

Comprehensive Annual Financial Report

CITY OF RICHMOND, VIRGINIA



FOR THE FISCAL YEAR ENDED JUNE 30, 2011



CITY OF RICHMOND, VIRGINIA

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2011



MAYOR
Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER AND
ACTING DEPUTY CHIEF ADMINISTRATIVE OFFICER
FINANCE & ADMINISTRATION
Byron C. Marshall

INTERIM DIRECTOR OF FINANCE
T. Wayne Lassiter, CPA

INTERIM CITY CONTROLLER
William D. Wheeler, CPA, MBA

CITY COUNCIL

Kathy C. Graziano
President
Ellen F. Robertson
Vice President

Douglas G. Conner, Jr.
Chris A. Hilbert
E. Martin Jewell
Cynthia I. Newbille
Charles R. Samuels
Reva M. Trammell
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**THE CITY OF RICHMOND, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
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INTRODUCTION SECTION

City of Richmond



DWIGHT C. JONES
MAYOR

December 9, 2011

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

We are pleased to present the City of Richmond's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This report is intended to provide informative and relevant financial data to the residents of the City, the City Council, investors, creditors and any other interested reader. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a narrative overview and analysis of the financial statements included in this document. Any individual with comments or questions concerning this report is encouraged to contact the City of Richmond's Department of Finance at (804) 646-5829. This report may also be found online at www.richmondgov.com/finance.

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

Cherry, Bekaert & Holland, LLP, a certified public accounting firm, audited the City's basic financial statements. As an independent auditor, Cherry, Bekaert & Holland, LLP rendered an unqualified opinion stating that the City's basic financial statements for the fiscal year ended June 30, 2011 are fairly presented in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

Overview of the City of Richmond, Virginia

The City of Richmond, incorporated in 1782, is a municipal corporation of the Commonwealth of Virginia and is the state capital. The City occupies 62.46 square miles and serves a growing population of 204,214 as of the 2010 U.S. Census estimate. In the Commonwealth, cities have sole jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and consequently, citizens of Virginia cities are not subject to overlapping debt or taxation.

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

The results are a diverse economic base, including research and development, manufacturing, retail, services, law, distribution, tourism, banking and state government, which contributes to a stable and positive business environment. Richmond is home to the Fifth District Federal Reserve Bank and the Fourth Circuit U.S. Court of Appeals. Of Virginia's 20 Fortune 500 companies, three are headquartered in the City – Altria Group, Dominion Resources, and MeadWestvaco. Additionally, approximately one-third of the Virginia's Fortune 1000 Companies are also located within the greater Richmond region.

Included among the accolades bestowed upon the Greater Richmond Area, Richmond maintained its ranking as one of the nation's 50 Best Places for Business and Careers and was ranked one of the 20 Happiest Cities for Young Professionals in America, both by Forbes. The Wall Street Journal's MarketWatch named Richmond the 7th best metro center for business, improving from 14th last year. Additionally, Richmond City was named the Best Small American City of the Future, and ranked fifth for Small Cities Business Friendliness by Foreign Direct Investment Magazine's North American Cities of the Future.

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

This active educational environment supports the City's flourishing cultural community, numerous sports and entertainment attractions and one of the nation's largest river park systems, ranking it among the "Best Places to Live and Work in America." The Virginia Museum of Fine Arts, located in the City's Fan District, is home to the largest public Fabergé collection outside Russia, was the only east coast venue selected to exhibit the "Picasso: Masterpieces from the Musée National Picasso, Paris" collection, and is considered a top public museum.

The James River, which travels through Richmond, has made the City the only urban U.S. city with a conservation easement along its downtown river. The City's James River Park system, with 550 acres, is host to the XTERRA triathlon and has been recognized as the Southeast's Best Urban Park and named Best in Dirt for its running trails. In the summer of 2011, Richmond's professional baseball team, the Flying Squirrels won the West Division Champion Series, after just two years in Richmond. Lastly, as the result of a tremendous collaboration between civic and business leaders and strategic partners, the City secured the 2015 World Road Cycling Championship that is anticipated to have an economic impact of more than \$135 million for the Commonwealth of Virginia and attract nearly 500,000 spectators to the greater Richmond area.

Profile of the Government

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

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

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

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

The City provides a full range of general governmental services for its citizens. These services include police and fire protection, sanitation services, the construction and maintenance of roads, streets and other infrastructure, recreational activities and cultural events. In addition to general government activities, the City's gas, water and wastewater utilities are regional providers of services to customers in the City as well as in the surrounding counties. The City government also provides the majority of the funding for the public schools 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. Six discretely presented component units, the Richmond Ambulance Authority, the Port of Richmond Commission, Richmond Redevelopment and Housing Authority, Richmond Behavioral Health Authority, Broad Street Community Development Authority, and School Board of the City of Richmond, are included in the reporting entity because of the City's financial accountability for these organizations. These component units are reported in separate columns in the City's basic financial statements. Additional information concerning these legally separate organizations can be found in the notes to the financial statements.

Budget Process

The budget serves as the foundation for the City's financial planning and spending control. The City adopts a biennial budget, with amendments made in the second year of that biennium. Fiscal Year 2011 was the second year of the biennium. Proposed Amendments to the biennial budget were presented to City Council in March 2010. City Council, through its Finance and Economic Development Standing Committee, undertook an intensive review of the amended budget in a series of public meetings and outlined their policy priorities. Prior to adopting the amended budget, a public hearing was held in April with budget adoption in May 2010.

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

In FY 2011, amendments to the budget were adopted and implemented to address accounting and organizational changes, as well as addressing changes in the economy and subsequent changes to revenue. For example, the conversion of Risk Management from an internal service fund to an organization within the General Fund was completed, additional state shared sales tax revenue for Richmond Public Schools was appropriated, and prior year budgetary surplus was appropriated to address necessary infrastructure improvements. These amendments and others were accomplished throughout the fiscal year.

Expenditures

For the most part, agencies did stay within range of their amended budget. In most cases where agencies exceeded their amended budgets, these additional expenditures were related to agencies portion of unemployment costs as a personnel cost adjustment. Exhibits H-1 and H-2 located in the financial section of this report provides budgetary comparison information for the City's General Fund agencies.

Revenue

As part of the City's Well Managed Government building block, many improvements have been made in the area of financial management. Building on improvements made during FY 2010, including continued utilization of a five-year forecast for financial planning and the implementation of a comprehensive tax compliance plan, the City improved current and delinquent real estate tax collections through the implementation of twice-per-year real estate tax billing and a one-time tax amnesty program.

FY 2011 General Fund revenues ended the year within 0.4 percent or \$2.3 million less than the amended budget. Improved collections of current and delinquent real estate taxes were a key driver for offsetting the continued declines in payments from the state, particularly Social Services related revenue. Current and delinquent personal property tax revenue was also significantly less than budgeted, due to the absence of a third-party collection agency since January 2011, further contributing in offsetting the positive gains in real estate tax revenue.

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

Economic Overview

The slower than anticipated recovery that has followed the December 2007 – June 2009 recession, continues to present the City with a number of challenges, including reduced revenues and an increased demand for services. The City's leadership chose not to raise taxes to address these challenges in FY 2011 and placed additional emphasis on providing additional services to citizens. As a result, budget and spending adjustments were made. Increased emphasis was placed on collecting revenues owed to the City, debt service savings were maximized, and available revenues were utilized for strategic investments that will have long-term benefits for the City.

Since 2004, Richmond gained an average of 1,000 jobs per year. As in other localities, employment data began reflecting the economic downturn in the second half of 2008 with Richmond hitting its lowest employment level - 90,572 jobs – in December 2009. Eighteen months later, at the end of fiscal year 2011, Richmond had regained a third of the jobs lost and was trending in a positive direction. The unemployment rate (not seasonally adjusted) for Richmond has hovered close to the national level throughout the recession, at times lower and at other times slightly higher. By the end of the fiscal year, unemployment rates were also improving, in spite of typical seasonal trends that would result in an increase in unemployment during summer months.

The average single family home price June 2011 year-to-date was 1.3 percent over the last year's average. Home sales were unusually high during the first half of 2010 due primarily, to the homebuyer's federal tax credit thus in part contributing to the 9.2 percent decline in number of home sales year-to-date. The number of single family homes sold through June 2011 year-to-date, as compared with the same period in 2010, improved in two of five price groups. Of all the single-family homes sold year-to-date, 79.6 percent were priced under \$300,000, compared to 82.4 percent last year, as the number of higher priced homes (those over \$300,000) sold continues to rise.

Major Initiatives and Accomplishments: Well Managed Government

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

Throughout the fiscal year, a number of actions that were initiated in FY 2010 were continued in FY 2011 including: the continued utilization of a five-year revenue and expenditure forecast, quarterly financial reports including an economic outlook; and introduction and adoption of a structurally balanced budget that maintains core services, protects the fiscal integrity of the City, ensures the City is poised for future growth, and budgets for priorities, just to name a few. Moving forward to fiscal year 2012 the Administration will expand on these accomplishments, making strides toward achieving a goal of a Tier One City with a well managed government and a AAA bond rating.

Financial Policies and Guidelines

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

Fund Balance Guidelines

As of June 30, 2011, the Unassigned Fund Balance was \$64.1 million, which equaled 10.1 percent of the adopted general fund budgeted expenditures including transfers. The City considers the Unassigned Fund Balance to be comprised of funds that have no limitations or restrictions or planned use. Fiscal year 2011 is the first year in which GASB 54 requirements are implemented. Based on recommendations from the Mayor, the Council adopted several new fiscal policies, including: spend policy. (GASB 54 requires local governments to classify fund balance into five categories that are based on how the respective balances may be used. This new classification implementation was required in FY 2011 and additional information related to the implementation of GASB 54 can be found in the Notes to the Financials.)

The Unassigned Fund Balance (prior to the implementation of GASB 54), as a percent of the Adopted General Fund Budget has been:

FY 2006: 7.6%
FY 2007: 7.7%
FY 2008: 7.5%
FY 2009: 7.4%
FY 2010: 9.4%

The City has had a fund balance policy in place since 1988 (the "Fund Balance Policy"). The current policy has been in place since 2001, and will continue to be reviewed as appropriate. The Fund Balance Policy requires an Unassigned fund balance (the "Undesignated Fund Balance" prior to GASB 54) of at least seven percent of budgeted General Fund expenditures. The Fund Balance Policy provides that:

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses of 0.5% of expenditures until the Unassigned Fund Balance reaches at least 7% of budgeted expenditures.
- The Council, in adopting a General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the Mayor in the General Fund budget submitted to the Council.
- No appropriations will be made from the Unassigned Fund Balance until the 7% goal has been reached.
- The City will not appropriate any amount from the Unassigned Fund Balance until at least one year after the accumulation of the 7% Unassigned Fund Balance and then only if faced with an unusual, unanticipated and otherwise seemingly insurmountable hardship.

Debt Guidelines

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

- The amount of General Fund supported debt service will not exceed 10% of total General Fund budgeted revenues.
- Per capita General Fund supported debt will not exceed 7% of per capita income.
- Total outstanding general obligation debt will not exceed 7.5% of total taxable real estate value.

- General Fund supported debt will not exceed the useful life of the project to be funded, with a maximum maturity of 30 years.
- General Fund supported debt will be structured in a manner such that not less than 60% of the outstanding debt will be retired within 10 years.

A. No Overlapping Debt

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

B. Legal Debt Margin

Article VII, Section 10 of the Constitution of Virginia provides that the legal general obligation debt limit for cities is ten percent of the last preceding assessment for real estate taxes.

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

10% of Assessed Value of Taxable Real Estate as of January 1, 2011 ¹	\$1,988,745,212
Less: Bonds and Notes Payable ^{2,3}	<u>703,768,481</u>
Legal Margin for Creating Additional Debt	\$1,284,976,731

¹ Source: City Assessor for Real Estate

² Does not include \$554,658,872 of City of Richmond Public Utility Revenue Bonds, \$13,170,000 of Certificates of Participation and \$9,068,116 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for creation of additional debt

³ As of June 30, 2011.

C. Short-Term Debt

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

The City uses a \$100.0 million Commercial Paper Bond Anticipation Note Facility to provide interim financing for Capital Improvement Plan (CIP) projects. Debt issued on this facility is refinanced periodically as General Obligation Bonds. As of June 30, 2011, the City had \$63.0 million of Commercial Paper Notes outstanding.

D. Long-Term Debt

Bonds of the City, including general obligation bonds, serial equipment notes and certain public utility bonds, and commercial paper notes are direct general obligations, to which the full faith and credit of the City are pledged. The Council is authorized and required, unless other funds are lawfully available and appropriated for timely payment, to levy and collect on all property taxable by the City such 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, 2011, the City had a total of \$442,620,240 in authorized, but unissued, general obligation bonds or revenue bonds, including \$256,695,240 to be issued as self-supporting revenue bonds to finance self-supporting public utility projects, \$175,000,000 to be issued as General Fund supported general obligation bonds and \$100,000,000 of general obligation bonds to repay a like amount of bond anticipation notes. The City also had authorization to issue \$10,925,000 of general obligation five- and seven-year notes to finance the purchase of equipment and vehicles.

Cash Management

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

Certificate of Achievement

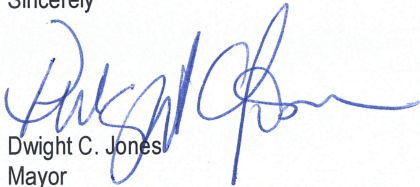
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Richmond, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 27th consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

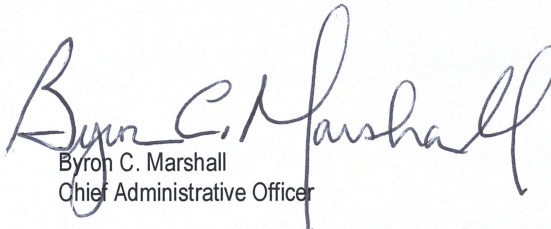
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Sincerely


Dwight C. Jones
Mayor


Byron C. Marshall
Chief Administrative Officer



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City of Richmond



DWIGHT C. JONES
MAYOR

MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

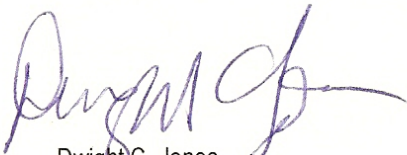
The management of the City of Richmond has the responsibility for preparing the accompanying financial statements with integrity and objectivity. The School Board of the City of Richmond, Richmond Ambulance Authority, Port of Richmond Commission, Richmond Behavioral Health Authority, and Richmond Redevelopment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


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

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

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

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


Dwight C. Jones
Mayor


Byron C. Marshall
Chief Administrative Officer



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



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CITY OF RICHMOND, VIRGINIA

STRONG MAYOR - COUNCIL FORM OF GOVERNMENT

June 30, 2011

CITY MAYOR

Dwight C. Jones

CHIEF ADMINISTRATIVE OFFICER

Byron C. Marshall

CITY COUNCIL

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

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

**CITY
AUDITOR**

Umesh V. Dalal, CPA, CIA, CA

ATTORNEY

Allen L. Jackson

**SUPERINTENDENT
OF SCHOOLS**

Dr. Yvonne Brandon

DEPARTMENT OF FINANCE

Byron C. Marshall, Acting Deputy Chief Administrative Officer – Finance & Administration
T. Wayne Lassiter, CPA, Interim Director of Finance
William D. Wheeler, CPA, MBA, Interim City Controller

INDEPENDENT AUDITORS

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

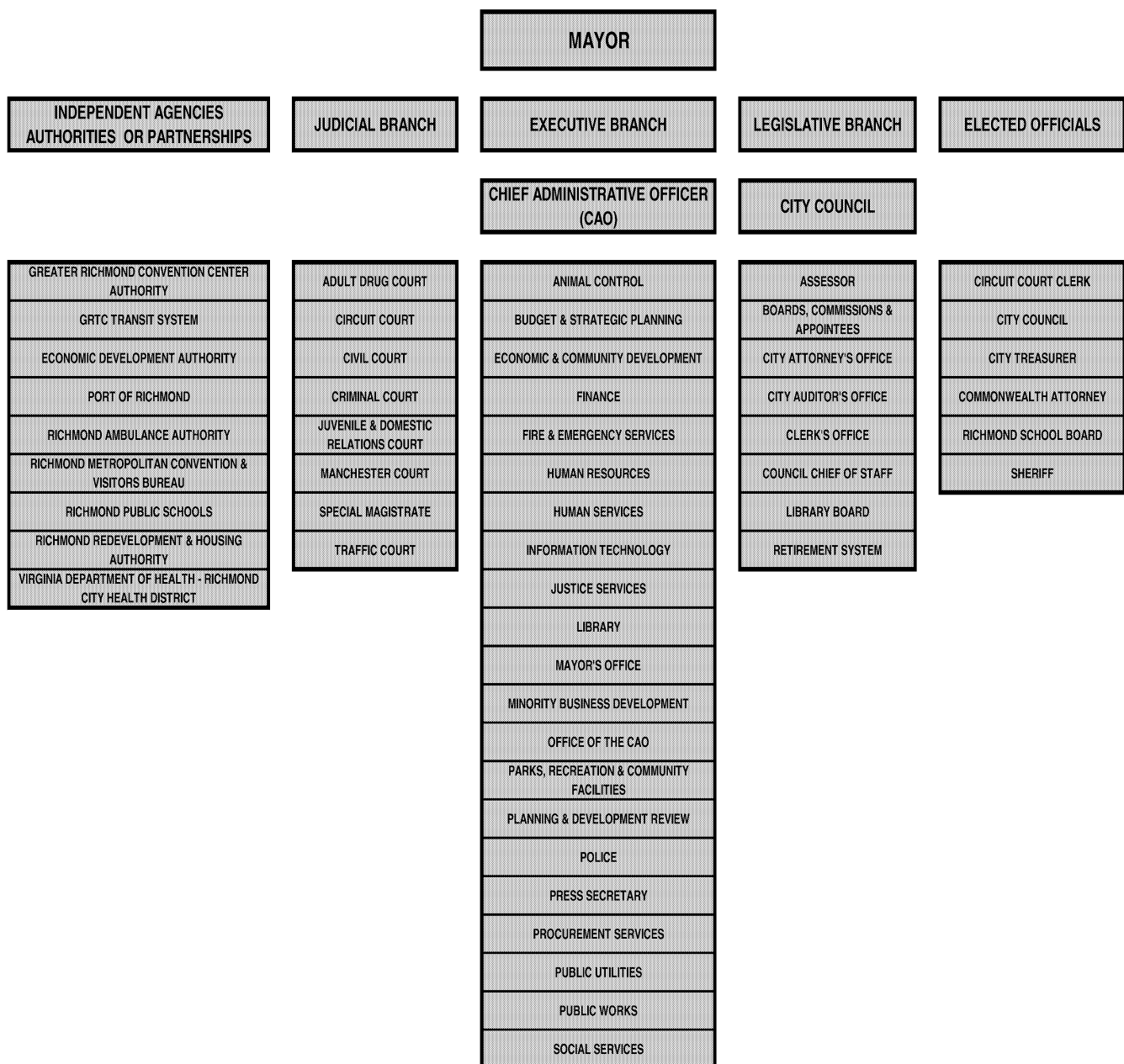


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CITY OF RICHMOND

ORGANIZATION OF LOCAL GOVERNMENT

2010 - 2011





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FINANCIAL SECTION



Independent Auditors' Report

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

The Honorable Mayor of the
City of Richmond, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richmond, Virginia (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Richmond Behavioral Health Authority and the Richmond Redevelopment and Housing Authority, which represent 66.53%, 26.58% and 86.71%, respectively, of the total assets, revenues, and net assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinions insofar as they relate to the amounts included for the Richmond Behavioral Health Authority and the Richmond Redevelopment and Housing Authority are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material *misstatement*. The financial statements of the Richmond Ambulance Authority, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As reflected in the notes to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective July 1, 2010. Also, as discussed in note 17, a prior period adjustment has been made to beginning net assets for governmental activities.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison schedules, and the other required supplementary information included in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information - combining and individual nonmajor fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and supplementary section - individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekaert + Holland, LLP

Richmond, Virginia
December 9, 2011



**CITY OF RICHMOND, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011**

The following discussion and analysis, provided by the City's management, presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. City management encourages readers to consider the information presented here in conjunction with the information presented in the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2011

General Fund

At the end of Fiscal Year 2011, the unassigned fund balance for the General Fund was \$64.1 million, or 10.1% of the FY 2011 General Fund Budget. The unassigned fund balance increased by \$4.6 million from FY 2010, primarily as a result of increased fiscal controls throughout the year that, in turn, ensured the City exceeded its City Council adopted appropriations to be carried to FY 2012. This positive variance was due, in part, to increased efforts to collect current and delinquent real estate taxes through the implementation of the City's comprehensive tax compliance plan which included a one-time tax amnesty program and the successful implementation of twice per year real estate tax billing in addition to spending controls over General operating expenditures which were less than budget.

- General property tax revenues (real estate and personal property taxes) comprise 43.5% of General Fund revenue. Revenues from general property taxes in FY 2011 increased 0.2% (rounded) from FY 2010. Real estate revenues in the General Fund were \$232.7 million; personal property taxes were \$48.5 million (including delinquent taxes). The assessed value of taxable property was unchanged at \$23.3 billion, from tax year 2010.
- Approximately \$47.8 million was transferred to the Debt Service Fund to support the City's Capital Improvement Program. Other sources of revenue for the Debt Service Fund totaled \$2.2 million.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$500.8 million. General revenues and transfers totaled \$451.3 million resulting in a decrease in net assets of \$49.5 million (Exhibit B)
- During the fiscal year ended June 30, 2011, \$110.8 million in new General Obligation Bond debt was issued to provide funding for public improvements, primarily City and School Board facilities, infrastructure and economic enhancement projects. This City is rated Aa2 by Moody's Investors Service, AA by Standard and Poor's, and AA+ by Fitch for General Obligation Debt.
- Unrestricted net assets increased from \$67.4 million to \$71.4 million, due primarily to budgetary savings during the fiscal year.

Business-type Activities

- The net assets of the City's business-type activities increased by \$18.7 million during fiscal year 2011 and totaled \$446.7 million. (Exhibit B)
- The gas, water, wastewater and storm water utilities provided \$81.1 million to their capital improvement programs.

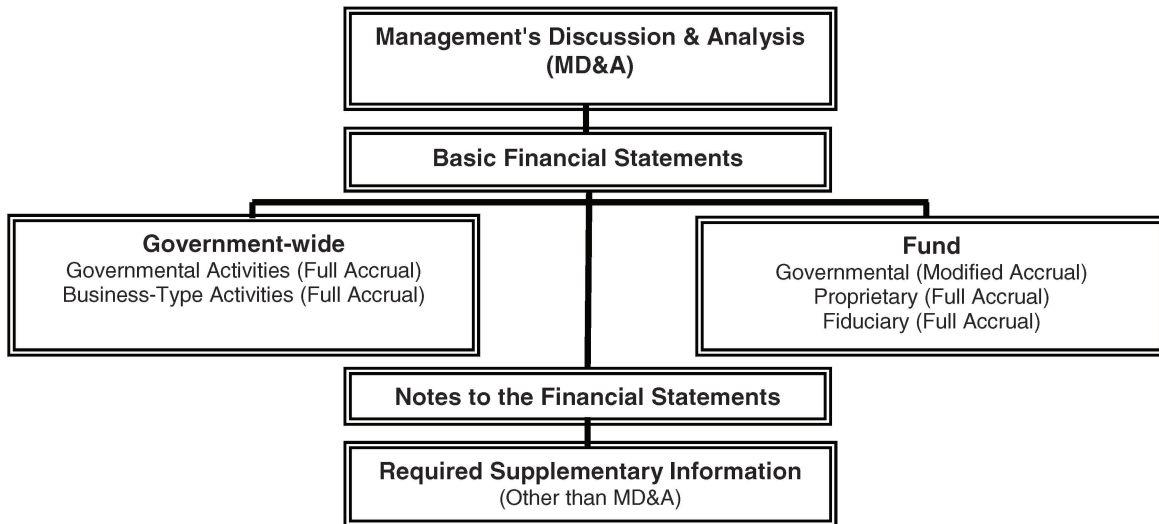
Entity-wide

- The City's total net assets, excluding component units, on a government-wide basis, totaled \$729.2 million at June 30, 2011, a decrease of 4.1% over June 30, 2010 restated balance (Note 17). Most of these net assets are invested in capital assets or are restricted for specific purposes.



OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the City's assets and liabilities, both short-term and long-term. The Statement of Activities reports all of the current year's revenue and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows.

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



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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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



GOVERNMENT-WIDE FINANCIAL ANALYSIS

Schedule of Net Assets

The City's assets exceeded liabilities by \$729.2 million at the close of the most recent fiscal year. This represents a 4.1% decrease over the prior year. The following table reflects a summary of the City's net assets at June 30, 2011 and 2010 (in millions):

Table 1
City of Richmond's Schedule of Net Assets
as of the Fiscal Year Ended June 30, 2011 and 2010
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 277.9	\$ 267.0	\$ 300.6	\$ 336.0	\$ 578.5	\$ 602.9
Capital Assets, Net	774.1	741.3	1,061.4	1,016.0	1,835.5	1,779.3
Total Assets	<u>1052.0</u>	<u>1008.3</u>	<u>1362.0</u>	<u>1352.0</u>	<u>2,414.0</u>	<u>2,360.3</u>
Current and Other Liabilities	213.4	185.6	76.9	79.0	290.4	264.6
Long-Term Debt Outstanding	556.1	490.6	838.4	845.0	1,394.5	1,335.6
Total Liabilities	<u>769.5</u>	<u>676.2</u>	<u>915.3</u>	<u>924.0</u>	<u>1,684.8</u>	<u>1,600.2</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	198.5	258.8	381.9	369.7	580.4	650.5
Restricted	12.6	5.8	--	--	12.6	5.8
Unrestricted	71.4	67.4	64.7	58.3	136.2	125.7
Total Net Assets, As Restated	<u>\$ 282.5</u>	<u>\$ 332.0</u>	<u>\$ 446.7</u>	<u>\$ 428.0</u>	<u>\$ 729.2</u>	<u>\$ 760.0</u>



Schedule of Activities

The City's total revenue (excluding transfers) decreased over the prior year by \$2.3 million (0.2%) to \$992.1 million. The total cost of all programs increased by \$54.8 million (5.7%) to \$1,023.0 million. The following table shows the revenue and expenses of the governmental activities for the fiscal years ended June 30, 2011 and 2010 (in millions):

Table 2
City of Richmond's Schedule of Activities
For the Fiscal Year Ended June 30, 2011 and 2010
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 85.6	\$ 83.6	\$ 298.1	\$ 302.5	\$ 383.7	\$ 386.1
Operating Grants and Contributions	154.2	151.9	15.0	14.6	169.2	166.5
Capital Grants and Contributions	7.3	5.5	--	--	7.3	5.5
General Revenues:						
Property Taxes	255.6	269.3	--	--	255.6	269.3
Intergovernmental	.0	.2	--	--	.0	.2
Other Taxes	172.9	163.7	--	--	172.9	163.7
Investment Income	.2	.1	.9	1.1	1.1	1.2
Miscellaneous	1.1	.2	1.2	1.7	2.3	1.9
Total Revenues	<u>676.9</u>	<u>674.5</u>	<u>315.2</u>	<u>319.9</u>	<u>992.1</u>	<u>994.4</u>
Expenses:						
Primary Government:						
General Government	135.6	137.8	--	--	135.6	137.8
Public Safety and Judiciary	178.1	175.8	--	--	178.1	175.8
Highway, Street, Sanitation, and Refuse	104.1	61.5	--	--	104.1	61.5
Human Services	95.3	93.7	--	--	95.3	93.7
Culture and Recreation	28.5	26.0	--	--	28.5	26.0
Education	173.2	163.6	--	--	173.2	163.6
Transportation	11.6	11.6	--	--	11.6	11.6
Interest and Fiscal Charges	21.4	20.2	--	--	21.4	20.2
Business-type Activities	--	--	275.1	277.9	275.1	277.9
Total Expenses	<u>747.9</u>	<u>690.3</u>	<u>275.1</u>	<u>277.9</u>	<u>1,023.0</u>	<u>968.1</u>
Increase (Decrease) in Net Assets Before Transfers	(71.0)	(15.8)	40.1	42.0	(30.9)	26.2
Transfers	<u>21.5</u>	<u>22.3</u>	<u>(21.5)</u>	<u>(22.3)</u>	<u>--</u>	<u>--</u>
Changes in Net Assets	(49.5)	6.6	18.7	19.7	(30.9)	26.2
Net Assets, Beginning of Year, As Restated	<u>332.0</u>	<u>347.4</u>	<u>428.0</u>	<u>408.3</u>	<u>760.0</u>	<u>755.7</u>
Net Assets, End of Year	<u>\$ 282.5</u>	<u>\$ 354.0</u>	<u>\$ 446.7</u>	<u>\$ 428.0</u>	<u>\$ 729.2</u>	<u>\$ 782.0</u>



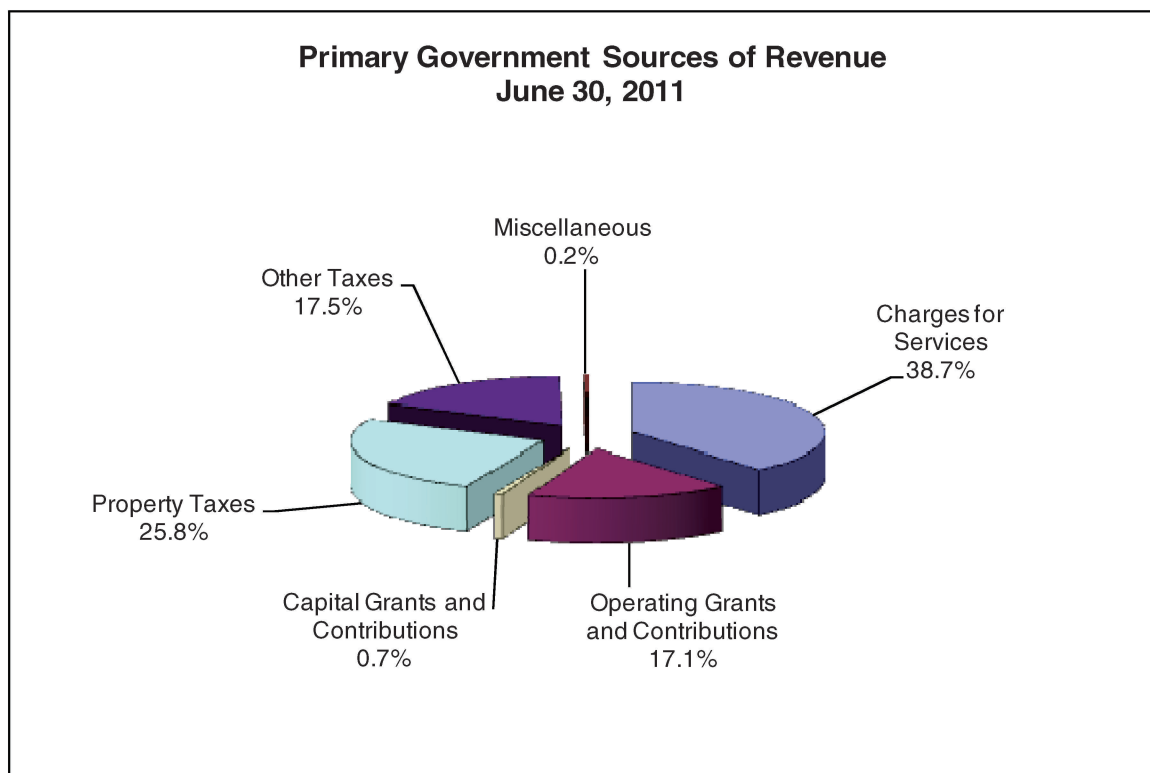
REVENUE

For the Fiscal Year ended June 30, 2011, revenue from governmental activities totaled \$698.4 million (including transfers), an increase of \$1.6 million, or 0.2% over fiscal year 2010. This increase in revenue is due primarily to increased tax revenue as a result of improved collections of delinquent taxes and a one-time windfall of the bank franchise tax, partially offset by declines in intergovernmental revenue consisting mostly of payments from the Commonwealth, and lower BPOL payments.

General property taxes, the City's largest revenue source, were \$255.6 million, a decrease of 5.1% from the previous year. Included in these taxes are real and personal property levies, which were payable in January, June, and May of the fiscal year. This revenue decrease is primarily due to a one-time amnesty program and implementation of the City's comprehensive tax compliance program thus resulting in an increase in allowance for doubtful accounts. The personal property tax rate was \$3.70 per \$100 of assessed value (100% of fair market value). The real estate tax rate was \$1.20 per \$100 of assessed value (100% of fair market value) during the fiscal year. The real estate tax rate was last changed in 2008.

The "Other Taxes" revenue category, which includes taxes on general sales, utility purchases, hotel rooms, restaurant meals, and amusements totaled \$172.9 million. This total represents a \$9.2 million increase over the previous year, or 5.6%.

Business-type activities produced total revenue of \$315.2 million, a decrease of \$4.7 million from fiscal year 2010. The largest business-type source of revenue is charges for services (program revenue).

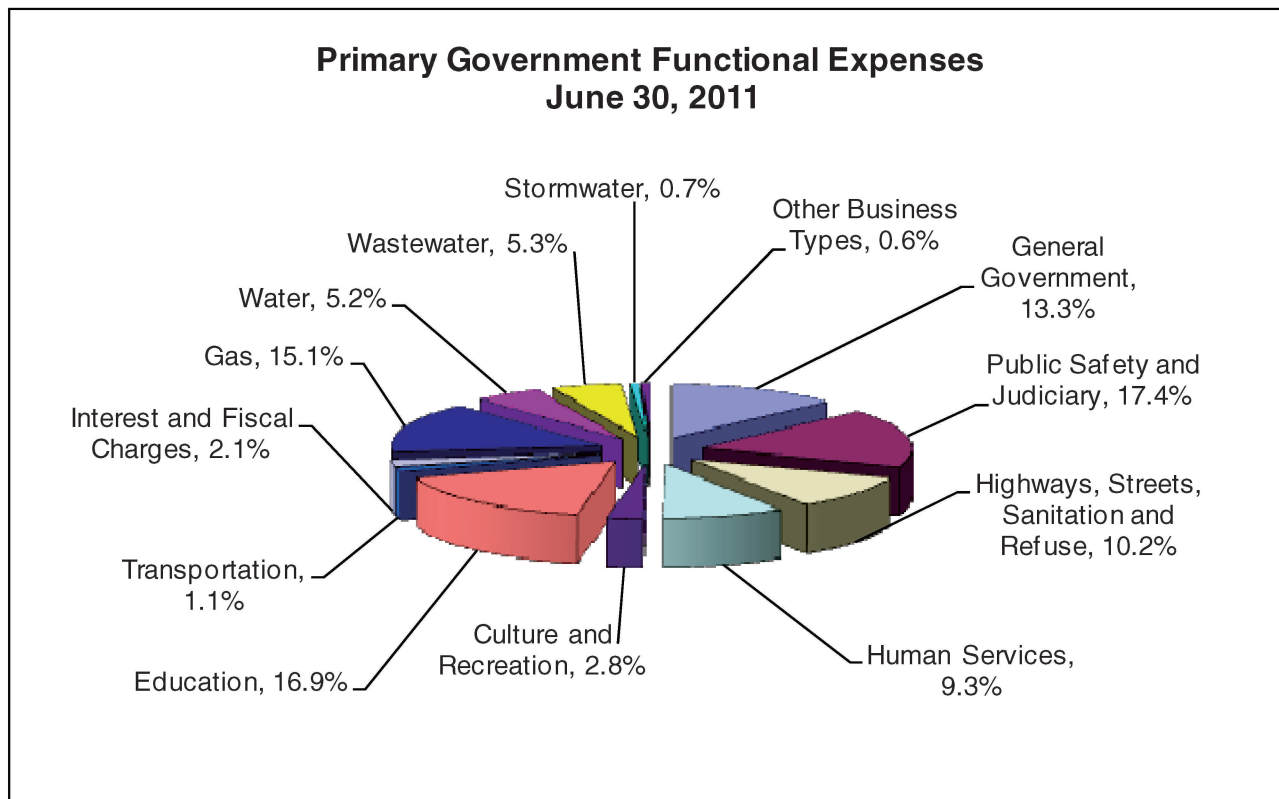




EXPENSES

For the fiscal year ended June 30, 2011, expenses for governmental activities totaled \$747.9 million, an increase of \$57.6 million from fiscal year 2010. Included in this activity are employee compensation and benefits and payments for educational expenses to the School Board.

Expenses for the City's business-type activities totaled \$296.5 million (including transfers), a decrease of \$3.7 million from fiscal year 2010, which provided gas, water, and wastewater services as well as cemetery and coliseum operations.





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2011, the governmental funds reflect a combined fund balance of \$85.8 million, a decrease of \$7.9 million over fiscal year 2010. Included in the combined fund balance is the General Fund which accounts for \$96.6 million of the total combined balance. This is a 27.1 percent increase over the General Fund balance of \$76.0 million recorded at June 30, 2010.

The current General Fund Balance was impacted by General Fund Revenues, which increased by \$7.3 million from fiscal year 2010. This increase was due to increases in tax revenue as a result of improved collections of delinquent taxes and a one-time windfall of the bank franchise tax.

General Fund expenditures increased \$1.8 million or 0.3 percent over fiscal year 2010. To control expenses during FY 2011 the City funded no pay increase, implemented additional hiring controls, and utilized low-cost debt financing.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 3
City of Richmond's Budgetary Comparison
General Fund
For the Fiscal Year Ended June 30, 2011 and 2010
(In Millions)

	Original Budget		Amended Budget		Actual		Positive (Negative) Variance	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues:								
Property Taxes	\$ 261.9	\$ 249.4	\$ 261.9	\$ 249.4	\$ 266.3	\$ 262.1	\$ 4.4	\$ 12.7
Other Taxes	158.3	159.6	160.3	159.6	167.5	163.6	7.2	4.0
Intergovernmental	116.4	120.6	117.3	120.6	112.1	111.8	(5.2)	(8.8)
Miscellaneous	98.3	96.6	104.8	100.8	96.3	97.0	(8.5)	(3.8)
Other Financing Sources	<u>2.4</u>	<u>3.8</u>	<u>3.7</u>	<u>3.8</u>	<u>3.5</u>	<u>3.8</u>	<u>(.2)</u>	<u>.1</u>
Total Revenues and Other Financing Sources	<u>\$ 637.3</u>	<u>\$ 630.0</u>	<u>\$ 648.0</u>	<u>\$ 634.2</u>	<u>\$ 645.7</u>	<u>\$ 638.4</u>	<u>\$ (2.3)</u>	<u>\$ 4.2</u>
Expenses:								
General Government	\$ 66.5	\$ 76.3	\$ 71.0	\$ 78.3	\$ 67.8	\$ 75.7	\$ 3.2	\$ 2.6
Public Safety and Judiciary	160.4	154.2	160.2	156.6	157.4	155.8	2.8	.8
Highway, Street, Sanitation, and Refuse	57.7	45.2	59.9	47.5	56.9	46.0	3.0	1.4
Human Services	76.8	74.9	69.5	74.1	68.5	66.4	1.0	7.7
Culture and Recreation	20.9	19.7	21.5	20.3	21.0	20.0	.5	.2
Education	149.1	153.2	150.6	151.3	150.6	151.3	--	--
Non-Departmental	46.4	42.8	57.9	47.7	43.6	46.5	14.2	1.2
Other Financing Uses	<u>59.4</u>	<u>63.6</u>	<u>59.5</u>	<u>59.9</u>	<u>59.3</u>	<u>61.6</u>	<u>.2</u>	<u>(1.7)</u>
Total Expenses and Other Financing Uses	<u>\$ 637.3</u>	<u>\$ 630.0</u>	<u>\$ 650.1</u>	<u>\$ 635.7</u>	<u>\$ 625.1</u>	<u>\$ 623.3</u>	<u>\$ 25.0</u>	<u>\$ 12.4</u>

Revenue and other financing sources exceeded expenditures and other financing uses by \$20.6 million in the General Fund for fiscal year 2011. Actual General Fund revenues were below the amended budgeted revenues by \$2.3 million during fiscal year 2011. This decrease is primarily attributable to continued declines in payments from the state and reduced collections in current and delinquent personal property tax revenue, due to the absence of a third-party collection agency since January 2011, further contributing in offsetting the positive gains in real estate tax revenue.

Actual General Fund expenditures and other financing uses were less than the amended budget by \$25.0 million. This variance was due in part to programmatic and operational savings resulting from improved fiscal compliance and controls.



CAPITAL ASSETS

At the end of fiscal year 2011, the City's governmental activities, including Internal Service Funds, had net capital assets totaling \$774.1 million, which represents a net increase of \$32.8 million, or 4.4 percent over the previous fiscal year-end balance as restated (Note 17). The increase was primarily due to the acquisition of the Community Development Authority's assets which included three parking garages and two surface parking lots. (Note 7)

Table 4
City of Richmond's Capital Assets
For the Fiscal Year Ended June 30, 2011 and 2010 (As Restated)
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital Assets Not Being Depreciated:						
Land and Land Improvements	\$ 43.5	\$ 35.0	\$ 16.5	\$ 16.5	\$ 60.0	\$ 51.5
Construction In Progress	180.1	144.3	197.8	160.9	378.0	305.3
Works of Art / Historical Treasures	6.9	6.9	--	--	6.9	6.9
Total Assets Not Being Depreciated	<u>230.6</u>	<u>186.3</u>	<u>214.3</u>	<u>177.4</u>	<u>444.9</u>	<u>363.7</u>
Capital Assets Being Depreciated:						
Infrastructure	745.3	742.0	--	--	745.3	742.0
Buildings and Structures	465.7	445.5	1,360.6	1,323.2	1,826.3	1,799.7
Equipment and Other Assets	108.5	104.6	5.5	5.5	114.0	110.2
Improvements Other Than Buildings	11.8	10.3	--	--	11.8	10.3
Total Other Assets	<u>1,331.3</u>	<u>1,302.4</u>	<u>1,366.2</u>	<u>1,328.7</u>	<u>2,697.4</u>	<u>2,662.1</u>
Less Accumulated Depreciation For:						
Infrastructure	453.0	438.7	--	--	453.0	438.7
Buildings and Structures	254.9	233.1	511.0	483.9	765.9	726.1
Equipment and Other Assets	76.2	72.7	8.0	6.2	84.2	78.9
Improvements Other Than Buildings	3.7	3.0	--	--	3.7	3.0
Total Accumulated Depreciation	<u>787.7</u>	<u>747.5</u>	<u>519.1</u>	<u>490.1</u>	<u>1,306.8</u>	<u>1,246.6</u>
Total Capital Assets Being Depreciated, Net	<u>543.5</u>	<u>555.0</u>	<u>847.1</u>	<u>838.6</u>	<u>1,390.6</u>	<u>1,415.5</u>
Total Capital Assets, Net	<u>\$ 774.1</u>	<u>\$ 741.3</u>	<u>\$ 1,061.4</u>	<u>\$ 1,016.0</u>	<u>\$ 1,835.5</u>	<u>\$ 1,779.3</u>

The business-type activities capital assets grew by \$45.4 million to \$1,061.4 million, an increase of 4.5 percent over the previous fiscal year. The City's business-type activities are made up of the City's Gas, Water, Wastewater, Stormwater, Coliseum, Cemeteries and Stores and Transportation internal service fund. (Note 7)



LONG-TERM DEBT

During the fiscal year 2011, the City issued \$110.8 million in new General Obligations Bonds and Notes for the purposes of refunding existing debt at a lower cost to the City's General Fund and to provide funding support for public improvements, including City and School Board facilities, and infrastructure and economic enhancement projects. As of June 30, 2011, the three credit rating agencies have rated the City's General Obligation Debt Aa2 by Moody's Investors Service, AA by Standard and Poor's, AA+ by Fitch. Additional Information can be found in the Notes to the Financial Statements; Note 8 – Obligations.

State statutes limit the amount of general obligation debt the City can issue to ten percent of the assessed value of real property within the City. The City's outstanding debt as of June 30, 2011 is significantly below this limit with total outstanding of \$703.8 million, excluding Public Utility Bonds, Certificates of Participation or Lease Revenue Bonds, as compared to a limit of \$1,988.7 billion.

Table 5
City of Richmond's Long-Term Obligations
For the Fiscal Year Ended June 30, 2011

Primary Government - Governmental Activities

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
General Obligation Bonds (GO)	\$ 398,349,685	\$ 80,400,000	\$ 27,985,998	\$ 450,763,687	\$ 28,870,477
General Obligation Bonds - Refunding	--	17,670,750	17,670,750	--	--
Premium (Discount) on Debt Issued, Net	14,848,062	4,441,245	1,095,054	18,194,253	1,305,518
General Obligation Serial Equipment Notes Payable	7,220,000	6,500,000	1,940,000	11,780,000	3,240,000
Certificates of Participation	13,980,000	--	810,000	13,170,000	845,000
Qualified Zone Academy Bonds	2,602,293	--	192,480	2,409,813	192,480
Virginia Public Schools Authority Bonds	1,916,098	--	231,555	1,684,543	233,709
Advantage Richmond Lease Revenue Bonds	9,739,788	--	671,672	9,068,116	707,885
Section 108 Notes Payable	2,800,000	1,730,000	2,285,000	2,245,000	555,000
Capital Lease (Landmark Theater)	170,239	--	81,344	88,895	88,895
Note payable to Component Unit RRHA	21,862,878	--	1,855,000	20,007,878	1,945,000
Compensated Absences	15,755,565	2,974,379	50,532	18,679,412	9,295,481
Net Other Postemployment Benefit Obligations	11,202,604	4,985,539	--	16,188,143	--
Total Long-Term Obligations	\$ 500,447,212	\$ 118,701,913	\$ 54,869,385	\$ 564,279,740	\$ 47,279,445

Primary Government - Business-type Activities

General Obligation Bonds:					
Gas	\$ 81,408,184	\$ 20,258,200	\$ 28,336,024	\$ 73,330,360	\$ 6,305,432
Water	63,959,080	16,975,150	22,675,014	58,259,216	5,160,996
Wastewater	37,345,700	26,391,650	31,229,200	32,508,150	3,920,118
Stormwater	--	1,250	--	1,250	--
Premium (Discount) on Debt, Net	(1,059,790)	7,710,730	--	6,650,940	1,295,578
Other Non-major Enterprise Funds	8,526,830	3,849,250	4,629,873	7,746,207	786,849
Revenue Bonds:					
Gas	190,732,519	--	2,193,423	188,539,096	3,258,438
Water	172,782,056	169,520	2,329,224	170,622,352	3,255,125
Wastewater	190,301,167	9,491,570	4,295,314	195,497,423	5,960,371
Premium (Discount) on Debt, Net	5,501,662	--	318,860	5,182,802	315,002
Capital Leases:					
Other Non-major Enterprise Funds	763,098	--	178,258	584,840	186,301
Compensated Absences:					
Gas	841,314	633,707	690,776	784,245	617,537
Water	668,102	510,285	536,732	641,655	505,257
Wastewater	692,847	510,368	537,794	665,421	523,970
Stormwater	123,722	121,089	102,221	142,590	112,279
Other Non-major Enterprise Funds	101,849	7,766	--	109,615	74,007
Total Long-Term Obligations	\$ 752,688,340	\$ 86,630,535	\$ 98,052,713	\$ 741,266,162	\$ 32,277,260



ECONOMIC FACTORS

As of June 2011, unemployment in Richmond was 9.3 percent (not seasonally adjusted). As compared with June 2010, this rate is a decrease of 1.2 percentage point.

As of 2009 (the latest data available from the U.S. Bureau of Economic Analysis), the City's per capita income was \$42,916, a 4.2 percent decrease over 2008 (as reported in prior year report). The City's per capita income is below the State level (\$43,187) but exceeds the national level (\$38,846).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



BLANK



Basic Financial Statements



CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 139,928,741	\$ 143,940,861	\$ 283,869,602	\$ 26,958,586
Receivables (Net of Allowance for Doubtful Accounts):				
Taxes and Licenses	40,129,315	--	40,129,315	--
Accounts	17,213,663	31,535,923	48,749,586	5,361,144
Internal Balances, Net	4,015,567	(4,015,567)	--	--
Due From Primary Government	--	--	--	35,900,267
Due From Component Unit	4,739,435	--	4,739,435	--
Due From Other Governments (Note 5)	43,594,789	355,565	43,950,354	27,998,462
Inventories of Materials and Supplies	747,716	15,767,489	16,515,205	908,787
Prepaid Assets	231,027	5,687,028	5,918,055	1,773,026
Total Current Assets	<u>250,600,253</u>	<u>193,271,299</u>	<u>443,871,552</u>	<u>98,900,272</u>
Non-Current Assets:				
Restricted Assets - Cash and Investments (Note 3)	26,768,000	96,438,545	123,206,545	15,693,136
Deferred Expenses	--	10,878,779	10,878,779	--
Note Receivable (Note 6)	543,100	--	543,100	--
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	52,504,651
Capital Assets, Net (Note 7):				
Land and Works of Art/Historical Treasures	50,452,391	16,475,807	66,928,198	10,311,198
Infrastructure, Net	292,324,431	--	292,324,431	289,353
Buildings, Structures, and Equipment, Net	251,193,034	847,108,178	1,098,301,212	91,442,062
Construction in Progress	180,148,600	197,821,691	377,970,291	18,525,843
Total Capital Assets, Net	<u>774,118,456</u>	<u>1,061,405,676</u>	<u>1,835,524,132</u>	<u>120,568,456</u>
Total Non Current Assets	<u>801,429,556</u>	<u>1,168,723,000</u>	<u>1,970,152,556</u>	<u>188,766,243</u>
Total Assets	<u>\$ 1,052,029,809</u>	<u>\$ 1,361,994,299</u>	<u>\$ 2,414,024,108</u>	<u>\$ 287,666,515</u>

(Continued)



Exhibit A

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 18,473,249	\$ 23,889,097	\$ 42,362,346	\$ 8,397,265
Accrued Liabilities	16,447,930	5,828,257	22,276,187	28,627,368
Due To Primary Government	--	--	--	6,348,251
Due To Other Governments	10,000	--	10,000	3,861,064
Due To Various Agents	3,675	--	3,675	--
Due To Component Units	35,854,725	--	35,854,725	--
Note Payable (Note 8)	66,240,000	--	66,240,000	--
Note Payable To Component Unit (Note 8)	1,945,000	--	1,945,000	--
Accrued Interest on Bonds and Notes Payable	10,270,851	14,927,385	25,198,236	--
Unearned Revenue	16,756,534	--	16,756,534	3,644,018
General Obligation Bonds, Certificates of Participation, Serial Notes Payable, and Capital Leases (Note 8 and 15)	33,810,367	17,655,274	51,465,641	2,819,235
Revenue Bonds Payable (Note 8)	707,885	12,788,936	13,496,821	--
Compensated Absences (Note 8)	9,295,481	1,833,050	11,128,531	574,370
Other Liabilities and Claims Payable (Note 10)	3,619,208	--	3,619,208	--
Total Current Liabilities	213,434,905	76,921,999	290,356,904	54,271,571
Non-Current Liabilities (Notes 8,10,13 and 15):				
Liabilities to be Paid From Restricted Assets:				
Customers' Deposits	--	7,188,241	7,188,241	3,261,099
General Obligation Bonds, Certificates of Participation, Serial Notes Payable and Capital Leases	457,928,700	161,425,689	619,354,389	29,130,514
Due To Primary Government	--	--	--	6,575,133
Note Payable	8,540,000	--	8,540,000	--
Note Payable To Component Unit	18,062,878	--	18,062,878	--
Revenue Bonds Payable	8,360,231	547,052,737	555,412,968	--
Unearned Revenue	--	--	--	676,391
Compensated Absences	9,383,931	510,476	9,894,407	13,210,507
Other Liabilities and Claims Payable	37,594,119	122,239,537	159,833,656	4,842,169
Net Other Postemployment Benefit Obligations (Note 13)	16,188,143	--	16,188,143	16,517,867
Early Retirement Plan Net Pension Obligations	--	--	--	450,011
Total Non-Current Liabilities	556,058,002	838,416,680	1,394,474,682	74,663,691
Total Liabilities	769,492,907	915,338,679	1,684,831,586	128,935,262
Net Assets				
Invested In Capital Assets, Net of Related Debt	198,531,273	381,909,942	580,441,215	110,736,264
Restricted for:				
Capital Projects	10,927,894	--	10,927,894	11,988,593
Debt Service	1,450,607	--	1,450,607	148,491
Permanent Funds:				
Expendable	33,559	--	33,559	707,891
Nonexpendable	178,582	--	178,582	203,471
Unrestricted	71,414,987	64,745,678	136,160,665	34,946,543
Total Net Assets	\$ 282,536,902	\$ 446,655,620	\$ 729,192,522	\$ 158,731,253

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, 2011

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 135,582,802	\$ 58,638,216	\$ 20,073,793	\$ --
Public Safety and Judiciary	178,142,702	10,280,420	33,323,395	--
Highways, Streets, Sanitation and Refuse	104,103,996	16,256,257	23,216,596	7,312,467
Human Services	95,333,003	30,863	75,314,952	--
Culture and Recreation	28,502,174	406,036	2,243,744	--
Education	173,214,073	--	--	--
Transportation	11,600,000	--	--	--
Interest and Fiscal Charges	21,418,947	--	--	--
Total Governmental Activities	747,897,697	85,611,792	154,172,480	7,312,467
Business-type:				
Gas	154,527,763	164,890,242	113,111	--
Water	52,819,429	59,596,957	1,061,259	--
Wastewater	54,073,862	61,356,769	10,723,074	--
Stormwater	7,541,005	9,778,441	193,182	--
Coliseum	4,682,080	1,255,551	2,861,706	--
Cemeteries	1,419,756	1,222,954	61,326	--
Total Business-type Activities	275,063,896	298,100,913	15,013,658	--
Total Primary Government	\$ 1,022,961,593	\$ 383,712,705	\$ 169,186,138	\$ 7,312,467
Component Units:				
School Board	309,600,949	2,761,233	106,820,664	6,072,480
Richmond Ambulance Authority	14,988,754	9,118,215	--	--
Port of Richmond Commission	3,762,773	545,446	--	--
Richmond Behavioral Health Authority	39,762,897	20,856,659	17,195,738	--
Richmond Redevelopment and Housing Authority	68,532,431	16,222,193	52,631,318	8,204,743
Broad Street Community Development Authority	545,594	1,493,900	--	--
Total Component Units	\$ 437,193,398	\$ 50,997,646	\$ 176,647,720	\$ 14,277,223
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				
Tiffling Tax-Mobile Home				
State Recordation				
Property Rental 1%				
Vehicle Rental Tax				
Telephone Commissions				
Total City Taxes				
Intergovernmental Revenue Not Restricted to Specific Programs				
Payment From Primary Government - Unrestricted				
Gain (Loss) on Disposal of Assets				
Investment Earnings				
Miscellaneous				
Transfers				
Extraordinary Item - Gain on Dissolution of Entity				
Total General Revenues, Transfers and Extraordinary Item				
Changes in Net Assets				
Net Assets - Beginning of Year, As Restated				
Net Assets - End of Year				

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

(Continued)



EXHIBIT B

Net (Expenses) Revenues and Changes in Net Assets				
Governmental Activities	Business-type Activities	Totals	Component Units	
\$ (56,870,793)	\$ --	\$ (56,870,793)	\$	--
(134,538,887)	--	(134,538,887)		--
(57,318,676)	--	(57,318,676)		--
(19,987,188)	--	(19,987,188)		--
(25,852,394)	--	(25,852,394)		--
(173,214,073)	--	(173,214,073)		--
(11,600,000)	--	(11,600,000)		--
(21,418,947)	--	(21,418,947)		--
(500,800,958)	--	(500,800,958)		--
--	10,475,590	10,475,590		--
--	7,838,787	7,838,787		--
--	18,005,981	18,005,981		--
--	2,430,617	2,430,617		--
--	(564,823)	(564,823)		--
--	(135,476)	(135,476)		--
--	38,050,675	38,050,675		--
(500,800,958)	38,050,675	(462,750,283)		--
--	--	--		(193,946,572)
--	--	--		(5,870,539)
--	--	--		(3,217,327)
--	--	--		(1,710,500)
--	--	--		8,525,823
--	--	--		948,306
--	--	--		(195,270,809)
217,159,681	--	217,159,681		--
26,315,613	--	26,315,613		--
25,914,852	--	25,914,852		--
38,461,849	--	38,461,849		--
16,914,447	--	16,914,447		--
17,098,077	--	17,098,077		--
17,439,622	--	17,439,622		--
13,933,727	--	13,933,727		--
26,429,441	--	26,429,441		--
4,789,957	--	4,789,957		--
2,335,970	--	2,335,970		--
10,746,487	--	10,746,487		--
4,117,223	--	4,117,223		--
158,268	--	158,268		--
4,948,641	--	4,948,641		--
4,704	--	4,704		--
681,049	--	681,049		--
109,871	--	109,871		--
579,654	--	579,654		--
390,739	--	390,739		--
428,529,872	--	428,529,872		--
--	--	--		68,237,780
--	--	--		130,537,993
--	--	--		(1,568,386)
165,111	897,530	1,062,641		(1,100,820)
1,143,368	1,163,441	2,306,809		821,801
21,459,319	(21,459,319)	--		--
--	--	--		11,184,418
451,297,670	(19,398,348)	431,899,322		208,112,786
(49,503,288)	18,652,327	(30,850,961)		12,841,977
332,040,190	428,003,293	760,043,483		145,889,276
\$ 282,536,902	\$ 446,655,620	\$ 729,192,522	\$	158,731,253



EXHIBIT C

CITY OF RICHMOND, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and Cash Equivalents (Note 3)	\$ 101,576,260	\$ --	\$ 34,150,289	\$ 232,256	\$ 135,958,805
Receivables (Net of Allowance for Doubtful Accounts):					
Taxes and Licenses	40,129,315	--	--	--	40,129,315
Accounts	9,389,713	--	--	3,683,677	13,073,390
Due From Other Funds (Note 4)	22,391,460	238,532	--	11,209,377	33,839,369
Due From Component Unit	4,577,767	--	--	--	4,577,767
Due From Other Governments (Note 5)	35,267,932	--	--	8,286,355	43,554,287
Prepays	--	90,935	--	--	90,935
Restricted Assets - Cash and Investments (Note 3)	--	1,480,515	25,076,588	210,897	26,768,000
Note Receivable (Note 6)	543,100	--	--	--	543,100
Total Assets	\$ 213,875,547	\$ 1,809,982	\$ 59,226,877	\$ 23,622,562	\$ 298,534,968
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ 9,383,164	\$ 70,020	\$ 4,372,310	\$ 3,957,392	\$ 17,782,886
Accrued Liabilities	14,313,811	--	35,305	205,494	14,554,610
Notes Payable (Note 8)	--	--	63,000,000	--	63,000,000
Due To Other Funds (Note 4)	11,447,909	--	7,879,631	4,015,050	23,342,590
Due To Other Governments (Note 5)	--	--	--	10,000	10,000
Due To Various Agents	3,675	--	--	--	3,675
Due To Component Units	35,854,725	--	--	--	35,854,725
Other Liabilities and Claims (Note 10)	3,603,286	--	--	--	3,603,286
Deferred Revenues	42,651,739	289,355	10,011,737	1,617,293	54,570,124
Total Liabilities	117,258,309	359,375	85,298,983	9,805,229	212,721,896
Fund Balances: (Note 9)					
Nonspendable	1,029,600	--	--	212,141	1,241,741
Restricted	1,391,917	--	9,631,006	6,631,276	17,654,199
Committed	14,672,765	1,450,607	1,296,888	6,678,811	24,099,071
Assigned	15,460,647	--	--	295,105	15,755,752
Unassigned	64,062,309	--	(37,000,000)	--	27,062,309
Total Fund Balances	96,617,238	1,450,607	(26,072,106)	13,817,333	85,813,072
Total Liabilities and Fund Balances	\$ 213,875,547	\$ 1,809,982	\$ 59,226,877	\$ 23,622,562	\$ 298,534,968

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

(Continued)



EXHIBIT C, Concluded

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE STATEMENT OF NET ASSETS TO THE BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

Total fund balances for governmental funds	\$	85,813,072
--	----	------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	47,091,412	
Infrastructure, net		276,327,927	
Buildings, structures, and equipment, net		223,682,029	
Construction in progress		<u>174,503,229</u>	721,604,597

Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.		37,813,590
--	--	------------

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	(10,096,277)	
Governmental bonds and capital lease payable	(489,358,622)	
Compensated absences	(18,387,758)	
Note Payable to Component Unit	(20,007,878)	
Other Liability and Claims	(35,621,577)	
Net Other Post-employment Benefit Obligations	<u>(16,188,143)</u>	(589,660,255)

Internal service funds are used by the City to charge costs of certain activities to individual funds. The net assets of internal service funds are reported as components of governmental activities.		<u>26,965,898</u>
--	--	-------------------

Net Assets of governmental activities	\$	<u>282,536,902</u>
---------------------------------------	----	--------------------

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



EXHIBIT D

CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
City Taxes					
Real Estate	\$ 221,948,834	\$ --	\$ --	\$ --	\$ 221,948,834
Sales-1% Local	26,315,613	--	--	--	26,315,613
Sales Tax for Education	25,914,852	--	--	--	25,914,852
Personal Property	44,343,976	--	--	--	44,343,976
Machinery and Tools	16,857,051	--	--	--	16,857,051
Utility Sales Tax Gas	4,617,822	--	--	--	4,617,822
Utility Sales Tax Electric	12,480,255	--	--	--	12,480,255
State Communication Taxes	17,439,622	--	--	--	17,439,622
Bank Stock	13,933,727	--	--	--	13,933,727
Prepared Food	21,726,664	--	--	--	21,726,664
Lodging Tax	4,623,900	--	--	--	4,623,900
Admission	1,843,129	--	--	--	1,843,129
Real Estate Taxes - Delinquent	10,746,487	--	--	--	10,746,487
Personal Property Taxes - Delinquent	4,117,223	--	--	--	4,117,223
Private Utility Poles and Conduits	158,268	--	--	--	158,268
Penalties and Interest	4,948,641	--	--	--	4,948,641
Titling Tax-Mobile Home	4,704	--	--	--	4,704
State Recordation	681,049	--	--	--	681,049
Property Rental 1%	109,871	--	--	--	109,871
Vehicle Rental Tax	579,654	--	--	--	579,654
Telephone Commissions	390,739	--	--	--	390,739
Total City Taxes	433,782,081	--	--	--	433,782,081
Licenses, Permits and Privilege Fees	34,326,099	--	--	--	34,326,099
Intergovernmental	112,106,000	--	7,312,467	33,397,682	152,816,149
Service Charges	25,559,661	--	--	--	25,559,661
Fines and Forfeitures	9,583,749	--	--	--	9,583,749
Utility Payments	22,577,356	--	--	--	22,577,356
Investment Income	--	15	163,039	2,057	165,111
Miscellaneous	4,286,711	582,279	6,250	16,027,982	20,903,222
Total Revenues	642,221,657	582,294	7,481,756	49,427,721	699,713,428
Expenditures					
Current:					
General Government	67,795,977	--	--	18,222,089	86,018,066
Public Safety and Judiciary	157,350,109	--	--	11,580,812	168,930,921
Highways, Streets, Sanitation and Refuse	56,921,385	--	--	1,477,398	58,398,783
Human Services	68,482,064	--	--	20,768,965	89,251,029
Culture and Recreation	21,024,453	--	--	2,250,525	23,274,978
Education	150,585,819	--	--	--	150,585,819
Non-Departmental	43,629,933	--	--	--	43,629,933
Capital Outlay	--	--	125,099,224	--	125,099,224
Debt Service:					
Principal Retirement	--	29,839,337	--	--	29,839,337
Interest Payments	--	19,710,167	--	--	19,710,167
Bond Issuance Cost	--	647,705	--	--	647,705
Total Expenditures	565,789,740	50,197,209	125,099,224	54,299,789	795,385,962
Excess of Revenues Over (Under) Expenditures	76,431,917	(49,614,915)	(117,617,468)	(4,872,068)	(95,672,534)
Other Financing Sources (Uses)					
Premium on Issuance of Bonds	--	--	4,441,245	--	4,441,245
Proceeds from Issuance of General Obligation Bonds and Notes	--	--	80,341,209	--	80,341,209
Transfers In-Other Funds	3,473,030	50,015,839	2,517,000	10,234,404	66,240,273
Transfers Out-Other Funds	(59,309,691)	--	(1,267,000)	(2,666,692)	(63,243,383)
Total Other Financing Sources (Uses), Net	(55,836,661)	50,015,839	86,032,454	7,567,712	87,779,344
Net Change in Fund Balances	20,595,256	400,924	(31,585,014)	2,695,644	(7,893,190)
Fund Balances - Beginning of Year	76,021,982	1,049,683	5,512,908	11,121,689	93,706,262
Fund Balances - End of Year	\$ 96,617,238	\$ 1,450,607	\$ (26,072,106)	\$ 13,817,333	\$ 85,813,072

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

(Continued)



EXHIBIT D, Concluded

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$	(7,893,190)
--	----	-------------

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	\$ 67,791,361	
Depreciation expense	(37,656,120)	30,135,241

The issuance of long term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Proceeds of borrowing	(84,782,454)	
Principal payments of bonds, net of payments on behalf of Component Units	32,237,765	
Amortization of bond premium	1,095,054	(51,449,635)

Some revenues in the Statement of Activities do not provide the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		(4,303,999)
--	--	-------------

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	(1,061,075)	
Compensated absences	(2,974,375)	
Other Liabilities and Claims	(2,751,678)	
Other Post-employment Benefit Obligations	(4,985,539)	(11,772,667)

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.		(4,219,038)
---	--	-------------

Change in net assets of governmental activities	\$	(49,503,288)
---	----	--------------

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



EXHIBIT E-1

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds						
	Gas	Water	Wastewater	Stormwater	Other	Total	Internal Service Funds
Assets							
Current Assets:							
Cash and Cash Equivalents (Note 3)	\$ 13,215,049	\$ 37,135,887	\$ 53,850,245	\$ 4,386,183	\$ --	\$ 108,587,364	\$ 39,323,433
Accounts Receivables (Net of Allowance for Doubtful Accounts)	8,799,698	11,118,051	9,579,257	875,037	1,161,136	31,533,179	4,143,017
Due From Component Unit	--	--	--	--	--	--	161,668
Due From Other Governments (Note 5)	--	--	355,565	--	--	355,565	40,502
Inventories of Materials and Supplies	12,679,705	350,138	--	--	--	13,029,843	3,485,362
Prepaid Expenses and Other Current Assets	1,949,893	1,736,482	1,619,399	--	176,499	5,482,273	344,847
Total Current Assets	36,644,345	50,340,558	65,404,466	5,261,220	1,337,635	158,988,224	47,498,829
Noncurrent Assets:							
Restricted Assets - Cash and Investments (Note 3)	30,650,583	34,204,196	31,583,766	--	--	96,438,545	--
Advances To Other Funds (Note 4)	19,605,111	19,081,068	21,534,342	--	--	60,220,521	3,294,908
Deferred Expenses	4,753,809	3,446,592	2,678,378	--	--	10,878,779	--
Capital Assets (Note 7):							
Land	237,745	679,409	1,101,261	--	12,770,860	14,789,275	5,047,511
Buildings and Structures	--	--	--	--	33,982,882	33,982,882	122,692,003
Equipment and Other Assets	--	--	--	--	5,543,792	5,543,792	65,909,971
Plant-in-Service	393,159,700	342,563,015	230,761,607	48,848	--	966,533,170	--
Completed Construction	25,513,463	41,969,825	224,787,075	--	--	292,270,363	--
Construction in Progress	58,778,986	45,634,203	82,972,653	3,170,023	--	190,555,865	12,911,197
Less: Accumulated Depreciation	(144,377,895)	(115,185,463)	(171,521,946)	(7,413)	(37,305,824)	(468,398,541)	(127,917,953)
Total Capital Assets, Net Accumulated Depreciation	333,311,999	315,660,989	368,100,650	3,211,458	14,991,710	1,035,276,806	78,642,729
Total Noncurrent Assets	388,321,502	372,392,845	423,897,136	3,211,458	14,991,710	1,202,814,651	81,937,637
Total Assets	\$ 424,965,847	\$ 422,733,403	\$ 489,301,602	\$ 8,472,678	\$ 16,329,345	\$ 1,361,802,875	\$ 129,436,466
Liabilities							
Current Liabilities:							
Accounts Payable	\$ 7,597,342	\$ 4,963,734	\$ 8,691,110	\$ 462,509	\$ 1,294,058	\$ 23,008,753	\$ 2,039,827
Accrued Liabilities	4,655,813	549,512	512,827	87,274	14,857	5,820,283	1,901,294
Due To Other Funds (Note 4)	--	--	--	--	720,659	720,659	9,307,000
Accrued Interest on Bonds Payable	5,638,295	4,964,041	4,146,318	--	178,731	14,927,385	174,574
General Obligation Bonds, Capital Leases, and Notes Payable (Note 8)	6,805,219	5,578,840	4,298,065	--	973,150	17,655,274	1,119,855
Revenue Bonds Payable (Note 8)	3,384,400	3,342,532	6,062,004	--	--	12,788,936	707,885
Notes Payable (Note 8)	--	--	--	--	--	--	3,240,000
Compensated Absences (Note 8)	617,537	505,257	523,970	112,279	55,294	1,814,337	242,754
Other Liabilities	--	--	--	--	--	--	15,922
Total Current Liabilities	28,698,606	19,903,916	24,234,294	662,062	3,236,749	76,735,627	18,749,111
Noncurrent Liabilities:							
Liabilities to be Repaid from Restricted Assets:							
Customers' Deposits	5,819,443	1,368,798	--	--	--	7,188,241	--
General Obligation Bonds, Capital Lease Liabilities (Note 8)	69,211,472	54,889,130	29,965,939	1,250	7,357,898	161,425,689	1,260,590
Revenue Bonds Payable (Note 8)	187,221,770	168,731,432	191,099,535	--	--	547,052,737	8,360,231
Notes Payable (Note 8)	--	--	--	--	--	--	8,540,000
Compensated Absences (Note 8)	166,709	136,398	141,450	30,311	30,556	505,424	72,665
Other Liabilities	23,373,669	64,989,147	30,406,155	3,470,566	--	122,239,537	1,972,542
Advances from Other Funds (Note 4)	--	--	--	--	--	--	63,515,429
Total Noncurrent Liabilities	285,793,063	290,114,905	251,613,079	3,502,127	7,388,454	838,411,628	83,721,457
Total Liabilities	314,491,669	310,018,821	275,847,373	4,164,189	10,625,203	915,147,255	102,470,568
Net Assets							
Invested in Capital Assets, Net of Related Debt	91,520,278	86,131,051	168,258,873	3,210,208	6,660,662	355,781,072	55,414,168
Unrestricted	18,953,900	26,583,531	45,195,356	1,098,281	(956,520)	90,874,548	(28,448,270)
Total Net Assets	\$ 110,474,178	\$ 112,714,582	\$ 213,454,229	\$ 4,308,489	\$ 5,704,142	\$ 446,655,620	\$ 26,965,898

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



CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF FUND NET ASSETS TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2011

		Internal Service Fund	
	Total Enterprise Funds	Stores and Transportation Division	Business-type Activities Statement of Net Assets
Assets			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 108,587,364	\$ 35,353,497	\$ 143,940,861
Accounts Receivables (Net of Allowance for Doubtful Accounts)	31,533,179	2,744	31,535,923
Due From Other Government (Note 5)	355,565	--	355,565
Inventories of Materials and Supplies	13,029,843	2,737,646	15,767,489
Prepaid Expenses and Other Current Assets	5,482,273	204,755	5,687,028
Total Current Assets	<u>158,988,224</u>	<u>38,298,642</u>	<u>197,286,866</u>
Noncurrent Assets:			
Restricted Assets - Cash and Investments (Note 3)	96,438,545	--	96,438,545
Advances To Other Funds (Note 4)	60,220,521	--	60,220,521
Deferred Expenses	10,878,779	--	10,878,779
Capital Assets (Note 7):			
Land	14,789,275	1,686,532	16,475,807
Buildings and Structures	33,982,882	67,850,790	101,833,672
Equipment	5,543,792	--	5,543,792
Plant-in-Service	966,533,170	--	966,533,170
Completed Construction	292,270,363	--	292,270,363
Construction in Progress	190,555,865	7,265,826	197,821,691
Less Accumulated Depreciation	<u>(468,398,541)</u>	<u>(50,674,278)</u>	<u>(519,072,819)</u>
Total Capital Assets, Net Accumulated Depreciation	<u>1,035,276,806</u>	<u>26,128,870</u>	<u>1,061,405,676</u>
Total Noncurrent Assets	<u>1,202,814,651</u>	<u>26,128,870</u>	<u>1,228,943,521</u>
Total Assets	<u>\$ 1,361,802,875</u>	<u>\$ 64,427,512</u>	<u>\$ 1,426,230,387</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 23,008,753	\$ 880,344	\$ 23,889,097
Accrued Liabilities	5,820,283	7,974	5,828,257
Due To Other Funds (Note 4)	720,659	--	720,659
Accrued Interest on Bonds Payable	14,927,385	--	14,927,385
General Obligation Bonds and Capital Leases (Note 8)	17,655,274	--	17,655,274
Revenue Bonds Payable (Note 8)	12,788,936	--	12,788,936
Compensated Absences (Note 8)	1,814,337	18,713	1,833,050
Total Current Liabilities	<u>76,735,627</u>	<u>907,031</u>	<u>77,642,658</u>
Noncurrent Liabilities:			
Liabilities to be Repaid from Restricted Assets:			
Customers' Deposits	7,188,241	--	7,188,241
General Obligation Bonds and Capital Leases (Note 8)	161,425,689	--	161,425,689
Revenue Bonds Payable (Note 8)	547,052,737	--	547,052,737
Compensated Absences (Note 8)	505,424	5,052	510,476
Other Liabilities	122,239,537	--	122,239,537
Advances from other funds	<u>--</u>	<u>63,515,429</u>	<u>63,515,429</u>
Total Noncurrent Liabilities	<u>838,411,628</u>	<u>63,520,481</u>	<u>901,932,109</u>
Total Liabilities	<u>915,147,255</u>	<u>64,427,512</u>	<u>979,574,767</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	355,781,072	26,128,870	381,909,942
Unrestricted	90,874,548	(26,128,870)	64,745,678
Total Net Assets	<u>\$ 446,655,620</u>	<u>\$ --</u>	<u>\$ 446,655,620</u>

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

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

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



CITY OF RICHMOND, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN THE FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Operating Revenues							
Charges for Goods and Services	\$ 162,578,872	\$ 58,761,549	\$ 60,496,693	\$ 9,641,370	\$ 2,478,505	\$ 293,956,989	\$ 33,024,960
Operating Expenses							
Purchased Gas	91,465,943	--	--	--	--	91,465,943	--
Intragovernmental Goods and Services Sold	--	--	--	--	--	--	15,414,539
Salaries and Wages & Benefits	9,818,857	8,223,344	9,021,846	1,914,983	1,056,499	30,035,529	2,592,675
Data Processing	407,510	146,768	131,270	13,700	--	699,248	1,720
Materials and Supplies	872,216	1,654,163	640,713	124,864	348,869	3,640,825	683,750
Rents and Utilities	46,896	3,726,965	3,430,643	--	553,830	7,758,334	3,024,819
Maintenance and Repairs	7,779,330	4,941,890	5,672,512	1,815,235	244,337	20,453,304	1,103,463
Depreciation and Amortization	13,081,219	8,303,316	11,672,409	2,438	2,163,352	35,222,734	9,048,102
Uncollectible expense	1,812,335	494,241	854,291	1,948,698	--	5,109,565	--
Miscellaneous Operating Expenses	21,115,671	18,601,465	15,940,094	1,612,370	1,376,697	58,646,297	5,307,863
Total Operating Expenses	146,399,977	46,092,152	47,363,778	7,432,288	5,743,584	253,031,779	37,176,931
Operating Income (Loss)	16,178,895	12,669,397	13,132,915	2,209,082	(3,265,079)	40,925,210	(4,151,971)
Non-Operating Revenues (Expenses)							
Intergovernmental Grants and Contributions	113,111	1,061,259	10,723,074	193,182	2,923,032	15,013,658	728,689
Interest on Long-Term Debt	(11,743,162)	(10,389,222)	(8,725,395)	--	--	(30,857,779)	(787,861)
Interest Income	320,620	251,472	325,438	--	--	897,530	--
Interest Expense	(17,559)	(3,332)	--	--	(358,252)	(379,143)	--
Amortization of Debt Discount and Expense	(1,693,973)	(1,431,699)	(1,999,938)	--	--	(5,125,610)	--
Miscellaneous Revenues (Expense)	152,655	709,919	300,867	--	--	1,163,441	4,015
Total Non-Operating Revenues (Expenses), Net	(12,868,308)	(9,801,603)	624,046	193,182	2,564,780	(19,287,903)	(55,157)
Net Income (Loss) Before Transfers	3,310,587	2,867,794	13,756,961	2,402,264	(700,299)	21,637,307	(4,207,128)
Transfers Out-Other Funds	(1,027,537)	(638,697)	(1,318,746)	--	--	(2,984,980)	(11,910)
Change In Net Assets	2,283,050	2,229,097	12,438,215	2,402,264	(700,299)	18,652,327	(4,219,038)
Net Assets - Beginning of Year	108,191,128	110,485,485	201,016,014	1,906,225	6,404,441	428,003,293	31,184,936
Net Assets - End of Year	\$ 110,474,178	\$ 112,714,582	\$ 213,454,229	\$ 4,308,489	\$ 5,704,142	\$ 446,655,620	\$ 26,965,898

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



EXHIBIT E-4

CITY OF RICHMOND, VIRGINIA
RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds				
	Gas	Water	Wastewater	Stormwater	Total
Operating Revenues					
Charges for Goods and Services	\$ 162,578,872	\$ 58,761,549	\$ 60,496,693	\$ 9,641,370	\$ 291,478,484
Internal Service Fund Allocation -					
Stores and Transportation Division	<u>2,311,370</u>	<u>835,408</u>	<u>860,076</u>	<u>137,071</u>	<u>4,143,924</u>
Charges for Services - Statement of Activities	<u>164,890,242</u>	<u>59,596,957</u>	<u>61,356,769</u>	<u>9,778,441</u>	<u>295,622,408</u>
Operating Expenses					
Purchased Gas	91,465,943	--	--	--	91,465,943
Salaries and Wages	9,818,857	8,223,344	9,021,846	1,914,983	28,979,030
Data Processing	407,510	146,768	131,270	13,700	699,248
Materials and Supplies	872,216	1,654,163	640,713	124,864	3,291,956
Rents and Utilities	46,896	3,726,965	3,430,643	--	7,204,504
Maintenance and Repairs	7,779,330	4,941,890	5,672,512	1,815,235	20,208,967
Depreciation and Amortization	13,081,219	8,303,316	11,672,409	2,438	33,059,382
Uncollectible Expense	1,812,335	494,241	854,291	1,948,698	5,109,565
Miscellaneous Operating Expenses	<u>21,115,671</u>	<u>18,601,465</u>	<u>15,940,094</u>	<u>1,612,370</u>	<u>57,269,600</u>
Total Operating Expenses	<u>146,399,977</u>	<u>46,092,152</u>	<u>47,363,778</u>	<u>7,432,288</u>	<u>247,288,195</u>
Non-Operating Expenses					
Interest on Long-Term Debt	11,743,162	10,389,222	8,725,395	--	30,857,779
Interest Expense	17,559	3,332	--	--	20,891
Amortization of Debt Discount and Expense	<u>1,693,973</u>	<u>1,431,699</u>	<u>1,999,938</u>	<u>--</u>	<u>5,125,610</u>
Total Expenses	<u>159,854,671</u>	<u>57,916,405</u>	<u>58,089,111</u>	<u>7,432,288</u>	<u>283,292,475</u>
Internal Service Fund Allocation -					
Stores and Transportation Division	<u>2,338,310</u>	<u>847,185</u>	<u>849,711</u>	<u>108,717</u>	<u>4,143,924</u>
Reclass As Transfers to Governmental Activities -					
Payments In Lieu of Taxes	<u>(7,665,218)</u>	<u>(5,944,161)</u>	<u>(4,864,960)</u>	<u>--</u>	<u>(18,474,339)</u>
Program Expenses - Statement of Activities	<u>\$ 154,527,763</u>	<u>\$ 52,819,429</u>	<u>\$ 54,073,862</u>	<u>\$ 7,541,005</u>	<u>\$ 268,962,060</u>

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

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



EXHIBIT E-5

CITY OF RICHMOND, VIRGINIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds						Internal Service Funds
	Gas	Water	Wastewater	Stormwater	Other	Total	
Cash Flows From Operating Activities							
Receipts from Customers	\$ 168,124,870	\$ 59,562,171	\$ 60,728,559	\$ 9,329,154	\$ 2,241,258	\$ 299,986,012	\$ 34,670,194
Payments to Suppliers	(115,795,856)	(18,066,350)	(18,811,141)	(3,994,602)	(2,888,869)	(159,556,818)	(22,212,019)
Payments to Employees	(9,456,675)	(8,744,246)	(10,112,174)	(1,856,958)	(1,047,173)	(31,217,226)	(2,566,383)
Payments to Other Funds	(7,922,719)	(5,034,589)	(5,942,990)	(140,895)	--	(19,041,193)	(2,316,757)
Other Receipts or (Payments)	(1,211,139)	326,136	300,788	--	--	(584,215)	(1,158,341)
Net Cash Provided By (Used In) Operating Activities	33,738,481	28,043,122	26,163,042	3,336,699	(1,694,784)	89,586,560	6,416,694
Cash Flows From Noncapital Financing Activities							
Transfers In and Government Subsidies	113,111	1,230,780	12,231,374	193,182	2,923,032	16,691,479	728,689
Transfers Out - Other Funds	(1,027,537)	(638,697)	(1,318,746)	--	--	(2,984,980)	1,932,605
Advances from Other Funds	--	--	--	--	115,216	115,216	--
Net Cash Provided By (Used In) Noncapital Financing Activities	(914,426)	592,083	10,912,628	193,182	3,038,248	13,821,715	3,670,844
Cash Flows From Capital and Related Financing Activities							
Acquisition of Capital Assets	(25,365,874)	(19,020,262)	(34,252,316)	(2,470,931)	(1,528)	(81,110,911)	(10,964,573)
Proceeds from Bond Sale	21,495,184	18,181,188	37,494,718	--	3,849,250	81,020,340	6,500,000
Repayments of Revenue, General Obligation Bonds and Capital Leases	(30,529,447)	(25,004,238)	(35,524,514)	1,250	(4,808,131)	(95,865,080)	(1,074,061)
Repayments of Notes Payables	--	--	--	--	--	--	(2,668,097)
Interest Paid on Long-Term Debt	(12,445,829)	(10,946,112)	(9,100,424)	--	(383,055)	(32,875,420)	(759,850)
Net Cash Used In Capital and Related Financing Activities	(46,845,966)	(36,789,424)	(41,382,536)	(2,469,681)	(1,343,464)	(128,831,071)	(8,966,581)
Cash Flows From Investing Activities							
Interest Earned on Operating Funds	320,620	251,472	325,438	--	--	897,530	--
Interest Paid on Customers' Deposits	(17,559)	(3,332)	--	--	--	(20,891)	--
Net Cash Provided By Investing Activities	303,061	248,140	325,438	--	--	876,639	--
Net Increase (Decrease) in Cash and Cash Equivalents	(13,718,850)	(7,906,079)	(3,981,428)	1,060,200	--	(24,546,157)	1,120,957
Cash and Cash Equivalents at July 1, 2010	57,584,482	79,246,162	89,415,439	3,325,983	--	229,572,066	38,202,476
Cash and Cash Equivalents at June 30, 2011	\$ 43,865,632	\$ 71,340,083	\$ 85,434,011	\$ 4,386,183	\$ --	\$ 205,025,909	\$ 39,323,433
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ 16,178,895	\$ 12,669,397	\$ 13,132,915	\$ 2,209,082	\$ (3,265,079)	\$ 40,925,210	\$ (4,151,971)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:							
Depreciation	13,081,219	8,303,316	11,672,409	2,438	2,163,352	35,222,734	9,048,102
Miscellaneous Income	152,655	709,919	300,867	--	--	1,163,441	5,914
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	5,545,998	800,622	231,866	(312,216)	(237,247)	6,029,023	1,529,457
Due From Other Funds	161,253	725,638	725,638	--	--	1,612,529	163,091
Due From Component Unit	--	--	--	--	--	--	(9,132)
Due From Other Governments	--	--	--	--	--	--	(38,182)
Inventories of Material and Supplies	(2,434,389)	35,313	--	--	--	(2,399,076)	(351,005)
Prepaid Expenses	15,157	(377,573)	(129,001)	--	(6,895)	(498,312)	38,429
Deferred Expenses	(1,351,649)	(509,168)	(79)	--	--	(1,860,896)	(212,672)
Accounts Payable	(2,850,526)	(4,026,887)	228,705	(97,633)	(358,242)	(7,104,583)	(38,638)
Accrued Liabilities	493,235	(581,712)	(1,250,472)	46,067	580	(1,292,302)	84,728
Customers' Deposits	(12,145)	125,385	--	--	--	113,240	--
Due To Other Funds	--	--	--	--	--	--	(791,287)
Compensated Absences	(57,068)	(26,447)	(27,427)	18,868	8,747	(83,327)	(51,511)
Unearned Revenue	--	--	--	--	--	--	(37,595)
Outstanding Liabilities and Claims	4,815,846	10,195,319	1,277,621	1,470,093	--	17,758,879	1,228,966
Total Adjustments	17,559,586	15,373,725	13,030,127	1,127,617	1,570,295	48,661,350	10,568,665
Net Cash Provided By (Used In) Operating Activities	\$ 33,738,481	\$ 28,043,122	\$ 26,163,042	\$ 3,336,699	\$ (1,694,784)	\$ 89,586,560	\$ 6,416,694

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



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EXHIBIT F-1

CITY OF RICHMOND, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

	Pension Trust Funds	Agency Funds
Assets:		
Cash and Short-term Investments (Note 3)	\$ 12,087,165	\$ 1,425,597
Receivables:		
Due from Brokers on Sale of Securities	3,283,415	--
Interest and Dividends	1,077,836	--
Employee Loans Receivable	3,319,191	--
Investments, at Fair Value (Note 3):		
U.S. Government and Agency Securities	86,062,370	--
Corporate Bonds	73,229,535	--
Common Stock	162,573,106	--
International Stocks	83,591,430	--
International Bonds	44,408,117	--
Real Estate Investment Trusts	11,217,095	--
Emerging Market Debt	7,056,773	--
Hedge Funds	40,631,380	--
Mutual funds	18,944,240	--
Private Equity	7,565,969	--
Private Real Estate	16,459,034	--
Cash Collateral Received - Security Lending Program	50,044,146	--
Total Investments, at Fair Value	<u>601,783,195</u>	<u>--</u>
Total Assets	<u>621,550,802</u>	<u>1,425,597</u>
Liabilities:		
Accounts Payable	12,149,144	--
Refundable Deposits	--	360,830
Payable for Collateral Received - Security Lending Program	50,044,146	--
Due to Other Funds	--	469,120
Due to Various Agents	--	595,647
Total Liabilities	<u>62,193,290</u>	<u>1,425,597</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 559,357,512</u>	<u>\$ --</u>

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



EXHIBIT F-2

CITY OF RICHMOND, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2011

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
City of Richmond	\$ 44,328,373
Richmond Behavioral Health Authority	1,147,687
Richmond Public Schools	421,397
Revenue for DC Plan Expense	52,133
Plan Members	2,420,983
Investment Income:	
Net Appreciation in Fair Value of Investments	91,921,867
Interest	4,707,277
Dividends	7,687,459
Net Increase in the Fair Value of Investments	<u>104,316,603</u>
Net Income Earned On Securities Lending Transactions:	
Securities Lending Income	216,284
Securities Lending Expense	<u>(115,552)</u>
Total Net Income Earned On Securities Lending Transactions	<u>100,732</u>
Investment Income	104,417,335
Less: Investment Expense	<u>1,929,465</u>
Net Investment Income	<u>102,487,870</u>
Total Additions, net	<u>150,858,443</u>
Deductions:	
Benefits	67,057,763
Refunds of Member Contributions	81,377
Administrative Expenses	<u>1,210,476</u>
Total Deductions	<u>68,349,616</u>
Net Increase	82,508,827
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>476,848,685</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 559,357,512</u>

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



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EXHIBIT G-1

CITY OF RICHMOND, VIRGINIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2011

	School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
Assets							
Cash and Cash Equivalents	\$ 8,181,951	\$ 2,939,292	\$ --	\$ 10,498,413	\$ 5,338,930	\$ --	\$ 26,958,586
Due From Primary Government	34,896,114	--	--	--	1,004,153	--	35,900,267
Due From Other Governments	26,290,522	--	--	208,016	1,499,924	--	27,998,462
Accounts Receivable	161,472	2,118,541	219,528	2,479,412	382,191	--	5,361,144
Inventories of Materials and Supplies	239,809	268,199	--	400,779	--	--	908,787
Prepaid Expenses and Other Current Assets	318,534	540,019	--	--	914,473	--	1,773,026
Restricted Assets	--	--	--	3,261,099	12,432,037	--	15,693,136
Mortgage Loans Receivable and Other Non-Current Assets	--	--	--	--	52,504,651	--	52,504,651
Capital Assets:							
Land	--	--	157,337	--	10,153,861	--	10,311,198
Infrastructure	--	--	289,353	--	--	--	289,353
Buildings and Structures	--	2,674,499	3,459,762	--	141,313,035	--	147,447,296
Plant-in-Service	--	--	14,899,164	--	--	--	14,899,164
Other Improvements	--	--	--	2,585,160	6,981,923	--	9,567,083
Equipment	30,171,024	7,631,604	2,769,036	2,227,559	5,866,796	--	48,666,019
Less: Accumulated Depreciation	(19,722,542)	(6,207,519)	(16,021,377)	(2,487,377)	(84,698,685)	--	(129,137,500)
Construction in Progress	--	--	--	--	18,525,843	--	18,525,843
Total Capital Assets	10,448,482	4,098,584	5,553,275	2,325,342	98,142,773	--	120,568,456
Total Assets	80,536,884	9,964,635	5,772,803	19,173,061	172,219,132	--	287,666,515
Liabilities							
Accounts Payable	4,614,035	--	35,254	1,023,720	2,724,256	--	8,397,265
Accrued Liabilities	21,836,359	760,589	4,903	1,350,757	4,674,760	--	28,627,368
Due To Primary Government	--	--	--	--	6,348,251	--	6,348,251
Due To Other Governments	3,817,449	--	--	--	43,615	--	3,861,064
Unearned Revenue	2,366,169	37,341	--	857,291	383,217	--	3,644,018
Liabilities to be Paid From Restricted Assets:							
Customers' Deposits	--	--	--	3,261,099	--	--	3,261,099
Bonds, Notes Payable and Capital Leases	--	282,676	--	--	2,536,559	--	2,819,235
Compensated Absences	--	--	10,570	--	563,800	--	574,370
Non-Current Liabilities:							
Bonds, Notes Payable and Capital Leases	6,201,626	254,477	--	--	22,674,411	--	29,130,514
Due To Primary Government	--	--	445,686	--	6,129,447	--	6,575,133
Compensated Absences	11,499,533	--	4,317	1,089,510	617,147	--	13,210,507
Deferred Revenue	--	--	--	--	676,391	--	676,391
Workers' Compensation	4,842,169	--	--	--	--	--	4,842,169
Net Other Postemployment Benefit Obligations	15,723,348	--	--	794,519	--	--	16,517,867
Early Retirement Plan Net Pension Obligation	450,011	--	--	--	--	--	450,011
Total Liabilities	71,350,699	1,335,083	500,730	8,376,896	47,371,854	--	128,935,262
Net Assets							
Invested In Capital Assets, Net of Related Debt	4,246,856	3,640,167	5,553,275	2,325,342	94,970,624	--	110,736,264
Restricted for:							
Capital Projects	6,382,000	--	--	--	5,606,593	--	11,988,593
Debt Service	--	--	--	--	148,491	--	148,491
Permanent Funds:							
Expendable	707,891	--	--	--	--	--	707,891
Nonexpendable	203,471	--	--	--	--	--	203,471
Unrestricted	(2,354,033)	4,989,385	(281,202)	8,470,823	24,121,570	--	34,946,543
Total Net Assets	\$ 9,186,185	\$ 8,629,552	\$ 5,272,073	\$ 10,796,165	\$ 124,847,278	\$ --	\$ 158,731,253

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, 2011

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
School Board	\$ 309,600,949	\$ 2,761,233	\$ 106,820,664	\$ 6,072,480
Richmond Ambulance Authority	14,988,754	9,118,215	--	--
Port of Richmond Commission	3,762,773	545,446	--	--
Richmond Behavioral Health Authority	39,762,897	20,856,659	17,195,738	--
Richmond Redevelopment and Housing Authority	68,532,431	16,222,193	52,631,318	8,204,743
Broad Street Community Development Authority	545,594	1,493,900	--	--
Total Component Units	\$ 437,193,398	\$ 50,997,646	\$ 176,647,720	\$ 14,277,223

General Revenues:

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

Extraordinary Items:

Gain on Dissolution of Entity
Changes in Net Assets

Net Assets - Beginning of Year, As Restated

Net Assets - End of Year

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



EXHIBIT G-2

Net (Expenses) Revenues and Changes in Net Assets						
School Board	Richmond Ambulance Authority	Port of Richmond Commission	Richmond Behavioral Health Authority	Richmond Redevelopment and Housing Authority	Broad Street Community Development Authority	Total
\$ (193,946,572)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (193,946,572)
--	(5,870,539)	--	--	--	--	(5,870,539)
--	--	(3,217,327)	--	--	--	(3,217,327)
--	--	--	(1,710,500)	--	--	(1,710,500)
--	--	--	--	8,525,823	--	8,525,823
--	--	--	--	--	948,306	948,306
<u>(193,946,572)</u>	<u>(5,870,539)</u>	<u>(3,217,327)</u>	<u>(1,710,500)</u>	<u>8,525,823</u>	<u>948,306</u>	<u>(195,270,809)</u>
124,234,268	4,450,000	--	1,853,725	--	--	130,537,993
67,353,441	--	--	--	884,339	--	68,237,780
--	(31,380)	--	32,793	(1,102,233)	--	(1,100,820)
--	--	(1,571,864)	3,428	--	50	(1,568,386)
<u>199,194</u>	<u>153,352</u>	<u>22,464</u>	<u>100,791</u>	<u>--</u>	<u>346,000</u>	<u>821,801</u>
<u>191,786,903</u>	<u>4,571,972</u>	<u>(1,549,400)</u>	<u>1,990,737</u>	<u>(217,894)</u>	<u>346,050</u>	<u>196,928,368</u>
--	--	--	--	--	11,184,418	11,184,418
(2,159,669)	(1,298,567)	(4,766,727)	280,237	8,307,929	12,478,774	12,841,977
<u>11,345,854</u>	<u>9,928,119</u>	<u>10,038,800</u>	<u>10,515,928</u>	<u>116,539,349</u>	<u>(12,478,774)</u>	<u>145,889,276</u>
<u>\$ 9,186,185</u>	<u>\$ 8,629,552</u>	<u>\$ 5,272,073</u>	<u>\$ 10,796,165</u>	<u>\$ 124,847,278</u>	<u>\$ --</u>	<u>\$ 158,731,253</u>



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CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Component Units

Blended Component Units:

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

The Richmond Retirement System

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

Advantage Richmond Corporation

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Discretely Presented Component Units:

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

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

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

Proprietary Component Units

Richmond Ambulance Authority (RAA)

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

Port of Richmond Commission (Port)

The Port operates a deepwater ocean-going vessel facility. Although the Port operates independently, City Council appoints the Board of Commissioners. Complete financial statements for the Port may be obtained from the administrative offices located at 5000 Deepwater Terminal Rd., Richmond, VA 23234. See footnote 16G – Subsequent Events for additional information.

Richmond Behavioral Health Authority (RBHA)

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

Richmond Redevelopment and Housing Authority (RRHA)

RRHA is responsible for operating a low-rent housing program, which provides housing for eligible families, for operating redevelopment and conservation programs in accordance with the City's Master Plan and for the delivery of services to citizens of low-rent housing and urban renewal areas through the encouragement and development of social and economic opportunities. The City Council appoints the Commissioners of RRHA and has some financial responsibility for RRHA's operations. RRHA's September 30, 2010 year-end financial statements are included within the City's component unit combining financial statements. Complete financial statements for RRHA may be obtained from the administrative offices located at 901 Chamberlayne Avenue, Richmond, VA 23220.

RRHA and the City have different fiscal years, which can result in timing differences in transactions between RRHA and the City.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



Broad Street Community Development Authority (CDA)

The City during FY11, began working with the CDA to purchase the assets of the Authority. These assets included three parking garages and two surface lots. The City Council authorized the issuance of general obligation bonds on September 27, 2010, an appropriation of bond premiums on October 25, 2010, and the asset purchase agreement on November 22, 2010. The bonds and bond premium were used to purchase the assets on November 30, 2011. Simultaneously, the Authority defeased its existing outstanding debt and dissolved the Authority.

Related Organizations:

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

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

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

Joint Venture

Greater Richmond Transit Co. (GRTC):

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

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

The City expended \$11,000,000 for operating subsidies for bus routes and para-transit services within the City for the year ended June 30, 2011. The City also expended \$175,000 to operate reduced fare services for the elderly and disabled, and expended \$425,000 for local match funds needed to secure 80% Federal grant funds that are used for the Company's capital purchases. Complete financial statements for the Greater Richmond Transit Company can be obtained from the Finance Department, GRTC Transit System, 301 East Belt Boulevard, Richmond, VA 23224.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Jointly Governed Organizations:

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

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget, showing estimated revenues and estimated expenditures, to the governing bodies, if the Commission's budget contains estimated expenditures, which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the City and Counties may, at their discretion, appropriate funds necessary to fund the deficit. The City did not provide funding to the Commission during the fiscal year ended June 30, 2011.

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, 2011 were approximately \$1,564,934.

The *Greater Richmond Partnership* (GRP) is comprised of members from the City and the counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the GRP's purpose is to further economic development of the metropolitan Richmond area. The City of Richmond has one member on the board that is an elected official and one alternate member. The City's contribution for FY2011 was approximately \$370,000.

The *Richmond Metropolitan Convention and Visitors Bureau* (RMCVB) serves the City and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The City has three representatives serving on RMCVB's Board of Directors and contributed approximately \$937,180 to the RMCVB for the year ended June 30, 2011.

The *Richmond Regional Planning District Commission* (RRPDC) is comprised of representatives from nine local jurisdictions which include Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of local member governments; resolve service delivery challenges involving more than one government within the region and provide planning assistance to local governments. The City has seven representatives serving on the RRPDC and contributed approximately \$111,414 for the year ended June 30, 2011.

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

The City contributed \$5,121,756 in transient occupancy tax revenue and approximately \$1,997,142 of general funds for the year ending June 30, 2011.

B. Basis of Presentation

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and the fund financial statements, including the major individual funds of the governmental funds (General, Capital Projects and Debt Service Funds) and proprietary funds (Gas, Water, Wastewater, and Stormwater Funds), as well as the fiduciary funds, and the Component Units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on an aggregated basis by column and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (e.g. Public Safety, Public Works, Human Services, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by directly related program revenues, operating and capital grants, and contributions. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. Operating grants presented include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements and detailed in the combining statements. The governmental fund financial statements are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements' governmental activities column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.



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

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

Governmental Funds

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

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

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Proprietary Funds

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

- *Enterprise Funds* – Enterprise Funds are used to report activities for which a fee is charged to external users for goods and services. The City maintains six Enterprise Funds consisting of the 1) gas, 2) water, 3) wastewater operations and 4) stormwater operations, all of which are considered major funds; 5) Cemeteries, and 6) Richmond Coliseum (Coliseum), which are combined into a single, aggregated presentation as “non-major proprietary funds”. A description of the major funds are as follows:
 - *Gas* – Gas utility provides natural gas service to the City and surrounding counties. Operation of the gas utility is designed to be self-supporting through user charges.
 - *Water* – Water utility provides retail water service to the City and surrounding counties. Operation of the water utility is designed to be self-supporting through user charges.
 - *Wastewater* – Wastewater utility provides wastewater service to the City and surrounding counties. Operation of the wastewater utility is designed to be self-supporting through user charges.
 - *Stormwater Utility* – The Stormwater Utility provides stormwater service to the City. Operation of the Stormwater Utility is designed to be self-supporting through user charges.
- *Internal Service Funds* – Internal Service Funds account for operations that provide services to City departments/agencies on a cost reimbursement basis. The City maintains six internal service funds: 1) Fleet Management, 2) Radio Maintenance, 3) Public Works Stores, 4) Advantage Richmond Corporation, 5) Electric Utility and 6) Stores and Transportation (which exclusively serves the City's major proprietary funds).

See footnote 16G – Subsequent Events for additional information on changes to Internal Service Funds.

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

Fiduciary Funds

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

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



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Reconciliation of Government-wide and Fund Financial Statements

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

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus wherein only current assets and current liabilities are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of Government Funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Governmental Funds' financial statements (General, Debt Service, Capital Projects and Other) are reported on the flow of current financial resources measurement focus and the modified accrual basis of accounting wherein the focus is on the determination of, and changes in, financial position and only current assets and current liabilities are included on the Balance Sheet.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within two months after the fiscal year end. Revenue from categorical and other grants are generally considered available when all eligibility criteria have been met and if received within one year. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and compensated absences.

The government-wide financial statements are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting, which include all assets and liabilities associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included in the Statement of Fiduciary Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange, include sales and income taxes, real estate and personal property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales and income taxes are recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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Operating revenues and expenses in the Proprietary Funds result from providing goods and services in connection with their principal ongoing operations (e.g., charges for services). Operating expenses for the Enterprise and Internal Service Funds include the cost of services, administrative expenses, contractual services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Pension Trust Funds' contributions from members, recorded under the full accrual basis of accounting, are recorded when the employer makes payroll payments on behalf of Plan members. The Agency Funds use the full accrual basis of accounting and do not measure the results of operations.

D. Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates fair value. Cash and cash equivalents include cash on hand, checking and savings accounts and certificates of deposit.

E. Investments

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

F. Allowances for Doubtful Accounts

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

Allowances for doubtful accounts at June 30, 2011 were as follows:

General Fund and Governmental Activities - Tax and Licenses	\$ 20,925,939
Enterprise Funds:	
Non-major Enterprise Funds (Coliseum and Cemeteries)	5,174
Utilities:	
Gas Utility	4,790,075
Water Utility	445,129
Wastewater Utility	359,267
Stormwater Utility	3,639,849
Electric	32,456
Total Utilities Funds	9,266,776
Total Enterprise Funds	\$ 9,271,950

G. Inventories

Inventories on hand at June 30, 2011 have been reported on the government-wide Statement of Net Assets. Inventories of consumable supplies are recorded at cost determined on a first in, first out basis. Inventories in the Proprietary Funds are accounted for under the lower of cost (determined by using weighted average cost or first-in, first-out methods) or market.



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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 2 years and having an initial cost of more than \$5,000. Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, parkland and improvements.

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

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

Governmental:

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

Enterprise Funds:

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

Enterprise Funds:

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

I. Construction Period Interest

The City capitalizes, during the construction period only, the net interest cost associated with the acquisition or construction of major additions in the business-type activity funds. During fiscal 2011, interest costs of approximately \$30,908,000 were incurred with approximately \$1,169,000 being capitalized.

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J. Compensated Absences

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

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

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

Maximum vacation accumulated hours is payable at the date of separation or available for use at the end of any calendar year. Employees leaving City employment are paid all accumulated unused vacation pay up to the maximum limit. The unused balance of sick leave is not paid at the date of separation.

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

K. Bond Discounts/Issuance Costs

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

L. Judgment and Claims

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

M. Restricted Assets

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



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N. Categories of Fund Balance

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

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

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

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

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

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

Additionally, GASB 54 requires government localities to identify any established "Revenue Stabilization Funds" (RSF) and disclose certain parameters regarding its usage. The City of Richmond established such a fund in September 2010 through City Council's adoption of Ordinance No. 2010-181-163. During June 2011, through Resolution 2011-65-69, City Council adopted detailed policies and criteria measures regarding the use of this fund. The fund containing \$2.0 million is maintained to permit orderly adjustments to changes resulting from unanticipated events. An appropriation from the RSF cannot be proposed unless projected general fund revenues reflect a 0.5 percent decrease from the current year's authorized budget due to a catastrophic or unforeseen event. These events must be quantifiable and distinguishable from other events that may occur during the normal course of governmental operations. Any such appropriations in a fiscal year may not exceed one-half of the RSF balance. If funds are withdrawn from the RSF, a plan must be put in place to replenish the fund to the required minimum level.

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O. Internal and Intra-entity Activity

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

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

P. Advances to Other Funds

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

Q. Rate Stabilization

City Code section 106-37 authorizes the Utilities Enterprise Funds to establish rate stabilization accounts within each utility. The purpose of rate stabilization is to mitigate and smooth any rate increases that otherwise might be required from year to year by increasing the rate stabilization amounts in years when revenues exceed those needed to meet bond covenant requirements and reasonable rates of return. Conversely, rate stabilization amounts, which are contributed, may be used instead of rate increases in years when revenues are insufficient to meet bond covenant requirements, reasonable rates of return, or budgeted net income. For the year ended June 30, 2011, the Utilities Enterprise Funds, which are considered rate regulated entities under Financial Accounting Standard No. 71, credited \$11,520,357 to the rate stabilization fund in the Gas, Water, Wastewater, Stormwater and Electric Utilities. The effect of this transaction is reflected in the Other Liabilities and Claims Payable balance on the Proprietary Funds' Statement of Net Assets and in Miscellaneous Operating Expenses on the Proprietary Funds' Statement of Revenues, Expenses, and Changes in the Fund Net Assets. Specifically, at June 30, 2011, the liability balance in the Gas, Water, Wastewater, Stormwater and Electric Utilities included approximately \$23.29 million, \$35.15 million, \$30.41 million, \$3.47 million and \$1.86 million respectively for rate stabilization funds.

R. Amortization of Debt Defeasance Gains/Losses

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

S. Estimates and Assumptions

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



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T. Identification of Major Revenue Sources Susceptible to Accrual

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

U. Permanent Funds

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

V. Unearned Revenue

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

W. Adoption of New Accounting Pronouncement

During the year ended June 30, 2011, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to improve and provide more clearly defined categories to make the nature and extent of the constraints placed on governmental fund balance more transparent. Refer to footnotes 1N and 9 for further discussion and detailed information .

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

In 2011, City Council established a 5% interest rate for personal property taxes. Due to a real estate amnesty program in the spring of 2011, Council established a 0% interest rate for the entire 2011 calendar year for real estate taxes. Effective January 1, 2012, the interest rate for personal property and real estate taxes will be based upon a rate established by the Virginia Department of Taxation for the first quarter of each tax year.

The City bills and collects its own property taxes. Delinquent property taxes may be sent to collection services. Property taxes levied January 1, 2011 are intended to finance operations of the fiscal year ended June 30, 2011. The real estate taxes assessed and due on January 14, 2011 and June 14, 2011 are intended to finance operations of the fiscal year ended June 30, 2011.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

Primary Government

At June 30, 2011, cash on hand, cash items and petty cash totaled approximately \$24,000 and the carrying value of the City's demand deposits, savings accounts and time certificates of deposit with financial institutions totaled \$17,383,597 and is included in cash and cash equivalents. The bank balance of the City's deposits, totaling \$24,202,721, was covered by federal depository insurance or was insured in accordance with provisions of the Virginia Security for Public Deposit Act (the Act). This Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral in the amount of 50% of excess deposits, while savings and loans are required to collateralize 100% of excess deposits. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by financial institutions. All funds, unless otherwise classified as restricted, are deposited into pooled bank accounts; the major account defined as the General Fund concentration account. As disbursements are made from the payroll, budget, and social services bank accounts, funds from the general fund concentration account are automatically transferred to those bank accounts to cover those disbursements on a daily basis. All cash classified as restricted are related to grantor or debtor requirements.

B. Richmond Retirement System

Cash and Investments

On June 30, 2011, the carrying amount of the System's deposits with financial institutions was \$432,789 and the bank balance was \$1,268,695. All funds deposited in banks are protected under the provisions of the Virginia Securities for Public Deposit Act (the Act). The Act requires financial institutions holding public deposits in excess of amounts insured by the Federal Deposit Insurance Corporation to pledge collateral in the amount of 50% of excess deposits, and savings and loans to pledge collateral in the amount of 100% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board can assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default, and is responsible for: (1) monitoring compliance with the collateralization, (2) reporting requirements of the Act, and (3) for notifying local governments of compliance by financial institutions.

Authorized Investments

The System invests in obligations of the U.S. government or its agencies, approved money market funds, other banks and savings and loan associations, not exceeding federal insurance coverage, and commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. The System is also authorized to invest in fixed income securities; domestic and international equities; Real Estate Investment Trusts (REITs); private equity; private real estate and hedge fund-of-funds. Each investment manager is authorized to invest no more than 5% of its holdings, at market value, in equity securities of a single issuer excepting the U.S. government and agencies and sovereign nations and their agencies. The System has eleven types of investments: common stock, international stock, corporate bonds and notes, international bonds and notes, hedge funds, mutual funds, U.S. government and agency obligations, private real estate, REITs, private equity, and emerging market debt.



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	Cost	Fair Value
Common stock	\$ 143,661,832	\$ 162,573,107
International stock	78,896,485	83,591,430
Corporate bonds and notes	68,355,190	73,229,534
International bonds and notes	38,201,894	44,408,117
Hedge funds	37,871,849	40,631,380
Mutual Funds	18,478,924	18,944,240
US Government and agency obligations	18,210,954	18,554,568
Private real estate	14,994,015	16,459,035
REITs	9,162,722	11,217,095
Private Equity	7,153,743	7,565,969
Emerging market debt	6,460,727	7,056,772
Collateral held for securities on loan	50,044,146	50,044,146
Total	<u>\$ 491,492,481</u>	<u>\$ 534,275,393</u>

The net change in fair value of investments for the year ended June 30, 2011 is as follows:

	Change in Fair Value
Common stock	\$ 10,151,710
International stock	18,297,282
Corporate bonds and notes	19,256,601
International bonds and notes	2,994,744
Hedge funds	2,288,987
Mutual Funds	236,968
U.S. Government and agency obligations	2,517,989
Private real estate	16,459,035
REITs	(7,721,718)
Private Equity	6,299,118
Emerging market debt	1,032,986
Total	<u>\$ 71,813,702</u>

Custodial Credit Risk

The System does not have exposure to custodial credit risk because the cash collateral received in each loan was invested together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. At June 30, 2011, the market value of securities on loan and cash collateral, which are included in the above amounts, were as follows:

	Securities on Loan	Cash Collateral
U.S. Government and agency obligations	\$ 4,788,908	\$ 4,902,106
U.S. stock	32,972,878	33,516,675
U.S. bonds	11,419,366	11,625,365
Total	<u>\$ 49,181,152</u>	<u>\$ 50,044,146</u>

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



Concentration of Credit Risk

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

Credit Risk

The System has an investment policy for credit risk. The domestic fixed income investments should emphasize high-quality and reasonable diversification. Investments shall not be rated below BAA3, as rated by Moody's, or an equivalent rating agency, and the overall weighted average quality shall be A or higher. The ratings in the policy statement are for guidance only; the investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies. For purposes of calculating compliance with the credit constraints, if split rated, the lowest rating will apply. The table below details the System's credit risk at June 30, 2011.

Investment Type	Moody Rating	Fair Value
U.S. Government agencies	FNMA	5,483,481
U.S. Government agencies	FHLMC	3,046,149
U.S. Government agencies	GNMA	1,667,281
Corporate bonds and notes	AAA	3,243,673
Corporate bonds and notes	AA1-AA3	1,424,843
Corporate bonds and notes	A1-A3	6,614,747
Corporate bonds and notes	BAA1-BAA3	10,707,138
Corporate bonds and notes	BA1-BA3	7,132,321
Corporate bonds and notes	B1-B3	8,539,241
Corporate bonds and notes	Below BAA3	5,798,505
Corporate bonds and notes	NA	845,762
Corporate bonds and notes	NR	28,720,026
Corporate bonds and notes	WR	203,278
Foreign bonds and notes	AA1-AA3	438,869
Foreign bonds and notes	A1-A3	1,156,484
Foreign bonds and notes	BAA1-BAA3	1,945,890
Foreign bonds and notes	BA1-BA3	30,375
Foreign bonds and notes	B1-B3	250,476
Foreign bonds and notes	Below BAA3	168,263
Foreign bonds and notes	NA	527,501
Foreign bonds and notes	NR	39,890,260
REITs	NA	5,790,958
REITs	NR	5,426,137
Hedge funds	NR	40,631,380
Total		<u>\$ 179,683,038</u>

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



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Foreign Currency Risk

The System has an investment policy for international investments. At June 30, 2011, the System has no foreign currency risk exposure because it did not have any foreign currency holdings in its portfolio.

Interest Rate Risk

The System does not have a specific investment policy governing interest rate risk. At June 30, 2011, the System's interest rate exposure was as follows:

Investment Type	Market Value	Effective Duration
Corporate	\$ 37,847,323	5.91
Mortgage pass-through*	9,047,071	3.70
US Government	8,357,658	5.09
CMO	5,288,788	8.56
CMBS	4,261,394	3.82
Asset Backed	2,013,574	6.70
Agency	1,221,264	3.40
Convertible Bond	1,066,419	19.70
Preferred Stock**	115,099	-
SWAPS	(189,524)	-
Total Fixed Income	<u>\$ 69,029,066</u>	<u>5.79</u>

* All mortgage pass-through securities held by the System as of June 30, 2011 were issued by U.S. Government Agencies.

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

C. Securities Lending Program

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

Borrowers were required to deliver collateral for each loan in amounts equal to not less than 100% of the market value of the loaned securities. The System did not impose any restrictions during the fiscal year on the amount of the loans that the Custodian made on its behalf, and the Custodian indemnified the System by agreeing to purchase replacement securities, or return the cash collateral, in the event the borrower failed to return the loaned security. There were no such failures by any borrowers during the fiscal year, nor were there any losses during the fiscal year resulting from a default of a borrower or the Custodian. The System and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool.

The average duration of the short term investments in the duration pool which includes securities with a remaining maturity of 91 days or greater for the year ended June 30, 2011 was 484 days with weighted average maturity of 36 days. The average duration of the short term investments in the liquidity pool which primarily includes securities with the remaining maturity of 90 days or less for the year ended June 30, 2011 was 62 days with weighted average maturity of 32 days. As the loans are terminable at will, the duration of the investments generally did not match the duration of the investments made with the cash collateral.

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



As of June 30, 2011, the market value of the securities on loan was \$49,181,151. This balance is composed of U.S. government and agency securities of \$4,788,908, common stock of \$32,972,878, and corporate bonds of \$11,419,366. Securities on loan are included with investments on the Statement of Fiduciary Net Assets and the invested cash collateral is included as an asset and corresponding liability. At June 30, 2011, the invested cash collateral had market value of \$50,044,146 and was composed of U.S. government and agency securities of \$4,902,106, common stock of \$33,516,675 and corporate bonds of \$11,625,365.

The System cannot sell or pledge the collateral received absent a borrower default. At June 30, 2011, the System had no credit risk exposure to borrowers because the amounts it owes the borrowers exceeds the amounts the borrowers owe it.

D. Investments

Investment Policy:

City policy is consistent with the statutes of the Commonwealth of Virginia governing investment wherein permissible investments include obligations of the Commonwealth, the United States, its agencies and instrumentalities, time certificates of deposit, bankers' acceptances, repurchase agreements, demand notes, commercial paper, the State Treasurer's Local Government Investments Pool (the Virginia LGIP, a 2a-7 like pool), and the State Non-Arbitrage Program (SNAP). As of June 30, 2011, all non-System investments were in either LGIP or SNAP, which were respectively rated AAA, and the length of the investments for both programs was less than 90 days. Additionally, the City is authorized to place investments of the RRS in common stocks, corporate debt securities, U.S. Government and Agency Securities, international stocks and bonds, money market and mutual funds. At no time, shall more than 35% of the portfolio be invested in commercial paper. No more than five percent of the portfolio shall be invested in the commercial paper of a single entity.

Custodial credit risk for deposits:

All cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of the FDIC limits and are considered insured. At June 30, 2011, 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, 2011, 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, 2011, the City does not have concentration of credit risk as no investments are with any one issuer representing more than 5% of total investments.



CITY OF RICHMOND, VIRGINIA
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June 30, 2011

Primary Government (000's omitted):

	Total
Common stock	\$ 162,573
International stock	83,591
Corporate bonds and notes	73,230
International bonds and notes	44,408
Hedge funds	40,631
Mutual funds	18,944
US government and agency obligations	18,555
Private real estate	16,459
REITs	11,217
Private equity	7,566
Emerging market debt	7,057
	<u>484,231</u>
Cash collateral received under securities lending program	50,044
Deferred compensation plan mutual funds	67,508
Cash and money market funds	79,784
LGIP	246,023
SNAP	94,783
Total Cash and Investments	<u>\$ 1,022,373</u>

Classified as follows:

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	\$ 283,870	\$ 13,513	\$ 297,383
Investments	--	601,783	601,783
Restricted assets	123,207	--	123,207
Total	<u>\$ 407,077</u>	<u>\$ 615,296</u>	<u>\$ 1,022,373</u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

		Due from					
		General Fund	Capital Projects	Non-Major Governmental	Non-Major Proprietary	Internal Service	Fiduciary Fund
Due to	General Fund	\$ --	\$ 7,879,631	\$ 4,015,050	\$ 720,659	\$ 9,307,000	\$ 469,120
	Debt Service	238,532	--	--	--	--	--
	Non-Major Government	11,209,377	--	--	--	--	--
	Total	<u>\$ 11,447,909</u>	<u>\$ 7,879,631</u>	<u>\$ 4,015,050</u>	<u>\$ 720,659</u>	<u>\$ 9,307,000</u>	<u>\$ 469,120</u>
							<u>\$ 33,839,369</u>

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

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



The City reports interfund transfers between many of its funds. Interfund transfers for the year ended June 30, 2011 consisted of the following:

	Transfer from							
	General	Capital	Major Proprietary Funds			Non-Major	Internal	Total
	Fund	Projects	Gas	Water	Wastewater	Governmental	Service	
Transfer to General Fund	\$ --	\$ --	\$ 1,027,537	\$ 638,697	\$ 1,318,746	\$ 476,140	\$ 11,910	\$ 3,473,030
Debt Service	47,825,287	--	--	--	--	2,190,552	--	50,015,839
Capital Projects	1,250,000	1,267,000	--	--	--	--	--	2,517,000
Non-Major								
Governmental	10,234,404	--	--	--	--	--	--	10,234,404
Total	<u>\$ 59,309,691</u>	<u>\$ 1,267,000</u>	<u>\$ 1,027,537</u>	<u>\$ 638,697</u>	<u>\$ 1,318,746</u>	<u>\$ 2,666,692</u>	<u>\$ 11,910</u>	<u>\$ 66,240,273</u>

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

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

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

5. DUE FROM AND DUE TO OTHER GOVERNMENTS

Amounts due from and due to other governments (net) at June 30, 2011 are as follows:

Primary Government	Federal	State	Total
General Fund	\$ 8,016	\$ 35,259,916	\$ 35,267,932
Non-major Governmental Funds	5,441,218	2,845,137	8,286,355
Wastewater Fund	355,565	--	355,565
Internal Service Funds	--	40,502	40,502
	<u>\$ 5,804,799</u>	<u>\$ 38,145,555</u>	<u>\$ 43,950,354</u>

6. NOTE RECEIVABLE

Note receivable in the General Fund consists of:

A non-interest bearing promissory note from Greater Richmond Transit Company	<u>\$ 543,100</u>
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CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

7. CAPITAL ASSETS

Primary Government - Governmental Activities

	Balance July 1, 2010 As Restated	Additions	Deletions	Balance June 30, 2011
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 35,043,710	\$ 8,466,000	\$ --	\$ 43,509,710
Construction In Progress	144,343,687	127,788,968	91,984,055	180,148,600
Works of Art/Historical Treasures	6,942,681	--	--	6,942,681
Total Capital Assets				
Not Being Depreciated	<u>186,330,078</u>	<u>136,254,968</u>	<u>91,984,055</u>	<u>230,600,991</u>
Capital Assets Being Depreciated:				
Infrastructure	741,997,083	3,451,790	107,714	745,341,159
Building and Structures	445,510,005	21,666,824	1,516,146	465,660,683
Equipment and Other Assets	104,635,688	9,881,996	6,051,147	108,466,537
Improvements Other Than Buildings	<u>10,293,562</u>	<u>1,489,984</u>	<u>--</u>	<u>11,783,546</u>
Total Other Capital Assets	<u>1,302,436,338</u>	<u>36,490,594</u>	<u>7,675,007</u>	<u>1,331,251,925</u>
Less Accumulated Depreciation For:				
Infrastructure	438,679,066	14,337,662	--	453,016,728
Building and Structures	233,067,897	21,836,559	--	254,904,456
Equipment and Other Assets	72,731,457	6,217,776	2,797,148	76,152,085
Improvements Other Than Buildings	<u>2,996,286</u>	<u>664,905</u>	<u>--</u>	<u>3,661,191</u>
Total Accumulated Depreciation	<u>747,474,706</u>	<u>43,056,902</u>	<u>2,797,148</u>	<u>787,734,460</u>
Total Capital Assets Being Depreciated, Net	<u>554,961,632</u>	<u>(6,566,308)</u>	<u>4,877,859</u>	<u>543,517,465</u>
Governmental Activities, Capital Assets, Net	<u>\$ 741,291,710</u>	<u>\$ 129,688,660</u>	<u>\$ 96,861,914</u>	<u>\$ 774,118,456</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 13,180,514
Public Safety and Judiciary	1,935,006
Highways, Streets, Sanitation and Refuse	17,084,339
Human Services	40,028
Culture and Recreation	1,844,221
Education	<u>8,972,794</u>
Subtotal	43,056,902
Allocation related to Internal Services Funds	<u>5,400,782</u>
Total	<u>\$ 37,656,120</u>

For further details regarding the restatement, see footnote #17

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



Primary Government - Business-type Activities

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Gas Utility:				
Capital Assets Not Being Depreciated -				
Land	\$ 237,745	\$ --	\$ --	\$ 237,745
Construction in Progress	50,731,535	28,607,578	20,560,126	58,778,987
Capital Assets Being Depreciated -				
Plant-in-service	409,577,237	20,578,689	11,482,763	418,673,163
Total Capital Assets Being Depreciated	409,577,237	20,578,689	11,482,763	418,673,163
Less - Accumulated Depreciation For -				
Plant-in-service	140,890,015	13,081,219	9,593,339	144,377,895
Total Accumulated Depreciation	140,890,015	13,081,219	9,593,339	144,377,895
Total Capital Assets Being Depreciated, Net	268,687,222	7,497,470	1,889,424	274,295,268
Gas Utility, Capital Assets, Net	319,656,502	36,105,048	22,449,550	333,312,000
Water Utility:				
Capital Assets Not Being Depreciated -				
Land	679,409	--	--	679,409
Construction in Progress	30,823,714	17,874,570	3,064,082	46,634,202
Capital Assets Being Depreciated -				
Plant-in-service	381,664,721	3,134,007	265,888	384,532,840
Total Capital Assets Being Depreciated	381,664,721	3,134,007	265,888	384,532,840
Less - Accumulated Depreciation For -				
Plant-in-service	107,184,753	8,303,316	302,606	115,185,463
Total Accumulated Depreciation	107,184,753	8,303,316	302,606	115,185,463
Total Capital Assets Being Depreciated, Net	274,479,968	(5,169,309)	(36,718)	269,347,377
Water Utility, Capital Assets, Net	305,983,091	12,705,261	3,027,364	315,660,988
Wastewater Utility:				
Capital Assets Not Being Depreciated -				
Land	1,101,261	--	--	1,101,261
Construction in Progress	70,144,130	32,640,103	19,811,580	82,972,653
Capital Assets Being Depreciated -				
Plant-in-service	434,256,936	21,291,746	--	455,548,682
Total Capital Assets Being Depreciated	434,256,936	21,291,746	--	455,548,682
Less - Accumulated Depreciation For -				
Plant-in-service	159,849,537	11,672,409	--	171,521,946
Total Accumulated Depreciation	159,849,537	11,672,409	--	171,521,946
Total Capital Assets Being Depreciated, Net	274,407,399	9,619,337	--	284,026,736
Wastewater Utility, Capital Assets, Net	345,652,790	42,259,440	19,811,580	368,100,650
Stormwater Utility:				
Capital Assets Not Being Depreciated -				
Construction in Progress	661,684	2,508,339	--	3,170,023
Capital Assets Being Depreciated -				
Plant-in-service	48,848	--	--	48,848
Total Capital Assets Being Depreciated	48,848	--	--	48,848
Less - Accumulated Depreciation For -				
Plant-in-service	4,975	2,438	--	7,413
Total Accumulated Depreciation	4,975	2,438	--	7,413
Total Capital Assets Being Depreciated, Net	43,873	(2,438)	--	41,435
Stormwater Utility, Capital Assets, Net	705,557	2,505,901	--	3,211,458
Other Business-type Activity:				
Capital Assets Not Being Depreciated -				
Land and Land Improvements	12,770,860	--	--	12,770,860
Capital Assets Being Depreciated -				
Buildings and Structures	33,982,882	--	--	33,982,882
Equipment and Other Capital Assets	5,542,264	1,528	--	5,543,792
Total Capital Assets Being Depreciated	39,525,146	1,528	--	39,526,674
Less - Accumulated Depreciation For:				
Buildings and Structures	28,990,748	269,139	--	29,259,887
Equipment and Other Assets	6,151,724	1,894,213	--	8,045,937
Total Accumulated Depreciation	35,142,472	2,163,352	--	37,305,824
Total Capital Assets Being Depreciated, Net	4,382,674	(2,161,824)	--	2,220,850
Other Business-type Activity, Capital Assets, Net	17,153,534	(2,161,824)	--	14,991,710
Business-type Activities, Capital Assets, Net	989,151,474	91,413,826	45,288,494	1,035,276,806
Internal Service Fund - Stores Utility, Net	26,871,758	4,454,522	5,197,410	26,128,870
	\$ 1,016,023,232	\$ 95,868,348	\$ 50,485,904	\$ 1,061,405,676



CITY OF RICHMOND, VIRGINIA
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June 30, 2011

8. OBLIGATIONS

Changes in the short-term liabilities during the fiscal year ended June 30, 2011 are summarized below:

Primary Government - Governmental Activities

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Commercial Paper Bond Anticipation Notes - Series 2010 A-1	\$ 26,000,000	\$ 37,000,000	\$ --	\$ 63,000,000

Changes in the long-term liabilities during the fiscal year ended June 30, 2011 are summarized below:

**Primary Government -
Governmental Activities**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
General Obligation Bonds (GO)	\$ 398,349,685	\$ 80,400,000	\$ 27,985,998	\$ 450,763,687	\$ 28,870,477
General Obligation Bonds - Refunding	--	17,670,750	17,670,750	--	--
General Obligation Serial Equipment Notes	7,220,000	6,500,000	1,940,000	11,780,000	3,240,000
Virginia Public Schools Authority Bonds	1,916,098	--	231,555	1,684,543	233,709
Qualified Zone Academy Bonds	2,602,293	--	192,480	2,409,813	192,480
HUD Section 108 Notes	2,800,000	1,730,000	2,285,000	2,245,000	555,000
Total General Obligation Bonds and Notes	412,888,076	106,300,750	50,305,783	468,883,043	33,091,666
Premium (Discount) on Debt Issued	14,848,062	4,441,245	1,095,054	18,194,253	1,305,518
Certificates of Participation	13,980,000	--	810,000	13,170,000	845,000
Advantage Richmond Lease Revenue Bond	9,739,788	--	671,672	9,068,116	707,885
Capital Lease (Landmark Theater)	170,239	--	81,344	88,895	88,895
Note Payable Due to Component Unit	21,862,878	--	1,855,000	20,007,878	1,945,000
Compensated Absences	15,755,565	2,974,379	50,532	18,679,412	9,295,481
Net Other Postemployment Benefit Obligations	11,202,604	4,985,539	--	16,188,143	--
Totals	\$ 500,447,212	\$ 118,701,913	\$ 54,869,385	\$ 564,279,740	\$ 47,279,445

Note: See Note 13 for additional information regarding Postemployment Benefits

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

CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011



Primary Government -
Business-Type Activities

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
General Obligation Bonds:					
Gas	\$ 81,408,184	\$ 20,258,200	\$ 28,336,024	\$ 73,330,360	\$ 6,305,432
Water	63,959,080	16,975,150	22,675,014	58,259,216	5,160,996
Wastewater	37,345,700	26,391,650	31,229,200	32,508,150	3,920,118
Stormwater	--	1,250	--	1,250	--
Premium (Discount) on Debt, Net	(1,059,790)	7,710,730	-	6,650,940	1,295,578
Coliseum Enterprise Fund	8,006,756	3,544,000	4,282,113	7,268,643	743,710
Cemeteries Enterprise Fund	520,074	305,250	347,760	477,564	43,139
Revenue Bonds:					
Gas	190,732,519	--	2,193,423	188,539,096	3,258,438
Water	172,782,056	169,520	2,329,224	170,622,352	3,255,125
Wastewater	190,301,167	9,491,570	4,295,314	195,497,423	5,960,371
Premium (Discount) on Debt, Net	5,501,662	--	318,860	5,182,802	315,002
Total Bonded Debt	749,497,408	84,847,320	96,006,932	738,337,796	30,257,909
Capital Leases:					
Other Non-Major Enterprise Funds	763,098	--	178,258	584,840	186,301
Total Capital Leases	763,098	--	178,258	584,840	186,301
Compensated Absences:					
Gas	841,314	633,707	690,776	784,245	617,537
Water	668,102	510,285	536,732	641,655	505,257
Wastewater	692,847	510,368	537,794	665,421	523,970
Stormwater	123,722	121,089	102,221	142,590	112,279
Other Non-Major Enterprise Funds	101,849	7,766	--	109,615	74,007
Total Compensated Absences	2,427,834	1,783,215	1,867,523	2,343,526	1,833,050
Totals	\$ 752,688,340	\$ 86,630,535	\$ 98,052,713	\$ 741,266,162	\$ 32,277,260

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

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

Legal Debt Limit

Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for cities for issuing General Obligation debt is ten (10) percent of the last preceding assessment for real estate taxes. At June 30, 2011, the City had a legal debt limit of \$1,988,745,212 (10% of the taxable real estate value) and the statutory capacity to issue approximately \$1,284,976,731 of additional General Obligation debt (remaining debt margin).



CITY OF RICHMOND, VIRGINIA
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Authority to Issue Debt

As of June 30, 2011, the City had \$37,000,000 available to borrow under a previously authorized Commercial Paper Bond Anticipation Note Facility which is being used to finance various general capital projects. The City also had a total of \$442,620,240 of additional general obligation and revenue bonds authorized, but not issued, for Capital Improvement Projects and the acquisition of Equipment. Of these authorized, but not issued bonds and notes, \$256,695,240 is earmarked for self-supporting Public Utility projects and \$185,925,000 for various General Fund supported capital projects and equipment purchases.

Details of Bonds and Notes Outstanding:

					Balance at June 30, 2011	
	Interest Rates	Issue Date	Maturity Date	Original Issue	Governmental Activities	Enterprise Funds
General Obligation Bonds						
Public Improvement Bonds 2001	4.00% - 5.50%	12/27/2001	7/15/2012	116,400,000	10,880,000	--
Public Improvement Bonds 2002A	3.00% - 5.25%	11/26/2002	7/15/2013	50,455,000	5,296,275	1,153,725
Public Improvement Refunding Bonds 2002B	4.00% - 5.25%	11/26/2002	7/15/2023	96,220,000	34,710,793	38,028,945
Public Improvement Bonds 2003	4.42%	11/13/2003	7/15/2018	13,500,000	8,335,000	--
Public Improvement Bonds 2004A	3.00% - 5.50%	6/24/2004	7/15/2024	55,655,000	34,750,000	--
Public Improvement Refunding Bonds 2004B	3.00% - 5.00%	6/24/2004	7/15/2015	9,300,000	8,384,775	595,225
Public Improvement Refunding Bonds 2005A	3.00% - 5.00%	7/28/2005	7/15/2023	93,245,000	87,926,339	1,368,661
Public Improvement Refunding Bonds 2005B	3.00% - 5.00%	10/18/2005	7/15/2020	61,890,000	611,650	60,553,350
Public Improvement Bonds 2006	4.00% - 5.00%	11/21/2006	7/15/2026	44,550,000	34,760,000	--
Public Improvement Bonds 2009A	2.00% - 5.00%	12/22/2009	7/15/2029	78,580,000	78,280,000	--
Public Improvement Refunding Bonds 2009B	2.00% - 5.00%	12/22/2009	7/15/2022	34,340,000	26,240,230	2,669,770
Public Improvement Bonds 2010A (BABs)	5.72%	3/10/2010	7/15/2025	22,482,875	22,482,875	--
Public Improvement Bonds 2010B (BABs)	5.27%	11/16/2010	11/1/2029	14,980,000	14,980,000	--
Public Improvement Refunding Bonds 2010C	1.50% - 5.00%	11/16/2010	7/15/2023	85,180,000	17,705,750	67,474,250
Public Improvement Bonds 2010D	2.00% - 5.00%	11/30/2010	7/15/2031	65,420,000	65,420,000	--
Public Improvement Bonds 2011A (VRA)	0.00%	6/1/2011	1/15/2032	225,000	--	1,250
Virginia Public School Authority Bonds						
VPSA Bonds 1997A	4.35% - 5.35%	11/20/1997	7/15/2017	4,578,704	1,684,543	--
Qualified Zone Academy Bonds - 2004	0%	5/6/2004	5/6/2019	2,142,167	1,343,152	--
Qualified Zone Academy Bonds - 2004B	0%	12/30/2004	12/30/2020	1,536,671	1,066,661	--
General Obligation Notes						
Serial Equipment Notes Series 2008	3.21%	6/19/2008	6/16/2013	5,200,000	2,080,000	--
Serial Equipment Notes Series 2009	3.09%	6/25/2009	6/15/2014	2,000,000	1,200,000	--
Serial Equipment Notes Series 2010	2.32%	6/24/2010	6/15/2015	2,500,000	2,000,000	--
Serial Equipment Notes Series 2011	1.74%	6/16/2011	6/15/2016	6,500,000	6,500,000	--
Commercial Paper BAN	Variable	2/4/2010	8/4/2012	--	63,000,000	--
HUD Section 108 Notes						
HUD Section 108 Note Series 2003	1.21% - 4.93%	8/7/2003	8/1/2014	800,000	260,000	--
HUD Section 108 Note Series 2004	2.31% - 5.19%	6/30/2004	8/1/2014	585,000	255,000	--
HUD Section 108 Note Series 2010A1	0.56% - 1.80%	7/21/2010	8/1/2014	530,000	530,000	--
HUD Section 108 Note Series 2010A2	0.56% - 1.80%	7/21/2010	8/1/2014	1,200,000	1,200,000	--
Revenue Bonds						
Public Utility Revenue Bonds 1998C - VRA	3.00%	4/9/1998	7/15/2018	10,000,000	--	4,543,989
Public Utility Revenue Bonds 1998D - VRA	3.00%	4/9/1998	7/15/2018	8,600,000	--	3,930,573
Public Utility Revenue Bonds 2004	2.00% - 5.00%	8/12/2004	1/15/1935	67,655,000	--	59,940,000
Public Utility Revenue Bonds 2006 - VRA	3.10%	6/29/2006	1/15/2028	11,000,000	--	9,930,073
Public Utility Revenue Bonds 2007A	3.50% - 5.00%	4/25/2007	1/15/1937	323,180,000	--	304,440,000
Public Utility Revenue Bonds 2008A - VRA	3.00%	6/27/2008	1/15/2029	6,900,000	--	6,266,978
Public Utility Revenue Bonds 2009A	3.00% - 5.00%	4/28/2009	1/15/1940	146,495,000	--	146,495,000
Public Utility Revenue Bonds 2009B - VRA	0%	6/24/2009	7/15/1930	32,000,000	--	18,926,645
Public Utility Revenue Bonds 2010A - VRA	0%	2/3/2010	7/15/2040	188,218	--	185,614
Lease Revenue Bond - Advantage Richmond	5.25%	10/26/2005	10/1/2020	12,100,000	9,068,116	--
Certificates of Participation Series 2001A	4.00% - 5.15%	6/1/2001	8/1/2022	18,840,000	13,170,000	--
Total Outstanding Bonded Debt					\$ 554,121,159	\$ 726,504,048
Premium on Debt Issued					\$ 18,194,253	\$ 11,833,742
					\$ 572,315,412	\$ 738,337,790

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, Certificates of Participation, Advantage Richmond Lease Revenue Bond, and Section 108 Promissory Notes), including interest payable is as follows:

Governmental Activities:

Fiscal Year	(in \$1,000s)							
	General Obligation Bonds and Notes		VPSA Bonds		HUD Section 108 Notes		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 33,032	\$ 21,669	\$ 234	\$ 81	\$ 555	\$ 41	\$ 845	\$ 615
2013	95,754	19,991	236	69	560	32	880	578
2014	29,733	18,680	238	58	560	21	920	538
2015	31,018	17,331	240	45	570	7	960	495
2016	31,229	15,925	243	32	--	--	1,005	449
2017-2021	142,391	59,378	494	25	--	--	5,810	1,441
2022-2026	108,639	27,689	--	--	--	--	2,750	139
2027-2031	60,390	9,346	--	--	--	--	--	--
2032-2036	4,835	121	--	--	--	--	--	--
Subtotal	537,021	190,130	1,685	310	2,245	101	13,170	4,255
Premium	18,194	--	--	--	--	--	--	--
Total	\$ 555,215	\$ 190,130	\$ 1,685	\$ 310	\$ 2,245	\$ 101	\$ 13,170	\$ 4,255

Business-type Activities:

Fiscal Year	(in \$1,000s)			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 16,173	\$ 7,411	\$ 12,474	\$ 24,454
2013	16,730	6,861	12,837	24,087
2014	17,361	6,282	13,246	23,685
2015	16,328	5,594	13,713	23,211
2016	17,142	4,783	14,241	22,688
2017-2021	74,212	11,278	76,793	104,658
2022-2026	13,899	1,006	110,288	86,749
2027-2031	--	--	149,042	57,932
2032-2036	--	--	112,792	23,279
2037-2041	--	--	39,233	4,605
Subtotal	171,845	43,215	554,659	395,348
Premium	6,651	--	5,182	--
Total	\$ 178,496	\$ 43,215	\$ 559,841	\$ 395,348



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

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

The assets acquired through capital leases are as follows:

	(in \$1,000s)	
	Governmental Activities	Business-type Activities
Asset:		
Machinery and Equipment	\$ 700	\$ 1,670
Less: Accumulated Depreciation	611	1,085
Total assets acquired through capital lease payments	<u>\$ 89</u>	<u>\$ 585</u>

Future minimum lease payments are as follows:

	(in \$1,000s)	
<u>Fiscal Year</u>	Governmental Activities	Business-type Activities
2012	\$ 92	\$ 210
2013	--	210
2014	--	211
Total minimum capital lease payments	92	631
Less amounts representing interest	3	46
Present value of minimum capital lease payments	<u>\$ 89</u>	<u>\$ 585</u>

New and Existing Debt during the fiscal year ended June 30, 2011

On June 27, 2008 the City entered into a \$6,900,000 Public Utility Revenue Bond Financing Agreement – Series 2008A, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. Interest on the Series 2008A bonds is payable semi-annually to the VRA at a fixed 3.00% interest rate. Proceeds of this borrowing facility are being used to finance \$6.9 million of two capital improvement projects of the City's Wastewater Utility. During the 2011 fiscal year, the City drew the final amounts totaling \$893,880 of proceeds during the year as reimbursement for capital spending on the projects under this Agreement. Amortization of principal and interest payments on this debt began in July 2009 and will be due thereafter each January 15 and July 15 through January 15, 2029. The fixed semi-annual principal and interest payments due is \$226,566.28 every six months. The 2008A Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

CITY OF RICHMOND, VIRGINIA
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On June 24, 2009 the City entered into a \$32,000,000 Public Utility Revenue Bond Financing Agreement – Series 2009B, with the Virginia Resources Authority (VRA), the Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2009A Public Utility Revenue bond issue is an interest-free loan, and thus only the principal borrowed will be paid on this bond issue. Proceeds of this borrowing facility are being used to finance \$32.0 million of capital improvements to the City's Wastewater Treatment Plant. During the 2011 fiscal year, the City drew an additional \$8,597,690 of bond proceeds as reimbursement for capital spending under this Agreement bringing the outstanding amount due on the Series 2009B Utility Revenue Bonds at June 30, 2010 to \$18,926,645. The remaining available proceeds are expected to be drawn during the next 12 months. Semi-annual principal payments of \$800,000 due every six months began on January 15, 2011 and will continue thereafter, each January 15 and July 15 with the final payment due on July 15, 2030. The 2009B Public Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

On February 3, 2010 the City entered into a \$188,760 Public Utility Revenue Bond Financing Agreement – Series 2010A, with the Virginia Resources Authority (VRA), the Loan Administrator for the Commonwealth of Virginia's Department of Health. The Series 2010A Public Utility Revenue bond issue is an interest-free loan, and thus only the principal borrowed will be due on this bond issue. Proceeds of this borrowing facility are being used to finance a portion of the Nine Mile Road Water Main Project, a capital project of the City's Water Utility. During the 2010 fiscal year, the City drew \$19,240 of bond proceeds and during the 2011 fiscal year, the remaining \$169,520 of proceeds were drawn under this Agreement. Semi-annual principal payments of \$3,146 payable due every six months began on January 15, 2011 and will continue thereafter, each January 15 and July 15, with the final principal payment due on July 15, 2040. The 20010A Public Utility Revenue Bonds are limited obligations of the City and are payable solely from certain revenues derived by the City from its natural gas, water and wastewater utilities.

On February 4, 2010 the City established a \$100,000,000 General Obligation Bond Anticipation Commercial Paper Note facility to provide interim financing for certain capital improvement projects of the City. As of June 30, 2011, the City has issued an aggregate \$63,000,000 of Commercial Paper Notes under this facility. The Notes were issued and remarketed under a Commercial Paper Dealer Agreement dated February 4, 2010 between the City of Richmond and Merrill Lynch Securities. The Notes are supported by a Standby Note Purchase Agreement (liquidity facility) between the City and Bank of America. During the year ended June 30, 2011 the City paid interest on the outstanding balance of the Notes at interest rates ranging from 0.18% to 0.43%. The City intends to issue 20-Year amortizing General Obligation Bonds during the coming fiscal year 2012 to refund and payoff all outstanding Bond Anticipation Note Commercial Paper prior to the current expiration of the facility on August 4, 2012.

On July 21, 2010 the City issued two new Notes to the US Department of Housing and Urban Development ("HUD") in amounts of \$1,200,000 and \$530,000 to refinance and replace two existing higher interest Notes of the same principal amounts. The two newly issued HUD Section 108 Notes have annual interest rates varying between 0.56% and 1.80% over the next four years with a final principal payment amount due on August 1, 2014. Serial principal repayments on these HUD Section 108 Notes are due on August 1 of each year along with semi-annual interest due August 1 and February 1 of each year.

On November 16, 2010 the City issued \$14,980,000 of General Obligation Public Improvement Bonds, Series 2010B - Qualified School Construction Bonds ("QSCB bonds"). QSCB bonds, as defined in Section 54F of the IRS tax code, are Federally subsidized taxable municipal bonds authorized under the American Recovery and Reinvestment Act of 2009, for the purpose of constructing, rehabilitating and repairing public school buildings. Principal on the Series 2010B QSCB bonds is due in one payment at maturity on November 1, 2029. Interest on the bonds is payable to bondholders in semi-annual amounts of \$394,723 due on May 1 and November 1 of each year. As qualifying QSCB bond debt, the City will receive 100% of its interest costs in the form of a cash reimbursement from the Federal Government, thereby making the effective net interest rate on this debt the equivalent of zero percent to the City. The City has established a sinking fund with a trustee into which it will contribute \$788,421 per year to fund the repayment of principal due at the final maturity on November 1, 2029.



CITY OF RICHMOND, VIRGINIA
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On November 16, 2010, the City issued \$85,180,000 of General Obligation Public Improvement Refunding Bonds, Series 2010C to refund, prior to maturity, portions of the outstanding Series 2000A and Series 2002A General Obligation bonds. At the time of the debt offering, Moody's, Standard & Poor's and Fitch Ratings affirmed the City's General Obligation debt ratings of Aa2, AA, and AA+, respectively. The Series 2010C proceeds, along with a premium received, were used to refund certain maturities of the City's outstanding Series 2000A and Series 2002A General Obligation bonds at lower interest rates. The refunding proceeds were used to establish an irrevocable trust with an escrow agent to provide for all future principal, premium, and interest payments due on the refunded Series 2000A and 2002A bonds. The refunding of these two bond issues reduced the City's debt service payments over the remaining fourteen year life of the refunded bonds by \$11,524,079 and obtained an economic gain (difference between the present value of the old and new debt service) of \$10,427,214. The Series 2010C General Obligation Refunding Bonds have interest rates ranging from 1.50% to 5.00% with interest being payable on January 15 and July 15 of each year. Annual principal amounts of between \$2,110,000 and \$12,485,000 are due on July 15 of each year with a final maturity on the debt due on July 15, 2023.

On November 30, 2010 the City issued \$65,420,000 of General Obligation Public Improvement Bonds, Series 2010D for the purpose of acquiring certain assets of the Broad Street Community Development Authority (the "CDA"). The primary acquired assets included five public parking facilities located in downtown Richmond. Prior to closing this debt offering, City representatives met with the three bond rating agencies and Moody's, Standard & Poor's and Fitch Ratings each affirmed the City's General Obligation bond debt ratings of Aa2, AA, and AA+, respectively. The 2010D General Obligation bonds have annual principal repayment amounts due on July 15 of each year in amounts ranging from \$1,450,000 to \$4,835,000 annually, with a final maturity due on 7/15/2031. The bonds have coupon interest rates ranging from 2.50% to 5.00% with interest being payable semi-annually on January 15 and July 15 of each year. The acquisition of the CDA is projected to lessen the overall cash outlays of the City for CDA related expenses and subsidies during the next 23 years. The transaction also eliminated or reduced many duplicative CDA outsourced operating expenses incurred for bookkeeping, banking, accounting, audit, insurance and legal services.

On June 1, 2011 the City entered into a \$225,000 Loan Agreement to issue its Series 2011A General Obligation Public Improvement Bond to the Virginia Resources Authority (VRA), the Loan Administrator for the Commonwealth of Virginia's Water Facilities Revolving Fund. The Series 2011A General Obligation bond issue is an interest-free loan to the City's Stormwater Utility. Proceeds of this borrowing facility are being used to finance a portion of a capital project of the Stormwater Utility. During the 2011 fiscal year, the City drew an initial \$1,250 amount of proceeds, with the remaining proceeds expected to be drawn during the coming twelve months. Once the loan is fully drawn, the Agreement calls for the Stormwater Utility to make principal payments of \$5,625 payable every six months beginning July 15, 2012 and continuing thereafter, each January 15 and July 15 through the final maturity on January 15, 2032.

On June 16, 2011, the City issued a \$6,500,000 five-year, Series 2011 Equipment Note to finance the purchase of vehicles and equipment purchased by the City's Fleet Management Internal Service Fund during the fiscal year. The Note was privately placed with a division of a commercial bank which agreed to provide the five year financing at a fixed tax exempt interest rate of 1.74%. The Note calls for the City to make annual principal repayment of \$1,300,000 on June 15th of each year with interest due semi-annually on December 15th and June 15th of each year.

Defeasance of Debt

On July 28, 2005, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds Series 2005A to advance refund \$23,425,000 of the City's General Obligation Public Improvement Bonds Series 2001 maturing in the years 2013 through 2017. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$23,425,000 defeased Series 2001 General Obligation bonds is July 15, 2011.

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On December 22, 2009, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2009B to advance refund \$23,445,000 of the City's Series 2001 General Obligation Public Improvement Bonds maturing in the years 2018 through 2022. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2001 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$23,445,000 of defeased Series 2001 General Obligation bonds is July 15, 2011.

On November 16, 2010, the City purchased U.S. Government Securities with proceeds of the General Obligation Public Improvement Refunding Bonds, Series 2010C to advance refund \$21,520,000 of the City's Series 2002A General Obligation Public Improvement Bonds maturing in the years 2014 through 2023. These U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2002A bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$21,520,000 of defeased Series 2002A General Obligation bonds is July 15, 2013.

As of June 30, 2011, the City has an aggregate \$68,390,000 of defeased General Obligation bond debt.

On April 25, 2007 the City used a portion of its Series 2007A Public Utility Revenue and Refunding Bond proceeds, along with other available Utility funds, to purchase U.S. Government Securities to refund \$139,015,000 of its Series 2002 Public Utility Revenue Bonds. At closing, these U.S. Government Securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments due on the refunded Series 2002 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The call date for the \$139,015,000 of defeased Series 2002 bonds is January 15, 2012. As of June 30, 2011, the City has a total of \$139,015,000 of defeased Public Utility Revenue bond debt.

9. FUND BALANCES

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

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



CITY OF RICHMOND, VIRGINIA
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Fund balances at June 30, 2011 are composed of the following:

	General Fund	Debt Service	Capital Projects Fund	Other Non-Major Governmental Funds
Nonspendable: Inventories and Prepaids				
Inventories and Prepaids	\$ 486,000	\$ --	\$ --	\$ --
Loans Receivable - Noncurrent	543,100	--	--	--
Permanent Funds	--	--	--	212,141
Other Purposes	500	--	--	--
Total Nonspendable	1,029,600	--	--	212,141
Restricted To:				
Encumbrances - Purchase Contracts	1,391,917	--	--	--
Virginia Department of Transportation (VDOT) Urban Program	--	--	9,631,006	--
Culture and Recreation	--	--	--	1,235,334
General Government	--	--	--	1,676,261
Highways, Streets, Sanitation and Refuse	--	--	--	5,236
Human Services	--	--	--	324,634
Public Safety and Judiciary	--	--	--	3,341,701
Other Purposes	--	--	--	48,110
Total Restricted	1,391,917	--	9,631,006	6,631,276
Committed To:				
Fiscal Year 2012 General Fund Budget	10,741,000	--	--	--
Encumbrances - Department Purchases and Price Agreements	1,181,765	--	--	--
Neighborhood Blight and Remediation	500,000	--	--	--
Incurred But Not Reported Claims Payable	1,750,000	--	--	--
Weatherization Program	500,000	--	--	--
General Obligation Bonds	--	(29,893)	--	--
Certificates of Participation - 800 Megahertz Project	--	1,480,500	--	--
Permanent Public Improvements and Capital Projects	--	--	1,296,888	--
Culture and Recreation	--	--	--	129,886
General Government	--	--	--	6,443,656
Human Services	--	--	--	94,068
Public Safety and Judiciary	--	--	--	11,201
Other Purposes	--	--	--	--
Total Committed	14,672,765	1,450,607	1,296,888	6,678,811
Assigned To:				
Revenue Stabilization Fund	2,000,000	--	--	--
Risk Management Claims & Liabilities	3,000,000	--	--	--
Fiscal Year 2013 General Fund Budget	7,471,000	--	--	--
Pending Procurement Requisitions	974,840	--	--	--
Pending Litigation	750,000	--	--	--
Personnel Benefit Adjustment	420,500	--	--	--
Enterprise Resource Planning System (RAPIDS)	445,406	--	--	--
Officer Line of Duty Reimbursement	200,000	--	--	--
Other Purposes	198,901	--	--	--
Non-Major Special Revenue Funds	--	--	--	295,105
Total Assigned	15,460,647	--	--	295,105
Totals	\$ 32,554,929	\$ 1,450,607	\$ 10,927,894	\$ 13,817,333

The Radio Maintenance and Public Works Stores Internal Service Fund had deficit net assets of \$2,733,197 and \$377,449 respectively at June 30, 2011. In addition, the Coliseum Enterprise Fund had a deficit net assets of \$2,049,738 at June 30, 2011. Plans to remediate the deficits over the next 10 years are in process.

CITY OF RICHMOND, VIRGINIA
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10. RISK MANAGEMENT

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

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

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

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

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

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

During the fiscal year ended June 30, 2011, premiums for excess coverage and claims paid for self-insured coverage were recognized as revenue and recorded as expenditures/expenses in the appropriate Governmental and Proprietary Funds, respectively.

In accordance with GAAP, the City's aggregate liability for uninsured workers' compensation, general liability, and automobile liability at June 30, 2011 was \$47,734,189 (undiscounted) and \$39,224,863 (discounted at 3.5%). On the government-wide statements the other liabilities and claims payable liability amount also includes the Internal Service Funds' portion of \$1,988,464. Changes in the aggregate for these liabilities for fiscal years 2010 and 2011 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates		Claims and Premium Payments	Balance at Fiscal Year End
2010	\$ 33,854,426	\$ 8,983,844	\$ (5,169,576)	\$ 37,668,694	
2011	\$ 37,668,694	\$ 8,641,727	\$ (7,085,558)	\$ 39,224,863	



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11. HEALTH CARE PLAN

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

Open Access Plus (Option 1 OA-P1-15/30)

Open Access Plus (Option 2 OA-P2-20/40)

Open Access Plus In Network (Option 3 OA-P3-20/40)

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

The rates for each plan are as follows:

Status	Option 1		Option 2		Option 3	
	Option 1	Option 1	Option 2	Option 2	Option 3	Option 3
	OA-P1 - 15/30	OA-P1 - 15/30	OA-P2 - 20/40	OA-P2 - 20/40	OA-P3 - 20/40	OA-P3 - 20/40
	Semi-Monthly	City Monthly	Semi-Monthly	City Monthly	Semi-Monthly	City Monthly
Single	\$ 39.10	\$ 358.60	\$ 36.09	\$ 352.22	\$ 26.74	\$ 358.60
Plus One	\$ 186.05	\$ 610.74	\$ 178.49	\$ 597.89	\$ 158.23	\$ 610.75
Family	\$ 307.61	\$ 804.45	\$ 300.02	\$ 779.21	\$ 267.43	\$ 804.45

Healthcare related costs for the City as of June 30, 2011 approximated \$24,193,000 for active City employees and approximated \$2,842,000 for retired City employees.

The City and RPS contracted with CIGNA for a joint Fully Insured Healthcare Plan with a Minimum Premium Funding effective July 1, 2010. The Minimum Premium Funding Agreement strikes a balance between two funding options: fully insured and self-insured. The healthcare plan is available to all full-time and part-time employees in permanent positions, working 20 hours or more per week.

12. RETIREMENT PLANS

A. General

The City maintains an agent multiple-employer Defined Benefit (DB) plan, administered by the Richmond Retirement System (System). The System has two participating employers – the City and the Richmond Behavioral Health Authority – covering all full-time, permanent employees, with the exception of those elected officials and persons eligible for membership in the Judicial Retirement System and the Virginia Retirement System. A majority of the employees of the School Board participate in the Virginia Retirement System (VRS), which offers both agent and cost sharing multiple-employer retirement plan options to Virginia localities and acts as a common investment and administrative agent for certain political subdivisions in the Commonwealth of Virginia.

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

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The DB Plan is considered part of the City financial reporting entity and is included in the financial statements as a Pension Trust Fund. The payrolls for the fiscal year ended June 30, 2011 for the employees covered by the DB Plan and VRS were approximately \$211,167,127 and \$164,724,508, respectively. The total payrolls for the fiscal year ended June 30, 2011 were approximately \$229,677,084 for the City and \$167,753,972 for the School Board.

B. Richmond Retirement System

I. Plan Description

The System 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 System. However, City Council retains the authority to establish or amend benefit provisions. The System is currently not subject to the provisions of the Employee Retirement Income Security Act of 1974. Current membership in the City Plan at June 30, 2011 is as follows:

Retirees and beneficiaries currently receiving benefits	4,078
Active DB Plan Members	2,498
Terminated Vested DB Plan Members	1,778
Active DC 401(a) Plan Members	<u>1,656</u>
Total	<u>10,010</u>

The City's retirement plans provide retirement benefits as well as disability benefits. All benefits vest after 5 years of credited service.

Summary of Defined Benefit Plan Provisions

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

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

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

An amount equal to:

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



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The System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be accessed on the System's website at the following address: <http://www.richmondgov.com/Retirement/Publications.aspx#CAFR>.

II. Funding Policy

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

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

The following is a schedule of the City's contributions, exclusive of employee contributions, for fiscal years ended June 30, 2010 through 2011:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	32,129,757	100.00%
2011	39,769,898	100.00%

III. Actuarial Method, Significant Assumptions and Legislative Changes

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

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

Significant actuarial assumptions used in determining the actuarial liability include: (a) a rate of return on the investment of present and future assets of 7.5% per annum compounded annually, (b) projected salary increases ranging from approximately 0.5% to 4.0% per year. Salary increases include a 2.5% component for inflation and a variable component for merit increases and (c) the assumption that benefits will not increase after retirement.

Note: The annual rate of return (net of fees) for the fiscal year ended June 30, 2011 was 22.7 % which exceeded the expected return of 8.0%. Effective July 1, 2011, the expected return assumption has been lowered to 7.5%.

There were no legislative changes during the fiscal year ending June 30, 2011, which had a financial impact on the System.

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IV. Schedule of Funding Progress

A Schedule of Funding Progress is presented below for the current and preceding two fiscal years. This information is intended to help users assess the funded status of the DB plan and the progress made in accumulating sufficient assets to pay benefits when due. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
*2009	424,531,802	779,824,836	355,293,034	54.44%	145,867,862	243.57%
*2010	459,435,909	787,931,429	328,495,520	58.31%	137,472,694	238.95%
2011	493,374,901	841,362,079	347,987,178	58.64%	130,970,696	265.70%

* Amounts represent Required Supplementary Information, which is unaudited

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

13. POST-EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with GAAP, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 13 years this is a change from previous years recognition of 30 years.

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

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



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The number of participants as of July 1, 2009, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

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

Funding Policy. The City currently pays for post-employment healthcare benefits on a pay-as-you-go basis. Although the City is studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for any accumulated liability on an actuarial basis, these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation. The City's other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Level Dollar Amortization	2011
Calculation of Annual Required Contribution (ARC) under the Projected Unit Credit Method:	
ARC Normal Cost	\$ 1,103,100
Amortization	<u>5,310,337</u>
Annual required contribution	6,413,437
Contribution for fiscal year ended June 30,	<u>(1,427,898)</u>
Increase in net OPEB	4,985,539
Net OPEB Obligation - beginning of year	<u>11,202,604</u>
Net OPEB Obligation - end of year	<u>\$ 16,188,143</u>
Percent of annual OPEB cost contributed	22%

Benefit Obligation, Normal Cost and Funding Progress	2009*	2010*	2011
Actuarial Value of Assets	\$ --	\$ --	\$ --
Actuarial Accrued Liability:			
Retired Employees:	33,560,284	26,912,382	23,847,131
Active Employees:	<u>42,594,368</u>	<u>35,772,758</u>	<u>38,285,348</u>
Unfunded actuarial liability (UAAL)	<u>\$ 76,154,652</u>	<u>\$ 62,685,140</u>	<u>\$ 62,132,479</u>
Funded Ratio	(100)%	(100)%	(100)%
Normal Cost - Beginning of Year	\$ 1,413,487	\$ 1,040,076	\$ 1,081,679
Amortization factor based on 13 years	24/30	12	12
Annual Covered Payroll	\$ 102,430,176	\$ 90,516,083	\$ 90,516,083
UAAL as a Percentage of Covered Payroll	74%	69%	69%

*Amounts represent Required Supplementary Information, which is unaudited.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In the July 1, 2009 actuarial valuation, the liabilities were computed using the projected unit credit method and the level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 9% healthcare cost trend increase for fiscal year 2007-2008, reduced by decrements to a rate of 5.5% after 6 years.

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

14. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the plan) created in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all City employees and permits deferral until future years of up to 100% of salary with a maximum deferral of \$16,500 for calendar year 2010, whichever is less. In calendar year 2011, the maximum deferral amount remained at \$16,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution. In accordance with the amended provisions of IRC Section 457, which were enacted into law in August 1996 and their subsequent adoption by the City, all assets and income of the plan were transferred to a trust during December 1996, and are held for the exclusive benefit of participants and their beneficiaries. The City is the Trustee for the plan and has contracted with a nongovernmental third party administrator to administer the plan. This plan is reported in accordance with GAAP as an Other Employee Benefits Trust Fund.

At June 30, 2011 the contributions for the year ended and fair value of the plan investments were approximately \$69,371,000 respectively.



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Component Unit

RBHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all RBHA's employees and permits deferral until future years of 100% of salary with a maximum deferral of \$16,500 for calendar year 2010, whichever is less. In calendar year 2011, the maximum deferral amount remained at \$16,500. The compensation deferred is not available to employees until termination, retirement, death, an unforeseeable emergency, or a small balance account withdrawal. Employees are eligible to initiate a one-time disbursement of an account if the balance is greater than \$1,000 but less than \$5,000 and neither the employee nor the employer has contributed to the account for at least two years. If the balance is under \$1,000, the participant is automatically notified by ICMA and provided a form to request the distribution.

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

15. LEASES

Operating Leases

The City leases office space, business machines, clinics, apartments for residential programs and vehicles under various operating lease agreements. Except for office space for the City, all City operating lease obligations are subject to the annual appropriation of funds. At June 30, 2011, the annual operating lease commitments are as follows:

Fiscal Year	Primary Government
2012	\$ 1,415,583
2013	1,145,715
2014	732,726
2015	635,461
2016	40,058
Total minimum lease payments	<u>\$ 3,969,543</u>
Lease expense/expenditures for the year ended	
June 30, 2011	<u>\$ 1,798,075</u>

Capital Leases

The City leases various computer, electronic and office output equipment through capital lease agreements. All capital lease obligations are subject to annual appropriation of funds. At June 30, 2011, the annual capital lease commitments are as follows:

Fiscal Year	Primary Government	
	Principal	Interest
2012	\$ 1,719,288	\$ 30,445
2013	763,236	13,515
2014	451,970	8,004
2015	246,539	4,366
2016	1,843	33
Total minimum lease payments	<u>\$ 3,182,876</u>	<u>\$ 56,363</u>
Lease expenditures for the year ended		
June 30, 2011	<u>\$ 1,840,543</u>	<u>\$ 32,593</u>

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



16. CONTINGENCIES, COMMITMENTS, AND OTHER MATTERS

A. Combined Sewer Overflow (CSO)

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

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

The City CSO control plan was estimated at \$295 million in 1995 dollars and is now estimated at \$594 million in 2008 dollars (\$265 million spent to date). Funding for the CSO control plan implementation is a combination of ratepayer dollars, state revolving loan funds, bond proceeds and state and federal grants. By agreement with the Board, the City's financial capability for CSO spending is not required to exceed a typical annual residential wastewater bill of at least 1.25% of the median household income (MHI) supplemented by the availability of federal, state and local grants and zero interest loan funding.

B. Grants

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

C. The Peumansend Creek Regional Jail Authority

The City Council, through an ordinance adopted on October 3, 1994, authorized the City to join The Peumansend Creek Regional Jail Authority (the Authority). Consequently, the City, along with five other local political jurisdictions in Virginia, signed a service agreement to construct and operate a regional correctional facility in Caroline County, Virginia. The land for this facility was donated by the United States Government to Caroline County, which agreed to lease the land to the Authority for the construction of the facility. The initial construction phase comprised space for 336 prisoner beds and began to house prisoners in January of 1999. The construction cost of the project was \$23.8 million and was funded through \$10,220,000 Regional Jail Facility Revenue Bonds Series 1997 and \$12,000,000 Regional Jail Facility Grant Anticipation Notes Series 1997 issued March 15, 1997. At completion, the City guaranteed to accept space for 100 prisoner beds. Annual operating costs of the facility are to be shared among the participating jurisdictions based on a formula set forth in the service agreement. The City will fund its share of the annual cost through annual budget appropriations. For fiscal year ended June 30, 2011, the City contributed \$1,305,141 for its share of costs.



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D. RMA's Subordinated Notes Payable

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

The RMA made \$4,278 in interest payments related to the \$22,772,022 in subordinated notes during the fiscal year ended June 30, 2011. Accrued interest approximated \$38.8 million on June 30, 2011.

The RMA issued a subordinated note (related to a parking facility it manages for the City at 2nd and Franklin Streets) in the amount of \$409,500 to the City in December 1974. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the senior revenue bonds have been retired. Accordingly, no interest payments have been made on the note. Accrued interest related to this note approximated \$947,087 at June 30, 2011.

The collectability of these notes is discussed and disclosed in part G (Subsequent Events) of this footnote.

E. Gas Utility Enterprise Fund

To ensure the continuity of natural gas supplies and transmission facilities, the City's Gas Utility Enterprise Fund has entered into various long-term supply and transmission contracts through the year 2028. The aggregate commitments under these contracts amounted to approximately \$700 million at June 30, 2011.

F. Claims and Judgments

The City is a defendant in lawsuits pertaining to matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes but is not limited to: actions commenced and claims asserted against the City arising out of alleged torts; alleged breaches of contracts; alleged violations of law; and condemnation proceedings. As discussed in Note 10, the estimate of the liability for certain unsettled claims has been reported in the government-wide Statement of Net Assets. The liability was estimated by categorizing the various claims and applying a historical average percentage, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and supplemented by information provided by the City Attorney's Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.

G. Subsequent Events

A. RMA – Subordinated Debt Payoff

From 1971 through 1989 the City of Richmond provided financial assistance to the Richmond Metropolitan Authority (the "RMA") by providing debt service reserve funds related to the debt service due on the RMA Downtown Expressway toll road. Each advance during this period was documented by the RMA issuing a series of 50-Year Subordinated Notes to the City. On November 30, 2011, the City received repayment from the RMA for the total remaining outstanding Subordinated Notes plus accrued interest in the amount of approximately \$62.1 million. For additional information see footnote 16D.

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B. Port of Richmond Commission

On June 27, 2011, City Council, through adoption of ordinance No. 2011-133-132, authorized the City Administration, for and on behalf of the City of Richmond to execute a Deed of Facilities Lease Agreement was made between the Virginia Port Authority ("Lessee"), a body corporate and political subdivision of the Commonwealth of Virginia, and the City of Richmond ("Lessor").

The agreement made on June 30, 2011 to commence on July 1, 2011 initiates the City as owner of the Port of Richmond ("The Facility"), a port facility located at 5000 Deepwater Terminal Road, Richmond, Virginia, by way of Sections 62.1-128 to 62.1-147.2, inclusive, of the Code of Virginia designates the Lessee to operate the Facility as a port pursuant to the conditions, covenants, provisions and terms of the lease. The initial term of the lease shall end on June 30, 2016 with an option to renew.

Rent for the Leased Premises shall be payable from the Lessee in the annual amount of \$75,000, payable in equal monthly installments due in advance of the first day of each month and continuing each and every month during Initial Term in any given Lease Year.

C. Internal Service Fund – Public Works Stores

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other department or agencies of the City, or other governments, on a cost-reimbursement basis. The Public Works Stores fund provided supplies of a bulk nature such as sand, bricks and construction material. Over the past several years business had been declining. The Stores primary customer was the City's own Roadway Operations unit, which is an in house operation of the Department of Public Works.

As part the City's initiative to become a Tier One City, the City continued to evaluate its external reporting structure of funds. Upon evaluation, the City determined that the Stores fund was not able to operate as an Internal Service Fund as defined by GAAP as evidenced by steady decline in accumulated net asset; therefore, the City as part of the fiscal year 2012 budget dissolved the internal service fund and account for all related activities within each department, agency or entity's own operations areas (i.e. Department of Public Works will not account for all activities and purchases with in the General Fund) as of July 1, 2011 (FY 2012).

17. CHANGE IN ACCOUNTING ESTIMATES

The City completed as part of the year-end processes and review an examination of the original valuation used to record some of the City's capital assets. A change in the beginning balance of buildings and structures and related accumulated depreciation was a result of the examination which was completed on a sample of buildings using evaluation methods and data that was not available at the time buildings and structures were originally recognized.

The net adjustment of \$21,955,316 represents less than 3% of the total Governmental Activities capital assets. Though insignificant, the City, as part of its continuous efforts and initiative in being a well managed government, made the adjustment in order to provide the most accurate information regarding the valuation of buildings and structures. The City is committed in continuing these evaluation efforts as part of the fiscal year 2012 work plan.



CITY OF RICHMOND, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Primary Government - Governmental Activities	Balance June 30, 2010 Previously Reported	Restatement	June 30, 2010 As Restated
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 35,043,710	\$ --	\$ 35,043,710
Construction In Progress	144,343,687	--	144,343,687
Works of Art/Historical Treasures	<u>6,942,681</u>	<u>--</u>	<u>6,942,681</u>
Total Capital Assets			
Not Being Depreciated	<u>186,330,078</u>	<u>--</u>	<u>186,330,078</u>
Capital Assets Being Depreciated:			
Infrastructure	741,997,083	--	741,997,083
Building and Structures	476,501,242	(30,991,237)	445,510,005
Equipment and Other Assets	104,635,688	--	104,635,688
Improvements Other Than Buildings	<u>10,293,562</u>	<u>--</u>	<u>10,293,562</u>
Total Other Capital Assets	<u>1,333,427,575</u>	<u>(30,991,237)</u>	<u>1,302,436,338</u>
Less Accumulated Depreciation For:			
Infrastructure	438,679,066	--	438,679,066
Building and Structures	242,103,818	(9,035,921)	233,067,897
Equipment and Other Assets	72,731,457	--	72,731,457
Improvements Other Than Buildings	<u>2,996,286</u>	<u>--</u>	<u>2,996,286</u>
Total Accumulated Depreciation	<u>756,510,627</u>	<u>(9,035,921)</u>	<u>747,474,706</u>
Total Capital Assets Being Depreciated, Net	<u>576,916,948</u>	<u>(21,955,316)</u>	<u>554,961,632</u>
Governmental Activities, Capital Assets, Net	<u>\$ 763,247,026</u>	<u>\$ (21,955,316)</u>	<u>\$ 741,291,710</u>

Fiscal Year 2011 Net Assets beginning balance net adjustments are as follows:

Primary Government - Governmental Activities

Balance as previously reported June 30, 2010	\$ 353,995,506
Capital Asset Restatement Adjustment, net	<u>(21,995,316)</u>
Adjusted Balance as of June 30, 2010	<u>\$ 332,000,190</u>



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Required Supplementary Information



EXHIBIT H-1

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City Taxes				
Real Estate	\$ 216,541,564	\$ 216,541,564	\$ 221,948,834	\$ 5,407,270
Sales-1% Local	27,367,500	27,367,500	26,315,613	(1,051,887)
Sales Tax for Education	24,897,079	25,919,456	25,914,852	(4,604)
Personal Property	45,339,086	45,339,086	44,343,976	(995,110)
Machinery and Tools	17,145,000	17,145,000	16,857,051	(287,949)
Utility Sales Tax Gas	5,015,184	5,015,184	4,617,822	(397,362)
Utility Sales Tax Electric	12,534,660	12,534,660	12,480,255	(54,405)
Utility Sales Tax Tele	2,791	2,791	--	(2,791)
State Communication Taxes	17,811,926	17,811,926	17,439,622	(372,304)
Bank Stock	4,000,000	4,000,000	13,933,727	9,933,727
Prepared Food	23,049,095	23,049,095	21,726,664	(1,322,431)
Lodging Tax	4,915,590	4,915,590	4,623,900	(291,690)
Admission	1,486,965	1,486,965	1,843,129	356,164
Real Estate Taxes - Delinquent	6,519,511	7,519,511	10,746,487	3,226,976
Personal Property Taxes - Delinquent	6,593,927	6,593,927	4,117,223	(2,476,704)
Private Utility Poles and Conduits	96,164	96,164	158,268	62,104
Penalties and Interest	4,999,999	4,999,999	4,948,641	(51,358)
Titling Tax-Mobile Home	8,600	8,600	4,704	(3,896)
State Recordation	670,000	670,000	681,049	11,049
Property Rental 1%	121,534	121,534	109,871	(11,663)
Vehicle Rental Tax	610,000	610,000	579,654	(30,346)
Telephone Commissions	450,000	450,000	390,739	(59,261)
Total City Taxes	420,176,175	422,198,552	433,782,081	11,583,529
Licenses, Permits and Privilege Fees				
Business and Professional	30,767,048	30,767,048	28,330,152	(2,436,896)
Vehicle	3,250,000	3,250,000	3,196,823	(53,177)
Dog	34,000	34,000	37,462	3,462
Transfers, Penalties, Interest & Delinquent Collections	1,000	1,000	7,485	6,485
Parking Fees & Permits	675,970	675,970	770,183	94,213
Utilities Right of Way Fees	679,878	679,878	835,758	155,880
Other Licenses, Permits and Fees	1,104,282	1,104,282	1,148,236	43,954
Total Licenses, Permits and Privilege Fees	36,512,178	36,512,178	34,326,099	(2,186,079)
Intergovernmental				
State Shared Expense	19,400,600	19,400,600	18,641,258	(759,342)
Total State Block Grant	3,926,583	3,926,583	4,427,537	500,954
Department of Social Services	51,553,462	51,553,462	47,120,783	(4,432,679)
Federal Revenue	1,002,484	1,002,484	850,382	(152,102)
Street Maintenance	21,974,461	22,626,883	22,666,883	40,000
State Aid to Localities	13,619,602	13,619,602	13,612,364	(7,238)
Service Charges on Tax Exempt Property (State PILOT)	2,841,000	2,841,000	2,880,404	39,404
All Other Intergovernmental Revenue	2,094,744	2,331,930	1,906,389	(425,541)
Total Intergovernmental	116,412,936	117,302,544	112,106,000	(5,196,544)

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Charges				
Commercial Dumping Fees	1,000,000	1,000,000	238,965	(761,035)
Refuse Collection Fees	11,588,243	11,588,243	11,581,934	(6,309)
Safety Related Charges	620,703	620,703	199,042	(421,661)
Rental of Property	451,036	451,036	253,882	(197,154)
Building Service Charges	815,698	815,698	630,911	(184,787)
Inspection Fees	4,122,238	4,122,238	4,262,976	140,738
Recycling Proceeds	1,400,000	1,400,000	1,507,683	107,683
Health Related Charges	61,000	61,000	35,686	(25,314)
Other Sales - Income	50,100	50,100	130,867	80,767
Printing and Telecomm Charges	70,000	70,000	159,056	89,056
Self Insurance	--	4,403,320	4,629,774	226,454
Other Service Charges	1,894,582	3,976,677	1,928,885	(2,047,792)
Total Service Charges	22,073,600	28,559,015	25,559,661	(2,999,354)
Fines and Forfeitures				
Richmond Public Library	91,800	91,800	104,926	13,126
Circuit Court	4,446,804	4,446,804	3,699,068	(747,736)
General District Court	1,459,943	1,459,943	1,823,018	363,075
Juvenile and Domestic Relations District Court	7,742	7,742	7,336	(406)
Parking Violations	4,676,900	4,676,900	3,949,401	(727,499)
License Code Violations	2,000	2,000	--	(2,000)
Total Fines and Forfeitures	10,685,189	10,685,189	9,583,749	(1,101,440)
Utility Payments				
Utility Pilot Payment	21,289,420	21,289,420	19,448,244	(1,841,176)
Utility Payment - City Services	2,879,490	2,879,490	2,581,632	(297,858)
Utilities Payment for Collection Service	672,823	672,823	547,480	(125,343)
Total Utility Payments	24,841,733	24,841,733	22,577,356	(2,264,377)
Miscellaneous Revenue				
Department of Information Technology Charges	964,660	964,660	821,546	(143,114)
Reimbursement of Interest on Long Term Debt	1,250,000	1,250,000	1,850,339	600,339
Internal Service Fund Payments	341,502	341,502	347,379	5,877
Miscellaneous Revenue	901,276	972,026	554,841	(417,185)
Other Payments to General Fund	559,914	559,914	644,194	84,280
Overhead Costs-Port of Richmond Commission	71,000	71,000	64,134	(6,866)
Richmond Metropolitan Authority Payment	77,000	77,000	4,278	(72,722)
Total Miscellaneous Revenues	4,165,352	4,236,102	4,286,711	50,609
Total General Fund Revenues	634,867,163	644,335,313	642,221,657	(2,113,656)

(Continued)



EXHIBIT H-1, Continued

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
General Government				
City Council	\$ 1,177,300	\$ 1,170,516	\$ 1,119,849	\$ 50,667
City Clerk	752,921	753,827	681,728	72,099
Planning and Development Review	8,057,346	7,607,605	7,419,182	188,423
Assessor of Real Estate	2,966,830	2,963,715	2,896,499	67,216
City Auditor	1,588,791	1,544,560	1,571,423	(26,863)
Department of Law	2,389,939	2,401,583	2,267,228	134,355
General Registrar	1,350,631	1,360,347	1,153,495	206,852
Self -Insurance Cost	9,449,127	13,852,447	13,116,190	736,257
Department of Information Technology	17,591,518	16,450,718	15,438,822	1,011,896
Chief Administrative Officer	1,015,211	1,033,285	1,013,215	20,070
Budget and Strategic Planning	1,126,002	1,124,056	1,110,782	13,274
Department of Human Resources	2,620,755	2,580,359	2,500,916	79,443
Department of Finance	8,363,056	8,595,806	8,204,513	391,293
Animal Control	--	1,299,894	1,286,557	13,337
Procurement Services	1,174,474	1,143,935	1,143,199	736
Office of Press Secretary to Mayor	485,506	489,255	455,522	33,733
City Treasurer	206,847	167,947	168,730	(783)
Economic/Community Development	3,848,841	3,922,308	3,774,091	148,217
Council Chief of Staff	881,524	853,419	836,288	17,131
Minority Business Development	448,564	592,580	591,846	734
City Mayor's Office	1,038,697	1,052,697	1,045,902	6,795
Total General Government	66,533,880	70,960,859	67,795,977	3,164,882
Public Safety and Judiciary				
Judiciary	9,053,181	8,961,274	8,905,899	55,375
Juvenile and Domestic Relations District Court	472,499	454,998	437,102	17,896
City Sheriff	31,017,033	30,865,179	30,114,827	750,352
Department of Police	79,913,441	79,903,536	78,529,202	1,374,334
Department of Fire and Emergency Services	39,984,228	40,002,302	39,363,079	639,223
Total Public Safety and Judiciary	160,440,382	160,187,289	157,350,109	2,837,180
Highways, Streets, Sanitation and Refuse				
Department of Public Works	57,711,572	59,915,463	56,921,385	2,994,078
Human Services				
Office of DCAO for Human Services	1,440,846	1,760,609	1,641,969	118,640
Department of Social Services	64,712,693	56,537,808	55,949,812	587,996
Justice Services	7,433,720	7,950,068	7,679,384	270,684
Department of Public Health	3,210,906	3,210,906	3,210,899	7
Total Human Services	76,798,165	69,459,391	68,482,064	977,327
Culture and Recreation				
Richmond Public Library	5,138,908	5,087,551	5,082,763	4,788
Department of Parks, Recreation and Community Facilities	15,808,428	16,442,076	15,941,690	500,386
Total Culture and Recreation	20,947,336	21,529,627	21,024,453	505,174
Education				
Richmond Public Schools	149,131,347	150,585,819	150,585,819	--

(Continued)



EXHIBIT H-1, Concluded

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Non-Departmental				
Old Manchester Projects (formerly Crestar)	\$ 2,904,805	\$ 2,904,805	\$ 2,764,112	\$ 140,693
Payments to Other Government Agencies	26,741,141	38,070,060	24,869,875	13,200,185
Tax Relief for the Elderly	3,383,238	3,383,238	2,967,957	415,281
Greater Richmond Transit Company	11,675,000	12,175,000	11,600,000	575,000
RRS Contributions/Retiree's Health Care Payments	1,679,640	1,342,302	1,427,989	(85,687)
Total Non-Departmental	46,383,824	57,875,405	43,629,933	14,245,472
Total General Fund Expenditures	577,946,506	590,513,853	565,789,740	24,724,113
Excess of Revenues Over Expenditures	56,920,657	53,821,460	76,431,917	22,610,457
Other Financing Sources (Uses)				
Transfers In - Other Funds	2,437,104	3,687,104	3,473,030	(214,074)
Transfers Out - Other Funds	(59,357,761)	(59,549,850)	(59,309,691)	240,159
Total Other Financing Sources (Uses), Net	(56,920,657)	(55,862,746)	(55,836,661)	26,085
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	--	(2,041,286)	20,595,256	22,636,542
Fund Balance - Beginning of Year	76,021,982	76,021,982	76,021,982	--
Fund Balance- End of Year	\$ 76,021,982	\$ 73,980,696	\$ 96,617,238	\$ 22,636,542



**CITY OF RICHMOND, VIRGINIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2011**

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements.

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

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

The Budgetary Comparison Schedule for the General Fund reflects the original budget, revised budget and actual amounts for the City's General Fund. The General Fund revenues and other financing sources were under budget by \$2.3 million for fiscal year ended June 30, 2011, which is primarily due to continued declines in payments from the State, particularly Social Services related revenues, compared to budget. These decreases were offset by continued improved collections of current and delinquent real estate tax revenues. The General Fund expenditures and other financing uses were under budget by \$25.0 million for fiscal year ended June 30, 2011. This is primarily due to programmatic changes enforced spending constraints.

The following departments' expenditures exceeded appropriations for the year June 30, 2011:

General Government:

City Auditor	(26,863)
City Treasurer	(783)



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Supplementary Information



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Non-major Governmental Funds

Special Revenue Funds

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

Grant Revenue Funds

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

Consolidated HUD Funds

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

Permanent Funds

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

Recreation

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

Richmond Public Library

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

J. Fulmer Bright Park Fund

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

Memorial

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

PPEA Deposit Fund

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



EXHIBIT I-1

**CITY OF RICHMOND, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011**

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposit	Total
Assets								
Cash and Cash Equivalents	\$ --	\$ --	\$ 232,256	\$ --	\$ --	\$ --	\$ --	\$ 232,256
Accounts Receivable, Net	1,929,962	1,753,715	--	--	--	--	--	3,683,677
Due From Other Funds	11,010,120	--	--	266	832	146	198,013	11,209,377
Due From Other Governments	4,420,471	3,865,884	--	--	--	--	--	8,286,355
Restricted Assets	--	--	138,074	27,353	32,727	12,743	--	210,897
Total Assets	\$ 17,360,553	\$ 5,619,599	\$ 370,330	\$ 27,619	\$ 33,559	\$ 12,889	\$ 198,013	\$ 23,622,562
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ 2,143,289	\$ 1,616,090	\$ --	\$ --	\$ --	\$ --	\$ 198,013	\$ 3,957,392
Accrued Liabilities	176,736	28,758	--	--	--	--	--	205,494
Due To Other Funds	--	3,782,794	232,256	--	--	--	--	4,015,050
Due To Other Governments	10,000	--	--	--	--	--	--	10,000
Deferred Revenue	1,425,336	191,957	--	--	--	--	--	1,617,293
Total Liabilities	3,755,361	5,619,599	232,256	--	--	--	198,013	9,805,229
Fund Balances:								
Nonspendable	--	--	138,074	27,619	33,559	12,889	--	212,141
Restricted	6,631,276	--	--	--	--	--	--	6,631,276
Committed	6,678,811	--	--	--	--	--	--	6,678,811
Assigned	295,105	--	--	--	--	--	--	295,105
Total Fund Balances	13,605,192	--	138,074	27,619	33,559	12,889	--	13,817,333
Total Liabilities and Fund Balances	\$ 17,360,553	\$ 5,619,599	\$ 370,330	\$ 27,619	\$ 33,559	\$ 12,889	\$ 198,013	\$ 23,622,562



EXHIBIT I-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	Special Revenue		Permanent Funds					
	Grant Revenue Funds	Consolidated HUD Funds	J. Fulmer Bright Park Fund	Memorial	Recreation	Richmond Public Library	PPEA Deposits	Total
Revenues								
Intergovernmental	\$ 20,550,856	\$ 12,846,826	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 33,397,682
Investment Income	830	--	--	33	296	898	--	2,057
Miscellaneous	15,420,103	607,879	--	--	--	--	--	16,027,982
Total Revenues	35,971,789	13,454,705	--	33	296	898	--	49,427,721
Expenditures								
Current:								
General Government	5,497,349	12,724,678	--	62	--	--	--	18,222,089
Public Safety and Judiciary	11,580,812	--	--	--	--	--	--	11,580,812
Highways, Streets, Sanitation and Refuse	1,477,398	--	--	--	--	--	--	1,477,398
Human Services	20,768,965	--	--	--	--	--	--	20,768,965
Culture and Recreation	2,201,687	--	48,838	--	--	--	--	2,250,525
Total Expenditures	41,526,211	12,724,678	48,838	62	--	--	--	54,299,789
Excess of Revenues Over (Under) Expenditures	(5,554,422)	730,027	(48,838)	(29)	296	898	--	(4,872,068)
Other Financing Sources (Uses)								
Transfers In-Other Funds	10,234,404	--	--	--	--	--	--	10,234,404
Transfers Out-Other Funds	(1,936,665)	(730,027)	--	--	--	--	--	(2,666,692)
Total Other Financing Sources (Uses), Net	8,297,739	(730,027)	--	--	--	--	--	7,567,712
Excess of Revenues and Other Financing Sources Over								
(Under) Expenditures and Other Financing Uses	2,743,317	--	(48,838)	(29)	296	898	--	2,695,644
Fund Balance - Beginning of Year	10,861,875	--	186,912	27,648	33,263	11,991	--	11,121,689
Fund Balance - End of Year	\$ 13,605,192	\$ --	\$ 138,074	\$ 27,619	\$ 33,559	\$ 12,889	\$ --	\$ 13,817,333



EXHIBIT I-3

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Intergovernmental Revenues	\$ 101,829,244	\$ 106,507,009	\$ 33,397,682	\$ (73,109,327)
Investment Earnings and Contributions	--	--	830	830
Miscellaneous Revenue	23,137,594	26,788,726	16,027,982	(10,760,744)
Total Revenues	124,966,838	133,295,735	49,426,494	(83,869,241)
Expenditures				
General Government	43,693,145	46,340,384	18,222,027	28,118,357
Public Safety and Judiciary	28,561,940	32,973,700	11,580,812	21,392,888
Highways, Streets, Sanitation and Refuse	3,696,887	3,701,587	1,477,398	2,224,189
Human Services	45,054,866	46,295,064	20,768,965	25,526,099
Culture and Recreation	3,960,000	3,985,000	2,201,687	1,783,313
Total Expenditures	124,966,838	133,295,735	54,250,889	79,044,846
Excess of Revenues Under Expenditures	--	--	(4,824,395)	(4,824,395)
Other Financing Sources (Uses)				
Transfers In - Other Funds	--	--	10,234,404	10,234,404
Transfers Out - Other Funds	--	--	(2,666,692)	(2,666,692)
Total Other Financing Sources, Net	--	--	7,567,712	7,567,712
Excess of Revenues and Other Financing Sources, Net Over Expenditures and Other Financing Uses	--	--	2,743,317	2,743,317
Fund Balance - Beginning of Year	10,861,875	10,861,875	10,861,875	--
Fund Balance - End of Year	\$ 10,861,875	\$ 10,861,875	\$ 13,605,192	\$ 2,743,317



EXHIBIT I-4

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental Revenue				
Regional STP Funds (TEA-21)	\$ 4,346,743	\$ 4,392,843	\$ 4,770,710	\$ 377,867
Transfer from Other Funds	1,258,000	1,258,000	1,258,000	--
VDOT Urban Funds	194,500	1,182,076	1,283,757	101,681
Total Intergovernmental Revenue	5,799,243	6,832,919	7,312,467	479,548
Investment Earnings and Contributions				
Interest Earned on Restricted Funds	--	--	163,039	163,039
Total Investment Earnings	--	--	163,039	163,039
Total Revenues	5,799,243	6,832,919	7,475,506	642,587
Expenditures				
Capital Outlay:				
School Board	6,072,840	6,072,480	7,403,206	(1,330,726)
Infrastructure	11,711,243	13,007,343	20,065,277	(7,057,934)
Economic & Neighborhood Development	3,350,000	4,337,576	3,254,384	1,083,192
City Facilities	68,110,233	138,006,478	94,376,357	43,630,121
Total Expenditures	89,244,316	161,423,877	125,099,224	36,324,653
Excess of Revenues Over (Under) Expenditures	(83,445,073)	(154,590,958)	(117,623,718)	36,967,240
Other Financing Sources				
Proceeds from Issuance of General Obligation Bonds	82,177,713	148,847,713	80,341,209	(68,506,504)
Premium on Issuance of Bonds	--	4,476,245	4,441,245	(35,000)
Proceeds From Issuance of General Obligation Notes	--	--	--	--
Transfers In-Other Funds	--	--	1,250,000	1,250,000
Total Other Financing Sources	82,177,713	153,323,958	86,032,454	(67,291,504)
Special Item				
Gain on Sale of Land	--	--	6,250	6,250
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(1,267,360)	(1,267,000)	(31,585,014)	(30,324,264)
Fund Balance - Beginning of Year	5,512,908	5,512,908	5,512,908	--
Fund Balance - End of Year	\$ 4,245,548	\$ 4,245,908	\$ (26,072,106)	\$ (30,324,264)



EXHIBIT I-5

CITY OF RICHMOND, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive
Principal Payments				
General Obligation Bonds				
General Government Projects	\$ 19,647,707	\$ 19,647,707	\$ 19,654,833	\$ (7,126)
Schools Capital Improvement Projects	4,331,075	4,331,075	4,331,075	--
Schools Virginia Public Schools Authority Bonds	231,555	231,555	231,555	--
Schools Qualified Zone Academy Bonds	192,480	192,480	192,480	--
Richmond Metropolitan Authority - Expressway Deck	990,507	990,507	990,507	--
Theater Row Office Building Project	1,239,137	1,239,137	1,239,137	--
Landmark Theatre Project	338,510	338,510	331,384	7,126
Landmark Theater HVAC Lease	81,360	81,360	81,344	16
Richmond Ambulance Authority	63,142	63,142	63,142	--
Coliseum Improvements	738,113	738,113	738,113	--
Coliseum HVAC Lease	178,500	178,500	178,257	243
Cemeteries	42,510	42,510	42,510	--
Total General Obligation Bonds	28,074,596	28,074,596	28,074,337	259
General Obligation Notes				
Serial Equipment Notes - General Fund	400,000	400,000	400,000	--
Total General Obligation Notes	400,000	400,000	400,000	--
Other Debt Instruments				
HUD Section 108 Notes	555,000	555,000	555,000	--
Certificates of Participation - 800 Megahertz Project	810,000	810,000	810,000	--
Total Other Debt Instruments	1,365,000	1,365,000	1,365,000	--
Total Principal Payments	29,839,596	29,839,596	29,839,337	259
Interest Payments				
General Obligation Bonds				
General Government Projects	12,632,687	12,632,687	12,475,461	157,226
Schools Capital Improvement Projects	2,720,115	2,720,115	2,660,510	59,605
Schools Virginia Public Schools Authority Bonds	93,445	93,445	93,444	1
Schools Recovery Economic Development Zone Bonds	1,114,552	1,114,552	1,089,545	25,007
Richmond Metropolitan Authority - Expressway Deck	681,674	681,674	681,674	--
Theater Row Office Building Project	783,738	783,738	783,737	1
Landmark Theater Project	202,531	202,531	118,421	84,110
Landmark Theater HVAC Lease	7,045	7,045	7,045	--
Richmond Ambulance Authority	3,456	3,456	3,455	1
Coliseum Improvements	369,039	369,039	308,711	60,328
Coliseum HVAC Lease	32,000	32,000	32,007	(7)
Cemeteries	24,012	24,012	18,816	5,196
Total General Obligation Bonds	18,664,294	18,664,294	18,272,826	391,468
General Obligation Notes				
Serial Equipment Notes - General Government	24,000	24,000	24,000	--
Total General Obligation Note Interest	24,000	24,000	24,000	--
Other Debt Instruments				
HUD Section 108 Notes	171,876	171,876	123,786	48,090
Certificates of Participation - 800 Megahertz Project	650,525	650,525	650,525	--
Total Other Debt Instruments	822,401	822,401	774,311	48,090
Interest - Short Term Debt				
GO Bond Anticipation Notes	1,112,600	1,112,600	130,249	982,351
Remarketing & Liquidity Fees	750,000	750,000	709,722	40,278
Total Short Term Debt	1,862,600	1,862,600	839,971	1,022,629
Total Interest Payments	21,373,295	21,373,295	19,911,108	1,462,187
Issuance and Legal Costs	1,000,000	1,000,000	647,705	352,295
Total	\$ 52,212,891	\$ 52,212,891	\$ 50,398,150	\$ 1,814,741



Non-major Proprietary Funds

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

The Non-major Proprietary Funds are:

Richmond Coliseum

(Coliseum) promotes and operates the Coliseum facility.

Cemeteries

(Cemeteries) maintains and operates cemeteries.



EXHIBIT J-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
June 30, 2011

	Coliseum	Cemeteries	Total
Assets			
Current Assets:			
Accounts Receivable, Net	\$ 1,052,197	\$ 108,939	\$ 1,161,136
Prepaid Expenses and Other Current Assets	176,499	--	176,499
Total Current Assets	<u>1,228,696</u>	<u>108,939</u>	<u>1,337,635</u>
Noncurrent Assets:			
Capital Assets:			
Land	4,582,160	8,188,700	12,770,860
Buildings and Structures	33,381,453	601,429	33,982,882
Equipment	5,330,524	213,268	5,543,792
Less Accumulated Depreciation	<u>(36,799,935)</u>	<u>(505,889)</u>	<u>(37,305,824)</u>
Total Noncurrent Assets	<u>6,494,202</u>	<u>8,497,508</u>	<u>14,991,710</u>
Total Assets	<u>\$ 7,722,898</u>	<u>\$ 8,606,447</u>	<u>\$ 16,329,345</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,250,569	\$ 43,489	\$ 1,294,058
Accrued Liabilities	--	14,857	14,857
Due To Other Funds	500,000	220,659	720,659
Compensated Absences	--	55,294	55,294
Accrued Interest on Bonds and Notes Payable	168,585	10,146	178,731
General Obligation Bonds and Capital Leases	<u>930,011</u>	<u>43,139</u>	<u>973,150</u>
Total Current Liabilities	<u>2,849,165</u>	<u>387,584</u>	<u>3,236,749</u>
Noncurrent Liabilities:			
Compensated Absences	--	30,556	30,556
General Obligation Bonds and Capital Leases	<u>6,923,471</u>	<u>434,427</u>	<u>7,357,898</u>
Total Noncurrent Liabilities	<u>6,923,471</u>	<u>464,983</u>	<u>7,388,454</u>
Total Liabilities	<u>9,772,636</u>	<u>852,567</u>	<u>10,625,203</u>
Net Assets			
Invested In Capital Assets, Net of Related Debt	(1,359,280)	8,019,942	6,660,662
Unrestricted	<u>(690,458)</u>	<u>(266,062)</u>	<u>(956,520)</u>
Total Net Assets	<u>\$ (2,049,738)</u>	<u>\$ 7,753,880</u>	<u>\$ 5,704,142</u>



EXHIBIT J-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Coliseum	Cemeteries	Total
Operating Revenues			
Charges for Goods and Services	\$ 1,255,551	\$ 1,222,954	\$ 2,478,505
Operating Expenses			
Salaries and Wages	--	1,056,499	1,056,499
Materials and Supplies	290,320	58,549	348,869
Rents and Utilities	506,962	46,868	553,830
Maintenance and Repairs	233,719	10,618	244,337
Depreciation and Amortization	2,127,792	35,560	2,163,352
Miscellaneous Operating Expenses	1,182,569	194,128	1,376,697
Total Operating Expenses	4,341,362	1,402,222	5,743,584
Operating Loss	(3,085,811)	(179,268)	(3,265,079)
Non-Operating Revenues (Expenses)			
Government Subsidies and Contributions	2,861,706	61,326	2,923,032
Interest Expense	(340,718)	(17,534)	(358,252)
Total Non-Operating Revenues, Net	2,520,988	43,792	2,564,780
Change In Net Assets	(564,823)	(135,476)	(700,299)
Net Assets - Beginning of Year	(1,484,915)	7,889,356	6,404,441
Net Assets - End of Year	\$ (2,049,738)	\$ 7,753,880	\$ 5,704,142



EXHIBIT J-3

CITY OF RICHMOND, VIRGINIA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Coliseum	Cemeteries	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 1,041,336	\$ 1,199,922	\$ 2,241,258
Payments to Suppliers	(2,620,904)	(267,965)	(2,888,869)
Payments to Employees	--	(1,047,173)	(1,047,173)
Net Cash Used In Operating Activities	<u>(1,579,568)</u>	<u>(115,216)</u>	<u>(1,694,784)</u>
Cash Flows From Noncapital Financing Activities			
Government Subsidies and Contributions	2,861,706	61,326	2,923,032
Due To Other Funds	--	115,216	115,216
Net Cash Provided By Noncapital Financing Activities	<u>2,861,706</u>	<u>176,542</u>	<u>3,038,248</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,528)	--	(1,528)
Proceeds from Issuance of General Obligation Bonds	3,544,000	305,250	3,849,250
Repayments of GO Bonds and Capital Leases	(4,460,371)	(347,760)	(4,808,131)
Interest Paid on GO Bonds and Capital Leases	<u>(364,239)</u>	<u>(18,816)</u>	<u>(383,055)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(1,282,138)</u>	<u>(61,326)</u>	<u>(1,343,464)</u>
Net Increase in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at July 1, 2010	--	--	--
Cash and Cash Equivalents at June 30, 2011	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities			
Operating Loss	\$ (3,085,811)	\$ (179,268)	\$ (3,265,079)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation	2,127,792	35,560	2,163,352
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	(214,215)	(23,032)	(237,247)
Prepaid Expenses	(6,895)	--	(6,895)
Accounts Payable	(400,439)	42,197	(358,242)
Accrued Liabilities	--	580	580
Compensated Absences	--	8,747	8,747
Total Adjustments	<u>1,506,243</u>	<u>64,052</u>	<u>1,570,295</u>
Net Cash Used In Operating Activities	<u>\$ (1,579,568)</u>	<u>\$ (115,216)</u>	<u>\$ (1,694,784)</u>



Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or other governments, on a cost-reimbursement basis.

The Internal Service Funds are:

Fleet Management

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

Radio Maintenance

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

Public Works Stores

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

Advantage Richmond Corporation

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

Electric Utility

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

Stores and Transportation Division

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



EXHIBIT K-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Assets							
Current Assets:							
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ 3,860,908	\$ 109,028	\$ 35,353,497	\$ 39,323,433
Accounts Receivable, Net	23,587	10,506	--	--	4,106,180	2,744	4,143,017
Due From Component Unit	161,668	--	--	--	--	--	161,668
Due From Other Governments	32,710	7,792	--	--	--	--	40,502
Inventory	2,681	206,424	538,611	--	--	2,737,646	3,485,362
Prepaid Expenses	--	--	--	--	140,092	204,755	344,847
Total Current Assets	<u>220,646</u>	<u>224,722</u>	<u>538,611</u>	<u>3,860,908</u>	<u>4,355,300</u>	<u>38,298,642</u>	<u>47,498,829</u>
Noncurrent Assets:							
Advances to Other Funds	--	--	--	--	3,294,908	--	3,294,908
Capital Assets:							
Land	98,000	--	--	3,000,000	262,979	1,686,532	5,047,511
Buildings and Structures	1,211,217	--	--	9,000,000	44,629,996	67,850,790	122,692,003
Equipment	65,537,716	350,119	22,136	--	--	--	65,909,971
Less Accumulated Depreciation	(47,631,152)	(213,237)	(22,136)	(1,307,426)	(28,069,724)	(50,674,278)	(127,917,953)
Construction in Progress	--	--	--	--	5,645,371	7,265,826	12,911,197
Total Capital Assets	<u>19,215,781</u>	<u>136,882</u>	<u>--</u>	<u>10,692,574</u>	<u>22,468,622</u>	<u>26,128,870</u>	<u>78,642,729</u>
Total Noncurrent Assets	<u>19,215,781</u>	<u>136,882</u>	<u>--</u>	<u>10,692,574</u>	<u>25,763,530</u>	<u>26,128,870</u>	<u>81,937,637</u>
Total Assets	<u>\$ 19,436,427</u>	<u>\$ 361,604</u>	<u>\$ 538,611</u>	<u>\$ 14,553,482</u>	<u>\$ 30,118,830</u>	<u>\$ 64,427,512</u>	<u>\$ 129,436,466</u>
Liabilities							
Current Liabilities:							
Accounts Payable	\$ 708,850	\$ 21,555	\$ 89,102	\$ 138,712	\$ 201,264	\$ 880,344	\$ 2,039,827
Accrued Liabilities	91,454	8,991	2,627	750	1,789,498	7,974	1,901,294
Due To Other Funds	4,621,693	3,049,399	814,667	821,241	--	--	9,307,000
Accrued Interest on Bonds and Notes Payable	29,280	--	--	120,341	24,953	--	174,574
General Obligation Bonds Payable	1,000,000	--	--	--	119,855	--	1,119,855
Revenue Bonds Payable	--	--	--	707,885	--	--	707,885
Notes Payable	3,240,000	--	--	--	--	--	3,240,000
Compensated Absences	109,617	11,297	9,561	--	93,566	18,713	242,754
Other Liabilities	15,922	--	--	--	--	--	15,922
Total Current Liabilities	<u>9,816,816</u>	<u>3,091,242</u>	<u>915,957</u>	<u>1,788,929</u>	<u>2,229,136</u>	<u>907,031</u>	<u>18,749,111</u>
Noncurrent Liabilities:							
General Obligation Bonds Payable	--	--	--	--	1,260,590	--	1,260,590
Revenue Bonds Payable	--	--	--	8,360,231	--	--	8,360,231
Notes Payable	8,540,000	--	--	--	--	--	8,540,000
Compensated Absences	38,692	3,559	103	--	25,259	5,052	72,665
Other Liabilities	--	--	--	--	1,972,542	--	1,972,542
Advances from Other Funds	--	--	--	--	--	63,515,429	63,515,429
Total Noncurrent Liabilities	<u>8,578,692</u>	<u>3,559</u>	<u>103</u>	<u>8,360,231</u>	<u>3,258,391</u>	<u>63,520,481</u>	<u>83,721,457</u>
Total Liabilities	<u>18,395,508</u>	<u>3,094,801</u>	<u>916,060</u>	<u>10,149,160</u>	<u>5,487,527</u>	<u>64,427,512</u>	<u>102,470,568</u>
Net Assets							
Invested In Capital Assets, Net of Related Debt	6,435,781	136,882	--	1,624,458	21,088,177	26,128,870	55,414,168
Unrestricted	(5,394,862)	(2,870,079)	(377,449)	2,779,864	3,543,126	(26,128,870)	(28,448,270)
Total Net Assets	<u>\$ 1,040,919</u>	<u>\$ (2,733,197)</u>	<u>\$ (377,449)</u>	<u>\$ 4,404,322</u>	<u>\$ 24,631,303</u>	<u>\$ --</u>	<u>\$ 26,965,898</u>



EXHIBIT K-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2011

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Operating Revenues							
Charges for Goods and Services	\$ 16,893,704	\$ 375,741	\$ 710,731	\$ 2,400,000	\$ 8,500,860	\$ 4,143,924	\$ 33,024,960
Operating Expenses							
Cost of Goods and Services Sold	13,856,739	592,854	964,946	--	--	--	15,414,539
Salaries and Wages and Benefits	586,336	111,732	128,121	--	1,543,125	223,361	2,592,675
Data Processing	--	310	--	--	1,410	--	1,720
Materials and Supplies	58,135	39,991	1,193	--	570,304	14,127	683,750
Rents and Utilities	286,635	17,529	38,072	198,512	2,462,312	21,759	3,024,819
Maintenance and Repairs	25,460	916	27,361	280,558	769,168	--	1,103,463
Depreciation and Amortization	3,629,321	39,477	--	225,000	1,506,984	3,647,320	9,048,102
Miscellaneous Operating Expenses	2,064,031	144,462	--	1,273,372	1,588,641	237,357	5,307,863
Total Operating Expenses	20,506,657	947,271	1,159,693	1,977,442	8,441,944	4,143,924	37,176,931
Operating Income (Loss)	(3,612,953)	(571,530)	(448,962)	422,558	58,916	--	(4,151,971)
Non-Operating Revenues (Expenses)							
Government Subsidies and Contributions	--	--	--	--	728,689	--	728,689
Interest on Long-Term Debt	(252,501)	--	--	(484,794)	(50,566)	--	(787,861)
Miscellaneous Revenue	--	--	--	--	4,015	--	4,015
Total Non-Operating							
Revenues (Expenses), Net	(252,501)	--	--	(484,794)	682,138	--	(55,157)
Net Income (Loss) Before Transfers	(3,865,454)	(571,530)	(448,962)	(62,236)	741,054	--	(4,207,128)
Transfers Out-Other Funds	--	--	--	--	(11,910)	--	(11,910)
Change In Net Assets	(3,865,454)	(571,530)	(448,962)	(62,236)	729,144	--	(4,219,038)
Net Assets - Beginning of Year	4,906,373	(2,161,667)	71,513	4,466,558	23,902,159	--	31,184,936
Net Assets - End of Year	\$ 1,040,919	\$ (2,733,197)	\$ (377,449)	\$ 4,404,322	\$ 24,631,303	\$ --	\$ 26,965,898



EXHIBIT K-3

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2011

	Fleet Management	Radio Maintenance	Public Works Stores	Advantage Richmond Corporation	Electric Utility	Stores and Transportation Division	Total
Cash Flows From Operating Activities							
Receipts from Customers	\$ 18,411,676	\$ 721,705	\$ 710,731	\$ 2,563,091	\$ 8,121,811	\$ 4,141,180	\$ 34,670,194
Payments to Suppliers	(16,561,388)	(988,408)	(1,129,640)	--	(3,625,348)	92,765	(22,212,019)
Payments to Employees	(586,908)	(114,085)	(132,278)	--	(1,380,083)	(353,029)	(2,566,383)
Receipts From Other Funds	--	--	--	--	(2,179,001)	(137,756)	(2,316,757)
Other Receipts or (Payments)	(14,735)	(22,860)	(66,625)	(847,363)	(206,758)	--	(1,158,341)
Net Cash Provided By (Used In)							
Operating Activities	1,248,645	(403,648)	(617,812)	1,715,728	730,621	3,743,160	6,416,694
Cash Flows From Capital and Related Financing Activities							
Acquisition of Fixed Assets	(6,475,108)	--	--	--	(1,585,033)	(2,904,432)	(10,964,573)
Proceeds from Issuance of General Obligation Notes	6,500,000	--	--	--	--	--	6,500,000
Repayments of Revenue and GO Bonds	(1,000,000)	--	--	--	(74,061)	--	(1,074,061)
Repayments of Notes Payable	(1,940,000)	--	--	(671,672)	(56,425)	--	(2,668,097)
Interest Paid on Long-Term Debt	(266,142)	--	--	(493,708)	--	--	(759,850)
Net Cash Provided by (Used In)							
Capital and Related Financing Activities	(3,181,250)	--	--	(1,165,380)	(1,715,519)	(2,904,432)	(8,966,581)
Cash Flows From Noncapital Financing Activities							
Government Subsidies and Contributions	--	--	--	--	728,689	--	728,689
Due to Other Funds	1,932,605	--	--	--	--	--	1,932,605
Transfers - Out Other Funds	--	403,648	617,812	--	(11,910)	--	1,009,550
Net Cash Provided By (Used In)							
Noncapital Financing Activities	1,932,605	403,648	617,812	--	716,779	--	3,670,844
Net Increase in Cash and Cash Equivalents	--	--	--	550,348	(268,119)	838,728	1,120,957
Cash and Cash Equivalents at July 1, 2010	--	--	--	3,310,560	377,147	34,514,769	38,202,476
Cash and Cash Equivalents at June 30, 2011	\$ --	\$ --	\$ --	\$ 3,860,908	\$ 109,028	\$ 35,353,497	\$ 39,323,433
Adjustments to Reconcile Operating Income (Loss)							
To Net Cash Provided By (Used In) Operating Activities							
Operating Income (Loss)	\$ (3,612,953)	\$ (571,530)	\$ (448,962)	\$ 422,558	\$ 58,916	\$ --	\$ (4,151,971)
Adjustments to Reconcile Operating Income (Loss) to Net Cash							
Provided By (Used In) Operating Activities:							
Depreciation	3,629,321	39,477	--	225,000	1,506,984	3,647,320	9,048,102
Miscellaneous Expenses	--	--	--	--	5,914	--	5,914
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:							
Accounts Receivable	1,669,733	241,517	--	--	(379,049)	(2,744.0)	1,529,457
Due From Other Funds	--	--	--	163,091	--	--	163,091
Due From Component Units	(9,132)	--	--	--	--	--	(9,132)
Due From Other Governments	(142,629)	104,447	--	--	--	--	(38,182)
Inventories of Material and Supplies	30,884	(116,911)	(119,058)	--	--	(145,920)	(351,005)
Prepaid Expenses	--	--	--	--	6,716	31,713	38,429
Deferred Expense	--	--	--	--	(212,672)	--	(212,672)
Accounts Payable	(301,272)	(75,434)	(45,635)	83,838	(65,304)	365,169	(38,638)
Accrued Liabilities	34,887	2,829	835	--	197,575	(151,398)	84,728
Due To Other Funds	--	--	--	821,241	(1,612,528)	--	(791,287)
Compensated Absences	(35,459)	(5,183)	(4,992)	--	(4,897)	(960)	(51,511)
Unearned Revenue	(14,735)	(22,860)	--	--	--	--	(37,595)
Other Liabilities and Claims	--	--	--	--	1,228,966	--	1,228,966
Total Adjustments	4,861,598	167,882	(168,850)	1,293,170	671,705	3,743,160	10,568,665
Net Cash Provided By (Used In) Operating Activities	\$ 1,248,645	\$ (403,648)	\$ (617,812)	\$ 1,715,728	\$ 730,621	\$ 3,743,160	\$ 6,416,694



Fiduciary Funds

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

The Fiduciary Funds are:

Trust Funds

The Richmond Retirement System

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

Other Employee Benefits

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

Agency Funds

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



EXHIBIT L-1

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Richmond Retirement System	Other Employee Benefits	Total
Assets:			
Cash and Short-term Investments	\$ 12,087,165	\$ --	\$ 12,087,165
Receivables:			
Due from Brokers on Sale of Securities	3,283,415	--	3,283,415
Interest and Dividends	1,077,836	--	1,077,836
Employee Loans Receivable	1,456,127	1,863,064	3,319,191
Investments, at Fair Value:			
U.S. Government and Agency Obligations	18,554,568	67,507,802	86,062,370
Corporate Bonds	73,229,535	--	73,229,535
Common Stock	162,573,106	--	162,573,106
International Stocks	83,591,430	--	83,591,430
International Bonds	44,408,117	--	44,408,117
Real Estate Investment Trusts	11,217,095	--	11,217,095
Emerging Market Debt	7,056,773	--	7,056,773
Hedge Funds	40,631,380	--	40,631,380
Mutual Funds	18,944,240	--	18,944,240
Private Equity	7,565,969	--	7,565,969
Private Real Estate	16,459,034	--	16,459,034
Total Investments, at Fair Value	484,231,247	67,507,802	551,739,049
Cash Collateral Received - Security Lending Program	50,044,146	--	50,044,146
Total Assets	552,179,936	69,370,866	621,550,802
Liabilities:			
Accounts Payable	12,149,144	--	12,149,144
Payable for Collateral Received - Security Lending Program	50,044,146	--	50,044,146
Total Liabilities	62,193,290	--	62,193,290
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 489,986,646	\$ 69,370,866	\$ 559,357,512



EXHIBIT L-2

CITY OF RICHMOND, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Richmond Retirement System	Other Employee Benefits	Total
Additions:			
Contributions:			
City of Richmond	\$ 38,148,680	\$ 6,179,693	\$ 44,328,373
Richmond Behavioral Health Authority	1,147,687	--	1,147,687
Richmond Public Schools	421,397	--	421,397
Revenue for DC Plan Expense	52,133	--	52,133
Plan Members	2,420,983	--	2,420,983
Total Contributions	<u>42,190,880</u>	<u>6,179,693</u>	<u>48,370,573</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	83,282,420	8,639,447	91,921,867
Interest	4,628,767	78,510	4,707,277
Dividends	7,687,459	--	7,687,459
Net Income Earned On Securities Lending Transactions:			
Securities Lending Income	216,284	--	216,284
Securities Lending Expense	(115,552)	--	(115,552)
Total Net Income Earned on Securities Lending Transactions	<u>100,732</u>	<u>--</u>	<u>100,732</u>
Investment Income	95,699,378	8,717,957	104,417,335
Less Investment Expense	1,929,465	--	1,929,465
Net Investment Income	<u>93,769,913</u>	<u>8,717,957</u>	<u>102,487,870</u>
Total Additions, Net	<u>135,960,793</u>	<u>14,897,650</u>	<u>150,858,443</u>
Deductions:			
Benefits	62,392,336	4,665,427	67,057,763
Refunds of Member Contributions	81,377	--	81,377
Administrative Expenses	1,169,442	41,034	1,210,476
Total Deductions	<u>63,643,155</u>	<u>4,706,461</u>	<u>68,349,616</u>
Net Increase	72,317,638	10,191,189	82,508,827
Net Assets Held In Trust For Pension Benefits and Other Purposes - Beginning of Year	<u>417,669,008</u>	<u>59,179,677</u>	<u>476,848,685</u>
Net Assets Held In Trust For Pension Benefits and Other Purposes - End of Year	<u>\$ 489,986,646</u>	<u>\$ 69,370,866</u>	<u>\$ 559,357,512</u>



EXHIBIT L-3

CITY OF RICHMOND, VIRGINIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets				
Cash and Cash Equivalents	\$ 1,207,807	\$ 221,842	\$ 4,052	\$ 1,425,597
Due From Other Funds	--	142,612	142,612	--
Total Assets	<u>\$ 1,207,807</u>	<u>\$ 364,454</u>	<u>\$ 146,664</u>	<u>\$ 1,425,597</u>
Liabilities				
Refundable Deposits	\$ 318,285	\$ 158,125	\$ 115,580	\$ 360,830
Due to Other Funds	217,419	364,569	112,868	469,120
Due to Various Agents	672,103	2,614,423	2,690,879	595,647
Total Liabilities	<u>\$ 1,207,807</u>	<u>\$ 3,137,117</u>	<u>\$ 2,919,327</u>	<u>\$ 1,425,597</u>



STATISTICAL SECTION



Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.



**CITY OF RICHMOND, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2011**

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 2001 ⁽¹⁾	198,270
United States Census 2002 ⁽¹⁾	198,494
United States Census 2003 ⁽¹⁾	198,102
United States Census 2004 ⁽¹⁾	197,401
United States Census 2005 ⁽¹⁾	197,861
United States Census 2006 ⁽¹⁾	198,624
United States Census 2007 ⁽¹⁾	200,123
United States Census 2008 ⁽¹⁾	202,002
United States Census 2009 ⁽¹⁾	204,451
United States Census 2010 ⁽¹⁾	204,214

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

FORM OF GOVERNMENT

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

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

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



ASSESSMENTS

The City Assessor of Real Estate assesses real estate annually at "fair market value". The assessment to sales ratio is estimated to be 97.0%. The 2011 real estate values were unchanged from the 2010 real estate values in order to enable the City's implementation of the semi-annual billing and collection cycles of January 14 and June 14 in the 2011 tax year. In order to maintain the newly implemented billing system, the 2012 Land Book will be updated with fair market values as of July 1 and will be updated to reflect new construction and renovations through December 31, 2011.

Areas, vaults, marquees, gasoline tanks, electric wires and conduits on, above and under public property are assessed by the City Assessor of Real Estate, as certified to the Assessor by the Department of Public Works, since taxes on these subjects are included in the real estate tax bill.

Special assessments for sidewalk and alley paving, demolition of unsafe structures, and lot clearance, if not paid during the current year, are added to the real estate tax bill of the ensuing year and become a lien upon the property.

The Director of Finance as required by the State Code assesses tangible personal property and machinery and tools in manufacturing and mining. Tangible personal property includes automobiles, mobile homes, business equipment and pleasure boats.

TAX RATES

Real Estate:

- \$1.20 per \$100 of Assessed Value: 2008 - 2011
- \$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 - 2011

Machinery and Tools Used for Manufacturing and Mining:

- \$2.30 per \$100 of Assessed Value: 1992 - 2011

Other taxes and fees imposed include:

Utility Consumers' Tax:

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



- Monthly Commercial and Industrial Billing:
 - Commercial Metered Electricity- \$2.75 plus .016462 per kilowatt-hour (kWh) first 8,945, and .002160 per kWh in excess of 8,945 kWh.
 - Industrial Metered Electricity- \$2.75 plus .0119521 per kilowatt-hour (kWh) first 1,232, .001837 per kWh in excess of 1,232 kWh.
 - Commercial Gas - \$2.88 plus \$.01739027 per CCF delivered (small volume).
 - Commercial Gas - \$ 24.00 plus \$.07163081 per CCF delivered (large volume).
 - Industrial Metered Gas- \$ 120.00 plus \$.0011835 per CCF delivered.
 - Commercial Telephone – 5% Communication Tax.*
- Electric Utility Consumption Tax:
 - Less than 2,500 kWh per month .00038 per kWh.
 - Excess of 2,501 kWh per month but not in excess of 50,000 kWh per month .00024 per kWh.
 - All excess of 50,000 kWh per month .00018 per kWh.

Business, Professional, and Occupational Licenses:

For Business with Gross Receipts Exceeding Threshold:

- Wholesale Merchants
\$.22 per \$100 of gross purchases
- Retail Merchants
\$.20 per \$100 of gross receipts
- Professional Occupations
\$.58 per \$100 of gross receipts
- Contractors
\$.19 per \$100 gross contracts and/or 1.50% of fees from contracts on a fee basis
- Personal Service Contracts
\$.36 per \$100 gross receipts
- Threshold
Receipts less than \$5,000, no tax, no \$30 fee
Receipts greater than \$5,000, less than \$100,000, \$30 fee only
Receipts greater than \$100,000, rate per merchant classification multiplied by amount of receipts

Motor Vehicle License:

- Private passenger vehicles - \$23 on 4,000 lbs. or less; \$28 on 4,001 lbs. or more
- Trucks - Rates graduated in accordance with gross weight; minimum rate \$24; maximum rate \$250

Admission Tax:

- A tax of 7% of any charge for admission of a place of amusement or entertainment where such charge is \$.50 or more

Bank Franchise Tax:

- \$.80 on each \$100 of value of bank stock



Sales and Use Tax:

- 4% State and 1% Local: 2004-2011

Prepared Meals Tax:

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

Lodging Tax:

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

Cable TV Tax:

- 5% Communications Tax*

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

TAXES DUE

Real estate taxes are assessed as of the first day of January of each year. As of tax year 2011, which begins January 1, 2011, real estate taxes are billed on a semi-annual basis with the payments due on January 14 and June 14. Penalty and interest will be assessed after each of the payment due dates if the taxes due on the respective due dates are paid thereafter.

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

DELINQUENT TAXES

As of January 1, 2011, real estate taxes are billed semi-annually with due dates of January 14 and June 14. Taxes will be reported as delinquent on January 15 and June 15, respectively of the tax year for which assessed. Personal property taxes are reported as delinquent on May 2nd of the tax year for which assessed or 61 days after acquiring taxable situs. A penalty of 10% and a \$30 administrative fee is added to all delinquent taxes. Interest at a rate equal to the interest rate established and announced for the underpayment of State income taxes by the Virginia Department of Taxation for the first calendar quarter of each tax year is added to the delinquent tax. Personal property taxes incur an additional 5% late payment penalty if not paid within 60 days of the due date.



OVERLAPPING AREAS AND DEBT

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

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

CITY INDEBTEDNESS

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

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

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

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

DEBT MANAGEMENT POLICIES

The City Council adopted a resolution in 1989 that was amended in 1991 and again in 2011, establishing guidelines for the planning, issuance and management of debt, for and on behalf of, the City of Richmond. The City will issue debt for the purpose of acquiring or constructing capital projects and for making major renovations to existing capital projects. It is the policy of the City to provide operating funds to the extent possible for projects that are perennial and/or primarily of an on-going maintenance type activity.

General Obligation Debt:

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

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



FUND BALANCE POLICY

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

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

- The Mayor will prepare and administer General Fund budgets that will provide operating surpluses on one-half of one percent of expenditures until the Unassigned Fund Balance reaches at least 7% of budgeted expenditures. As of June 30, 2011, the Unassigned Fund Balance was \$64.1 million, which is 10.1% of budgeted General Fund expenditures.
- The City Council, in adoption of a General Fund budget, will provide that General Fund budget operating surpluses be no less than those recommended by the City Mayor in the submission of the General Fund budget.
- The City will not appropriate any amount from the Unassigned Fund Balance until at least one year subsequent to the accumulation of the 7% Unassigned Fund Balance, and then only if faced with an unusual, unanticipated and otherwise seemingly insurmountable hardship.



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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 204,892,717	\$ 199,865,572	\$ 191,556,995	\$ 198,513,944	\$ 257,995,107	\$ 276,834,506	\$ 304,606,896	\$ 311,326,711	\$ 280,800,936	\$ 198,531,273
Restricted	25,281,516	46,983,399	68,923,046	50,038,794	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642
Unrestricted	48,463,377	31,375,839	(10,050,293)	40,670,738	25,435,347	26,438,982	45,954,323	21,676,936	67,421,848	71,414,987
Total Governmental Activities Net Assets	\$ 278,637,610	\$ 278,224,810	\$ 250,429,748	\$ 289,223,476	\$ 295,332,720	\$ 318,185,177	\$ 385,554,081	\$ 348,359,853	\$ 353,995,506	\$ 282,536,902
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 242,713,267	\$ 280,898,657	\$ 274,968,276	\$ 277,073,800	\$ 305,313,014	\$ 302,815,193	\$ 316,259,057	\$ 351,767,886	\$ 369,683,330	\$ 381,909,942
Restricted	52,581,970	49,509,466	8,650,941	40,067,236	--	--	--	--	--	--
Unrestricted	44,673,232	21,266,273	69,315,730	43,272,098	69,958,764	79,842,538	78,044,664	55,610,764	58,319,963	64,745,678
Total Business-type Activities Net Assets	\$ 339,968,469	\$ 351,674,396	\$ 352,934,947	\$ 360,413,134	\$ 375,271,778	\$ 382,657,731	\$ 394,303,721	\$ 407,378,650	\$ 428,003,293	\$ 446,655,620
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 447,605,984	\$ 480,764,229	\$ 466,525,271	\$ 475,587,744	\$ 563,308,121	\$ 579,649,699	\$ 620,865,953	\$ 663,094,597	\$ 650,484,266	\$ 580,441,215
Restricted	77,863,486	96,492,865	77,573,987	90,106,030	11,902,266	14,911,689	14,992,862	15,356,206	5,772,722	12,590,642
Unrestricted	93,186,609	52,642,112	59,265,437	83,942,836	95,394,111	106,281,520	123,998,987	77,287,700	125,741,811	136,160,865
Total Primary Government Activities Net Assets	\$ 618,656,079	\$ 629,899,206	\$ 603,364,695	\$ 649,636,610	\$ 670,604,498	\$ 700,842,908	\$ 759,857,802	\$ 755,738,503	\$ 781,998,799	\$ 729,192,522



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
General Government	\$ 78,333,258	\$ 85,220,510	\$ 102,182,099	\$ 82,897,797	\$ 108,538,958	\$ 106,443,704	\$ 82,078,049	\$ 132,001,804	\$ 137,836,800	\$ 135,552,802
Public Safety and Judiciary	139,051,357	141,560,046	147,054,040	150,077,017	159,598,162	175,163,038	170,498,404	185,536,825	175,820,069	178,142,702
Highways, Streets, Sanitation and Refuse	55,742,911	76,549,273	76,654,334	80,327,346	75,459,598	72,673,872	90,808,054	59,964,571	61,502,223	104,103,996
Human Services	84,031,811	89,294,156	91,316,190	93,480,016	90,316,536	95,346,598	110,423,497	105,618,194	93,697,760	95,333,003
Culture and Recreation	24,035,635	26,127,447	24,856,175	14,914,204	21,978,162	24,350,136	41,009,121	25,635,473	26,009,978	28,502,174
Education	129,360,758	138,209,983	137,780,535	131,661,501	152,646,701	165,971,219	158,858,678	164,359,364	163,586,697	173,214,073
Transportation	6,276,550	6,114,308	6,699,852	6,766,376	8,216,356	9,405,588	10,480,000	11,950,000	11,600,000	11,600,000
Interest and Fiscal Charges	37,139,630	35,659,959	40,538,281	42,888,983	40,153,584	42,083,543	25,030,424	23,925,766	20,204,271	21,418,947
Extraordinary Item ¹	--	--	14,728,475	4,020,240	--	--	--	--	--	--
Total Governmental Activities Expenses	\$ 553,971,910	\$ 598,735,692	\$ 641,809,991	\$ 607,013,480	\$ 657,248,057	\$ 693,437,698	\$ 689,166,227	\$ 708,991,797	\$ 690,257,818	\$ 747,897,697
Business-type Activities:										
Gas	131,743,956	167,936,098	178,520,751	207,682,064	248,535,630	216,255,114	216,059,214	221,285,311	163,063,730	154,527,763
Water	36,059,991	34,294,537	36,523,533	39,004,189	41,382,442	44,232,832	46,158,648	49,074,068	49,834,491	52,819,429
Wastewater	38,893,054	37,587,401	40,115,382	45,976,722	44,944,833	51,596,901	48,364,007	53,000,556	50,679,153	54,073,862
Sewerwater	--	--	--	--	--	--	--	--	7,613,092	7,541,005
Coliseum	3,981,767	4,066,451	4,152,274	4,973,332	5,249,095	5,968,440	5,846,334	5,718,103	5,171,178	4,682,080
Landmark Theatre	1,928,890	1,580,618	1,876,343	1,730,408	1,835,924	1,788,114	1,829,965	587,990	--	--
Cemeteries	1,447,502	1,602,606	1,389,982	1,344,285	1,416,174	1,399,208	1,641,821	1,472,725	1,399,493	1,419,756
Total Business-type Activities Expenses	\$ 214,055,160	\$ 247,067,711	\$ 282,578,245	\$ 300,711,000	\$ 343,344,098	\$ 321,240,609	\$ 319,899,589	\$ 331,118,753	\$ 277,861,137	\$ 275,063,896
Total Primary Government Expenses	\$ 768,027,070	\$ 845,803,403	\$ 904,388,236	\$ 907,724,480	\$ 1,000,592,155	\$ 1,014,678,307	\$ 1,009,065,816	\$ 1,040,110,550	\$ 968,118,955	\$ 1,022,961,593
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 42,305,646	\$ 40,875,918	\$ 37,367,491	\$ 41,636,438	\$ 46,887,330	\$ 48,008,623	\$ 43,593,817	\$ 51,086,930	\$ 52,084,531	\$ 58,638,216
Culture and Recreation	549,118	663,061	611,105	561,893	759,632	109,692	719,596	686,911	727,597	406,036
Other Activities	19,724,718	20,715,420	27,671,318	20,602,746	29,109,017	27,368,011	30,450,928	29,948,260	30,759,315	26,567,540
Operating Grants and Contributions	143,351,487	143,710,347	133,650,110	149,167,449	147,151,168	159,269,020	169,105,387	155,689,284	151,878,522	154,172,480
Capital Grants and Contributions	3,498,180	10,610,426	10,516,738	8,227,292	3,714,468	18,929,229	12,586,194	5,228,211	5,545,450	7,312,487
Total Governmental Activities Program Revenues	\$ 209,429,149	\$ 216,575,172	\$ 209,816,762	\$ 220,195,818	\$ 227,821,615	\$ 253,684,575	\$ 258,435,912	\$ 242,639,596	\$ 240,995,415	\$ 247,096,739
Business-type Activities:										
Charges for Services:										
Gas	\$ 136,262,738	\$ 173,251,482	\$ 187,051,036	\$ 221,308,436	\$ 255,594,336	\$ 225,162,779	\$ 225,892,538	\$ 231,136,014	\$ 172,587,241	\$ 164,890,242
Water	45,309,368	42,239,247	45,205,312	44,853,864	47,589,474	49,995,955	51,616,053	54,406,899	57,386,552	59,596,957
Wastewater	43,881,354	44,784,105	46,317,014	48,599,478	51,484,083	55,541,836	56,795,731	58,803,531	60,220,635	61,355,769
Stormwater	--	--	--	--	--	--	--	--	9,537,834	9,778,441
Coliseum	1,454,450	2,337,854	2,358,184	2,068,567	2,284,149	2,149,644	2,202,374	1,829,195	1,463,233	1,255,551
Landmark Theatre	221,204	318,101	724,250	390,879	594,775	255,549	463,078	520	--	--
Cemeteries	1,329,445	1,386,577	1,440,051	1,412,205	1,458,283	1,395,957	1,423,292	1,368,588	1,320,251	1,222,954
Operating Grants and Contributions	17,330,505	7,046,589	3,578,979	5,607,052	4,928,275	4,779,151	7,967,099	10,819,719	14,624,603	15,013,658
Total Business-type Activities Program Revenues	\$ 245,789,364	\$ 271,365,955	\$ 286,674,826	\$ 324,241,481	\$ 364,433,375	\$ 339,280,871	\$ 348,360,166	\$ 359,384,466	\$ 317,140,348	\$ 313,114,571
Total Primary Government Program Revenues	\$ 455,218,513	\$ 487,941,127	\$ 496,491,588	\$ 544,437,299	\$ 592,054,990	\$ 592,965,446	\$ 602,796,078	\$ 601,004,062	\$ 558,135,763	\$ 560,211,310
Net (Expense)/Revenue										
Governmental Activities	\$ (344,542,761)	\$ (382,160,520)	\$ (431,993,219)	\$ (366,817,662)	\$ (429,626,442)	\$ (439,753,123)	\$ (432,730,315)	\$ (466,352,201)	\$ (449,262,403)	\$ (500,800,958)
Business-type Activities	31,734,204	24,295,243	24,096,580	23,530,481	21,089,277	18,040,261	26,460,577	27,245,713	39,279,211	38,050,675
Total Primary Government Net Expense	\$ (312,808,557)	\$ (357,865,277)	\$ (407,896,639)	\$ (363,287,181)	\$ (408,537,165)	\$ (421,712,862)	\$ (406,269,738)	\$ (439,106,488)	\$ (409,983,192)	\$ (462,750,283)

(Continued)



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Taxes (in General) ²	\$ 315,956,154	\$ 165,361,803	\$ 172,186,634	\$ 181,172,923	\$ 202,214,700	\$ 211,480,260	\$ 225,336,583	\$ 231,467,579	\$ 219,121,286	\$ 217,159,881
Real Estate	--	--	--	--	--	--	--	--	--	--
Sales-1% Local	--	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613
Sales Tax For Education	--	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852
Personal Property	--	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849
Machinery and Tools	--	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447
General Utility Sales	--	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077
State Communication Taxes	--	--	--	--	--	--	--	--	--	--
Bank Stock	--	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	17,439,622
Prepared Food	--	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	13,933,727
Lodging Tax	--	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	26,429,441
Admissions	--	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	4,769,957
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	--	9,711,901	2,335,970
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	--	5,023,503	10,746,467
Delinquent Tax Payments-All Classes	--	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	4,117,223	--
Private Utility Poles and Conduits	--	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268
Penalties and Interest	--	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641
Tolling Tax-Mobile Home	--	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704
State Recordation	--	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049
Property Rental 1%	--	236,383	158,960	120,684	144,979	136,469	126,334	126,634	101,748	109,871
Vehicle Rental Tax	--	955,513	868,115	864,415	752,941	1,004,229	889,582	626,040	424,599	579,654
ABC Board Receipts	--	400,770	--	--	--	--	--	--	--	--
Rolling Stock Tax	--	33,591	2,018,645	466,552	6,029,547	416,003	--	--	--	--
Telephone Commissions	--	--	--	--	--	--	--	--	--	--
Intergovernmental Revenue Not Restricted to Specific Programs	2,309,428	112,628	575,697	13,860,051	6,159,363	--	477,935	449,292	450,000	390,739
Investment Earnings	703,044	669,795	360,647	1,501,725	1,764,337	2,425,883	2,102,922	89,955	186,211	--
Miscellaneous	43,668,088	45,050,330	47,259,923	53,846,842	35,950,451	30,585,867	2,224,002	2,319,473	105,672	165,111
Transfers	17,277,420	17,219,836	17,993,646	21,130,671	20,165,228	20,884,181	24,282,511	21,560,041	22,340,631	1,143,368
Special Item ²	638,321	174,264	--	773,106	--	3,701	--	--	--	21,459,319
Extraordinary Item ¹	--	--	12,754,707	--	(323,858)	(402,390)	306,076	--	15,352	--
Total Governmental Activities	380,552,455	381,747,720	404,198,157	425,611,390	412,295,135	462,605,580	480,099,219	449,157,973	455,829,421	451,297,670
Business-type Activities:										
Investment Earnings	\$ 1,758,397	\$ 1,855,989	\$ 750,057	\$ 1,285,313	\$ 4,186,286	\$ 5,626,435	\$ 4,594,016	\$ 5,601,170	\$ 1,060,118	\$ 887,530
Miscellaneous	2,839,478	2,771,621	3,045,762	3,793,064	3,350,736	4,603,438	4,873,908	1,788,086	1,694,580	1,163,441
Transfers	(17,277,420)	(17,219,836)	(17,993,646)	(21,130,671)	(20,165,228)	(20,884,181)	(24,282,511)	(21,560,041)	(22,340,631)	(21,459,319)
Total Business-type Activities	(12,679,545)	(12,592,316)	(14,197,827)	(16,052,294)	(12,648,206)	(10,654,308)	(14,814,597)	(14,170,785)	(19,585,933)	(19,388,248)
Total Primary Government	\$ 367,872,910	\$ 369,155,404	\$ 390,000,330	\$ 409,559,096	\$ 399,646,929	\$ 451,951,272	\$ 465,284,632	\$ 434,987,188	\$ 436,243,488	\$ 431,899,322
Change in Net Assets										
Governmental Activities	\$ 36,009,694	\$ (412,800)	\$ (27,795,062)	\$ 38,793,728	\$ (17,331,307)	\$ 22,852,457	\$ 47,388,904	\$ (17,194,228)	\$ 6,567,018	\$ (49,503,288)
Business-type Activities	19,054,659	11,705,927	9,898,753	7,478,187	8,441,071	7,385,953	11,645,990	13,074,928	19,693,278	18,652,327
Total Primary Government	\$ 55,064,353	\$ 11,293,127	\$ (17,896,309)	\$ 46,271,915	\$ (8,890,236)	\$ 30,238,410	\$ 59,034,894	\$ (4,119,300)	\$ 26,260,296	\$ (30,850,961)

Extraordinary Item:

Fiscal Year 2004 - Disaster Costs
Fiscal Year 2006 - Disaster Costs
Fiscal Year 2007 - Disaster Costs
Fiscal Year 2008 - Disaster Costs
Fiscal Year 2009 - Disaster Costs

Special Item:

Fiscal Year 2002 - Gain on Sale of Land
Fiscal Year 2003 - Gain on Sale of Land
Fiscal Year 2005 - Gain on Sale of Land
Fiscal Year 2005 & 2007 - Disaster Recovery
Fiscal Year 2011 - Gain on Sale of Land

City Taxes:

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

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

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

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



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Taxes										
City Taxes (In General)	\$ 315,956,154	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Real Estate	--	165,361,803	172,166,634	181,172,923	202,214,700	211,480,260	225,336,583	231,467,579	219,121,266	217,159,681
Sales-1% Local	--	20,979,945	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,935,300	26,093,786	26,315,613
Sales Tax for Education	--	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852
Personal Property	--	43,200,390	41,918,417	45,091,878	25,156,191	42,095,364	55,220,158	45,878,338	50,186,338	38,461,849
Machinery and Tools	--	16,408,110	14,831,660	14,618,256	15,140,256	13,149,199	13,486,040	13,762,378	17,119,371	16,914,447
General Utility Sales	--	33,760,985	33,405,551	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	17,098,077
State Communication Taxes	--	--	--	--	--	--	--	--	--	17,439,622
Bank Stock	--	2,976,847	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727
Prepared Food	--	13,722,642	16,078,165	16,028,093	20,889,281	23,154,114	24,076,647	24,489,056	23,756,424	26,429,441
Transient Lodging	--	--	--	--	--	5,272,618	5,984,286	5,366,015	4,789,681	4,789,957
Admissions	--	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	2,335,970
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	--	9,711,901	10,746,487
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	--	5,023,503	4,117,223
Delinquent Tax Payments-All Classes	--	13,035,895	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--
Private Utility Poles and Conduits	--	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,288
Penalties and Interest	--	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641
Titling Tax-Mobile Home	--	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704
State Recordation	--	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049
Property Rental 1%	--	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871
Vehicle Rental Tax	--	955,513	868,115	864,415	752,341	1,004,229	889,582	626,040	424,599	579,654
ABC Board Receipts	--	400,770	--	--	--	--	--	--	--	--
Rolling Stock Tax	--	33,591	2,018,645	466,562	6,029,547	416,003	--	--	--	--
Telephone Commissions	--	--	--	--	--	--	477,935	449,292	450,000	390,739
Total Primary Government	\$ 315,956,154	\$ 318,520,867	\$ 325,253,537	\$ 334,498,995	\$ 348,579,014	\$ 409,108,338	\$ 451,012,546	\$ 425,152,613	\$ 432,965,894	\$ 428,529,872

City Taxes:

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,029,600
Restricted	--	--	--	--	--	--	--	--	--	1,391,917
Committed	--	--	--	--	--	--	--	--	--	14,672,765
Assigned	--	--	--	--	--	--	--	--	--	15,460,647
Unassigned	--	--	--	--	--	--	--	--	--	64,062,309
Reserved	18,597,316	21,328,801	14,150,287	22,216,671	16,144,418	15,894,601	16,908,547	2,094,186	16,598,886	--
Unreserved	40,645,634	40,552,729	47,690,533	45,278,440	45,442,420	47,507,086	47,638,753	48,644,484	59,423,096	--
Total General Fund	\$ 59,242,950	\$ 61,881,530	\$ 61,840,820	\$ 67,495,111	\$ 61,586,838	\$ 63,401,687	\$ 64,547,300	\$ 50,738,670	\$ 76,021,982	\$ 96,617,238
All Other Governmental Funds										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,141
Restricted	--	--	--	--	--	--	--	--	--	16,262,282
Committed	--	--	--	--	--	--	--	--	--	9,426,306
Assigned	--	--	--	--	--	--	--	--	--	295,105
Unassigned	--	--	--	--	--	--	--	--	--	(37,000,000)
Reserved	25,281,516	46,983,399	68,923,046	50,413,044	22,836,669	48,645,510	25,399,353	17,029,761	6,822,405	--
Unreserved, reported in:										
Special Revenue Funds	19,581,096	20,589,668	12,249,538	11,473,432	12,894,614	7,502,105	7,478,784	8,385,421	10,861,875	--
Capital Project Funds	34,500	34,500	--	--	--	--	--	(67,443,896)	--	--
Debt Service Fund	--	11,461	11,461	11,461	(8,058)	--	--	--	--	--
Total All Other Governmental Funds	\$ 44,897,112	\$ 67,619,028	\$ 81,184,045	\$ 61,897,937	\$ 35,723,225	\$ 56,147,615	\$ 32,878,137	\$ (42,028,714)	\$ 17,684,280	\$ (10,804,166)

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 299,399,915	\$ 306,282,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,792,081
Licenses, Permits and Privilege Fees	32,890,826	33,259,137	31,821,328	35,302,960	37,275,652	37,543,533	35,514,381	36,190,387	35,374,043	34,326,099
Intergovernmental	149,159,095	154,433,332	146,970,902	173,750,992	158,577,638	164,137,422	163,694,270	156,307,233	151,219,441	152,816,149
Service Charges	16,866,068	17,924,528	14,833,169	16,343,955	20,421,258	21,119,157	21,761,128	21,451,494	24,407,838	25,559,661
Fines and Forfeitures	8,646,605	7,774,458	8,559,606	10,328,752	11,429,454	11,023,780	10,706,248	9,246,562	9,760,055	9,583,749
Sales of Land	638,321	-	-	-	-	-	-	-	-	-
Payment in Lieu of Taxes	16,518,950	17,518,465	18,102,353	19,630,782	18,898,355	18,635,494	19,357,177	19,234,942	19,780,963	-
Utility Payments	-	-	-	-	-	-	-	-	-	-
Investment Income	703,044	669,795	365,825	1,501,725	1,764,937	2,425,882	2,103,022	540,676	105,672	22,577,356
Miscellaneous	55,309,546	57,211,587	72,862,719	64,264,540	70,850,022	64,820,190	27,454,098	19,653,520	22,718,453	20,903,222
Total Revenues	550,132,370	595,063,718	610,820,162	655,622,701	669,683,338	729,146,651	716,285,587	689,963,393	689,073,607	699,713,428
Expenditures										
General Government	60,464,041	66,113,349	68,978,772	72,082,519	80,895,144	76,901,063	77,967,920	90,336,507	92,896,369	86,018,066
Public Safety and Judiciary	136,466,136	139,318,995	145,509,707	151,733,584	157,743,772	175,232,251	167,022,262	177,057,319	169,704,353	168,930,921
Highways, Streets, Sanitation and Refuse	44,018,321	46,004,841	44,054,142	54,373,540	57,844,351	62,404,860	61,007,410	44,632,867	46,687,139	56,398,783
Human Services	81,957,017	87,637,237	89,044,511	90,324,428	88,715,030	96,880,070	105,983,727	101,156,059	89,445,759	89,251,029
Culture and Recreation	21,604,557	22,101,310	23,539,612	19,628,668	19,540,997	21,399,788	22,420,288	22,869,119	21,791,546	23,274,978
Education	125,669,753	128,823,925	131,762,289	129,041,941	142,303,624	159,927,313	158,658,678	159,155,815	151,332,379	150,585,819
Non-Departmental	26,410,541	23,461,527	25,153,039	26,211,317	33,373,394	41,164,869	51,273,499	50,990,595	46,454,002	43,629,933
Capital Outlay	39,828,063	35,347,332	56,250,207	43,109,262	35,531,084	26,247,426	37,969,088	81,224,196	55,093,465	125,099,224
Debt Service:										
Principal Retirement	36,896,795	37,206,080	41,473,735	43,743,522	48,061,126	48,020,086	33,368,115	28,077,064	31,748,820	29,839,337
Interest Payments	34,692,049	34,974,162	40,304,483	40,812,004	39,385,830	38,490,977	25,054,610	24,805,037	19,193,765	19,710,167
Insurance Costs	1,054,532	382,904	683,283	625,909	671,476	846,451	-	955,068	806,838	647,705
Total Expenditures	609,061,805	621,371,662	668,753,730	672,286,694	704,065,828	747,515,154	740,925,597	781,859,646	725,154,435	795,385,962
Other Financing Sources (Uses)										
Transfers In	44,620,298	47,449,811	53,904,655	57,680,867	61,784,636	60,691,246	82,480,356	70,306,914	67,559,251	66,240,273
Transfers Out	(41,729,562)	(46,073,828)	(51,675,655)	(54,938,228)	(59,386,273)	(57,501,875)	(79,507,387)	(67,126,142)	(64,147,702)	(63,243,383)
Proceeds from Refunding Bonds	74,300,000	36,630,116	9,300,000	-	90,647,799	-	-	-	-	-
Payment to Escrow Agent	(74,300,000)	(36,630,116)	(9,300,000)	-	(90,622,799)	-	-	-	-	-
Proceeds from Issuance of Bonds	31,845,867	50,097,993	68,297,167	3,536,671	-	42,194,332	-	-	100,917,875	80,341,209
Premium on Issuance of Bonds	-	-	2,905,526	-	-	-	(765,900)	-	6,565,000	4,441,245
Total Other Financing Sources (Uses)	34,736,603	51,474,176	73,431,693	6,279,310	2,623,363	45,383,703	2,210,069	3,180,772	110,894,424	87,779,344
Special Item										
Gain on Sale of Land	638,321	174,264	-	-	-	-	-	-	-	-
Disaster Recovery	-	-	12,754,707	773,106	-	-	-	-	-	-
Total Special Item	638,321	174,264	12,754,707	773,106	-	-	-	-	-	-
Extraordinary Item										
Disaster Costs	-	-	(14,728,475)	(4,020,240)	(323,658)	(402,390)	306,076	-	15,352	-
Total Extraordinary Item	-	-	(14,728,475)	(4,020,240)	(323,658)	(402,390)	306,076	-	15,352	-
Net Change in Fund Balances	\$ 6,445,469	\$ 25,360,496	\$ 13,524,307	\$ (13,631,817)	\$ (32,082,965)	\$ 26,612,510	\$ (22,123,865)	\$ (88,715,481)	\$ 74,828,948	\$ (7,893,190)
Debt Service as a Percentage of Noncapital Expenditures ¹	12.5%	11.7%	12.4%	13.0%	12.7%	12.1%	8.5%	7.5%	7.6%	6.8%

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real Estate	\$ 151,824,518	\$ 159,003,009	\$ 170,251,093	\$ 181,172,923	\$ 195,007,601	\$ 211,744,174	\$ 220,312,237	\$ 227,921,229	\$ 218,027,758	\$ 221,948,834
Sales-1% Local	22,202,874	20,123,954	24,067,131	26,302,100	27,116,326	31,019,396	31,274,790	30,995,300	26,093,786	26,315,613
Sales Tax for Education	--	--	--	--	--	27,558,938	26,959,337	25,312,005	24,943,835	25,914,852
Personal Property	42,133,029	41,488,407	41,918,417	45,091,878	43,819,129	42,147,896	44,734,218	51,107,922	44,081,997	44,343,976
Machinery and Tools	17,010,104	15,674,402	14,831,660	14,618,256	14,729,382	13,165,608	13,679,043	14,265,110	17,038,468	16,857,051
Utility Sales Tax Gas	-	-	-	-	-	-	-	-	-	4,617,822
Utility Sales Tax Electric	-	-	-	-	-	-	-	-	-	12,480,255
General Utility Sales	32,439,687	32,415,856	30,272,507	31,124,964	30,413,522	31,586,945	37,118,110	35,253,745	34,483,451	-
State Communication Taxes	-	-	-	-	-	-	-	-	-	17,439,622
Bank Stock	5,161,545	2,854,562	2,362,154	2,904,338	2,891,777	3,085,172	3,317,298	4,494,835	8,247,534	13,933,727
Prepared Food	13,294,593	13,111,219	14,548,707	16,028,093	17,404,622	23,154,114	24,076,647	24,489,056	23,756,424	21,726,664
Lodging Tax	-	-	-	-	-	5,272,618	5,984,286	5,366,015	4,789,681	4,623,900
Admission	1,391,847	1,465,338	1,804,701	1,195,603	1,218,238	1,073,673	2,447,670	1,604,376	2,181,971	1,843,129
Real Estate Taxes - Delinquent	--	--	--	--	--	--	--	--	9,711,901	10,746,487
Personal Property Taxes - Delinquent	--	--	--	--	--	--	--	--	5,023,503	4,117,223
Delinquent Tax Payments-All Classes	7,956,401	12,546,757	10,303,069	9,589,601	11,083,065	11,812,062	19,581,751	--	--	--
Private Utility Poles and Conduits	91,538	93,137	93,506	150,549	94,894	95,067	95,186	96,164	156,478	158,268
Penalties and Interest	4,450,781	5,203,306	4,564,352	4,242,744	4,676,998	5,319,892	3,657,510	4,570,206	5,423,493	4,948,641
Titling Tax-Mobile Home	10,345	10,402	7,324	16,942	7,197	5,800	9,014	10,635	10,858	4,704
State Recordation	702,350	675,810	605,153	609,343	749,102	843,137	954,315	710,115	759,637	681,049
Property Rental 1%	--	236,383	158,960	120,684	144,979	136,469	126,334	126,534	101,748	109,871
Vehicle Rental Tax	730,303	955,513	868,115	864,415	752,941	1,004,229	889,562	626,040	424,599	579,654
ABC Board Receipts	--	400,770	--	--	--	--	--	--	--	--
Rolling Stock Tax	--	33,591	--	--	--	--	--	--	--	--
Telephone Commissions	--	--	547,411	466,562	356,249	416,003	477,935	449,292	450,000	390,739
Total General Governmental Tax Revenues	\$ 299,399,915	\$ 306,292,416	\$ 317,204,260	\$ 334,498,995	\$ 350,466,022	\$ 409,441,193	\$ 435,695,263	\$ 427,338,579	\$ 425,707,122	\$ 433,782,081

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 year's.



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

Calendar Year	Real Property		Personal Property	Machinery & Tools	Less:		Total Taxable Assessed Value	Tax Rate Per \$100 of Assessed Value			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property			Tax Exempt Real Property	Tax Exempt Personal Property		Real Property	Personal Property	Machinery & Tools		
2002	6,473,254,985	7,599,038,460	1,507,088,801	790,901,800	2,892,351,707		13,477,932,339	1.39	3.70	2.30	13,477,932,339	100.00%
2003	7,396,450,777	8,358,905,035	1,393,327,487	678,581,056	3,103,519,875		14,723,744,480	1.38	3.70	2.30	14,723,744,480	100.00%
2004	7,930,422,754	8,649,174,035	1,172,806,822	631,645,652	3,344,887,395		15,039,161,868	1.38	3.70	2.30	15,039,161,868	100.00%
2005	9,448,941,200	9,291,733,951	1,330,154,149	670,556,827	3,661,451,800		17,079,934,327	1.33	3.70	2.30	17,079,934,327	100.00%
2006	10,739,603,660	9,246,483,112	1,522,890,436	637,469,276	3,914,062,202		18,232,384,282	1.29	3.70	2.30	18,232,384,282	100.00%
2007	12,273,304,550	11,495,448,724	1,418,934,404	647,387,014	4,726,230,820		21,108,843,872	1.23	3.70	2.30	21,108,843,872	100.00%
2008	13,189,929,800	12,416,702,435	1,468,366,859	627,888,746	5,000,713,600		22,702,174,240	1.20	3.70	2.30	22,702,174,240	100.00%
2009	14,501,085,200	12,117,784,643	1,387,622,846	625,752,634	5,519,840,800		23,112,404,523	1.20	3.70	2.30	23,112,404,523	100.00%
2010	12,657,788,000	14,263,768,672	1,420,344,916	765,598,939	5,827,518,000		23,279,982,527	1.20	3.70	2.30	23,279,982,527	100.00%
2011	12,019,466,000	13,786,267,222	1,484,823,134	762,284,948	5,918,281,100		22,134,560,204	1.20	3.70	2.30	22,134,560,204	100.00%

Source: Assessor's Office

CITY OF RICHMOND, VIRGINIA
REAL ESTATE ASSESSED VALUES OF LARGEST TAXPAYERS
As of January 1, 2011

2011				2002			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Philip Morris Inc.	\$ 704,881,000	1	3.54%	Philip Morris & Philip Morris USA	\$ 225,895,200	1	2.02%
Hines Riverfront Plaxa LP	242,000,000	2	1.22%	Boston Properties	185,000,000	2	1.65%
James Center Property LLC	183,956,000	3	0.92%	Sun Trust Banks, Inc.	154,194,700	3	1.38%
Dominion Resources Inc.	144,411,000	4	0.73%	Federal Reserve Bank of Richmond	73,886,600	4	0.66%
Chippenhams Hospital Inc.	106,455,000	5	0.54%	Ethyl Corporation	73,210,400	5	0.65%
Federal Reserve Bank	103,928,000	6	0.52%	One James Center Associates	68,500,000	6	0.61%
Gambles Hill Third Street LLC	83,900,000	7	0.42%	Whitehall Robins	62,263,800	7	0.56%
Parmenter 919 Main Street LP	83,574,000	8	0.42%	Orton Val T Trustee	55,429,300	8	0.50%
Foundry Park I LLC	82,000,000	9	0.41%	Two James Center Associates	52,000,000	9	0.47%
Riverside Owner LLC	78,151,000	10	0.39%	Chippenhams Hospital, Inc	49,293,400	10	0.44%
Stony Point Fashion Park Associates LLC	70,709,000	11	0.36%	Dominion Resources, Inc	42,000,000	11	0.38%
First States Investors 3500 LLC	69,571,000	12	0.35%	AAPOP, LLP	42,000,000	12	0.38%
American Retirement Corp	63,000,000	13	0.32%	Merican Retirement Corporation	39,846,000	13	0.36%
AH Richmond Tower I LLC	54,572,000	14	0.27%	Alleghany Warehouse Co., Inc.	34,944,600	14	0.31%
Robins A H Co Inc.	48,212,000	15	0.24%	Highwood Forsyth Limited	31,210,900	15	0.28%
Media General, Inc.	46,067,000	16	0.23%	SJW Limited Partnership	28,640,000	16	0.26%
Miller & Rhoads Building LLC	42,010,000	17	0.21%	SCDHC-Southwood, LLC	23,901,000	17	0.21%
Total of Taxpayers	2,207,397,000		11.10%	Total of Taxpayers	1,242,215,900		11.11%
All Other Properties	17,680,055,122		88.90%	All Other Properties	9,937,725,838		88.89%
Totals	\$ 19,887,452,122		100.00%	Totals	\$ 11,179,941,738		100.00%

Source: City's Real Estate Assessor





**CITY OF RICHMOND, VIRGINIA
PRINCIPAL EMPLOYERS
As of June 30, 2011**

	2011			2002		
	Approximate Number of Employees	Rank	Percentage of Principal Employment	Approximate Number of Employees	Rank	Percentage of Principal Employment
Employer						
Capital One	7,871	1	8.63%	41,100	1	24.43%
Virginia Commonwealth University Health System	7,741	2	8.49%	15,000	2	8.92%
HCA Virginia Health System	7,282	3	7.99%	10,125	3	6.02%
Bon Secours Richmond Health System	5,735	4	6.29%	10,004	4	5.95%
Dominion Resources Inc.	5,244	5	5.75%	9,104	5	5.41%
Altria Group Inc.	4,387	6	4.81%	9,040	6	5.37%
SunTrust Banks Inc.	4,093	7	4.49%	6,889	7	3.98%
Wells Fargo & Co.	3,010	8	3.30%	6,575	8	3.91%
Bank of America	2,900	9	3.18%	5,861	9	3.48%
WellPoint Inc.	2,870	10	3.15%	5,290	10	3.14%
DuPont	2,785	11	3.05%	5,148	11	3.06%
United Parcel Service Inc.	2,385	12	2.62%	4,500	12	2.68%
Verizon Communications Inc.	2,000	13	2.19%	4,200	13	2.50%
The Kroger Co.	1,853	14	2.03%	3,841	14	2.28%
Federal Reserve Bank of Richmond	1,759	15	1.93%	3,787	15	2.25%
University of Richmond	1,474	16	1.62%	3,500	16	2.08%
Genworth Financial	1,256	17	1.38%	3,448	17	2.05%
Honeywell International Inc.	1,244	18	1.36%	3,265	18	1.94%
Total of Principal Employers	65,889		72.27%	150,477		89.45%
Other Principal Employers ¹	25,286		27.73%	17,747		10.55%
Totals	91,175		100.00%	168,224		100.00%

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

Source: Richmond Times-Dispatch

Note: Public employer's data was not available for 2011.



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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>		<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>		<u>Total Tax Collections</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>
2002	1.39	162,359,912	94.7%	153,719,867	94.7%	5,221,188		158,941,055	97.9%
2003	1.38	175,100,400	94.4%	165,330,253	94.4%	9,498,935		174,829,188	99.8%
2004	1.38	184,806,582	96.9%	179,024,489	96.9%	7,715,852		186,740,341	101.0%
2005	1.33	201,274,826	95.3%	191,839,265	95.3%	7,619,922		199,459,187	99.1%
2006	1.29	214,819,901	96.1%	206,416,778	96.1%	6,901,572		213,318,350	99.3%
2007	1.23	224,815,976	97.1%	218,210,831	97.1%	5,696,407		223,907,238	99.6%
2008	1.20	233,179,816	94.9%	221,199,403	94.9%	15,227,545		236,426,948	101.4%
2009	1.20	236,538,376	94.3%	223,155,601	94.3%	6,001,432		229,157,033	96.9%
2010	1.20	234,474,521	95.0%	222,858,692	95.0%	9,711,902		232,570,594	99.2%
2011	1.20	234,035,458	95.2%	222,720,502	95.2%	10,742,828		233,463,330	99.8%

Source: City of Richmond - Department of Finance

**CITY OF RICHMOND, VIRGINIA
PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years**

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy³</u>		<u>Current Tax Collections¹</u>		<u>Delinquent Tax Collections²</u>		<u>Total Tax Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>
2002	3.70	48,353,865	87.1%	42,133,029	87.1%	5,068,925		47,201,954	97.6%
2003	3.70	46,689,746	89.2%	41,662,589	89.2%	3,864,364		45,526,953	97.5%
2004	3.70	46,468,895	90.6%	42,080,193	90.6%	3,297,269		45,377,462	97.7%
2005	3.70	48,443,250	90.3%	43,739,697	90.3%	4,868,959		48,608,656	100.3%
2006	3.70	50,187,847	86.1%	43,230,723	86.1%	4,328,616		47,559,339	94.8%
2007	3.70	52,721,272	83.7%	44,112,841	83.7%	5,826,972		49,939,813	94.7%
2008	3.70	53,094,279	81.4%	43,226,559	81.4%	2,687,649		45,914,208	86.5%
2009	3.70	53,145,714	84.8%	45,087,886	84.8%	5,957,159		51,045,045	96.0%
2010	3.70	53,716,305	85.1%	45,700,784	85.1%	4,740,164		50,440,948	93.9%
2011	3.70	49,636,035	86.8%	43,078,673	86.8%	4,755,160		47,833,833	96.4%

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

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

Tax Levy³ - This column includes only the original levy; adjustments to this levy are not reflected.

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					Percentage of Personal Income	Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	General Obligation Notes	HUD Section 108 Notes	Lease Revenue Bond	Certificates of Participation Series 2001A	General Obligation Bonds	Utility Revenue Bonds	Total Primary Government			
2002	353,531,356	3,836,492	12,850,000	6,475,000	-	18,840,000	285,968,639	264,061,852	945,563,339	14.42%	4,764	
2003	378,693,205	3,483,946	5,290,000	6,765,000	-	18,840,000	278,982,829	260,504,754	950,559,734	13.89%	4,798	
2004	418,075,775	3,263,521	1,820,000	6,125,000	-	18,225,000	270,503,062	256,891,626	974,903,984	13.17%	4,938	
2005	392,957,068	3,042,389	7,000,000	5,595,000	-	17,585,000	259,195,982	320,815,598	1,006,191,037	13.19%	5,084	
2006	376,095,157	2,820,514	5,600,000	5,020,000	12,100,000	16,920,000	246,092,420	320,513,843	985,161,934	11.71%	4,951	
2007	387,222,408	2,597,288	4,700,000	4,465,000	11,555,580	16,230,000	234,580,147	414,194,548	1,075,544,971	12.13%	5,360	
2008	354,881,308	2,372,353	8,500,000	3,910,000	10,981,807	15,510,000	222,734,874	406,325,632	1,025,215,974	11.28%	5,054	
2009	327,097,155	2,145,328	63,560,000	3,355,000	10,377,099	14,760,000	208,811,286	551,289,644	1,181,395,512	13.46%	5,778	
2010	400,951,978	1,916,098	33,220,000	2,800,000	9,739,788	13,980,000	191,239,793	553,815,743	1,207,663,400	N/A	5,914	
2011	453,213,764	1,684,543	74,780,000	2,245,000	9,068,116	13,170,000	171,845,174	554,658,872	1,280,665,469	N/A	N/A	

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

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

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

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

Fiscal Year	General Obligation		Virginia Public School Authority		General Obligation		HUD Section		Lease Revenue		Certificates of Participation		Percentage of Estimated Actual Taxable Value of Property	Debt Per Capita
	Bonds		Bonds		Notes		108 Notes		Bond		Series 2001A	Total		
2002	639,499,995		3,836,492		12,850,000		6,475,000		-		18,840,000	681,501,487	2.91%	3,434
2003	655,676,034		3,483,946		5,290,000		6,765,000		-		18,840,000	690,054,980	2.79%	3,483
2004	688,578,837		3,263,521		1,820,000		6,125,000		-		18,225,000	718,012,358	2.98%	3,637
2005	652,153,050		3,042,389		7,000,000		5,595,000		-		17,585,000	685,375,439	2.50%	3,463
2006	622,187,577		2,820,514		5,600,000		5,020,000		12,100,000		16,920,000	664,648,091	2.30%	3,340
2007	621,802,555		2,597,288		4,700,000		4,465,000		11,555,580		16,230,000	661,350,423	2.02%	3,296
2008	577,616,182		2,372,353		8,500,000		3,910,000		10,981,807		15,510,000	618,890,342	3.00%	3,051
2009	535,908,441		2,145,328		63,560,000		3,355,000		10,377,099		14,760,000	630,105,868	2.99%	3,082
2010	592,191,771		1,916,098		33,220,000		2,800,000		9,739,788		13,980,000	653,847,657	3.09%	3,202
2011	625,058,938		1,684,543		74,780,000		2,245,000		9,068,116		13,170,000	726,006,597	3.65%	N/A

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

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

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



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 1,117,994,174	\$ 1,196,677,008	\$ 1,325,845,739	\$ 1,507,923,335	\$ 1,665,270,552	\$ 1,904,252,245	\$ 2,060,991,864	\$ 2,109,902,904	\$ 2,109,403,867	\$ 1,988,745,212
Total net applicable to limit	681,368,153	689,578,088	738,231,520	685,384,668	635,988,545	633,857,964	592,625,025	605,137,771	630,231,266	703,768,481
Legal Debt Margin	\$ 436,626,021	\$ 507,098,920	\$ 587,614,219	\$ 822,538,667	\$ 1,029,282,007	\$ 1,270,394,281	\$ 1,468,366,839	\$ 1,504,765,133	\$ 1,479,172,601	\$ 1,284,976,731

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

60.95% 57.62% 55.68% 45.45% 38.19% 33.29% 28.75% 28.68% 29.88% 35.39%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value (Taxable)	\$ 19,887,452,122
Debt limit (10% of total assessed value)	1,988,745,212
General Obligation Bonds	703,768,481
Legal Debt Margin	\$ 1,284,976,731

Source: City of Richmond - Department of Finance

Note: Article VII, Section 10 of the Constitution of Virginia provides that the legal debt limit for municipalities is ten (10) percent of the preceeding assessment for real estate taxes. The Total Net Debt Applicable to Limit shown on 6/30/2011 does not include \$554,658,872 of self-supporting Public Utility Revenue Bonds, \$13,170,000 of Certificates of Participation, and \$9,068,116 of Lease Revenue Bonds that by State law are not required to be included in calculations for legal margin for the creation of additional debt.



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

<u>Fiscal</u> <u>Year</u>	<u>Less:</u>		<u>Net Revenue</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Gross</u> <u>Revenue</u>	<u>Direct Operating</u> <u>Expenses</u>	<u>Available for</u> <u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2002	\$ 222,293,385	\$ 174,842,378	47,451,007	\$ 8,960,861	\$ 21,019,119	29,979,980	1.58
2003	257,454,148	200,480,366	56,973,782	9,378,904	23,896,768	33,275,672	1.71
2004	273,973,867	214,894,187	59,079,680	14,015,416	27,051,440	41,066,856	1.44
2005	311,528,607	248,572,360	62,956,247	15,117,801	27,684,009	42,801,810	1.47
2006	354,513,119	267,435,241	87,077,878	13,877,566	28,234,697	42,112,263	2.07
2007	332,534,070	264,341,546	68,192,524	15,512,828	28,242,331	43,755,159	1.56
2008	335,154,223	270,811,760	64,342,463	20,562,701	29,429,144	49,991,845	1.29
2009	347,058,210	278,970,601	68,087,609	20,508,027	29,939,215	50,447,242	1.35
2010 ¹	288,046,809	212,931,591	75,115,218	21,104,375	34,343,862	55,448,237	1.35
2011	282,734,644	206,819,854	75,914,790	23,548,199	31,501,282	55,049,481	1.38

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
Year	Population(1)	(Amounts expressed in thousands)	Personal Income(2)	Median Age	School Enrollment(3)	Unemployment Rate(4)	Unemployment Rate(4)
2002	198,480	6,557,843	33,040	37.5	26,136	6.0%	4.4%
2003	198,098	6,844,354	34,550	36.7	25,266	6.2%	4.5%
2004	197,432	7,399,970	37,481	35.9	25,054	6.0%	4.0%
2005	197,915	7,630,295	38,553	35.4	24,726	5.5%	3.8%
2006	198,992	8,409,514	42,261	34.0	24,247	4.6%	3.2%
2007	200,655	8,864,854	44,180	34.0	23,987	4.4%	3.1%
2008	202,867	9,088,603	44,801	35.3	24,226	5.8%	4.0%
2009	204,451	8,774,262	42,916	35.5	23,200	10.2%	7.1%
2010	204,214	N/A	N/A	32.0	22,994	10.5%	7.1%
2011	N/A	N/A	N/A	N/A	23,454	9.3%	6.3%

(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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:										
General Government	531	553	554	583	502	650	731	681	696	696
Public Safety and Judiciary										
Police	809	793	846	905	982	979	1,028	1,000	980	942
Firefighters and Officers	399	241	416	423	426	425	463	413	406	434
Others	537	652	671	690	658	588	603	590	577	573
Highways, Streets, Sanitation and Refuse										
Engineering & Maintenance	548	540	521	532	551	538	566	527	452	454
Human Services										
Human Services Advocacy	22	28	21	37	47	26	24	34	35	43
Social Services	483	465	461	466	411	455	481	472	456	443
Public Health	102	98	104	112	0	0	0	0	0	0
Culture and Recreation	313	283	247	266	235	295	260	273	276	261
Transportation	7	8	8	7	5	0	0	0	0	0
Business-type Activities:										
Gas Utility	347	333	314	304	213	320	322	425	404	359
Water Utility	88	92	90	81	214	101	102	128	110	110
Wastewater Utility	101	100	98	90	61	108	113	164	139	131
Electric Utility	21	21	19	18	32	15	19	24	24	24
Stores and Transportation Division	14	14	14	13	11	12	13	10	6	6
Coliseum	25	25	25	25	28	25	25	25	17	17
Landmark Theatre	9	9	7	7	0	5	5	0	0	0
Cemeteries NCO	15	22	18	18	21	20	20	20	20	21
Total	<u>4,371</u>	<u>4,277</u>	<u>4,434</u>	<u>4,577</u>	<u>4,397</u>	<u>4,562</u>	<u>4,775</u>	<u>4,786</u>	<u>4,598</u>	<u>4,514</u>

Source: Various City departments



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

Function	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:										
Police										
Physical Arrests	13,924	14,252	15,911	17,536	17,034	19,210	20,064	20,425	14,487	13,595
Parking Violations	116,050	96,079	101,813	103,594	19,455	73,335	101,675	104,380	134,151	128,038
Traffic Violations	27,657	23,150	21,224	30,516	22,474	25,047	28,195	30,965	31,518	30,454
Fire										
Number of calls answered	26,222	25,817	28,258	30,956	31,746	28,234	19,864	29,098	29,587	32,450
Inspections	2,142	2,774	3,662	1,853	2,104	2,660	1,322	1,090	5,336	4,093
Highways and Streets										
Street resurfacing (miles)	141	95	82	70	102	85	70	62	122	115
Potholes repaired	7,691	14,833	12,167	21,011	10,691	7,500	898	6,128	11,409	9,158
Sanitation and Refuse										
Refuse collected (tons/day)	317	317	307	N/A	338	293	335	374	291	300
Recyclables collected (tons/day)	41	41	39	38	37	35	25	213	21	42
Culture and Recreation										
Parks permits issued	579	505	482	539	610	584	543	598	579	546
Business-type Activities:										
Gas										
Maximum daily sendout (MCF)	124,752	162,574	151,823	163,129	129,755	151,996	147,713	160,509	139,351	153,078
Annual Sendout (MCF)	16,718,496	19,168,315	17,952,764	18,500,224	16,620,288	16,551,672	17,722,952	17,056,844	16,006,116	17,662,077
Water										
Average daily consumptions (MGD)	85	78	88	75	67	63	66	62	58	59
Maximum daily consumptions (MCD)	127	127	105	95	98	98	90	90	89	99
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)	46	54	60	64	51	59	49	49	55	46
Maximum daily sewage treatment (MGD)	80	78	85	85	83	84	84	84	96	84
Coliseum										
Average daily attendance per activity	997	1,010	1,013	883	921	1,220	1,193	4,169	4,895	4,957
Landmark Theatre										
Total tickets sold for all activities	N/A	145,296	141,726	129,598	140,097	150,596	139,506	122,645	156,448	100,032
Total attendances for all activities	N/A	15,773	14,303	221,602	220,615	180,155	196,893	195,790	177,105	139,749
Cemeteries										
Number of interments	1,067	1,079	1,080	1,050	973	777	841	901	790	777
Number of lot sales	36	20	24	22	17	23	18	14	16	20
Number of single grave sales	635	688	700	646	382	664	601	568	504	473
Number of foundations	793	645	649	637	627	525	532	560	494	522

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.



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

Function	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Stations	7	7	7	7	7	10	4	8	7	7
Patrol Units	135	133	132	128	232	222	323	204	173	164
Fire										
Stations	20	20	20	20	20	20	20	20	20	20
Fire trucks	46	46	46	46	46	55	64	51	54	54
Highways and Streets										
Streets (miles) ¹	1,867	1,867	1,867	1,865	1,857	1,865	1,858	822	822	822
Streetlights	32,856	32,977	33,063	33,184	32,900	33,188	33,000	30,548	30,783	36,027
Traffic Signals	450	453	456	460	502	511	465	468	476	469
Sanitation and Refuse										
Collection Trucks	N/A	N/A	33	38	45	38	37	47	34	33
Culture and Recreation										
Parks acreage	2,801	2,801	2,801	2,801	2,807	2,805	2,805	2,818	2,808	2,810
Parks	55	58	58	58	67	71	71	71	71	71
Baseball/Softball Diamonds	54	54	54	54	55	48	48	48	48	48
Athletic Fields	25	25	25	25	27	31	31	31	31	31
Golf Courses (Driving Range/Par 3 Course)	0	1	1	1	1	1	1	1	1	1
Swimming Pools	10	10	9	9	9	9	9	8	9	9
Tennis Courts	141	141	141	138	138	130	130	130	140	140
Community Centers	18	18	18	18	24	24	24	24	20	20
Theatres	2	2	2	2	2	1	2	2	2	2
Coliseums	1	1	1	1	1	1	1	1	1	1
Gas										
Miles of Service Lines ²	1,736	1,766	1,777	1,796	1,818	1,850	1,013	1,033	1,050	1,057
Number of Gate Stations	6	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	13	13	12	12	12	12	12
Wastewater										
Miles of Sewer Lines	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Miles of Interceptors	42	42	42	47	47	47	47	47	47	47
Sewer Pumping Stations	3	3	3	3	3	5	5	5	5	5

Source: Various City departments

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

(2) Change in calculation methods caused a change in the amounts reported for FY08-FY10. This revised calculation method was used for the current year which provides a fair comparison for FY08-FY11. Historic detail information prior to FY08 was not available in order to apply the change in calculation methods thus amounts reported for FY2002-FY2007 are based on the historic calculation method.



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