



City of Richmond, Virginia

Comprehensive Annual Financial Report



2017

For the Fiscal Year Ended June 30, 2017

CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017



MAYOR
Levar M. Stoney

CHIEF ADMINISTRATIVE OFFICER
Selena Cuffee-Glenn

CITY COUNCIL

Chris A. Hilbert
President

Cynthia I. Newbille
Vice President

Andreas D. Addison
Parker C. Agelasto
Kimberly B. Gray
Michael J. Jones
Kristen N. Larson
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THE CITY OF RICHMOND, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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City of Richmond



LEVAR M. STONEY
MAYOR

November 13, 2017

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

We are pleased to present the City of Richmond, Virginia's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2017. 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) 646-5700. This report may also be found online at www.richmondgov.com/finance.

The financial statements included in this report conform to the accounting principles generally accepted in the United States of America (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.

CliftonLarsonAllen LLP (CLA), a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, CLA rendered an unmodified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2017 are fairly presented in all material respects and in conformity with GAAP. The report of independent auditors is presented as the first component of the Financial Section of this report.

Overview of the City of Richmond, Virginia

The City, 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 223,170 as of the U.S. Census Bureau's 2016 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 eleven Fortune 1000 companies headquartered in the region including eight Fortune 500 firms – Altria Group, Performance Food Group, CarMax, WestRock, Dominion Resources, Owens and Minor, Genworth Financial, and Market.

Accolades bestowed on the City in 2017 include the following: one of the top ten up-and-coming tech cities (*Realtor.com*); one of the South's Best Cities (*Southern Living*); best vacation spot in Virginia (*Huffington Post*); #2 on the list of "25 Cities Where Millennials Are Moving" (*TIME*); 24th best place to live (*U.S. News & World Report*); one of the "World's 8 Most Underrated Cities and Why You Should Visit Them" (*Wanderlust Travel*); one of the "Best Mid-sized Cities to Visit in the US" (*Today*); and one of the "Most Fun Cities

in America" (*Business Insider*). Other recognitions include Richmond being one of eight communities to win the Robert Wood Johnson Foundation 2017 Culture of Health Prize, and the T. Tyler Potterfield Bridge being named one of the 2017 Public Works projects of the year by the American Public Works Association.

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 three ranked number one by *U.S. News & World Report*; i.e. nurse anesthesia, sculpture, and the Brandcenter.

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, 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, remain in Richmond, and Richmond is currently home for the Washington Redskins' summer training camp.

The James River, which runs 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 *The Huffington Post* called Richmond "one of the top 10 cities to relocate to in the U.S.," and the U.S. National Bureau of Economic Research called Richmond "America's most contented area." *Business Inc.* also named Richmond as "one of the top ten places to start a business."

Profile of the Government

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

The City remains focused 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. The City has maintained strong credit ratings in recent years, and in June 2017, Moody's, Standard & Poors, and Fitch Ratings reaffirmed the City's Aa2, AA+, AA+ rating respectively, with Fitch assigning their "aaa factor assessment" to the City's Operating Performance. As this CAFR outlines, the City continues to make progress and is well on its way to achieving the primary goals of managing to balanced budgets and increasing the unassigned fund balance, maintaining existing tax rates, increasing delinquent tax collections, and reducing 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 an annual budget. The proposed Fiscal Year 2017 budget was presented to City Council in March 2016. 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 2017 budget, a public hearing was held in April with budget adoption in May 2016.

Legal budgetary restrictions for Fiscal Year 2017 were 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

Most agencies did stay within range of their amended budget. Exhibit H-1 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 prior years, 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 \$1.5 million for fiscal year ended June 30, 2017.

Economic Overview

The national, state, and city economies are back on track after the "Great Recession" of 2008. At the national level, real gross domestic product showed a 3.1% expansion in the second quarter of 2017. The national unemployment rate was 4.4% as of June 2017, 0.5% lower than the 4.9% rate a year ago. At the local level, Richmond's economy also showed steady strength. The City unemployment rate, non-seasonally adjusted, was 4.4% for the month ending June 2017. This was 0.5% higher than the Virginia rate of 3.9%. However, when compared to the same period a year ago, the Richmond rate decreased 0.5% to 4.4% from 4.9%. Like some other urban areas throughout the country, Richmond has seen a resurgence of people moving back into the City. The City's population has grown each year since 2004 reaching 223,170 in FY2016, according to US Census Bureau estimates.

There were a number of economic development initiatives underway during FY2017. As announced in October 2016 by the Governor, CoStar Group, the leading provider of commercial real estate information, analytics and online marketplaces, invested \$8.17 million in a new research and software development center in Richmond. Virginia successfully competed against states in the Southeast and Midwest for the project, which will create 732 new jobs and have a total economic impact of \$250 million. In February 2017, Mayor Stoney announced that Owens & Minor, a regionally-based Fortune 500 global healthcare services company, will establish a new Client Engagement Center (CEC) in downtown Richmond's Riverfront Plaza. The City of Richmond successfully competed against 60 other cities around the nation to win the project, which will include the addition of 300 newly created positions.

Major Initiatives and Accomplishments: Well Managed Government

The City Administration outlined a vision of making Richmond a Tier One City through a series of changes in the way government operates. This vision included running a top-notch, well managed organization grounded in accountability and strong financial management that serves the community, runs the business, manages resources and develops employees.

Throughout the fiscal year, a number of proactive financial reporting actions were continued through FY2017, including the continued utilization of a five-year revenue and expenditure forecast, monthly financial reports and quarterly budget projections, 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. Moving forward to FY2018, 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 an AAA bond rating.

The City initiated two major refundings paired with the issuance of new debt during FY2017. In November 2016, Richmond successfully sold \$502 million in Public Utility Revenue and Refunding Bonds of which \$169 million was for new money projects and \$333 million was to refund existing debt. The cost of funds for the City's new money projects was near the lowest cost in several decades, and the

refunding of two outstanding bond issues will result in the City Utilities reducing its existing debt service by roughly \$104 million over the next 24 years, unprecedented for a Virginia locality. In June 2017, Mayor Stoney announced that Richmond was refunding \$142 million in existing debt service tied to four outstanding General Obligation Bond issues, which will result in the City reducing its existing debt service by approximately \$16 million over the next 15 years. This was part of the successful sale of \$229 million in tax-exempt and taxable General Obligation Public Improvement and Refunding Bonds, of which \$87 million was for new money projects with closing occurring in July, 2017.

Awarded a Federal TIGER grant in the amount of \$24.9 million with matching state and local funds, Richmond began implementing a Bus Rapid Transit System (BRT) as an enhancement to its multi-modal transportation system. The BRT is expected to be in-service by mid-2018. This transportation improvement, as well as the 55-mile paved Capital Trail and new Richmond Bike-Share Program, came after Kiplinger.com rated Richmond as "the 4th best U.S. city for commuters."

Financial Policies and Guidelines

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

Fund Balance Guidelines

As of June 30, 2017, the General Fund Unassigned Fund Balance was \$107.7 million, which equals 15.0 percent of the adopted General Fund budgeted expenditures, including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. The Unassigned Fund Balance for the past five fiscal years, as a percent of the Adopted General Fund Budget, are shown below:

FY2013:	9.7%
FY2014:	12.3%
FY2015:	12.1%
FY2016:	14.1%
FY2017:	15.0%

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of 0.5 percent of expenditures until the Unassigned Fund Balance reaches at least 10 percent 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 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 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 percent of the General Fund and Richmond Public Schools' Budget.

- General obligation, moral obligation, and subject to appropriation debt will not exceed 4.5 percent 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 percent 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, 2017 the City had a legal debt limit of \$2,159,577,000 and the statutory capacity to issue approximately \$1,305,891,903 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, 2017 ¹	\$ \$ 2,159,577,000
Less: bonds and notes payable ²	(853,685,097)
Legal margin for creating additional debt	<u>\$ 1,305,891.903</u>

¹ Source: City Assessor of Real Estate

² Does not include \$755,518,747 of Richmond Public Utility Revenue

Bonds or \$4,205,462 of Lease Revenue Bonds that by State law are not required to be Included in calculations for legal margin for creation of debt.

C. Short-Term Debt

The City uses a \$100 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, 2017, the City had a \$95.0 million outstanding balance 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 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

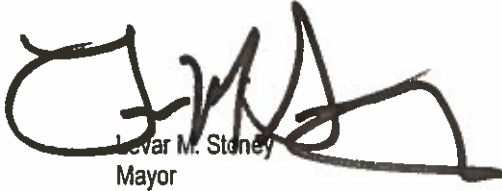
As of June 30, 2017, the City had a total of \$463,748,625 of additional general obligation and revenue bonds authorized but not issued, for funding Capital Improvement Projects and the acquisition of Equipment. Of these authorized but not issued bonds and notes, \$340,528,000 is earmarked for self-supporting Public Utility revenue bond funded projects,

\$6,189,722 of General Obligation bond funded projects of the Stormwater Utility, \$104,530,903 for various General Fund supported capital projects, and \$12,500,000 for funding of equipment purchases.

Acknowledgements

The preparation of this report could not have been accomplished without the 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,



Levar M. Stoney
Mayor



Selena Cuffee-Glenn
Chief Administrative Officer



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City of Richmond



LEVAR M. STONEY
MAYOR

MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the City of Richmond, Virginia has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Economic Development Authority of the City of Richmond, Virginia, 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 CliftonLarsonAllen LLP (CliftonLarsonAllen), independent certified public accountants, selected by the City Council. Management has made available to CliftonLarsonAllen 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 CliftonLarsonAllen 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 CliftonLarsonAllen'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.


Levar M. Stoney
Mayor


Selena Cuffee-Glenn
Chief Administrative Officer



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CITY OF RICHMOND, VIRGINIA

STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2017

CITY MAYOR

Levar M. Stoney

CHIEF ADMINISTRATIVE OFFICER

Selena Cuffee-Glenn

CITY COUNCIL

Chris A. Hilbert – President
Cynthia I. Newbille – Vice President
Andreas D. Addison
Parker C. Agelasto
Kimberly B. Gray
Michael J. Jones

Kristen N. Larson
Ellen F. Robertson
Reva M. Trammell

**CITY
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

ATTORNEY

Allen L. Jackson

**SUPERINTENDENT
OF SCHOOLS**

Dr. Dana T. Bedden

Prepared by
DEPARTMENT OF FINANCE

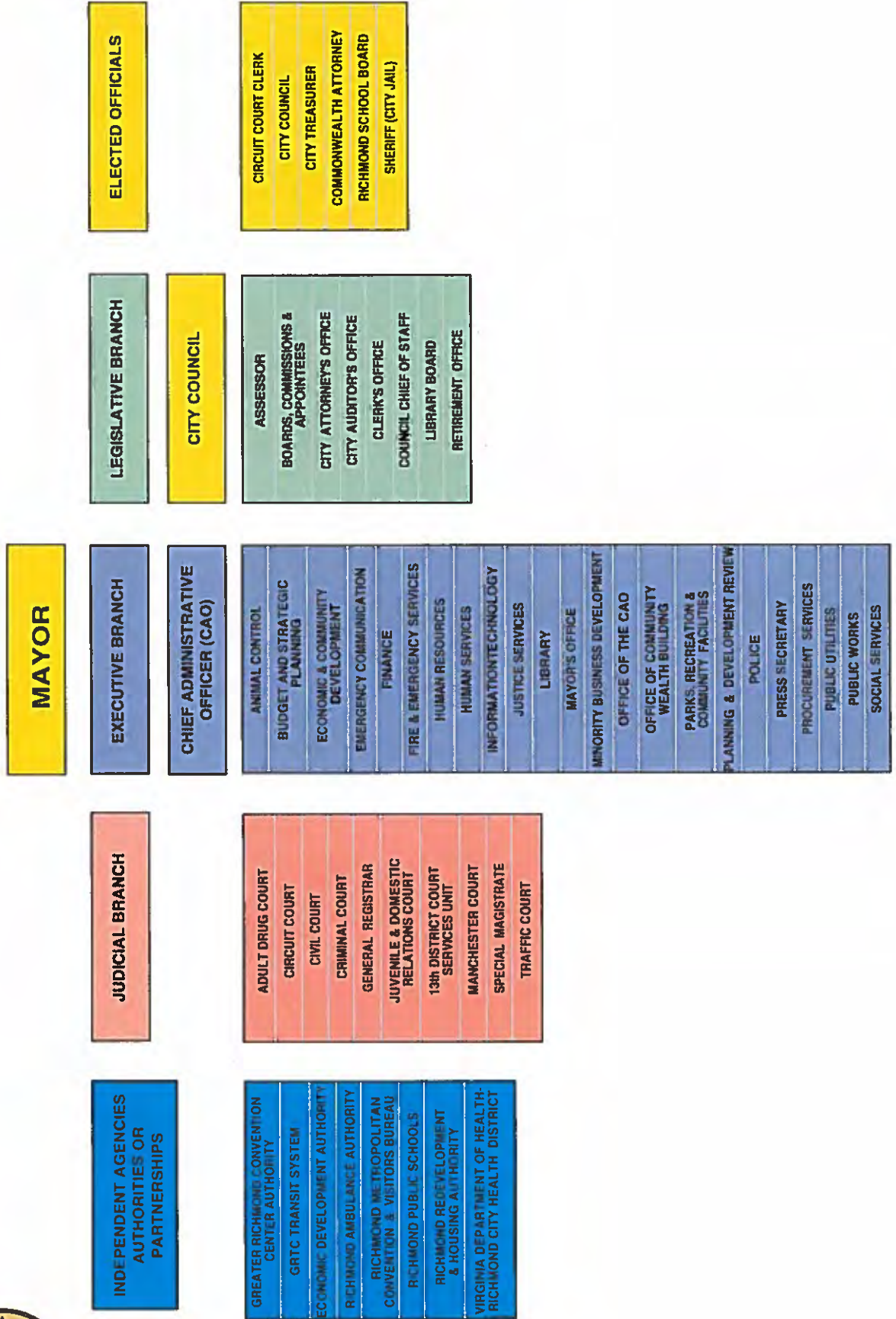
INDEPENDENT AUDITORS

CliftonLarsonAllen, LLP





CITY OF RICHMOND ORGANIZATION OF LOCAL GOVERNMENT 2017





INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
The 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, 2017, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following aggregate discretely presented component unit; Richmond School Board, which represent 48 percent, 173 percent, and 79 percent, respectively, of the assets and deferred outflows of resources, fund balance/net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Richmond Retirement System, which represent 65 percent, 78 percent, and 17 percent, respectively, of the assets, fund balance/net position, and revenues of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Richmond School Board and Richmond Retirement System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Accountants of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Richmond Retirement System were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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.

Except for the matter described in the Basis for Qualification of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualification of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Richmond Behavioral Health Authority (RBHA) have been omitted, and we were not engaged to audit the RBHA financial statements as part of our audit of the City's basic financial statements. The amounts by which this omission would affect the assets, deferred outflow of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of this aggregate discretely presented component unit have not been determined.

Qualification of Opinion

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualification of Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the City of Richmond, Virginia, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our work and the work 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, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, notes to the budgetary comparison schedule, and the pension information as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. 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's basic financial statements. The combining non-major, internal service, and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major, internal service, and fiduciary fund financial statements are the responsibility of management and were derived from and relates 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, the combining non-major, internal service, and fiduciary fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section, as listed in accompanying table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the City of Richmond'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 result 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 City of Richmond's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Arlington, Virginia
November 13, 2017



**CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

The following discussion and analysis provided by the City's management presents a narrative overview and analysis of the financial activities of the City through the presentation of its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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.

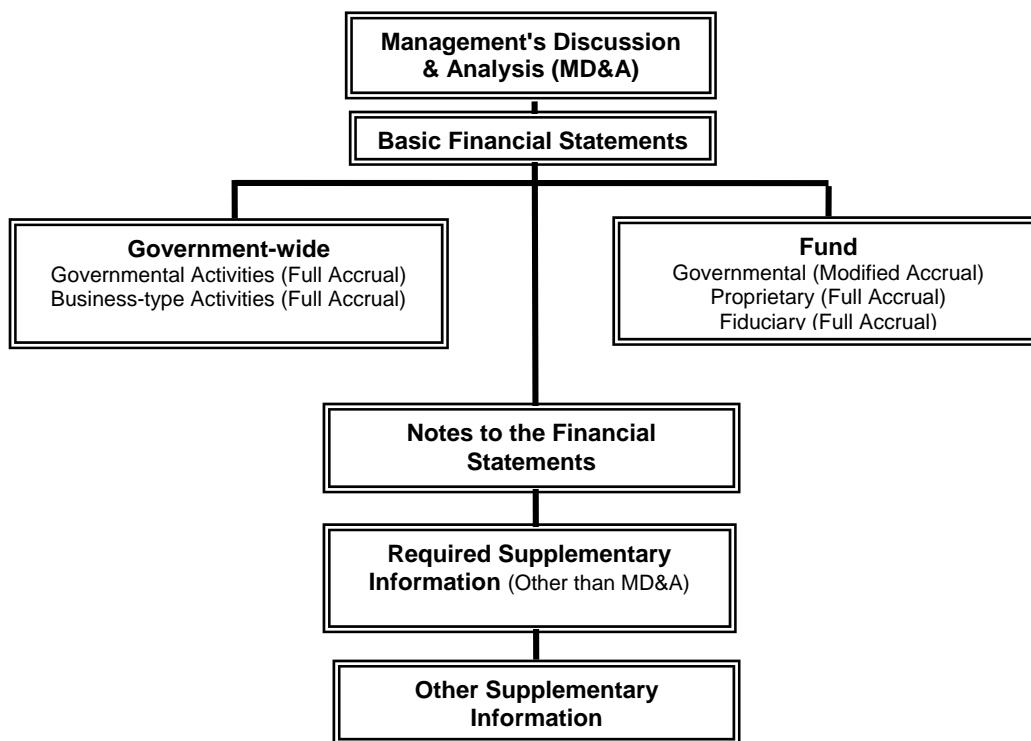
FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017

- At the end of the fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$872.0 million. This amount represents an increase of \$118.2 million, or 15.7 percent, from the prior year's amount of \$753.8 million. Net position was comprised mainly of \$861.5 million attributable to the City's net investment in capital assets, \$54.9 million restricted, and (\$44.4) million unrestricted.
- Net position for governmental activities increased \$77.5 million, or 91.9 percent, compared to the prior year.
- For the fiscal year, General Fund revenues and financing sources were \$713.8 million. General Fund expenditures and other financing uses were \$692.8 million. City taxes accounted for 67.4% percent of revenue.
- The City's business-type activities, net position increased by \$40.7 million, or 6.1 percent.
- The City's General Fund reported an ending fund balance of \$135.4 million, an increase of \$20.9 million, or 18.4 percent, compared to the prior year. Of the total General Fund balance: \$10.0 million is committed to revenue stabilization, \$2.0 million committed to Retirement System Liability, \$.4 million is non-spendable, \$9.8 million is assigned to subsequent years' expenditures, \$2.0 million to roads and sidewalks, \$1.0 million to schools facilities maintenance \$2.4 million general employee bonuses, and \$107.7 million is unassigned. The unassigned fund balance represents 15.5 percent of actual expenditures and transfers out of \$692.8 million. The unassigned fund balance exceeds the City's fiscal policy guidelines.
- The City's total taxable assessed value for real and personal property including machinery and tools increased by \$1,172.0 million, or 5.0 percent.
- The City's general obligation bond ratings were reaffirmed as Aa2, AA+ and, AA+ by Moody's, Standard and Poor's, and Fitch respectively with a stable outlook.



OVERVIEW OF THE FINANCIAL STATEMENTS

The City's CAFR consists of three sections: introductory, financial, and statistical. As illustrated in the following chart, the financial section of this report consists of five 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 revenues 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, storm water, parking, coliseum, and cemeteries are reported here. Fees are charged to customers to help cover the costs of providing these services.¹

¹ Stores Fund activities are reported in internal service funds.

- **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 may provide significant operating or capital funding, or both.

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, proprietary, and fiduciary.

- **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 Section 457.
 - **Agency Funds** – Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The Agency funds consist of the assets and liabilities of several organizations for which the City serves as fiscal agent, such as the department of parks, recreation and community facilities, the department of public works and the law department.

Notes to the Financial Statements

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

GOVERNMENT-WIDE ANALYSIS

Net Position

FY 2017, total assets for the Primary Government were \$3,179.5 million, an increase from prior year total assets by \$217.1 million. Total assets for only governmental activities were \$1,406.2 million, up by \$101.2 million or 7.8 percent. Total assets from business-type activities increased by \$115.9 million and were still predominant in FY 2017, accounting for 55.8 percent of total Primary Government assets compared to 55.9 percent in FY 2016.

Total liabilities were \$2,370.0 million, up \$158.1 million from \$2,211.9 million in FY 2016. Total liabilities associated with governmental type activities increased by \$61.8 million up 5.1 percent while total liabilities associated with business-type activities increased \$96.3 million or 9.7 percent.

Total net position was \$872.0 million up \$118.3 million over the prior year's balance. Table 1 summarizes the City's government-wide net position at June 30, 2017 and 2016.



Table 1
City of Richmond's Schedule of Net Position
as of the Fiscal Years Ended June 30, 2017 and 2016
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 296.7	\$ 247.0	\$ 448.0	\$ 363.8	\$ 744.7	\$ 610.8
Capital Assets, Net	1,109.5	1,058.0	1,325.3	1,293.6	2,434.8	2,351.6
Total Assets	<u>1,406.2</u>	<u>1,305.0</u>	<u>1,773.3</u>	<u>1,657.4</u>	<u>3,179.5</u>	<u>2,962.4</u>
Deferred Outflow of Resources	<u>99.1</u>	<u>77.8</u>	<u>37.4</u>	<u>17.8</u>	<u>136.5</u>	<u>95.6</u>
Current and Other Liabilities	277.7	195.8	93.5	95.5	371.2	291.3
Long-Term Obligations Outstanding	1,006.1	1,026.2	992.7	894.4	1,998.8	1,920.6
Total Liabilities	<u>1,283.8</u>	<u>1,222.0</u>	<u>1,086.2</u>	<u>989.9</u>	<u>2,370.0</u>	<u>2,211.9</u>
Deferred Inflows of Resources	<u>59.5</u>	<u>76.4</u>	<u>14.5</u>	<u>16.0</u>	<u>74.0</u>	<u>92.4</u>
Net Position:						
Net Investment in Capital Assets	338.4	335.4	523.1	487.3	861.5	822.7
Restricted	29.3	19.8	25.6	--	54.9	19.8
Unrestricted	(205.7)	(270.8)	161.3	182.0	(44.4)	(88.8)
Total Net Position	<u>\$ 162.0</u>	<u>\$ 84.4</u>	<u>\$ 710.0</u>	<u>\$ 669.3</u>	<u>\$ 872.0</u>	<u>\$ 753.7</u>

Note-Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist

Activities

In FY2017, total Primary Government revenues increased from the prior year by \$43.7 million or 4.1 percent to \$1,104.6 million. Program revenues (charges for service, grants, and contributions) of \$596.4 million accounted for 54.0 percent of all Primary Government revenues, while property and other local taxes attributable to governmental activities accounted for \$485.3 million, most of the remainder. Total revenues for all governmental activities were \$761.4 million. Governmental Activities' program revenues of \$256.1 million accounted for 33.6 percent.

Total expenses for Primary Government were \$988.8 million. Four activities: general government, public safety and judiciary, education, and business-type activities accounted for the following amounts and percentages: \$125.9 million (12.7 percent), \$186.1 million (18.8 percent), \$180.7 million (18.3 percent), and \$268.9 million (27.2 percent), respectively. Table 2 summarizes the City's government-wide activities for the years ended June 30, 2017 and 2016.



Table 2
City of Richmond's Schedule of Activities
For the Fiscal Years Ended June 30, 2017 and 2016
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 188.3	\$ 80.9	\$ 319.7	\$ 302.6	\$ 508.0	\$ 383.5
Operating Grants and Contributions	32.9	137.2	20.6	17.4	53.5	154.6
Capital Grants and Contributions	34.9	41.0	--	--	34.9	41.0
General Revenues:						
Property Taxes	297.1	273.0	--	--	297.1	273.0
Other Taxes	188.2	188.1	--	--	188.2	188.1
Investment Income	0.1	0.1	--	--	0.1	0.1
Miscellaneous	19.9	19.0	2.9	1.6	22.8	20.6
Total Revenues	<u>761.4</u>	<u>739.3</u>	<u>343.2</u>	<u>321.6</u>	<u>1,104.6</u>	<u>1,060.9</u>
Expenses:						
Primary Government:						
General Government	125.9	134.9	--	--	125.9	134.9
Public Safety and Judiciary	186.1	191.0	--	--	186.1	191.0
Highway, Street, Sanitation, and Refuse	80.9	87.2	--	--	80.9	87.2
Human Services	81.5	81.1	--	--	81.5	81.1
Culture and Recreation	24.3	24.6	--	--	24.3	24.6
Education	180.7	175.2	--	--	180.7	175.2
Transportation	13.0	13.0	--	--	13.0	13.0
Interest and Fiscal Charges	27.5	26.6	--	--	27.5	26.6
Business-type Activities	--	--	268.9	257.9	268.9	257.9
Total Expenses	<u>\$ 719.9</u>	<u>\$ 733.6</u>	<u>\$ 268.9</u>	<u>\$ 257.9</u>	<u>\$ 988.8</u>	<u>\$ 991.5</u>
(Loss) Income Before Transfers	41.5	5.7	74.3	63.7	115.8	69.4
Transfers	33.9	32.7	(33.6)	(32.7)	0.3	--
Proceeds from Sect 108 and EDA	2.2	--	--	--	2.2	--
Changes in Net Position	77.6	38.4	40.7	31.0	118.3	69.4
Net Position, Beginning of Year	84.4	46.0	669.3	638.3	753.7	684.3
Net Position, End of Year	<u>\$ 162.0</u>	<u>\$ 84.4</u>	<u>\$ 710.0</u>	<u>\$ 669.3</u>	<u>\$ 872.0</u>	<u>\$ 753.7</u>

Note-Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist

GENERAL FUND

The General Fund is by far the City's largest governmental fund and, therefore, deserves special attention. Total revenues and other financing sources totaled \$713.8 million in FY 2017, an increase of \$11.0 million from the prior year. Property and other local taxes accounted for \$481.3 million or 67.4 percent of total revenues.

On the other side of the ledger, expenditures and transfers out totaled \$692.8 million, an decrease of \$1.5 million or (0.2) percent, from the prior year. Public safety and judiciary and education, the two largest program areas, totaled \$361.1 million, or 52.1 percent of total General Fund expenses.

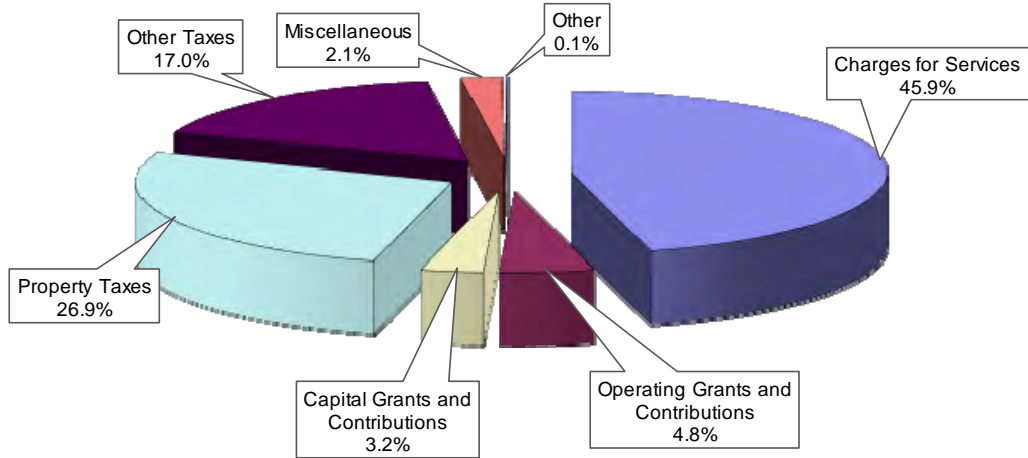


Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Years Ended June 30, 2017 and 2016
(In Millions, rounded)

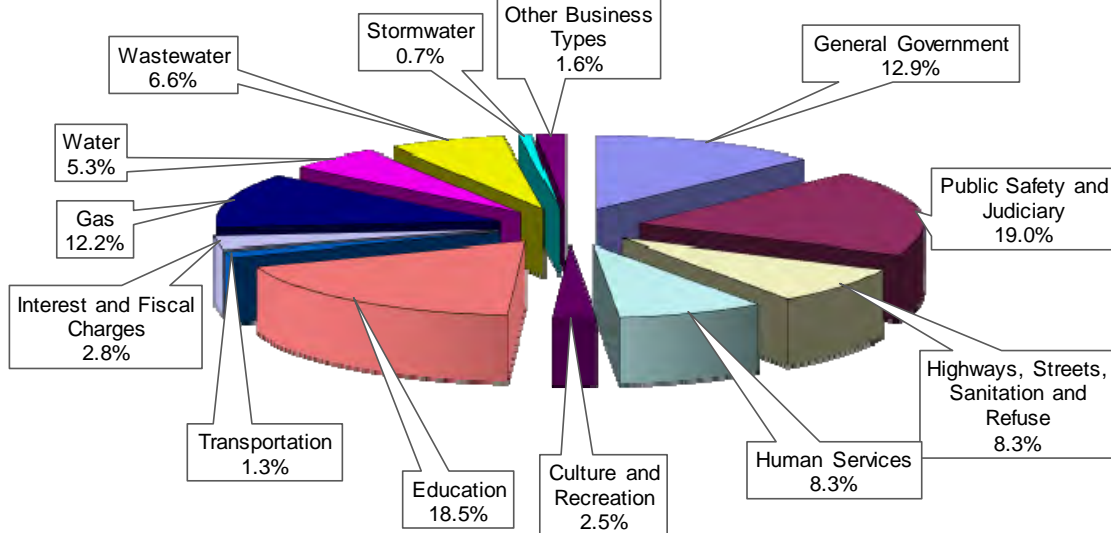
	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues:								
Property Taxes	\$ 311.6	\$ 298.3	\$ 311.6	\$ 296.5	\$ 310.7	\$ 299.1	\$ (0.9)	\$ 2.6
Other Taxes	172.0	165.2	171.0	165.3	170.6	174.3	.4	9.0
Intergovernmental	112.2	108.2	112.3	112.8	113.8	110.9	1.5	(1.9)
Miscellaneous	115.4	116.1	114.5	113.4	112.1	113.0	2.4	(0.4)
Other Financing Sources	<u>5.9</u>	<u>3.4</u>	<u>5.9</u>	<u>5.5</u>	<u>6.6</u>	<u>5.5</u>	<u>0.7</u>	<u>--</u>
Total Revenues and Other Financing Sources	<u>\$ 717.1</u>	<u>\$ 691.2</u>	<u>\$ 715.3</u>	<u>\$ 693.5</u>	<u>\$ 713.8</u>	<u>\$ 702.8</u>	<u>\$ (1.5)</u>	<u>\$ 9.3</u>
Expenses:								
General Government	\$ 80.2	\$ 76.5	\$ 80.0	\$ 82.7	\$ 70.1	\$ 74.9	\$ 9.9	\$ 7.8
Public Safety and Judiciary	190.3	179.6	190.9	186.5	184.1	184.1	6.8	2.4
Highway, Street, Sanitation, and Refuse	59.4	56.9	62.4	58.7	58.5	58.5	3.9	0.2
Human Services	65.2	64.2	62.6	64.8	61.0	61.5	1.6	3.3
Culture and Recreation	23.0	22.0	22.1	22.0	21.4	20.6	.7	1.4
Education	177.9	170.8	177.0	170.8	177.0	170.8	--	--
Non-Departmental	47.1	50.8	51.7	56.6	46.9	54.6	4.8	2.0
Other Financing Uses	<u>74.1</u>	<u>68.5</u>	<u>74.5</u>	<u>69.3</u>	<u>73.8</u>	<u>69.3</u>	<u>0.7</u>	<u>--</u>
Total Expenses and Other Financing Uses	<u>\$ 717.2</u>	<u>\$ 689.3</u>	<u>\$ 721.2</u>	<u>\$ 711.4</u>	<u>\$ 692.8</u>	<u>\$ 694.3</u>	<u>\$ 28.4</u>	<u>\$ 17.1</u>

Note-Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist

Primary Government Sources of Revenues Year Ended June 30, 2017



Primary Government Functional Expenses Year Ended June 30, 2017





CAPITAL ASSETS

The Department of Public Utilities' spent \$93.4 million during the fiscal year to expand, upgrade and renew its infrastructure. The Gas Utility invested approximately \$12.9 million to support its expanding market base and \$15.1 million in upgrades to existing infrastructure. The Water Utility invested approximately \$25.2 million in upgrades to existing infrastructure including \$10.7 million of investments in major plant improvements. The Wastewater Utility invested approximately \$35.9 million in upgrades to existing infrastructure, of which \$2.0 million was spent on major plant improvements. The Stormwater Utility and Electric Utility invested \$3.4 million and \$1 million respectively to upgrade their existing infrastructure.

Table 4
City of Richmond's Capital Assets
For the Fiscal Years Ended June 30, 2017 and 2016
(In Millions, rounded)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 96.6	\$ 96.6	\$ 30.9	\$ 30.9	\$ 127.5	\$ 127.5
Construction In Progress	150.1	113.6	74.3	102.0	224.4	215.6
Works of Art / Historical Treasures	7.5	7.0	--	--	7.5	7.0
Total Assets Not Being Depreciated	<u>254.2</u>	<u>217.2</u>	<u>105.2</u>	<u>139.0</u>	<u>359.4</u>	<u>350.1</u>
Capital Assets Being Depreciated:						
Infrastructure	889.6	886.8	--	--	889.6	886.8
Buildings and Structures	859.6	807.0	2,006.9	1,890.8	2,866.5	2,697.8
Equipment and Other Assets	121.5	119.9	39.2	39.1	160.7	159.0
Improvements Other Than Buildings	21.4	18.7	--	--	21.4	18.7
Total Other Assets	<u>1,892.1</u>	<u>1,832.4</u>	<u>2,046.1</u>	<u>1,929.9</u>	<u>3,938.2</u>	<u>3,762.3</u>
Less Accumulated Depreciation For:						
Infrastructure	570.9	549.5	--	--	570.9	549.5
Buildings and Structures	354.5	332.7	819.0	762.4	1,173.5	1,095.1
Equipment and Other Assets	100.8	100.9	6.9	6.8	107.7	107.7
Improvements Other Than Buildings	10.6	8.6	--	--	10.6	8.6
Total Accumulated Depreciation	<u>1,036.8</u>	<u>991.7</u>	<u>825.9</u>	<u>769.2</u>	<u>1,862.7</u>	<u>1,760.9</u>
Total Capital Assets Being Depreciated, Net	<u>855.3</u>	<u>840.7</u>	<u>1,220.2</u>	<u>1,160.7</u>	<u>2,075.5</u>	<u>2,001.4</u>
Total Capital Assets, Net	<u>\$ 1,109.5</u>	<u>\$ 1,057.9</u>	<u>\$ 1,325.4</u>	<u>\$ 1,299.7</u>	<u>\$ 2,434.9</u>	<u>\$ 2,351.5</u>

Note-Immaterial rounding differences between the tables in the MD&A and the Exhibits in the Financial Statements may exist



LONG-TERM OBLIGATIONS

In FY2017, the City borrowed \$90,000,000 on a short-term Bond Anticipation Note Line of Credit used to provide interim financing of governmental activities capital spending. Borrowings on this credit facility were refinanced in the subsequent fiscal year by the issuance of long-term General Obligation Bonds by the City. During FY2017, the City repaid \$41,525,658 of outstanding governmental activities principal debt. In June 2017, the three national bond rating agencies, Moody's Investors Service, Standard & Poor's, and Fitch Ratings, each reaffirmed their Aa2, AA+, and AA+ General Obligation bond ratings, respectively.

On December 7, 2016 the City issued \$502,260,000 of tax-exempt Public Utility Revenue and Refunding Bonds, Series 2016A. The proceeds of the 2016A bonds, along with \$63,223,275 of bond premiums received, and \$48,846,248 of available Utilities' cash, were used to refund all remaining principal maturities of the City's outstanding Series 2007A and Series 2009A Public Utility Revenue bonds, as well as to provide \$182,714,000 of new construction funds for ongoing capital projects of the City's Gas, Water and Wastewater Utilities. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings affirmed the City's long-term Public Utility Revenue bond ratings of Aa2, AA and AA, respectively. All three rating agencies indicated a stable outlook for the three Utilities.

The portion of the 2016A bond issue designated as refunding proceeds were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2007A and 2009A Bonds. The refunding of the Series 2007A and 2009A bonds, at lower interest rates, along with the elimination of the requirement to provide cash funded debt service reserve funds with this new issue, achieved cash flow debt service savings to the Gas, Water and Wastewater Utilities of \$104,717,046 over the remaining 24 year life of the bonds. The Series 2016A bonds have coupon interest rates of between 4.00% and 5.00%, with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$4,965,000 and \$33,835,000 are payable on January 15th of each year beginning in 2017 with a final maturity due on January 15, 2046.

On January 15, 2017, using available operating cash of the Gas, Water and Wastewater Utilities, the City called and redeemed early its outstanding \$22,160,000 Series 2013B Public Utility Revenue Bonds. All future principal and interest through the call date were paid in full.

On March 30, 2017 the City entered into a \$1,310,278 General Obligation Bond Financing Agreement - Series 2017A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2017A General Obligation 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 \$1,310,278 of Stormwater Utility capital improvements. During the 2017 fiscal years, the City drew bond proceeds on this facility in the amount of \$670,031 as reimbursement for capital spending under this Agreement. The remaining \$640,247 of available proceeds are expected to be drawn during the coming fiscal year. Semi-annual principal payments of \$32,757 will be due every six months beginning on January 15, 2018 and will continue thereafter, each January 15 and July 15 with the final payment due on July 15, 2037. The 2017A General Obligation Bonds will be repaid from Stormwater Utility fees derived by the City. Table 5 below summarizes the City's long-term obligations at June 30, 2017 and 2016.



Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Not Due Within One Year	Due Within One Year
Primary Government - Governmental Activities						
General Obligation Bonds	\$ 651,437,998	\$ --	\$ 34,941,299	\$ 616,496,699	\$ 581,530,395	\$ 34,966,304
General Obligation Notes	1,875,000	--	625,000	1,250,000	625,000	625,000
Virginia Public Schools Authority Bonds	494,107	--	245,599	248,508	--	248,508
Qualified Zone Academy Bonds	1,447,413	--	192,480	1,254,933	1,062,453	192,480
HUD Section 108 Notes	10,125,000	--	520,000	9,605,000	9,080,000	525,000
Premium on Debt Issued	47,077,772	--	4,080,849	42,996,923	38,968,444	4,028,479
Total General Obligation Bonds and Notes	712,457,290	--	40,605,227	671,852,063	631,266,292	40,585,771
Line of Credit-Bond Anticipation Note-Series 2015A	5,000,000	90,000,000	--	95,000,000	--	95,000,000
Total Obligations	717,457,290	90,000,000	40,605,227	766,852,063	631,266,292	135,585,771
Advantage Richmond Lease Revenue Bond	\$ 5,125,893	\$ -	\$ 920,431	\$ 4,205,462	\$ 3,235,406	\$ 970,056
Compensated Absences	\$ 16,896,484	\$ 15,493,763	\$ 15,711,211	\$ 16,679,036	\$ 13,581,988	\$ 3,097,048
Net Other Postemployment Benefit Obligations	\$ 20,531,716	\$ 7,299,859	\$ 3,295,780	\$ 24,535,795	\$ 24,535,795	\$ -
Net Pension Liability	\$ 278,113,979	\$ 27,052,813	\$ -	\$ 305,166,792	\$ 305,166,792	\$ -

Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2017

Primary Government - Business-type Activities						
General Obligation Bonds:						
Gas	\$ 41,260,305	\$ --	\$ 8,444,185	\$ 32,816,120	\$ 24,055,696	\$ 8,760,424
Water	31,652,366	--	6,807,335	24,845,031	17,758,332	7,086,699
Wastewater	11,788,695	--	4,713,181	7,075,514	2,125,000	4,950,514
Stormwater	180,000	670,031	11,250	838,781	794,774	44,007
Premium on Debt, Net	1,192,773	--	567,908	624,865	624,865	--
Non-Major Enterprise Funds	69,293,510	--	5,039,002	64,254,508	58,998,448	5,256,060
Total G.O. Debt	155,367,649	670,031	25,582,861	130,454,819	104,357,115	26,097,704
Revenue Bonds:						
Gas	233,418,488	202,749,877	174,734,796	261,433,569	256,656,786	4,776,783
Water	188,323,709	135,353,171	119,538,795	204,138,085	200,648,298	3,489,787
Wastewater	272,805,592	166,210,130	149,068,628	289,947,094	280,880,463	9,066,631
Premium on Debt, Net	37,337,069	63,390,062	7,687,254	93,039,877	93,039,877	--
Total Revenue Bonded Debt	731,884,858	567,703,240	451,029,473	848,558,625	831,225,424	17,333,201
Total Bonded Debt	\$ 887,252,507	\$ 568,373,271	\$ 476,612,334	\$ 979,013,444	\$ 935,582,539	\$ 43,430,905
Compensated Absences:						
Gas	\$ 833,517	\$ 796,539	\$ 772,582	\$ 857,474	\$ 177,893	\$ 679,581
Water	612,881	568,956	569,356	612,481	127,066	485,415
Wastewater	661,911	614,473	614,905	661,479	137,231	524,248
Stormwater	220,637	182,066	206,709	195,994	40,661	155,333
Stores Operating Fund	24,515	22,758	22,773	24,500	5,083	19,417
Cemeteries	73,474	70,398	68,089	75,783	66,379	9,404
Other Non-major Enterprise Funds	32,087	31,934	29,645	34,376	30,379	3,997
Total Compensated Absences	\$ 2,459,022	\$ 2,287,124	\$ 2,284,059	\$ 2,462,087	\$ 584,692	\$ 1,877,395
Net Other Postemployment Benefit Obligations	\$ 3,481,987	\$ 1,223,049	\$ 558,934	\$ 4,146,102	\$ 4,146,102	\$ --
Net Pension Liability	\$ 39,416,329	\$ 4,162,011	\$ --	\$ 43,578,340	\$ 43,578,340	\$ --



ECONOMIC FACTORS

The City's economy showed steady growth. The City unemployment rate, non-seasonally adjusted, was 4.4% for the month ending June 2017. This was 0.7 percentage point higher than the Virginia rate of 3.7%, however, when compared to the same period a year ago, the rate decreased 0.9%, from 5.3% to 4.4%. Like some other urban areas throughout the country, Richmond has seen a resurgence of people moving back into the City. The City's population has grown each year since 2004 reaching 223,170 in 2016, according to US Census Bureau estimates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide City 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 and disburses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, City of Richmond 900 East Broad Street, 10th floor Suite 1003, Richmond, Virginia 23219.



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FINANCIAL STATEMENTS



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 132,926,652	\$ 195,936,874	\$ 328,863,526	\$ 54,554,296
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	61,211,053	--	61,211,053	--
Accounts	32,766,541	47,215,675	79,982,216	3,121,394
Internal Balances, Net	1,339,367	(1,339,367)	--	--
Due From Primary Government	1,265,278	--	1,265,278	63,598,980
Due From Other Governments (Note 5)	58,678,731	5,352,838	64,031,569	7,874,301
Inventories of Materials and Supplies	287,769	10,979,040	11,266,809	644,149
Prepaid Assets	<u>536,863</u>	<u>6,516,260</u>	<u>7,053,123</u>	<u>490,350</u>
Total Current Assets	<u>289,012,254</u>	<u>264,661,320</u>	<u>553,673,574</u>	<u>130,283,470</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	7,740,731	183,316,212	191,056,943	4,699,132
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	21,507,712
Capital Assets, Net (Note 6):				
Land and Works of Art/Historical Treasures	104,168,554	30,924,415	135,092,969	8,601,084
Infrastructure, Net	318,665,819	--	318,665,819	--
Buildings, Structures, Improvements, and Equipment, Net	536,575,119	1,220,062,041	1,756,637,160	118,152,454
Construction in Progress	<u>150,055,064</u>	<u>74,345,338</u>	<u>224,400,402</u>	<u>3,867,909</u>
Total Capital Assets, Net	<u>1,109,464,556</u>	<u>1,325,331,794</u>	<u>2,434,796,350</u>	<u>130,621,447</u>
Total Non-Current Assets	<u>1,117,205,287</u>	<u>1,508,648,006</u>	<u>2,625,853,293</u>	<u>156,828,291</u>
Total Assets	<u>1,406,217,541</u>	<u>1,773,309,326</u>	<u>3,179,526,867</u>	<u>287,111,761</u>
Deferred Outflows of Resources				
Deferred Losses on Refunding	14,178,551	23,406,038	37,584,589	--
Pension Related Activities (Note 11)				
Component Units	--	--	--	52,306,817
Virginia Retirement System (VRS)	7,333,781	--	7,333,781	--
Richmond Retirement System (RRS)	<u>77,573,928</u>	<u>13,988,192</u>	<u>91,562,120</u>	<u>--</u>
Total Deferred Outflows of Resources	<u>99,086,260</u>	<u>37,394,230</u>	<u>136,480,490</u>	<u>52,306,817</u>



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2017

Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 48,878,234	\$ 28,981,962	\$ 77,860,196	\$ 9,208,053
Accrued Liabilities	11,011,160	272,592	11,283,752	43,321,018
Due To Component Units-Schools	63,598,980	--	63,598,980	--
Due To Other Governments	174,492	--	174,492	9,001,522
Due To Component Units-Other	1,230,330	--	1,230,330	--
Accrued Interest on Bonds and Notes Payable	9,894,596	17,614,507	27,509,103	--
Unearned Revenues	--	1,282,510	1,282,510	3,523,861
General Obligation Bonds,				
Serial Notes Payable (Note 7)	135,585,771	26,097,704	161,683,475	945,200
Revenue Bonds Payable (Note 7)	970,056	17,333,201	18,303,257	--
Compensated Absences (Note 7)	3,097,048	1,877,395	4,974,443	4,249,439
Other Liabilities and Claims Payable (Note 9)	3,150,248	--	3,150,248	--
Total Current Liabilities	<u>277,590,915</u>	<u>93,459,871</u>	<u>371,050,786</u>	<u>70,249,093</u>
Non-Current Liabilities				
Customers' Deposits	--	8,505,556	8,505,556	822,528
General Obligation Bonds,				
Serial Notes Payable (Note 7)	631,266,292	104,357,115	735,623,407	31,870,656
Revenue Bonds Payable (Note 7)	3,235,406	831,225,424	834,460,830	--
Compensated Absences (Note 7)	13,581,988	584,692	14,166,680	--
Deferred Revenue	--	--	--	1,552,506
Other Liabilities and Claims Payable (Note 9)	28,352,230	333,888	28,686,118	360,054,556
Net Other Postemployment Benefit Obligations (Note 12)	24,535,795	4,146,102	28,681,897	9,800,916
Net Pension Liability (Note 11)	305,166,792	43,578,340	348,745,132	--
Total Non-Current Liabilities	<u>1,006,138,503</u>	<u>992,731,117</u>	<u>1,998,869,620</u>	<u>404,101,162</u>
Total Liabilities	<u>1,283,729,418</u>	<u>1,086,190,988</u>	<u>2,369,920,406</u>	<u>474,350,255</u>
Deferred Inflows of Resources				
Membership Fees Received in Advance	--	--	--	14,429
Unearned Revenue	11,515,133	--	11,515,133	--
Prepaid Taxes	54,569	--	54,569	--
Grant Proceeds	20,779,471	--	20,779,471	--
Rate Stabilization	--	10,000,000	10,000,000	--
Pension Related Activities (Note 11):				
Virginia Retirement System (VRS)	496,058	--	496,058	19,958,488
Richmond Retirement System (RRS)	26,682,117	4,508,724	31,190,841	--
Other	--	--	--	--
Total Deferred Inflows of Resources	<u>59,527,348</u>	<u>14,508,724</u>	<u>74,036,072</u>	<u>19,972,917</u>
Net Position				
Net Investment in Capital Assets	338,407,031	523,105,159	861,512,190	99,641,633
Restricted for:				
General Fund	--	--	--	--
Capital Projects	1,162,516	--	1,162,516	10,329,147
Debt Service	6,509,903	25,602,020	32,111,923	--
Permanent Funds:				
Expendable	21,561,849	--	21,561,849	961,892
Nonexpendable	68,251	--	68,251	214,059
Unrestricted	(205,662,515)	161,296,665	(44,365,850)	(266,051,325)
Total Net Position	<u>\$ 162,047,035</u>	<u>\$ 710,003,844</u>	<u>\$ 872,050,879</u>	<u>\$ (154,904,594)</u>

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, 2017

Functions/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 125,878,780	\$ 66,432,831	\$ 11,195,579	\$ 22,110,636
Public Safety and Judiciary	186,133,476	28,648,653	7,405,050	(1,122)
Highways, Streets, Sanitation and Refuse	80,927,188	47,743,760	179,691	12,753,389
Human Services	81,512,645	45,133,639	13,470,371	--
Culture and Recreation	24,328,301	365,656	655,559	--
Education	180,714,967	--	--	--
Transportation	13,045,157	--	--	--
Interest and Fiscal Charges	27,522,522	--	--	--
Total Governmental Activities	<u>720,063,036</u>	<u>188,324,539</u>	<u>32,906,250</u>	<u>34,862,903</u>
Business-type:				
Gas	\$ 127,316,121	\$ 135,691,059	\$ 332,481	\$ --
Water	53,402,794	68,181,546	12,565,749	--
Wastewater	65,175,833	83,251,997	4,334,199	--
Stormwater	8,002,822	11,208,637	632,505	--
Coliseum	2,661,938	2,034,341	1,447,374	--
Cemeteries	1,751,891	1,261,806	41,299	--
Parking	10,734,673	18,091,685	1,237,829	--
Total Business-type Activities	<u>269,046,072</u>	<u>319,721,071</u>	<u>20,591,436</u>	<u>--</u>
Total Primary Government	<u>\$ 989,109,108</u>	<u>\$ 508,045,610</u>	<u>\$ 53,497,686</u>	<u>\$ 34,862,903</u>
Component Units:				
School Board	360,639,019	2,479,069	122,267,343	9,000,000
Richmond Economic Development Authority	1,937,059	308,852	1,295,076	--
Richmond Ambulance Authority	19,370,933	15,161,511	--	--
Richmond Redevelopment and Housing Authority	66,398,233	10,770,899	49,157,023	5,700,260
Total Component Units	<u>\$ 448,345,244</u>	<u>\$ 28,720,331</u>	<u>\$ 172,719,442</u>	<u>\$ 14,700,260</u>

(Continued)

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
 Tinting 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

 Loss on Disposal of Assets

 Proceeds from Sect 108 and EDA

 Transfers

 Total General Revenues and Transfers

 Changes in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (26,139,734)	\$ --	\$ (26,139,734)	\$ --
(150,080,895)	--	(150,080,895)	--
(20,250,348)	--	(20,250,348)	--
(22,908,635)	--	(22,908,635)	--
(23,307,086)	--	(23,307,086)	--
(180,714,967)	--	(180,714,967)	--
(13,045,157)	--	(13,045,157)	--
(27,522,522)	--	(27,522,522)	--
<u>(463,969,344)</u>	<u>--</u>	<u>(463,969,344)</u>	<u>--</u>
\$ --	\$ 8,707,419	\$ 8,707,419	\$ --
--	27,344,501	27,344,501	--
--	22,410,363	22,410,363	--
--	3,838,320	3,838,320	--
--	819,777	819,777	--
--	(448,786)	(448,786)	--
--	8,594,841	8,594,841	--
--	71,266,435	71,266,435	--
<u>\$ (463,969,344)</u>	<u>\$ 71,266,435</u>	<u>\$ (392,702,909)</u>	<u>\$ --</u>
--	--	--	(226,892,607)
--	--	--	(333,131)
--	--	--	(4,209,422)
--	--	--	(770,051)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (232,205,211)</u>
237,853,883	--	237,853,883	--
34,176,816	--	34,176,816	--
25,661,559	--	25,661,559	--
59,223,115	--	59,223,115	--
12,758,274	--	12,758,274	--
18,455,308	--	18,455,308	--
15,760,395	--	15,760,395	--
8,364,990	--	8,364,990	--
36,002,917	--	36,002,917	--
8,025,516	--	8,025,516	--
2,747,268	--	2,747,268	--
8,937,806	--	8,937,806	--
9,836,983	--	9,836,983	--
260,117	--	260,117	--
5,023,749	--	5,023,749	--
9,474	--	9,474	--
942,127	--	942,127	--
154,115	--	154,115	--
845,652	--	845,652	--
196,579	--	196,579	--
<u>485,236,643</u>	<u>--</u>	<u>485,236,643</u>	<u>--</u>
--	--	--	76,367,811
--	--	--	157,807,409
114,158	1,937,972	2,052,130	551,110
20,034,985	1,019,326	21,054,311	6,640,456
--	--	--	(7,105,231)
2,215,826	--	2,215,826	--
33,908,419	(33,551,050)	357,369	--
<u>541,510,031</u>	<u>(30,593,752)</u>	<u>510,916,279</u>	<u>234,261,555</u>
77,540,687	40,672,683	118,213,370	2,056,344
84,506,348	669,331,161	753,837,509	(156,960,938)
<u>\$ 162,047,035</u>	<u>\$ 710,003,844</u>	<u>\$ 872,050,879</u>	<u>\$ (154,904,594)</u>



CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

EXHIBIT C

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents (Note 3)	\$ 82,047,762	\$ 2,668,407	\$ --	\$ 23,703,576	\$ 108,419,745
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	61,211,053	--	--	--	61,211,053
Accounts	6,045,275	--	--	10,920,975	16,966,250
Due From Other Funds (Note 4)	100,739,240	--	--	--	100,739,240
Due From Other Governments (Note 5)	34,358,255	--	11,215,969	13,104,507	58,678,731
Prepays	399,742	--	--	--	399,742
Restricted Assets - Cash and Investments (Note 3)	--	6,509,903	1,162,516	68,312	7,740,731
Total Assets	284,801,327	9,178,310	12,378,485	47,797,370	354,155,492
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable	33,302,900	2,590,253	5,573,528	3,877,317	45,343,998
Accrued Liabilities	7,160,410	--	--	--	7,160,410
Unearned Revenue	--	--	--	--	--
Due To Other Funds (Note 4)	--	--	54,760,657	10,324,286	65,084,943
Due To Other Governments	174,492	--	--	--	174,492
Due to Component Unit	63,598,980	--	--	--	63,598,980
Total Liabilities	104,236,782	2,590,253	60,334,185	14,201,603	181,362,823
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	45,141,667	--	--	--	45,141,667
Prepaid Taxes	54,569	--	--	--	54,569
Unavailable Revenue-Grant Proceeds	--	376,593	8,437,211	11,965,667	20,779,471
Total Deferred Inflows of Resources	45,196,236	376,593	8,437,211	11,965,667	65,975,707
Fund Balances (Note 8):					
Nonspendable	399,742	--	--	--	399,742
Restricted	--	6,509,903	1,162,516	21,630,100	29,302,519
Committed	12,019,176	--	--	--	12,019,176
Assigned	15,219,451	--	--	--	15,219,451
Unassigned	107,729,940	(298,439)	(57,555,427)	--	49,876,074
Total Fund Balances	135,368,309	6,211,464	(56,392,911)	21,630,100	106,816,962
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 284,801,327	\$ 9,178,310	\$ 12,378,485	\$ 47,797,370	\$ 354,155,492

(Continued)

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



CITY OF RICHMOND, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2017

EXHIBIT C, Continued

Total fund balances for governmental funds	\$	106,816,962
--	----	-------------

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, Works of Art/Historical Treasures	100,805,165	
Infrastructure, net	273,178,605	
Buildings, structures, improvements, and equipment, net	543,290,403	
Construction in progress	<u>149,585,317</u>	1,066,859,490

Other Assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.

Deferred loss on refunding of debt	14,172,132	
Deferred outflows related to pensions-RRS	76,122,623	
Deferred outflows related to pensions-VRS	<u>7,333,781</u>	97,628,536

Some of the City's assets 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 unavailable revenue in the funds.

Taxes	<u>33,626,534</u>	33,626,534
-------	-------------------	------------

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	(9,790,914)	
Governmental bonds, notes payable, and line of credit	(763,487,981)	
Compensated absences	(16,354,459)	
Other liability and claims	(31,502,478)	
Pension related-Deferred Inflow of Resources-RRS	(26,227,556)	
Pension related-Deferred Inflow of Resources-VRS	(496,058)	
Pension related-Net Pension Liability-RRS	(286,071,328)	
Pension related-Net Pension Liability-VRS	(18,674,561)	
Net other postemployment benefit obligations	<u>(20,073,781)</u>	(1,172,679,116)

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>29,794,629</u>
Net position of governmental activities	\$	<u>162,047,035</u>



CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT D

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 234,294,879	\$ --	\$ --	\$ --	\$ 234,294,879
Sales-1% Local	34,176,816	--	--	--	34,176,816
Sales Tax for Education	25,661,559	--	--	--	25,661,559
Personal Property	57,603,912	--	--	--	57,603,912
Machinery and Tools	13,828,602	--	--	--	13,828,602
Utility Sales Tax Gas	4,711,342	--	--	--	4,711,342
Utility Sales Tax Electric	13,494,359	--	--	--	13,494,359
Utility Sales Tax Telephone	249,607	--	--	--	249,607
State Communication Taxes	15,760,395	--	--	--	15,760,395
Bank Stock	8,364,990	--	--	--	8,364,990
Prepared Food	35,605,363	--	--	--	35,605,363
Lodging Tax	8,042,016	--	--	--	8,042,016
Admission	3,287,979	--	--	--	3,287,979
Real Estate Taxes - Delinquent	8,937,806	--	--	--	8,937,806
Personal Property Taxes - Delinquent	9,836,983	--	--	--	9,836,983
Private Utility Poles and Conduits	260,117	--	--	--	260,117
Penalties and Interest	5,023,749	--	--	--	5,023,749
Titling Tax-Mobile Home	9,474	--	--	--	9,474
State Recordation	942,127	--	--	--	942,127
Property Rental 1%	154,115	--	--	--	154,115
Vehicle Rental Tax	845,652	--	--	--	845,652
Telephone Commissions	196,579	--	--	--	196,579
Total City Taxes	481,288,421	--	--	--	481,288,421
Licenses, Permits and Privilege Fees	37,131,444	--	--	--	37,131,444
Intergovernmental	113,755,449	1,488,160	31,027,165	32,906,249	179,177,023
Service Charges	30,737,660	--	2,347,575	--	33,085,235
Fines and Forfeitures	6,586,811	--	--	--	6,586,811
Utility Payments	31,162,094	--	--	--	31,162,094
Investment Income	--	3,490	76,560	34,108	114,158
Miscellaneous	6,521,672	--	2,964,668	8,594,143	18,080,483
Total Revenues	707,183,551	1,491,650	36,415,968	41,534,500	786,625,669
Expenditures					
Current:					
General Government	70,094,798	--	--	14,299,061	84,393,859
Public Safety and Judiciary	184,096,983	--	--	8,455,822	192,552,805
Highways, Streets, Sanitation and Refuse	58,524,451	--	--	2,701,932	61,226,383
Human Services	60,983,560	--	--	22,906,944	83,890,504
Culture and Recreation	21,408,319	--	--	2,198,166	23,606,485
Education	176,983,321	--	--	--	176,983,321
Non-Departmental	46,901,510	--	--	--	46,901,510
Capital Outlay	--	--	97,879,286	--	97,879,286
Debt Service:					
Principal Retirement	--	35,149,119	--	--	35,149,119
Interest Payments	--	28,505,952	--	--	28,505,952
Debt Issuance costs	--	426,877	129,836	--	556,713
Total Expenditures	618,992,942	64,081,948	98,009,122	50,561,925	831,645,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,190,609	(62,590,298)	(61,593,154)	(9,027,425)	(45,020,268)
Other Financing Sources (Uses)					
Proceeds from Debt and Notes Payable	--	--	90,000,000	--	90,000,000
Proceeds from Section 108	--	786,418	--	--	786,418
Proceeds from EDA	--	1,429,408	--	--	1,429,408
Transfers In-Other Funds	6,570,562	61,094,503	--	12,333,297	79,998,362
Transfers Out-Other Funds	(73,837,249)	--	--	(1,460,283)	(75,297,532)
Total Other Financing Sources (Uses), Net	(67,266,687)	63,310,329	90,000,000	10,873,014	96,916,656
Net Change in Fund Balances	20,923,922	720,031	28,406,846	1,845,589	51,896,388
Fund Balances - Beginning of Year	114,444,387	5,491,433	(84,799,757)	19,784,511	54,920,574
Fund Balances - End of Year	\$ 135,368,309	\$ 6,211,464	\$ (56,392,911)	\$ 21,630,100	\$ 106,816,962

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



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, 2017

EXHIBIT D, Continued

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

Net change in fund balances - total governmental funds	\$	51,896,388
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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	96,514,360	
Depreciation expense	<u>(45,745,508)</u>	50,768,852

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from borrowing, net of escrow payments	(90,000,000)	
Principal payments of bonds, net of payments on behalf of Component Units	35,149,119	
Amortization of bond premiums and refunding	<u>1,004,781</u>	(53,846,100)

Some revenues in the Statement of Activities do not provide of current financial resources and, therefore, are not reported as revenues in the governmental funds.

Change in taxes	6,774,285	6,774,285
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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	535,360	
Change in compensated absences	220,653	
Change in other liabilities and claims	2,909,727	
Pension Expense	8,706,319	
Change in other postemployment benefit obligations	<u>3,939,924</u>	16,311,983

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>5,635,279</u>
--	--	------------------

Change in net position of governmental activities	\$	<u><u>77,540,687</u></u>
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CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

EXHIBIT E-1

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Assets							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 20,360,204	\$ 62,755,251	\$ 96,695,594	\$ 7,777,777	\$ 8,337,042	\$ 195,925,868	\$ 24,517,913
Accounts Receivables (Net of Allowance for Doubtful Accounts)	11,069,731	16,430,968	13,606,800	4,094,521	2,013,653	47,215,673	15,800,287
Due From Other Funds (Note 4)	257,574	175,453	818	552	--	434,397	--
Due From Component Unit	--	--	--	--	--	--	--
Due From Other Governments (Note 5)	--	5,324,790	--	28,048	--	5,352,838	--
Inventories of Materials and Supplies	6,629,325	--	--	--	--	6,629,325	4,637,484
Prepaid Expenses and Other Current Assets	2,034,976	1,985,682	2,337,529	--	59,199	6,417,386	235,995
Total Current Assets	40,351,810	86,672,144	112,640,741	11,900,898	10,409,894	261,975,487	45,191,679
Noncurrent Assets:							
Restricted Assets - Cash and Investments (Note 3)	56,246,040	56,924,950	70,145,222	--	--	183,316,212	--
Capital Assets (Note 6):							
Land	219,200	878,307	1,101,261	--	27,039,115	29,237,883	5,049,921
Buildings and Structures	579,071,440	458,858,332	556,986,078	8,321,413	69,306,557	1,672,543,820	70,783,768
Equipment and Other Assets	62,250,958	82,238,884	169,513,084	16,852,734	7,516,429	338,372,089	113,419,516
Construction in Progress	8,405,643	35,343,881	28,922,321	1,673,493	--	74,345,338	469,747
Less: Accumulated Depreciation	(245,473,928)	(199,240,499)	(295,907,299)	(3,504,774)	(47,787,587)	(791,914,087)	(144,371,134)
Total Capital Assets, Net Accumulated Depreciation	404,473,313	378,078,905	460,615,445	23,342,866	56,074,514	1,322,585,043	45,351,818
Total Noncurrent Assets	460,719,353	435,003,855	530,760,667	23,342,866	56,074,514	1,505,901,255	45,351,818
Total Assets	501,071,163	521,675,999	643,401,408	35,243,764	66,484,408	1,767,876,742	90,543,497
Deferred Outflows of Resources							
Losses on Refunding of Debt	9,308,169	6,801,782	7,296,087	--	--	23,406,038	6,422
Pension Related Activities	4,981,517	3,217,166	3,890,751	1,232,390	539,382	13,861,206	1,578,291
Total Deferred Outflows of Resources	14,289,686	10,018,948	11,186,838	1,232,390	539,382	37,267,244	1,584,713
Liabilities							
Current Liabilities:							
Accounts Payable	11,033,922	5,593,882	8,961,882	1,440,895	1,429,809	28,460,390	4,020,859
Accrued Liabilities	88,616	81,680	102,296	--	--	272,592	3,850,750
Advance Sales	--	--	--	--	1,282,510	1,282,510	--
Due To Other Funds (Note 4)	--	--	--	--	1,339,367	1,339,367	34,749,327
Accrued Interest on Bonds Payable	6,179,152	4,788,635	5,370,365	--	1,276,355	17,614,507	103,682
General Obligation Bonds and Notes Payable (Note 7)	8,760,424	7,086,699	4,950,514	44,007	5,256,060	26,097,704	1,322,995
Revenue Bonds Payable (Note 7)	4,776,783	3,489,787	9,066,631	--	--	17,333,201	970,056
Compensated Absences (Note 7)	679,581	485,415	524,248	155,333	13,401	1,857,978	126,915
Total Current Liabilities	31,518,478	21,526,098	28,975,936	1,640,235	10,597,502	94,258,249	45,144,584
Noncurrent Liabilities:							
Customers' Deposits	6,554,961	1,950,595	--	--	--	8,505,556	--
General Obligation Bonds and Notes Payable (Note 7)	24,332,383	18,014,095	2,217,415	794,774	58,998,448	104,357,115	2,041,087
Revenue Bonds Payable (Note 7)	291,146,381	227,961,419	312,117,624	--	--	831,225,424	3,235,406
Compensated Absences (Note 7)	177,893	127,066	137,231	40,661	96,758	579,609	222,162
OPEB	1,461,683	970,989	1,160,431	355,038	158,990	4,107,131	459,874
Net Pension Liability	15,702,358	9,875,399	12,028,390	3,907,131	1,672,619	43,185,897	4,854,457
Other Liabilities	--	--	--	333,888	--	333,888	--
Total Noncurrent Liabilities	339,375,659	258,899,563	327,661,091	5,431,492	60,926,815	992,294,620	10,812,986
Total Liabilities	370,894,137	280,425,661	356,637,027	7,071,727	71,524,317	1,086,552,869	55,957,570
Deferred Inflows of Resources							
Pension Related Activities	1,589,523	1,055,913	1,261,923	386,090	172,896	4,466,345	496,940
Rate Stabilization	--	--	6,500,000	3,500,000	--	10,000,000	--
Total Deferred Inflows of Resources	1,589,523	1,055,913	7,761,923	3,886,090	172,896	14,466,345	496,940
Net Position							
Net Investment in Capital Assets	130,859,790	177,050,046	198,124,481	22,504,085	(8,179,994)	520,358,408	37,782,274
Restricted - Debt Service	8,654,793	6,728,439	10,218,788	--	--	25,602,020	--
Unrestricted	3,362,606	66,434,888	81,846,027	3,014,252	3,506,571	158,164,344	(2,108,574)
Total Net Position	\$ 142,877,189	\$ 250,213,373	\$ 290,189,296	\$ 25,518,337	\$ (4,673,423)	\$ 704,124,772	\$ 35,673,700

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, 2017

EXHIBIT E-2

	Total Enterprise Funds	Internal Service Funds Stores and Transportation Division	Business-type Activities Statement of Net Position
Assets			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 195,925,868	\$ 11,006	\$ 195,936,874
Accounts Receivables (Net of Allowance for Doubtful Accounts)	47,215,673	--	47,215,673
Due from Other Funds (Note 4)	434,397	--	434,397
Due From Other Government (Note 5)	5,352,838	--	5,352,838
Inventories of Materials and Supplies	6,629,325	4,349,715	10,979,040
Prepaid Expenses and Other Current Assets	6,417,386	98,874	6,516,260
Total Current Assets	<u>261,975,487</u>	<u>4,459,595</u>	<u>266,435,082</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	183,316,212	--	183,316,212
Capital Assets (Note 6):			
Land	29,237,883	1,686,532	30,924,415
Buildings and Structures	1,672,543,820	3,516,513	1,676,060,333
Equipment	338,372,089	31,693,578	370,065,667
Construction in Progress	74,345,338	--	74,345,338
Less Accumulated Depreciation	<u>(791,914,087)</u>	<u>(34,149,872)</u>	<u>(826,063,959)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>1,322,585,043</u>	<u>2,746,751</u>	<u>1,325,331,794</u>
Total Noncurrent Assets	<u>1,505,901,255</u>	<u>2,746,751</u>	<u>1,508,648,006</u>
Total Assets	<u>1,767,876,742</u>	<u>7,206,346</u>	<u>1,775,083,088</u>
Deferred Outflows of Resources			
Losses on Refunding of Debt	23,406,038	--	23,406,038
Pension Related Activities	<u>13,861,206</u>	<u>126,986</u>	<u>13,988,192</u>
Total Deferred Outflows of Resources	<u>37,267,244</u>	<u>126,986</u>	<u>37,394,230</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	28,460,390	521,571	28,981,961
Accrued Liabilities	272,592	--	272,592
Advance Sales	1,282,510	--	1,282,510
Due To Other Funds (Note 4)	1,339,367	434,396	1,773,763
Accrued Interest on Bonds Payable	17,614,507	--	17,614,507
General Obligation Bonds and Notes Payable (Note 7)	26,097,704	--	26,097,704
Revenue Bonds Payable (Note 7)	17,333,201	--	17,333,201
Compensated Absences (Note 7)	1,857,978	19,417	1,877,395
Total Current Liabilities	<u>94,258,249</u>	<u>975,384</u>	<u>95,233,633</u>
Noncurrent Liabilities:			
Customers' Deposits	8,505,556	--	8,505,556
General Obligation Bonds and Notes Payable (Note 7)	104,357,115	--	104,357,115
Revenue Bonds Payable (Note 7)	831,225,424	--	831,225,424
Compensated Absences (Note 7)	579,609	5,083	584,692
Net Other Postemployment Benefit Obligations (Note 12)	4,107,131	38,971	4,146,102
Net Pension Liability	43,185,897	392,443	43,578,340
Other Liabilities	333,888	--	333,888
Total Noncurrent Liabilities	<u>992,294,620</u>	<u>436,497</u>	<u>992,731,117</u>
Total Liabilities	<u>1,086,552,869</u>	<u>1,411,881</u>	<u>1,087,964,750</u>
Deferred Inflows of Resources			
Pension Related Activities	4,466,345	42,379	4,508,724
Rate Stabilization	<u>10,000,000</u>	<u>--</u>	<u>10,000,000</u>
Total Deferred Inflows of Resources	<u>14,466,345</u>	<u>42,379</u>	<u>14,508,724</u>
Net Position:			
Net Investment in Capital Assets	520,358,408	2,746,751	523,105,159
Restricted - Debt Service	25,602,020	--	25,602,020
Unrestricted	158,164,344	3,132,321	161,296,665
Total Net Position	<u>\$ 704,124,772</u>	<u>\$ 5,879,072</u>	<u>\$ 710,003,844</u>

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT E-3

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Operating Revenues							
Charges for Goods and Services	\$ 135,236,519	\$ 67,872,630	\$ 83,251,003	\$ 11,208,255	\$ 21,387,832	\$ 318,956,239	\$ 78,430,167
Operating Expenses							
Purchased Gas	61,835,258	--	--	--	--	61,835,258	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	10,844,852
Salaries and Wages & Benefits	17,202,761	12,767,297	14,146,114	4,289,196	1,804,005	50,209,373	3,689,660
Data Processing	--	--	--	--	--	--	11,718
Materials and Supplies	1,581,056	1,448,343	1,232,447	198,680	410,485	4,871,011	379,597
Rents and Utilities	326,576	4,073,228	3,852,607	48,710	990,244	9,291,365	3,423,081
Maintenance and Repairs	8,866,738	5,637,915	4,968,912	2,325,797	5,313,966	27,113,328	1,508,741
Depreciation and Amortization	20,497,483	15,428,296	22,494,549	719,810	1,830,676	60,970,814	7,026,788
Claims and Settlements	--	--	--	--	--	--	40,628,881
Uncollectible Expense	981,263	515,981	545,354	321,248	--	2,363,846	--
Miscellaneous Operating Expenses	12,383,079	14,605,869	20,360,351	98,939	2,000,182	49,448,420	5,227,929
Total Operating Expenses	123,674,214	54,476,929	67,600,334	8,002,380	12,349,558	266,103,415	72,741,247
Operating Income (Loss)	11,562,305	13,395,701	15,650,669	3,205,875	9,038,274	52,852,824	5,688,920
Non-Operating Revenues (Expenses)							
Intergovernmental Grants and Contributions	332,481	12,565,749	4,334,199	632,505	856,770	18,721,704	73,923
Interest on Long-Term Debt	(10,038,104)	(7,632,492)	(8,526,008)	--	(2,798,944)	(28,995,548)	(229,248)
Interest Income	685,107	470,788	758,351	23,726	--	1,937,972	--
Interest Expense	(40,731)	(11,343)	--	--	--	(52,074)	--
Miscellaneous Revenues (Expenses)	27,779	595,588	345,843	(54)	--	969,156	41,159
Total Non-Operating Revenues (Expenses), Net	(9,033,468)	5,988,290	(3,087,615)	656,177	(1,942,174)	(7,418,790)	(114,166)
Net Income Before Transfers	2,528,837	19,383,991	12,563,054	3,862,052	7,096,100	45,434,034	5,574,754
Transfers In-Other Funds	--	--	--	--	1,869,732	1,869,732	--
Transfers Out-Other Funds	(2,804,512)	(1,351,739)	(1,905,313)	--	(500,000)	(6,561,564)	(8,998)
Change In Net Position	(275,675)	18,032,252	10,657,741	3,862,052	8,465,832	40,742,202	5,565,756
Net Position - Beginning of Year	143,152,864	232,181,121	279,531,555	21,656,285	(13,139,255)	663,382,570	30,107,944
Net Position - End of Year	\$ 142,877,189	\$ 250,213,373	\$ 290,189,296	\$ 25,518,337	\$ (4,673,423)	\$ 704,124,772	\$ 35,673,700

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



CITY OF RICHMOND, VIRGINIA
**RECONCILIATION OF THE ENTERPRISE FUNDS' STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2017

EXHIBIT E-4

	Enterprise Funds				
	Gas	Water	Wastewater	Stormwater	Total*
Operating Revenues					
Charges for Goods and Services	\$ 135,236,519	\$ 67,872,630	\$ 83,251,003	\$ 11,208,255	\$ 297,568,407
Internal Service Fund Allocation -					
Stores and Transportation Division	454,540	308,916	994	382	764,833
Charges for Services - Statement of Activities	135,691,059	68,181,546	83,251,997	11,208,637	298,333,240
Operating Expenses					
Purchased Gas	61,835,258	--	--	--	61,835,258
Salaries, Wages, and Benefits	17,202,761	12,767,297	14,146,114	4,289,196	48,405,368
Materials and Supplies	1,581,056	1,448,343	1,232,447	198,680	4,460,526
Rents and Utilities	326,576	4,073,228	3,852,607	48,710	8,301,121
Maintenance and Repairs	8,866,738	5,637,915	4,968,912	2,325,797	21,799,362
Depreciation and Amortization	20,497,483	15,428,296	22,494,549	719,810	59,140,138
Uncollectible Expense	981,263	515,981	545,354	321,248	2,363,846
Miscellaneous Operating Expenses	12,383,079	14,605,869	20,360,351	98,939	47,448,238
Total Operating Expenses	123,674,214	54,476,929	67,600,334	8,002,380	253,753,857
Non-Operating Expenses					
Interest and Fiscal Charges	10,078,835	7,643,835	8,526,008	--	26,248,678
Total Expenses	133,753,049	62,120,764	76,126,342	8,002,380	280,002,535
Internal Service Fund Allocation -					
Stores and Transportation Division	525,671	357,258	1,150	442	884,521
Transfers to Governmental Activities -					
Payments In Lieu of Taxes	(6,962,599)	(9,075,228)	(10,951,659)	--	(26,989,486)
Program Expenses - Statement of Activities	\$ 127,316,121	\$ 53,402,794	\$ 65,175,833	\$ 8,002,822	\$ 253,897,570

* The Total column does not include the Coliseum and Cemeteries funds.
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.

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



CITY OF RICHMOND, VIRGINIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT E-5

	Enterprise Funds						Internal
	Gas	Water	Wastewater	Stormwater	Other	Total	Service Funds
Cash Flows From Operating Activities							
Receipts from Customers	\$ 132,566,895	\$ 65,207,064	\$ 81,545,995	\$ 10,726,316	\$ 21,160,240	\$ 311,206,510	\$ 73,193,920
Payments to Suppliers	(81,513,787)	(18,238,879)	(20,709,393)	(2,054,961)	(9,597,319)	(132,114,339)	(65,370,375)
Payments to Employees	(16,625,263)	(12,302,077)	(13,626,627)	(4,193,031)	(1,731,625)	(48,478,623)	(3,598,809)
Payments to Other Funds	(6,758,063)	(9,078,510)	(11,027,664)	--	--	(26,864,237)	--
Receipts from Other Funds	--	--	--	--	--	--	6,212,271
Other Receipts or (Payments)	101,466	804,808	345,844	(54)	458,804	1,710,868	32,159
Net Cash Provided By Operating Activities	27,771,248	26,392,406	36,528,155	4,478,270	10,290,100	105,460,179	10,469,166
Cash Flows From Noncapital Financing Activities							
Government Subsidies	332,481	13,909,315	4,334,199	604,457	2,226,502	21,406,954	73,923
Transfers In - Other Funds	--	--	--	--	--	--	--
Transfers Out - Other Funds	(2,804,512)	(1,351,739)	(1,905,313)	--	--	(6,061,564)	--
Due From Other Funds	(189,589)	(148,487)	(565)	(217)	--	(338,858)	541,477
Due to Other Funds	--	--	--	--	--	--	3,428,244
Net Cash Provided By (Used In) Noncapital Financing Activities	(2,661,620)	12,409,089	2,428,321	604,240	2,226,502	15,006,532	4,043,644
Cash Flows From Capital and Related Financing Activities							
Acquisition of Capital Assets	(30,898,655)	(24,962,999)	(32,935,727)	(3,243,059)	(138,339)	(92,178,779)	(7,218,596)
Proceeds from Bond Sale	62,793,900	42,562,320	52,790,234	670,031	--	158,816,485	--
Repayments of Revenue Bonds, General Obligation Bonds and Capital Leases	(25,379,757)	(21,815,666)	(25,771,832)	(11,250)	(5,039,003)	(78,017,508)	(1,783,362)
Repayments of Notes Payables	--	--	--	--	--	--	(625,000)
Interest Paid on Long-Term Debt	(10,602,334)	(8,706,792)	(9,540,537)	--	(2,853,946)	(31,703,609)	(253,202)
Net Cash Used In Capital and Related Financing Activities	(4,086,846)	(12,923,137)	(15,457,862)	(2,584,278)	(8,031,288)	(43,083,411)	(9,880,160)
Cash Flows From Investing Activities							
Interest Earned on Operating Funds	685,106	470,789	758,350	23,726	--	1,937,971	--
Interest Paid on Customers' Deposits	(40,731)	(11,343)	--	--	--	(52,074)	--
Net Cash Provided By Investing Activities	644,375	459,446	758,350	23,726	--	1,885,897	--
Net Increase (Decrease) in Cash and Cash Equivalents	21,667,157	26,337,804	24,256,964	2,521,958	4,485,314	79,269,197	4,632,650
Cash and Cash Equivalents at July 1, 2016	54,939,087	93,342,397	142,583,852	5,255,819	3,851,728	299,972,883	19,885,263
Cash and Cash Equivalents at June 30, 2017	\$ 76,606,244	\$ 119,680,201	\$ 166,840,816	\$ 7,777,777	\$ 8,337,042	\$ 379,242,080	\$ 24,517,913
Reconciliation of Operating Income To Net Cash Provided By Operating Activities							
Operating Income	\$ 11,562,305	\$ 13,395,701	\$ 15,650,669	\$ 3,205,875	\$ 9,038,274	\$ 52,852,824	\$ 5,688,920
Adjustment to Reconcile Operating Income to Net Cash Provided By Operating Activities:							
Pension & OPEB Expense	553,542	465,620	519,919	120,808	67,782	1,727,671	196,088
Depreciation	20,497,483	15,428,296	22,494,549	719,810	1,807,379	60,947,517	6,504,643
Miscellaneous Revenues (Expenses)	27,779	595,588	345,843	(54)	--	969,156	32,161
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	(1,688,362)	(2,149,585)	(1,159,654)	(160,691)	(1,023,094)	(6,181,386)	(5,276,866)
Due from General Fund	--	--	--	--	--	--	7,335,326
Due From Component Unit	--	--	--	--	--	--	41,015
Inventories of Material and Supplies	(372,042)	--	--	--	--	(372,042)	115,628
Prepaid Expenses	(63,324)	(25,538)	(25,767)	--	(28,299)	(142,928)	14,565
Accounts Payable	(2,873,243)	(1,610,058)	(1,399,268)	283,277	(830,844)	(6,430,136)	(4,244,586)
Accrued Liabilities	49,313	83,561	102,296	--	--	235,170	59,082
Due from Other Funds	--	--	--	--	205,276	205,276	--
Due to Other Funds	--	--	--	--	1,049,028	1,049,028	--
Customers' Deposits	73,685	209,221	--	--	--	282,906	--
Compensated Absences	23,956	(400)	(432)	(24,643)	4,598	3,079	3,190
Outstanding Liabilities and Claims	(19,844)	--	--	333,888	--	314,044	--
Total Adjustments	16,208,943	12,996,705	20,877,486	1,272,395	1,251,826	52,607,355	4,780,246
Net Cash Provided By Operating Activities	\$ 27,771,248	\$ 26,392,406	\$ 36,528,155	\$ 4,478,270	\$ 10,290,100	\$ 105,460,179	\$ 10,469,166

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

Depreciation Expense Includes Repairs and Maintenance Expense for Fleet Charges incurred by Non-Major Enterprise and Internal Service Funds



CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

EXHIBIT F-1

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments	\$ 8,366,630	\$ 3,165,555
Receivables:		
Due from Other Funds	--	--
Due from Brokers on Sale of Securities	3,312,163	--
Interest and Dividends	228,223	--
Contributions from Participating Employees	993,374	--
Other Accounts Receivable	3,058,512	--
Investments, at Fair Value		
Corporate Bonds	29,173,877	--
Common Stock	146,149,662	--
International Stocks	99,593,267	--
International Bonds	95,890,621	--
Real Estate Investment Trusts	34,161,445	--
Emerging Market Debt	--	--
Hedge Funds	68,926,564	--
Private Debt	138,508,184	--
Private Equity	17,681,710	--
Opportunistic Fixed Income	29,346,429	--
Total Investments, at Fair Value	659,431,759	--
Cash Collateral Received - Security Lending Program	3,117,095	--
Assets	678,507,756	3,165,555
Capital Assets:		
Furniture Fixtures and Equipment	203,543	--
Leasehold Improvement	277,109	--
Total Capital Assets	480,652	--
Total Assets	678,988,408	3,165,555
Liabilities:		
Accounts Payable	20,389,759	--
Refundable Deposits	--	979,672
Payable for Collateral Received - Security Lending Program	3,126,358	--
Due to Other Funds	--	40,198
Due to Various Agents	--	2,145,685
Total Liabilities	23,516,117	\$ 3,165,555
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 655,472,291	

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2017

EXHIBIT F-2

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 41,773,649
Richmond Behavioral Health Authority	1,077,226
Richmond Public Schools	60,201
Plan Members	<u>12,435,748</u>
Total Contributions	<u>55,346,824</u>
Investment Income:	
Net Depreciation in Fair Value of Investments	70,776,843
Interest	1,681,783
Dividends	<u>2,066,020</u>
Net Increase in the Fair Value of Investments	<u>74,524,646</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	135,706
Securities Lending Expense	<u>(51,670)</u>
Total Net Income Earned On Securities Lending Transactions	<u>84,036</u>
Investment Income	74,608,682
Less: Investment Expense	<u>(1,981,157)</u>
Net Investment Loss	<u>72,627,525</u>
Total Additions, net	<u>127,974,349</u>
Deductions:	
Benefits	(78,063,920)
Refunds of Member Contributions	(116,517)
Administrative Expenses	(1,138,471)
Depreciation Expense	(60,082)
Other	<u>(25,790)</u>
Total Deductions	<u>(79,404,780)</u>
Net Increase	48,569,569
Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>606,902,722</u>
Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 655,472,291</u>

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2017

EXHIBIT G-1

	School Board	Richmond Economic Development Authority	Richmond Ambulance Authority	Richmond Redevelopment and Housing Authority	Total
Assets					
Cash and Cash Equivalents	\$ 20,667,217	\$ 5,621,406	\$ 2,342,828	\$ 25,932,048	\$ 54,563,499
Due From Primary Government	63,598,980	--	--	--	63,598,980
Due From Other Governments	7,874,301	--	--	--	7,874,301
Accounts Receivable	737,081	420,120	1,964,193	--	3,121,394
Inventories of Materials and Supplies	387,370	--	256,779	--	644,149
Prepaid Expenses and Other Current Assets	95,736	21,088	373,526	--	490,350
Investments	1,439,929	--	3,250,000	--	4,689,929
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	21,507,712	21,507,712
Capital Assets:					
Land	--	1,612,388	--	6,988,696	8,601,084
Buildings and Structures	--	29,835,469	2,239,596	148,972,160	181,047,225
Other Non Current Assets	--	21,839,837	--	--	21,839,837
Equipment	44,008,281	22,100	10,944,565	10,836,028	65,810,974
Less: Accumulated Depreciation	(26,387,162)	(16,761,206)	(8,822,375)	(98,574,839)	(150,545,582)
Construction in Progress	--	--	--	3,867,909	3,867,909
Total Capital Assets	17,621,119	36,548,588	4,361,786	72,089,954	130,621,447
Total Assets	112,421,733	42,611,202	12,549,112	119,529,714	287,111,761
Deferred Outflows of Resources					
Deferred Pension Investment Experience	17,773,125	--	--	1,108,471	18,881,596
Deferred Pension Proportionate Share	8,992,006	--	--	--	8,992,006
Deferred Pension Contributions	23,255,584	--	--	1,177,631	24,433,215
Total Deferred Outflows of Resources	50,020,715	--	--	2,286,102	52,306,817
Liabilities					
Accounts Payable	6,346,393	847,675	616,388	1,397,597	9,208,053
Accrued Liabilities	40,829,657	73,261	393,757	2,024,343	43,321,018
Due To Primary Government	--	--	--	--	--
Due To Other Governments	7,718,442	--	--	1,283,080	9,001,522
Unearned Revenues	2,978,224	--	--	545,637	3,523,861
Liabilities to be Paid From Restricted Assets:					
Customers' Deposits	--	189,241	--	633,287	822,528
Bonds, Notes Payable and Capital Leases	--	610,000	6,590	328,610	945,200
Compensated Absences	3,575,659	--	--	673,780	4,249,439
Non-Current Liabilities:					
Bonds, Notes Payable and Capital Leases	--	31,087,422	18,234	765,000	31,870,656
Due To Primary Government	--	--	--	--	--
Compensated Absences	--	--	--	--	--
Worker's Compensation	--	--	--	--	--
Deferred Revenue	--	1,552,506	--	--	1,552,506
Other Noncurrent Liabilities	351,814,284	--	--	8,240,272	360,054,556
Other Postemployment Benefits	--	--	--	9,800,916	9,800,916
Net Pension Liability	--	--	--	--	--
Total Liabilities	413,262,659	34,360,105	1,034,969	25,692,522	474,350,255
Deferred Inflow of Resources					
Pension-Investments-Experiences	9,749,334	--	--	2,714,962	12,464,296
Pension-Proportionate Change in Employer Share	--	--	--	--	--
Pension-Deferred pension proportionate share	7,241,000	--	--	253,192	7,494,192
Other Pension Deferrals	--	--	--	--	--
Membership Fees Received in Advance	--	--	14,429	--	14,429
Total Deferred Inflows of Resources	16,990,334	--	14,429	2,968,154	19,972,917
Net Position					
Net Investment in Capital Assets	8,506,298	14,708,419	4,336,962	72,089,954	99,641,633
Restricted for:					
Capital Projects	5,040,229	243,164	--	5,045,754	10,329,147
Permanent Funds:					
Expendable	961,892	--	--	--	961,892
Nonexpendable	214,059	--	--	--	214,059
Unrestricted	(282,533,023)	(6,700,486)	7,162,752	16,019,432	(266,051,325)
Total Net Position	\$ (267,810,545)	\$ 8,251,097	\$ 11,499,714	\$ 93,155,140	\$ (154,904,594)

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, 2017

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 360,639,019	\$ 2,479,069	\$ 122,267,343	\$ 9,000,000
Richmond Economic Development Authority	1,937,059	308,852	1,295,076	--
Richmond Ambulance Authority	19,370,933	15,161,511	--	--
Richmond Redevelopment and Housing Authority	66,398,233	10,770,899	49,157,023	5,700,260
Total Component Units	<u>\$ 448,345,244</u>	<u>\$ 28,720,331</u>	<u>\$ 172,719,442</u>	<u>\$ 14,700,260</u>

General Revenues:

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

Changes in Net Position

Net Position - Beginning of Year
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 Redevelopment and Housing Authority	Total
\$ (226,892,607)	\$ --	\$ --	\$ --	\$ (226,892,607)
--	(333,131)	--	--	(333,131)
--	--	(4,209,422)	--	(4,209,422)
--	--	--	(770,051)	(770,051)
<u>(226,892,607)</u>	<u>(333,131)</u>	<u>(4,209,422)</u>	<u>(770,051)</u>	<u>(232,205,211)</u>
151,521,909	2,130,000	4,155,500	--	157,807,409
78,423,498	(2,188,920)	133,233	--	76,367,811
26,487	514,146	31,453	(20,976)	551,110
--	343,352	--	(7,448,583)	(7,105,231)
455,584	--	83,768	6,101,104	6,640,456
<u>230,427,478</u>	<u>798,578</u>	<u>4,403,954</u>	<u>(1,368,455)</u>	<u>234,261,555</u>
3,534,871	465,447	194,532	(2,138,506)	2,056,344
<u>(271,345,416)</u>	<u>7,785,650</u>	<u>11,305,182</u>	<u>95,293,646</u>	<u>(156,960,938)</u>
<u>\$ (267,810,545)</u>	<u>\$ 8,251,097</u>	<u>\$ 11,499,714</u>	<u>\$ 93,155,140</u>	<u>\$ (154,904,594)</u>



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CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017



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 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 generally accepted accounting principles in the United States of America (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 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 (RRS)

The purpose of the RRS is to manage retirement plans for the City. RRS is fiscally dependent upon the City and provides services primarily to the City's employees. RRS 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 RRS 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.

Discretely Presented Component Units:

The Component Unit column in the government-wide financial statements comprises 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.



CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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. The City annually provides significant operating subsidies to the EDA, thus, a financial burden/benefit relationship exists between the entities. 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, thus, 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 23219. Note: The discretely presented component unit's financial statements were unaudited or unavailable at the issuance date of the City's CAFR. Note: The discretely presented component unit's financial statements were unaudited or unavailable at the issuance date of the City's CAFR, therefore omitted from the financial statements. Management has determined these financial statements to be immaterial to the City's financial position at June 30, 2017.

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, 2016 year-end Audited Financial Statements are included in 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. Note: The discretely presented component unit's financial statements were unaudited or unavailable at the issuance date of the City's CAFR.

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.

Joint Ventures:

Greater Richmond Transit Company (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, 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

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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 percent 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 \$13,045,157 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2017. The City also expended \$188,868 to operate reduced fare services for the elderly and disabled, and expended \$555,157 for local match funds needed to secure 80 percent of 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.

The Peumansend Creek Regional Jail Authority (Authority)

The Peumansend Creek Regional Jail Authority (the Authority) was created in fiscal year 1994 to construct and operate a 336 prisoner regional correctional facility. Consequently, the Authority is a joint venture of the City, along with five other local political jurisdictions in Virginia. The formation of the Authority was enabled by Public Law 102-25 and 102-484 that conveyed 150 acres at Fort A.P. Hill. The land for this facility was donated by the United States Government to Caroline County on the condition that Caroline County and at least 3 other jurisdictions named in the legislation construct and operate a regional correctional facility on the site. The Authority is comprised of the CAO of the City, and the County Manager or Chief Executive of the six-member jurisdictions. The Authority employs a Superintendent who is responsible for the operation of the Jail. 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 and the other participating jurisdictions have no explicit, measurable equity interest in the Authority; however, each jurisdiction does have an ongoing financial responsibility for its share of the Authorities operating cost. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2017, the City contributed \$1,265,391 for its share of costs.

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 appointed by the City, County of Henrico and County of Chesterfield and two members appointed by the County of Hanover. 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, 2017.

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, 2017 were \$2,255,072.

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 has one member on the board that is an elected official and one alternate member. The City contributed \$385,000 for the year ended June 30, 2017.



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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 \$1,465,000 to the Richmond Region Tourism for the year ended June 30, 2017.

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 \$128,190 for the year ended June 30, 2017.

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 Counties of Chesterfield, Hanover and Henrico. The City contributed \$8,037,052 in transient occupancy tax revenue for the year ending June 30, 2017.

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), 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 are presented on an aggregated basis by column and are reflected on a full accrual, economic resource measurement focus 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 and restrictions, or limitations. GAAP sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 measurement focus 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

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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, deferred outflows of resources, liabilities, deferred inflows of resources, 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. 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.). See Exhibits E-2 and E-4 for specific allocation of the Stores and Transportation Division Internal Service Fund results to the business-type activities.

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 the accumulation of resources for and the payment of principal and interest and fiscal charges not being financed by proprietary funds or financial resources that are restricted, committed, or assigned to expenditures 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.
- *Capital Projects Fund (Major Fund)* – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned 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 source of funding is 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, committed, or assigned 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 seven Enterprise Funds consisting of the gas, water, wastewater operations and stormwater operations (all of which are considered major funds), Cemeteries, Richmond Coliseum (Coliseum) and Parking Enterprise (which are combined into a single, aggregated presentation as non-major proprietary funds). A description of the major enterprise 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.



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- *Water* – The Water Utility provides retail water service to the City and surrounding counties. Operation of the Water Utility is designed to be self-supporting through user charges.
- *Wastewater* – The Wastewater Utility provides wastewater service to the City and portions of the surrounding counties. Operation of the Wastewater Utility is designed to be self-supporting through user charges.
- *Stormwater Utility* – The Storm-water Utility provides storm-water service to the City. Operation of the Storm-water 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 six internal service funds consisting of Fleet Management, Radio Management, Health Self-Insurance, Advantage Richmond Corporation, Electric Utility, and 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.

- *Pension Trust Funds* – For accounting measurement purposes, the Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. The Trust Funds consist of the City's Retirement Plan and 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 assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 the Governmental Funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in fund balances.

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 and claims.

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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 deferred outflows of resources and liabilities and deferred inflows of resources 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. Non-exchange 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 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 are reported at fair value, which is based on quotations obtained from readily available sources.

F. Allowances for Doubtful Accounts

The City calculates its allowances for doubtful accounts using historical collection data, specific account analysis, and management's judgment.

Allowances for doubtful accounts at June 30, 2017 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$ 19,377,388
Enterprise Funds:	
Utilities:	
Gas	911,617
Water	762,267
Wastewater	593,606
Stormwater	4,267,417
Electric-Non Major Internal Service Fund	4,979
Total Enterprise Funds	<u>6,539,886</u>
Total Allowances for Doubtful Accounts	<u>\$ 25,917,274</u>

G. Inventories

Inventories on hand at June 30, 2017 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.



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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 two 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, park land, 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 values 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.

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
Cemeteries	2 to 20 years

Enterprise Funds:

Buildings and structures	20 to 60 years
Equipment 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 2017, interest costs of approximately \$26,196,600 were incurred, with approximately \$1,214,774 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. Sworn officers 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
Sworn 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 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

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government-wide financial statements. The amount of vacation recognized as expense is the amount earned during the year. Compensated absences are reported in the Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

K. 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. The City is self-insured with respect to payments for health care and is reported in the Health Self-Insurance Internal Service Fund (ISF).

L. Deferred Outflows and Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources related to pensions and the unamortized losses on refunding of debt, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenues) until that time. The City has deferred inflows of resources related to unavailable revenues, pensions, prepaid taxes, and others reported under the modified accrual basis of accounting in the governmental funds' Balance Sheet. The governmental funds report unavailable revenues from property taxes, from federal and state governments, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available or earned.

For the RRS Pension Plan, the City had deferred inflows of \$31.2 million comprised primarily of 1) difference between expected and actual investment earnings \$15.7 million and 2) change in assumptions \$11.7 million, 3) difference between expected and actual experience \$3.6 million. Deferred outflows of \$91.6 million was comprised primarily of 1) difference between expected and actual experience of \$1.7 million, 2) the difference between actual and expected investment earnings of \$46.2 million, 3) employer contributions subsequent to the measurement date of \$43.4 million.

For the Virginia Retirement System, deferred outflows consisted of total employer contributions made after the measurement date of \$4.5 million and the difference between expected and actual experience of \$.046 million. The difference between projected and actual earnings on plan investments created a deferred inflow of \$2.7 million. For VRS deferred inflows were made up of \$.496 million the difference between expected and actual experience.

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



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can they be used for any other purpose unless the government takes the same level of action (adoption of another ordinance) to remove or change the constraint.

City 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 to 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. To state, "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 be put in place, within 60 days, 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 seven percent to ten percent of budgeted General Fund expenditures.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is comprised of three components:

Net Investment in Capital Assets – Net investment in capital assets consists of the historical cost of capital assets net of any accumulated depreciation and outstanding debt which was used to finance those assets.

Restricted – Restricted net position consists of assets where limitations are imposed on their use through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or the laws and regulations of other governments.

Unrestricted – Unrestricted net position is net position not reported as net investment in capital assets or restricted assets.

P. 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 inter-fund 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 inter-fund receivables and payables are

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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.

Q. Advances to Other Funds

Movement of money representing a loan extending beyond one year are recorded as advances to other funds.

R. 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 reasonable rates of return. For the year ended June 30, 2017, Wastewater Utility and Storm-water Utility have approximately \$6.5 million and \$3.5 million, respectively, for rate stabilization funds.

The Wastewater Utility and Storm-water Utility expect to utilize these funds over the next five years to mitigate a portion of the expenses that will be required to meet total maximum daily load requirements as imposed by the United States Environmental Protection Agency and the Virginia Department of Environmental Quality.

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 City 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 a liability related to amounts received but not yet earned or an asset for which an enforceable lien is in place but the tax has not been received. At the government-wide level, unearned revenue is primarily comprised of 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 with an enforceable lien but not available, prepaid taxes and money received from federal and/or state grants in advance of services to be provided.

W. Adoption of New Accounting Pronouncements

During the year ended June 30, 2017, the City adopted the provisions of:

In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and amendments to certain provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has not completed an evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City of Richmond adopted this Statement for fiscal year ending June 30, 2017.



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Issued In June 2015, GASB Statement No. 74, Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans seeks to improve the usefulness of information about other postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The City reviewed this statement and its impact on its OPEB reporting and found that it is not affected by GASB 74 since there are no assets in a dedicated trust.

In August 2015, GASB issued Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter into tax abatement agreements to disclose the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. Governments are required to disclose commitments, other than tax abatements, as part of a tax abatement agreement. The City has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The City implemented this Statement for fiscal year ending June 30, 2017. This is not considered material so it is not included in the Financial Statements.

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans was issued in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The City acknowledges the requirement that this statement be adopted but found that as a single employer defined benefit plan, the City is not affected by Statement No 78.

In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

X. Future Accounting Pronouncements

In June 2017, GASB issued statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement in 2021.

In May 2017 GASB issued Statement No 86 Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City is reviewing the impact of this statement on its debt and will implement the statement in 2018.

In March 2017 GASB issued Statement No. 85 Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City is currently conducting a review of the impact of this on it financials and will implement it in fiscal year 2018.

Issued in January 2017, Statement No. 84 Fiduciary Activities seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The city will review the impact of this statement and implement it in fiscal year 2020.

Issued in June 2015, GASB Statement No. 75, Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions, primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. It applies to employer that sponsor OPEB plans and is effective for employers beginning after June 15, 2017.

In November 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The city will review the impact of this statement and implement it in fiscal year 2019.

In March 2016 Statement No 82, Pension Issues—An Amendment Of GASB Statements No. 67, No. 68, And No. 73 was issued by GASB. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City will implement this after June 2017.

Statement No. 81, Irrevocable Split-Interest Agreements was issued in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

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 5th, 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 2017, the interest rate for unpaid taxes was 5% through 12/31/16 and 10% beginning 1/1/17.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2017 are intended to finance operations of the fiscal year ended June 30, 2017. The real estate taxes assessed and due on January 14, 2017 and June 14, 2017 are intended to finance operations of the fiscal year ended June 30, 2017.



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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents – Primary Government

At June 30, 2017, cash on hand, cash items and petty cash totaled approximately \$47,361 and the carrying value of the City's demand deposits, savings accounts, and time certificates of deposit with institutions totaled \$76,663,014 and is included in cash and cash equivalents. The City's deposits of \$76,663,014 were covered by federal depository insurance or 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 percent of excess deposits, while savings and loans are required to collateralize 100 percent of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted are related to grantor or debtor requirements.

B. 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, 2017, 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 percent 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 percent 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 percent of deposits in excess of the FDIC limits and are considered insured. At June 30, 2017, 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, 2017, 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, 2017, the City does not have concentration of credit risk, as no investments were with any one issuer representing more than five percent of total investments.

A summary of deposits and investments held by the Primary Government at June 30, 2017 is as follows:

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Deposits	
Cash on hand	\$ 47,361
Demand deposits	86,268,652
Investments	
LGIP	260,667,749
Trusts	6,509,903
Money markets	166,426,804
Total deposits and investments	<u>\$ 519,920,469</u>

Reconciliation of Cash Schedule to Statements of Net Position:

	Government-wide	Fiduciary Funds Statement of Net position			
	Statement of	Pension	Other		
	Net Position	Trust	Employee Benefits	Agency	Total
Cash and cash equivalents	\$ 328,863,526	\$ 8,366,630	\$ --	\$ 3,165,555	\$ 340,395,711
Investments	--	559,532,848	99,898,911	--	659,431,759
Restricted assets	191,056,943	--	--	--	191,056,943
Total	<u>\$ 519,920,469</u>	<u>\$ 567,899,478</u>	<u>\$ 99,898,911</u>	<u>\$ 3,165,555</u>	<u>\$ 1,190,884,413</u>

*Cash has been restricted to the extent of customers' deposits, unexpended bond proceeds or by grantor's requirements and cash set aside for future debt payments as required by debt covenants.



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The Richmond Retirement System (RRS) categorizes the fair value measurements of its assets within their fair value hierarchy established by generally accepted accounting principles outlined in GASB 72. The following table shows the Richmond Retirement System fair value measurements as of June 30, 2017.

Investments Measured at Fair Value

	Fair Value at June 30, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity Securities by Industry Class				
Information Technology	\$ 3,074,064	\$ 3,074,064	\$ -	\$ -
Consumer Spending	3,747,725	3,747,725	-	-
Financial	6,688,932	6,688,932	-	-
Energy & Industrial	3,764,343	3,764,343	-	-
Healthcare	3,318,400	3,318,400	-	-
Real Estate Investment Trusts	-	-	-	-
Other	3,507,467	3,507,467	-	-
Total Equity Securities	<u>24,100,931</u>	<u>24,100,931</u>	<u>-</u>	<u>-</u>
Fixed Income Securities by Industry Class				
Corporate Bonds	15,048,807	15,048,807.00	-	-
Mortgage Pass- Through	8,170,527	-	8,170,527	-
US Treasuries	5,023,735	5,023,735.00	-	-
Collateralized Mortgage Obligation	-	-	-	-
Other	930,808	-	930,808	-
Total Debt Securities	<u>29,173,877</u>	<u>20,072,542</u>	<u>9,101,335</u>	<u>-</u>
Total US Fixed Income				
Global Multi Sector Fixed Income Funds	6,240,392	2,551,170	3,689,222	-
US equity Funds	-	-	-	-
Hedge Fund of Funds	21,480,046	-	-	21,480,046
Private Debt	38,609,273	-	-	38,609,273
Private Equity	17,681,710	-	-	17,681,710
Opportunistic Fixed Income Funds	29,346,429	-	-	29,346,429
Private Real Estate Fund	8,362,704	5,677,714	-	2,684,990
Total Investments Measured at Net Asset Value (NAV)	<u>121,720,554</u>	<u>8,228,884</u>	<u>3,689,222</u>	<u>109,802,448</u>
Total Investments Measured at Fair Value	<u>\$ 174,995,362</u>	<u>\$ 52,402,357</u>	<u>\$ 12,790,557</u>	<u>\$ 109,802,448</u>

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
Global Multi-Sector Fixed Income Funds	\$ 89,650,229	\$ -	Daily	1- 10 days
US Equity Funds	122,048,731	-	Daily	3-5 days
Hedge Fund of Funds	47,446,518	-	Daily, Quarterly	1- 95 days
Developed International Equities Funds	99,593,267	-	Daily	1- 30 days
Private Real Estate Fund	25,798,741	5,315,287	Quarterly	45 days
Total Investments Measured at Net Asset Value (NAV)	<u>\$ 384,537,486</u>			
Total Investments at Fair Value	<u>\$ 559,532,848</u>			

Level 1 investments are valued at active market quoted prices.

Level 2 fixed income investments are valued using a pricing model that utilizes observed market inputs in determining the fair value as well as matrix yield curves.

Level 3 investments are valued by market assumptions that are based off of unobservable inputs.

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1. U.S. Equities — Shares held in common stock and mutual funds are classified in Level 1 of the fair value hierarchy and valued using price quotes on active markets for those securities. Units held in commingled funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers. The NAV practical expedient is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding.

2. International Equities — Include units in commingled funds that hold investments in securities of international issuers and emerging markets. Units held in these funds are valued using the NAV practical expedient as reported by the investment managers.

3. U.S. Fixed Income — Domestic fixed income securities include investments in corporate bonds, U.S. Treasury obligations, mortgage-backed securities issued by federal agencies and collateralized mortgage obligations, and mutual funds with underlying investments in fixed income securities. Investments in corporate bonds, mutual funds, and U.S. Treasury obligations are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities.

Investments in mortgage-backed securities and other fixed income investments are valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings and are classified in Level 2 of the fair value hierarchy.

4. Global Fixed Income — Global fixed income securities include mutual funds invested in fixed income securities of international issuers, mutual funds and commingled trusts invested in global fixed income securities. Investment managers have the ability to invest in a variety of industry spaces, such as government and corporate bonds, and across a multitude of countries, both developed and emerging markets. Investments in corporate bonds and mutual funds are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities. Units held in commingled funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers.

5. Real Estate Investment Trusts and Funds — This category includes investments in real estate investment trusts (REITs) and real estate funds that invest in residential, office, retail, and industrial real estate or debt related to real estate acquisitions. Investments in REITs are classified in Level 1 of the fair value hierarchy and valued using prices quoted on active markets for those securities. Units held in real estate funds are valued using the NAV practical expedient of the commingled fund as reported by the investment managers. Real estate funds that are not valued at NAV practical expedient include significant unobservable inputs and are classified in Level 3 of the fair value hierarchy.

6. Hedge Funds — This category consists of investments in hedge funds of funds. Investment managers in this category have the ability to invest in underlying managers that focus on a variety of different strategies such as long/short, event-driven, leveraging, and other derivative instruments. Units held in investments valued using the NAV practical expedient are excluded from the fair value hierarchy and reported at the NAV provided by the investment managers. Investments in limited partnerships that are not valued at NAV are classified in Level 3 of the fair value hierarchy.

7. Private Debt and Private Equity — Private debt include investments in limited partnerships and portfolios focused on direct, distressed or mezzanine lending as governed by their respective investment agreements. Private equity includes limited partnerships and portfolios focused on small buyouts, secondary acquisitions, distressed companies, or sector focused investments. Investments in private debt and private equity represent partnership interests and capital investments valued as limited partnership ownership interests valued based on investment statements and other information provided by each investment manager. Investments in private debt and private equity are classified in Level 3 of the fair value hierarchy.

The City of Richmond also has investments measured at fair value in its ICMA RC 457 Deferred Compensation Plan and they are categorized according to the fair value hierarchy established by GAAP outlined in GASB-72. The following table shows the fair value measurement as of June 30, 2017.



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ICMA-RC
Investments Measured at Fair Value
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<u>Investments Measured at Fair Value</u>	Fair Value	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stable Value Cash Management	31,323,499	31,323,499		
Bonds	1,521,865	1,521,865		
Guaranteed Lifetime Income	287,519	287,519		
Balance Asset Allocation	1,382,648	1,382,648		
US Stock	9,787,990	9,787,990		
Specialty	1,947,967	1,947,967		
International Global Stock	998,375	998,375		
VT Diversified International	728,676			
VT Harbor International	269,699			
Total Investments at Fair Value	<u>47,249,863</u>	<u>-</u>	<u>47,249,863</u>	

<u>Investments Measured at Net Asset Value (NAV)</u>		
Bonds	1,489,057	1,489,057
Balance Asset Allocation	19,086,444	19,086,444
US Stock	30,316,777	30,316,777
International Global Stock	1,756,765	1,756,765
Total Investments Measured at Net Asset Value	<u>52,649,043</u>	<u>52,649,043</u>
Total Investment at Fair Value	<u>99,898,906</u>	<u>99,898,906</u>

<u>Investments Measured at Net Asset Value (NAV)</u>	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
Bonds	1,489,057	-	Daily	1 day
Balance Asset Allocation	19,086,444	-	Daily	1 day
US Stock	30,316,777	-	Daily	1 day
International Global Stock	1,756,765	-	Daily	1 day
Total Investments Measured at Net Asset Value	<u>52,649,044</u>			

All VantageTrust Funds are Level 1 inputs, based on the following rationale:

- Unit prices of VantageTrust Funds are quoted on a daily basis, on days when the New York Stock Exchange is open for business.
- VantageTrust Funds are actively traded.
- Owners of units of VantageTrust Funds transact at 100 percent of the unit value.
- The asset owned of a VantageTrust Fund is a unit of the VantageTrust Fund, not the underlying assets of the VantageTrust Fund.

All mutual funds are VantageTrust Funds. The unit prices of VantageTrust Funds are quoted on a daily basis on days when the New York Stock Exchange is open. VantageTrust funds are actively traded and owners of units of Vantage Trust funds transact at 100 percent of the unit value. The asset owned of a Vantage Trust Fund is a unit of the Vantage Trust Fund, not the underlying asset of the VantageTrust Fund.

Level 3 investments measured at net asset value represent VT Vantage Point mutual funds which is closed as of June 30, 2017.

Participation in External Investment Pools

The City of Richmond has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt bond financings of Virginia cities, counties, and towns. As of June 30, 2017, the City had \$157,714,192 in the SNAP short term investment. SNAP is administered by the Commonwealth of Virginia Treasury Board. The Board is committed to

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managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- a) SNAP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- b) The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to the current market to monitor any variance.
- c) Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The City is a participant in the Local Government Investment Pool (LGIP) which is administered by the Commonwealth of Virginia Treasury Board. As of June 30, 2017, the City had \$260,667,749 in the LGIP short term investment. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- a) The LGIP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- b) The portfolio securities are valued using the amortized cost method, and on a weekly basis this valuation is compared to the current market to monitor any variance.
- c) Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

		Due From				
		Capital Projects	Non-Major Governmental	Non-Major Proprietary	Internal Service	Total
Due To	General	\$ 54,760,657	\$ 10,324,286	\$ 1,339,367	\$ 34,314,930	\$ 100,739,240
	Gas	--	--	--	257,574	257,574
	Water	--	--	--	175,453	175,453
	Wastewater	--	--	--	818	818
	Stormwater	--	--	--	552	552
	Total	\$ 54,760,657	\$ 10,324,286	\$ 1,339,367	\$ 34,749,327	\$ 101,173,637

The balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments among funds are made. The City reports interfund transfers among many of its funds. Interfund transfers for the year ended June 30, 2017 consisted of the following:

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.

The City report interfund transfers among many of its funds. Interfund transfers for the year ended June 30, 2017 consisted of the following:

		Transfer From						
		General Fund	Major Proprietary Funds			Internal Service	Non-Major Governmental	Non-Major Enterprise
			Gas	Water	Wastewater			
Transfer To	General	\$ --	\$ 2,804,512	\$ 1,351,739	\$ 1,905,313	\$ 8,998	\$ --	\$ 500,000
	Debt Service	61,094,503	--	--	--	--	--	--
	Non-Major Enterprise	409,449	--	--	--	--	1,460,283	--
	Non-Major Governmental	12,333,297	--	--	--	--	--	--
	Total	\$73,837,249	\$ 2,804,512	\$ 1,351,739	\$ 1,905,313	\$ 8,998	\$ 1,460,283	\$ 500,000
								\$ 81,868,094



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5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2017 are as follows:

Primary Government	Federal	State	Other Localities	Total
General Fund	\$ 2,672,712	\$ 31,685,543	\$ --	\$ 34,358,255
Capital Projects Fund	2,771,525	8,444,444	--	11,215,969
Non-major Governmental Funds	9,775,032	3,053,315	276,160	13,104,507
Water Fund	--	--	5,324,790	5,324,790
Storm Water Fund	--	28,048	--	28,048
	<u>\$ 15,219,269</u>	<u>\$ 43,211,350</u>	<u>\$ 5,600,950</u>	<u>\$ 64,031,569</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017



6. CAPITAL ASSETS

Primary Government – Governmental Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 96,634,552	\$ --	\$ --	\$ 96,634,552
Construction In Progress	113,627,874	39,540,633	3,113,443	150,055,064
Works of Art/Historical Treasures	6,991,036	542,966	--	7,534,002
Total Capital Assets				
Not Being Depreciated	217,253,462	40,083,599	3,113,443	254,223,618
Capital Assets Being Depreciated:				
Infrastructure	886,773,277	25,626,842	22,759,962	889,640,157
Building and Structures	807,023,395	57,999,752	5,456,114	859,567,033
Equipment	119,852,827	8,553,598	6,882,774	121,523,651
Improvements Other Than Buildings	18,746,904	2,653,890	--	21,400,794
Total Other Capital Assets	1,832,396,403	94,834,082	35,098,850	1,892,131,635
Less Accumulated Depreciation For:				
Infrastructure	549,447,887	22,512,661	986,221	570,974,327
Building and Structures	332,652,480	21,966,425	122,183	354,496,722
Equipment	100,938,226	6,118,593	6,284,635	100,772,184
Improvements Other Than Buildings	8,586,072	2,061,392	--	10,647,464
Total Accumulated Depreciation	991,624,665	52,659,071	7,393,039	1,036,890,697
Total Capital Assets Being Depreciated, Net	840,771,738	42,175,011	27,705,811	855,240,938
Governmental Activities, Capital Assets, Net	\$ 1,058,025,200	\$ 82,258,610	\$ 30,819,254	\$ 1,109,464,556

Depreciation expense was charged to functions as follows:

General Government	\$ 19,744,467
Public Safety and Judiciary	804,010
Highways, Streets, Sanitation and Refuse	26,625,366
Human Services	11,849
Non-Departmental	181,008
Culture and Recreation	1,560,725
Education	3,731,646
Subtotal	52,659,071
Allocation related to Internal Services Funds	6,913,563
Total	\$ 45,745,508



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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Gas Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 219,200	\$ --	\$ --	\$ 219,200
Construction in Progress	16,080,743	27,993,484	35,668,583	8,405,644
Capital Assets Being Depreciated -				
Plant-in-service	609,551,722	35,668,582	3,897,907	641,322,397
Total Capital Assets Being Depreciated	609,551,722	35,668,583	3,897,907	641,322,398
Less - Accumulated Depreciation For -				
Plant-in-service	228,855,305	20,497,483	3,878,860	245,473,928
Total Accumulated Depreciation	228,855,305	20,497,483	3,878,860	245,473,928
Total Capital Assets Being Depreciated, Net	380,696,417	15,171,100	19,047	395,848,470
Gas Utility Capital Assets, Net	\$ 396,996,360	\$ 43,164,583	\$ 35,687,630	\$ 404,473,313
Water Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 878,307	\$ --	\$ --	\$ 878,307
Construction in Progress	31,952,069	25,175,779	21,783,967	35,343,881
Capital Assets Being Depreciated -				
Plant-in-service	519,477,359	21,781,823	161,965	541,097,217
Total Capital Assets Being Depreciated	519,477,359	21,781,822	161,965	541,097,216
Less - Accumulated Depreciation For -				
Plant-in-service	183,971,605	15,428,296	159,403	199,240,498
Total Accumulated Depreciation	183,971,605	15,428,296	159,403	199,240,498
Total Capital Assets Being Depreciated, Net	335,505,754	6,353,525	2,562	341,856,719
Water Utility Capital Assets, Net	\$ 368,336,130	\$ 31,529,305	\$ 21,786,530	\$ 378,078,905
Wastewater Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 1,101,261	\$ --	\$ --	\$ 1,101,261
Construction in Progress	51,483,181	36,097,230	58,658,090	28,922,321
Capital Assets Being Depreciated -				
Plant-in-service	668,066,541	58,663,523	230,902	726,499,162
Total Capital Assets Being Depreciated	668,066,541	58,663,523	230,902	726,499,162
Less - Accumulated Depreciation For -				
Plant-in-service	273,641,217	22,494,549	228,467	295,907,299
Total Accumulated Depreciation	273,641,217	22,494,549	228,467	295,907,299
Total Capital Assets Being Depreciated, Net	394,425,324	36,168,974	2,435	430,591,863
Wastewater Utility Capital Assets, Net	\$ 447,009,766	\$ 72,266,204	\$ 58,660,525	\$ 460,615,445

CITY OF RICHMOND, VIRGINIA
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	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Stormwater Utility:				
Capital Assets Not Being Depreciated -				
Construction in Progress	\$ 2,501,602	\$ 3,421,539	\$ 4,249,648	\$ 1,673,493
Capital Assets Being Depreciated -				
Plant-in-service	20,924,499	4,249,647	--	25,174,146
Total Capital Assets Being Depreciated	20,924,499	4,249,648	--	25,174,147
Less - Accumulated Depreciation For -				
Plant-in-service	2,784,963	719,810	--	3,504,773
Total Accumulated Depreciation	2,784,963	719,810	--	3,504,773
Total Capital Assets Being Depreciated, Net	18,139,536	3,529,838	--	21,669,374
Stormwater Utility Capital Assets, Net	\$ 20,641,138	\$ 6,951,376	\$ 4,249,648	\$ 23,342,866
Other Business-type Activity:				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	\$ 27,039,115	\$ --	\$ --	\$ 27,039,115
Capital Assets Being Depreciated -				
Buildings and Structures	69,269,305	37,252	--	69,306,557
Equipment and Other Capital Assets	7,415,342	101,087	--	7,516,429
Total Capital Assets Being Depreciated	76,684,647	138,339	--	76,822,986
Less - Accumulated Depreciation For:				
Buildings and Structures	39,157,685	1,709,406	--	40,867,091
Equipment and Other Assets	6,822,523	351,932	253,959	6,920,496
Total Accumulated Depreciation	45,980,208	2,061,338	253,959	47,787,587
Total Capital Assets Being Depreciated, Net	30,704,439	(1,922,999)	(253,959)	29,035,399
Other Business-type Activity Capital Assets, Net	\$ 57,743,554	\$ (1,922,999)	\$ (253,959)	\$ 56,074,514
 Enterprise Funds Capital Assets, Net	 \$ 1,290,726,948	 \$ 151,988,469	 \$ 120,130,374	 \$ 1,322,585,043
 Internal Service Fund - Stores Utility, Net	 \$ 2,859,975	 \$ --	 \$ 113,224	 \$ 2,746,751
	<u>\$ 1,293,586,923</u>	<u>\$ 151,988,469</u>	<u>\$ 120,243,598</u>	<u>\$ 1,325,331,794</u>



CITY OF RICHMOND, VIRGINIA
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June 30, 2017

7. OBLIGATIONS

Changes in obligations during the fiscal year ended June 30, 2017 are summarized below:

Primary Government - Governmental Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Not Due Within One Year	Due Within One Year
General Obligation Bonds	\$ 65,143,998	\$ -	\$ 34,941,299	\$ 616,496,699	\$ 581,530,395	\$ 34,966,304
General Obligation Serial Notes	1,875,000	--	625,000	1,250,000	625,000	625,000
Virginia Public Schools Authority Bonds	494,107	--	245,599	248,508	--	248,508
Qualified Zone Academy Bonds	1,447,413	--	192,480	1,254,933	1,062,453	192,480
HUD Section 108 Notes	10,125,000	--	520,000	9,605,000	9,080,000	525,000
Premium on Debt Issued	47,077,772	--	4,080,849	42,996,923	38,968,444	4,028,479
Total General Obligation Bonds and Notes	712,457,290	--	40,605,227	671,852,063	631,266,292	40,585,771
Line of Credit - Bond Anticipation Note - Series 2015A	5,000,000	90,000,000	--	95,000,000	--	95,000,000
Total Obligations	717,457,290	90,000,000	40,605,227	766,852,063	631,266,292	135,585,771
Advantage Richmond Lease Revenue Bond	\$ 5,125,893	\$ --	\$ 920,431	\$ 4,205,462	\$ 3,235,406	\$ 970,056
Compensated Absences	\$ 16,896,484	\$ 15,493,763	\$ 15,711,211	\$ 16,679,036	\$ 13,581,988	\$ 3,097,048
Net Other Postemployment Benefit Obligations	\$ 20,531,716	\$ 7,299,859	\$ 3,295,780	\$ 24,535,795	\$ 24,535,795	\$ --
Net Pension Liability	\$ 278,113,979	\$ 27,052,813	\$ --	\$ 305,166,792	\$ 305,166,792	\$ --

See Note 12 for additional information regarding Other 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.

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.

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 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.

CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017



Primary Government - Business-type Activities

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Not Due Within One Year	Due Within One Year
General Obligation Bonds:						
Gas	\$ 41,260,305	\$ --	\$ 8,444,185	\$ 32,816,120	\$ 24,055,696	\$ 8,760,424
Water	31,652,366	--	6,807,335	24,845,031	17,758,332	7,086,699
Wastewater	11,788,695	--	4,713,181	7,075,514	2,125,000	4,950,514
Stormwater	180,000	670,031	11,250	838,781	794,774	44,007
Premium on Debt, Net	1,192,773	--	567,908	624,865	624,865	--
Non-Major Enterprise Funds	69,293,510	--	5,039,002	64,254,508	58,998,448	5,256,060
Total G.O. Bonded Debt	155,367,649	670,031	25,582,861	130,454,819	104,357,115	26,097,704
Revenue Bonds:						
Gas	233,418,488	202,749,877	174,734,796	261,433,569	256,656,786	4,776,783
Water	188,323,709	135,353,171	119,538,795	204,138,085	200,648,298	3,489,787
Wastewater	272,805,592	166,210,130	149,068,628	289,947,094	280,880,463	9,066,631
Premium on Debt, Net	37,337,069	63,390,062	7,687,254	93,039,877	93,039,877	--
Total Revenue Bonded Debt	731,884,858	567,703,240	451,029,473	848,558,625	831,225,424	17,333,201
Total Bonded Debt	\$ 887,252,507	\$ 568,373,271	\$ 476,612,334	\$ 979,013,444	\$ 935,582,539	\$ 43,430,905
Compensated Absences:						
Gas	\$ 833,517	\$ 796,539	\$ 772,582	\$ 857,474	\$ 177,893	\$ 679,581
Water	612,881	568,956	569,356	612,481	127,066	485,415
Wastewater	661,911	614,473	614,905	661,479	137,231	524,248
Stormwater	220,637	182,066	206,709	195,994	40,661	155,333
Stores Operating Fund	24,515	22,758	22,773	24,500	5,083	19,417
Cemeteries	73,474	70,398	68,089	75,783	66,379	9,404
Parking Garages	32,087	31,934	29,645	34,376	30,379	3,997
Total Compensated Absences	\$ 2,459,022	\$ 2,287,124	\$ 2,284,059	\$ 2,462,087	\$ 584,692	\$ 1,877,395
Other Postemployment Benefit Obligations	\$ 3,481,987	\$ 1,223,049	\$ 558,934	\$ 4,146,102	\$ 4,146,102	\$ --
Net Pension Liability	\$ 39,416,329	\$ 4,162,011	\$ --	\$ 43,578,340	\$ 43,578,340	\$ --



CITY OF RICHMOND, VIRGINIA
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June 30, 2017

Details of Bonds and Notes Outstanding:

					Balance at June 30, 2017	
	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Enterprise Funds
<i>General Obligation Bonds</i>						
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	36,715,000	--
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	23,260,000	--
Public Improvement Bonds 2010A (RZEDB)	5.72%	3/10/2010	7/15/2025	22,482,875	19,337,872	--
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	12,229,475	13,000,525
Public Improvement Bonds 2010D	2.00% - 5.00%	11/30/2010	7/15/2031	65,420,000	--	52,600,000
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	--	168,750
Public Improvement Bonds 2012A	2.00% - 5.00%	6/28/2012	3/1/2032	98,835,000	80,135,000	--
Public Improvement Refunding Bonds 2012B	2.00% - 5.00%	6/28/2012	7/15/2024	46,870,000	36,715,000	--
Public Improvement Refunding Bonds 2012C	0.35% - 2.85%	6/28/2012	7/15/2023	100,030,000	37,510,511	35,394,489
Public Improvement Bonds 2012 D (QSCB)	4.15%	6/28/2012	1/15/2033	7,500,000	7,500,000	--
Public Improvement Bonds 2013A	2.00%-5.00%	9/26/2013	3/1/2033	127,745,000	115,210,000	--
Public Improvement Bonds 2013B	3.00%-4.80%	9/26/2013	3/1/2033	11,295,000	10,350,000	--
Public Improvement Bonds 2013C	Variable	11/21/2013	9/1/2018	10,000,000	9,000,000	--
Public Improvement Bonds 2014A	3.00%-5.00%	12/23/2014	3/1/2035	99,295,000	92,795,000	--
Public Improvement Refunding Bonds 2014B	5.00%	12/23/2014	7/15/2026	25,605,000	25,605,000	--
Public Improvement Refunding Bonds 2015A	2.34%	7/15/2015	7/15/2023	56,715,000	12,608,841	27,996,159
Public Improvement Bonds 2015B	3.00%-5.00%	12/8/2015	3/1/2038	62,795,000	60,130,000	--
Public Improvement Bonds 2015C	3.00%-4.00%	12/8/2015	6/1/2041	23,000,000	22,415,000	--
Public Improvement Bonds 2017A (VRA)	0.00%	3/30/2017	7/15/2037	1,310,278	--	670,031
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	248,508	--
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	658,282	--
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	596,651	--
<i>General Obligation Notes</i>						
Serial Equipment Notes Series 2014	1.28%	6/19/2014	6/1/2019	3,125,000	1,250,000	--
<i>HUD Section 108 Notes</i>						
HUD Section 108 Note Series 2015A	0.83% - 3.60%	5/28/2015	8/1/2032	10,125,000	9,605,000	--
<i>Revenue Bonds</i>						
Public Utility Revenue Bonds 1998C - VRA	1.70%	4/9/1998	7/15/2018	10,000,000	--	973,644
Public Utility Revenue Bonds 1998D - VRA	1.70%	4/9/1998	7/15/2018	8,600,000	--	842,207
Public Utility Revenue Bonds 2006 - VRA	2.20%	6/29/2006	1/15/2028	11,000,000	--	6,929,853
Public Utility Revenue Bonds 2008A - VRA	2.52%	6/27/2008	1/15/2029	6,900,000	--	4,513,710
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/2030	32,000,000	--	21,600,000
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	147,862
Public Utility Revenue Bonds 2012A - VRA	0%	4/17/2012	1/15/2035	23,289,955	--	20,960,958
Public Utility Revenue Bonds 2013A	2.00% - 5.00%	5/2/2013	1/15/2043	214,220,000	--	201,020,000
Public Utility Revenue Bonds 2015A - VRA	0%	3/5/2015	1/15/2036	2,600,000	--	1,235,513
Public Utility Revenue Bonds 2016A	4.00% - 5.00%	12/7/2016	1/15/2046	502,260,000	--	497,295,000
Premium on Debt Issued					42,996,923	93,664,742
<i>Sub-total Outstanding Bonded Debt</i>					<u>671,852,063</u>	<u>979,013,443</u>
Line of Credit BAN, Series 2015A	Variable	4/30/2014	10/18/2015	--	95,000,000	--
Total Bonds, Notes and BAN					<u>\$ 766,852,063</u>	<u>\$ 979,013,443</u>
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	\$ 4,205,462	\$ --

CITY OF RICHMOND, VIRGINIA
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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, Advantage Richmond Lease Revenue Bond, and Section 108 Promissory Notes), including interest payable is as follows:

Governmental Activities:

Fiscal Year	(in \$1,000s)					
	General Obligation Bonds		General Obligation Notes		HUD Section 108 Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	34,966	26,629	625	16	525	262
2019	45,264	25,140	625	8	530	256
2020	37,950	23,632	--	--	540	247
2021	40,814	21,991	--	--	545	237
2022	43,758	20,171	--	--	555	225
2023-2027	186,550	73,397	--	--	2,975	893
2028-2032	157,595	33,041	--	--	3,250	407
2033-2037	60,325	6,620	--	--	685	12
2038-2043	9,275	675	--	--	--	--
Subtotal	616,497	231,296	1,250	24	9,605	2,539
Premium	42,772	--	225	--	--	--
Total	\$ 659,269	\$ 231,296	\$ 1,475	\$ 24	\$ 9,605	\$ 2,539

Fiscal Year	(in \$1,000s)					
	Qualified Zone Academy Bonds		VPSA Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	193	--	248	6	970	195
2019	622	--	--	--	1,022	143
2020	78	--	--	--	1,077	88
2021	362	--	--	--	1,136	30
Total	\$ 1,255	\$ --	\$ 248	\$ 6	\$ 4,205	\$ 456



CITY OF RICHMOND, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

Fiscal Year	(in \$1,000s)			
	General Obligation		Revenue	
	Bonds		Bonds	
	Principal	Interest	Principal	Interest
2018	26,098	4,114	17,333	33,831
2019	16,173	3,477	23,959	33,295
2020	16,717	3,071	22,286	32,292
2021	14,903	2,659	22,203	31,347
2022	7,794	2,333	26,971	30,406
2023-2027	26,121	7,957	156,842	133,330
2028-2032	22,024	2,850	198,018	93,552
2033-2037	--	--	140,445	49,301
2037-2043	--	--	105,362	22,180
2044-2047	--	--	42,100	3,772
Subtotal	129,830	26,461	755,519	463,306
Premium	625	--	93,040	--
Total	<u>\$ 130,455</u>	<u>\$ 26,461</u>	<u>\$ 848,559</u>	<u>\$ 467,306</u>

Debt issued during the fiscal year ended June 30, 2017

On December 7, 2016 the City issued \$502,260,000 of tax-exempt Public Utility Revenue and Refunding Bonds, Series 2016A. The proceeds of the 2016A bonds, along with \$63,223,275 of bond premiums received, and \$48,846,248 of available Utilities' cash, were used to refund all remaining principal maturities of the City's outstanding Series 2007A and Series 2009A Public Utility Revenue bonds, as well as to provide \$182,714,000 of new construction funds for ongoing capital projects of the City's Gas, Water and Wastewater Utilities. Immediately prior to the bond offering, Moody's, Standard and Poor's, and Fitch Ratings affirmed the City's long-term Public Utility Revenue bond ratings of Aa2, AA and AA, respectively. All three rating agencies indicated a stable outlook for the three Utilities.

The portion of the 2016A bond issue designated as refunding proceeds were placed into an irrevocable trust with an escrow agent to provide for all future principal and interest payments due on the refunded Series 2007A and 2009A Bonds. The refunding of the Series 2007A and 2009A bonds, at lower interest rates, along with the elimination of the requirement to provide cash funded debt service reserve funds with this new issue, achieved cash flow debt service savings to the Gas, Water and Wastewater Utilities of \$104,717,046 over the remaining 24 year life of the bonds. The Series 2016A bonds have coupon interest rates of between 4.00% and 5.00%, with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$4,965,000 and \$33,835,000 are payable on January 15th of each year beginning in 2017 with a final maturity due on January 15, 2046.

On January 15, 2017, using available operating cash of the Gas, Water and Wastewater Utilities, the City called and redeemed early its outstanding \$22,160,000 Series 2013B Public Utility Revenue Bonds. All future principal and interest through the call date were paid in full.

On March 30, 2017 the City entered into a \$1,310,278 General Obligation Bond Financing Agreement - Series 2017A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2017A General Obligation 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 \$1,310,278 of Stormwater Utility capital improvements. During the 2017 fiscal year, the City drew bond proceeds on this facility in the amount of \$670,031 as reimbursement for capital spending under this Agreement. The remaining \$640,247 of available proceeds are expected to be drawn during the coming fiscal year. Semi-annual principal payments of \$32,757 will be due every six months beginning on January 15, 2018 and will continue thereafter, each January 15 and July 15 with the final payment due on July 15, 2037. The 2017A General Obligation Bonds will be repaid from Stormwater Utility fees derived by the City.

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On April 1, 2017, the City renewed a \$100.0 million Bond Anticipation Note Line of Credit with a commercial bank to provide interim financing for certain capital improvement projects of the City. This interim financing vehicle is being used to finance General Government capital projects budgeted in the City's Capital Improvement Program (CIP). 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 quarterly. This borrowing facility has a May 31, 2018 final maturity and is expected to be repaid prior to that date from proceeds of long term General Obligation bonds to be issued in the next fiscal year.

Defeasance of Debt

On December 23, 2014, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2014B to advance refund \$23,125,000 of the General Obligation Bonds, Series 2009A. 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 2009A bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the Series 2009A Bonds is July 15, 2019. As of June 30, 2017, the City has an aggregate \$23,125,000 of defeased General Obligation bond debt.

On December 7, 2016, the City purchased U.S. Government Securities with proceeds of the Public Utility Revenue and Refunding bonds, Series 2016A to advance refund \$129,480,000 of the Public Utility Revenue Bonds, Series 2009A. 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 2009A Public Utility Revenue bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the Series 2009A Public Utility Revenue Bonds is January 15, 2019. As of June 30, 2017, the City has an aggregate \$132,600,000 of defeased Public Utility Revenue bond debt.

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, 2017, the City had a legal debt limit of \$2,159,577,000 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,305,891,903 of additional General Obligation debt (remaining debt margin).

Authority to Issue Debt

As of June 30, 2017, the City had a total of \$463,748,625 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, \$340,528,000 is earmarked for self-supporting Public Utility revenue bond funded projects, \$6,189,722 of General Obligation bond funded projects of the Stormwater Utility, \$104,530,903 for various General Fund supported capital projects and \$12,500,000 for funding of 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	Aa2
Standard & Poor's	AA+
Fitch Ratings	AA+
Public Utility Revenue Bonds	
Moody's	Aa2
Standard & Poor's	AA
Fitch Ratings	AA



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Subsequent Events

On July 14, 2017, the City issued \$185,070,000 of tax-exempt General Obligation Public Improvement Bonds, Series 2017B, and \$43,965,000 of taxable General Obligation Public Improvement Bonds, Series 2017C. At the time of the debt offering, Moody's, Standard & Poor's, and Fitch Ratings affirmed the City's long-term General Obligation bond ratings of Aa2, AA+ and AA+, respectively. All three rating agency indicated a stable outlook.

The \$185,070,000 par amount of the Series 2017B General Obligation bond proceeds, along with a \$28,248,519 premium received, were used to refund \$95,000,000 outstanding on the Series 2015A Bond Anticipation Line of Credit, as well as, to refund certain principal maturities of the City's Series 2009A, 2010A, 2010D, and 2012A General Obligation Bonds. The refunding of the 2009A, 2010A, 2010D and the 2012A General Obligation bonds achieved cash debt service savings of \$13,406,857 over the remaining fifteen year life of the bonds, and an economic gain of \$10,962,558. The Series 2017B bonds have coupon interest rates ranging from 3.00 percent to 5.00 percent, with interest being payable on July 15 and January 15 of each year. Serial annual principal amounts of between \$3,930,000 and \$15,815,000 are payable on July 15, with a final maturity due on July 15, 2037.

The \$43,965,000 Series 2017C taxable General Obligation bond proceeds, along with a \$231,328 premium, were used to advance refund portions of the City's outstanding Series 2010D General Obligation Bonds at lower interest rates. The refunding of the 2010D General Obligation bonds achieved cash debt service savings of \$2,629,032 over the remaining fifteen year life of the bonds, and an economic gain of \$2,177,144. The Series 2017C General Obligation Bonds have coupon interest rates ranging from 1.15% to 3.125% with interest payable on July 15 and January 15 of each year. Serial annual principal amounts of between \$2,675,000 and \$3,745,000 are payable on July 15 of each year, with a final maturity due on July 15, 2031.

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8. FUND BALANCES

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds. Fund balances at June 30, 2017 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Nonspendable:				
Prepaid	\$ 399,742	\$ --	\$ --	\$ --
Total Nonspendable	<u>399,742</u>	<u>--</u>	<u>--</u>	<u>--</u>
Restricted To:				
Capital Projects	--	6,509,903	1,162,516	--
Grant Funds	--	--	--	21,630,100
Total Restricted	<u>--</u>	<u>6,509,903</u>	<u>1,162,516</u>	<u>21,630,100</u>
Committed To:				
Revenue Stabilization and Contingency Policy	10,000,000	--	--	--
Retirement	2,000,000	--	--	--
School Board Operations	19,176	--	--	--
Total Committed	<u>12,019,176</u>	<u>--</u>	<u>--</u>	<u>--</u>
Assigned To:				
Encumbrance Roll Forward	9,819,451	--	--	--
Roads and Sidewalks	2,000,000	--	--	--
School Facilities Maintenance	1,000,000	--	--	--
Employee Bonuses	2,400,000	--	--	--
Total Assigned	<u>15,219,451</u>	<u>--</u>	<u>--</u>	<u>--</u>
Unassigned:				
Total Unassigned	<u>107,729,940</u>	<u>(298,439)</u>	<u>(57,555,427)</u>	<u>--</u>
Total Fund Balances	<u>\$ 135,368,309</u>	<u>\$ 6,211,464</u>	<u>\$ (56,392,911)</u>	<u>\$ 21,630,100</u>

9. RISK MANAGEMENT

The City's non-health care related risk management activities are conducted through the Risk Management Unit within the General Fund and have been accounted for in accordance with GAAP. This will be reported in the Internal Service Fund group next year.

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



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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 Unit within the General Fund.

The City's Department of Public Utilities (DPU) is 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. DPU is 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, 2017, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures or 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, 2017 was \$38,276,895 (undiscounted) and \$31,502,478 (discounted at 3.5 percent). Changes in the aggregate for these liabilities for FY 2016 and FY 2017 were:

Fiscal Year	Fiscal Year Liability	Current Year Claims		Balance at Fiscal Year End
		and Changes in Estimates	Claims and Premium Payments	
2016	\$ 35,561,172	\$ 6,179,001	\$ (7,327,968)	\$ 34,412,205
2017	\$ 34,412,205	\$ 2,411,238	\$ (5,320,965)	\$ 31,502,478

Workers' compensation, general liability, and automobile liability future payment projections for fiscal year 2018 are as follows:

Probability Level	Discounted	Undiscounted
90%	\$8,090,506	\$8,230,872
75%	\$7,466,459	\$7,595,998
Central Estimate	\$6,665,767	\$6,781,415

10. HEALTH CARE PLAN

On July 1, 2010, the City began to self-insure health care for all eligible employees and retirees by contracting with providers for administrative services only. Services under these contracts include claims adjudication, disease management, lifestyle programs, and wellness initiatives. The Department of Human Resources manages the plan, ensures statutory compliance and makes recommendations to City Council, which has the authority to modify the provisions of the City's active and post-employment benefits program. In accordance with the Affordable Care Act (ACA), any employee who works an average of twenty (20) or more hours within a designated "measurement period" will be eligible to enroll in the City-sponsored health plan (with the exception of Seasonal Employees).

Retiree Eligibility

Employees who retire as an active member in the Defined Benefit Plan and Enhanced Defined Benefit Plan and Constitutional employees are eligible for health insurance. Employees must:

- Be under age 65, and
- Have worked for the City for 15 years or more.
- Have worked for the City for 10 or more years with 5 years of continuous participation on the health insurance program immediately prior to retirement.

Sworn Police, Sworn Fire, Sworn VRS, and Executives currently no in the defined contribution group are also able to participate in the post-retirement medical coverage even if they were hired after January 1, 1997.

Employees who retire as an active member in the Defined Contribution Plan are not eligible for post-retirement benefits and are only eligible for COBRA.

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City Subsidy

The amount of subsidy is determined on a yearly basis and based on length of active service. There are three levels of subsidy:

<u>Years of Active Service</u>	<u>Subsidy</u>
25 +	100%
15 to 25	75%
10 to 15	50%
Less than 10	none

Benefits

CIGNA Healthcare is contracted as the third-party administrator for the medical plans. The City offers two medical plan options: Premier and Classic. In-network services for the Premier Plan are covered at 90% with a \$20 office visit co-pay for Primary Care Physicians, and a \$40 office visit co-pay for Specialists. In-network services for the Classic Plan are covered at 80% with a \$25 office visit co-pay for Primary Care Physicians, and a \$50 office visit co-pay for Specialists. Out-of-network providers are covered at 50%. Wellness checkups and services are covered at 100%. Prescription drug coverage is included with both medical plans, utilizing a three tier co-pay structure and optional mail order to refill prescriptions. The City pays the full cost of the coverage for life for Line of Service Retirees.

The City purchases specific stop-loss insurance from Connecticut General Life Insurance Company (CIGNA) limiting claims against the self-insurance program to \$300,000 per occurrence for individual claims, and an additional 125% aggregate stop loss limitation that has been subsequently cancelled effective as of August 2014, for the City. The following table shows the amounts that have been accrued as a liability within the self-insurance fund based upon an estimate from the City's outside actuary, MERCER.

	HEALTH INSURANCE PRIMARY GOVERNMENT	
	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
Unpaid Claims Beginning of Fiscal Year	\$ 3,666,000	\$ 3,543,001
Incurred Claims (including IBNR)	40,628,486	43,688,958
Claim Payments	40,444,486	43,565,959
Unpaid Claims End of Fiscal Year	<u>\$ 3,850,000</u>	<u>\$ 3,666,000</u>

11. RETIREMENT PLANS

Richmond Retirement System (RRS)

Defined Benefit Plan

A. Plan Description

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

The RRS is single-employer Defined Benefit Plan. The RRS has one participating employer, the City, including its component unit Richmond Behavioral Health Authority and a small portion of Richmond Public Schools. The plan covers 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.



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B. Contribution 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 "actuarial determined contribution."

The actuarial determined contribution is the 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 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.

C. Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability (NPL)

Actuarially determined contribution rates and net pension liability (NPL) are calculated as of July 1 two years prior to the end of the fiscal year in which contributions are reported. The following assumptions were used to determine contribution rates and NPL:

- Actuarial cost method – Entry Age Normal
- Amortization method – level percent of pay over a closed period not to exceed 30 years for police and fire employees; level dollar amount over a closed period, not to exceed 30 years for general members.
- Remaining amortization period – 20 years for remaining unfunded accrued liability as of July 1, 2006; 20 years for subsequent changes.
- Asset valuation method – five year spread of actual over expected investment earnings with the restriction that the resulting value must be within 90% to 110% of market value.
- Inflation rate of 3.0%.
- Salary increases general employees – 3.0% to 4.0%.
- Salary Increases – police and fire employees from 3.0% to 4.5%.
- Investment rate of return – 7.50%.
- Retirement Age General Employees – 20% in the 1st year of unreduced retirement eligibility; 3% at age 55 increasing to 100% at age 75.
- Retirement Age Police and Fire Employees – 40% in 1st year of unreduced retirement eligibility; 9% at age 50 increasing to 100% at age 64.
- Mortality General Employees – RP – 2000 Mortality Table with 2 year set-forward for males.
- Mortality Police and Fire employees – RP-2000 Mortality Table.
- Annual Money Weighted Rate of Return, Net of Investment - 12.2%.
- Annual money-weighted rate of return is calculated net of all investment management expenses and additional plan investment related expenses that are reported by the plan's custodian and/or were provided to NEPC by the client. The methodology used to determine the money weighted rate of return is different from the calculation of the fiscal year rate of return (which was -12.0% net of fees). Cash flows have a larger impact on the money-weighted rate of return than the fiscal year rate of return, which uses a time-weighted calculation.
- 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 minimize the impact of short term market fluctuations on the RRS contribution rates and funded status. Fair market value of investments was used to determine NPL.

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D. Plan Membership

As of the June 30, 2017, membership in the RRS was comprised as follows:

Active vested Plan members	1,623
Active Non-vested Plan members	235
Terminated Vested Plan members	1,616
Retirees and beneficiaries receiving benefits	4,297
	7,771

E. Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the City's obligation to the Defined Benefit Plan. The net pension liability of the City at June 30, 2017 for the RRS was as follows.

Total pension liability (TPL)	\$ 832,370,712
Plan fiduciary net position	502,300,141
City's net pension liability (NPL)	\$ 330,070,571
Plan fiduciary net position as a percentage of the total pension liability	60.3%
Covered-employee payroll	\$ 105,164,784
City's net pension liability as a percentage of covered payroll	313.9%

Expected Rate of Return and Target allocation

The long-term expected rate of return on RRS investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized below:

Investment	30-Yr. 2017 RRS Assumption Arithmetic Return
Large Cap Equities	8.83%
SMID Cap Equities	9.64%
Developed International Equities	9.64%
Emerging International Equities	6.81%
Hedge Funds	6.81%
Private Equity	11.72%
Global Multi-Sector Fixed Income	5.56%
Opportunistic Fixed Income	5.66%
Private Debt	8.86%
Real Estate (core)	7.50%
Cash	3.00%



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F. Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the NPL. As an illustration, the following table present the NPL for the RRS, calculated using the discount rate of 7.5 percent, as well as, what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

Sensitivity of the NPL to Changes in the Discount Rate				
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)	
Plan Net Pension Liability	\$ 407,373,170	\$ 330,070,571	\$ 263,374,157	

G. Summary of Deferred Outflows and Inflows of Resources

The City reports new deferred outflows of resources and deferred inflows of resources on its Statement of Net Position as a result of pension related activities required under GAAP. Deferred outflows of resources represent a consumption of net position that is applied to future periods and, thus, is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year. The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

Summary of Deferred Outflows and Inflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,719,967	\$ 3,576,869
Change in assumptions	--	11,694,292
Difference between expected and actual investment earnings	46,240,244	15,714,699
Change in proportion and difference between employer contribution and proportion share of contribution	204,981	204,981
Due to proportion change on beginning NPL	--	--
Employer contributions subsequent to the measurement date	43,396,928	--
Total	\$ 91,562,120	\$ 31,190,841

Deferred outflows associated with contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in FY 2017. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

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Amortization Schedule of Deferred Outflows and Inflows of Resources		
Year Ended June 30,	Deferred Outflows	Deferred Inflows
2018	\$ 13,427,195	\$ 14,965,115
2019	13,427,195	14,965,115
2020	13,066,614	1,260,611
2021	8,244,188	--
2022	--	--
2023	--	--
2024	--	--
2025	--	--
Total	<u>\$ 48,165,192</u>	<u>\$ 31,190,841</u>

H. Components of Pension Expense

PENSION EXPENSE -RRS	
Service Cost	10,158,639
Interest Cost	59,552,622
Experience Loss/(Gain)	249,701
Contribution Employee	(1,920,452)
Net Investment Income	
Expected Return on Investments	(38,516,007)
Investment Gain or Losses Expensed	7,994,487
Administrative Expense	1,314,602
Amortization	(9,782,108)
Pension Expense	<u>\$ 29,051,484</u>

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.

Defined Contribution Plan

The RRS also offers a Defined Contribution 401(a) Plan as another retirement option to the City and RBHA. 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 administrator for this plan and has contracted with an independent, not-for-profit financial services organization to be the record keeper of 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. There are 1,938 city employees currently enrolled in the 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:



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- 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%

The contribution to the RRS 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.

RRS Financials can be accessed at: www.richmondgov.com/retirement/publications.aspx

Virginia Retirement System (VRS)

A. Plan Description

The City contributes to the Virginia Retirement System (VRS), a cost-sharing and agent multiple-employer defined benefit pension plan administered by the VRS. City members include constitutional offices of the Sheriff, Courts, Registrar and Treasurer. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. There are three defined benefit plans for local government employees – Plan 1 and Plan 2 and Hybrid Plan.

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit
- Members hired or rehired on or after July 1, 2010 and who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Non-hazardous duty employees hired on or after January 1, 2014 are covered under the Hybrid Plan. The VRS Hybrid Retirement Plan combines features of a defined benefit and a defined contribution plan. Employees covered under the VRS Hybrid Plan are eligible for an unreduced benefit when they reach their normal Social Security retirement age or when their age and service equal the sum of 90. Benefits are payable monthly for life in an amount equal to 1% of their Average Final Salary (AFS) for each year of credited service. Hybrid members make mandatory contributions to the defined contribution component of the plan and may make additional voluntary contributions to the plan, which the employer is required to match. Employees vest in the matching employer contributions based upon a tiered schedule. Employees are 100% vested in all matching employer contributions upon reaching 4 years of creditable service.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70 percent. The retirement multiplier for sheriffs and regional jail superintendents is 1.85 percent. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70 percent or 1.85 percent as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65 percent effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

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Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2, the COLA cannot exceed 3.00 percent. During years of no inflation or deflation, the COLA is 0.00 percent. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS web site located <http://www.varetire.org/publications/index.asp> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Contribution Policy

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. Employees are required to contribute 5.0 percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0 percent member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.0 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0 percent member contribution. This could be phased in over a period of up to 5 years. The employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City's contractually required contribution rate for the year ended June 30, 2016 was 14.3 percent of covered employee payroll. This rate was based on an actuarially determined rate from an actuarial valuation of June 30, 2015. This rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability.

C. Plan Membership

At June 30, 2015 the valuation date, City Membership in the VRS was comprised as follows:

Active Members	557
Inactive Members	
Members or their beneficiaries receiving benefits	350
Members active elsewhere in VRS	225
Non-vested members	134
Vested members	94
Sub-total Inactive Members	803
Total Members	1,360

D. Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the City's obligation to the Defined Benefit Plan. The net pension liability of the City at June 30, 2016 the measurement date, for the VRS was as follows.



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Total Pension Liability	\$ 122,554,143
VRS Fiduciary Net Position	103,879,582
Net Pension Liability	<u>\$ 18,674,561</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.8%
Covered Employee Payroll	\$ 25,215,255
City's Net Pension Liability as a Percentage of Covered Employee Payroll	74.1%

E. Actuarial Methods and Assumptions

The City's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to every period included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions for General Employees

The actuarial valuation used the Entry Age Normal actuarial cost method and the following assumptions

- Inflation 2.5%
- Salary Increase 3.5%-5.35%
- Investment Rate of Return net of pension plan investment expense 7.00%
- Mortality rates: Assumed to be service related deaths 14.00%

General Employees		
Largest 10 – Non-LEOS		
Mortality Rates		
Pre-Retirement	Post-Retirement	Post-Disablement
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.	Projected with Scale AA to 2020 with males set forward 1 year.	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.
All Others (Non 10 Largest) - Non-LEOS		
Mortality Rates		
Pre-Retirement	Post-Retirement	Post-Disablement
RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2013. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Largest 10 – Non-LEOS:
- Update mortality table

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- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The actuarial valuation used the Entry Age Normal actuarial cost method and the following assumptions

- Inflation 2.5%
- Salary Increase 3.5%-4.75%
- Investment Rate of Return net of pension plan investment expense 7.00%
- Mortality rates: Assumed to be service related deaths 60.00%

Public Safety Employees		
Largest 10 – Non-LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2000 Employee Mortality Table	RP-2000 Combined Mortality Table	RP-2000 Disability Life Mortality Table
Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.	Projected with Scale AA to 2020 with males set forward 1 year.	Projected to 2020 with males set back 3 year and no provision for future mortality improvement.
All Others (Non 10 Largest) - Non-LEOS		
Mortality Rates		
<u>Pre-Retirement</u>	<u>Post-Retirement</u>	<u>Post-Disablement</u>
RP-2000 Employee Mortality Table	RP-2000 Combined Mortality Table	RP-2000 Disability Life Mortality Table
Projected with Scale AA to 2020 with males set forward 2 years and females set back 2 years.	Projected with Scale AA to 2020 with males set forward 1 year.	Projected to 2020 with males set back 3 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2013. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Long Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term



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expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Long Term Expected Rate of Return			
	Target Allocation	Arithmetic Long- term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
US Equity	19.50%	6.46%	1.26%
Developed Non US Equity	16.50%	6.28%	1.04%
Emerging International Equities	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	<u>100.00%</u>		<u>5.83%</u>
		Inflation	2.50%
		* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

F. Summary of Deferred Outflows and Inflows of Resources VRS

The schedules presented below reflect information required under GAAP and were prepared using an actuarial valuation performed as of June 30, 2015. The valuation was based upon data furnished by the VRS staff concerning active, retired and inactive members, along with pertinent financial information. The projected cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the policies established by VRS at rates equal to the difference between actuarially determined contribution rates adopted by the VRS board and the member rate.

Deferred outflows of resources represent a consumption of net position that is applied to future periods and thus is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year. The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

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Summary of Deferred Outflows and Inflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,387	\$ 496,058
Net difference between projected and actual earnings on plan investments	2,740,359	--
Employer contribution subsequent to the measurement date	4,547,035	--
Total	<u>\$ 7,333,781</u>	<u>\$ 496,058</u>

The deferred inflows of the VRS are amortized over a period of 4 years and are presented below to show the amount to be recognized in pension expense in future years. The deferred outflows made subsequent to the measurement date will be recognized as a reduction to NPL in 2017 and are not amortized.

Amortization Schedule of Deferred Outflows and Inflows of Resources		
Year Ended June 30,		
2018	\$	(117,192)
2019		(134,787)
2020		1,462,031
2021		1,080,636
2022		--
Thereafter		--
Total	\$	<u>2,290,688</u>

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the NPL. To show the impact of a 1 percent change in the discount rate the following table is presented with a rate of 6.0 percent and 8.0 percent comparing the total change in the NPL for a 1 percentage increase or decrease.

Sensitivity of the NPL to Changes in the Discount Rate			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Plan Net Pension Liability	\$ 34,106,526	\$ 18,674,561	\$ 5,835,803



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G. Components of Pension Expense

PENSION EXPENSE-VRS		
Service Costs	\$	3,583,801
Interest on the total pension liability		8,037,966
Expensed portion of current-period difference between expected and actual experience in the total pension liability		(196,070)
Member contributions		(1,393,001)
Projected earning on plan investments		(7,197,013)
Expensed portion of current-period differences between actual and projected earnings on plan investments		1,080,634
Administrative expense \$		64,054
Other		759
Recognition of beginning deferred inflows of resources as pension expense		517,304
		(1,519,060)
Pension Expense	\$	2,979,374

12. OTHER 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.

A. Plan Description

The City provides continuous medical insurance coverage for some 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. Sworn Police, Sworn Fire, Sworn VRS, and Executives currently not in the defined contribution group are also able to participate in the post-retirement medical coverage even if they were hired after January 1, 1997. All other members hired after this date are assumed to pay the full cost of the program with no implicit rate subsidy and, therefore, have no liability reported under GAAP.

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.

Currently the plans offered to retirees provided by the Connecticut General Life Insurance Co. are the Open Access Plus Copay Plan-OAPA Premier Plan and the Open Access Plus Copay Plan-OAPB Classic Plan. Retirees that become Medicare Eligible are no longer eligible for the City of Richmond 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. They pay the same rate as the retiree, but without the City's contribution.

For pre-Medicare coverage, retirees pay a portion of the early retiree rates based on years of service at retirement. The City pays a subsidy of premiums based on length of active service. This subsidy is determined on an annual basis. There are three levels of City subsidy.

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Years of Active Service	Subsidy
25+	100%
15 to 25	75%
10 to 15	50%
Less than 10	none

The City pays the full cost of coverage of Line-of-Service retirees for life.

Employees may retire under the City of Richmond Retirement Plan with an unreduced pension benefit under the following age and service requirements based on the category of employee:

- General employees are eligible: at age 65, with no service requirement
- General employees are eligible with 30 years of service regardless of age
- Police officers and firefighters are eligible at age 60, with no service requirement
- Police officers and firefighters are eligible with 25 years of service regardless of age

Employees may retire with a reduced pension benefit under the RRS under the following age and service requirements based on the category of employee:

- General employees are eligible at age 55, with five years of service
- Police officers and firefighters are eligible at age 50, with five years of service

The number of employee participants as of July 1, 2015, 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	1,664
Retired Employees	404
Total	<u>2,068</u>

B. Contribution Policy

The City currently pays for postemployment 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.

C. 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 coverage is *community-rated* and annual premiums for community-rated coverage's were used as a proxy for claims costs without age adjustment.

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.



CITY OF RICHMOND, VIRGINIA
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The liabilities were computed using the projected unit credit method and the 13 year level Percentage Amortization 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 8% healthcare cost trend increase for plan year 2014, reduced by decrements to a rate of 5.0% after 6 years. These estimates reflect the potential impact of the Patient Protection and Affordable Care Act (PPACA).

The assumptions used in the basis of the July 2015 valuation include:

Salary Scale – Not applicable

Discount Rate – 4.0% per annum

Valuation Date - July 1, 2015

Expected Long – Term Rate of Return on Plan Assets – Not applicable

Dependent Coverage – 30% of retirees who elect coverage at retirement will also cover their spouse at retirement

Participation Assumption – 65% of employees will elect coverage at retirement.

Actuarial Methods:

Asset Valuation Method – Not applicable

Actuarial Cost Method – Retiree postemployment benefit expenses are determined under the Projected Unit Credit actuarial cost method. Under this method, benefits are projected for life and their present value is determined. The present value is then amortized from the hire date to the date of full eligibility.

Sources:

Mortality - 1983 Group Annuity Mortality Table for males and females

Disability - Same disability table as used for the City's prior valuation combined general and duty disability based on age.

Termination Tables - Same termination table used for the City's prior valuation based on age.

Retirement Tables – 2004 Fire and Police retirement table that was used for the City's prior valuation based on age and years of service.

D. Annual Per Capita Healthcare Cost

Effective for the July 1, 2015 actuarial valuation, an analysis of the City's claims experience was performed for the purposes of setting the retiree medical claims cost. The main purpose is to project the expected annual per capita claims cost for current retirees and future retirees who are currently active.

Benefits are not provided to retirees eligible for Medicare. The annual projected medical claims costs were spread across the active and early retiree population using generally accepted actuarial judgment. It has been assumed that individuals will continue with coverage under their current plan design upon retirement. Furthermore, children and their associated costs have been excluded for purposes of the calculation because generally, retirees do not provide continued coverage to children.

July 1, 2015 annual per capita claims cost

	<u>Medical/RX*</u>
Retiree Age 65 Pre-Medicare	\$12,453
Spouse Age 65 Pre-Medicare	\$12,453

*Medical/Rx Claims were adjusted downward from attained ages 65 to 55 at 3% each year for aging.

E. Net OPEB Obligation

The City's OPEB cost 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, annually required contribution to the plan, and changes in the City's net OPEB obligation:

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NET OPEB OBLIGATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net OPEB Obligation - July 1	\$ 24,013,703	\$ 19,227,223	\$ 14,820,954
Annual Required Contribution	9,614,693	9,246,427	8,687,683
Interest on Net OPEB Obligation	960,548	769,089	592,838
Adjustment on Annual Required Contribution	(2,052,333)	(1,643,256)	(1,266,717)
Annual OPEB Cost	<u>8,522,908</u>	<u>8,372,260</u>	<u>8,013,804</u>
Estimated Employer Payments for Retiree Benefits	<u>(3,854,714)</u>	<u>(3,585,780)</u>	<u>(3,607,535)</u>
Increase/(Decrease) in Net OPEB Obligation	<u>4,668,194</u>	<u>4,786,480</u>	<u>4,406,269</u>
Net OPEB Obligation - June 30	<u>\$ 28,681,897</u>	<u>\$ 24,013,703</u>	<u>\$ 19,227,223</u>
Percent of Annual OPEB Cost Contributed	45%	43%	45%

		Actuarial Accrued Liability						UAAL as	
Actuarial Value of Assets	Retired Employees	Active Employees	Unfunded		Funded Ratio	Normal Cost Beginning of Year	Amortization Factor	Annual Covered Payroll	Percent of Covered Payroll
			Actuarial Liability (UAAL)						
2010	\$ --	\$ 26,912,382	\$ 35,772,758	\$ 62,685,140	--%	\$ 1,040,076	12	\$ 90,519,083	69%
2011	\$ --	23,847,131	38,285,348	62,132,479	--%	1,081,679	13	90,516,083	69%
2012	\$ --	27,543,353	32,860,214	60,403,567	--%	848,691	13	73,016,515	83%
2013	\$ --	22,751,160	35,057,261	57,808,421	--%	882,639	13	61,547,770	94%
2014	\$ --	18,340,649	49,674,241	68,014,890	--%	917,945	13	76,526,909	89%
2015	\$ --	18,340,649	49,674,241	68,014,890	--%	2,818,765	13	82,182,110	83%
2016	\$ --	18,758,982	51,236,685	69,995,667	--%	3,200,654	13	109,038,530	64%
2017	\$ --	19,401,998	52,992,965	72,394,963	--%	3,360,687	13	105,164,784	69%

13. 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 \$18,000 for calendar year 2016, whichever is less. 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-RC and provided a form to request the distribution. In accordance with the amended provisions of IRC Section 457, all assets and income of the plan were transferred to a trust 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, 2017, the contributions for the year ended and the fair value of the plan investments were \$10,285,117 and \$99,898,911, respectively.



CITY OF RICHMOND, VIRGINIA
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14. LEASES

All lease transactions have been determined to be operating leases. At June 30, 2017, the future operating lease commitments are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2018	2,096,159
2019	1,655,760
2020	1,258,099
2021	818,056
2022	545,371
Total minimum lease payments	6,373,445
Lease expenses for the year ended June 30, 2017	<u>\$ 1,861,165</u>

15. 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 about 35% of the City's service area, the main lines and interceptor lines 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 began in 2006 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 \$730 million in 2017 dollars (\$288 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. The City's sewer rates have exceeded the 1.25% of MHI requirement since July 2009 and are at 1.84% of MHI as of July 2017.

B. Grants

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.

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C. 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 2038. The aggregate commitments under these contracts amounted to approximately \$350 million at June 30, 2017.



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REQUIRED SUPPLEMENTARY INFORMATION



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT H-1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 243,366,580	\$ 243,366,580	\$ 234,294,879	\$ (9,071,701)
Sales-1% Local	33,503,668	33,503,668	34,176,816	673,148
Sales Tax for Education	26,328,770	26,328,770	25,661,559	(667,211)
Personal Property	48,268,428	48,268,428	57,603,912	9,335,484
Machinery and Tools	15,022,974	15,022,974	13,828,602	(1,194,372)
Utility Sales Tax Gas	4,872,384	4,872,384	4,711,342	(161,042)
Utility Sales Tax Electric	12,425,873	12,425,873	13,494,359	1,068,486
Utility Sales Tax Telephone	267,694	267,694	249,607	(18,087)
State Communication Taxes	16,389,389	16,389,389	15,760,395	(628,994)
Bank Stock	9,726,022	9,726,022	8,364,990	(1,361,032)
Prepared Food	34,491,077	34,491,077	35,605,363	1,114,286
Lodging Tax	6,056,982	6,056,982	8,042,016	1,985,034
Admission	3,302,840	3,302,840	3,287,979	(14,861)
Real Estate Taxes - Delinquent	9,115,548	9,115,548	8,937,806	(177,742)
Personal Property Taxes - Delinquent	10,898,196	10,898,196	9,836,983	(1,061,213)
Private Utility Poles and Conduits	164,604	164,604	260,117	95,513
Penalties and Interest	7,102,340	6,102,340	5,023,749	(1,078,591)
Titling Tax-Mobile Home	6,559	6,559	9,474	2,915
State Recordation	752,013	752,013	942,127	190,114
Property Rental 1%	99,692	99,692	154,115	54,423
Vehicle Rental Tax	997,443	997,443	845,652	(151,791)
Telephone Commissions	475,241	475,241	196,579	(278,662)
Total City Taxes	483,634,317	482,634,317	481,288,421	(1,345,896)
Licenses, Permits and Privilege Fees				
Business and Professional	34,869,264	33,221,507	29,662,822	(3,558,685)
Vehicle	6,260,406	6,260,406	6,031,998	(228,408)
Transfers, Penalties, Interest & Delinquent Collections	9,347	9,347	10,748	1,401
Utilities Right of Way Fees	806,193	806,193	877,762	71,569
Other Licenses, Permits and Fees	848,852	848,852	548,114	(300,738)
Total Licenses, Permits and Privilege Fees	42,794,062	41,146,305	37,131,444	(4,014,861)
Intergovernmental				
State Shared Expense-Constitutional Employees Only	22,068,952	20,568,952	20,391,600	(177,352)
Total State Block Grant	4,262,960	4,262,960	4,162,641	(100,319)
Department of Social Services	40,270,809	40,270,809	43,423,885	3,153,076
Federal Revenues	725,000	725,000	306,257	(418,743)
Street Maintenance	26,286,871	26,286,871	26,665,865	378,994
State Aid to Localities	14,341,364	14,341,364	14,342,133	769
Service Charges on Tax Exempt Property (State PILOT)	3,329,992	3,329,992	3,458,875	128,883
All Other Intergovernmental Revenues	879,002	2,490,025	1,004,193	(1,485,832)
Total Intergovernmental	\$ 112,164,950	\$ 112,275,973	\$ 113,755,449	\$ 1,479,476

(Continued)



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Commercial Dumping Fees	\$ 11,000	\$ 11,000	\$ --	\$ (11,000)
Refuse Collection Fees	13,884,691	13,884,691	15,919,600	2,034,909
Safety Related Charges	715,090	715,090	220,046	(495,044)
Rental of Property	413,393	413,393	943,437	530,044
Building Service Charges	968,200	968,200	975,147	6,947
Inspection Fees	4,792,650	4,792,650	6,850,233	2,057,583
Recycling Proceeds	2,175,944	2,175,944	2,060,442	(115,502)
Health Related Charges	81,519	85,059	126,456	41,397
Other Sales - Income	224,374	224,374	753,247	528,873
Printing and Telecom Charges	424,596	424,596	20,383	(404,213)
Self Insurance	5,065,344	5,065,344	1,133,297	(3,932,047)
Other Service Charges	1,644,651	1,644,651	1,735,372	90,721
Total Service Charges	30,401,452	30,404,992	30,737,660	332,668
Fines and Forfeitures				
Richmond Public Library	87,903	87,903	65,618	(22,285)
Circuit Court	4,378,138	4,378,138	5,549,229	1,171,091
General District Court	1,548,975	1,548,975	964,617	(584,358)
Juvenile and Domestic Relations District Court	5,593	5,593	7,347	1,754
Total Fines and Forfeitures	6,020,609	6,020,609	6,586,811	566,202
Utility Payments				
Utility Pilot Payment	27,994,386	27,994,386	27,838,412	(155,974)
Utility Payment - City Services	3,173,708	3,173,708	3,173,708	--
Utilities Payment for Collection Service	282,385	282,385	149,974	(132,411)
Total Utility Payments	31,450,479	31,450,479	31,162,094	(288,385)
Miscellaneous Revenues				
Department of Information Technology Charges	652,888	652,888	402,924	(249,964)
Reimbursement of Interest on Long-term Debt	709,815	709,815	1,904,593	1,194,778
Internal Service Fund Payments	370,050	370,050	260,000	(110,050)
Miscellaneous Revenues	1,352,399	2,117,850	3,413,268	1,295,418
Other Payments to General Fund	1,619,215	1,619,215	540,887	(1,078,328)
Total Miscellaneous Revenues	4,704,367	5,469,818	6,521,672	1,051,854
Total General Fund Revenues	\$ 711,170,236	\$ 709,402,493	\$ 707,183,551	\$ (2,218,942)

(Continued)



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT H-1, Continued

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
General Government				
City Council	\$ 1,308,232	\$ 1,376,726	\$ 1,357,663	\$ 19,063
City Clerk	861,719	882,953	812,522	70,431
Planning and Development Review	9,926,645	9,622,466	9,048,792	573,674
Assessor of Real Estate	3,123,355	3,092,602	3,409,379	(316,777)
City Auditor	1,902,628	2,130,209	1,871,893	258,316
Department of Law	2,681,661	2,668,848	2,621,581	47,267
General Registrar	1,905,967	2,002,179	2,068,051	(65,872)
Department of Information Technology	18,408,807	18,346,303	16,576,532	1,769,771
Chief Administrative Officer	1,190,060	1,124,911	1,108,761	16,150
Budget and Strategic Planning	1,258,226	1,256,672	1,229,789	26,883
Department of Human Resources	2,899,103	2,893,014	2,557,319	335,695
Department of Finance	24,759,006	23,903,900	17,633,188	6,270,712
Procurement Services	1,156,879	1,003,002	781,418	221,584
Office of Press Secretary to Mayor	527,512	560,095	555,296	4,799
City Treasurer	130,201	183,144	171,244	11,900
Economic/Community Development	4,076,795	4,738,732	4,153,137	585,595
Council Chief of Staff	1,164,839	1,067,620	1,064,548	3,072
Minority Business Development	661,731	654,303	624,464	29,839
Office of Community Wealth Building	1,280,355	1,498,837	1,469,479	29,358
City Mayor's Office	998,807	996,200	979,742	16,458
Total General Government	80,222,528	80,002,716	70,094,798	9,907,918
Public Safety and Judiciary				
Judiciary	10,481,160	10,393,911	10,176,868	217,043
Juvenile and Domestic Relations District Court	451,750	443,697	433,786	9,911
City Sheriff	38,959,864	36,477,836	35,455,207	1,022,629
Department of Police	87,480,604	87,574,741	86,513,514	1,061,227
Department of Emergency Communications	4,396,961	4,691,621	4,046,809	644,812
Department of Fire and Emergency Services	46,868,246	49,661,898	45,822,665	3,839,233
Animal Control	1,645,929	1,642,752	1,648,134	(5,382)
Total Public Safety and Judiciary	190,284,514	190,886,456	184,096,983	6,789,473
Highways, Streets, Sanitation and Refuse				
Department of Public Works	59,416,775	62,414,176	58,524,451	3,889,725
Human Services				
Office of DCAO for Human Services	1,680,940	1,478,143	1,395,145	82,998
Department of Social Services	50,912,739	48,330,091	47,041,788	1,288,303
Justice Services	8,799,194	9,001,293	8,765,137	236,156
Department of Public Health	3,781,490	3,781,490	3,781,490	--
Total Human Services	65,174,363	62,591,017	60,983,560	1,607,457
Culture and Recreation				
Richmond Public Library	5,492,382	5,497,435	5,039,907	457,528
Department of Parks, Recreation and Community Facilities	17,474,335	16,623,731	16,368,412	255,319
Total Culture and Recreation	22,966,717	22,121,166	21,408,319	712,847
Education				
Richmond Public Schools	\$ 177,850,679	\$ 176,983,321	\$ 176,983,321	\$ --



(Continued)

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT H-1, Concluded

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Payments to Other Government Agencies	\$ 16,638,336	\$ 18,646,450	\$ 19,360,975	\$ (714,525)
Tax Relief	3,000,000	2,750,000	2,712,885	37,115
GRTC	13,045,157	13,045,157	13,045,157	--
RRS Contributions/Retiree's Health Care Program	4,394,404	3,600,000	3,265,292	334,708
Contributions	9,974,095	13,637,360	8,517,201	5,120,159
Total Non-Departmental	<u>47,051,992</u>	<u>51,678,967</u>	<u>46,901,510</u>	<u>4,777,457</u>
 Total General Fund Expenditures	 <u>642,967,568</u>	 <u>646,677,819</u>	 <u>618,992,942</u>	 <u>27,684,877</u>
 Excess of Revenues Over Expenditures	 <u>68,202,668</u>	 <u>62,724,674</u>	 <u>88,190,609</u>	 <u>25,465,935</u>
 Other Financing Sources (Uses)				
Transfers In - Other Funds	5,851,311	5,888,881	6,570,562	681,681
Transfers Out - Other Funds	<u>(74,053,979)</u>	<u>(74,464,283)</u>	<u>(73,837,249)</u>	<u>627,034</u>
Total Other Financing Uses, Net	<u>(68,202,668)</u>	<u>(68,575,402)</u>	<u>(67,266,687)</u>	<u>1,308,715</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 <u>--</u>	 <u>(5,850,728)</u>	 <u>20,923,922</u>	 <u>26,774,650</u>
 Fund Balance - Beginning of Year	 <u>114,444,387</u>	 <u>114,444,387</u>	 <u>114,444,387</u>	 <u>--</u>
Fund Balance - End of Year	<u>\$ 114,444,387</u>	<u>\$ 108,593,659</u>	<u>\$ 135,368,309</u>	<u>\$ 26,774,650</u>



CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2017

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

- The General, Special Revenue, and Debt Service Funds have legally adopted annual budgets. The Capital Projects Fund has a five-year spending plan which is 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 Funds, 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 following departments' expenditures exceeded appropriations for the year June 30, 2017:

Assessor of Real Estate	(316,777)
General Registrar	(65,872)
Animal Control	(5,382)
Payments to Other Government Agencies	(714,525)

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION LIABILITY**



Richmond Retirement System

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

	2015	2016	2017
Total pension liability			
Service cost	\$ 10,368,390	\$ 9,243,126	\$ 10,158,640
Interest	60,753,726	60,070,179	59,552,622
Changes of benefit terms	8,476,904	--	--
Differences between expected and actual expenses	1,608,297	(5,985,740)	1,248,504
Changes of assumptions	(26,079,951)	--	--
Benefit Payments, including refunds of member contributions	(65,549,787)	(66,618,770)	(67,107,482)
Net change in total pension liability	<u>(10,422,421)</u>	<u>(3,291,205)</u>	<u>3,852,284</u>
Total pension liability - beginning	842,232,056	831,809,634	828,518,429
Total pension liability - ending (a)	<u><u>\$ 831,809,634</u></u>	<u><u>\$ 828,518,429</u></u>	<u><u>\$ 832,370,713</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 41,228,673	\$ 45,556,509	\$ 43,662,633
Contributions - member	2,062,759	2,290,451	1,920,452
Net investment income	74,451,688	15,263,407	(1,456,427)
Benefit payments, including refunds of member contributions	(65,549,788)	(66,618,770)	(67,107,482)
Administrative expense	(1,283,342)	(1,218,004)	(1,128,623)
Other	--	(663,929)	--
Net change in plan fiduciary net position	<u>50,909,990</u>	<u>(5,390,336)</u>	<u>(24,109,447)</u>
Plan fiduciary net position - beginning	479,658,967	530,568,957	526,409,589
Plan fiduciary net position - ending (b)	<u><u>\$ 530,568,957</u></u>	<u><u>\$ 525,178,621</u></u>	<u><u>\$ 502,300,142</u></u>
City's net pension liability - ending (a) - (b)	\$ 301,240,677	\$ 303,339,808	\$ 330,070,571
Plan fiduciary net position as a percentage of the total pension liability	63.8%	63.4%	60.3%
Covered-employee payroll	\$ 107,834,516	\$ 108,798,739	\$ 105,164,784
City's net pension liability as a percentage of covered-employee payroll	279.4%	278.8%	313.9%

Financial information is reported as of the measurement date which is one year prior to the statement date as required by GASB statement number 68.



For the Fiscal Year End June 30, 2017

Schedule of Employer's Contribution- RRS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined employer contribution	32,026,054	33,241,128	32,129,757	39,769,898	38,420,692	40,446,209	41,228,674	45,556,498	43,848,606	43,396,928
Employer contributions in relation to the actuarially determined contribution	32,986,836	33,241,128	32,129,757	39,769,898	38,420,692	40,850,671	41,228,674	45,556,498	43,848,606	43,396,928
Excess	(960,781.62)	-	-	-	-	(404,462.09)	-	-	-	-
Covered employee payroll	147,897,543	144,832,611	145,868,000	137,473,000	130,971,000	125,060,000	116,666,000	110,748,000	107,834,516	105,164,784
Contributions as a percentage of covered employee payroll	21.7%	23.0%	22.0%	28.9%	29.3%	32.3%	35.3%	41.1%	40.7%	41.3%

Schedule of Employer's Contribution- VRS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actual Contribution	2,129,911	3,264,527	3,341,990	3,523,772	3,470,877	3,291,603	3,077,272	3,497,052	3,471,373	4,547,035
Actuarially Determined Contribution	2,129,911	3,264,527	3,341,990	3,523,772	3,470,877	3,291,603	3,077,272	3,497,052	3,471,373	3,621,503
Excess (deficient)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	23,483,028	24,712,544	24,996,188	24,218,366	24,086,589	23,115,189	23,348,043	25,652,406	25,093,420	25,215,255
Contributions as a percentage of covered employee payroll	9.1%	13.2%	13.4%	14.6%	14.4%	14.2%	13.2%	13.6%	13.8%	18.0%

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION LIABILITY**



Virginia Retirement System

**Table 1
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
For the Fiscal year Ended June 30, 2017**

	FY 2015	FY 2016	FY 2017
Total pension liability			
Service cost	\$ 3,295,894	\$ 3,421,683	\$ 3,583,801
Interest	7,369,694	7,689,675	8,037,966
Differences between expected and actual expenses	(479,419)	110,367	(196,070)
Deferred Inflow Expected vs Actual Experience	--	--	(496,058)
Benefit payments, including refunds of member contributions	(5,623,313)	(6,085,126)	(6,407,155)
Net change in total pension liability	\$ 4,562,856	\$ 5,136,599	\$ 4,522,484
Total pension liability - beginning	\$ 108,332,204	\$ 112,895,060	\$ 118,031,659
Total pension liability - ending (a)	\$ 112,895,060	\$ 118,031,659	\$ 122,554,143
Plan fiduciary net position			
Contributions - employer	\$ 3,497,052	\$ 3,471,373	\$ 3,621,503
Contributions - member	1,276,061	1,258,265	1,393,001
Net investment income	13,713,152	4,552,450	1,793,841
Benefit payments, including refunds of member contributions	(6,101,732)	(6,085,126)	(6,407,155)
Administrative expense	(74,396)	(62,657)	(64,054)
Other	723	(962)	(759)
Net change in plan fiduciary net position	\$ 12,310,860	\$ 3,133,343	\$ 336,377
Plan fiduciary net position - beginning	\$ 88,099,002	\$ 100,409,862	\$ 103,543,205
Plan fiduciary net position - ending (b)	\$ 100,409,862	\$ 103,543,205	\$ 103,879,582
City's net pension liability - ending (a) minus (b)	\$ 12,485,198	\$ 14,488,454	\$ 18,674,561
Plan fiduciary net position as a percentage of the total pension liability	88.9%	87.7%	84.8%
Covered employee payroll	\$ 25,652,406	\$ 25,093,420	\$ 25,215,255



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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.

Memorial

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

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.



CITY OF RICHMOND, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2017

EXHIBIT I-1

	Special Revenue		Permanent Funds			
	Grant Revenue Funds	Consolidated HUD Funds	Memorial	Recreation	Richmond Public Library	Total
Assets						
Cash and Cash Equivalents	\$ 22,395,272	\$ 1,308,304	\$ --	\$ --	\$ --	\$ 23,703,576
Accounts Receivable, Net	1,315,974	9,605,001	--	--	--	10,920,975
Due From Other Funds	--	--	--	--	--	--
Due From Other Governments	4,846,295	8,258,212	--	--	--	13,104,507
Restricted Assets	--	--	6,537	28,080	33,695	68,312
Total Assets	28,557,541	19,171,517	6,537	28,080	33,695	47,797,370
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities:						
Accounts Payable	1,878,244	1,999,073	--	--	--	3,877,317
Accrued Liabilities	--	--	--	--	--	--
Due To Other Funds	4,401,760	5,922,465	61	--	--	10,324,286
Due To Other Governments	--	--	--	--	--	--
Total Liabilities	6,280,004	7,921,538	61	--	--	14,201,603
Deferred Inflows of Resources						
Unavailable Revenue-Grant Proceeds	1,074,638	10,891,029	--	--	--	11,965,667
Total Deferred Inflows of Resources	1,074,638	10,891,029	--	--	--	11,965,667
Fund Balances:						
Restricted	21,202,899	358,950	6,476	28,080	33,695	21,630,100
Committed	--	--	--	--	--	--
Assigned	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--
Total Fund Balances	21,202,899	358,950	6,476	28,080	33,695	21,630,100
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 28,557,541	\$ 19,171,517	\$ 6,537	\$ 28,080	\$ 33,695	\$ 47,797,370



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, 2017

EXHIBIT I-2

	Special Revenue		Permanent Funds			
	Grant Revenue Funds	Consolidated HUD Funds*	Memorial	Recreation	Richmond Public Library	Total
Revenues						
Intergovernmental	\$ 25,246,822	\$ 7,659,427	\$ --	\$ --	\$ --	\$ 32,906,249
Investment Income	34,089	--	1	12	6	34,108
Miscellaneous	8,496,937	97,206	--	--	--	8,594,143
Total Revenues	33,777,848	7,756,633	1	12	6	41,534,500
Expenditures						
Current:						
General Government	6,093,244	8,205,817	--	--	--	14,299,061
Public Safety and Judiciary	8,455,822	--	--	--	--	8,455,822
Highways, Streets, Sanitation and Refuse	2,701,932	--	--	--	--	2,701,932
Human Services	22,789,567	117,377	--	--	--	22,906,944
Culture and Recreation	2,184,673	13,478	--	--	15	2,198,166
Total Expenditures	42,225,238	8,336,672	--	--	15	50,561,925
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(8,447,390)	(580,039)	1	12	(9)	(9,027,425)
Other Financing Sources (Uses)						
Transfers In-Other Funds	12,333,297	--	--	--	--	12,333,297
Transfers Out-Other Funds	(1,460,283)	--	--	--	--	(1,460,283)
Total Other Financing Sources (Uses), Net	10,873,014	--	--	--	--	10,873,014
Net Change in Fund Balances	2,425,624	(580,039)	1	12	(9)	1,845,589
Fund Balance - Beginning of Year	18,777,275	938,989	6,475	28,068	33,704	19,784,511
Fund Balance - End of Year*	\$ 21,202,899	\$ 358,950	\$ 6,476	\$ 28,080	\$ 33,695	\$ 21,630,100



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT I-3

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental Revenues and Service Charges	\$ 1,454,000	\$ 13,973,455	\$ 33,374,740	\$ 19,401,285
Total Intergovernmental Revenues	<u>1,454,000</u>	<u>13,973,455</u>	<u>33,374,740</u>	<u>19,401,285</u>
Investment Earnings and Contributions				
Interest Earned on Restricted Funds	--	--	76,560	76,560
Local Matches and Contributions	<u>100,000</u>	<u>100,000</u>	<u>2,964,668</u>	<u>2,864,668</u>
Total Investment Earnings	<u>100,000</u>	<u>100,000</u>	<u>3,041,228</u>	<u>2,941,228</u>
Miscellaneous Revenues				
Special Revenue Funds	724,785	1,284,128	--	(1,284,128)
Miscellaneous	<u>--</u>	<u>3,100,000</u>	<u>--</u>	<u>(3,100,000)</u>
Total Miscellaneous Revenues	<u>724,785</u>	<u>4,384,128</u>	<u>--</u>	<u>(4,384,128)</u>
Total Revenues	<u>2,278,785</u>	<u>18,457,583</u>	<u>36,415,968</u>	<u>17,958,385</u>
Expenditures				
Capital Outlay:				
City Facility Maintenance & Improvements	2,179,000	2,838,343	3,918,681	(1,080,338)
Culture & Recreation	3,299,074	6,299,074	5,598,987	700,087
Economic & Community Development	13,615,000	17,541,988	44,225,576	(26,683,588)
Education	9,000,000	9,000,000	10,094,490	(1,094,490)
Public Safety	19,822,145	19,822,145	8,325,698	11,496,447
Transportation	16,398,448	24,990,915	21,681,485	3,309,430
City Equipment & Other Infrastructure Investment	5,200,000	5,200,000	4,034,369	1,165,631
Debt Issuance Cost	<u>--</u>	<u>--</u>	<u>129,836</u>	<u>(129,836)</u>
Total Expenditures	<u>69,513,667</u>	<u>85,692,465</u>	<u>98,009,122</u>	<u>(12,316,657)</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	<u>(67,234,882)</u>	<u>(67,234,882)</u>	<u>(61,593,154)</u>	<u>5,641,728</u>
Other Financing Sources (Uses)				
Proceeds from Issuance of General Obligation Bonds	67,234,882	67,234,882	90,000,000	22,765,118
Transfers In-Other Funds	--	--	--	--
Transfers Out-Other Funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources, Net	<u>67,234,882</u>	<u>67,234,882</u>	<u>90,000,000</u>	<u>22,765,118</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>28,406,846</u>	<u>28,406,846</u>
Fund Balance - Beginning of Year	<u>(84,799,757)</u>	<u>(84,799,757)</u>	<u>(84,799,757)</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ (84,799,757)</u>	<u>\$ (84,799,757)</u>	<u>\$ (56,392,911)</u>	<u>\$ 28,406,846</u>



CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2017

EXHIBIT I-4

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Principal Payments				
General Obligation Bonds				
General Government Projects	\$ 16,767,363	\$ 16,767,363	\$ 16,767,363	\$ --
Justice Center Project	2,351,555	2,351,555	2,351,555	--
Carpenter Center Project	1,057,839	1,057,839	1,057,839	--
Transportation Projects	4,018,324	4,018,324	4,018,324	--
School Capital Improvement Projects	8,848,985	8,848,985	8,848,985	--
730 Theater Row Building Project	1,000,053	1,000,053	1,000,053	--
Stone Brewing Project	585,000	585,000	585,000	--
Total General Obligation Bonds	<u>34,629,119</u>	<u>34,629,119</u>	<u>34,629,119</u>	<u>--</u>
Other Debt Instruments				
HUD Section 108 Notes	520,000	520,000	520,000	--
Leigh Street Project	500,000	500,000	--	500,000
Total Other Debt Instruments	<u>1,020,000</u>	<u>1,020,000</u>	<u>520,000</u>	<u>500,000</u>
Total Principal Payments	<u>35,649,119</u>	<u>35,649,119</u>	<u>35,149,119</u>	<u>500,000</u>
Interest Payments				
General Obligation Bonds				
General Government Projects	9,897,867	9,897,867	9,897,867	--
Justice Center Project	4,674,468	4,674,468	4,521,417	153,051
Carpenter Center Project	890,239	890,239	890,239	--
Transportation Projects	2,978,014	2,978,014	2,978,014	--
Schools Capital Improvement Projects	8,430,667	8,430,667	8,430,667	--
730 Theater Row Project	110,940	110,940	110,940	--
Stone Brewing Project	851,563	851,563	851,563	--
New General Obligation Bond	<u>2,400,000</u>	<u>650,000</u>	<u>--</u>	<u>650,000</u>
Total General Obligation Bonds	<u>30,233,758</u>	<u>28,483,758</u>	<u>27,680,707</u>	<u>803,051</u>
Other Debt Instruments				
HUD Section 108 Notes	<u>266,417</u>	<u>266,417</u>	<u>266,417</u>	<u>--</u>
Total Other Debt Instruments	<u>266,417</u>	<u>266,417</u>	<u>266,417</u>	<u>--</u>
Interest - Short Term Debt				
GO Bond Anticipation Notes	2,000,000	2,000,000	449,300	1,550,700
Leigh Street Projects	<u>237,500</u>	<u>237,500</u>	<u>109,528</u>	<u>127,972</u>
Total Interest Payments	<u>32,737,675</u>	<u>30,987,675</u>	<u>28,505,952</u>	<u>2,481,723</u>
Cost of Issuance				
Cost of Issuance Expenses	<u>--</u>	<u>--</u>	<u>426,877</u>	<u>(426,877)</u>
 Total	 <u>\$ 68,386,794</u>	 <u>\$ 66,636,794</u>	 <u>\$ 64,081,948</u>	 <u>\$ 2,554,846</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.

Parking Enterprise

(Parking Enterprise) maintains parking related revenue streams, operations and maintenance, and existing debt service.



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS

June 30, 2017

EXHIBIT J-1

	Coliseum	Cemeteries	Parking Garages	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ --	\$ --	\$ 8,337,042	\$ 8,337,042
Accounts Receivable, Net	2,013,653	--	--	2,013,653
Due from Other Funds	--	--	--	--
Prepaid Expenses and Other Current Assets	59,199	--	--	59,199
Total Current Assets	<u>2,072,852</u>	<u>--</u>	<u>8,337,042</u>	<u>10,409,894</u>
Noncurrent Assets:				
Capital Assets:				
Land	4,582,160	8,188,700	14,268,255	27,039,115
Buildings and Structures	34,616,088	601,429	34,089,040	69,306,557
Equipment	5,723,463	213,268	1,579,698	7,516,429
Less Accumulated Depreciation	<u>(39,257,514)</u>	<u>(671,360)</u>	<u>(7,858,713)</u>	<u>(47,787,587)</u>
Total Noncurrent Assets	<u>5,664,197</u>	<u>8,332,037</u>	<u>42,078,280</u>	<u>56,074,514</u>
Total Assets	<u>7,737,049</u>	<u>8,332,037</u>	<u>50,415,322</u>	<u>66,484,408</u>
Deferred Outflow of Resources				
Employer Contributions to Pension				
Subsequent to the Measurement Date	--	413,819	125,563	539,382
Total Deferred Outflows of Resources	<u>--</u>	<u>413,819</u>	<u>125,563</u>	<u>539,382</u>
Liabilities				
Current Liabilities:				
Accounts Payable	504,721	38,354	886,734	1,429,809
Advance Sales	1,282,510	--	--	1,282,510
Due To Other Funds	425,000	914,367	--	1,339,367
Accrued Interest on Bonds	58,822	4,383	1,213,150	1,276,355
General Obligation Bonds	464,179	30,994	4,760,887	5,256,060
Compensated Absences	--	9,404	3,997	13,401
Total Current Liabilities	<u>2,735,232</u>	<u>997,502</u>	<u>6,864,768</u>	<u>10,597,502</u>
Noncurrent Liabilities:				
General Obligation Bonds	2,859,786	187,065	55,951,597	58,998,448
Compensated Absences	--	66,379	30,379	96,758
Net Other Postemployment Benefit Obligations (Note 12)	--	109,145	49,845	158,990
Net Pension Liability	--	1,429,100	243,519	1,672,619
Total Noncurrent Liabilities	<u>2,859,786</u>	<u>1,791,689</u>	<u>56,275,340</u>	<u>60,926,815</u>
Total Liabilities	<u>5,595,018</u>	<u>2,789,191</u>	<u>63,140,108</u>	<u>71,524,317</u>
Deferred Inflow of Resources				
Net Difference Between Project and Actual Earnings on Pension				
Plan Investments	--	118,692	54,204	172,896
Total Deferred Inflow of Resources	<u>--</u>	<u>118,692</u>	<u>54,204</u>	<u>172,896</u>
Net Position				
Net Investment in Capital Assets	2,340,232	8,113,978	(18,634,204)	(8,179,994)
Unrestricted	<u>(198,201)</u>	<u>(2,276,005)</u>	<u>5,980,777</u>	<u>3,506,571</u>
Total Net Position	<u>\$ 2,142,031</u>	<u>\$ 5,837,973</u>	<u>\$ (12,653,427)</u>	<u>\$ (4,673,423)</u>



CITY OF RICHMOND, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NON-MAJOR PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2017

EXHIBIT J-2

	Coliseum	Cemeteries	Parking Garages	Total
Operating Revenues				
Charges for Goods and Services	\$ 2,034,341	\$ 1,261,806	\$ 18,091,685	\$ 21,387,832
Operating Expenses				
Salaries and Wages	--	1,246,831	557,174	1,804,005
Materials and Supplies	357,409	51,498	1,578	410,485
Rents and Utilities	487,825	23,919	478,500	990,244
Maintenance and Repairs	195,864	95,453	5,022,649	5,313,966
Depreciation and Amortization	108,386	44,420	1,677,870	1,830,676
Miscellaneous Operating Expenses	1,374,113	280,143	345,926	2,000,182
Total Operating Expenses	2,523,597	1,742,264	8,083,697	12,349,558
Operating Income (Loss)	(489,256)	(480,458)	10,007,988	9,038,274
Non-Operating Revenues (Expenses)				
Government Subsidies and Contributions	856,770	--	--	856,770
Operational Transfer-Debt	--	--	--	--
Interest and Fiscal Charges	(138,341)	(9,627)	(2,650,976)	(2,798,944)
Total Non-Operating Revenues(Expenses), Net	718,429	(9,627)	(2,650,976)	(1,942,174)
Other Financing Sources (Uses)				
Transfer In-Other Funds	590,604	41,299	1,237,829	1,869,732
Transfer Out-Other Funds	--	--	(500,000)	(500,000)
Total Other Financing Uses, Net	590,604	41,299	737,829	1,369,732
Change In Net Position	819,777	(448,786)	8,094,841	8,465,832
Net Position - Beginning of Year	1,322,254	6,286,759	(20,748,268)	(13,139,255)
Net Position - End of Year	\$ 2,142,031	\$ 5,837,973	\$ (12,653,427)	\$ (4,673,423)



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT J-3

	Coliseum	Cemeteries	Parking Garages	Total
Cash Flows From Operating Activities				
Receipts from Customers	\$ 1,768,151	\$ 1,300,404	\$ 18,091,685	\$ 21,160,240
Receipts from Other Funds	--	458,804	--	458,804
Payments to Suppliers	(2,578,501)	(510,546)	(6,508,272)	(9,597,319)
Payments to Employees	--	(1,248,662)	(482,963)	(1,731,625)
Net Cash Provided by (Used In) Operating Activities	(810,350)	--	11,100,450	10,290,100
Cash Flows From Noncapital Financing Activities				
Government Subsidies and Contributions	1,447,374	41,299	737,829	2,226,502
Due from Other Funds	--	--	--	--
Due to Other Funds	--	--	--	--
Net Cash Provided By Noncapital Financing Activities	1,447,374	41,299	737,829	2,226,502
Cash Flows From Capital and Related Financing Activities				
(Acquisition)/Transfer in of Capital Assets	(37,252)	--	(101,087)	(138,339)
Repayments of GO Bonds	(452,263)	(30,969)	(4,555,771)	(5,039,003)
Interest Paid on Long-Term Debt	(147,509)	(10,330)	(2,696,107)	(2,853,946)
Net Cash Used In Capital and Related Financing Activities	(637,024)	(41,299)	(7,352,965)	(8,031,288)
Net Increase in Cash and Cash Equivalents	--	--	4,485,314	4,485,314
Cash and Cash Equivalents at July 1, 2016	--	--	3,851,728	3,851,728
Cash and Cash Equivalents at June 30, 2017	\$ --	\$ --	\$ 8,337,042	\$ 8,337,042
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (489,256)	\$ (480,458)	\$ 10,007,988	\$ 9,038,274
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	108,386	21,120	1,677,870	1,807,376
Pension Expense	--	(4,140)	71,922	67,782
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:				
Accounts Receivable	(1,061,690)	38,597	--	(1,023,094)
Prepaid Expenses	(28,299)	--	--	(28,299)
Accounts Payable	(134,991)	(36,232)	(659,619)	(830,842)
Due from Other Funds	--	205,276	--	205,276
Due to Other Funds	795,500	253,528	--	1,049,028
Advance Sales	--	--	--	--
Compensated Absences	--	2,309	2,289	4,598
Total Adjustments	(321,094)	480,458	1,092,462	1,251,826
Net Cash Provided by (Used In) Operating Activities	\$ (810,350)	\$ --	\$ 11,100,450	\$ 10,290,100

Depreciation Expense Includes Repairs and Maintenance Expense for Fleet Charges incurred by Non-Major Enterprise and Internal Service Funds



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.

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.

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, 2017

EXHIBIT K-1

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ --	\$ --	\$ 7,969,483	\$ 3,765,353	\$ 12,772,071	\$ 11,006	\$ 24,517,913
Accounts Receivable, Net	--	--	11,115,661	400,000	4,284,626	--	15,800,287
Due From the General Fund	--	--	--	--	--	--	--
Due from Component Unit	--	--	--	--	--	--	--
Inventory	--	287,769	--	--	--	4,349,715	4,637,484
Prepaid Expenses	--	--	--	--	137,121	98,874	235,995
Total Current Assets	--	287,769	19,085,144	4,165,353	17,193,818	4,459,595	45,191,679
Noncurrent Assets:							
Capital Assets:							
Land	98,000	--	--	3,000,000	265,389	1,686,532	5,049,921
Buildings and Structures	1,211,217	--	--	9,000,000	57,056,038	3,516,513	70,783,768
Equipment	80,086,054	374,875	--	--	1,265,009	31,693,578	113,419,516
Less Accumulated Depreciation	(66,448,768)	(360,925)	--	(2,657,426)	(40,754,143)	(34,149,872)	(144,371,134)
Construction in Progress	--	--	--	--	469,747	--	469,747
Total Capital Assets	14,946,503	13,950	--	9,342,574	18,302,040	2,746,751	45,351,818
Total Noncurrent Assets	14,946,503	13,950	--	9,342,574	18,302,040	2,746,751	45,351,818
Total Assets	14,946,503	301,719	19,085,144	13,507,927	35,495,858	7,206,346	90,543,497
Deferred Outflow of Resources							
Deferred Losses on Refundings	--	--	--	--	6,422	--	6,422
Pension Related Activities	791,386	38,842	--	--	621,077	126,986	1,578,291
Total Deferred Outflows of Resources	791,386	38,842	--	--	627,499	126,986	1,584,713
Liabilities							
Current Liabilities:							
Accounts Payable	666,088	9,426	356,969	81,265	2,385,539	521,572	4,020,859
Accrued Liabilities	--	--	3,850,000	750	--	--	3,850,750
Due To Other Funds	20,047,636	5,179,047	9,088,248	--	--	434,396	34,749,327
Accrued Interest on Bonds and Notes Payable	21,863	--	--	79,615	2,204	--	103,682
General Obligation Bonds Payable	615,899	--	--	--	82,096	--	697,995
Revenue Bond Payable	--	--	--	970,056	--	--	970,056
Notes Payable	625,000	--	--	--	--	--	625,000
Compensated Absences	26,739	3,093	--	--	77,666	19,417	126,915
Total Current Liabilities	22,003,225	5,191,566	13,295,217	1,131,686	2,547,505	975,385	45,144,584
Noncurrent Liabilities:							
General Obligation Bonds Payable	841,243	--	--	--	574,844	--	1,416,087
Revenue Bond Payable	--	--	--	3,235,406	--	--	3,235,406
Notes Payable	625,000	--	--	--	--	--	625,000
Compensated Absences	126,382	70,366	--	--	20,331	5,083	222,162
OPEB	232,068	12,099	--	--	176,736	38,971	459,874
Net Pension Liability	2,428,030	112,098	--	--	1,921,886	392,443	4,854,457
Total Noncurrent Liabilities	4,252,723	194,563	--	3,235,406	2,693,797	436,497	10,812,986
Total Liabilities	26,255,948	5,386,129	13,295,217	4,367,092	5,241,302	1,411,882	55,957,570
Deferred Inflows of Resources:							
Pension Related Activities	250,626	13,066	--	--	190,869	42,379	496,940
Total Deferred Inflows of Resources	250,626	13,066	--	--	190,869	42,379	496,940
Net Position							
Net Investment in Capital Assets	12,239,361	13,950	--	5,137,112	17,645,100	2,746,751	37,782,274
Unrestricted	(23,008,046)	(5,072,584)	5,789,927	4,003,723	13,046,086	3,132,320	(2,108,574)
Total Net Position	\$ (10,768,685)	\$ (5,058,634)	\$ 5,789,927	\$ 9,140,835	\$ 30,691,186	\$ 5,879,071	\$ 35,673,700



CITY OF RICHMOND, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2017

EXHIBIT K-2

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Operating Revenues							
Charges for Goods and Services	\$ 15,819,620	\$ 1,052,191	\$ 48,666,189	\$ 2,400,000	\$ 9,727,334	\$ 764,833	\$ 78,430,167
Operating Expenses							
Cost of Goods and Services Sold	10,357,462	487,390	--	--	--	--	10,844,852
Salaries and Wages and Benefits	804,626	461,357	--	--	1,977,709	445,968	3,689,660
Data Processing	11,718	--	--	--	--	--	11,718
Materials and Supplies	53,169	9,998	--	--	314,674	1,756	379,597
Rents and Utilities	209,091	43,583	--	153,541	2,997,826	19,040	3,423,081
Maintenance and Repairs	73,509	28,359	--	791,929	614,944	--	1,508,741
Depreciation and Amortization	4,626,588	9,299	--	225,000	2,052,676	113,225	7,026,788
Claims and Settlements	--	--	40,628,486	--	395	--	40,628,881
Miscellaneous Operating Expenses	788,727	213,520	2,529,949	405,590	985,611	304,532	5,227,929
Total Operating Expenses	16,924,890	1,253,506	43,158,435	1,576,060	8,943,835	884,521	72,741,247
Operating Income (Loss)	(1,105,270)	(201,315)	5,507,754	823,940	783,499	(119,688)	5,688,920
Non-Operating Revenues (Expenses)							
Government Subsidies and Contributions	--	--	--	--	73,923	--	73,923
Interest and Fiscal Charges	19,094	--	642	(244,948)	(4,036)	--	(229,248)
Miscellaneous Revenue (Expenses)	--	--	--	--	(9,007)	50,166	41,159
Total Non-Operating							
Revenues (Expenses), Net	19,094	--	642	(244,948)	60,880	50,166	(114,166)
Transfer Out-Other Funds	--	--	--	--	(8,998)	--	(8,998)
Change In Net Position	(1,086,176)	(201,315)	5,508,396	578,992	835,381	(69,522)	5,565,756
Net Position - Beginning of Year	(9,682,509)	(4,857,319)	281,531	8,561,843	29,855,805	5,948,593	30,107,944
Net Position - End of Year	\$ (10,768,685)	\$ (5,058,634)	\$ 5,789,927	\$ 9,140,835	\$ 30,691,186	\$ 5,879,071	\$ 35,673,700



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT K-3

	Fleet Management	Radio Maintenance	Health Self-Insurance	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Cash Flows From Operating Activities							
Receipts from Customers	\$ 15,835,956	\$ 1,084,804	\$ 43,483,664	\$ 2,200,001	\$ 9,824,663	\$ 764,832	\$ 73,193,920
Payments to Suppliers	(13,139,961)	(833,110)	(45,520,503)	(1,338,186)	(4,024,552)	(514,063)	(65,370,375)
Payments to Employees	(813,619)	(447,613)	--	--	(1,910,383)	(427,194)	(3,598,809)
Receipts From Other Funds	6,547,772	83,159	--	704,395	(921,462)	(201,593)	6,212,271
Other Receipts or (Payments)	--	--	--	--	(18,007)	50,166	32,159
Net Cash Provided By (Used In)							
Operating Activities	8,430,148	(112,760)	(2,036,839)	1,566,210	2,950,259	(327,852)	10,469,166
Cash Flows From Noncapital Financing Activities							
Government Subsidies and Contributions	--	--	--	--	73,923	--	73,923
Due From Other Funds	--	--	541,477	--	--	--	541,477
Due to Other Funds	(977,315)	112,760	5,747,625	(1,793,684)	--	338,858	3,428,244
Net Cash Provided By (Used In)							
Noncapital Financing Activities	(977,315)	112,760	6,289,102	(1,793,684)	73,923	338,858	4,043,644
Cash Flows From Capital and Related Financing Activities							
Acquisition of Capital Assets	(6,095,549)	--	--	--	(1,123,047)	--	(7,218,596)
Repayments of Revenue and GO Bonds	(728,572)	--	--	(920,431)	(134,359)	--	(1,783,362)
Repayments of Notes Payable	(625,000)	--	--	--	--	--	(625,000)
Interest Paid on Long-Term Debt	(3,712)	--	642	(244,950)	(5,182)	--	(253,202)
Net Cash Provided by (Used In)							
Capital and Related Financing Activities	(7,452,833)	--	642	(1,165,381)	(1,262,588)	--	(9,880,160)
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	4,252,905	(1,392,855)	1,761,594	11,006	4,632,650
Cash and Cash Equivalents at July 1, 2016	--	--	3,716,578	5,158,208	11,010,477	--	19,885,263
Cash and Cash Equivalents at June 30, 2017	\$ --	\$ --	\$ 7,969,483	\$ 3,765,353	\$ 12,772,071	\$ 11,006	\$ 24,517,913
Reconciliation of Operating Income (Loss)							
To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (1,105,270)	\$ (201,315)	\$ 5,507,754	\$ 823,940	\$ 783,499	\$ (119,688)	\$ 5,688,920
Adjustments to Reconcile Operating Income (Loss) to Net							
Cash Provided By (Used In) Operating Activities:							
Depreciation	4,104,443	9,299	--	225,000	2,052,676	113,225	6,504,643
Pension Expense	102,044	7,865	--	--	67,391	18,788	196,088
Miscellaneous Income/(Expense)	--	--	--	--	(18,005)	50,166	32,161
(Increase) Decrease in Assets and Increase							
(Decrease) in Liabilities:							
Accounts Receivable	4,110	3,824	(5,182,525)	(199,999)	97,724	--	(5,276,866)
Due From General Fund	6,547,772	83,159	--	704,395	--	--	7,335,326
Due From Component Unit	12,226	28,789	--	--	--	--	41,015
Inventories of Material and Supplies	--	--	--	--	--	115,628	115,628
Prepaid Expenses	--	--	--	--	10,720	3,845	14,565
Accounts Payable	(1,124,140)	(33,769)	(2,546,068)	12,874	(43,682)	(509,801)	(4,244,586)
Accrued Liabilities	(108,427)	(16,491)	184,000	--	--	--	59,082
Due to Other Funds	--	--	--	--	--	--	--
Compensated Absences	(2,610)	5,879	--	--	(64)	(15)	3,190
Total Adjustments	9,535,418	88,555	(7,544,593)	742,270	2,166,760	(208,164)	4,780,246
Net Cash Provided By (Used In) Operating Activities	\$ 8,430,148	\$ (112,760)	\$ (2,036,839)	\$ 1,566,210	\$ 2,950,259	\$ (327,852)	\$ 10,469,166

Depreciation Expense Includes Repairs and Maintenance Expense for Fleet Charges Incurred by Non-Major Enterprise and Internal Service Funds



Fiduciary Funds

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

The Fiduciary Funds are:

Trust Funds

The Richmond Retirement System

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

Other Employee Benefits

is a deferred compensation plan created in accordance with the Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years of up to 25% of salary with a maximum deferral of \$18,000 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.



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

EXHIBIT L-1

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 8,366,630	\$ --	\$ 8,366,630
Receivables:			
Due from Brokers on Sale of Securities	3,312,163	--	3,312,163
Interest and Dividends	228,223	--	228,223
Contributions from Participating Employees	993,374	--	993,374
Other Accounts Receivable	197,693	2,860,819	3,058,512
Investments, at Fair Value:			
Corporate Bonds	29,173,877	--	29,173,877
Common Stock	146,149,662	--	146,149,662
International Stocks	99,593,267	--	99,593,267
International Bonds	95,890,621	--	95,890,621
Real Estate Investment Trusts	34,161,445	--	34,161,445
Emerging Market Debt	--	--	--
Hedge Funds	68,926,564	--	68,926,564
Private Debt	38,609,273	99,898,911	138,508,184
Private Equity	17,681,710	--	17,681,710
Opportunistic Fixed Income	29,346,429	--	29,346,429
Total Investments, at Fair Value	559,532,848	99,898,911	659,431,759
Cash Collateral Received - Security Lending Program	3,117,095	--	3,117,095
Assets	575,748,026	102,759,730	678,507,756
Fixed Assets:			
Furniture Fixtures and Equipment	203,543	--	203,543
Leasehold Improvement	277,109	--	277,109
Total Fixed Assets	480,652	--	480,652
Total Assets	576,228,678	102,759,730	678,988,408
Liabilities:			
Accounts Payable	20,389,759	--	20,389,759
Payable for Collateral Received - Security Lending Program	3,126,358	--	3,126,358
Total Liabilities	23,516,117	--	23,516,117
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 552,712,561	\$ 102,759,730	\$ 655,472,291



CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2017

EXHIBIT L-2

	Richmond Retirement System	Other Employee Benefits	Total
<p>Additions:</p> <p>Contributions:</p> <p>City of Richmond</p> <p>Richmond Behavioral Health Authority</p> <p>Richmond Public Schools</p> <p>Plan Members</p> <p>Total Contributions</p> <p>Investment Income:</p> <p>Net Appreciation (Depreciation) in Fair Value of Investments</p> <p>Interest</p> <p>Dividends</p> <p>Net Income Earned On Securities Lending Transactions:</p> <p>Securities Lending Income</p> <p>Securities Lending Expense</p> <p>Total Net Income Earned on Securities Lending Transactions</p> <p>Investment Income</p> <p>Less Investment Expense</p> <p>Net Investment Loss</p> <p>Total Additions, Net</p>	<p>\$ 41,773,649</p> <p>1,077,226</p> <p>60,201</p> <p><u>2,150,631</u></p> <p><u>45,061,707</u></p> <p>60,990,637</p> <p>1,681,783</p> <p>2,066,020</p> <p>135,706</p> <p><u>(51,670)</u></p> <p><u>84,036</u></p> <p>64,822,476</p> <p><u>(1,981,157)</u></p> <p><u>62,841,319</u></p> <p><u>107,903,026</u></p>	<p>\$ --</p> <p>--</p> <p>--</p> <p><u>10,285,117</u></p> <p><u>10,285,117</u></p> <p>9,786,206</p> <p>--</p> <p>--</p> <p>--</p> <p>--</p> <p><u>9,786,206</u></p> <p><u>20,071,323</u></p>	<p>\$ 41,773,649</p> <p>1,077,226</p> <p>60,201</p> <p><u>12,435,748</u></p> <p><u>55,346,824</u></p> <p>70,776,843</p> <p>1,681,783</p> <p>2,066,020</p> <p>135,706</p> <p><u>(51,670)</u></p> <p><u>84,036</u></p> <p>74,608,682</p> <p><u>(1,981,157)</u></p> <p><u>72,627,525</u></p> <p><u>127,974,349</u></p>
<p>Deductions:</p> <p>Benefits</p> <p>Refunds of Member Contributions</p> <p>Administrative Expenses</p> <p>Depreciation Expense</p> <p>Other</p> <p>Total Deductions</p> <p>Net Increase</p> <p>Net Position Held In Trust For Pension Benefits and Other Purposes - Beginning of Year</p> <p>Net Position Held In Trust For Pension Benefits and Other Purposes - End of Year</p>	<p>(69,186,442)</p> <p>(116,517)</p> <p>(1,081,219)</p> <p>(60,082)</p> <p>--</p> <p><u>(70,444,260)</u></p> <p>37,458,766</p> <p><u>515,253,795</u></p> <p><u>\$ 552,712,561</u></p>	<p>(8,877,478)</p> <p>--</p> <p>(57,252)</p> <p>--</p> <p><u>(25,790)</u></p> <p><u>(8,960,520)</u></p> <p>11,110,803</p> <p><u>91,648,927</u></p> <p><u>\$ 102,759,730</u></p>	<p>(78,063,920)</p> <p>(116,517)</p> <p>(1,138,471)</p> <p>(60,082)</p> <p><u>(25,790)</u></p> <p><u>(79,404,780)</u></p> <p>48,569,569</p> <p><u>606,902,722</u></p> <p><u>\$ 655,472,291</u></p>



CITY OF RICHMOND, VIRGINIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the Fiscal Year Ended June 30, 2017

EXHIBIT L-3

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash and Cash Equivalents	\$ 2,955,225	\$ 4,910,653	\$ 4,700,323	\$ 3,165,555
Accounts Receivable	1,043	--	1,043	--
Due From Other Funds	<u>1,079,865</u>	<u>262,605</u>	<u>1,342,470</u>	<u>--</u>
Total Assets	<u>\$ 4,036,133</u>	<u>\$ 5,173,258</u>	<u>\$ 6,043,836</u>	<u>\$ 3,165,555</u>
Liabilities				
Refundable Deposits	\$ 838,231	\$ 379,966	\$ 238,525	\$ 979,672
Due to Other Funds	1,553,500	1,600,294	3,113,596	40,198
Due to Various Agents	<u>1,644,402</u>	<u>2,768,270</u>	<u>2,266,987</u>	<u>2,145,685</u>
Total Liabilities	<u>\$ 4,036,133</u>	<u>\$ 4,748,530</u>	<u>\$ 5,619,108</u>	<u>\$ 3,165,555</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, 2017**

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 2004 ⁽¹⁾	197,401
United States Census 2005 ⁽¹⁾	197,861
United States Census 2006 ⁽¹⁾	198,624
United States Census 2007 ⁽¹⁾	200,123
United States Census 2008 ⁽¹⁾	202,002
United States Census 2009 ⁽¹⁾	204,451
United States Census 2010 ⁽¹⁾	204,214
United States Census 2011 ⁽¹⁾	205,533
United States Census 2012 ⁽¹⁾	210,309
United States Census 2013 ⁽¹⁾	214,114
United States Census 2014 ⁽¹⁾	217,853
United States Census 2015 ⁽¹⁾	220,289
United States Census 2016 ⁽¹⁾	223,170
United States Census 2017 ⁽¹⁾	N/A

⁽¹⁾ 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 95.0%. The 2016 real estate assessments for the semi-annual real estate billing were based on an effective valuation date of January 1, 2016. The due dates for the semi billing were January 14 and June 14 in the 2016 tax year. The 2017 Land Book will be updated with fair market values as of July 1, 2017; new construction and renovations will be added to the land book through December 31, 2016.

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 weed clearance, refuse clearance, boarding, partial and full demolition of building and fixtures on property. If the special assessment is not paid during the current year, charges are added to the real estate tax bill of the upcoming billing and become a lien on 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 - 2017
- \$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 - 2017

Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 2017

2017 Other taxes and fees imposed include:

PILOT – Payment In Lieu of Taxes: companies that do not pay taxes but instead pay a fee for trash collections and disposal, police protection and fire protection. PILOT billed twice a year June and December. The PILOT rate is computed based on several different figures from the CAFR, Assessor's Office and other financial reports. Certain companies, i.e. Commonwealth of Virginia, have rates set by the General Assembly.

PSC – Public Service Corporation: companies deliver public services - considered essential to the public interest. These companies are assessed based on the Virginia State Corporation Commission. PSC is billed twice a year June and December. The tax rate for all companies is the same as regular real estate and personal property accounts.

Utility Consumers' Tax:

- Monthly Residential Billing:
 - Electricity – \$1.40 plus .015116 per kilowatt-hour and the amount of tax shall not exceed \$4.00 per month.



- Gas – \$1.78 plus .010091 per 100 CCF delivered per month and the amount of tax shall not exceed \$4.00 per month.
- Monthly Commercial and Industrial Billing:
 - Commercial Metered Electricity- \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
 - Industrial Metered Electricity- \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,232, .001837 per kWh in excess of 1,232 kWh.
 - Commercial Gas - \$2.88 plus \$.01739027 per CCF delivered (small volume).
 - Commercial Gas - \$ 24.00 plus \$.07163081 per CCF delivered (large volume).
 - Industrial Metered Gas- \$ 120.00 plus \$.0011835 per CCF delivered.
 - 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 \$17; 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:

- 4.3% State and 1% Local: 2004-2017

Prepared Meals Tax:

- A tax of 6% on prepared meals sold in the City in addition to the Sales Tax, effective January 1, 2004.

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 properties are assessed by the City of Richmond Assessor's office and assessments are mailed to tax payers by mid-June of each year. As of tax year 2011 real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14 of each tax year. 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, 2017, 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 6th 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. In 2017, the interest rate for unpaid taxes was 5% through 12/31/2016 and 10% beginning 1/1/2017. Business 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 and Parking). 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.
- 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, 2017, the Unassigned General Fund Balance was \$107.7 million, which is 15.0% of annual adopted budgeted expenditures and transfers out totaling \$717.1 million.
- 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273	\$ 269,060,408	\$ 226,429,295	\$ 306,400,000	\$ 314,046,028	\$ 335,442,017	\$ 338,407,031
Restricted	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	29,302,519
Unrestricted	45,954,323	21,676,936	67,421,848	71,414,987	103,428,935	46,700,000	(219,000,000)	(272,324,391)	(270,779,486)	(205,662,515)
Total Governmental Activities' Net Position	\$ 365,554,081	\$ 348,359,853	\$ 353,995,506	\$ 282,536,902	\$ 388,947,805	\$ 305,029,295	\$ 108,669,101	\$ 46,014,170	\$ 84,506,348	\$ 162,047,035
Business-type Activities										
Net Investment in Capital Assets	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942	\$ 419,526,304	\$ 488,600,000	\$ 497,111,667	\$ 495,162,064	\$ 487,293,137	\$ 523,105,159
Restricted	--	--	--	--	--	--	--	--	--	25,602,020
Unrestricted	78,044,664	55,610,764	58,319,963	64,745,678	51,318,531	125,800,000	98,609,642	143,122,363	182,038,024	161,296,665
Total Business-type Activities' Net Position	\$ 394,303,721	\$ 407,378,650	\$ 428,003,293	\$ 446,655,620	\$ 470,844,835	\$ 614,400,000	\$ 595,721,309	\$ 638,284,427	\$ 669,331,161	\$ 710,003,844
Primary Government										
Net Investment in Capital Assets	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215	\$ 688,586,712	\$ 715,029,295	\$ 803,511,667	\$ 809,208,092	\$ 822,735,154	\$ 861,512,190
Restricted	14,992,862	15,356,206	5,772,722	12,590,642	16,458,462	31,900,000	21,269,101	4,292,533	19,843,817	54,904,539
Unrestricted	123,998,987	77,287,700	125,741,811	136,160,665	154,747,466	172,500,000	(120,390,358)	(129,202,028)	(88,741,462)	(44,365,850)
Total Primary Government Activities' Net Position	\$ 759,857,802	\$ 755,738,503	\$ 781,998,799	\$ 729,192,522	\$ 859,792,640	\$ 919,429,295	\$ 704,390,410	\$ 684,298,597	\$ 753,837,509	\$ 872,050,879



CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government										
Public Safety and Judiciary	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,582,802	\$ 126,274,797	\$ 145,700,000	\$ 109,455,944	\$ 150,935,993	\$ 134,946,876	\$ 125,878,780
Highways, Streets, Sanitation and Refuse	170,498,404	185,536,625	175,820,069	178,142,702	182,724,471	187,800,000	184,192,095	233,336,534	190,970,196	186,133,476
Human Services	90,808,054	59,964,571	61,502,223	104,103,996	86,067,163	88,900,000	86,301,761	94,672,443	87,187,508	80,927,188
Culture and Recreation	110,423,497	105,618,194	93,697,780	95,333,003	84,629,401	79,000,000	78,249,654	96,529,866	81,057,222	81,512,645
Education	41,009,121	25,635,473	26,009,978	28,502,174	24,348,709	25,000,001	26,090,075	33,004,436	24,601,851	24,328,301
Transportation	158,858,678	164,359,364	163,586,697	173,214,073	155,173,806	158,800,000	158,065,296	166,128,726	175,157,363	180,714,967
Interest and Fiscal Changes	10,460,000	11,950,000	11,600,000	11,600,000	12,143,357	11,600,000	12,621,480	13,244,050	13,045,156	13,045,157
Total Governmental Activities Expenses	25,030,424	23,925,766	20,204,271	21,418,947	18,648,049	19,800,000	26,100,820	22,885,035	26,591,694	27,522,522
	693,437,698	689,166,227	708,991,797	690,257,818	747,897,697	690,009,753	681,077,125	810,737,083	733,557,866	720,063,036
Business-type Activities:										
Gas										
Water	216,059,214	221,285,311	163,063,730	154,527,763	120,738,025	133,137,550	153,143,869	144,436,371	119,137,386	127,316,121
Wastewater	46,158,648	49,074,068	49,934,491	52,819,429	53,201,110	49,803,247	52,161,156	53,276,025	51,634,764	53,402,794
Stormwater	48,364,007	53,000,556	50,679,153	54,073,862	54,615,656	58,438,940	61,153,657	67,382,447	64,768,064	65,175,833
Coliseum	--	--	7,613,092	7,541,005	7,487,569	4,744,194	6,229,426	7,610,350	7,208,967	8,002,822
Landmark Theatre	5,846,334	5,718,103	5,171,178	4,682,080	4,066,315	3,218,416	2,513,548	2,571,848	2,260,443	2,661,938
Cemeteries	1,829,565	567,990	--	--	--	--	--	--	--	--
Parking	1,641,821	1,472,725	1,399,493	1,419,756	1,410,964	1,343,807	1,459,300	1,913,533	1,588,932	1,751,891
Total Business-type Activities Expenses	321,240,609	319,899,589	331,118,753	277,861,137	275,063,895	241,519,639	276,660,955	289,368,767	257,928,417	10,734,673
Total Primary Government Expenses	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955	\$ 1,022,961,592	\$ 931,529,392	\$ 957,738,080	\$ 1,100,105,850	\$ 991,486,283	\$ 989,109,108
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216	\$ 126,215,625	\$ 65,019,167	\$ 56,368,769	\$ 49,393,546	\$ 55,269,092	\$ 66,432,831
Culture and Recreation	719,586	686,911	727,597	406,036	377,643	428,613	216,679	248,813	1,024,289	365,656
Other Activities	30,450,928	29,948,260	30,759,315	26,567,540	26,053,492	27,544,471	25,115,281	22,248,389	24,626,836	121,526,052
Operating Grants and Contributions	169,105,387	155,689,284	151,878,522	154,172,480	149,546,405	141,500,000	144,367,918	136,101,577	137,190,859	32,906,250
Capital Grants and Contributions	12,566,194	5,228,212	5,545,450	7,312,467	8,364,411	26,780,248	35,250,158	44,185,991	41,047,136	34,862,903
Total Governmental Activities Program Revenues	\$ 253,684,575	\$ 256,435,912	\$ 242,639,596	\$ 240,995,415	\$ 247,096,739	\$ 310,557,576	\$ 261,318,805	\$ 252,178,316	\$ 259,158,212	\$ 256,093,692
Business-type Activities:										
Charges for Services:										
Gas	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242	\$ 130,742,982	\$ 148,282,997	\$ 176,794,050	\$ 162,902,984	\$ 128,478,137	\$ 135,691,059
Water	51,616,053	54,406,899	57,386,552	59,596,957	61,814,881	67,827,452	67,512,427	63,912,519	65,836,889	68,181,546
Wastewater	56,795,731	58,803,531	60,220,635	61,356,769	65,709,241	68,533,168	73,393,727	82,343,230	79,101,386	83,251,997
Stormwater	--	--	9,537,834	9,778,441	9,505,006	9,845,346	11,330,268	11,137,971	10,997,422	11,208,637
Coliseum	2,202,374	1,829,195	1,463,233	1,255,551	1,423,979	1,686,346	1,384,868	1,585,548	1,379,423	2,034,341
Landmark Theatre	463,078	520	--	--	--	--	--	--	--	--
Cemeteries	1,423,292	1,368,588	1,320,251	1,222,954	1,198,476	1,329,673	1,477,507	1,592,307	1,559,770	1,261,806
Parking	7,967,099	10,819,719	14,624,603	15,013,658	15,143,172	19,608,232	20,001,217	20,401,711	15,273,141	18,091,685
Operating Grants and Contributions	339,280,871	346,360,165	358,364,466	317,140,349	313,114,572	285,537,737	351,894,064	358,680,106	320,027,319	340,312,507
Total Business-type Activities Program Revenues	\$ 592,965,446	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763	\$ 560,211,311	\$ 596,095,313	\$ 613,212,869	\$ 610,858,422	\$ 579,185,531	\$ 596,406,199
Net (Expense)/Revenue										
Governmental Activities	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)	\$ (379,452,177)	\$ (419,758,320)	\$ (558,558,767)	\$ (474,399,654)	\$ (463,969,344)
Business-type Activities	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675	44,018,098	75,233,109	69,311,339	62,098,902	71,266,435
Total Primary Government Net Expense	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)	\$ (462,750,283)	\$ (335,434,079)	\$ (344,525,211)	\$ (489,247,428)	\$ (412,300,752)	\$ (392,702,909)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax for Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115
Machinery and Tools	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966	12,758,274
General Utility Sales	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308
State Communication Taxes	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917
Lodging Tax	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516
Admissions	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,864,718	3,036,088	2,747,268
Real Estate Taxes - Delinquent	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal property Taxes - Delinquent	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	--	--	--	--	--	--	--	--	--
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Tilling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
Slate Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Rolling Stock Tax	--	--	--	--	--	--	--	--	--	--
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579
Intergovernmental Revenue Not Restricted to Specific Programs	171,162	166,361	156,211	--	--	--	--	--	--	--
Investment Earnings	2,102,922	89,955	105,672	165,111	125,526	80,854	36,020	38,344	53,281	114,158
Miscellaneous	2,224,002	2,319,473	225,661	1,143,368	1,963,714	2,823,922	1,607,458	15,739,412	19,083,117	20,034,985
Transfers	24,282,511	21,560,041	22,340,631	21,459,319	23,147,547	23,612,453	27,377,577	28,080,617	32,669,758	33,908,419
Special Item ¹	--	--	--	--	--	485,000	--	1,500,000	--	2,215,826
Extraordinary Item	306,076	(130,470)	15,352	--	(1,320,829)	--	--	--	--	--
Total Governmental Activities	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670	455,690,181	495,768,705	512,891,832	541,510,031
Business-type Activities:										
Investment Earnings	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 897,530	\$ 1,738,623	\$ 685,639	\$ 811,070	\$ 675,983	\$ 695,117	\$ 1,937,972
Miscellaneous	4,873,908	1,788,086	1,694,580	1,163,441	1,580,041	1,271,707	(4,802,222)	643,748	922,473	1,019,326
Transfers	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)	(23,147,547)	(23,612,453)	(27,377,577)	(28,080,617)	(32,669,758)	(33,551,050)
Total Business-type Activities	(12,648,206)	(10,654,308)	(14,814,587)	(14,170,785)	(19,885,933)	(19,398,348)	(31,368,729)	(26,760,886)	(31,052,168)	(30,593,752)
Total Primary Government	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322	\$ 424,321,452	\$ 469,007,819	\$ 481,839,664	\$ 510,916,279
Change in Net Position										
Governmental Activities	\$ 47,368,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)	\$ 71,336,784	\$ 71,845,493	\$ 35,931,861	\$ (62,790,062)	\$ 38,492,178	\$ 77,540,687
Business-type Activities	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327	24,189,215	43,864,380	42,550,453	31,046,734	40,672,683
Total Primary Government	(8,890,236)	30,238,410	59,014,894	(4,119,300)	26,260,296	(30,850,961)	79,796,241	(20,239,609)	69,538,912	118,213,370

¹Special Item:

Fiscal Year 2007 - Disaster Recovery

Fiscal Year 2013 - Gain on Sale of Land

Fiscal Year 2015 - Bargain Purchase of Property-Diamond

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.





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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Taxes										
Real Estate	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,681	\$ 214,209,839	\$ 215,611,658	\$ 210,389,704	\$ 221,704,082	\$ 224,785,116	\$ 237,853,883
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax for Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	55,220,158	45,878,338	50,186,338	38,461,849	44,579,120	48,005,747	46,100,586	49,740,946	48,222,257	59,223,115
Machinery and Tools	13,486,040	13,762,378	17,119,371	16,914,447	15,421,045	14,792,937	13,746,350	12,752,759	14,454,966	12,758,274
General Utility Sales	37,118,110	35,253,745	34,483,451	17,098,077	16,378,212	17,066,009	16,680,313	17,646,514	17,659,169	18,455,308
Slate Communication Taxes	--	--	--	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	26,429,441	25,051,579	29,986,231	30,065,438	32,290,063	33,206,090	36,002,917
Transient Lodging	5,984,286	5,366,015	4,789,681	4,789,957	5,200,817	6,392,330	6,326,387	5,433,289	7,504,354	8,025,516
Admissions	2,447,670	1,604,376	2,181,971	2,335,970	2,399,527	2,448,962	2,923,183	2,866,718	3,036,088	2,747,268
Real Estate Taxes - Delinquent	--	--	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal Property Taxes - Delinquent	--	--	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	--	--	--	--	--	--	--	--	--
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Titling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
Slate Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Rolling Stock Tax	--	--	--	--	--	--	--	--	--	--
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,580	538,474	628,014	196,579
Total Primary Government	\$ 451,012,546	\$ 425,152,613	\$ 432,985,894	\$ 428,529,872	\$ 426,873,003	\$ 438,572,810	\$ 426,669,126	\$ 450,410,332	\$ 461,085,676	\$ 485,236,643

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nonspendable	\$ --	\$ --	\$ --	\$ 1,029,600	\$ 1,029,600	\$ 1,029,600	\$ --	\$ 382,200	\$ 383,338	\$ 399,742
Restricted	--	--	--	1,391,917	--	--	--	--	--	--
Committed	--	--	--	14,672,765	53,073,041	39,427,954	10,793,000	13,000,000	10,000,000	12,019,176
Assigned	--	--	--	15,460,647	35,002,000	11,573,916	35,163,526	7,788,553	5,850,728	15,219,451
Unassigned	--	--	--	64,062,309	72,908,854	75,000,000	80,393,997	84,995,561	98,210,321	107,729,940
Reserved	16,908,547	2,094,186	16,598,886	--	--	--	--	--	--	--
Unreserved	47,638,753	48,644,484	59,423,096	--	--	--	--	--	--	--
Total General Fund	\$ 64,547,300	\$ 50,738,670	\$ 76,021,982	\$ 96,617,238	\$ 162,013,495	\$ 127,031,470	\$ 126,350,523	\$ 106,166,314	\$ 114,444,387	\$ 135,368,309
All Other Governmental Funds:										
Nonspendable	\$ --	\$ --	\$ --	\$ 212,141	\$ 193,729	\$ 74,327	\$ 74,372	\$ 38,930	\$ --	\$ --
Restricted	--	--	--	16,262,282	16,264,733	15,294,132	19,024,423	4,253,603	19,857,793	29,302,519
Committed	--	--	--	9,426,306	9,756,967	5,587,993	745,000	--	745,000	--
Assigned	--	--	--	295,105	(138,320)	866,410	3,468,218	14,800,003	3,312,542	--
Unassigned	--	--	--	(37,000,000)	(3,508,434)	(168,475,248)	(49,720,104)	(101,563,859)	(83,439,150)	(57,853,866)
Reserved	25,399,353	17,029,761	6,822,405	--	--	--	--	--	--	--
Unreserved, reported in:										
Special Revenue Funds	7,478,784	8,385,421	10,861,875	--	--	--	--	--	--	--
Capital Project Funds	--	(67,443,896)	--	--	--	--	--	--	--	--
Debt Service Fund	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	\$ 32,878,137	\$ (42,028,714)	\$ 17,684,280	\$ (10,804,166)	\$ 22,568,675	\$ (146,652,386)	\$ (26,408,091)	\$ (82,471,323)	\$ (59,523,815)	\$ (28,551,347)

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,518,092	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421
Licenses, Permits and Privilege Fees	35,514,381	36,190,387	35,374,043	34,326,099	39,403,213	42,404,133	38,093,334	39,403,545	39,552,169	37,131,444
Intergovernmental	163,694,270	156,307,233	151,219,441	152,816,149	152,837,949	133,166,823	150,232,431	144,718,110	215,446,474	179,177,023
Service Charges	21,761,128	24,407,838	24,407,838	25,559,661	26,390,218	28,093,614	23,205,623	23,437,359	24,702,348	33,085,235
Fines and Forfeitures	10,706,248	9,246,562	9,760,055	9,583,749	9,744,457	10,200,629	10,221,786	5,822,882	7,543,881	6,586,811
Payment in Lieu of Taxes	19,357,177	19,234,942	19,780,983	--	--	10,200,629	--	--	--	--
Utility Payments	--	--	--	22,577,356	24,141,572	25,266,237	27,175,174	28,848,885	32,000,694	31,162,094
Investment Income	2,103,022	540,676	105,672	165,111	125,526	80,854	36,019	38,344	53,281	114,158
Miscellaneous	27,454,098	19,653,520	22,718,453	20,903,222	79,323,182	18,100,667	10,564,344	15,345,228	19,302,223	18,080,483
Total Revenues	716,285,587	689,963,393	689,073,607	699,713,428	763,671,429	690,831,049	690,397,253	708,326,955	811,934,510	786,625,669
Expenditures:										
General Government	77,967,920	90,936,507	92,896,369	86,018,066	90,060,892	99,140,475	77,804,633	91,170,260	88,378,032	84,393,859
Public Safety and Judiciary	167,022,262	177,057,319	169,704,353	168,930,921	177,042,195	179,438,014	178,712,513	190,291,231	191,072,187	192,552,805
Highways, Streets, Sanitation and Refuse	61,007,410	44,632,867	46,687,139	58,398,783	61,164,440	60,345,016	67,017,239	61,720,615	61,226,383	61,691,779
Human Services	105,983,727	101,156,059	89,445,759	89,251,029	80,913,299	74,156,376	76,378,833	81,890,683	81,456,560	83,890,504
Culture and Recreation	22,420,288	22,869,119	21,791,546	23,274,978	22,988,592	22,746,588	24,326,572	26,212,041	23,153,407	23,606,485
Education	158,858,678	159,155,815	151,332,379	150,585,819	150,651,924	153,205,535	154,267,395	162,170,840	170,833,592	176,983,321
Non-Departmental	51,273,499	50,990,595	46,454,002	43,629,933	46,835,962	72,870,264	44,145,152	52,352,720	54,638,951	46,901,510
Capital Outlay	37,969,088	81,224,196	55,093,465	125,099,224	96,796,091	179,946,671	153,252,930	106,538,511	115,975,232	97,879,286
Debt Service:										
Principal Retirement	33,368,115	28,077,064	31,748,820	29,839,337	30,683,823	36,604,656	37,129,045	31,040,730	64,113,008	35,149,119
Interest Payments	25,054,610	24,805,037	19,193,765	19,710,167	22,026,533	19,517,107	24,157,031	24,077,465	27,633,704	28,505,952
Issuance Costs	--	955,068	806,838	647,705	--	--	738,870	1,324,747	827,439	556,713
Total Expenditures	740,925,597	781,859,646	725,154,435	795,385,962	779,163,751	897,970,702	837,930,213	828,789,843	879,773,891	831,645,937
Other Financing Sources (Uses):										
Transfers In	82,480,356	70,306,914	67,559,251	66,240,273	66,995,617	67,750,346	73,001,130	69,642,441	109,294,954	79,998,362
Transfers Out	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)	(63,886,685)	(65,335,266)	(69,123,692)	(66,809,741)	(104,614,669)	(75,297,532)
Proceeds from Refunding Bonds	--	--	--	--	--	--	193,218,870	--	21,865,202	--
Payment to Escrow Agent	--	--	--	--	--	--	(150,000,000)	--	--	--
Proceeds from Section 108	--	--	--	--	--	--	--	--	--	--
Proceeds from EDA	--	--	--	--	--	--	--	--	--	786,418
Payments for Refunding Bonds	--	--	--	--	--	--	--	--	--	1,429,408
Proceeds from Issuance of Bonds	--	--	--	--	--	--	--	(141,723,901)	(21,721,208)	--
Premium on Issuance of Bonds	(762,900)	--	100,917,875	80,341,209	113,379,713	36,487	124,144,030	183,106,648	94,240,683	90,000,000
Total Other Financing Sources, Net	2,210,069	3,180,772	110,894,424	87,779,344	116,488,645	2,451,567	171,240,338	44,215,447	99,064,962	96,916,656
Special Items:										
Gain on Sale of Land	--	--	--	--	--	485,000	--	--	--	--
Total Special Items	--	--	--	--	--	485,000	--	--	--	--
Extraordinary Item:										
Disaster Costs	306,076	--	15,352	--	1,320,829	--	--	--	--	--
Total Extraordinary Item	306,076	--	15,352	--	1,320,829	--	--	--	--	--
Net Change in Fund Balances	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)	\$ 99,675,494	\$ (204,203,086)	\$ 23,707,378	\$ (76,247,441)	\$ 31,225,581	\$ 51,896,388
Debt Service as a Percentage of Noncapital Expenditures ¹	8.1%	6.9%	7.3%	6.6%	7.5%	6.7%	8.0%	7.4%	11.8%	8.4%

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real Estate	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834	\$ 216,991,101	\$ 213,234,953	\$ 216,006,348	\$ 223,491,278	\$ 234,445,036	\$ 234,294,879
Sales-1% Local	31,274,790	30,935,300	26,093,786	26,315,613	30,595,853	30,549,022	30,944,459	32,567,648	33,773,371	34,176,816
Sales Tax for Education	26,959,337	25,312,005	24,943,835	25,914,852	26,406,848	23,673,198	23,612,726	25,102,851	24,997,524	25,661,559
Personal Property	44,734,218	51,107,922	44,081,997	44,343,976	43,780,792	47,234,956	44,753,528	49,260,306	48,531,320	57,603,912
Machinery and Tools	13,679,043	14,265,110	17,038,468	16,857,051	15,519,223	15,001,324	13,607,934	12,838,347	14,060,308	13,828,602
Utility Sales Tax Gas	-	-	-	4,617,822	4,256,292	4,761,197	4,833,897	4,872,622	4,467,916	4,711,342
Utility Sales Tax Electric	-	-	-	12,480,255	12,121,920	12,303,832	11,463,513	12,479,100	12,707,360	13,494,359
Utility Sales Tax Tele	-	-	-	-	-	-	382,903	294,792	483,893	249,607
General Utility Sales	37,118,110	35,253,745	34,483,451	-	-	-	-	-	-	-
State Communication Taxes	-	-	-	17,439,622	17,085,208	17,130,526	16,839,049	16,691,917	16,527,290	15,760,395
Bank Stock	3,317,298	4,494,835	8,247,534	13,933,727	12,480,183	9,221,721	9,328,141	8,816,474	9,936,805	8,364,990
Prepared Food	24,076,647	24,489,056	23,756,424	21,726,664	26,991,476	28,320,613	30,444,280	31,686,926	35,455,141	35,605,363
Lodging Tax	5,984,286	5,366,015	4,789,681	4,623,900	5,685,427	6,018,453	5,974,584	5,456,014	8,079,083	8,042,016
Admission	2,447,670	1,604,376	2,181,971	1,843,129	2,726,217	2,372,848	2,964,390	2,357,256	2,885,747	3,287,979
Real Estate Taxes - Delinquent	-	-	9,711,901	10,746,487	7,006,446	8,953,219	7,895,327	9,155,708	9,703,138	8,937,806
Personal Property Taxes - Delinquent	-	-	5,023,503	4,117,223	3,959,980	8,524,442	5,614,439	8,867,316	6,378,267	9,836,983
Delinquent Tax Payments-All Classes	19,581,751	-	-	-	-	-	-	-	-	-
Private Utility Poles and Conduits	95,186	96,164	156,478	158,268	154,881	158,568	169,729	160,950	68,699	260,117
Penalties and Interest	3,657,510	4,570,206	5,423,493	4,948,641	3,660,357	4,471,897	3,642,822	4,384,082	7,892,982	5,023,749
Titling Tax-Mobile Home	9,014	10,635	10,858	4,704	8,051	5,817	6,132	9,083	8,266	9,474
State Recordation	954,315	710,115	759,637	681,049	656,449	731,956	872,407	661,291	1,156,543	942,127
Property Rental 1%	126,334	126,534	101,748	109,871	131,021	139,796	133,774	82,388	79,202	154,115
Vehicle Rental Tax	889,582	626,040	424,599	579,654	1,149,088	371,425	855,582	937,779	1,067,535	845,652
Telephone Commissions	477,935	449,292	450,000	390,739	338,499	337,349	522,578	538,474	628,014	196,579
Total General Governmental Tax Revenues	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081	\$ 431,705,312	\$ 433,517,112	\$ 430,868,542	\$ 450,712,602	\$ 473,333,440	\$ 481,288,421

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
(modified accrual basis of accounting)

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less:		Total Taxable Assessed Value	Tax Rate Per \$100 of Assessed Value			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property			Tax Exempt Real Property	Real Property		Personal Property	Machinery & Tools			
2008	\$ 13,189,929,800	\$ 12,416,702,435	\$ 1,468,366,859	\$ 627,888,746	\$ 5,000,713,600	\$ 22,702,174,240	\$ 1.23	\$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%	
2014	\$ 13,873,758,000	\$ 11,897,960,000	\$ 1,385,403,241	\$ 594,339,539	\$ 6,183,459,000	\$ 21,568,001,780	\$ 1.20	\$3.70	\$2.30	\$ 21,568,001,780	100.00%	
2015	\$ 14,322,697,000	\$ 11,976,725,000	\$ 1,629,774,285	\$ 588,032,927	\$ 6,268,127,000	\$ 22,249,102,212	\$ 1.20	\$3.70	\$2.30	\$ 22,249,102,212	100.00%	
2016	\$ 14,986,306,000	\$ 12,803,864,000	\$ 1,955,517,305	\$ 577,169,740	\$ 6,908,330,000	\$ 23,414,527,045	\$ 1.20	\$3.70	\$2.30	\$ 23,414,527,045	100.00%	
2017	\$ 15,650,193,000	\$ 13,250,426,000	\$ 2,391,005,104	\$ 599,972,231	\$ 7,304,849,000	\$ 24,586,747,335	\$ 1.20	\$3.70	\$2.30	\$ 24,586,747,335	100.00%	

Source: Assessor's Office (Real Property)
Department of Finance (Personal Property and Machinery & Tools)



CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2017

2017				2007			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Total Taxable Assessed Value</u>
PHILIP MORRIS INC.	\$630,975,000	1	2.92%	PHILIP MORRIS INC	\$ 720,633,800	1	3.86%
RICHMOND RIVERFRONT PLAZA LP	163,634,000	2	0.76%	HINES RIVERFRONT PLAZA LP	272,500,000	2	1.46%
GMACC 2006 C1 EAST CARY STREET	159,861,000	3	0.74%	JAMES CENTER PROPERTY LLC	190,517,000	3	1.02%
SIR PROPERTIES TRUST	117,887,000	4	0.55%	DOMINION RESOURCES, INC	138,568,000	4	0.74%
CHIPPENHAM HOSPITAL INC.	110,534,000	5	0.51%	CHIPPENHAM HOSPITAL INC.	105,595,100	5	0.57%
FEDERAL RESERVE BANK	103,454,000	6	0.48%	FEDERAL RESERVE BANK	95,498,200	6	0.51%
UEX RICHMOND TENANT LP	98,052,000	7	0.45%	SUNTRUST BANK	89,985,700	7	0.48%
DOMINION RESOURCES INC	89,778,000	8	0.42%	PARAMENTER 919 MAIN ST LP	89,120,000	8	0.48%
KIRELAND SOUTH 10TH STREET LLC	76,186,000	9	0.35%	RIVERSIDE OWNER LLC	81,450,000	9	0.44%
TIM STONY POINT PARK LP	70,328,000	10	0.33%	STONY POINT FASHION PARK ASSOCIATION	78,388,000	10	0.42%
HRIP MILLER & RHODAS	67,594,000	11	0.31%	FIRST STATE INVESTORS 3500 LLC	64,402,000	11	0.35%
AREP RIVERSIDE LLC	66,779,000	12	0.31%	ROBINS A H CO. INC	48,212,400	12	0.26%
AMERICAN RETIREMENT CORP	65,161,000	13	0.30%	ATLANTIC AMERICAN PROPERTIS	47,519,000	13	0.25%
PARMA RICHMOND LLC	64,481,000	14	0.30%	MEDIA GENERAL	47,156,000	14	0.25%
BIOTECH BUILDINGS LLC	63,087,000	15	0.29%	AMERICAN RETIREMENT CORP	46,324,000	15	0.25%
CRESTAR BANK	61,218,000	16	0.28%	SJW LIMITED PARTNERSHIP	39,722,000	16	0.21%
DOMINION RESOURCES SERV INC	52,449,000	17	0.24%	ALLEGHENY WAREHOUSE CO, INC	39,052,200	17	0.21%
ROBINS A H CO INC	48,490,000	18	0.22%	EIGHTH & MAIN LP	28,236,000	18	0.15%
SOUTHWOOD APARTMENTS LLC	47,718,000	19	0.22%	HISTORIC HOTELS LLC	27,161,700	19	0.15%
RVA 1111 EAST MAIN TOWER LP	44,298,000	20	0.21%	OMNI CENTER CORPORATION	26,078,700	20	0.14%
ECK INTERPRISES INC	43,117,000	21	0.20%	PRVA II LP	26,065,300	21	0.14%
JOHN MARSHALL BUILDING LLC	41,996,000	22	0.19%	LOWES HOME CENTERS	22,059,300	22	0.12%
APPLE SEVEN SPE RICHMOND INC	39,631,000	23	0.18%	HRLP LLC	21,973,400	23	0.12%
CBD DEVELOPMENT LLC	36,386,000	24	0.17%	DUPONT E INEMOURS & CO	17,687,000	24	0.09%
GAMBLES HILL LAB LLC	34,984,000	25	0.16%	CRIT-VA INC	12,503,400	25	0.07%
Total of Taxpayers	2,398,078,000		11.10%	Total of Taxpayers	2,376,408,200		12.74%
All Other Properties	19,197,692,000		88.90%	All Other Properties	16,274,614,450		87.26%
Totals	\$ 21,595,770,000		100.00%	Totals	\$ 18,651,022,650		100.00%

Source: City's Real Estate Assessor



CITY OF RICHMOND, VIRGINIA
REAL ESTATE TAX LEVIES AND COLLECTIONS
(modified accrual basis of accounting, beginning FY2017)
Last Ten Years

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	\$222,126,762	97.7%
2013	1.20	\$224,663,796	\$207,677,432	92.4%	\$9,296,883	\$216,974,315	96.6%
2014	1.20	\$217,520,214	\$202,460,782	93.1%	\$6,568,610	\$209,029,392	96.1%
2015	1.20	\$225,916,636	\$210,327,124	93.1%	\$9,155,708	\$219,482,832	97.2%
2016	1.20	\$233,675,912	\$220,474,082	94.4%	\$9,702,731	\$230,176,813	98.5%
2017	1.20	\$246,301,342	\$234,294,879	95.1%	\$8,937,806	\$243,232,685	98.8%

Source: City of Richmond - Department of Finance

CITY OF RICHMOND, VIRGINIA
PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
(modified accrual basis of accounting, beginning FY2017)
Last Ten Years

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>	<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>	<u>Total Tax Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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	\$49,636,035	\$45,050,368	90.8%	\$4,740,164	\$49,790,532	92.5%
2012	3.70	\$49,995,079	\$46,364,216	92.7%	\$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%
2014	3.70	\$60,309,698	\$50,764,046	84.2%	\$13,386,275	\$64,150,321	106.4%
2015	3.70	\$61,537,220	\$52,363,405	85.1%	\$7,102,096	\$59,465,502	95.4%
2016	3.70	\$66,205,914	\$57,262,094	86.5%	\$6,378,170	\$63,640,264	96.1%
2017	3.70	\$67,884,998	\$57,603,912	84.9%	\$9,836,983	\$67,440,895	99.3%

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

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

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

Source: City of Richmond - Department of Finance



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

Fiscal Year	Governmental Activities					Business-type Activities				Total Primary Government	
	General	Virginia Public School Authority	General	HUD Section	Lease Revenue	Certificates of Participation	General	Utility Revenue	Total Primary Government	Percentage of Personal Income	Per Capita
	Obligation Bonds	Bonds	Obligation Notes	108 Notes	Bond	Series 2001A	Obligation Bonds	Bonds	Government	Income	
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	10.95%	\$5,075
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	13.90%	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	13.77%	5,914
2011	604,863,844	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	13.46%	6,231
2012	647,464,912	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	12.24%	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	14.93%	6,983
2014	607,682,714	977,282	107,460,000	10,695,000	6,827,905	-	123,660,034	723,448,460	1,580,751,395	15.20%	7,256
2015	600,310,584	736,976	35,035,000	10,125,000	5,999,238	-	176,398,433	711,370,940	1,539,976,171	14.37%	6,991
2016	652,885,412	494,107	6,875,000	10,125,000	5,125,893	-	154,174,876	694,547,789	1,524,228,077	N/A	6,830
2017	617,751,633	248,508	96,250,000	9,605,000	4,205,462	-	129,829,955	755,518,747	1,613,409,306	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	Governmental Activities					Business-type Activities				Total Primary Government	
	General	Virginia Public School Authority	General	HUD Section	Lease Revenue	Certificates of Participation	General	Utility Revenue	Total Primary Government	Percentage of Personal Income	Per Capita
	Obligation Bonds	Bonds	Obligation Notes	108 Notes	Bond	Series 2001A	Obligation Bonds	Bonds	Government	Income	
2008	\$577,616,182	\$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	10.95%	\$5,075
2009	535,908,441	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	13.90%	5,778
2010	592,191,771	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	13.77%	5,914
2011	625,058,938	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	13.46%	6,231
2012	683,893,958	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	12.24%	6,079
2013	637,526,478	1,215,155	101,155,970	11,255,000	7,614,180	-	141,816,089	736,458,840	1,495,225,623	14.93%	6,983
2014	731,342,748	977,282	107,460,000	10,695,000	6,827,905	-	123,660,034	723,448,460	1,580,751,395	15.20%	7,256
2015	776,709,018	736,976	35,035,000	10,125,000	5,999,238	-	176,398,433	711,370,940	1,539,976,171	14.37%	6,991
2016	807,060,288	494,107	6,875,000	10,125,000	5,125,893	-	154,174,876	694,547,789	1,524,228,077	N/A	6,830
2017	747,581,589	248,508	96,250,000	9,605,000	4,205,462	-	129,829,955	755,518,747	1,613,409,306	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.



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212	\$ 1,971,653,100	\$ 1,948,406,600	\$ 1,958,825,900	\$ 2,003,129,500	\$ 2,088,184,000	\$ 2,159,577,000
Total net debt applicable to limit	592,625,025	605,137,771	630,231,266	703,768,481	701,068,792	751,152,603	850,475,030	822,605,994	824,554,395	853,685,097
Legal Debt Margin	\$ 1,468,366,839	\$ 1,504,765,133	\$ 1,479,172,601	\$ 1,284,976,731	\$ 1,270,584,308	\$ 1,197,253,997	\$ 1,108,350,870	\$ 1,180,523,506	\$ 1,263,629,605	\$ 1,305,891,903
Total net debt applicable to the limit as a percentage of debt limit	28.75%	28.68%	29.88%	35.39%	35.56%	38.55%	43.42%	41.07%	39.49%	39.53%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value (Taxable)	\$ 21,595,770,000
Debt limit (10% of total assessed value)	2,159,577,000
Debt applicable to limit:	
General Obligation Bonds	853,685,097
Legal Debt Margin	\$ 1,305,891,903

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 Debt Applicable to Limit shown on 6/30/2017 does not include \$755,518,747 of self supporting Public Utility Revenue Bonds or \$4,205,462 of Lease Revenue Bonds that by State law are



**CITY OF RICHMOND, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Years**

<u>Fiscal Year</u>	<u>Gross</u>		<u>Less: Direct Operating</u>		<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Revenue</u>		<u>Expenses</u>			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2008	\$ 335,154,223	\$	270,811,760	\$	64,342,463	\$ 20,562,701	\$ 29,429,144	\$ 49,991,845	1.29
2009	\$ 347,058,210	\$	278,970,601	\$	68,087,609	\$ 20,508,027	\$ 29,939,215	\$ 50,447,242	1.35
2010 ¹	\$ 297,479,213	\$	220,452,796	\$	77,026,417	\$ 21,104,375	\$ 34,343,862	\$ 55,448,237	1.39
2011	\$ 292,376,014	\$	214,249,704	\$	78,126,310	\$ 23,548,199	\$ 31,501,282	\$ 55,049,481	1.42
2012	\$ 264,583,790	\$	185,232,686	\$	79,351,104	\$ 27,860,480	\$ 30,343,026	\$ 58,203,506	1.36
2013	\$ 291,885,805	\$	208,615,753	\$	83,270,052	\$ 29,836,350	\$ 30,284,845	\$ 60,121,195	1.39
2014	\$ 322,906,697	\$	212,520,886	\$	110,385,811	\$ 34,088,248	\$ 36,736,199	\$ 70,824,447	1.56
2015	\$ 320,307,318	\$	208,875,736	\$	111,431,582	\$ 31,269,119	\$ 35,701,455	\$ 66,970,575	1.66
2016	\$ 296,741,775	\$	181,337,736	\$	115,404,039	\$ 34,934,079	\$ 33,895,709	\$ 68,829,788	1.68
2017	\$ 313,083,986	\$	189,142,582	\$	123,941,403	\$ 31,768,170	\$ 26,875,875	\$ 58,644,045	2.11

Debt Service Coverage Covenant

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

Source: City of Richmond - Department of Public Utilities

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

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



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

Fiscal		Personal Income	Per Capita			City	State
<u>Year</u>	<u>Population(1)</u>	(Amounts expressed <u>in thousands</u>)	Personal <u>Income(2)</u>	Median <u>Age</u>	<u>School</u> <u>Enrollment(3)</u>	Unemployment <u>Rate(4)</u>	Unemployment <u>Rate(4)</u>
2008	202,867	\$9,291,735	\$45,941	35.3	24,226	5.8%	4.0%
2009	204,451	\$8,564,729	\$42,050	33.8	23,200	10.2%	7.1%
2010	204,214	\$8,736,377	\$42,772	32.6	22,994	10.5%	7.1%
2011	205,533	\$9,345,201	\$45,151	32.4	23,454	9.3%	6.3%
2012	210,309	\$10,148,048	\$47,975	32.2	23,336	9.0%	6.0%
2013	214,114	9,848,358	45,869	32.6	23,649	8.2%	5.9%
2014	217,853	10,194,285	46,794	32.6	23,775	6.7%	5.3%
2015	220,289	10,717,448	48,652	NA	23,957	5.2%	4.7%
2016	223,170	NA	40,758	32.0	23,987	4.1%	4.0%
2017	N/A	NA	NA	NA	24,868	4.4%	3.9%

*NA-Not Available

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

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

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

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

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

Unemployment rates are not seasonally adjusted.



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

Function	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
General Government	731	681	696	696	620	764	739	739	684	566
Public Safety and Judiciary										
Police	1,028	1,000	980	942	923	915	918	918	849	845
Firefighters and Officers	463	413	406	434	425	411	439	439	432	409
Others	603	590	577	573	557	528	542	542	521	526
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	566	527	452	454	497	389	391	391	327	318
Human Services										
Human Services Advocacy	24	34	35	43	34	13	15	15	14	12
Social Services	481	472	456	443	441	426	353	353	392	368
Culture and Recreation	260	273	276	261	158	161	146	146	235	232
Transportation	-	-	-	-	-	-	-	-	-	-
Business-type Activities:										
Stormwater Utility	-	-	-	-	-	55	52	52	52	47
Gas Utility	322	425	404	359	367	284	291	291	281	282
Water Utility	102	128	110	110	117	106	101	101	112	116
Wastewater Utility	113	164	139	131	168	176	166	166	169	150
Electric Utility	19	24	24	24	39	26	24	24	21	15
Stores and Transportation Division	13	10	6	6	6	6	8	8	7	6
Coliseum	25	25	17	17	14	14	14	14	-	-
Landmark Theatre	5	-	-	-	-	-	-	-	-	-
Cemeteries NCO	20	20	20	21	19	19	17	17	18	18
Parking	-	-	-	-	-	-	-	-	6	6
Total	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>	<u>4,385</u>	<u>4,293</u>	<u>4,216</u>	<u>4,216</u>	<u>4,120</u>	<u>3,916</u>

Source: Various City departments



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

Function	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
Police:										
Physical Arrests	20,064	20,425	14,487	13,595	13,179	11,184	10,668	11,453	14,156	14,482
Parking Violations	101,675	104,380	134,151	128,038	125,171	125,905	115,961	131,783	118,263	87,503
Traffic Violations	28,195	30,965	31,518	30,454	25,026	18,168	17,233	17,434	10,440	22,068
Fire:										
Number of calls answered	19,864	29,098	29,587	32,450	32,287	33,774	34,236	34,616	36,079	38,516
Inspections	1,322	1,090	5,336	4,093	5,675	6,392	2,921	3,254	2,657	2,367
Highways and Streets:										
Street resurfacing (miles)	70	62	122	115	118	108	130	127	138	82
Potholes repaired	898	6,128	11,409	9,158	15,135	13,126	20,957	20,161	19,476	20,232
Sanitation and Refuse:										
Refuse collected (tons/day)	335	374	291	300	290	295	295	300	356	350
Recyclables collected (tons/day)	25	213	21	42	25	37	37	37	49	50
Culture and Recreation:										
Parks permits issued	543	598	579	546	546	546	546	644	448	606
Business-type Activities:										
Gas:										
Maximum daily sendout (MCF)	147,713	160,509	139,351	153,078	137,485	150,761	169,141	183,745	163,678	171,337
Annual Sendout (MCF)	17,722,952	17,056,844	16,006,116	17,662,077	14,673,455	17,522,110	19,014,696	19,997,009	18,230,067	17,588,052
Water:										
Average daily consumptions (MGD)	66	62	58	59	53	57	55	61	60	60
Maximum daily consumptions (MCD)	90	90	89	99	89	88	83	83	81	87
Water in Storage (gallons) ¹	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000	73,000,000
Wastewater:										
Average daily sewage treatment (MGD)	49	49	55	46	52	51	53	46	54	54
Maximum daily sewage treatment (MGD)	84	84	96	84	80	82	79	54	83	83
Coliseum:										
Average daily attendance per activity	1,193	4,169	4,895	4,957	4,161	3,889	1,038	994	4,133	4,857
Landmark Theatre:										
Total tickets sold for all activities ²	139,506	122,645	156,448	100,032	217,104	121,144	143,855	101,878	177,124	143,364
Total attendance for all activities ²	196,893	195,790	177,105	139,749	234,035	129,800	160,014	156,321	247,291	209,785
Cemeteries:										
Number of interments	841	901	790	777	790	860	826	875	804	790
Number of lot sales	18	14	16	20	6	13	7	12	7	14
Number of single grave sales	601	568	504	473	468	607	555	584	547	526
Number of foundations	532	560	494	522	493	519	512	544	572	593

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police:										
Stations	4	8	7	7	7	7	7	9	4	4
Patrol Units	323	204	173	164	213	223	223	220	194	222
Fire:										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	64	51	54	54	61	51	41	39	67	51
Highways and Streets:										
Streets (miles) ¹	1,858	822	822	822	822	822	1,860	1,860	1,835	1,832
Streetlights	33,000	30,548	30,783	36,027	35,834	36,230	31,247	31,247	31,247	31,247
Traffic Signals ²	465	468	476	469	474	471	521	475	475	475
Sanitation and Refuse:										
Collection Trucks	37	47	34	33	33	33	33	33	33	33
Culture and Recreation:										
Parks acreage	2,805	2,818	2,808	2,810	2,808	2,808	2,808	2,844	2,844	2,844
Parks	71	71	71	71	72	72	73	73	73	73
Baseball/Softball Diamonds	48	48	48	48	48	48	48	48	48	48
Athletic Fields	31	31	31	31	31	31	31	30	30	30
Golf Courses (Driving Range/Par 3 Course)	1	1	1	1	1	1	1	1	1	1
Swimming Pools	9	8	9	9	9	9	9	9	9	9
Tennis Courts	130	130	140	140	140	140	140	136	136	136
Community Centers	24	24	20	20	20	20	20	20	20	20
Theatres	2	2	2	2	2	2	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas :										
Miles of Service Lines ³	1,013	1,033	1,050	1,057	1,069	1,138	1,149	1,130	1,139	1,146
Number of Gate Stations	8	8	8	8	8	8	8	8	8	8
Water:										
Miles of Water Lines	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Water Pumping Stations	12	12	12	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	47	47	47	47	47	47	47	47	47	47
Sewer Pumping Stations	5	5	5	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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

RICHMOND, VA

2017

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