Refuse	76,654,334	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	87,445,170
Human Services	91,316,190	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401	76,897,223
Culture and Recreation	24,856,175	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	24,416,023
Education	137,780,535	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	159,080,741
Transportation	6,699,852	6,766,376	8,216,356	9,405,588	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357	11,598,422
Interest and Fiscal Changes	40,538,281	42,868,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	21,875,185
Extraordinary Item <sup>1</sup>	14,728,475	4,020,240	--	--	--	--	--	--	--	--
Total Governmental Activities Expenses	641,809,981	607,013,480	657,248,057	693,437,698	689,166,227	708,991,797	690,257,818	747,897,697	690,009,753	707,188,138
Business-type Activities:										
Gas	178,520,751	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	138,150,486
Water	36,523,533	39,004,189	41,362,442	44,232,832	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	56,760,870
Wastewater	40,115,362	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	55,954,305
Stormwater	--	--	--	--	--	--	7,613,092	7,541,005	7,487,569	7,744,194
Coliseum	4,152,274	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416
Landmark Theatre	1,876,343	1,730,408	1,835,924	1,788,114	1,829,565	567,990	--	--	--	--
Cemeteries	1,389,982	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807
Total Business-type Activities Expenses	262,578,245	300,711,000	343,344,098	321,240,609	319,899,589	331,118,753	277,861,137	275,063,896	241,519,639	263,172,078
Total Primary Government Expenses	\$ 904,388,226	\$ 907,724,480	\$ 1,000,592,155	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955	\$ 1,022,961,593	\$ 931,529,392	\$ 970,360,216
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167
Culture and Recreation	611,105	561,893	759,632	109,692	719,586	686,911	727,597	406,036	377,643	428,613
Other Activities	27,671,318	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471
Operating Grants and Contributions	133,650,110	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405	131,341,843
Capital Grants and Contributions	10,516,738	8,227,292	3,714,468	18,929,229	12,566,194	5,228,211	5,545,450	7,312,467	8,364,411	7,165,870
Total Governmental Activities Program Revenues	\$ 209,816,762	\$ 220,195,818	\$ 227,621,615	\$ 253,684,575	\$ 256,435,912	\$ 242,639,596	\$ 240,995,415	\$ 247,096,739	\$ 310,557,576	\$ 231,499,964
Business-type Activities:										
Charges for Services:										
Gas	\$ 187,051,036	\$ 221,309,436	\$ 255,994,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997
Water	45,205,312	44,853,864	47,689,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452
Wastewater	46,317,014	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168
Stormwater	--	--	--	--	--	--	9,537,834	9,778,441	9,505,006	9,845,346
Coliseum	2,358,184	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346
Landmark Theatre	724,250	390,879	594,775	255,549	463,078	520	--	--	--	--
Cemeteries	1,440,051	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673
Operating Grants and Contributions	3,578,979	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172	16,065,333
Total Business-type Activities Program Revenues	286,674,826	324,241,481	364,433,375	339,280,871	346,360,166	358,364,466	317,140,348	313,114,571	285,537,737	313,570,315
Total Primary Government Program Revenues	\$ 496,491,588	\$ 544,437,299	\$ 592,054,990	\$ 592,965,446	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763	\$ 560,211,310	\$ 596,095,313	\$ 545,070,279
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (431,993,219)	\$ (386,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (475,688,174)
Business-type Activities	24,096,580	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,018,098	50,398,237
Total Primary Government Net Expense	\$ (407,896,639)	\$ (363,287,181)	\$ (408,537,165)	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)	\$ (462,750,283)	\$ (335,434,079)	\$ (425,289,937)

(Continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Real Estate	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658
Sales-1% Local	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022
Sales Tax For Education	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198
Personal Property	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747
Machinery and Tools	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937
General Utility Sales	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009
State Communication Taxes	--	--	--	--	--	--	--	17,439,622	17,085,208	17,130,526
Bank Stock	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721
Prepared Food	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231
Lodging Tax	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,967	5,200,817	6,392,330
Admissions	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962
Real Estate Taxes - Delinquent	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219
Personal property Taxes - Delinquent	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442
Delinquent Tax Payments-All Classes	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--	--
Private Utility Poles and Conduits	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568
Penalties and Interest	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897
Titling Tax-Mobile Home	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817
State Recordation	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956
Property Rental 1%	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796
Vehicle Rental Tax	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425
Rolling Stock Tax	2,018,645	466,562	6,029,547	416,003	--	--	--	--	--	--
Telephone Commissions	--	--	--	--	477,935	449,292	450,000	390,739	338,499	337,349
Intergovernmental Revenue Not Restricted to Specific Programs	575,697	13,860,051	6,159,363	--	171,162	166,361	156,211	--	--	--
Investment Earnings	360,647	1,501,725	1,764,937	2,425,883	2,102,922	89,955	105,672	165,111	125,526	80,854
Miscellaneous	47,259,923	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922
Transfers	17,993,646	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453
Special Item <sup>2</sup>	--	773,106	--	3,701	--	--	--	--	--	485,000
Extraordinary Item <sup>1</sup>	12,754,707	--	(323,858)	(402,390)	306,076	(130,470)	15,352	--	(1,320,829)	--
Total Governmental Activities	404,198,157	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	450,788,961	465,575,039
Business-type Activities:										
Investment Earnings	\$ 750,057	\$ 1,285,313	\$ 4,166,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,839
Miscellaneous	3,045,762	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707
Transfers	(17,993,646)	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)
Total Business-type Activities	(14,197,827)	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,585,933)	(19,398,348)	(19,828,883)	(21,654,907)
Total Primary Government	\$ 390,000,330	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 430,960,078	\$ 443,920,132
<b>Change in Net Position</b>										
Governmental Activities	\$ (27,795,062)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ (10,113,135)
Business-type Activities	9,898,753	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	28,743,330
Total Primary Government	\$ (17,896,309)	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,014,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)	\$ 95,525,999	\$ 18,630,195

<sup>1</sup>Extraordinary Item:

Disaster Costs

<sup>2</sup>Special Item:

Fiscal Year 2005 - Gain on Sale of Land  
Fiscal Year 2005 & 2007 - Disaster Recovery  
Fiscal Year 2013 - Gain on Sale of Land

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

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

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





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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>City Taxes</b>										
Real Estate	\$ 172,166,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658
Sales-1% Local	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022
Sales Tax for Education	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198
Personal Property	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747
Machinery and Tools	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937
General Utility Sales	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009
State Communication Taxes	--	--	--	--	--	--	--	17,439,622	17,085,208	17,130,526
Bank Stock	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721
Prepared Food	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231
Transient Lodging	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330
Admissions	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962
Real Estate Taxes - Delinquent	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219
Personal Property Taxes - Delinquent	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442
Delinquent Tax Payments-All Classes	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--	--
Private Utility Poles and Conduits	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568
Penalties and Interest	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897
Titling Tax-Mobile Home	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817
State Recordation	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956
Property Rental 1%	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796
Vehicle Rental Tax	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425
Rolling Stock Tax	2,018,645	466,562	6,029,547	416,003	--	--	--	--	--	--
Telephone Commissions	--	--	--	--	477,935	449,292	450,000	390,739	338,499	337,349
<b>Total Primary Government</b>	<b>\$ 325,253,537</b>	<b>\$ 334,498,995</b>	<b>\$ 348,579,014</b>	<b>\$ 409,108,338</b>	<b>\$ 451,012,546</b>	<b>\$ 425,152,613</b>	<b>\$ 432,985,894</b>	<b>\$ 428,529,872</b>	<b>\$ 426,873,003</b>	<b>\$ 438,572,810</b>

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

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

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600
Restricted	--	--	--	--	--	--	--	1,391,917	--	--
Committed	--	--	--	--	--	--	--	14,672,765	53,073,041	39,427,954
Assigned	--	--	--	--	--	--	--	15,460,647	35,002,000	11,573,916
Unassigned	--	--	--	--	--	--	--	64,062,309	72,908,854	75,000,000
Reserved	14,150,287	22,216,671	16,144,418	15,894,601	16,908,547	2,094,186	16,598,886	--	--	--
Unreserved	<u>47,690,533</u>	<u>45,278,440</u>	<u>45,442,420</u>	<u>47,507,086</u>	<u>47,638,753</u>	<u>48,644,484</u>	<u>59,423,096</u>	--	--	--
Total General Fund	<u>\$ 61,840,820</u>	<u>\$ 67,495,111</u>	<u>\$ 61,586,838</u>	<u>\$ 63,401,687</u>	<u>\$ 64,547,300</u>	<u>\$ 50,738,670</u>	<u>\$ 76,021,982</u>	<u>\$ 96,617,238</u>	<u>\$ 162,013,495</u>	<u>\$ 127,031,470</u>
All Other Governmental Funds										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327
Restricted	--	--	--	--	--	--	--	16,262,282	16,264,733	15,294,132
Committed	--	--	--	--	--	--	--	9,426,306	9,756,967	5,587,993
Assigned	--	--	--	--	--	--	--	295,105	(138,320)	866,410
Unassigned	--	--	--	--	--	--	--	(37,000,000)	(3,508,434)	(168,475,248)
Reserved	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	12,249,538	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875	--	--	--
Capital Project Funds	--	--	--	--	--	(67,443,896)	--	--	--	--
Debt Service Fund	<u>11,461</u>	<u>11,461</u>	<u>(8,058)</u>	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 81,184,045</u>	<u>\$ 61,897,937</u>	<u>\$ 35,723,225</u>	<u>\$ 56,147,615</u>	<u>\$ 32,878,137</u>	<u>\$ (42,028,714)</u>	<u>\$ 17,684,280</u>	<u>\$ (10,804,166)</u>	<u>\$ 22,568,675</u>	<u>\$ (146,652,386)</u>

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

Note: The change in classification of fund balance amounts in 2011 is the result of the implementation of GASB statement 54. Further discussion and detail can be viewed in Notes to Financial Statements.

Note: Exhibit C provides a detail breakout for each of the governmental funds.







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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Taxes	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092
Licenses, Permits and Privilege Fees	31,821,328	35,302,960	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133
Intergovernmental	146,970,902	173,750,992	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823
Service Charges	14,933,169	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661	26,390,218	28,093,614
Fines and Forfeitures	8,559,606	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629
Sales of Land	-	-	-	-	-	-	-	-	-	-
Payment in Lieu of Taxes	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,983	-	-	-
Utility Payments	-	-	-	-	-	-	-	22,577,356	24,141,572	25,266,237
Investment Income	365,825	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672	165,111	125,526	80,854
Miscellaneous	72,862,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667
Total Revenues	610,820,162	655,622,701	669,683,338	729,146,651	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429	690,831,049
<b>Expenditures:</b>										
General Government	68,978,772	72,082,519	80,895,144	76,901,063	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475
Public Safety and Judiciary	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014
Highways, Streets, Sanitation and Refuse	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016
Human Services	89,044,511	90,924,428	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376
Culture and Recreation	23,539,612	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588
Education	131,762,289	129,041,941	142,303,624	159,927,313	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535
Non-Departmental	25,153,039	26,211,317	33,373,394	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264
Capital Outlay	58,250,207	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671
Debt Service:										
Principal Retirement	41,473,735	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656
Interest Payments	40,304,483	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107
Issuance Costs	683,283	625,909	671,476	846,451	-	955,068	806,838	647,705	-	-
Total Expenditures	668,753,780	672,286,694	704,065,828	747,515,154	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702
<b>Other Financing Sources (Uses):</b>										
Transfers In	53,904,655	57,680,867	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346
Transfers Out	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)
Proceeds from Refunding Bonds	9,300,000	-	90,847,799	-	-	-	-	-	-	-
Payment to Escrow Agent	(9,300,000)	-	(90,622,799)	-	-	-	-	-	-	-
Contributed Capital	-	-	-	-	-	-	-	-	-	36,487
Proceeds from Issuance of Bonds	68,297,167	3,536,671	-	42,194,332	-	-	100,917,875	80,341,209	113,379,713	-
Premium on Issuance of Bonds	2,905,526	-	-	-	(762,900)	-	6,565,000	4,441,245	-	-
Total Other Financing Sources, Net	73,431,693	6,279,310	2,623,363	45,383,703	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567
<b>Special Items:</b>										
Gain on Sale of Land	-	-	-	-	-	-	-	-	-	485,000
Disaster Recovery	12,754,707	773,106	-	-	-	-	-	-	-	-
Total Special Items	12,754,707	773,106	-	-	-	-	-	-	-	485,000
<b>Extraordinary Item:</b>										
Disaster Costs	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352	-	1,320,829	-
Total Extraordinary Item	(14,728,475)	(4,020,240)	(323,858)	(402,390)	306,076	-	15,352	-	1,320,829	-
Net Change in Fund Balances	\$ 13,524,307	\$ (13,631,817)	\$ (32,082,985)	\$ 26,612,810	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494	\$ (204,203,086)
Debt Service as a Percentage of Noncapital Expenditures <sup>1</sup>	12.4%	13.0%	12.7%	12.1%	8.5%	7.5%	7.6%	6.8%	7.6%	7.6%

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

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

(1) In FY11 the Debt Service as a Percentage of Noncapital Expenditures calculation has changed. Current and prior year percentages have been revised to reflect this change.

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Real Estate	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953
Sales-1% Local	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022
Sales Tax for Education	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198
Personal Property	41,918,417	45,091,878	43,819,129	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956
Machinery and Tools	14,831,660	14,618,256	14,729,382	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324
Utility Sales Tax Gas	-	-	-	-	--	--	--	4,617,822	4,256,292	4,761,197
Utility Sales Tax Electric	-	-	-	-	--	--	--	12,480,255	12,121,920	12,303,832
General Utility Sales	30,272,507	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	--	-	-
State Communication Taxes	-	-	-	-	--	--	--	17,439,622	17,085,208	17,130,526
Bank Stock	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721
Prepared Food	14,548,707	16,028,093	17,404,622	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613
Lodging Tax	-	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453
Admission	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848
Real Estate Taxes - Delinquent	--	--	--	--	--	--	9,711,901	10,746,487	7,006,446	8,953,219
Personal Property Taxes - Delinquent	--	--	--	--	--	--	5,023,503	4,117,223	3,959,980	8,524,442
Delinquent Tax Payments-All Classes	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--	--	--
Private Utility Poles and Conduits	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268	154,881	158,568
Penalties and Interest	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897
Titling Tax-Mobile Home	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704	8,051	5,817
State Recordation	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049	656,449	731,956
Property Rental 1%	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871	131,021	139,796
Vehicle Rental Tax	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654	1,149,088	371,425
Telephone Commissions	547,411	466,562	356,249	416,003	477,935	449,292	450,000	390,739	338,499	337,349
Total General Governmental Tax Revenues	<u>\$ 317,204,260</u>	<u>\$ 334,498,995</u>	<u>\$ 350,466,022</u>	<u>\$ 409,441,193</u>	<u>\$ 435,695,263</u>	<u>\$ 427,338,579</u>	<u>\$ 425,707,122</u>	<u>\$ 433,782,081</u>	<u>\$ 431,705,312</u>	<u>\$ 433,518,092</u>

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

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





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

Calendar Year	Real Property				Less:		Total Taxable	Tax Rate Per \$100 of Assessed Value			Estimated	Assessed Value
	Residential	Commercial	Personal	Machinery	Tax Exempt	Assessed	Real	Personal	Machinery	Actual Taxable	Assessed Value	
	Property	Property	Property	& Tools	Real Property	Value	Property	Property	& Tools	Value	as a Percentage of Actual Value	
2004	\$ 7,930,422,754	\$ 8,649,174,035	\$ 1,172,806,822	\$ 631,645,652	\$ 3,344,887,395	\$ 15,039,161,868	\$1.38	\$3.70	\$2.30	\$ 15,039,161,868	100.00%	
2005	\$ 9,448,941,200	\$ 9,291,733,951	\$ 1,330,154,149	\$ 670,556,827	\$ 3,661,451,800	\$ 17,079,934,327	\$1.33	\$3.70	\$2.30	\$ 17,079,934,327	100.00%	
2006	\$ 10,739,603,660	\$ 9,246,483,112	\$ 1,522,890,436	\$ 637,469,276	\$ 3,914,062,202	\$ 18,232,384,282	\$1.29	\$3.70	\$2.30	\$ 18,232,384,282	100.00%	
2007	\$ 12,273,304,550	\$ 11,495,448,724	\$ 1,418,934,404	\$ 647,387,014	\$ 4,726,230,820	\$ 21,108,843,872	\$1.23	\$3.70	\$2.30	\$ 21,108,843,872	100.00%	
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,600	\$ 22,702,174,240	\$1.20	\$3.70	\$2.30	\$ 22,702,174,240	100.00%	
2009	\$ 14,501,085,200	\$ 12,117,784,643	\$ 1,387,622,846	\$ 625,752,634	\$ 5,519,840,800	\$ 23,112,404,523	\$1.20	\$3.70	\$2.30	\$ 23,112,404,523	100.00%	
2010	\$ 12,657,788,000	\$ 14,263,768,672	\$ 1,420,344,916	\$ 765,598,939	\$ 5,827,518,000	\$ 23,279,982,527	\$1.20	\$3.70	\$2.30	\$ 23,279,982,527	100.00%	
2011	\$ 12,019,466,000	\$ 13,786,267,222	\$ 1,484,823,134	\$ 762,284,948	\$ 5,918,281,100	\$ 22,134,560,204	\$1.20	\$3.70	\$2.30	\$ 22,134,560,204	100.00%	
2012	\$ 11,908,691,000	\$ 13,751,070,000	\$ 1,475,484,028	\$ 682,677,850	\$ 5,943,230,000	\$ 21,874,692,878	\$1.20	\$3.70	\$2.30	\$ 21,874,692,878	100.00%	
2013	\$ 11,527,422,000	\$ 13,981,508,000	\$ 1,458,546,482	\$ 636,293,988	\$ 6,024,864,000	\$ 21,578,906,470	\$1.20	\$3.70	\$2.30	\$ 21,578,906,470	100.00%	

Source: Assessor's Office

**CITY OF RICHMOND, VIRGINIA**  
**REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS**  
**As of January 1, 2013**

2013				2004			
<u>Taxpayer</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total Taxable</u> <u>Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of</u> <u>Total Taxable</u> <u>Assessed Value</u>
Philip Morris Inc.	\$ 645,316,000	1	3.31%	Philip Morris Inc.	\$ 228,442,600	1	1.72%
Hines Riverfront Plaza LP	229,000,000	2	1.18%	Boston Properties	176,400,000	2	1.33%
James Center Property LLC	173,661,000	3	0.89%	SunTrust Banks, Inc.	156,225,200	3	1.18%
Dominion Resources, Inc.	157,727,000	4	0.81%	Federal Reserve Bank	152,445,900	4	1.15%
Chippenham Hospital, Inc.	106,605,000	5	0.55%	Chippenham Hospital, Inc.	92,258,400	5	0.70%
Federal Reserve Bank	103,856,000	6	0.53%	Orton Val T Trustee	76,118,500	6	0.57%
SIR Properties Trust	81,209,000	7	0.42%	One James Center Associates	64,760,000	7	0.49%
Parmenter 919 Main Street LP	78,527,000	8	0.40%	Ethyl Corporation	62,097,600	8	0.47%
AREP Riverside I LLC	66,844,000	9	0.34%	First States Investors 3500	55,120,000	9	0.42%
American Retirement Corp.	63,150,000	10	0.32%	Two James Center Associates	52,120,000	10	0.39%
A T Main Street Richmond LLC	59,158,000	11	0.30%	Stony Point Fashion Park Associates	50,400,000	11	0.38%
Stony Point Fashion Park Associates LLC	57,000,000	12	0.29%	Highwood Realty LP	46,092,000	12	0.35%
AH Richmond Tower I LLC	54,832,000	13	0.28%	Dominion Resources, Inc	46,089,000	13	0.35%
A.H. Robins Co., Inc.	48,065,000	14	0.25%	American Retirement Corp.	42,163,900	14	0.32%
Cellco Partnership	47,550,000	15	0.24%	AH Robins	40,639,200	15	0.31%
Miller & Rhoads Building LLC	42,010,000	16	0.22%	AAPOP, LLP	37,142,800	16	0.28%
John Marshall Building	39,530,000	17	0.20%	Alleghany Warehouse Co., Inc.	36,265,600	17	0.27%
Total of Taxpayers	2,054,040,000		10.54%	Total of Taxpayers	1,414,780,700		10.67%
All Other Properties	17,430,026,000		89.46%	All Other Properties	11,843,676,694		89.33%
Totals	\$ 19,484,066,000		100.00%	Totals	\$ 13,258,457,394		100.00%

Source: City's Real Estate Assessor





**CITY OF RICHMOND, VIRGINIA  
PRINCIPAL EMPLOYERS  
As of June 30, 2013**

**2013**

**2004**

<u>Employer</u>	<u>Approximate</u>		<u>Percentage of</u>	<u>Employer</u>	<u>Approximate</u>		<u>Percentage of</u>
	<u>Number of</u>	<u>Rank</u>			<u>Number of</u>	<u>Rank</u>	
	<u>Employees</u>		<u>Employment</u>		<u>Employees</u>		<u>Employment</u>
Capital One Financial Corp.	10,918	1	10.78%	Commonwealth of Virginia	39,200	1	24.26%
Virginia Commonwealth University Health System	8,226	2	8.12%	Federal Government	15,100	2	9.35%
HCA Virginia Health System	6,904	3	6.82%	Chesterfield County	9,995	3	6.19%
Bon Secours Richmond Health System	5,892	4	5.82%	Henrico County	9,484	4	5.87%
Walmart	5,023	5	4.96%	Capital One Financial Corp.	9,018	5	5.58%
Dominion Resources Inc.	5,328	6	5.26%	Richmond City	8,761	6	5.42%
Altria Group Inc.	4,400	7	4.34%	Philip Morris, USA	6,462	7	4.00%
SunTrust Banks	3,900	8	3.85%	Virginia Commonwealth University Health System	6,454	8	4.00%
DuPont	3,830	9	3.78%	HCA, Inc.	6,216	9	3.85%
Wells Fargo & Co.	3,010	10	2.97%	Wal-mart Stores, Inc.	5,804	10	3.59%
WellPoint Inc.	2,771	11	2.74%	Wachovia Corporation	4,521	11	2.80%
Bank of America	2,700	12	2.67%	Sun Trust Banks, Inc.	4,044	12	2.50%
Food Lion	2,627	13	2.59%	Ukrop's Super Markets, Inc.	3,804	13	2.35%
United Parcel Service Inc.	2,388	14	2.36%	Bon Secours Richmond Health System	3,646	14	2.26%
Verizon Communications Inc.	2,225	15	2.20%	Dominion Resources, Inc.	3,584	15	2.22%
Federal Reserve Bank of Richmond	1,950	16	1.93%	Circuit City Stores, Inc.	3,498	16	2.17%
The Kroger Co.	1,847	17	1.82%	Hanover County	3,190	17	1.97%
University of Richmond	1,728	18	1.71%	DuPont	3,110	18	1.93%
Total of Principal Employers	75,667		74.70%	Total of Principal Employers	145,891		90.31%
Other Principal Employers <sup>1</sup>	25,630		25.30%		15,660		9.69%
Totals	101,297		100.00%	Totals	161,551		100.00%

**Other Principal Employers<sup>1</sup>:** These numbers represent the amount and percentage of the remaining top 50 employers for the citizens within the Richmond Metropolitan Statistical Area.

Source: Richmond Times-Dispatch

Note: Public employer's data was not available for 2013.

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy<sup>3</sup></u>	<u>Current Tax Collections<sup>1</sup></u>		<u>Delinquent Tax Collections<sup>2</sup></u>	<u>Total Tax Collections</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	1.38	\$184,806,582	\$179,024,489	96.9%	\$7,715,852	\$186,740,341	101.0%
2005	1.33	\$201,274,826	\$191,839,265	95.3%	\$7,619,922	\$199,459,187	99.1%
2006	1.29	\$214,819,901	\$206,416,778	96.1%	\$6,901,572	\$213,318,350	99.3%
2007	1.23	\$224,815,976	\$218,210,831	97.1%	\$5,696,407	\$223,907,238	99.6%
2008	1.20	\$233,179,816	\$221,199,403	94.9%	\$15,227,545	\$236,426,948	101.4%
2009	1.20	\$236,538,376	\$223,155,601	94.3%	\$6,001,432	\$229,157,033	96.9%
2010	1.20	\$234,474,521	\$222,858,692	95.0%	\$9,711,902	\$232,570,594	99.2%
2011	1.20	\$234,035,458	\$222,720,502	95.2%	\$10,742,828	\$233,463,330	99.8%
2012	1.20	\$227,351,927	\$213,930,311	94.1%	\$8,196,450	\$222,126,761	97.7%
2013	1.20	\$224,663,796	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%

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 Levy<sup>3</sup></u>	<u>Current Tax Collections<sup>1</sup></u>		<u>Delinquent Tax Collections<sup>2</sup></u>	<u>Total Tax Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	3.70	\$46,468,895	\$42,080,193	90.6%	\$3,297,269	\$45,377,462	97.7%
2005	3.70	\$48,443,250	\$43,739,697	90.3%	\$4,868,959	\$48,608,656	100.3%
2006	3.70	\$50,187,847	\$43,230,723	86.1%	\$4,328,616	\$47,559,339	94.8%
2007	3.70	\$52,721,272	\$44,112,841	83.7%	\$5,826,972	\$49,939,813	94.7%
2008	3.70	\$53,094,279	\$43,226,559	81.4%	\$2,687,649	\$45,914,208	86.5%
2009	3.70	\$53,145,714	\$45,087,886	84.8%	\$5,957,159	\$51,045,045	96.0%
2010	3.70	\$53,716,305	\$45,700,784	85.1%	\$4,740,164	\$50,440,948	93.9%
2011	3.70	\$53,820,752	\$45,050,368	83.7%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$54,205,843	\$46,364,216	85.5%	\$4,779,895	\$51,144,111	94.4%
2013	3.70	\$56,335,465	\$45,804,689	81.3%	\$10,115,195	\$55,919,884	99.3%

**Current Tax Collections<sup>1</sup>:** 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 Collections<sup>2</sup>:** This column represents delinquent taxes collected within the respective levy year reporting period.

**Tax Levy<sup>3</sup> -** This column includes only the original levy; adjustments to this levy are not reflected. Includes personal property and vehicle licenses.

Source: City of Richmond - Department of Finance





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

	Governmental Activities						Business-type Activities		Total Primary Government		
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	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2004	\$418,075,775	\$3,263,521	\$1,820,000	\$6,125,000	-	\$18,225,000	\$270,503,062	\$256,891,626	\$974,903,984	13.17%	\$4,938
2005	\$392,957,068	\$3,042,389	\$7,000,000	\$5,595,000	-	\$17,585,000	\$259,195,982	\$320,815,598	\$1,006,191,037	13.19%	\$5,084
2006	\$376,095,157	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$16,920,000	\$246,092,420	\$320,513,843	\$985,161,934	11.71%	\$4,951
2007	\$387,222,408	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$234,580,147	\$414,194,548	\$1,075,544,971	12.13%	\$5,360
2008	\$354,881,308	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$222,734,874	\$406,325,632	\$1,025,215,974	11.28%	\$5,054
2009	\$327,097,155	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$208,811,286	\$551,289,644	\$1,181,395,512	13.46%	\$5,778
2010	\$400,951,978	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$191,239,793	\$553,815,743	\$1,207,663,400	14.07%	\$5,914
2011	\$453,213,764	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$171,845,174	\$554,658,872	\$1,280,665,469	14.41%	\$6,231
2012	\$524,298,582	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$159,595,376	\$556,645,429	\$1,278,399,452	N/A	\$6,079
2013	\$495,710,389	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	-	\$141,816,089	\$736,458,840	\$1,495,225,623	N/A	N/A

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis

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

Note: See Demographic and Economic Statistics chart for personal income and population data. These ratios are calculated using personal income and population for the most current year available.

Note: The Certificate of Participation was paid off during 2013.

**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	Percentage of Estimated Actual Taxable Value of		Debt Per Capita
							Total	Property	
2004	\$688,578,837	\$3,263,521	\$1,820,000	\$6,125,000	-	\$18,225,000	\$718,012,358	2.98%	\$3,637
2005	\$652,153,050	\$3,042,389	\$7,000,000	\$5,595,000	-	\$17,585,000	\$685,375,439	2.50%	\$3,463
2006	\$622,187,577	\$2,820,514	\$5,600,000	\$5,020,000	\$12,100,000	\$16,920,000	\$664,648,091	2.30%	\$3,340
2007	\$621,802,555	\$2,597,288	\$4,700,000	\$4,465,000	\$11,555,580	\$16,230,000	\$661,350,423	2.02%	\$3,296
2008	\$577,616,182	\$2,372,353	\$8,500,000	\$3,910,000	\$10,981,807	\$15,510,000	\$618,890,342	3.00%	\$3,051
2009	\$535,908,441	\$2,145,328	\$63,560,000	\$3,355,000	\$10,377,099	\$14,760,000	\$630,105,868	2.99%	\$3,082
2010	\$592,191,771	\$1,916,098	\$33,220,000	\$2,800,000	\$9,739,788	\$13,980,000	\$653,847,657	3.10%	\$3,202
2011	\$625,058,938	\$1,684,543	\$74,780,000	\$2,245,000	\$9,068,116	\$13,170,000	\$726,006,597	3.65%	\$3,532
2012	\$683,893,958	\$1,450,834	\$14,034,000	\$1,690,000	\$8,360,231	\$12,325,000	\$721,754,023	3.66%	\$3,432
2013	\$637,526,478	\$1,215,155	\$101,155,970	\$11,255,000	\$7,614,180	-	\$758,766,783	3.89%	N/A

N/A: Information is not available from the U.S. Department of Commerce Bureau of Economic Analysis

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

Note: See Demographic and Economic Statistics chart for personal income and population data. These ratios are calculated using personal income and population for the most current year available.

Note: The Certificate of Participation was paid off during 2013.

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600
Total net applicable to limit	<u>738,231,520</u>	<u>685,384,668</u>	<u>635,988,545</u>	<u>633,857,964</u>	<u>592,625,025</u>	<u>605,137,771</u>	<u>630,231,266</u>	<u>703,768,481</u>	<u>701,068,792</u>	<u>751,152,603</u>
Legal Debt Margin	<u>\$ 587,614,219</u>	<u>\$ 822,538,667</u>	<u>\$ 1,029,282,007</u>	<u>\$ 1,270,394,281</u>	<u>\$ 1,468,366,839</u>	<u>\$ 1,504,765,133</u>	<u>\$ 1,479,172,601</u>	<u>\$ 1,284,976,731</u>	<u>\$ 1,270,584,308</u>	<u>\$ 1,197,253,997</u>
Total net debt applicable to the limit as a percentage of debt limit	55.68%	45.45%	38.19%	33.29%	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed Value (Taxable)	\$ 19,484,066,000
Debt limit (10% of total assessed value)	1,948,406,600
General Obligation Bonds	<u>751,152,603</u>
Legal Debt Margin	<u>\$ 1,197,253,997</u>

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceding assessment for real estate taxes.

The Total Net Debt Applicable to Limit shown on 6/30/2013 does not include \$736,458,840 of self-supporting Public Utility Revenue Bonds or \$7,614,180 of Lease Revenue Bonds that, by State law, are not required to be included in calculation 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>					
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 <sup>1</sup>	\$ 288,046,809	\$	212,931,591	\$	75,115,218	\$	21,104,375	\$ 34,343,862	\$ 55,448,237	1.35
2011	\$ 282,734,644	\$	206,819,854	\$	75,914,790	\$	23,548,199	\$ 31,501,282	\$ 55,049,481	1.38
2012	\$ 255,253,674	\$	177,928,128	\$	77,325,546	\$	27,860,480	\$ 30,343,026	\$ 58,203,506	1.33
2013	\$ 282,150,417	\$	201,221,582	\$	80,928,835	\$	29,825,100	\$ 30,221,538	\$ 60,046,638	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

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

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



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

<b>Fiscal</b>		<b>Personal Income</b>	<b>Per Capita</b>			<b>City</b>	<b>State</b>
<b>Year</b>	<b>Population(1)</b>	<b>(Amounts expressed in thousands)</b>	<b>Personal Income(2)</b>	<b>Median Age</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Unemployment Rate(4)</b>
2004	197,432	\$7,399,970	\$37,481	35.9	25,054	6.0%	4.0%
2005	197,915	\$7,630,295	\$38,553	35.4	24,726	5.5%	3.8%
2006	198,992	\$8,409,514	\$42,261	34.0	24,247	4.6%	3.2%
2007	200,655	\$8,864,854	\$44,180	34.0	23,987	4.4%	3.1%
2008	202,867	\$9,088,603	\$44,801	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,774,262	\$42,916	35.5	23,200	10.2%	7.1%
2010	204,214	\$8,582,284	\$42,037	32.0	22,994	10.5%	7.1%
2011	205,533	\$8,887,105	\$43,239	N/A	23,454	9.3%	6.3%
2012	210,309	N/A	N/A	N/A	23,336	9.0%	6.0%
2013	N/A	N/A	N/A	N/A	23,649	8.2%	5.9%

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

(2) **Source:** U.S. Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis.

(3) **Source:** The School Board of the City of Richmond, Virginia, Fall Membership collected on September 30th.

(4) **Source:** Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics.

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

Unemployment rates are not seasonally adjusted.



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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government	554	583	502	650	731	681	696	696	620	764
Public Safety and Judiciary										
Police	846	905	982	979	1,028	1,000	980	942	923	915
Firefighters and Officers	416	423	426	425	463	413	406	434	425	411
Others	671	690	658	588	603	590	577	573	557	528
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	521	532	551	538	566	527	452	454	497	389
Human Services										
Human Services Advocacy	21	37	47	26	24	34	35	43	34	13
Social Services	461	466	411	455	481	472	456	443	441	426
Public Health	104	112	-	-	-	-	-	-	-	-
Culture and Recreation	247	266	235	295	260	273	276	261	158	161
Transportation	8	7	5	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	-	-	-	-	55
Gas Utility	314	304	213	320	322	425	404	359	367	284
Water Utility	90	81	214	101	102	128	110	110	117	106
Wastewater Utility	98	90	61	108	113	164	139	131	168	176
Electric Utility	19	18	32	15	19	24	24	24	39	26
Stores and Transportation Division	14	13	11	12	13	10	6	6	6	6
Coliseum	25	25	28	25	25	25	17	17	14	14
Landmark Theatre	7	7	-	5	5	-	-	-	-	-
Cemeteries NCO	18	18	21	20	20	20	20	21	19	19
Total	<u>4,434</u>	<u>4,577</u>	<u>4,397</u>	<u>4,562</u>	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>	<u>4,385</u>	<u>4,293</u>

Source: Various City departments



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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
Police:										
Physical Arrests	15,911	17,536	17,034	19,210	20,064	20,425	14,487	13,595	13,179	11,184
Parking Violations	101,813	103,594	19,455	73,335	101,675	104,380	134,151	128,038	125,171	125,905
Traffic Violations	21,224	30,516	22,474	25,047	28,195	30,965	31,518	30,454	25,026	18,168
Fire:										
Number of calls answered	28,258	30,956	31,746	28,234	19,864	29,098	29,587	32,450	32,287	33,774
Inspections	3,662	1,853	2,104	2,660	1,322	1,090	5,336	4,093	5,675	6,392
Highways and Streets:										
Street resurfacing (miles)	82	70	102	85	70	62	122	115	118	108
Potholes repaired	12,167	21,011	10,691	7,500	898	6,128	11,409	9,158	15,135	13,126
Sanitation and Refuse:										
Refuse collected (tons/day)	307	N/A	338	293	335	374	291	300	290	295
Recyclables collected (tons/day)	39	38	37	35	25	213	21	42	25	37
Culture and Recreation:										
Parks permits issued	482	539	610	584	543	598	579	546	546	546
<b>Business-type Activities:</b>										
Gas:										
Maximum daily sendout (MCF)	151,823	163,129	129,755	151,996	147,713	160,509	139,351	153,078	137,485	150,761
Annual Sendout (MCF)	17,952,764	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110
Water:										
Average daily consumptions (MGD)	88	75	67	63	66	62	58	59	53	57
Maximum daily consumptions (MCD)	105	95	98	98	90	90	89	99	89	88
Water in Storage (gallons) <sup>1</sup>	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	60	64	51	59	49	49	55	46	52	51
Maximum daily sewage treatment (MGD)	85	85	83	84	84	84	96	84	80	82
Coliseum:										
Average daily attendance per activity	1,013	883	921	1,220	1,193	4,169	4,895	4,957	4,161	3,889
Landmark Theatre:										
Total tickets sold for all activities <sup>2</sup>	141,726	129,598	140,097	150,596	139,506	122,645	156,448	100,032	217,104	121,144
Total attendance for all activities <sup>2</sup>	14,303	221,602	220,615	180,155	196,893	195,790	177,105	139,749	234,035	129,800
Cemeteries:										
Number of interments	1,080	1,050	973	777	841	901	790	777	790	860
Number of lot sales	24	22	17	23	18	14	16	20	6	13
Number of single grave sales	700	646	382	664	601	568	504	473	468	607
Number of foundations	649	637	627	525	532	560	494	522	493	519

Source: Various City departments

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

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

(2) The Landmark Theatre was closed, due to construction, for 5 months during FY2013, which caused a decrease from FY2012 in the total number of tickets sold and attendances for all activities.



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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police:										
Stations	7	7	7	10	4	8	7	7	7	7
Patrol Units	132	128	232	222	323	204	173	164	213	223
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	46	46	46	55	64	51	54	54	61	51
Highways and Streets:										
Streets (miles) <sup>1</sup>	1,867	1,865	1,857	1,865	1,858	822	822	822	822	822
Streetlights	33,063	33,184	32,900	33,188	33,000	30,548	30,783	36,027	35,834	36,230
Traffic Signals <sup>2</sup>	456	460	502	511	465	468	476	469	474	471
Sanitation and Refuse:										
Collection Trucks	33	38	45	38	37	47	34	33	33	33
Culture and Recreation:										
Parks acreage	2,801	2,801	2,807	2,805	2,805	2,818	2,808	2,810	2,808	2,808
Parks	58	58	67	71	71	71	71	71	72	72
Baseball/Softball Diamonds	54	54	55	48	48	48	48	48	48	48
Athletic Fields	25	25	27	31	31	31	31	31	31	31
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	9	9	9	9	8	9	9	9	9
Tennis Courts	141	138	138	130	130	130	140	140	140	140
Community Centers	18	18	24	24	24	24	20	20	20	20
Theatres	2	2	2	1	2	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas :										
Miles of Service Lines <sup>3</sup>	1,777	1,796	1,818	1,850	1,013	1,033	1,050	1,057	1,069	1,138
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	12	13	13	12	12	12	12	12	12	12
Wastewater:										
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	42	47	47	47	47	47	47	47	47	47
Sewer Pumping Stations	3	3	3	5	5	5	5	5	5	5

Source: Various City departments

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

(2) The total number of traffic signals does not include pedestrian signals, schools flashers, or beacons.

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







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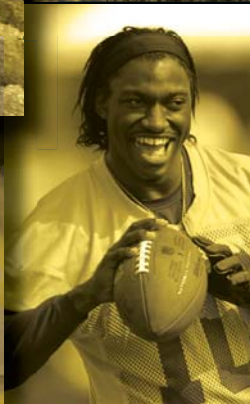
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Richmond, Virginia 23219





# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



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